

The public is a party

THE HINDUSTAN TIMES of April 27 carried on its front page a cartoon showing interlocked fists between which is caught and squeezed that very common creature, the common man. This is supposed to symbolize the confrontation between the government and the railway unions at the expense of the public. Cartoonists are often, the best interpreters of the march of events, but not always. The notion that the people are a third party, featuring primarily as a victim of the dispute which is threatening a strike on the railways, is of course singularly inappropriate to the actual circumstances of the case. The public is as much a principal in this affair as those more conspicuous protagonists, the government and the unions. Unless this is clearly understood, the basic issues raised on this occasion just cannot be resolved to national advantage.

It would generally be conceded that inflation is currently our country's Public Enemy number One. It is quite evident that there is no one single method or means of coping with this problem. It is almost as obvious that there is not even a package of proposals on which everybody would or could agree. Nevertheless there could be little genuine difference of opinion on at least two requirements of an effective anti-inflationary programme. The first is that there should at least be a balanced budget which would avoid inflationary additions to money supply through deficit financing. Unfortunately, this condition is not being fulfilled at present although the Finance minister is busy assuring the country that the actuals would show some improvement on the budget estimates. The fact that fiscal policy is not pulling its weight, however, cannot justify laxity elsewhere as well. On the contrary, it could only be an additional argument for doing more of whatever else could be done to mend matters.

It follows that the government and the community have a special responsibility for attending properly to the other requirement of the anti-inflationary programme, which we have just spoken of, as also commanding general agreement; this is the condition that, as a general rule, wage increases should be discouraged or restrained in those areas of the economy where such increases would directly add to the basic costs and, therefore, to the prices of goods and services of substantial relevance to the general price level or the cost of living. While it is true that a general freeze on prices or incomes is practically impossible to administer properly and would in any case be bad economics in all but the shortest of short runs, it is both possible and proper that the powers of the government and the authority of the community should be employed firmly to resist cost-push inflation in sectors of the economy which are of strategic importance for an anti-inflationary policy, especially where such cost increases do nothing or at the most only very little to stimulate production. Judged by this criterion, the current dispute on the railways is a matter which makes it an inescapable obligation of the government and the community to come together and resist any demand or development which would further add to the cost of rail services. Viewed in this manner, the public is not an outsider victimised by a confrontation between the government and the railway unions but as concerned a party or participant as the other two.

In an advertisement in the newspapers the ministry of Railways has detailed the economic consequences of its conceding the demands of the unions and has told the public without mincing words what an increase in the wage bill would cost individual households and the national economy. Without necessarily absolving the management of the railways of blame for contributing to the feeble finances and expensive economics of railway operations in the country, the public ought to concede that it would be only doing a service to itself if it accepts and supports the basic position of the government that the country just cannot afford to submit to a general increase in the wage bill of the railways even if the alternative is that it must prepare itself to cope with the challenge of a general strike. There are moments in the history of any business operation when what is essential must be firmly preferred to what may be expedient.

This does not however mean that there may not be demands from railway employees which do not call for proper consideration in their respective specific or natural contexts. On the contrary, seeing that our railways have certainly not been having the best possible management at any point of time or over the years, it would be surprising indeed if there had not been acts of commission or omission on the part of the Railway Board or its lesser divinities leading to an accumulation of anomalies or grievances. As a matter of fact, had there been no continuous piling up of irritations, minor or major, it would not have been so easy for the opportunist or anti-social elements in the unions to work up railway employees to a more or less permanent condition of resentful non-cooperation or even rebellion. From this it follows that, while government must totally reject any proposition that involves a

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general increase in the wage bill, it has become more than ever necessary that it should now make it its special business to compensate for lapses in its employee relations.

A positive approach of this kind, however, cannot be initiated until and unless the unions give up the threat of a general strike and, additionally, disown those professional fomenters of disputes for political or quasi-political purposes who, unfortunately, have come to occupy key positions in union leadership. It is true that even a properly negotiated settlement of local or sectional grievances or claims could mean additions to the wage bill, but this would be a legitimate price for the community to pay and it should normally be not a price which the community cannot afford to pay. On the contrary, provided these negotiations are undertaken and concluded in a rational and realistic manner, any immediate rise in the wage bill could be more than made good within a reasonable period through increased productivity or more economical deployment of the manpower of the railways. Indeed, there could well be here a golden opportunity for breaking through the vicious circle of deteriorating manpower management and escalating employee grievances and demands.

Whether the present official leadership in the ministry of Railways is capable of displaying this dynamic initiative is a question which no doubt could and should be discussed. Simultaneously it is also to be considered whether the present Railway minister himself is an adequate person for engineering a new deal for those whom the railways employ and those who have to utilize the services of the railways. In fairness to Mr L.N. Mishra it must be said that there are two views on this subject since there are quite a number of people who hold that his preoccupations with the politics of his home state do not really come in the way of his discharging the obligations of his portfolio. In any case, these are points to be considered only after the emergency posed by the threat of a general strike is put behind us. Meanwhile the public could best serve its own interest by rejecting the suggestion that the present railway dispute is only a confrontation between the government and the railway employees in which its part is merely that of a hapless sufferer. Instead, the public should take a more positive view of its responsibilities and involve itself effectively on the side of the government in opposing and defeating the blackmail tactics of a general strike should the unions, misguidedly courting their own misfortune, actually proceed with the threat to hold the community to ransom.

Public sector turns the corner

THE 1972-73 report on the working of industrial and commercial undertakings of the government of India shows that at long last, these undertakings together have thrown up a small surplus. Not that all the public sector undertakings have had earnings in excess of expenditure. There were still 34 of them which had incurred a loss of Rs 86.72 crores. Because the remaining 67 running enterprises had earned a profit of Rs 104.46 crores, the net profit for all these concerns worked out to be Rs 17.74 crores.

The bulk of the capital employed in the public sector undertakings was among enterprises producing goods. Numbering 63, they incurred a loss of Rs 7.01 crores while employing a capital Rs 3,397 crores. The enterprises undertaking services numbered only 38, employed capital equivalent to Rs 1359 crores and had a net profit of Rs 24.75 crores. Thus the credit for bringing the public sector out of the red belonged to the service enterprises and not to the production enterprises which collectively were still not making both ends meet.

Among the service enterprises, the top position in regard to profit was claimed by the Shipping Corporation of India which recorded a net profit of Rs 6.97 crores followed by the Minerals and Metals Corporation at Rs 5.61 crores and the State Trading Corporation at Rs 5.29 crores. These three enterprises

claimed more than half of the total profit made by the efficient service enterprises. Among the losing service enterprises, Indian Airlines (IA) led with a loss of Rs 1.03 crores. Its position is likely to worsen further in the current financial year as disclosed recently at Calcutta by its chairman, Mr P. C. Lal. The IA, according to Mr Lal, was losing about five lakhs of rupees a day by operating flights at the current fuel prices. At this rate, the IA is likely to lose about Rs 20 crores in the current year. While soaring fuel prices had hit the financial working of the IA hard, it had also been wasting funds on surplus staff. No less than 5,000 to 6,000 employees out of a total of 16,000 were without work because of the cancellation of uneconomic routes.

A suggestion has sometimes been made that the amalgamation of Air-India and the IA could bring about certain economies in the working of both the airlines. Some flights of Air India in our own country (between Calcutta and Delhi, and Bombay and Delhi) are usually half-full and can certainly be of assistance to IA in relieving the pressure of traffic on the golden triangle (Delhi-Bombay-Calcutta). In any case, this is a subject which needs thorough investigation before a decision in this regard is taken.

Among the production enterprises, the top profit-maker was Indian Oil Corporation (IOC) at Rs 19.08 crores followed by Bharat Heavy Electricals (BHEL) at Rs 8.13 crores, Oil and Natural Gas Commission (ONGC) at Rs 6.88 crores, Heavy Electricals at Rs 6.73 crores, Madras Refineries at Rs 5.70 crores,

Fertilizer Corporation of India at Rs 5.42 crores and Hindustan Aeronautics at Rs 5.10 crores. The petroleum enterprises—seven in number—together had a net profit of Rs 32.87 crores as against the total profit of the profit-making production enterprises at Rs 76.96 crores. The bulk of the profit of the public sector undertakings in the coming years is expected, as in the past, to emerge from the petroleum enterprises especially the ONGC and the IOC. Out of total annual consumption of about 23 to 24 million tonnes, the indigenous petroleum products constitute about one-third. Even though the price of the imported crude has increased three to four times and not all the benefit resulting from the consequent increase in yield of domestic fuel is being given to the ONGC or Oil India, still—in line with the working of these enterprises in earlier years and also the acquisition of some of the private sector foreign oil companies—the profitability of these enterprises is expected to increase substantially.

The performance of BHEL has indeed been creditable. Its profit had more than doubled from Rs 3.19 crores in 1971-72 to 8.13 crores in 1972-73. Its teething troubles seem to be over and during the fifth five-year Plan period it is expected to raise its production capacity from 2.1 million KW in 1973-74 to 3.5-4.0 million KW in 1978-79. In monetary terms, BHEL's production rose from 102.8 crores in 1971-72 to Rs 141.0 crores in 1972-73 and further to Rs 228.0 crores in 1973-74. Before tax profit of the company in 1973-74 was estimated to be around Rs 27 crores which is expected to rise to Rs 41.4 crores in the current year. Surely, BHEL is steadily acquiring the capacity to increase its production and profitability so as to be able to run down its accumulated losses which at the end of 1973-74 had been reduced to Rs 41.4 crores.

The heavy industrial units under the charge of the ministry of Heavy Industry are reported to have done well in 1973-74. Their output rose by as much as 46 per cent in relation to 1972-73 and their profits are expected to rise from Rs 9.34 crores in 1972-73 to Rs 30 crores in 1973-74.

Among the losing production enterprises, the Hindustan Steel Ltd (HSL) was on top (loss Rs 25.49 crores) followed by Heavy Engineering Corporation (HEC) at Rs 15.39 crores and Neyveli Lignite Corporation (NLC) at Rs 13.61 crores. These three enterprises lost in 1972-73 as much as 54.49 crores whereas the total loss of all the losing 25 enterprises was Rs 83.97 crores. The conclusion is irresistible that there are certain sick babies in the public sector such as the

HSL, the HEC and the NLC which have remained chronic patients for many years. Once the losses of these units are cut out, the public sector undertakings can begin a constructive role in the nation-building activities through their surpluses. From the second Plan onwards, the Planning Commission has been hoping that the public sector investments will generate resources for the expansion of the economy but all its hopes had been dashed to the ground. For more than a decade these units had continued to be a burden on the economy. It was only in 1972-73—the last but one year of the fourth Plan period—that the working operations of these enterprises showed a ray of hope.

Undoubtedly the net profit of the 101

Flexible credit

THE MONETARY authorities have been latterly taking a rather realistic view of the credit requirements of all classes of borrowers and administering in a flexible manner the measures announced by them at the beginning of the 1973-74 busy season. In retrospect, it should be said that their earlier calculations have gone wrong and it has been necessary to grant discretionary accommodation to the scheduled commercial banks on a liberal scale apart from permitting heavy rediscounting of internal bills under the Bill Market Scheme. An analysis of the data furnished by the Reserve Bank for the period October 26, 1973, to April 5, 1974, indicates that credit expansion including food procurement and assistance provided under the Bill Market Scheme was in the order of Rs 1019 crores against Rs 860 crores in the corresponding period in 1972-73. Non-food credit however was lower at Rs 792 crores against Rs 832 crores though in excess of the target prescribed by the Reserve Bank.

It cannot be denied that the curbs imposed by the central banking institution and the arbitrary freezing of credit limits by member banks have been responsible for a slowing down of the phase of credit expansion and if the constituents had free access to bank finance there would have been a headier growth in advances. This achievement may be considered desirable and even necessary in the context of rising prices. However, no useful purpose will be served by credit restrictions alone in the absence of positive measures for increasing production and eliminating bottlenecks relating to transport and supplies of raw materials. Also, nothing can be done to prevent imported inflation

public sector running undertakings in 1972-73 was extremely small in relation to capital employed. A part of it might have been due to the rise in the prices of inventories but it would be hard to pinpoint the share of this factor in inflating profits. In fact, inventories of finished goods in 1972-73 fell from Rs 856.66 crores to Rs 686.71 crores while those of work-in-progress rose from Rs 223.33 crores to Rs 285.37 crores. It would therefore be right to take the performance of the public sector undertakings in 1972-73 as a trend which has turned favourable and which holds out hopes of a further improvement in the coming years. The accumulation of inventories in 1973-74 will certainly add to the profitability of these undertakings because the prices of raw materials rose steeply in this year.

having its effect on working capital requirements except by restricting the quantum of imports. The quantum too cannot be severely curtailed as industries dependent on imported raw materials cannot be unduly starved. Actually it has been recognised by the Reserve Bank only now that the public sector refineries and the Indian Oil Corporation have been seriously handicapped due to the sharp rise in prices for crude oil and petroleum products. It is now agreed that suitable credit facilities should be given for handling crude oil and petroleum products on a much costlier basis than hitherto.

As there was also a sharp decline in deposits of member banks in the current busy season and the shortfall was Rs 172 crores between October 26, 1973, and April 5, 1974, assistance under the Bill Market Scheme had to be given in excess of earlier expectations. Internal bills discounted and purchased by the Reserve Bank amounted to Rs 269.69 crores on April 12 while the peak level of Rs 408.52 crores for borrowings against refinance facilities was touched on March 29, 1974. There has of course been a sizeable decline in borrowings in the subsequent fortnight to Rs 336.64 crores. In the corresponding week last year however these were much lower at Rs 28.01 crores and Rs 33.65 crores, respectively implying that it has been necessary for member banks to seek the assistance from the Reserve Bank to the extent of Rs 543 crores in order to overcome their difficulties. The strain imposed on the banking system as a result of the immobilisation of cash balances and the higher liquidity ratio and the decline in the growth in bank deposits was the equivalent of gap in resources of the order of Rs 750 crores. It will therefore be realised that what the monetary authorities were doing was only to

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The revised conditions of the control of capital issue have been set out in a Press Note by the Finance Department. Far from being a relaxation of procedure as claimed by Government, they represent a further measure of rigorous restriction of legitimate and desirable industrial enterprise the baneful effects of which will be felt for years to come. They also raise constitutional and economic issues of the first importance. So far as the economic aspect of the matter is concerned, Government recognize that the future industrial development of India, when the pressure of war-time conditions is eased is likely to be greatly helped if corporations are already in existence with adequate amount of capital at their disposal ready for

use at short notice. Hitherto Government were granting permission only if the promoters had carried their plans to the extent of a definite scheme, revealing the nature of the plant required and had also carried negotiations with suppliers of machinery up to a stage of definiteness. Now it is proposed to relax this condition with a view to enabling industrialists to carry important schemes to the stage of final planning as far as is practicable under present conditions. This is precisely what we have been urging in the past on the ground that no post-war industrial planning is possible if the very first step towards it, viz., the formation of companies, is not allowed to be taken in the name of anti-inflation.

give back to member banks their own resources on a penal basis, which eroded considerably profit margins, and created also avoidable hardship for borrowers on account of an arbitrary freezing of credit limits.

The wisdom of the policy adopted in the 1973-74 busy season has been questioned in some quarters, and it has been legitimately asked whether physical controls and more reasonable interest rates on advances would not have served the purpose more effectively than the complex procedures adopted in the past few months. While a correct verdict can be given only after sometime, doubts have been raised about the desirability of continuing some policies. The interest rate structure has got distorted and there has also been a diversion of funds from the banking system, perhaps due to the fears of borrowers that credits in their accounts will result only in a reduction in their overdrafts and not add to the availability of resources for working capital purposes.

The Reserve Bank is probably aware of some of the adverse effects of its recent policies and the changes effected by it recently, when formulating the policy for the forthcoming slack season, should be helpful in eliminating many anomalies and improving the profitability of working of banks. It has been decided to lower the cash reserve ratio by two per cent to five per cent on the first working day after June 28, 1974. It has also been agreed that there would be full refinancing of procurement credit for banks which had observed fully the consortium arrangements after aggregate credits had exceeded Rs 400 crores. It has however been enjoined that there should be a reduction in the outstanding amount under the Bill Market Scheme by 60 per cent at the end of October and that borrowings against refinance facilities other than procurement refinance should not exceed one per cent of demand and time liabilities on March 29, 1974.

The new policy recognises the need for fresh credit expansion in the slack season on account of procurement operations and other factors. At the same time it is felt that a good part of the additions to deposits should be used for reducing assistance provided by the Reserve Bank under the Bill Market Scheme and against refinance facilities. There is also anxiety that the borrowing programme of the central and state governments should be made successful. Towards this end, the liquidity ratio has been raised by 1 per cent to 33 per cent. The net effect of the recent changes will lead to bring about a reduction in internal bills discounted by

Rs 162 crores and in borrowings to the extent of Rs 228 crores. Against these commitments there will be a release of cash balances for Rs 218 crores. As the liquidity ratio will be raised by one per cent, the net advantage to the resources position will be only Rs 109 crores. It will therefore be necessary for member banks to utilise Rs 281 crores out of fresh additions to resources for complying the new directives of the Reserve Bank.

It is probably expected that there will be additions to deposits in the six months ending October by Rs 800 crores if the recent adverse trends did not persist. There is really no satisfactory explanation for the poor performance in respect of deposit mobilisation in the first three months of 1974 and a big jump under this head by Rs 173 crores during the week ended April 12 has been really heartening. There is however reason to feel that part of this rise is due to technical adjustments and it would be advisable to proceed on the assumption that fresh additions to deposits may not be more than Rs 800 crores in May-October as stated above, though a higher rate of growth is warranted

on the basis of the trends noticed in the last slack season. Even if the additions to deposits were of the order indicated roughly Rs 320 crores will have to be segregated for complying with the statutory requirements. Out of the balance of Rs 480 crores about Rs 281 crores will have to be repaid to the Reserve Bank leaving only about Rs 2.0 crores for meeting the needs of non-food credit.

In view of the fact that these funds are likely to be absorbed and there will still be borrowing from the Reserve Bank for nearly Rs 220 crores it is not clear what is meant by the suggestion of the monetary authorities that surpluses should be accumulated by banks for meeting the needs of the 1974-75 busy season. There may have to be a further liberalisation of restrictions if imported inflation had a complicating effect and deposits did not grow on the anticipated scale. A mere spelling out of the policy for the slack season will not suffice and the Reserve Bank should not hesitate to make the necessary changes after August this year if new developments warranted such a course.

RECORDS AND STATISTICS

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FROM THE CAPITAL'S CORRIDORS

R. C. Ummat

Crude Oil Imports : Wheat Procurement Shipping Dilemma : NEPA Output

If THE Burmah Shell, Esso, Caltex and Madras refineries are able to secure their normal supplies of crude oil from Iran and Saudi Arabia—3.375 million tonnes, 2.75 million tonnes, 1.125 million tonnes and 2.7 million tonnes, respectively—the total imports of crude during the current calendar year should be in the neighbourhood of 15.45 million tonnes, as against 13.38 million tonnes last year and 12.31 million tonnes in 1972. The Indian Oil Corporation (IOC) has arranged to import 1.6 million tonnes of crude oil from Iran, 2.8 million tonnes from Iraq and 1.1 million tonnes from Saudi Arabia.

Part of IOC crude will come under the assistance programmes recently concluded with Iraq and Iran. Efforts are being made to secure some bilateral assistance from Saudi Arabia also.

total imports

The Burmah Shell and Madras refineries meet their requirements from Iran and the Esso and Caltex refineries from Saudi Arabia. The total imports of crude from Iran this year, thus, may be of the order of 7.67 million tonnes, as against 9.19 million tonnes last year and 9.65 million tonnes in 1972. Saudi Arabia may be supplying nearly 4.97 million tonnes, as against 3.4 and 2.5 million tonnes in the last two years. Iraq will be making available 2.8 million tonnes, as against just about 0.8 million tonnes last year and 0.15 million tonnes in 1972.

Together with an estimated indigenous output of about 7.5 million tonnes and another nearly 0.6 million tonnes available from the concession of the Oil and Natural Gas Commission in Iran (Rostam crude) the total availability of crude oil this year should be of the order of 23.5 million tonnes, as against about 21 million tonnes last year and 19.5 million tonnes in 1972.

On the face of it, the availability of

23.5 million tonnes of crude oil together with imports of some deficit products, particularly kerosene from the Soviet Union and furnace oil from Kuwait, should help in meeting the country's requirements of various petroleum products with only some marginal further restraints on consumption. But owing to certain other factors, difficulties in the adequate availability of various petroleum products cannot be ruled out. A big constraint is the running of the Cochin, Barauni and Koyali refineries to their optimum capacities.

serious limitations

The Cochin refinery has been working under serious limitations in regard to crude supply for several months now. Its throughput in 1973 at about 1.97 million tonnes was significantly lower than in the previous year when the refinery could process nearly 2.35 million tonnes. The capacity has since been expanded to 3.5 million tonnes. Not only this refinery is experiencing difficulties in securing adequate quantities of the right type of crude (for which it is designed) but is also encountering problems in respect of transportation of crude.

The efforts at prevailing upon the CFP of France, which had been supplying the light Iranian (Aghajari) crude to the Cochin refinery under contract renewable every year, after its original contract for supplying the full requirements of the refinery in the initial years of its operation expired, to continue supplies for the current year also having failed because of the difficult world oil situation, the refinery has now to remain content with the supplies out of IOC's purchases. The planned imports of IOC for the current year, however, include only 1.6 million tonnes of light Iranian crude. For the last three or four months, the Cochin refinery has also been using Rostam crude. It can as well be supplied some quantities

out of 1.1 million tonnes of Arabian crude and 2.8 million tonnes of Iraqi crude contracted by IOC. But it is feared that the supplies of Rostam, Arabian and Iraqi crudes (because of their special characteristics) would reduce the processing capacity of the refinery by about 20 per cent.

unilateral termination

The transport difficulties of the refinery have their genesis in the unilateral termination last year of its contract by the Triton Shipping Company. Alternative arrangements, of course, have been made for the transport of crude from Persian Gulf to Cochin by hiring spot tanker charters as well as by entering into a new contract with the Norse Shipping Co. (P) Ltd., Singapore, but these arrangements entail their own problems. The available tankers do not have the same crude carrying capacity as those of Triton. Further, the limitations of the Cochin port pose a number of difficulties. The port has low draught facilities and can accommodate only limited tanker lengths. Till lately, there was also a ban on night pilotage at this port.

The widths of the turning basin and the channel too are limited. Although the port authorities have now agreed to provide night pilotage for both loaded and unloaded vessels, the use of two jetties simultaneously to discharge crude oil cargos and have also effected some improvements in the width of the turning basin and the channel, the port does not appear to be in a position to accommodate a sufficient number of tankers so that the full requirements of the Cochin refinery can be met. It is now proposed to purchase a powerful tug by which it would be possible to accommodate larger vessels in the port up to about 30,000 tonnes DWT in fair weather, as against 20,000 DWT vessels at present. But this facility would take some time to materialise. As a result of all these arrangements, the crude throughput of the Cochin refinery, no doubt, is expected to go up to about 2.2 million tonnes this year, but still it will be much less than

the expanded capacity of 3.5 million tonnes.

At the Barauni refinery also, the availability of crude is a major problem. In fact, due to this handicap, this refinery has been all along working significantly below its capacity of three million tonnes. The Barauni refinery is based on Assam crude, but during 1973, after carrying out some minor modifications, Rostam crude was also processed here. In view of the diversion of Rostam crude to the Cochin refinery and the expectations of meeting the full requirements of crude of the Barauni refinery from the Assam oil fields of Oil India and the ONGC, the scheme of revamping this (Barauni) refinery for processing Rostam and other imported crudes, it is understood, is being given up.

The Koyali too is likely to encounter some shortage of crude oil as a result of the depleting reserves of the Gujarat oil fields. Although this refinery is capable of processing up to 4.3 million tonnes crude per annum, its actual throughput even at present is regulated according to the availability of crude from the Gujarat fields.

The situation on the oil front this year, thus, may not be as comfortable as the tentative import programme of crude suggested. Further, owing to the foreign exchange difficulties, it may not be possible to release adequate exchange for meeting the full crude requirements of Burmah Shell, Esso and Caltex refineries.

In a bid to procure the maximum quantities of wheat for the central pool this year, a further relaxation has been effected in the recently revised wheat procurement policy. It has now been decided to allow farmers to sell their produce outside their states provided they hand over 50 per cent of it to the government at the stipulated procurement price of Rs 105 per quintal. Revealing this in his reply to the debate on the demands for grants of his ministry, the minister for Agriculture, Mr Fakhruddin Ali Ahmed, told the Lok Sabha last week that if any farmer wanted to avail of this opportunity, he would be given a licence for moving his wheat outside his state after he has surrendered 50 per cent of it to the government.

Wheat arrivals in the market, reports suggested, have not yet been up to expectations. The official explanation for this is that marketing has been delayed by about a fortnight as a result of delayed threshing due to paucity of diesel oil, particularly in Punjab. The government expects the arrivals in the market to pick up soon.

Meanwhile, Mr Ahmed has warned the

wholesalers against violation of the terms and conditions stipulated for the grant of licences to them for making purchases in the authorised markets and purchase centres. He strongly denied in the Lok Sabha the charge of some opposition members that there had been some kind of clandestine agreement or understanding between the government and the wholesalers. If the wholesalers violated the terms and conditions of the licences, their licences, Mr Ahmed declared, would be cancelled.

movement of rice

Mr Ahmed further asserted that the government would not relax zonal restrictions on the movement of rice. He as well did not agree with the criticism of some members that adequate funds had not been provided for agriculture in the fifth Plan. As against Rs 3,454 crores provided for agricultural development in the fourth Plan, the allocation in the fifth Plan, he pointed out, was as much as Rs 7,411 crores. This did not include the credit available from the cooperative societies and commercial banks. These institutions would make available to farmers nearly Rs 1,700 crores in short-term loans during the fifth Plan period, as against just about Rs 725 crores in the fourth Plan. Similarly, Rs 2,400 crores would be provided as medium and long-term loans to agriculturists during the fifth Plan period, as against Rs 1,200 crores in the fourth Plan. Adequate provisions, Mr Ahmed further stated, had also been made for augmenting the indigenous supply of fertilisers and for adding to the irrigation potential.

Another important announcement that was made by the minister for Agriculture was that the central government proposed to amend the Essential Commodities Act with a view to more effectively tackling the problem of hoarding. The amending bill is expected to be brought before the house during the current session itself.

Referring to land reforms, Mr Ahmed stated that except Tripura and Manipur, all the states had enacted land ceiling laws. Although the state governments had not yet come up with the figures about the surplus land that would be available as a result of the imposition of new ceilings on agricultural holdings, it was estimated that nearly 37 lakh acres would be available for distribution among the landless.

In the interest of effective implementation of the land reform measures, the union government is understood to have approved the draft of a new constitution (amendment) bill which will make the

entire land reforms legislation by state immune to challenge in law courts. This bill too is likely to be introduced in Parliament before it ends the current budget session.

The minister for state for Agriculture Mr A.P. Shinde, confirmed in the Rajya Sabha last week that the government was purchasing some quantities of wheat from Australia, Canada and the United States. He, however, declined to divulge the quantity which the government proposed to buy abroad or the prices at which the purchases were being made. He, of course, indicated that wheat prices in the world market had declined from \$ 230 to \$ 151/155 a tonne during the last few weeks on expectations of bumper harvests in the Soviet Union, the United States and Canada. Nobody, he added, could, however, be definite about the future trends in the international wheat market.

The union ministry of Shipping and Transport is understood to be at present faced with a dilemma. The foreign shipyards on which orders for new ships had been placed a couple of years ago, are not only seeking fairly steep increases in their contracted prices but also rescheduling of the delivery dates. The revision in the contract prices has been sought by the foreign ship-builders in view of the upswing in the prices of steel and other materials.

In view of the facts that order books of the foreign ship-builders are full for several years to come and there is a good spot demand for ships, the ministry does not appear to be in a position to enforce the contracts. Negotiations, it is learnt, are being carried on with the foreign ship-builders to arrive at amicable settlements with them. The ship-builders concerned belong both to the east and west European countries.

In view of the acute shortage of newsprint in the country and the difficulties of procuring supplies from abroad, the output of the NEPA factory has been stepped up from 35,000 tonnes to 60,000 tonnes per annum. It is envisaged to be raised further to 75,000 tonnes per annum by the end of the current year. An all-out effort is also being made to augment the supplies through imports. But due to the difficult world situation, fresh import agreements for the current year have yet been entered into for a quantity of about 66,000 tonnes only. The newsprint crisis, therefore, is not expected to be over this year even if some additional supplies are arranged from abroad.

POINTS OF VIEW

G.L. Mehta, man of parts, wit and wisdom

V. Balasubramanian

G.L. MEHTA, who died in Bombay on April 28, had passed the biblical landmark of three score and ten four years ago, but the steady lengthening of the expectation of life all over the world has surely made it logical that this ancient milestone should be moved further up the road. What was more relevant, then, was that he had not only been keeping indifferent health for some time now but had been seriously ill on quite a few occasions during this period. His going away, however sad when it came, was therefore a parting for the proximate nature of which his many admirers, his close relatives and above all he himself had been preparing themselves philosophically for the last some months.

Knowing that death could not be far away, he characteristically made the most of the time that was left to him. To the very end he showed that zest for public life which had become his second nature and a wholesome interest in public affairs which helped sustain his mind in its robust sanity even as his physical frame was tiring out. On this solemn occasion there is perhaps some comfort for us all in recalling that one of his last public acts was to head a citizens' protest against certain fascist expressions of parochial prejudices and passions which were threatening to foul the fair name Bombay had for its cosmopolitan catholicity.

genuine nationalist

Mehta was a genuine nationalist who wanted that his country should prosper, in its whole as well as in its many parts, in trade and industry, science and culture, art and literature. Above all — and especially in his last years — he was deeply concerned about the stability of the Indian democracy and the fate and fortunes of its legitimate economic ambitions and social aspirations. Although he had ceased to enjoy for years before he passed away any significant access to or participation in economic decision-making in New Delhi, he did not permit this to embitter or even depress him in any way. On the contrary, he was only aroused and inspired all the more to do whatever he could — and this was indeed a great deal — to energize and

assist the course of his country's economic development.

Mehta believed in economic planning, but not being a professional politician, he did not employ it, nor did he relish others employing it, as a tool for personal aggrandizement or exploitation of political opportunities. A believer in the essentials of private enterprise, he had even greater faith in the social direction through various means, including the administrative tools of the government, of the course of industrial and commercial development in our country. He was a sincere and skilful practitioner of the art of mixed economy and the impressive growth of that remarkable and almost uniformly successful institution, the Industrial Credit and Investment Corporation of India, under his guidance and through his leadership is sufficient testimony to his realistic and dynamic idealism.

maiden pleasure

One of his maiden pleasures was journalism and he kept returning to it throughout his life as an occasional and much honoured guest, doing an article or dashing off a Letter to the Editor on subjects both serious and not so serious. Versatile as he was in this field he, naturally, had the knack of not only writing interestingly but writing on subjects which would interest the widest possible range of men and women. As a writer and also as a speaker, on formal or other occasions, he was adept at persuading people with his wit and humour while convincing them with his logic and lucidity. G.L. Mehta, naturally, was an extremely agreeable conversationalist.

It would be idle to deny that he had political ambitions, which remained largely unfulfilled. It was for him indeed a very considerable disappointment that he just failed to make it when the Congress party formed the ministry in West Bengal for the first time after independence. Sardar Patel was inclined to favour him for the Finance ministership in the state government, but other influences or advice ultimately prevailed. Recalling this was

one of those rare reminiscences which would lend a sharp edge to his feelings or expressions of his thoughts. Later, his tenure as a member of the Planning Commission gave him some satisfaction but it was his subsequent ambassadorship to the United States that he enjoyed hugely. Of this phase of his career he would always talk with obvious pleasure, while enriching with amusing and always interesting details the information of those to whom he would thus unfold himself.

friendly influence

G.L. Mehta, like all normal human beings, had his weaknesses. TTK, between whom and Mehta there was much tolerant understanding and even warm enough friendship, once told me that, while in the eyes of G.L. Mehta all Indians might be equal, some Gujaratis were certainly more equal than most Indians. This jibe, however, had less point to it than might appear at first sight because, whatever might have been the other considerations which influenced him, G.L. Mehta rarely compromised on quality when it came to filling vital posts or vacancies in his gifts. Having vast influence and knowing that he had it, Mehta did make use of it extensively in his naturally friendly manner and it was perhaps equally naturally that he helped and encouraged a large number of those who came in contact with him in the ordinary course, but it would be difficult to point out cases where he had tried to build up individuals at the expense of institutions. His record as chairman of the ICICI for instance would, in this respect, stand scrutiny better than the records of most people in similar situations.

Such weaknesses as Mehta had were for the most part amiable ones. For instance, he loved to hear his own voice, but then others liked to listen to him. He had an inborn sense of self-importance, but his equally native gentlemanliness coupled with his sharp intelligence always saved him from indulging unduly in it. He could tell cruel stories about others but he told them only with artistic cruelty so that one laughed with him rather than at the targets of his sarcasm or satire.

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Some of Vijayalakshmi Pandit's doings in Washington, where she had preceded him as this country's ambassador, were among his favourite subjects for anecdote—and he narrated the incidents with a fine appreciation of the ridiculous in the human condition. Of Krishna Menon, however, he tended to be a far more uncompromisingly critical observer.

G.L. Mehta's disappointment relating to West Bengal was not his last where high public office was concerned. He fully expected that, on the expiry of his term in Washington, he would be taken into the

central cabinet of Jawaharlal Nehru. In the event not even the deputy chairmanship of the Planning Commission came to be his. That he was enamoured of high public office was true enough; nevertheless, he did not desire or seek office for its own sake. He sincerely believed that his rich experience of commerce and industry and his insight into the nature of economic planning in a democratic political system had equipped him well to render valuable services to the government at a time when pragmatic initiatives were greatly needed to engineer the economic growth of the country. He was convinced that he had

much to contribute and he was therefore not pleased at all that those who had it in their power to utilize his services for the good of the country were not doing enough in this direction for reasons or motives of their own. Objectively speaking, it should not be difficult for his countrymen to share in national terms his judgment in this matter. He could conceivably have been one of the most productive economic ministers the country ever had, and valuable though the work of his later years was at the ICICI, the stage that should have belonged to him was certainly the national and no less.

Modern technology in Kangra farms

S. C. Tewari and R. K. Sharma

DYNAMIC CHANGES have taken place in agriculture in this country with the evolution of high-yielding varieties of seeds and the adoption of modern technology of production. It increased the use of non-conventional inputs such as fertilisers, improved seed and pesticides and has increased the income of farms in Kangra district. It has also brought about differences in the income levels and the distribution of income among those who adopted the modern technology and those who did not. The objectives of the present article are:

- (1) to examine the pattern of income distribution in different farms, and
- (2) to determine the investment pat-

tern, savings and the consumption pattern.

Nagrota block was selected for this study. A list of all the villages was taken along with their cultivated areas. Ten per cent of the cultivated area (five villages) was selected randomly with probability proportional to cultivated area. A list of the farmers from the selected villages was taken along with their operational holdings. The farmers were categorised into small, medium and large by cumulative cube root frequency method on their operational holdings. The limits for small, medium and large were found to be less than, 3.94, 3.94—7.02 and greater than 7.02 acres respectively.

The farmers who had more than 20 per

cent of the cropped area under high-yielding varieties and were using chemical fertiliser in 20 per cent of total sown area were treated as adopter farmers and the rest non-adopter farmers. Farmers in both the sub-groups at different farm situations were selected at random with probability proportional to size of holding. The sample thus formed comprised 10 large, 26 medium and 37 small farmers in case of adopter farmers. Non-adopters were 13 large, 31 medium and 46 small farmers. Thus 73 adopter and 90 non-adopter farmers were selected for the study. The study was conducted during the year 1971-72.

Table I shows the break-up of farm in-

TABLE I

Gross Income Sources and Disposable Income for Adopters and Non-Adopters for Different Farm Situations (Rs)

Category	Average size of holding (Acres)	Gross Income					Total working expenses	Disposable income
		Crop, husbandry	Dairy, poultry etc.	Non-farm	Disposal of livestock	Total		
Adopters								
Small	3.47	3159.73	427.65	326.09	229.30	4142.77	1903.47	2239.30
Medium	6.83	6131.12	477.29	378.11	371.10	7257.42	3347.61	3909.81
Large	10.14	9926.41	354.49	390.25	175.05	10916.20	4357.63	6458.53
Non-Adopters								
Small	3.07	1859.73	412.51	361.42	150.75	2784.41	1079.34	1715.07
Medium	6.19	3290.07	524.69	450.61	210.15	4475.73	1657.80	2817.72
Large	9.83	5688.27	503.88	411.93	209.00	6813.08	2442.83	4370.22

Non-farm income includes pension, service, work outside own farm, interest on bonds, shares, etc.

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come both for adopters and non-adopters of new technology.

It is evident from this table that the level of gross farm income was higher in the case of adopters as compared to non-adopters of new technology. It is also observed that the level of farm income, though directly correlated with the size of farm, was significantly higher in the case of adopter farmers as against non-adopters in spite of the fact that there was a significant difference in their average size of holding.

The gross income of the farm was distributed among farm expenses, family consumption, farm investment and savings whereas disposable income was nor-

mally distributed over family consumption, saving and investment. Table II shows the pattern of income distribution among adopter and non-adopter farms.

It is seen that a large proportion of the total farm family income was distributed for family expenses by both types of farmers. The percentage share of consumption expenditure was less in the case of all categories of adopters as compared to non-adopters. For both types of farmers, farm expenses showed decreasing tendency with increase in the size of farm because of increasing input-output ratio with the increase in the size of the farm.

It can also be observed from Table II

that the proportion of investment to total farm income was higher in the case of adopters as compared to non-adopters. Non-adopters had relatively low net savings than adopters of new technology.

The pattern of income distribution indicated that 35.86 per cent to 45.86 per cent of the total farm income was spent on farm expenses depending upon the size of holding under both types of farms. Table III shows the pattern of farm expenses.

There was a marked variation in the allocation of income on different farm expenses under two types of farms. The relative expenses on manure and fertilisers

TABLE II
Gross Income and Savings for Adopters and Non-Adopters in Kangra Valley: 1971-72 (Rs)

	Farm expenses	Consumption expenses	Farm investment	Savings	Gross income	Disposable income
Adopters						
Small	1903.47 (45.89)	2170.27 (52.52)	218.00 (5.26)	-153.97 (-3.67)	4147.77 (100.00)	2239.30
Medium	8347.61 (46.13)	3184.92 (43.89)	497.86 (6.86)	227.13 (3.12)	7257.42 (100.00)	3909.81
Large	4357.67 (39.92)	4451.83 (41.78)	975.12 (8.94)	1021.58 (9.36)	10916.20 (100.00)	6458.53
Non-Adopters						
Small	1079.34 (38.76)	1764.02 (63.05)	200.13 (7.13)	-249.06 (-8.94)	2784.41 (100.00)	1715.07
Medium	1657.80 (37.04)	2552.79 (57.04)	240.10 (5.36)	24.83 (0.56)	4475.52 (100.00)	2817.72
Large	2442.89 (35.86)	3522.45 (51.70)	306.20 (4.49)	541.57 (7.95)	6813.08 (100.00)	4370.22

Figures in parentheses show percentages to the gross income.

TABLE III
Farm Expenses for Adopters and Non-Adopters at Different Farm Situations During 1971-72 (Rs)

	Bullock labour	Hired labour	Seed	Manure & fertilizers	Rent	Interest	Overhead charges	Total
Adopters								
Small	754.54 (39.64)	457.59 (24.04)	154.37 (8.11)	300.02 (20.49)	10.47 (.55)	42.23 (2.25)	93.65 (4.92)	1903.47 (100.00)
Medium	1101.36 (32.90)	959.76 (28.67)	309.29 (9.06)	757.90 (22.64)	25.11 (.75)	92.06 (2.75)	108.13 (3.23)	3347.61 (100.00)
Large	1235.51 (29.50)	1335.19 (30.64)	390.45 (8.96)	1000.09 (22.95)	68.85 (1.58)	163.85 (3.76)	113.74 (2.61)	4357.67 (100.00)
Non-Adopters								
Small	623.97 (57.81)	116.78 (10.82)	77.50 (7.18)	188.02 (17.42)	5.40 (.50)	17.49 (1.62)	50.19 (4.65)	1079.34 (100.00)
Medium	746.01 (45.00)	339.85 (20.50)	128.48 (7.75)	323.27 (19.50)	21.72 (1.31)	30.17 (1.82)	68.30 (4.12)	1657.80 (100.00)
Large	805.88 (33.03)	846.21 (34.64)	197.63 (8.09)	429.45 (17.58)	31.02 (1.27)	54.23 (2.22)	77.44 (3.17)	2442.86 (100.00)

Figures in parentheses show percentages.

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and seeds was higher in the case of adopters as against non-adopters. The expenses on manure and fertilisers in the case of large farms was 22.95 per cent for adopters as against 17.58 per cent for non-adopters. This proportion was 20.49 per cent and 17.42 per cent in the lowest size group for adopters and non-adopters respectively. Non-adopters of new technology of production were spending more on traditional inputs i.e. human

labour and bullock labour which together accounted for 67.64 per cent of the total expenses under large farms whereas these items accounted for 60.14 per cent of total expenses on the farms of adopters. The expenditure on the seeds of high yielding varieties and chemical fertilisers are short-term investments of the farmers which increase output and which contribute to the increasing farm income. Expenditure in the case of adopters for these items

accounted for 60.25 per cent of total expenditure on seeds and fertilisers on large farms, 73.15 per cent on medium and 60.25 per cent on small farms whereas the figures for non-adopter farms were 18.25 per cent, 15.67 per cent and 8.09 per cent respectively.

For long-term growth, capital formation in agriculture is necessary. The savings of the cultivators should be invested

TABLE IV
Pattern of Farm Investment for Adopters and Non-Adopters at Different Farm Situations : 1971-72

Categories	Irrigation	Purchase of land	Implements	Cost of repairs of farm building etc.	Land reclamation and other permanent improvements	Livestock	Orchards	Total (Rs)
Adopters								
Small	43.77 (20.07)	57.21 (25.70)	10.68 (4.90)	9.13 (4.19)	26.18 (12.01)	63.31 (29.50)	5.72 (2.82)	218.00 (100.00)
Medium	162.30 (32.60)	67.21 (13.56)	13.94 (2.80)	25.34 (5.09)	75.67 (15.20)	38.54 (7.80)	114.56 (24.01)	497.86 (100.00)
Large	308.14 (31.69)	177.47 (18.20)	31.20 (1.20)	52.66 (5.40)	47.78 (4.90)	106.29 (10.90)	251.53 (25.80)	975.12 (100.00)
Non-Adopters								
Small	..	33.82 (16.90)	12.41 (6.20)	98.46 (49.20)	17.21 (8.60)	34.83 (17.40)	3.40 (1.70)	200.13 (100.00)
Medium	5.25 (2.20)	47.30 (19.70)	33.37 (13.90)	55.46 (23.10)	20.41 (9.50)	68.92 (28.70)	9.36 (3.90)	240.10 (100.00)
Large	2.76 (0.90)	77.77 (25.40)	21.13 (6.90)	59.71 (19.50)	9.80 (3.20)	59.40 (19.40)	75.63 (24.70)	206.20 (100.00)

Figures in parentheses show percentages.

TABLE V
Consumption Expenditure Pattern for Adopters and Non-Adopters at Different Farm Situations During 1971-72

	Food	Clothing	Housing	Fuel	Other	Total (Rs)
Adopters						
Small	1615.33 (74.43)	226.79 (10.45)	74.88 (3.45)	59.68 (2.75)	193.59 (8.92)	2170.27 (100.00)
Medium	2114.47 (66.39)	399.07 (12.53)	114.66 (3.60)	95.54 (3.00)	461.18 (14.48)	3184.92 (100.00)
Large	2456.52 (55.18)	634.38 (14.25)	125.53 (2.82)	149.14 (3.35)	1086.25 (24.40)	4451.83 (100.00)
Non-Adopters						
Small	1345.95 (76.30)	185.22 (10.5)	61.74 (3.5)	49.80 (2.80)	211.72 (6.9)	1764.02 (100.00)
Medium	1793.33 (79.25)	312.58 (12.44)	86.79 (3.40)	76.84 (3.01)	278.25 (10.90)	2552.79 (100.00)
Large	2280.08 (64.73)	463.20 (13.15)	126.81 (3.60)	109.20 (3.10)	543.16 (15.42)	3522.45 (100.00)

Figures in parentheses show percentages.

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in capital assets to generate sustained growth. In the present study an attempt has been made to ascertain the pattern of investment in various capital assets. Therefore, data for gross capital investment and disinvestment were collected. From these, net investment was determined by deducting the income received from disposal of stock and assets from the gross capital investment in 1970-71. The investment made during the year included purchase of land, livestock, implements and machinery, construction and repairs of farm house, permanent improvements, laying out of orchards and plantation and development of irrigation resources.

Pattern of investment

Table IV (p. 892) shows the pattern of investment in different farms under adopter and non-adopter categories.

There was considerable variation in the investment pattern between adopters and non-adopters. The farmers who had adopted new technology of production invested more on irrigation, a basic requirement of new technology of production as compared to non-adopters. They had also invested more on laying out of orchards, reclamation of land etc. than non-adopters. The proportion of and, building and livestock together accounted for more on non-adopter farms as compared to adopters.

The standard of living and pattern of satisfaction obtained is determined by the pattern of family expenses. Table V (p. 892) shows the family expenses under different sizes and categories of farmers.

There was considerable variation in the pattern of family expenditure within the same size group of two types of farmers. Non-adopters were spending more of their proportional income on necessities against adopters. The percentage expenditures on necessities for small, medium and large farms were 93.10, 89.10 and 84.58 respectively in the case of non-adopters while the corresponding figures for adopters were 91.08, 85.52 and 75.60. In both types of farms, percentage shares of necessities showed a declining trend with increase in income.

The data was further analysed to study the trend in marginal propensity to consume. The propensity to consume relates to the consumption schedule obtained at different levels of income, whereas propensity to save relates to saving

schedules at different levels of income. Table VI shows the marginal propensity to Consume and marginal propensity to save for both types of farmers.

Thus, the marginal propensity to consume decreased with the increase in the size of the holding, because of increase in income under both types of farms. The marginal propensity to save was on the higher side in all the farm situations for adopters as compared to non-adopters. This led to more capital formation in their respective farms.

The linear trend between per capita/per holding consumption and levels of family disposable income was worked out for both types of farmers. The relationship obtained was as under:

Per farm

$$\begin{aligned} \text{Adopters} &= 5496.35 + 0.53 I \\ \text{Non-adopters} &= 4242.07 + 0.65 I \end{aligned}$$

Per capita

$$\begin{aligned} \text{Adopter } C &= 552.10 + 0.38 I \\ \text{Non-adopters } C &= 353.62 + 0.44 I \end{aligned}$$

Where

$$\begin{aligned} C &= (\text{per farm})/(\text{per capita}) \text{ consumption expenditure} \\ I &= (\text{per farm})/(\text{per capita}) \text{ family disposable income.} \end{aligned}$$

This indicates that increase in consumption expenditure with increase in family disposable income was more in the case of non-adopters as compared to adopters. This was because the non-adopters had yet to reach their minimum standard.

This analysis shows that with the in-

crease in income, the level of adopters had considerably increased. There was a significant variation in the income levels of the adopter and non-adopter farmers in different size group of holdings though there was no significant difference in the average size of holdings. This increase in income has also affected the pattern of income allocation over various dependent variables. A significant proportion of the gross income of adopter farmers was ploughed back into agriculture by the use of new inputs. There were variations in investment between adopters and non-adopters. Adopters had invested relatively more in irrigation, land reclamation and plantation of orchards than the non-adopters.

The pattern of distribution of income on family expenses showed that non-adopters were spending more on necessities of life than adopters who distributed larger proportion of their income among other groups. The study also showed that marginal propensity to save was more in the case of adopters than in the case of non-adopters. The consumption function analysis showed that a larger proportion of increased income was distributed over consumption expenditure by non-adopters whereas in the case of adopters a larger proportion of increased income was distributed in savings and was ploughed back within agriculture.

The conclusion is irresistible that new technology has created inequitable distribution of income as is evidenced by the variation in incomes of adopters and non-adopters. It has also affected the pattern of income distribution which is more in favour of new inputs and capital investments.

TABLE VI

Marginal Propensity to Consume and Marginal Propensity to Save for Adopters & Non-Adopters

Size group	Adopters				Non-adopters			
	Dis-posable income	Con-sumption expenses	MPC	MPS	Dis-posable income	Con-sumption expenses	MPC	MPS
Small	2239.30	2170.27	—	—	1715.07	1764.02	—	—
Medium	3909.81	3184.92	.61	.39	2817.72	2552.79	0.72	0.28
Large	6458.53	4451.83	.50	.50	4370.22	3522.45	0.62	0.38

POINTS OF VIEW

Small-scale industry: retrospect and prospect

B. S. Venkata Rao

SMALL-SCALE industries in our country and their programmes of development have come of age. Their performance has been both rapid as well as remarkable over the last two decades. In terms, particularly of output and employment generated, the progress has been so impressive that in international forums it has now become customary to talk of the "India Model" in the development of small industry. As a result, the United Nations agencies are increasingly looking up to India as a source of expertise to provide assistance to developing countries. Indian experts have gone to several countries in Africa, south and south-east Asia, west Asia and Latin America.

several achievements

The small industry sector has several achievements to its credit. From very small beginnings before Independence, the sector has expanded at a rapid pace so as to cover about 320,000 enterprises which are registered with the state directorates of industries. These enterprises have shown capacity for self-sustained growth, with significant potential for further diversification and expansion. They produce a wide variety of goods, consumer as well as capital, for the home and export markets, "from a table lamp to television". In 1972 small industries accounted for an output valued at about Rs 58 billion and provided direct employment to about 4.1 million persons. As many as 10,000 small firms now supply components and spares to large industrial undertakings; nearly as many firms supply the stores requirements of various central government departments.

A sample survey of small industries carried out by the Central Statistical Organisation as part of its Annual Survey of Industries for 1968, showed that the performance of the small-scale sector compared favourably with its large scale counterpart. Thus, with 7.5 per cent of the total productive capital, this sector accounted for about 28 per cent of the out-

put and 36 per cent of employment in the industrial economy of the country.

Apart from the contribution made by the initiative, drive and resources of small entrepreneurs, the progress achieved by small industries has been due, in no small measure, to the helpful policy of the government and the developmental facilities provided by it for the purpose. Strong organisational support has been given right from the start of the development programmes both at the central and state levels. The national framework now comprises: the Small-Scale Industries Board, the office of the Development Commissioner (Small Industries Development Organisation) at Delhi; one small industries service institute (SISI) in every state capital; seven branch SISIs; 55 industrial extension centres; three production centres; two training centres; the National Small Industries Corporation; and the All-India Extension Training Institute. At the state level, there are the directorates of industries, small industries corporations, and financial corporations, all of which directly or indirectly aid the development of small industries. In the private sector, there are over 30 associations of small industries with the Federation of Associations of Small Industries of India at the top. The entire small industry movement also overseen by national and state small-scale industries boards. A comprehensive organisational network exclusively for the small-scale sector has thus been built up over the last two decades.

development facilities

The facilities and incentives provided for the development of the small-scale sector are equally impressive and wide ranging. Especially since the beginning of the second five-year Plan, modern small industries have become an integral part of governmental programmes for planned development of industries. The public sector expenditure on this sector amounted to Rs 5.2 crores during the first five-year

Plan, Rs 56 crores in the second Plan, Rs 88.90 crores during the third Plan and Rs 70 crores in the fourth Plan period. The outlay proposed in the fifth Plan is Rs 216 crores. Even if we take the second Plan as the starting point, governmental funds earmarked for small industry development have increased nearly four-fold.

As regards the assistance programmes implemented by the government, starting with product identification they cover multifarious aspects such as technical assistance; technical and managerial training; financial aid including foreign exchange loans; domestic and export marketing assistance including supplies against government requirements; industrial estate facilities; provision of machinery on hire-purchase basis; supply of scarce raw materials, components and capital goods; publication of model schemes; workshops and testing facilities; prototype development; and assistance in establishing ancillary production arrangements with large industrial undertakings.

assistance rendered

To give an idea of the achievements of the above programmes, it may be noted that since its inception, the small industries development organization has answered 380,000 economic enquiries; the officers of the organization have paid over 800,000 visits to small manufacturing enterprises throughout the country and provided technical assistance to over 100,000 entrepreneurs.

Technical and managerial training facilities have been provided to more than 70,000 personnel from small industries. Over 400 industrial estates have been constructed to provide modern factory premises. Over 80,000 designs and drawings and nearly 7,000 small industry schemes have been supplied to entrepreneurs. The National Small Industries Corporation has supplied machinery on hire-purchase to the tune of Rs 56 crores and has been instrumental in providing self-em-

ployment opportunities to over 10,000 new entrepreneurs. Industrial financing agencies have provided term loans amounting to Rs 200 crores to the small scale sector, and working capital accommodation had been made available to the extent of Rs 881 crores by the end of 1971-72.

salient features

The salient features of small industry development programmes in the last two decades may be briefly noted. While these programmes have significantly contributed to the remarkable growth and diversification of the small-scale sector, they have been characterised by several protective forms of assistance such as price preferences, reservation of items for production for small industries, power subsidy, cheap institutional credit, and subsidized rents for factory space. Programmes have continued to emphasise promotion and expansion of the sector horizontally. It is only recently that the question of intensive development of selected industries has come to the fore.

Entrepreneurs of small industrial enterprises have so far come mainly from groups such as traders, importers, financiers, landowners and craftsmen. The number of qualified entrepreneurs with technical background and experience is relatively small. In view of high unemployment among graduate engineers and diploma holders assistance is being given to these people to embark on industrial ventures. While this is a welcome development, the number of engineers that have started small industries is still small. In programmes for the modernization of small industries, greater emphasis has been placed on equipment modernization. This has resulted in the importation of advanced western technologies which may not have been appropriate in all cases to the requirements of the situation in this country.

Although efforts have been made to promote sub-contracting between small and large industries, it has not yet become a major tool for small industry development. In view of the almost universal scarcity of many industrial products, import substitution has offered the greatest attraction to small industrialists, and only limited attention has been given to tapping export markets. Although a lot has been talked about promoting the use of low-capital and labour-intensive technologies among small industries, precious little has been done in concrete terms.

Insufficient attention has been given to

the development of the skill base of small enterprises. Although a variety of training programmes have been introduced, they have been heavily weighted in favour of generalized training. The owner-managers of small industries have not been effectively brought within the purview of management training. Most of the small industry development programmes have been government-sponsored and voluntary organisations of small industrialists are still looking up to government for assistance of some kind or other. Finally, although finance is a limiting factor for the rapid development of small manufacturing, too much attention has been given to financial assistance at concessional rates of interest to the neglect of other important aspects such as entrepreneurship and sound management. These features of the assistance programmes need to be carefully studied with a view to giving proper direction to the future growth of the small-scale sector.

future prospects

The role of the small-scale sector as a nursery of manufacturing and managerial skills, as a source of employment and as a producer of a large variety of consumer goods and ancillaries need hardly be emphasised. This sector offers significant scope for those who seek self-employment. In recent years, the problem of unemployment has become very acute, and the number of unemployed among the educated classes is also sizeable, having increased from 1.5 million in December, 1969 to three million at the beginning of 1973. A distressing aspect of unemployment among the educated is that even graduate engineers and engineering diploma holders are finding it hard to get suitable employment, their number at present being placed at 70,000. There is, therefore, urgent need to intensify programmes for providing self-employment to those who are technically qualified and thereby ensuring that the talents of these young engineers are not wasted.

Entrepreneurship is a key factor in the development of small industry. It is even more important than resources such as finance and raw materials. The need for encouraging the development of entrepreneurship in the country is particularly important in the context of the plans to promote the establishment of as many as 200,000 small-scale enterprises during the period of the fifth five-year Plan. It should, therefore, be ensured that small enterprises are increasingly owned and

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manned by competent entrepreneurs. Priority attention should be given to entrepreneurs coming from groups such as graduate engineers, engineering diploma holders, persons who have a background of manufacturing skills in industry, and persons who have first-hand knowledge of trade in the product to be manufactured. The induction of people with technical/engineering qualifications into the small-scale sector should, therefore, be energetically pursued. To enable such people to equip themselves to adequately manage industry appropriate motivational-cum-managerial training programmes should be offered at selected centres in the country. If this is done, small manufacturing can be placed in competent hands right from the start.

The time has perhaps come to eliminate protective assistance and replace it by purely developmental measures which will enable the small-scale sector to meet the competition of its large-scale counterpart. As the international perspective planning team on small industries has aptly observed, the needs of small industry are "economic guidance in choosing the right product lines and in marketing; technical guidance in introducing modern production methods to the end that quality goods can be produced at low cost; managerial counselling and training to encourage efficiency in business planning and in all aspects of the undertaking; and helpful government policies which accent, not subsidies and special favour to small units as such, but the creation of reasonable opportunity for improved access at the same price others pay to materials, power, capital, credit, business information and marketing channels".

unfettered expansion

Under the strong stimulus of governmental assistance programmes, there has been, in recent years, an unfettered expansion in the size of the small-scale sector. As noted earlier, this sector now covers approximately 320,000 enterprises (1971-72). Since no information is available regarding the number that have ceased to exist, the accurate size of the sector is not known. It is heartening to note therefore that government is currently carrying out a census of small industries throughout the country. The opportunity afforded by this census should be utilised to collect essential information as to the rate of survival among small enterprises, the actual production capacity among various industries, the existing state of machinery and

equipment possessed by small enterprises, the origin and background of entrepreneurs, the impact of governmental assistance programmes on the development of small industries, and the real needs of the small scale sector in terms of facilities, assistance and guidance for its unhampered growth in the future.

We have noted above that there is a vast field open to the small-scale sector. It is obviously difficult for the small industries organisations to cater for the needs of such a big sector unless substantial and continuous expansion in personnel takes place. Since the objective of small industry development is to assist the small firms to graduate into medium and large industries efforts should be made to concentrate the personnel resources of the organisation on the smaller and weaker units, specially those in the areas which are only slowly coming up in industrialisation. Similarly, greater attention should be given to enterprises located in intermediate and small towns than to those in metropolitan cities.

creative instrument

Small industries can become an instrument for the creation of both self-employment and wage employment opportunities, provided they are encouraged to use labour intensive or low capital technology and are discouraged from going in for labour saving capital equipment. The price at which capital is made available to them should not be such as to encourage increasing use of sophisticated machinery and equipment. The current emphasis on liberal and cheap credit should, therefore, be subjected to a searching examination. Besides, requisite technical guidance should be extended by the small industries organisations to small enterprises in using low capital technology. For this purpose, the technical wings of the organisation both at the central and field levels should be appropriately strengthened.

Sub-contracting should be promoted on a realistic basis and used as a major tool of small industry development. This will be particularly helpful to the new breed of technician entrepreneurs who are seeking to embark on small industry ventures without adequate practical manufacturing and business experience. The key factor in ancillary development is the existence of competent enterprises which can undertake production to meet the requirements of large industries. Therefore, substantial skill has to go into this programme—much more than in the past—not only for identi-

fying items suitable for ancillary production, but also for upgrading the technical competence of small firms which have the potential to work as ancillaries. If past experience is any guide, the existence of competent small firms is likely to prove a much stronger factor in promoting sub-contracting than legislative compulsion on large undertakings, although the latter may be called for under certain special circumstances.

programme of modernisation

There is an urgent need to mount a programme of modernisation of the small-scale sector especially if the products of this sector are to enter export markets on any significant scale. Modernisation has several important aspects, namely, (a) modernisation of management in terms of the motivation, attitudes and skills of owner managers as well as other personnel employed in small firms, and the techniques of management; (b) modernisation of organisational structure; (c) modernisation of technology; i.e. the use of appropriate technology which is consistent with economy, efficiency and quality, and (d) modernisation of equipment.

Measures for the promotion of export of small industries products should be drawn up in a realistic manner. Here again is a programme into which much more skill than in the past has to be injected. The first step is the identification of products which have export potential. Then comes the identification of specific market areas/countries where demand prospects are bright. The next step is the selective development of the industries which make these products and the provision of assistance and facilities including technical guidance to these industries to specialise for the export market and enhance their productivity. These industries should also be given priority for the purpose of modernisation of equipment. The identification of bottlenecks which stand in the way of exports and taking appropriate steps to eliminate these bottlenecks and simplify the procedural formalities which they have to go through is no less important. And finally comes the provision of assistance to industry-wise associations to undertake market surveys in selected foreign countries and promote the sale of their products.

There is indeed a pressing need to improve the skill base of small firms so as to upgrade the level of technical and general

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education of workers. Apart from improvement of theoretical instruction efforts are required to up-date practical experience in cooperation with large industry, including public sector undertakings. A study is, called for to determine what the present position with regard to the availability of trained personnel for small industries is, what needs to be done in the future and in what way voluntary efforts can be mobilised for the purpose.

The expansion of small-scale sector horizontally which has gone on so far needs to be tempered and greater emphasis placed in future on the intensive development of selected industries to promote specialisation, achieve increases in productivity and encourage greater self-reliance among industries. As far as possible, efforts should be made to "de-officialise" the small industry movement. Towards this end, organisations of small industries should be assisted to take over more and more of the developmental functions hitherto performed by government extension agencies. Greater voluntary effort is required especially in the field of training, quality improvement and marketing.

appropriate definition

The definition of small industry has been revised to include concerns with investment in plant and machinery up to Rs 7.5 lakhs. Demands have been made periodically for further revision of the upper limit. Since more than 80 per cent of the small enterprises are estimated to have an investment of less than one lakh rupees in plant and machinery, there is no justification for an upward revision. Actually, enterprises which have crossed the Rs 7.5 lakh limit should be considered as having graduated into medium-scale operation. Since the small industry sector is free of any official constraints there is the danger of persons with substantial financial resources masquerading as small industrialists. Effective measures are, therefore, required to counteract such eventuality.

Small industries should be encouraged to look outwards. This has two aspects: as referred to earlier, they should be developed into a vigorous export sector, for selected products in which a high degree of sophistication has already been achieved. They should also be assisted to provide technical expertise to investors in overseas countries for the development of small manufacturing both by way of technical know-how as well as participation in joint ventures.

How to relieve traffic congestion

London:

Josselyn Hennessy

What to Do About Motors

A BROAD range of policy issues raised by the world pullulation of motor cars has been examined by the OECD's Environment committee. I examine here the problems and some possible solutions that the committee presents in an interim report.*

Along with the advantages to society conferred by the motor car, the number of detrimental side effects listed by OECD's Environment Committee is wide ranging: a rising toll of accidents, mounting pollution, noise, congestion and blight; escalating demands on land and fuel resources;

come to the fore in recent months is the contribution of cars to the rising demand for oil. Passenger cars already consume 12 per cent of world oil production, and their fuel requirements may double by 1985, pushing up oil prices, creating balance of payment problems and possibly diverting resources from other important needs.

In the light of these facts, OECD's Environment Committee has been trying to answer the basic questions:

How is the conflict between the benefits of the motor car and its harmful side effects to be solved?

What balance should be struck between

to seek a "strategy or urban mobility", which takes into account such varied considerations as the intensity of use of individual vehicles, the available opportunities for walking and cycling, and changes in the structure and density of urban development which could affect the need for travel.

One of the key points in a strategy for urban mobility is to improve public transport. The most promising solutions to the problems of how to move people within, and into, cities often lie neither in massive investment in more highways nor in expensive high capacity underground systems. Cities that have tried to accommodate cars by ambitious building of highways have found that streets remain congested, commuting becomes ever more difficult and the quality of the city environment continues to slide downhill. City dwellers are also increasingly opposed to the building of these highways.

worsening congestion

Cities like Toronto, Montreal and San Francisco have discovered that underground mass transit may, if there is no control of the use of land, worsen rather than relieve traffic congestion by encouraging additional development around the station. Moreover experience with the systems shows that they are increasingly unsuited to the sensible use of land and patterns of travel evolving in most cities: they are economical only in large cities with high density and high employment in the central district. "On these criteria", says the OECD report, "few cities in OECD countries that do not already possess or have under construction a mass transit system could justify building one."

Rather, says the OECD, the solution lies in "innovative low cost improvements in existing systems." For example, cities that still have the tramways of an earlier generation should improve this mode of transport by converting it into the so-called semi-subway—light rail cars which (as e.g. in Vienna) run on the surface in the suburbs but descend into tunnels in city centres and wherever surface space is crowded or where the environment would be harmed by an above-ground system

WINDOW ON THE WORLD

impairment to the mobility of those who cannot drive and the severance of neighbourhoods and dislocation of people caused by urban highway projects.

With the number of cars on the roads in OECD countries estimated to rise from 200 millions in 1972 to 320 millions by 1985, more than thrice the 1960 totals, the problems must intensify, especially in densely settled areas such as Paris, Tokyo and Chicago, where there are up to 1,500 cars per square kilometre.

Another pressing problem that has

the desire for private transport and other social needs?

What innovations in policy are needed to create an environment in which man and the motor car can survive together?

The OECD's committee has not only examined the car itself and the technological and design possibilities for better control of emissions, lower fuel consumption, and less noise, but has also looked at cars as part of a transport system in which there are complementary possibilities, e.g. public transport. The basic problem is how to provide an integrated urban transport system that will not just move people efficiently but will also enhance the quality of the city and contribute to broader community aims. This conception of transport has led the committee

*"Environmental Implications of Options in Urban Mobility" available from OECD's Environment Directorate. The report has two parts: "Observations of OECD's Environment Committee on the Impact of the Motor Vehicle on the Environment" and "Automotive Air Pollution and Noise: Implications for Public Policy."

Such light railways are "among the most promising innovations in urban transport that have emerged in recent years", because they fill the gap between high capacity, high cost underground rapid transit and the slower buses and trains running on city streets.

Semi-subways are being built in Stuttgart, San Francisco and Bonn, and already exist in Brussels, Cologne, Rotterdam, Frankfurt, Essen and Vienna.

The OECD cites two types of additional possibilities for low cost improvements.

"Car pools" or "bus pools" (used by groups of commuters in Hamburg, Ottawa, Washington DC and elsewhere) preserve some of the convenience of private transport while reducing congestion and the demand for parking space in city centres. From personal experience I can testify to their convenience. When in World War II Washington DC, petrol was in short supply, taxis used to line up in the station with notices announcing to what parts of the city they were going, so you got into the appropriate cab which had the advantage over a bus because it took you to your own front door in whatever district you lived.

More institutionalised group riding — so-called jitneys, jeepneys, shared taxis, etc — are rapidly spreading. In Teheran, for example, 2,000 jitney taxi running on fixed routes carry about 100 million passengers a year, i.e. 50,000 per taxi. The six-to-ten passenger jeepneys in Manila are displacing buses.

self-drive taxis

In Montpellier in France individuals can subscribe for the service of small cars. Special parking places exist in the centre of the city for distinctively marked cars which can only be picked up and returned at designated places. A system of self-drive taxis is under study in Toulouse, Amsterdam and Japan.

Then there is the "dial-a-ride" system for mini-buses for door to door transport over relatively dispersed areas to people who telephone for the service. Such ways of responding to individual demand are being tried in many areas in North America, Europe and Japan, e.g. in Regina in Canada, Nose in Japan, Haddonfield in New Jersey, Ann Arbor in Michigan in the USA, and Harlow in the UK.

The evidence already suggests that extensive fleets of public cars could provide convenient transport for substantial numbers of urban travellers, reducing traffic congestion and demand for parking space

in central areas. What is more, these services narrow the gap between car owners and the carless.

Measures which give buses priority at traffic lights, exclusive use of entire city streets or of individual lanes (as in Oxford Street, London), creating busways or arterial highways leading to city centres, and tunnelling short stretches of busways under the most congested parts of the inner city, are ways of improving bus services and should be used in cities in which buses are now slowed to a crawl in traffic congestion.

Examples are the Shirley Highway into Washington DC on which 12 miles of the centre section are kept for buses alone; Southampton in the UK, where a vehicle-metering system allows buses unrestricted entry to an arterial highway to the city centre while private cars are admitted only by computer-controlled traffic lights in such numbers as ensure a free flow; and Paris, where a network of bus-only streets and lanes will restore to buses their former regularity and speed and help them to recover travellers (who deserted buses by 60 per cent between 1952-72).

unnecessary cars

The improvement of public transport, says OECD, must go hand in hand with deliberate measures to curtail cars in congested urban areas. There is growing realisation that city centres cannot cope with large numbers of cars, which are unnecessary and counter-productive, and that improvements in public transport service depend on freeing streets from traffic congestion.

Firm evidence already exists that it is politically, commercially and technically feasible to limit cars in urban areas. Over 100 cities have already banned traffic from portions of their central districts and dedicated them to pedestrian use.

An ambitious plan to exclude private cars from a large part of the inner city has recently been successfully tested in Geneva. Milan has closed a 1.5 square kilometre central area to private cars while keeping some streets open to taxis, buses and the cars of persons resident in them. Bremen, Goetheburg Bologna, Liverpool and Stockholm report good results in reducing traffic entering the central area by dividing it into separate areas and prohibiting the direct movement of cars from one sector to another while diverting through traffic to a perimeter road. London is considering entry tolls and permits to discourage people from bringing their cars into the ten square miles of the central area. Nottin-

gham plans a mixture of incentives and physical restrictions substantially to reduce commuter traffic into the city and to exclude cars from the centre.

II More Lasting Solutions

Such improvements as those outlined above can be carried out quickly. Progress can therefore be achieved in the next few years to give cities respite while long-term, more lasting solutions are being developed.

Two new forms of urban transport are being developed to approximate to the service given by a car while avoiding its disadvantages. West Germany, France, the USA and Japan are working on Personal Rapid Transit. This uses networks of light-weight guideways constructed (a) on the ground, (b) underground or (c) elevated over streets or even through buildings. Small cabins would at the push of a button provide non-stop service from boarding stations to destinations. Feasibility, costs, environmental impact and user acceptability will be ascertained by experiment.

The second technique is that of "people movers", designed to carry large numbers at moderate speeds over relatively short distance in centres of high activity, e.g. business districts, airports etc. Prototypes already exist in West Germany, France, Japan and the USA.

Toronto and Heidelberg have decided to build people movers in their down-town areas; La Defense on the outskirts of Paris is investigating a conveyor system for internal circulation. An automated mini-tram will connect the centre of Lille with its new satellite community. The economics of driverless operation will stimulate the adoption of "people movers," which, as far as I can make out from the OECD's unclear description, must be on the same principle as the moving stairways in London's undergrounds.

Policies which concentrate merely on accommodating the demand for travel will, says the OECD, not be enough. Lasting solutions will need some control over the factors that generate demand — the location of housing and of specified activities, density of living and working areas, the physical lay-out of work places, shopping and community services and the links between them.

In new towns it is possible to balance transport supply and demand by building

a total urban environment in which housing, employment, community services and transport are integrated. It is more difficult to do so in existing cities because the existing use of land already establishes the patterns of movement and the demands on transport of all kinds.

But even established cities are undergoing constant changes, and a start can be made to guide changes in ways to reduce transport problems rather than to worsen them. This can be done by providing houses and a good environment close to places of work so as to reduce the need for long commuting trips, and by clustering related activities to create self-contained neighbourhoods in which distances between homes, shops, playgrounds and community facilities are small enough to be covered on foot or cycle. On a larger scale, planning can begin on restructuring urban areas in to multi-centred regional cities linked by efficient

high speed public transport and expressways.

III The Role of Governments

The kind of transport strategy which each nation requires will, the OECD concludes, depend on the goals that each sets for metropolitan areas and the quality of their environment. If the goal is to preserve a strong central city with a high population density and a viable centre, then efforts should be concentrated on traffic management and transport which would increase freedom of movement, enhance the pedestrian environment within the central area, and improve the radial flows to and from the suburbs.

If, on the other hand, a decentralised, low density city is preferred, attention should be concentrated on the design of public transport services adequately to complement private cars in serving dispersed travel and provide adequate access to

all residents, whether or not they own a car.

For most countries the urban goals and the resulting needs for transport improvements are not simple alternatives. Each country and each city will require a mix of transport and pedestrian improvements to benefit residents; (a) living in central cities as well as in the suburbs, and (b) those who rely on public transport, as well as drivers, cyclists and pedestrians.

Strong initiative and action by central governments will, the OECD believes, encourage innovation, because even the wealthiest municipalities and transport companies hesitate to take the risk of introducing major changes lest they meet public indifference or hostility, and thus turn out to be bad investments and political liabilities. Central governments could help to reduce these uncertainties by a sustained programme of realistic experiments, which are the best way to test public response to changes in service and to assess its impact on the urban area.

How the world's workers fared in 1973

An ILO Survey

EMPLOYMENT INCREASED rapidly in industrialised countries as a whole during 1973, unemployment fell and real wages generally continued to go up, though often more slowly than before.

But inflation worsened. Severe and widespread, it carried with it the threat of social and economic disturbance which poses one of the major problems facing many countries today.

Incomplete information available from developing countries indicates that in most of them, economic development was not enough to reduce chronic unemployment and under-employment. Progress was slow, and sometimes cancelled out by natural disasters.

These are some of the conclusions* emerging from statistics gathered by the International Labour Office and published in

the 1973 edition of its Year Book of Labour Statistics.

The year 1973 was characterised by a strong employment rise—often at a rate that has not been seen for many years. Employment increased in many countries where employment figures had dropped in 1972, and even as early as 1971.

Nevertheless, in four industrial countries a drop in employment in the manufacturing sector continued, but at a much slower rate than 1972.

Unemployment fell—sharply at times—in two out of three countries for which data were available. In general the drop was greatest among male adults, and only slight for women. Unemployment among the young remained high.

The inflationary consumer price trend, already seen in 1972, was more pronounced in 1973 and it spread throughout the world. More than half the countries and territories surveyed registered increases over 10 per cent. One country in five showed a consumer price increase of more than 20 per cent. Only eight countries

had an increase of less than three per cent and none of the countries included in the statistics showed a lowering of consumer prices during the last 12 months.

Nominal salaries increased, often rapidly, in the countries where data were available. But owing to the rapid rise in consumer prices, the almost universal increase of wages over prices generally slowed down in 1973. However, in one out of three countries real wages in manufacturing industries increased by more than five per cent.

Data on the general level of employment were available from only 20 countries. They show that the number of persons employed increased by more than three per cent in the latest 12-month review period in half of the countries concerned. The rise exceeded 10 per cent in Malawi and was over five per cent in Canada and the Republic of Korea. In six countries (Australia, Israel, Philippines, Poland, Puerto Rico and the United States) the rate of increase ranged from three to five per cent. For instance, from November 1972 to November 1973, the

*The statistics are for 1973 and in many instances only cover the situation up to December. World events in October and November such as the energy crisis and monetary problems will undoubtedly have important repercussions on the condition of the world's workers in 1974, but obviously are not included in this article.

total number of persons employed in the United States increased by 3,100,000.

Seven other countries for which figures are available (Austria, Finland, Italy, Japan, New Zealand, the United Kingdom and Yugoslavia) reported an increase in the general level of employment from one to three per cent over the last 12 months, although in Finland and Italy employment during the first month of 1973 was, on average, lower than each of the corresponding months of 1972. In France, Norway and Sweden the general level of employment advanced by less than one per cent. In the Federal Republic of Germany the decrease noted in 1972 halted during the first quarter of 1973 and was replaced by a rise of 0.2 per cent in the second quarter.

advance in employment

The advance of the general level of employment occurred in most of the industrialised countries despite a fall of employment in agriculture and, in some, countries, despite a decrease in employment in the manufacturing industries and construction. The drop in agricultural employment was particularly sharp in Japan where the number of people engaged in this sector fell between July 1972 and July 1973 by one million, including nearly 700,000 family workers. In the Federal Republic of Germany and in Italy, agriculture occupied some 130,000 fewer persons at mid-1973 than during the same period of 1972. Moreover, the Federal Republic of Germany reported a decrease between March 1972 and March 1973 of 2.6 per cent in the number of workers employed in construction. In fact, in most of the industrialised countries the increase in the general level of employment was due, to a large part, to the expansion of the service sector.

Statistics available for some 20 countries indicate that employment on the non-agricultural sectors is rising and that the rates of increase exceeded three per cent in about a dozen countries including Austria, Canada, Malawi, Puerto Rico and Spain, where a rise of over four per cent was noted. Increases ranging from 1 to 3 per cent took place in eight countries: Finland, France, Italy, the Republic of Korea, Luxembourg, Norway and Yugoslavia. The lowest increases—less than one per cent—were recorded in the Federal Republic of Germany and in Sweden.

Employment in manufacturing industries increased over the latest 12-month period in 22 of the 27 countries for which statistics are available. In general, the rates of growth were much higher in 1973 than 1972; they even tripled in several coun-

tries, in particular in Denmark, Hong Kong, Japan and Sweden. Canada reported new record levels in May and June 1973 and in the United States the number of workers employed in November 1973 nearly reached the July 1969 record. In three countries (Australia, Hungary and New Zealand) registering a drop in employment in this sector in 1972, the number of employees in manufacturing was higher every month of 1973 than during the corresponding months of 1972.

The greatest employment advances took place in Japan and Malawi, two countries where increases exceeded six per cent in the last 12 months for which information is available. Rises ranging from three to five per cent were noted in 12 countries (Australia, Bulgaria, Canada, Denmark, Greece, Hong Kong, Ireland, Israel, New Zealand, Puerto Rico, United States and Yugoslavia). Increases varied between one and three per cent in Austria, France, Hungary, Norway, Poland, the Republic of South Africa and Sweden, and the level remained almost stationary in the Federal Republic of Germany.

The number of workers employed in manufacturing decreased in five countries (Italy, Netherlands, Philippines, Switzerland and the United Kingdom); however, the drop was much smaller in 1973 than in 1972. Thus, in the United Kingdom, where the number of employees diminished by 278,000 from June 1971 to June 1972, the figure for June 1973 was only 9,000 less than in June 1972.

levelled off unemployment

Unemployment had increased sporadically in 1971 and 1972 in over half of the approximately 50 countries with statistics available. But it levelled off in about 20 countries at the beginning of 1973 or during the year. More than 30 countries reported an unemployment decrease during the past 12 months.

The drop in unemployment was most significant among adult men. In several industrialised countries, Europe and the United States in particular, the number of unemployed women was higher—and sometimes considerably higher—than the number of unemployed men. Unemployment remained very high among young workers and is still rising in some countries where the total number of unemployed is diminishing. For example, in Argentina, the area surrounding Buenos Aires showed an unemployment rate among young workers under 20 years of age of 18 per cent in April 1973—that is six times higher than the rate for persons aged 30 to 50. In Canada, more than half of the unemployed were 14 to 24

years old in September 1973, and in Italy, in July 1973, out of some 600,000 unemployed persons, over 400,000 were looking for their first job.

Available figures indicate a fall in unemployment for the latest 12-month period in nine developing countries and in 22 industrialised countries, 16 of them in Europe. In nearly half of these countries, the number of unemployed was lower for each month of 1973 than the corresponding month in 1972. The greatest reductions were recorded in Australia, New Zealand and the United Kingdom, sharp drops were also seen in Guyana, Israel, Japan, Malta, Norway and Spain. The decreases were significant in some 20 countries, including Canada, Finland, Ireland, Italy, Malaysia, the Republic of Korea, the Republic of South Africa, Sweden and Zambia.

sharp drop

In Austria and Greece, the number of registered unemployed during June-August 1973 reached its lowest level since World War II. Canada, during the period July-October 1973, reported an average unemployment rate (number of unemployed as a percentage of the total labour force) of 4.6 per cent, the lowest level since 1969. In the United States where unemployment had already decreased during 1972, the number of jobless fell by 500,000 each month from January to October 1973 compared to the corresponding months of 1972, but the drop was much less noticeable towards the end of the year. Italy had 123,000 fewer job-seekers in October 1973 than in October 1972. In the United Kingdom, unemployment had started to decrease in May 1972: this downward trend increased in 1973. Between January and February, 70,500 unemployed found jobs and between April and May the unemployment drop exceeded 100,000—the sharpest drops recorded from one month to another in over 25 years. In November 1973, the number of wholly unemployed was 513,000, the lowest figure for this month since 1960.

However, unemployment rose during 1973 in 17 countries for which information is available including Belgium, Burma, the Federal Republic of Germany, India, Morocco, Netherlands, Nigeria and Yugoslavia. In the latter part of the year unemployment increased in France, Ghana and Singapore. Among the industrial countries, the Federal Republic of Germany recorded the greatest increase: 297,200 jobless in December 1972 and 485,600 in December 1973, the highest figure noted since February 1968. The unemployment situation in this country

deteriorated progressively in 1973. In January and February the number of unemployed was lower than in the corresponding months of 1972, but from March onwards, it was higher and the difference grew from month to month. In France, the number of persons unable to find work at the end of November, reached 455,000, the highest level recorded since the forties; unemployment in this country affected more and more jobs in commerce and service industries.

Figures available for 128 countries and territories show that consumer prices continued to increase in all parts of the world and that the rise—already rapid in 1972—accelerated even more in 1973, particularly in the second half of the year. During the latest 12-month period consumer prices went up by 10 per cent or more in 74 countries compared with 26 in 1972. In five countries out of six, the rates of increases were considerably higher than 12 months earlier, in general because of a sharp rise in food prices. The rates increased three-fold in 22 countries and they doubled in 18 other countries, despite the measures adopted or extended by a growing number of countries to curb inflation.

20 per cent increase

The increase exceeded 20 per cent in the latest 12-month period in 27 countries, including Argentina, Bangladesh, Chile, Indonesia, Khmer Republic, Singapore, Uganda, Uruguay, Republic of Viet Nam and Zaire, where prices went up by more than 30 per cent. Chile, where inflation has been chronic for ten years, had never experienced such an uprush of consumer prices. They doubled twice in the course of 11 months, the first time between December 1972 and July 1973, the second between July and November. In the Khmer Republic, prices tripled between October 1972 and October 1973 and in Uruguay they increased by 90 per cent. Asia, nine in Europe and two in Oceania.

It was the first time that the rate of increase exceeded 20 per cent in Haiti, Liberia, Mauritius, Portugal and in Guatemala—where prices were stable during the preceding three years. Twenty per cent increases had not been seen in Greece since 1948, Israel since 1953, Jamaica since 1940 and Yugoslavia since 1966. In Greece, for instance, the general consumer price index rose from September to November 1973 by 11 per cent and index for food alone increased by over 15 per cent.

Prices increased by between 10 and 20 per cent in 47 countries and territories—

nine in Africa, 12 in the Americas, 15 in Europe. Among these were Brazil, Cameroon, Cap Verde Islands, Colombia, Dominican Republic, India, Ivory Coast, Japan, Mexico, Nepal, Syrian Arab Republic and Turkey, all countries where the increase during the 12-month period exceeded 15 per cent. Prices also crossed the threshold of 10 per cent in the following industrial countries: Australia, Denmark, Finland, Ireland, Italy, New Zealand, Spain, Switzerland and the United Kingdom.

North American position

Increases ranging between 5 and 10 per cent were recorded in Canada, the United States, nine European countries and 25 developing countries. Consumer prices in the United States rose by 1.8 per cent from July to August 1973, the biggest monthly increase for 26 years.

This inflationary trend is mainly due to the sharp rise in food prices, which went up by nearly 20 per cent between November 1972 and November 1973: the rise during the August alone amounted to six per cent. Among the European countries in this group, Austria, Belgium, France, the Federal Republic of Germany, Netherlands, Norway and Sweden experienced monthly increases of over one per cent during the last quarter of 1973.

During the latest 12-month period for which information has been supplied, consumer prices have risen by some three to five per cent in Hungary and in about 10 developing countries and territories including Egypt, Togo and Venezuela. Increases of from one to three per cent were recorded in the People's Republic of the Congo, Ghana and Tunisia, as well as in the Republic of Korea, a country which had previously suffered from chronic inflation and where the annual rate of increase had been over 10 per cent since 1962. Consumer prices were practically unchanged, or rose by less than one per cent, in Czechoslovakia, Honduras, Poland and the Solomon Islands.

limited information

Wage statistics are published regularly by only some 30 countries, and the information available is often limited to manufacturing industries or relates only to the first half of the year; it is therefore difficult to sift from the figures a picture of world trends in wages in 1973.

Nominal wages rose over the latest 12-month period in all countries for which information is available. The increase was in general larger in manufacturing

than in the non-agricultural sector as a whole. In some 20 countries, particularly in Chile, Hungary, Israel, Italy and Mexico, the rates of increase were higher in 1973 than in 1972. In some countries, including Canada, Ireland and the United States, weekly earnings were rising faster than hourly wages because of an increase in the number of hours worked per week.

Nominal wages in manufacturing went up by more than 20 per cent over the last 12 months in the following six countries: Chile, where they increased three fold between January 1972, and January 1973, France, Ireland, Israel, Italy and Japan. Increases ranged between 10 and 20 per cent in about twelve countries including Australia, Finland, Philippines, Spain and Yugoslavia.

nominal wages

As in preceding years, the rise in consumer prices—particularly sharp in 1973—absorbed an often considerable part of the increase in nominal wages. However, real wages (or nominal wages corrected for price variations) in manufacturing rose in all countries for which information is available except in Mexico and the United States. Generally, the rate of increase slowed, in particular towards the end of the year, but in some countries, including France and Spain, real wages increased at a much faster rate than the average rise during 1968 to 1972.

Over the last 12-month period increases in real wages in manufacturing exceeded 10 per cent in seven countries (Chile, France, Hungary, Italy, Republic of Korea, Philippines and Spain). The rise was also perceptible in Austria, Finland, Ireland, Japan, Malawi, Netherlands and Poland, where it ranged between five and 10 per cent. Five countries (Australia, Federal Republic of Germany, Israel, Norway and the United Kingdom) recorded increases of two to five per cent, while real wages increased less than two per cent, in Canada, Puerto Rico and Sweden.

In Yugoslavia during the first half of 1973, nominal wages increased to a considerably slower pace than prices, but after a nominal wage increase of over seven per cent between June and July, real wages started to rise again. In the United States, a reverse movement was noted; while nominal wages from March 1972 to March 1973 rose 1.7 per cent ahead of price increases, in November they were 1.6 per cent behind the price rise. In Mexico, manufacturing workers also experienced a 1.3 per cent decrease of their monthly purchasing power between May 1972 and May 1973.

Having just returned

after a week in Tamil Nadu I am rather heavy with certain impressions and feelings about my 'home' state. Seven days of a business tour do not of course give much time to one 'to stand and stare', or even take one's bearings. Nevertheless, I had the advantage of travelling extensively by road through four districts which, taken together, are not unrepresentative of the state as a whole. One thing that struck me was that poverty of a grinding kind, reflected in widespread beggary in its less defensible forms, was less in evidence in public places and streets. This does not mean, however, that Mrs Gandhi's *garibi hatao* programme, aided and abetted by Mr Karunanidhi, has had some insufficiently publicized but nevertheless substantial success in this part of our country. What seems to have happened is that there has been something of a psychological revolution among the poorer sections of the community and that this has stimulated or encouraged the people influenced by it to seize every means open to them of earning a livelihood, however meagre, rather than resign themselves to living on charity, or simply to destitution.

In fact, it seems to be becoming more and more the rule for some of the more desperately deprived or outrageously underprivileged categories of the poor, such as deserted wives or penurious widows, to work on all kinds of jobs, menial or otherwise, not merely to earn some minimal living for themselves and their dependants, but also with the aim of having something to spare for the education of their boys and girls in school or even beyond.

What is particularly heart-warming about this emergence of self-respect and self-reliance among the poor is that considerations of false prestige or other prejudices associated with the hierarchical arrangements of the caste structure seem to come less and less in the way of large numbers of poor families earning their upkeep by accepting whatever work opportunities are available to them. One result of this is that caste distinctions are steadily wearing thin among such families, and the most conspicuous demonstration of this trend is of course the increasing

number of inter-caste marriages which, occasionally, span even the gap between the 'highest' caste and the 'lowest'.

I wish I could be equally

enthusiastic about certain other features of life in contemporary Tamil Nadu. Unfortunately, some of my recent experiences do not allow this. For instance, on Tuesday, last week, a fairly long street in a middle-class locality in Madras city was lined on both sides and through its entire stretch with people drawn there by rumours that a group of college students would be 'streaking'. The local Tamil dailies—many of them are no better than scandal-sheets—had seen to it earlier that this rumour was given the most sensational publicity. So effective was this advertising that the authorities found it prudent to take the precaution of sending police jeeps to patrol the locality in question for controlling the crowds or otherwise keeping the people's peace (such as it is these days).

The curious onlookers had started assembling from as early as 3 o'clock in the afternoon for watching the 'streaking' which, it was reported, could take place any time during the hours of the evening. These urgent watchers, numbering quite a few hundreds, included large samples from both sexes, all ages and almost every social or economic stratum. There were upper middle-class matrons standing self-consciously on the front lawns of their houses while on the sides of the road themselves were working class men and women of each and every description, some of them discussing loudly in the celebrated argot of Madras city what they thought they were going to be entertained with. Alas! All this vigil was in vain. Even after the summer afternoon had turned into the dusk of the evening or the glimmering street lights had come on with approaching night, nothing happened. The 'streakers' simply did not show up. In other words, there was to have been no 'streaking' at all. It was all an April Fool-day joke, 22 days after the due date. Nevertheless, as these jokes go, it was a grand success, for it had brought so many people—and so many kinds of people—out and kept them in the streets for more

than five hours on a hot and humid summer day for nothing.

A Freudian would surely

have got from this incident much material to analyze. A sociologist too would have obtained much grist to this mill. A political scientist, especially would have felt far from lost. Only a few days before this 'streaking' that was not, the Tamil Nadu assembly had passed a resolution urging the centre to amend the Constitution for establishing a "truly federal set-up with full state autonomy". The debate on this motion had been replete with the familiar DMK oratory, the most accomplished practitioner of which is of course the chief minister, Mr Karunanidhi. Besides the political, administrative or economic arguments advanced for the DMK version of state autonomy (which may or may not be separatist), it has always been the contention of the stalwarts of this party that the Tamils have their own culture and that this culture can come into its own only in a particular political environment. It has also been argued that the DMK is somehow the chosen priest, philosopher and prophet of this culture and that the ascendancy of this party alone in Tamil Nadu politics would guarantee the growth or even the survival of this Tamil culture. The DMK has been in power in the state for some seven years now and I wonder whether the crowd response or behaviour that the rumour about 'streaking' evoked is a sample of the Tamil culture which the DMK in office has been able to cultivate among the people of the state.

Or take another instance of some aspects of the prevailing public morals or manners in Tamil Nadu. It is possible that the state is not alone in suffering a local press which does no credit to culture, however defined. Nevertheless, political polemics in Tamil dailies and weeklies seem to have touched a low from which any further descent must be extremely difficult indeed. Currently an attempt is being made to discredit the title of the ADMK leader, Mr M. G. Ramachandran, to play a role in Tamil Nadu politics. It is being said that he is not a Tamil at all but is a Keralite. Inevitably, there has been research of a sort into his genealogy and a well known writer of songs for Tamil films, who is aspiring to be a political pundit and who is reportedly friendly to Mr Kamaraj, has given an interview to a Tamil newspaper and has rhetorically asked in the rawest language whether MGR knows or can say who his father is. Earlier, MGR, who, even before this, was being continuously baited about his parentage, had allowed himself to mention the unmentionable and asked what could be wrong in anybody's parentage, whatever

the circumstances of it, when the great Anna (the late Annadurai, founder of the DMK) himself had rightly been absolutely unconcerned about his (Anna's) own parentage.

It was clear enough in its context that this reference to Anna was not irreverent in any way and that MGR was only trying to say that what was good enough in the case of Anna should be deemed to be good enough in his case too. The reference which MGR also made at the same time to Mr Karunanidhi's parentage, however, could not perhaps be claimed to have been made with similar absence of disrespect. But this need not necessarily mean that his interpretation of the information in this case was *prima facie* wide of the mark. The point however is not whether (or not) some of the political leaders in Tamil Nadu, past or present, were or are wise men in the sense that it is a wise child that knows its father. This is clearly a matter of secondary importance. What must concern people, both in Tamil Nadu and outside, is that party politics is now reaching a stage where fish-mongers may have to be called in to help impart further professional expertise to the dialogue or the debate. Meanwhile, judged in the context of the level of current political controversy in Tamil Nadu, the way some of the prime minister's camp-followers, if not the prime minister herself, have been exchanging thoughts and ideas with Mr Jayaprakash Narayan must be deemed to be a high point in *Bharatiya* culture.

The prime minister's

secretariat naturally exerted itself to prepare the ground abroad for her visit to Iran. In the process it seemed to have invested substantially in the more or less necessary publicity material. Some of this seeks apparently to project her in her favourite image of a latter day Joan of Arc. In the course of all this the image-makers have attracted to themselves some publicity, not altogether welcome. It is not for me to defend their tactical moves but I would certainly sympathize with their strategic purpose. There can be no gainsaying the fact that the prime minister needs to be shown and seen, especially abroad, in the most favourable light. The poor lady—or, should I say woman?—has been having a rough deal in the foreign press. It is true that it has not yet come to the case of the emperor's clothes, but the empress is at least being seen as one whose political fortunes are rapidly regressing from riches to rags. If this is how the condition of the ruler is pictured, the state of the ruled is painted in even more dismal colours.

Take, for instance, accounts in newspapers in the UK of a case in which a British woman petitioned successfully for

permission for her Indian husband to join her in her country. While Britain's immigration laws, in their application to interracial marriages, allow a British male to bring his foreign wife into his country, it provides no equal right for British women. Mrs Diana Swallow Roy, the woman in the case, appealed first to the Home Office to let her husband Mr Swarup Bikash Roy enter UK for the purpose of living with her in that country. Her request was rejected but an immigration appeals hearing at Bristol went in her favour.

Pleading her case, Mrs Margaret Owen of the United Kingdom Immigrants Advisory Service asserted that conditions for Mrs Roy, whose husband was an automobile engineer working in Punjab, had become 'unbearable' after seven years of Mrs Roy making every effort in settling there with her husband. To quote Mrs Owen: "Mrs Roy and her two children, one aged six, the other four, have had to face the daily health hazard of outbreaks of typhoid, smallpox and cholera. There are great shortages of foodstuff and medical supplies, which when they do arrive in the area have been tampered with. Also because of the country's current economic situation her husband has had to take a 50 per cent cut in his salary and share his bungalow with another family."

I do not know whether this description of life in India appearing in the British press would help to pull a few more OXFAM pounds into our country, but I am fairly sure that some more of this kind of publicity abroad for India under Mrs Gandhi would effectively reduce the worth of the propaganda on which her public relations men may be spending tax-payers' money or the country's foreign exchange.

Incidentally, I wonder why our over-staffed and otherwise over-indulged High Commission in Britain had not thought it necessary to brief a lawyer or some other suitable spokesman to see that the fair name of Mrs Gandhi's government was not unduly fouled for the personal and private objectives of Mr and Mrs Roy. Could it be that the High Commission was so interested in the OXFAM angle that it overlooked most uncharacteristically the supreme need to safeguard our prime minister's image?

The Press Institute of

India in New Delhi recently organized a workshop for the benefit of sub-editors and news editors who, it rightly thought, should try to make more effective and economical use of the newspaper space at their disposal these days. Three dummy pages of *The Times of India* of March 28 (New Delhi edition), produced as an experiment at this workshop, certainly look impressive in

terms of the stated objective. But, then, it is easier to improve on something which is already there at one's own leisure than to produce a newspaper in the hectic atmosphere of the actual newsroom with the stresses and strains of the deadline. All the same, the basic idea that more professional efficiency is both necessary and possible in the newsroom is wholly valid and I have no doubt that newspaper readers would rather that some editors devote less of their thought, energy or time to penning thundering moral tirades and more of these resources to producing a better edited newspaper.

I for one would therefore welcome the exercise undertaken by the institute. May I however point out to Mr Chanchal Sarkar that the re-editing of *The Times of India* of March 28 could perhaps have been done better? For instance, the original caption "UK Cuts Off All Aid to Chile" has been wrongly revised to read "Britain Cuts Off Chile's Aid." Again, the re-subbed headline "President's Rule May Follow ADMK in Pondy" is certainly not an improvement on the original version "ADMK Government Quits after Defeat/President's Rule in Pondy Likely Today." As a professor of Journalism rather than as one who merely professes journalism, Mr Sarkar, I am sure, would concede that it is a clear virtue for a caption to be precise and informative as well as concise.

A study was recently

conducted by the department of Family Planning in the ministry of Health and Family Planning to determine the extent to which the number of children born to a married couple is likely to be affected if the legal minimum age of marriage is raised in the case of women. The study was carried out on two alternative assumptions of the minimum age being raised (a) to 18 and (b) to 20. It has been estimated that the long-term reduction in the birth rate would be about 15 per cent when the age is raised to 18 years and 19 per cent if it is raised to 20 years. Over a shorter period of five years, however, the reduction comes to 12 per cent if the minimum age is raised to 18 years, but goes up to over 22 per cent when the age is raised to 20 years. Thus, while the long-term reduction in the crude birth rate may not vary appreciably between the two cases the extent of reduction is much higher over shorter periods when the minimum age at marriage is raised to 20 years as compared to 18 years. In other words raising the age to 20 years will have a much greater impact on the birth rate in the short term.



MOVING FINGER

Development strategy for backward areas

Economic Development of Backward Regions—Problems and Prospects: Edited by H.M. Patel, V.S. Vyas, J.H. Adhvaryu and M.T. Pathak: Sardar Patel University, Vallabh Vidyanagar, Gujarat; Pp 260; Price Rs 15.

Rural Change in Maharashtra: S.D. Puneekar and Alka Golwalkar; Popular Prakashan, Bombay; Pp 138; Price Rs 25.

Professional Goodwill—Its Tax Implications and Valuation: V.N. Raiji; Thacker & Co. Ltd, Bombay; 1974; Pp 56; Price Rs 16.

The Industrial Worker—Issues in Perspective: Baldev Raj Sharma; Vikas Publishing House Private Ltd; 1974; Pp 205; Price Rs 35.

India Today: Asoka Mehta; S. Chand & Co. Private Ltd, New Delhi; 1974; Pp 112; Price Rs 20.

Foreign Technology in India: V.B. Chitale; Economic and Scientific Research Foundation, New Delhi; Pp 200; Price Rs 25.

GENERAL ECONOMIC progress of a country will not automatically ensure economic development of all the regions in that country. This means while a country may experience fairly rapid economic development, pockets of backward areas may continue to remain in existence, or much worse, their condition may actually deteriorate. Realisation of this fact during the last decade or so has led to much discussion of the problems of backward regions in India. Sardar Patel University convened a seminar on the development of backward regions with special reference to Gujarat, in October 1972. As many as 16 papers were presented covering such aspects as comprehensive factual information regarding backward regions, major problems faced by them, the issues they pose, government policies and programmes currently under operation and correct policies that should be formulated and executed, and these are now compiled in *Economic Development of Backward Regions—Problems and Prospects*. Though the problems of backward regions were studied with special reference to Gujarat and though global solutions to the problems are not possible, the conclusions arrived at the seminar would be found to be of relevance to other backward regions in the country. This makes careful study of this book a matter of significance for all those who are interested in the problems of backward regions.

What were the trends of thought and conclusions arrived at the seminar? It was the consensus of the seminar that experience of planning in India has revealed that the hypothesis that general economic deve-

lopment of a country will automatically ensure economic development of all regions including backward areas stands disproved. It follows from this that special efforts will have to be made in regard to the development of backward areas. The seminar was of the opinion that it may be necessary to take a district or even a taluka as the unit of development.

changed accent

When it was realised that efforts at general economic development of the country would not automatically improve the conditions of backward regions, the government changed its strategy. The new strategy accepted was that of establishing a big public sector project in the backward area expecting it to produce the spread-effects resulting in general upliftment of the entire backward area. Unfortunately this earlier strategy also did not produce the desired results. The seminar therefore rightly came to the conclusion that a new and more comprehensive strategy of development of backward regions will have to be evolved and executed.

The seminar felt that the new strategy will have to be along the following lines. The first step will be the identification of backward regions on the basis of some scientifically worked out criteria. The problem is difficult but not insurmountable. Once this identification work is completed, a detailed and comprehensive survey of all the available natural and human resources of every backward region

will have to be carried out. It is accepted that all the backward regions or areas do not possess the same potential for economic development and therefore with the best of efforts all the backward regions in India certainly will not attain the same level of economic development. But this does not mean that efforts should not be made to develop to the fullest possible extent all the potential of every backward region.

agricultural development

The seminar further was of the opinion that since agriculture is the mainstay of all these backward regions, the strategy should be to give top priority to the development of agriculture in all the backward regions. Development of agriculture should include development of various subsidiary activities such as horticulture, dairying, poultry, fisheries and so on. Since many of these backward regions suffer from scarcity of water, dry farming should receive special attention.

The seminar was of the opinion that along with agriculture which should receive top priority, attention should also be given to the development of small and medium-scale industries based on various locally available natural resources and human skills. In case a big project either in the public or private sector is established in a backward region, attempts should be made to explore the scope for the development of ancillary industries in that backward region only. At present government seems to be concentrating mainly on giving financial incentives for encouraging people to establish various types of industries in different backward regions. The seminar rightly felt that provision of mere financial incentives will not be adequate and government will have to make efforts to provide appropriate infrastructure facilities such as water, electricity and transport.

Finally, the seminar has laid great emphasis on organisation which in a sense is the most important factor of production and which happens to be the most scarce factor in most backward regions in India. Organisational ability and skill will have to be found out and trained and encouraged in a number of ways. This will

require a band of dedicated workers prepared to do their best for backward regions. The success of planned development of backward areas would require a tremendous organisational effort. Thus the four important components, according to the seminar, of successful implementation of development programme for backward areas are "technically well formulated projects, strong organisation, adequate institutional support and enlightened leadership."

There is no doubt that the strategy of development followed in India since 1951 has brought about lop-sided development in the country, increasing regional disparities in the process. This has resulted in political, economic and social tensions often expressing themselves in open violence. Earlier the steps are taken to correct to an appreciable extent these regional disparities, the better would it be for the process of economic development of the country as a whole. Even on humanitarian ground the vast number of people who are living in these backward areas and whose lot is actually deteriorating deserve better treatment than what they have been receiving so far.

The strategy advocated at the seminar seems sensible. While government appears to be gradually moving along the same lines, what is needed is a bold definition of the strategy of development of backward regions along the above lines and a whole-hearted and concentrated effort on the part of government as also semi-governmental and private institutions for the upliftment of the unfortunate people in these areas who have remained for long neglected and suffering.

Rural Maharashtra

Since India is a land of villages, India's development has no meaning if her vast rural masses are bypassed by five year development plans. It is to bring about rural development that the community development programme based on the principle of promoting better living for the whole community with the active participation of and on the initiative of the community was undertaken in 1952. But it appears that somehow it failed to enthuse the local people for active participation in their own developmental programmes. To create enthusiasm among people for community development programme and to bring about self-development, the Balwantrao Mehta committee recommended in 1957 the panchayat raj system which came to be established in most of the states "to enable the people to achieve intensive and continuous development of their areas on democratic lines." The panchayat raj was established

to create a sense of involvement among people in the matter of their own economic development. This came to be thought of as the ultimate solution to the problem of rural development in India.

What has been the impact of these two programmes in regard to economic and social development? In *Rural Change in Maharashtra*, S.D. Puneekar and Alka Golwalkar have given the impressions of their intensive study of six villages in north Ratnagiri district in Maharashtra to find out "the nature and extent of economic and social changes as a result of the implementation of community development projects and panchayat raj institutions. Their investigations aimed also at "studying the awareness and participation of the people in Community Development and Panchayat Raj programme." What have been the authors' findings?

general idea

Naturally the study begins by giving a general idea of agricultural, forest, mineral and other resources of Ratnagiri district on the basis of which the people are to build their economy. It was in 1962 that under the Maharashtra Zilla Parishads and Panchayat Samitis Act the zilla parishads and panchayat samitis were established in this district while village panchayats were already established under the Bombay Village Panchayat Act of 1958. Thus the three institutions forming the three tiers of the panchayat raj have been in operation in Ratnagiri district since 1962.

The authors have taken for consideration: (i) whether change has taken place in the outlook of the influential people, (ii) whether popular participation has improved and (iii) whether the agents of change are prepared to stand up to rising expectations.

It was found that farmers generally have not accepted all the plant protection measures. But a few of them have accepted such practices for main crops and the authors feel that they have ground to believe that this may signify "the beginning of change in the outlook of the farmers." The impression was gathered that community development programme was better implemented after the introduction of the panchayat raj. This goes to indicate that the panchayat raj institutions have been able to win popular participation to some extent. It was found that the gram sevaka, the kingpin of the entire panchayat raj system, though resourceful and helpful to the villagers, has generally come under the influence of gram panchayat sarpanch. The majority of gram sevaks therefore maintained that they

rarely get opportunities to show initiative and take action on their own. This is indeed unfortunate as sarpanchas are politically elected leaders.

The most disappointing finding of the authors however was that the sarpanchas and gram panchayats do not appear to be really aware of the philosophy behind the panchayat raj institutions. Hardly did any one know about the emphasis placed on popular participation in implementing community development projects.

The majority of leaders still come from the traditionally higher classes. Unfortunately though they find the changes satisfactory, they do not seem to be aware of the subsequent needs of villagers. They appear to be unaware of the fact that the village community has to become self-reliant instead of depending indefinitely on government. This dependence still continues more than a dozen years after the establishment of panchayat raj institutions. If anything this dependence appears to be increasing.

The villagers on the whole appear to have favourable attitude towards new changes in all spheres of life. Though majority of people appear to be unaware of the philosophy behind panchayat raj institutions, they are aware of the good work done by these institutions.

In the light of their findings, the authors have made some valuable suggestions.

positive programmes

The authors feel that to check migration of villagers to cities and towns, these regions will have to formulate and execute some positive programmes that would attract the youth and working age people. The main programme will have to be the development of industries providing increasing opportunities for abilities of young and intelligent village lads.

In most of the rural areas, there is vast scope for improvement of agriculture. Forest wealth has hardly been exploited as also mineral resources. There is thus immense potentialities for the development of small and medium-scale industries in Ratnagiri district as also in most other rural parts of India. Fisheries await exploitation. Financial institutions and technical training institutions are doing their bit to bring about desirable changes. But unfortunately the movement is not picking up speed.

The authors want that panchayat raj institutions should be made as self-reliant as possible with powers to raise adequate

funds instead of just distributing funds received from state government.

The elected representatives of the people must be made aware of the philosophy behind the panchayat raj institutions. They should be made fully aware of their own role, position, duties and responsibilities. This may be done through training programmes and refresher courses for village officials at different levels.

Also, programmes and activities of development organisation should be geared to involve people in them and stimulate voluntary participation. Villagers must feel that it is their own programme and movement!

The authors appear to be convinced that success of development programme depends mainly on the approach of officials and elected representatives. If the varied aspects of development of the district are attended to in the manner suggested, balanced development of the district can be brought about and the objective of the community development programme and panchayat raj system would be realised.

As in the case of most other development programmes, community development projects and panchayat raj system appear to have generally failed in India to realise their declared objectives. The main reason appears to be that these two movements were imposed on villagers from above. In order to make the programme a success, it is high time that a deep sense of involvement was created among the people concerned. S. D. Punekar and Alka Golwalkar by this in-depth micro-study have shown the way.

Professional Goodwill

In recent years litigation involving commercial goodwill has been on the increase. It is therefore very important for owners of goodwill and their tax advisers to be well-informed about the various aspects of the problem concerning goodwill. Although *Professional Goodwill—Its Tax Implications and Valuation* is primarily concerned with professional goodwill, it will be of great help to any one who has to deal with any type of business goodwill.

V.N. Raiji, himself a chartered accountant and a man of experience in this field, has dealt in this book not only with the theoretical concept of goodwill and tax cases concerning it, but has analysed in detail the problem of valuation.

The author is of the opinion that professional goodwill has its own special characteristics. It therefore needs some special treatment as compared with that

of other commercial goodwill. The valuation of professional goodwill cannot be done with the help of a simple arithmetical formula, as it depends on several factors. Unfortunately at present its valuation appears to be done on a rule of thumb basis.

According to the author the market value of professional goodwill is much less today than a decade or so ago because of the prevailing high incidence of personal taxation and the tremendous improvement in rewards offered by industry. This is because at present more and more industrial units have come to believe that it is better to introduce young and energetic men in firms as it is better investment than investment in goodwill. Further it is found that in very large firms goodwill disappears after a certain ceiling is reached because of the total absence of new customers.

question of law

In India the question of goodwill is a question of law and the aggrieved party can take to court for redress against assessing authorities. It should be noted that "The amount received for the use of goodwill is taxable in the hands of the recipient", and that "The amount paid for the use of goodwill is an admissible expense of the user." Purchased goodwill forms part of the net wealth of the purchaser. A gift of goodwill is taxable unless covered by the narrow scope of the exemption. The goodwill of a deceased person forms part of his dutiable estate. What is striking is that at present there is no decision of a high court or the Supreme Court on the problem of valuation of professional goodwill.

Two important dictums of taxation are that if the interpretation of fiscal enactment is open to doubt, the construction that is most beneficial to the subject should hold good, and secondly, in case there appear to be two provisions applicable to the same case, that provision should hold good which leaves the assessee with lighter burden.

The evaluation of goodwill is open to so much doubt that the revenue authorities should at least adopt the above two dictums while assessing tax liability on account of goodwill. They should not regard tax and equity as strangers. The author has also warned that since goodwill is such a nebulous asset, it would be better for a party to take maximum precaution to express his intentions in clear and unambiguous terms in his partnership deed which should be drafted after giving due consideration to all the implications involved.

Goodwill is something apart from and

more valuable than physical assets and with the growth of professions and callings and development of industry and commerce, goodwill has long since passed into the realm of property and asset. But unlike many concepts, this concept of goodwill is difficult to define. Especially in professions, goodwill is almost always more valuable than the sum total of all other assets.

One is inclined to agree with J. D. Choksi when he writes in his brief foreword that "Taxing professional, as apart from business goodwill, is akin to taxation on brains and under a fair and rational system, should be excluded from commutation altogether." If this is not possible, method of evolution, as Choksi himself has suggested, should be as simple as possible and valuation should be reduced to the minimum.

V.N. Raiji has done well in bringing out this excellent monograph and the owners of goodwill will certainly welcome it because of the hazardous nature of their possession which if not handled with care may bring untold tax misery to its proprietor. Although the author primarily deals with professional goodwill, a large part of it applies to goodwill in general.

Industrial Worker

The Industrial Worker—Issues in Perspective is the outcome of a study of an automobile factory in India as part of his doctoral study by Baldev Raj Sharma. The study was undertaken in the mid-sixties. The author has made an attempt to cover aspects like socio-economic background, commitment to work, occupational aspirations, company satisfaction, absenteeism, union involvement, alienation and community involvement. At present whatever knowledge is available about these aspects of the life of an industrial worker is mostly intuitive. The tensions and strife that mark the industrial scene in India at present are definitely impeding the country's economic progress. Since the industrial worker plays a major role in determining the industrial climate of the country, systematic knowledge of the Indian industrial worker will go a long way in helping to understand the dynamics of the industrial situation in the country. It would therefore be extremely instructive to know the findings of this empirical study.

While analysing the conditions within the automobile factory studied by the author, it was found that workers generally differed from the surrounding population as they seem to have been selectively drawn from the larger society. The factory appeared generally to prefer educa-

ted workers to non-educated, urban-born to rural-born and those with industrial experience to those without such experience or with a background in non-industrial establishments. It is this which gives the automobile workers a rather distinctive character.

What are the author's findings regarding the automobile workers' commitment to industrial work? The findings show that "traditional Indian culture appears to present no serious obstacle to the workers in either accepting factory employment or in becoming committed to industrial work." The commitment of workers seems to be influenced not by their traditional background but by factors such as work technology in the factory. This finding should therefore have a direct bearing on such vital matters as recruitment and training of workers. This is a very hopeful finding and goes contrary to our general intuitive understanding of the situation.

occupational aspiration

As regards occupational aspirations among industrial workers, the author found that on the whole automobile workers "were not very ambitious, whether in terms of the highest job they hoped to get, or the amount of money they thought they would earn in the present company." There thus appears lack of long-term occupational aspirations. What is more significant, similar findings have been recorded about American automobile workers. That both the Indian and American industrial workers have relatively low levels of aspirations suggests that "differences in the socio-cultural environment are less influential than the factors in the worker's immediate work situation." Industrial aspirations seem to have been influenced by factors like education, work technology and age (in that order) and to some extent by religion, wages, seniority and rural-urban background. Education is seen to have much influence on occupational aspirations of workers. Since the tendency among employers is to prefer highly educated workers for jobs, the effect of such policy of recruitment on the state of industrial relations in future can be easily imagined. Technology is another important factor affecting workers' aspirations. Since more and more production processes are getting mechanised, this type of work technology is likely to inhibit both commitment to industrial work as well as occupational aspirations of workers who are being reduced to the status of mere machine-tenders.

Company satisfaction is influenced by factors such as age, seniority, number of

children and level of wages. A promotion policy based on justice and fair play when properly explained to workers and carefully and impartially implemented is likely to increase company satisfaction among workers. Since workers' efficiency is greatly influenced by workers' company satisfaction, it is necessary for the management to have a better understanding of its company situation. Companies should carefully evolve a fair and just promotion policy to increase company satisfaction.

Of about 30 variables tested, the author's finding is that not a single one of them had a direct bearing on the attendance behaviour of workers. What is strange, contrary to the general belief, it was the rural and not the urban worker who possessed better attendance record and similarly workers who were more involved in union activities had a relatively better attendance record than those who were less involved or not involved at all. This should influence the management attitude towards trade unions.

The author bemoans that students of industrial relations in India have neglected the question of union involvement among workers. Though the author found that variables like occupational status, wages, seniority and material status influence union involvement, his findings are essentially negative. This means this study has failed to identify factors that lead to high or low level of union involvement among workers. The assumption that human behaviour can be studied as a one-to-one relationship is being increasingly questioned and this means a more dynamic approach to the study of union involvement is called for.

similar experience

It is seen that the low level of commitment to work, of occupational aspirations and community involvement and high level of alienation in Indian workers are surprisingly quite similar to those obtained in the United States. The critics of cross-cultural research and advocates of cultural relativity will find this difficult to explain except in terms of identity of their own work roles and factory environment. The implication of this finding is of vital significance. To the extent that work technology and mechanisation of various processes contribute to absence of occupational aspirations and alienation, solutions will have to be sought not in still greater mechanisation in the name of increasing efficiency, but in such things as job enlargement, job rotation, group assignment participative management and the like. What is needed is acceptance on the part of management of this revolutionary

approach to the problem of industrial relations.

As all the conclusions are based on a single sample of an automobile factory, it may be said that there is no universality about these findings which therefore may be taken as only tentative. And yet the findings, tentative though they are, are of great significance and show the students of labour economics the fields which are awaiting exploration. The book has been written well and exhibits great amount of scholarship and industry. Baldev Raj Sharma deserves high praise for this commendable piece of research in industrial relations.

Diagnosis, No Solutions

India Today contains the three Lajpat Rai memorial lectures (1973) of Asoka Mehta. The author himself has stated in the preface that the three lectures are in a way inter-related. What is rather disappointing is that on author's own admission, the lectures deal more with the diagnosis of India's problems than with their solutions.

In his first lecture on 'Politics of Poverty and Pluralism', the author has put forward a very important thesis. India is a land of teeming millions with a multitude of languages, religions and cultural traits, hardly any single group constituting a majority. India varies in "the classic land of teeming minorities." It has also a federal polity, multi-party democracy and mixed economy that operates at varying levels of technology. It must therefore be admitted that India cannot be transformed into a homogeneous unit. To seek homogeneity would be disastrous for India. For such a country our constitution with fundamental rights for all provides the essential condition of a stable framework.

The other basic fact about India is its stark poverty. One has therefore "to balance, and where possible reconcile, politics of pluralism with politics of poverty."

The author is convinced that the Soviet model provides no short cut to the problem of politics of poverty in India. In a pluralistic state like India, dictatorship either of the left or of the right, is not possible and cannot function. Also, India has necessarily to be secular. This also means that any party with serious pretensions to rule over the country must accommodate within its fold a range of opinions and interests. The author also pleads for greater autonomy for states as India's sovereignty "will be more secure to the extent it is conceived as a cluster

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Indian Publishers Directory—by Amitabha Chatterjee

(Rs. 15.00 ; \$ 3.00)

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(Rs. 20.00; \$ 4.00)

—by Amitabha Chatterjee & Nimai Ghose

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of sovereignties." The elected leaders in India not only must reflect the wishes and ambitions of the people but also lead them. They must successfully tackle the apparently contradictory problem of production of greater wealth and at the same time its better distribution.

Having defined these requirements, the author has made an attempt to show how the trends in India are moving in exactly opposite direction of centralisation, political authoritarianism and economic concentration.

arrested development

The second lecture is on "Economy: Arrested Development." We find here the usual analysis explaining why Indian economic growth has been arrested. We meet here the usual criticism of government's getting involved in ideological mess, deficiencies of bureaucracy and of the public sector, of the co-operative movement, of the nationalised banks and so on.

Having analysed the present dismal situation, the author has warned that "both our objectives and instruments forged to realise them stand in danger of being discredited, if the government undertakes burdens beyond its competence." While it widens its sphere of activities, government should not inhibit other agencies and forces from expanding production. Government should see that because our economy operates at different levels of technology, there is synthesis of different levels and that adoption of higher level of technology does not disrupt the lower levels.

The author has emphasised that the energisation of the vast rural sector is the most urgent task before the government. The accent has to be "on producer's society, not welfare state." Then will there be "premium on saving, on rapid growth and possibilities of programmes of social justice." Unfortunately when the zeal of the reformers outruns their capabilities, the result is that they begin to see what they have set out to find. The result is that "the gulf between the rulers and the ruled widens, hope is sown, the harvest is frustration."

The third lecture is on "India and the World". This lecture contains a running account in bold outlines of most of the political developments that have been taking place in the world during the post-war period. The author has shown how the period of great turbulence and great division is yielding place to a period of great realignment. According to the author we have arrived at a new hinge of

history. The author has given account of 'bloc politics', of the winds of change in Africa, of rapport between Washington and Peking, of Japan's growing economic power and its possible moves in Asia, 'a ring of fire' which according to Chou-En-lai has been created by Indo-Soviet treaty of friendship and cooperation, the two constraints (dependence on foreign countries for armaments and aid) which are bound to influence foreign policies of developing countries in Asia, the new 'economic animal' that has come into existence in the shape of European Economic Community and of India's relations with Pakistan and China. A grand new design is emerging and "in that emerging grand design of global politics, we must seek our future and seek our destiny." But according to Asoka Mehta, at present, unlike in the days of Jawaharlal Nehru, there is "no such attempt by India at a voyage of discovery."

Asoka Mehta is essentially an academician. He knows how to analyse and broader the canvas, more facile does his pen become and more absorbing his analysis. He has the gift of telescoping vast continental developments into a few pages. He can easily separate the chaff from the grain and give the gist of developments in a few paras or even a few lines. The students of economics and politics will therefore greatly enjoy reading this book.

If like other great academicians, Asoka Mehta is short of constructive and practicable ideas and suggestions it is not to be wondered at. One will always love to read his books and listen to his speeches, generously forgiving him for his dismal role as the deputy chairman of the planning commission.

Foreign Technology

Foreign Technology in India is an excellent study which examines various aspects of the problem of technology transfer — price of technology, its appropriateness, redundancy, capability of a country to assimilate advanced technology and financial and foreign exchange implications of technology flows.

The author begins by emphasising the importance of technology and technology transfers in the world economy. "Technology is now a deliberate instrument of economic growth." We also notice that technological efforts are being institutionalised in advanced countries with research and development being increasingly organised into corporate entities. What is frightening is that this technology gap is increasing. This is because the USA is spending four to five times on R & D as the ECM countries put together, while developing

countries have hardly become aware of the vital role of R & D.

What is however significant is that technology transfers are taking place on a very large-scale. Thus at present OECD countries are buying and selling technologies to the tune of about \$8 billion a year while in 1968 developing countries spent about \$1.5 million on import of technology. The annual outlay on import of technology at present may be placed around \$7 billion per year for the whole world.

effective answer

How far are these transfers effective in closing technology gaps? Developed countries have done very well on borrowed technology from the USA which is now threatened in product markets by countries such as Japan and West Germany. This is not so in the case of developing countries which have failed to develop counter-thrust on the international trade front with the consequence that they are finding it hard to pay for technology imports.

The sources of foreign technology are development aid, international flow of private capital and multinational business enterprises. But the author is of the opinion that foreign aid has proved to be a less effective mechanism of technology transfer.

Discussing policy towards foreign technology, the author has concentrated on two cases - Japan and China. He has shown how Japan went in for massive import of US technology, transformed its newly licensed technology into export capabilities, its foreign exchange earnings far exceeding payments on account of royalties. China on the other hand put restrictions on technological transfers and kept the import of technology to the minimum and tried to evolve its own brand of technology more suited

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to local resources and talents. But recent reports indicate that China is moving quietly but swiftly into a programme of imported industrial development thus reversing the old policy of technological self-reliance and debt-free trade.

In the case of India, though the 1958 scientific resolution indicated government's firm resolve to support science and technological efforts in the country, no operational strategy was suggested nor specific targets fixed. Thus science and technology policy in India is still in disarray. "It has been a dismal affair, patronised by the government, managed by bureaucrats, nurtured by career scientists and neglected by the industrialists." Among other reasons the main cause of this failure is that as yet in India "the social ethos for scientific culture is completely lacking."

no analytical study

The author has discussed at length the problem of technology induction into India. As regards public sector, he is of the opinion that although foreign technology has been inducted on a large scale into government industrial undertakings, "there has been no analytical study identifying technological flows and evaluating their ultimate cost through effective utilisation in each enterprise." The author feels that available data on the working of public enterprises, cost and productivity indices, profitability and under utilisation of capacity reveal the haphazard management of technology input in the public sector units with the notable exception of firms like the Hindustan Machine Tools, the Indian Telephones and the Indian Oil Corporation.

The author has also analysed the problem of introduction of foreign technology in private sector firms. He has analysed various aspects of the problem such as cost of technology transfer (which is generally high because of poor bargaining position and imperfect technology world market), excessive technology import and dominance of indirect mechanism. It appears that the acquisition of advanced technology in the past two decades has not led to its full assimilation with the internal growth process. The way out suggested by the author is to step up local

R & D and to build up a strong balance of payments position thereby increasing the bargaining position of the country in the international technology market.

Since the government of India had har-

dly any science and technology policy all these years, it is high time that a suitable policy in this field was evolved and pursued. This book will surely provide some useful guidelines to policy-framers in this vital but neglected field.

Books Received

Fertiliser Use in Gujarat—A Micro-View (A Study of Baroda and Junagadh Districts): Arun S. Patel; Published by Managing Director, Gujarat State Fertilizer Company Ltd, Fertilisernagar, Gujarat; Distributed by Good Companions, Booksellers and Publishers, Baroda; Pp. 141; Price Rs 15.

How Companies Cheat Depositors: Published by Market Research & Development Council, 43 Colaba Causeway, Bombay-400 039; Pp. 52; Price Rs 5.

India in the International Economy: Jagdish N. Bhagwati; Institute of Public Enterprise, University Campus, Hyderabad-500 007; Pp. 35; Price £ 1; USA and Canada \$3.50.

Planning, Prices and Inflation (A comprehensive symposium by distinguished economists on the present economic crisis in India): Published by Bharathan Publications Private Ltd, Kalki Buildings, Chetput, Madras-600031; Pp. 115; Price Rs 2.50

Studies in Federal Finance: G. Thimmaiah; Padma Prakashana, 1694, Magadi Chord Road, Vijayanagar Extension, Bangalore-560040; Pp. 163; Price Rs 25.00

Multinational Corporations: B.N. Ganguli; S. Chand & Co. (Pvt.) Ltd, Ram Nagar, New Delhi-110005; Pp. 112; Price Rs 20.

Foreign Exchange: Principles and Practice (Third Edition): K.K. Andley; Sultan Chand & Sons Publishers, 4792/23, Daryaganj, Delhi-110006; Pp. 564; Price; Students' Edition Rs 17.50; Library Deluxe Edition Rs 25.00

Indian Economy (Third Edition): M.S. Rao; Premier Book Co, 4792/23, Daryaganj, Delhi-110006; Price Rs 11.00

Elementary Business Mathematics: D.C.

Sancheti and A.M. Malhotra; Sultan Chand & Sons Publishers, 4792/23 Daryaganj, Delhi-110006; Pp. 142; Price Rs 7.50

Problems in Mercantile Law (Fourth Edition): Praveen; Sultan Chand & Sons Publishers; Price Rs 6.50

A Course in Deductive Logic: B.N. Kaul; Sultan Chand & Sons; Pp. 152; Price Rs 6.50

India A Reference Annual 1974: Compiled by Research and Reference Division, Ministry of Information and Broadcasting, Govt. of India; Published by Director, Publications Division, Patiala House, New Delhi-110001; Pp. 448; Price Rs 12.50

Changing Agrarian Structure in India: G.S. Bhalla; Meenakshi Prakashan, 4, Ansari Road, Daryaganj; Delhi-6;

The Gazetteer of India, Country and People (Vol. I): Issued on behalf of the Gazetteers Unit, Ministry of Education and Social Welfare, Government of India; Published by the Director, Publications Division, Ministry of Information and Broadcasting, Government of India; Pp. 652; Price Rs 40.00; £ 4.00; \$12.00

The Gazetteer of India, History and Culture (Volume II): Editor Dr P.N. Chopra; Published by the Ministry of Education and Social Welfare, Govt. of India; Sole Distributors: Publications Division, Govt. of India, Patiala House, New Delhi; Pp. 807; Price Rs 60.00; £ 6.00; \$18.00

Indian Railways—Railway and Tourism Number 1973: Editor Bejan Mitra; Published by the Joint Director, Public Relations, Railway Board, New Delhi; Pp. 114.

TRADE WINDS

G. D. Birla in Thailand

THE GOVERNMENT of Thailand has approved a 200 million baht (about \$10 million) project by the Birla group of Industries to set up a plant to produce viscose rayon and staple fibre. The Birlas already have two other factories in that country manufacturing staple fibre and textiles.

Mr G.D. Birla, who concluded recently a five-day visit to Thailand at the invitation of the Thai Board of Trade to explore possibilities for Indo-Thai joint ventures, felt that there was considerable scope for Indian industry to set up manufacturing enterprises in Thailand, where the economic climate was good and the government was keen on promoting industrial collaborations

Mr Birla assured the Thai industrialists that the services of Indian businessmen and technicians and their expertise and know-how were at the disposal of entrepreneurs in Thailand. In fostering industrial relations with the other countries India never cared to look to its own narrow self-interest, he added. He advised Indian businessmen in Thailand to work in this spirit and strive for the well-being of the Thai people.

At a dinner hosted by the King and Queen of Thailand at their summer place in the famed seaside resort of Hua Hin, Mr Birla was invited to take further initiatives in the Indo-Thai economic co-operation. On behalf of the Indo-Thai venture of the Birla group, Mr Birla donated to the King's charities a sum of half a million baht (Rs 2 lakhs) and

suggested that the money be utilised towards providing higher education and technical training to Thai students. He also offered to train as many Thai youths as possible in his industrial establishments in India.

Tyre Prices Decontrolled

Prices of tyres and tubes have been de-controlled. Announcing this in Lok Sabha, Industrial Development minister Mr C. Subramaniam stated that the difficulties of enforcing price control on an end-product at a time when the prices and availability of its raw materials are fluctuating widely were well-known, he said raw materials for the manufacture of tyre cords had become scarce and very costly. Tyre manufacture "is essentially dependent on the availability of nylon or rayon tyre cords. Mr Subramaniam said the government had been keeping a special watch on the situation in regard to availability and prices of tyres and tubes. Till a few months ago, prices of tyres were being regulated by the industry, but on the basis of an informal understanding with the government. In November 1973, an order was issued freezing the prices of certain categories of tyres that were in short supply when it was found that industry attempted to enforce higher prices unilaterally. The matter has now been examined further, Mr Subramaniam said.

Japanese Loan

The Export-Import Bank of Japan has offered this country a loan of Yen 7,022 million (Rs 20.4 crores). The loan is part of the Japanese Consortium Aid to India for 1973-74. It will be used for the purchase of components, spares, raw materials etc. from Japan. The loan agreement which was signed in Tokyo recently is repayable

structure for the industry, prices of various categories of tyres would have to be increased by anything between one per cent and 52 per cent, compared with the November 1973 prices. Under these circumstances, Mr Subramaniam said, the government had decided that the formal price control imposed on certain categories of tyres and tubes as well as the informal price control so far being exercised by the government in respect of other categories should be withdrawn and conditions created for augmenting production rather than re-fixing prices now and revising them further at short intervals in response to changes in raw materials prices.

Indo-Swiss Agreements Ratified

India and Switzerland have ratified the development loan agreement for SF 35 million (approximately Rs 8.75 crores) and transfer credit of SF 55 million (approximately Rs 13.75 crores). These agreements were signed in New Delhi in October last year. The development loan is to meet the foreign exchange requirements of the Obra-Sultanpur-Lucknow 400 KV transmission scheme while the transfer credit was to finance the imports of capital goods of Swiss origin. The agreements became effective from April 10, 1974, through letters exchanged between Mr M.G. Kaul, Secretary Department of Economic Affairs, Ministry of Finance, and Mr Fritz Real, the Swiss Ambassador in India, after the completion of all necessary constitutional formalities on the part of the two governments.

over a period of 25 years inclusive of a grace period of seven years and interest at the rate of four per cent per annum. With the present loan, the total loans extended by the Export-Import Bank of Japan to India since 1958 comes to Yen 297.9 billion (Rs 863.9 crores). (The rupee equivalents of the Yen amounts have been arrived at the current exchange rate.)

Indo-Burma Trade

The keen desire on the part of India and Burma to develop economic and technical co-operation between the two countries marked the talks between the high-level delegations of the two countries. A technical delegation from India will visit Burma towards the end of next month to identify specific projects in which the two countries could cooperate for the benefit of both. At present trade between the two countries is just about Rs 6.3 crores both ways. Of this exports from India account for Rs 4.36 crores and imports into India Rs 1.85 crores. The delegation from Burma accompanied the visiting Burmese President U Ne Win.

Indo-Iraqi Cooperation

Iraq and India have agreed to strengthen the technological, scientific and economic collaboration between the two countries in the field of agriculture and allied services. This was the outcome of the discussions held between the Iraqi delegation led by His Excellency Mr Shebib Al-Maliki Under Secretary to the government of Iraq, and the Indian delegation led by Mr. T.P. Singh, Secretary of the union ministry of Agriculture. India has agreed to provide facilities for training of Iraqi officials and students in the field of agriculture, animal husbandry, veterinary, hydrology, water management, fisheries extension, farm management, etc. Facilities for in-service training in fields like major irrigation, ground water resources and engineering, soil conservation, land recla-

ation, would also be provided.

It was decided that Indian experts would be sent to Iraq to prepare feasibility study/project reports for sound water development, integrated area development, soil reclamation, seed production, processing, etc. Iraq has so recruited a number of experts from India for their projects in the fields of agriculture, animal science and irrigation. India has also offered to supply agricultural machinery and equipment to Iraq. It includes agricultural aircrafts for spraying, drilling rigs, pumps and animal husbandry and veterinary equipment. An Indian team will also visit Iraq to advise on cooperative and linking credit structure for agriculture. Experts would also assist Iraq in formulating projections of demand and supply for agricultural commodities.

Indo-Indonesia Air Agreement

The agreed conclusions of the India-Indonesia inter-governmental talks on civil aviation matters were signed recently. It was decided that both Garuda Indonesia Airways and Air India, the designated carriers of Indonesia and India respectively, would be allowed to operate wide bodied subsonic aircraft. The agreement was signed by Air Marshal Kardono, Director General of Air Communications, on behalf of Indonesia, and Mr I. Khosla, Joint Secretary in the ministry of Tourism, and Civil Aviation, on behalf of India.

At present, Garuda Indonesian Airways is operating two weekly services via Bombay while Air India is operating one service per week through Jakarta.

Incentives for Sugar

The union government has liberalised the excise duty rebate scheme for sugar and prescribed higher rebate for sugar produced during the period April 1,

to September 30, this year which is in excess of 180 per cent of production during the corresponding period of the previous year. This was announced recently. The incentive for increasing production has been granted by the government for achieving the original production target for 1973-74. This comes in the wake of reports of damage caused to the sugarcane crop by Pyrilla, frost and absence of winter rains leading to a fall in the recovery of sugar in the major sugar producing states.

The rebate on excise duty announced in October last for the 1973-74 sugar season ranged from Rs 20 to 40 per quintal for excess production as specified in the notification dated October 4, 1973. Under the latest notification, sugar produced between December last year and March this year, which is in excess of 110 per cent of the quantity produced in the corresponding months of previous year would get rebate of Rs 20 per quintal. The same rebate will apply to sugar produced in April this year which is in excess of 110 per cent of quantity produced in April last year.

Exports of Fruits and Vegetables

The Indian Horticulture Development Council, meeting recently formulated measures to boost exports of horticultural commodities such as banana, apple, mango, pine-apple, citrus fruits, dry fruits and onion. The council also discussed various aspects of marketing, processing, utilization and transportation and storage of fruits and vegetables. Development of horticulture during the fifth five-year Plan in the central and state sectors was also be considered by the council. A sum of Rs 5 crores has been provided in the fifth Plan for intensive cultivation of fruits and vegetables having export potential.

A Banana Development Corporation has already been established by the union minis-

try of Agriculture to organise exports of banana. Setting up of a development corporation for other fruits is also under consideration.

Cologne Hardware Fair

For the first time this country participated in the International Hardware Fair 1974 at Cologne from February 15 to 17, 1974. Quality products—hand tools, cutting tools, precision tools, hardware items from nine units were displayed in a befitting way in an area of 48 sq. m. The Indian stand had been organised by Engineering Export Promotion Council, India, by its foreign office in Duesseldorf. The orders booked by the Indian firms due to this direct participation amounted to Rs 70 lakhs and orders under negotiation amount to Rs 80 lakhs. It is not only the image and order booking which have contributed positively to the success of the participation but a new concept of marketing tie-up between Indian firms and their foreign buyers is emerging.

Indo-German Ventures

A list compiled by the Indo-German Chamber of Commerce reveals that there are 344 Indo-German collaborations presently working in India. Out of the 344 collaborations, 67 have technical as well as financial participation. In 40 per cent of the collaborations with financial participation, the foreign financial share is less than 40 per cent. Nearly half the collaborations, that is, 147, are located in the Bombay/Poona area, 51 in Delhi, 39 in Calcutta, 22 in Bangalore, 17 in Madras, 10 in Baroda, 8 in Coimbatore, 8 in Ahmedabad, 5 in Kanpur and the rest in other places. Industry-wise, most of the collaborations are in the field of industrial machinery with 66, followed by chemical and pharmaceutical products, rubber, synthetic resins, paints, etc. with 56, automobiles, tractors, locomotives, other vehicles and ancillaries with 50, electrical machinery, materials and apparatus with 35, other indus-

tries (engineering) with 35 other industries (non-engineering) with 28, and the rest in other industries.

Altogether from 1957 to the end of 1973, 644 Indo-German collaborations have been sanctioned by the Indian government. The discrepancy between this figure and the number of collaborations named in this list is due to the following reasons: A number of collaborations have, in the meantime, ceased to exist. Some collaboration agreements sanctioned by the government did not go into production. In the list of sanctioned collaborations published by the Indian government, every collaboration is listed, including licences issued for diversification or expansion of an existing collaboration. From 1957 to the end of 1973, altogether 3,958 collaborations have been sanctioned. Country-wise, Germany ranks third behind the UK with 995 approvals and the USA with 731.

Names in the News

Robert S. McNamara, President of the World Bank Group, announced recently a series of appointments and reassignment within the senior staff of the Group. The appointments include: **Ladislav von Hoffmann** to Executive Vice President, **IFC**, **I. P. M. Cargill** to Vice President, (Finance) of the Bank and **IDA**, **William D. Clark** to Vice President, (External Relations), of the Bank and **IDA**, **Bernard Bell**, Regional Vice President, (East Asia and Pacific), of the Bank and **IDA**, **S. S. Husain**, Regional Vice President, (Eastern Africa), of the Bank and **IDA**, **Mervyn L. Weiner**, Regional Vice President, (South Asia), of the Bank and **IDA**.

The Managing Committee of the Indian Bank's Association has elected the following office bearers. **Chairman:** Mr J.N. Saxena (Bank of India); **Deputy Chairman:** Mr V.R. Desai (United Commercial Bank); **P.F. Gupta** (Union Bank of India); **Mr V. D. Thakkar** (Bank of Baroda); **Honorary Secretary** Mr D. S. Mehra (The Bank of Rajasthan Ltd.)

COMPANY AFFAIRS

Madras Rubber

While raw materials costs have been uncontrolled and are constantly on the increase, particularly since last September, it is indeed regrettable that the tyre industry has been asked to maintain its prices for several years since 1968. In this situation of eroding margins the tyre industry will not be able to implement rapidly the capacity expansions necessary to support the national and international market demands. Hence removal of restraints to growth such as price control and concessional pricing to specified sectors are the need of the hour. Such a step would lead to revitalisation of industrial expansion through rapid implementation of licences. The scarcity situation would also consequently improve and the Indian tyre industry would be able to properly compete for a larger slice of the international market, and simultaneously fulfil local distribution needs. This was emphasised by the Chairman, Mr K. M. Mammen Mappillai while addressing the annual general meeting of the company. A major portion of the company's capacity has been concentrated on truck tyres irrespective of the comparatively better margin on smaller tyres. The capacity at the Goa plant is utilised fully to produce truck tyres as also a very substantial portion of the Madras plant capacity. Moreover a need-oriented distribution system has also been set up in the last two years and supplies to the markets of the eastern and western regions have nearly doubled. In keeping with its pioneering role in exports, Madras Rubber continues and will continue

to play a progressive role in the export market with the progressive expansion of capacity. The company has received recently, in addition to the four lakh sanctioned capacity under implementation in Goa, a letter of intent for substantial expansion to 10 lakhs from 6.1 lakhs. The total capacity now will be 18 lakh numbers plus the 25 per cent permitted expansion. But the oil crisis has affected automobile tyre manufacturers as there has been a sharp escalation in the costs of inputs. But this situation provides a challenging opportunity to agro-based economies such as India for the maximum exploitation of its vast natural and other resources which offer a ready substitute for petro-chemical products. With greater availability of natural rubber and synthetic rubber based on molasses, carbon black based on coal instead of petroleum feed stock, and fabrics, which again have an agro-base, it should be possible for our country to compete with advantage in international markets.

Pfizer

Pfizer Ltd proposes to issue bonus shares, subject to the consent of the Controller of Capital Issues, in the ratio of one share for every two shares held. The bonus issue will be made by capitalising a sum of Rs 2.79 crores out of the company reserves. The directors have also announced a higher total dividend of 22 per cent for the year ended November 30, 1973 as against 21 per cent paid for the previous year. The preliminary working results released by the company does not show any significant change over

the previous year's performance. Net sales recorded a modest rise of 5.4 per cent to Rs 25.70 crores from Rs 24.38 crores while pre-tax profit was marginally higher at Rs 5.88 crores as against Rs 5.85 crores in the preceding year. After providing taxation, the net profit works out to Rs 1.99 crores as compared to Rs 2.00 crores in 1972. Since 1969, the year immediately prior to imposition of the Drugs (Prices Control) Order, there have been a continuing decline in the overall profitability of the company. In 1973, while the net sales turnover over 1969 registered a growth of over 57 per cent, the growth in net profit has been only seven per cent. The company has been operating in a situation where prices of end products are controlled but not of the inputs. Consequently, the cost of manufacturing and servicing have spiralled over the years. The prices of pharmaceutical products were frozen as early as 1962 and subsequently significant reductions were effected on a number of formulations in 1970, as a result of the Drugs (Prices Control) Order. During 1973, the company's operations have been affected by inflation. The market conditions have been somewhat depressed with the after-effects of the drought situation and this was particularly reflected in the sales of the company's agricultural and veterinary products. This situation has worsened towards the end of 1973 with the energy crisis and will have an adverse impact on industry operations during 1974 and in future years. The sales of the company during 1973 covered its diversified operations which included pharmaceuticals, nutritional pro-

ducts chemicals, and agricultural and animal health products. The profit on formulations covered by the Drugs (Prices Control) Order 1970 was well below the ceiling of 15 per cent on their turnover. The export performance of the company during 1973 has been very encouraging, the exports in 1973 being Rs 81.64 lakhs as against Rs 72.64 lakhs for 1972. As in the past several years, the company's earnings through exports in 1973 have exceeded its total remittances abroad.

Baroda Rayon

With a view to have maximum utilisation of the resources and the utilities available with the company, Baroda Rayon Corporation has taken steps to create a small industrial complex. The company has received a letter of intent for increasing its nylon filament yarn capacity from 1800 tonnes per annum to 2100 tonnes and steps are being taken to convert this letter of intent into industrial licence. In the meantime, the company is pursuing to obtain a letter of intent for doubling the capacity to 4200 tonnes per annum. In April 1973 the company received the letter of intent for the manufacture of 2000 tonnes per annum of nylon tyre cord. The collaboration agreement with Unika of Japan has been approved by the government of India. The above two schemes are receiving immediate attention of the Board of Directors. In addition, the company received during the year letter of intent for the manufacture of caustic soda with a capacity of 33,000 tonnes per annum in Gujarat and also for the manufacture of rayon grade pulp in Madhya Pradesh with an annual capacity of 30,000 tonnes. These projects are receiving the attention of the directors. Besides the above, the company holds the letters of intent to manufacture cellophane film (transparent paper) with a capacity of 3,000 tonnes per annum and has also

received few orders. The company has signed the collaboration agreement with Travancore Rayon for cellophane film. The scheme of amalgamation of erstwhile Gujarat Polyamides Ltd, with the company was approved by the High Court of Judicature at Ahmedabad on July 3, 1973. Thereafter, the consent of the Controller of Capital Issues for allotment of shares was received in October 1973 and the company has allotted till the date of the accounting year 2,14,831 equity shares of Rs 100 each as fully paid-up to the equity shareholders and 1,10,000 preference shares of Rs 100 each as fully paid-up to the preference shareholders of the said Gujarat Polyamides Ltd. These new equity shares shall rank pari-passu after the existing equity shares are listed ex-dividend for the accounting year 1973, in terms of the scheme of amalgamation.

Kothari Sugars

The Indian sugar industry has expanded substantially in the last few years. The production which was only 30 lakhs tonnes a few years ago is now estimated to be about 42 lakh tonnes in 1973-74. In view of the fact that international prices have gone up to about £250 per ton (Rs 4,400) Mr D. C. Kothari, Chairman of Kothari Sugars and Chemicals Ltd, while addressing a press conference, strongly suggested to the government for exporting at least eight lakh tons. It is gratifying to note that the government have now agreed to allow export of sugar to the extent of 6 lakh tons which will bring in at least Rs 250 crores of foreign exchange. The development of the sugar industry in the last decade has been very rapid in the south, and Kothari Sugars & Chemicals Limited, in particular has made rapid progress during the past few years. It has obtained a licence for putting up a plant with a crushing capacity of 1,500 tons per day at Siruguppa, Bellary District, and

the factory has come up in a record time of eighteen months. It is proposed to increase the crushing capacity from 1,500 tons to 4,000 tons per day, by the addition of new machinery and the application for this expansion is already pending with the government. The company also owns yet another factory at Kattur, in Trichinopoly District. These two factories, will have a total crushing capacity of 8,000 tons in the very near future, making it possible to crush about 1.5 million tons of cane and distribute about Rs 15 crores to the agriculturists. A big caustic soda plant is coming up at Ennore. This plant under Kothari (Madras) Limited is a Rs 14-crore project and will manufacture 33,000 tonnes per year. Production will start by the end of 1976. A new textile mill is being sponsored by Kotharis in Raichur District, a backward area in Karnataka. It is proposed to install a 25,000 spindle mill under the name of Vijayanagar Textiles Limited. This will envisage a total investment of about Rs 4 to 5 crores, to be financed partly by way of long term loan and partly by issue of equity shares. It is proposed to offer a portion of the equity to the cotton growers of this area. There is every likelihood that 40 per cent to 50 per cent of the equity share capital will be contributed by the cotton growers. This is the first time that this novel idea is being introduced as a measure to bring the cotton growers into the field of textile industry. If this is successful, as it is bound to be, this will set a new pattern of development and similar factories can be expected to come up else where in the state.

Usha Martin Black

The Usha Martin Black (Wire Ropes Ltd, having received consent of the Controller of Capital Issues for issue of 2,36,833 equity shares of Rs 10 each at a premium of Rs 2.50 per share as rights shares to the

existing equity shareholders in the proportion of 1:4 and 20,000 (9.5 per cent) cumulative redeemable 'B' preference shares of Rs 100 each as rights shares to the existing shareholders of 'A' preference shares in the ratio of 1:1, the board of directors at their meeting held on April, 3, 1974 decided to close the Registers of Members (both for Equity and 'A' preference) from 25th to 30th April 1974 (both days inclusive). The right money would be utilised by the company for its expansion and diversification projects at Ranchi and Bangalore.

Swan Mills

In a year in which prices of cotton remained high and continued increase in costs on account of labour, stores and other materials as also interruption in production due to power cuts, Swan Mills have proposed to increase dividend from Rs 13 per share on paid up capital of Rs 80 lakhs to Rs 15 per share on the increased paid-up capital of Rs 96 lakhs. The capital of the company was increased from Rs 80 lakhs to Rs 96 lakhs as a result of bonus distribution in the ratio of one share for every five existing equity shares early this year. The dividend at Rs 15 per share will absorb Rs 14.40 lakhs and will be paid out of general reserve. The increased distribution is amply justified by sharp increase in gross profit from Rs 51 lakhs to Rs 79 lakhs and after accounting for depreciation, provision for gratuity and development rebate reserve, the pre-tax profit amounts to Rs 37.05 lakhs as compared to Rs 4.22 lakhs of the previous year. After accounting for adjustments in respect of prior years, and making provision for tax at Rs 18.20 lakhs (previous year nil) distributable surplus amounts to Rs 17.18 lakhs. Sales in 1973 increased by about 20 per cent and reached Rs 629 lakhs as compared to Rs 529

lakhs in 1972. Exports also increased sharply from Rs 19 lakhs to Rs 73 lakhs. The current year's working has been effected due to industry wide labour strike lasting 41 days. Costs continue to show upward trend and the directors feel that it is difficult at this stage to foresee with any degree of certainty the prospects for the current year.

News and Notes

(Expansion and diversification)

The Empire Dyeing & Mfg. Co. Ltd has at last received a licence for a rotary screen printing machine for its textiles division and hopes to install and commission this by the second quarter of 1975. The company has also received licences for the first phase of the expansion project of its vitrum glass division. It is hoped that this will go on stream in early 1976. The capital cost of the first phase is anticipated to be Rs 2.8 crores. The Garlick Engineering Division has recently entered the field of E.O.T. Cranes, chemical equipment of various kinds and textile machines. It is having considerable success in these developments. The Empire International Division is extending its activities in the Middle Eastern and South East Asian markets. All the products and services of the company continue to enjoy a high reputation.

New Issues

Trade Wings Ltd has decided to further diversify its activities allied to travel business by planning to open a three star hotel in Goa. The hotel will be on the famous Bogmalo Beach, three km. from Dabolim airport. The hotel will have 126 rooms with 252 beds. The company will be in a unique position to ensure high occupancy of the hotel in view of its connection with the tourist trade within and outside the country and its long-term contract with well-known Oberoi Hotels (India) Private Ltd for operating the

proposed hotel. With the rich experience and international reputation of the Oberoi in the hotel business the company is confident of achieving good results from the very beginning. The agreement envisages an average net return of at least 10 per cent on the share capital invested in the hotel project. Moreover Goa, with its unsurpassed beaches and unrivalled natural beauty has a tremendous potential of making a beach resort paradise for the foreign tourists. Further with the modernisation of Dabolim airport an upsurge in tourist traffic is expected in the coming years. At present there is an acute shortage of hotel accommodation in Goa and the company's present venture will go a long way in filling this gap.

To raise resources for the implementation of this project the company is offering 300,000 equity shares of Rs 10 each to the public for subscription for cash at par. The subscription list opens on April 29 and will close on May 11 or earlier but not before May 4. The public issue is fully underwritten. The company's turnover is expected to increase to Rs 9 crores at the end of the current financial year. The dividends have been consistently paid since 1958 and 1972-73 it paid a dividend of 14 per cent. In the current year the company hopes to earn more profit than in the previous year. The company will be in a position to pay pro-rata dividend on the enlarged capital before the commissioning of the hotel. This will be further possible as there will be considerable saving in taxation because of the conversion of the status of the company into public limited company.

Orissa Industries proposes to enter the capital market shortly with a public issue of 2.90 lakh equity shares of Rs 10 each at par. The proceeds of the issue will be utilised for financing partly, the company's expansion programme. The company is manufacturing refractories, sanitary wares

and stoneware pipes in Cuttack district, Orissa. The company has orders on hand worth about Rs. 3 crores including export orders of about Rs. 2 crores. The plant at Latkata in Sundergarh district near the Rourkela Steel Plant is being expanded to increase the production of refractories. The technical collaborations are Harbison Walker Refractories of U.S.A. The total cost of the project is estimated at Rs. 2.26 crores, which will be met by additional share capital (Rs. 52 lakhs), term loans (Rs. 110 lakhs) and internal cash actuals (Rs. 64 lakhs). The plant is expected to go into full production by the middle of next year.

Capital and bonus issues

Consent has been accorded to eight companies to raise capital amounting to over Rs 3.08 crores. Following are the details:—

Warner Hindustan Ltd, Bombay, have been accorded consent, valid for three months to capitalise Rs 29,40,444 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of three bonus shares for every ten equity shares held.

Dr Beck & Co (India) Ltd, Bombay, have been granted consent, valid for a period of three months, for issue of bonus shares worth Rs 41,65,800.

K. S. Diesels Pvt. Ltd, Bombay, have been granted consent valid for three months for issue of bonus shares worth Rs 12,85,000.

Champarun Sugar Co. Ltd, Kanpur (U.P.), have been granted consent, valid for three months, for issue of bonus shares worth Rs 18,00,000.

Birla Consultants Pvt. Ltd, Bombay, have been granted consent, valid for a period of three months, for issue of

bonus shares worth Rs 3.00 lakhs.

International Combustion (India) Ltd, Calcutta, have been granted consent valid for three months for issue of bonus shares worth Rs 15,00,700 and consent valid for 12 months for issue of further equity shares worth Rs 8,50,000 to the public by prospectus.

Indian Resort Hotels, have been granted an acknowledgement to their statement of proposals, valid for 12 months, for issue of equity shares of Rs 40 lakhs to the public, for meeting a part of finance required for setting up a beach hotel in Goa.

Mmines & Plastizers Ltd, Calcutta, have been given

consent, valid for a period of 12 months, for issue of equity share capital worth Rs 1,20,00,000 and cumulative redeemable preference shares worth Rs 20,00,000.

Company Meetings

Coromandel Fertilisers Ltd: Registered Office, 126, Sarojini Devi Road, Secunderabad; May 21; 11 A.M.

The Modern Mills Ltd: Victor House Annexe, Opp. Modern Mills; Keshavrao Khadye Marg, Mahalaxmi, Bombay 400 011; May 10; 4 P.M.

Sundatta Foods and Fibres Ltd: Victor House Annexe, Opp. Modern Mills Ltd, Keshavrao Khadye Marg, Mahalaxmi, Bombay-11; May 9; 4.00 P.M.

Dividends

Names of the company	(Per cent)		
	Equity dividend declared for		
	Year ended	Current year	Previous year
Higher Dividend			
Coimbatore Pioneer Mills	Dec. 31, 1973	25.0	16.0
Shree Niwas Cotton Mills	Dec. 31, 1973	15.0	10.0
Jain Tube Co.	July 31, 1973	8.0	6.0
Goodlass Nerolac	Dec. 31, 1973	20.0	15.0
Same Dividend			
Excel Industries	Sept. 30, 1973	16.0	16.0
Ralli Wolf	August 31, 1973	20.0	20.0
Shriram Bearings	June 30, 1973	14.0	14.0
Karur Vysya Bank	Dec. 31, 1973	12.0	12.0
A.V. Thomas & Company Ltd. (Alleppey)	Dec. 31, 1973	12.5	12.5
Widia (India) Ltd	Dec. 31, 1973	15.0	15.0
Omega Cables	Dec. 31, 1973	Nil	Nil
Reduced Dividend			
Sitalakshmi Mills	June 30, 1973	20.0	25.0
Upper Doab Sugar Mills	Sept. 30, 1973	20.0	25.0

Licences and Letters of Intent

The following licences and letters of intent were issued under the Industries (Development and Regulation) Act, 1951 in the month of October 1973. The list contains the names and addresses of the licensees, articles of manufacture, types of licences viz New Undertaking (NU); Substantial Expansion (SE); New

Carry on business (COB); Shifting—and annual installed capacity. A statement furnishing particulars of letters of intent which were revoked, rejected, cancelled, lapsed, treated as withdrawn etc. and Licences and Registration Certificates revoked or surrendered are also given at the end.

Licences Issued

Metallurgical Industries (Ferrous)

M/s Shree Madhav Mills Pvt. Ltd; 2, India Exchange Place, Calcutta-1—(Patna-Bihar)—Mild Steel Nuts, Bolts & Rivets—1281 tonnes—(COB).

M/s Bright Wires Ltd; I/A, Vanisitar Row, Calcutta-1—(24-Parganas-W. Bengal)—Steel Wires of various types (other than) M.S. or M.S. Gal. thicker than 16/18 SWG & excluding copper coated or stainless steel wires—15,000 tonnes—(SE).

M/s Swiss Welded Mesh Co. (P) Ltd; A-7, Industrial Estate, Ambattur, Madras—(Ambattur-Tamil Nadu)—Welded Wire Mesh & Welded Wire Fabric—1340 tonnes—(COB).

M/s Uttar Pradesh Steels Ltd; Sukhbir Sinha Park, 9, Civil Lines, Muzaffarnagar—(Muzaffarnagar-U.P.)—Steel Ingots—12,000 tonnes—(COB).

M/s Watkins Mayor & Co., Drum Factory, Ladowali Road, Jullunder City—(Jullunder City-Punjab)—Drum & Containers (Upto 50 litre capacity)—200 tonnes—(COB).

M/s Gogta Steel Limited, New India Centre, Coopersgate Road, Bombay—(Tarapur-Maharashtra)—Mild & Special Steel Billets consisting of Carbon Steel, Silico Manganese Spring Steel, Carbon Free Cutting Steel, only to be produced from scrap in Electric Arc Furnaces—50,000 tonnes—(NU).

M/s Patel Tin Mfg. Co., Near Chakudi Mahadev, Rakhial Road, Ahmedabad—(Ahmedabad-Gujarat)—Tin Containers (Upto 18 litre capacity)—Unprinted—300 tonnes; Drums (upto 50 litres)—145 tonnes—(COB).

Metallurgical Industries (Non-Ferrous)

M/s Star Metal Refinery Pvt. Ltd; 361, Dadabhoj Naoraji Road, 4th Floor, Fort, Bombay—(Bombay-Maharashtra)—Antimony Metal—900 tonnes—(COB).

M/s Indian Smelting & Refining Co. Ltd; Lal Bahadur Shastri Marg, Bhandup, Bombay—(Bombay-Maharashtra)—Non-Ferrous Sheets & Strips in Coils or Straight lengths—3,700 tonnes p.a.—(COB).

Electrical Equipment

The English Electric Co. of India Ltd; P.O. Box No. 2, Pallavaram, Madras-43—(Madras-Tamil Nadu)—Low Tension Cart-ridge Fuses—24,00,000 (24 lakhs) nos—(SE).

M/s Gangappa Cables Ltd; Uppal Road, Hyderabad—(Hyderabad-Andhra Pradesh)—Enmalled Copper Strips—600 tonnes—(SE).

M/s Electronics Corp. of India Ltd; Industrial Development Area, Cherlapalli, Hyderabad—(Hyderabad-Andhra Pradesh)—Two Axis Rate Gyrounits—250 nos.; Valve Modulating Motors—5,000 nos—(SE).

M/s Deepak Insulated Cable Corp. Ltd; 8th Mile, Bangalore-

Tumkur Road, Bangalore-22—(Bangalore-Mysore)—Winding (copper) Wires upto 41 SWG—550 tonnes—(SE).

M/s Khatau Junker Ltd; Laxmi Building, 6, Ballard Road, Bombay—(Bombay-Maharashtra)—Power Factory Correction Capacitors—2,00,000 KVAR—(SE).

M/s Hindustan Cables Ltd; Moula Ali Industrial Estate, P.O. Hindustan Cables, Hyderabad—(Hyderabad-Andhra Pradesh)—PVC-Insulated Switch Board Wires & Cables—60,000 GKM p.a.—(SE).

M/s Jain Lamps & Allied Industries (P) Ltd; 8-A, Pokhar-pur, Kanpur—(Kanpur-U.P.)—Tungsten Filaments—M.pcs; Lead-in-wire—100 M.pcs—(SE).

M/s Ruttansha-International Rectifier (P) Ltd; International House, L.B.S. Marg, Vikhroli, Bombay-83—(Bombay-Maharashtra)—Miniature Encapsulated Silicon Rectifiers, along with Pellets—50,000 nos—(NA).

M/s English Electric Co. of India Ltd; P.O. Box No. 2, Pallavaram, Madras—(Madras-Tamil Nadu)—Fuse Switch Units above 30 amps & upto 300 amps—30,000 nos.; Fuse Switch Units 400 to 750 amps. rating—1,620 nos—(SE).

M/s English Electric Co. of India Ltd, P.O. Box No. 2, Pallavaram, Madras—(Madras-Tamil Nadu)—Instantaneous Time Current, Voltage & Auxiliary Relays, Differential & Buckholz Relays and Test Plugs—45,000 nos.—(SE).

M/s English Electric Co. of India Ltd, P.O. Box No. 2, Pallavaram, Madras—(Madras-Tamil Nadu)—Control Panels, Control Desks, Outdoor Circuit Breakers & Control Kiosks—780 nos.—(SE).

Telecommunications

M/s Electronics Corp. of India Ltd; Industrial Development Area, Cherlapalli, Hyderabad—(Hyderabad-Andhra Pradesh)—(A) NEW ARTICLES—Antennae with feed (of various sizes)—63 nos; Electronic equipment instruments & Components for indicating recording & controlling vacuum & temperature—11,250 nos.; (B) SUBSTANTIAL EXPANSION. (post expansion) (i) Nuclear & Allied Instruments: Nuclear Instruments & Systems—1,200 nos. Medical Instruments & Systems—1,000 nos. Electronic Test & Measuring Equipment—1,200 nos. Industrial & Agricultural Instruments—500 nos; (ii) RESISTORS & CAPACITORS: Carbon/Metal Oxide Film Resistors grade I & II—22.5 Mill. nos. Potentiometers—22,500 nos. Tantalum Capacitors—75,000 nos (iii) SERVO CONTROLS Synchros—2,500 Nos. (iv) POWER REACTOR INSTRUMENTATION Instrumentation & Controls for Nuclear & other Power stations—Rs. 23 million (v) COMPUTERS Digital Computers for real time & Scientific application—50 nos. Analog Computers—100 nos.—(SE).

M/s Punjab State Indl. Dev. Corp. Ltd; Post Box No. 81, Sector—17-A, Chandigarh—(Rajpura-Punjab)—T.V. Sets—5,000 sets—(NU).

Transportation

M/s Ex-Cell-O India Ltd; 79-B, Dr. Annie Besant Road, Bombay-18—(Thana-Maharashtra)—Steering Gears—1,20,000 nos—(SE).

M/s U.P. Scooters Ltd; 10/490, Mecrobertganj, Kanpur—(Unnao-U.P.)—Scooters (150 cc)—24,000 nos—(NU).

M/s Injecto Pvt. Ltd; No. 6, Sector-6, Faridabad—(Ballabgarh-Haryana)—Carburettors—1,26,000 nos—(SE).

M/s Wela Engine Valves Ltd; C/2, Vasant Vihar Market, Shopping Centre No. 1, New Delhi-57—(Gurgaon-Haryana)—Engine Valves—15,00,000 nos—(NU).

M/s Kempf (India) Pvt. Ltd; 89, Race Course, Coimbatore-18—(Coimbatore-Tamil Nadu)—Propeller Shafts—40,000 nos; Universal Joint Gross Kits—5,00,000 nos—(NU).

M/s Brake Linings Ltd; N-76, Connaught Circus, New Delhi-1—(Faridabad-Haryana)—Brake Linings & Clutch Facings—600 tonnes—(SE).

M/s Scooters India Ltd; C-40/A, Mahanagar, Lucknow-6—(Lucknow-U.P.)—(i) 2-Wheeler Scooters—1 lakh nos of:—(a) 100 cc., (b) 125 cc., (c) 150 cc., (d) 200 cc. (ii) 3-Wheeler Scooters (200cc)—30,000 nos—(NU).

Industrial Machinery

M/s Khandelwal Udyog Ltd; 24-Kurla Kirod Road, Post Box No. 9208, P.O. Ghatkopar (West), Bombay—(Bombay-Maharashtra)—Gas Generators for protective & reactive atmosphere—15 units; Hydrogen Generating plants—15 units; Burners for above-30 units—(NA).

M/s Calico Industrial Engineers, 20-A, Chakla, Andheri, Bombay-58—(Bombay-Maharashtra)—Vertical High Pressure Dyeing Machine (Recto-O-Mat)—5 nos.; Horizontal Beam Dyeing Machine (C.B.)—2 nos. Jet Circular Dyeing Machine (Aspiromat)—5 nos—(NA).

Machine Tools

M/s Maul Eastern Ltd; Ararat Building, 89, Meadows Street, Bombay-1—(Maharashtra)—I.S. Machines—7 nos—(NU).

M/s J.K. Malhotra & H.H. Nichani, Wavel House, 4th Floor Graham Road, Bombay—(Bangalore-Mysore)—Hydraulic Equipment such as:—Gear, Vane, Piston type Pumps & Motors, Valves of all types, pilot & solenoid operated including fittings & Couplings; Cylinders Single & Telescopic; Power Pack System upto 100 HP—total worth 1 crore—(NU).

Earth Moving Machinery

M/s Textile Machinery Corp. Ltd; P.O. Belgharia, Calcutta-56—(Belgharia-West Bengal)—Diesel Road Rollers (8-10) tonnes capacity—400 nos—(NA).

Commercial, Office & Household Equipment

M/s Voltas Limited, 19, Graham Road, Ballard Estate, Bombay—(Thana-Maharashtra)—Water Coolers—1950 nos—(COB).

M/s Bharat Pulverising Mills (P) Ltd; Hexamar House, 28, Sayani Road, Bombay-25—(Bombay-Maharashtra)—Zinc Phosphide—144 tonnes—(NA).

Chemicals (Other than Fertilizers)

M/s Tamil Nadu Chemicals Products Ltd; 5-K, Veerabhadra Iyer Street, Nungambakkam, Madras-34—(Ennore-Tamil Nadu)—Sodium Hydrosulphite—3300 tonnes—(NU).

The Indian Petrochemicals Corp. Ltd; P.O. Jawahar Nagar, Disit: Baroda—(Baroda-Gujarat)—Polyester Filament Yarn—3,500 tonnes—(NU).

M/s Bharat Insulation Co., B-32, Wagle Industrial Estate, Road No. 18, Thana, Bombay—(Bombay-Maharashtra)—Wire Enamels—135 tonnes—(SE).

M/s Adarsh Chemicals & Fertilizers Ltd; Udhana—(Udhana-Gujarat)—Maleic Anhydride—3,000 tonnes—(NA).

M/s Atul Products Ltd; Post Atul (W. Rly.), Dist: Bulsar—(Bulsar-Gujarat)—Ethyl Carbamate—30 tonnes—(NA).

Photographic Raw Film & Papers

M/s New India Industries Ltd; Industrial Assurance Building Opp: Churchgate Railway Station, Bombay—(Bombay-Maharashtra)—Photographic Printing Paper—2.7 mill sq. mtres—(SE).

Drugs & Pharmaceuticals

The Boots Co. (I) Ltd; 17, Nicol Road, Bombay-1—(Bombay-Maharashtra)—Brufen Tablets—30 mill. nos. Ibuprofen—6 tonnes—(NA).

The Bengal Immunity Co. Ltd; Immunity House, 153, Lenin Saranee, Calcutta-13—(Calcutta-West Bengal)—Cloramvit Capsules—50 lakh nos—(NA).

M/s Wander Limited, Shiv Sagar-A, Dr. Annie Besant Road, Bombay-18—(Bombay-Maharashtra)—PAS & its Salts—300 tonnes—(SE).

M/s Synbiotics Ltd; Wadi Wadi, Baroda—(Baroda-Gujarat)—Amphotericin—1000 Kgs—(SE).

Textiles

M/s Hada Textile Inds. Ltd; 4-Government North, Calcutta-1—(24-Parganas-West Bengal)—3000 indigenous looms—Cotton Cloth—(SE).

M/s New Gujarat Cotton Mills Ltd; (Mill No. 1) Baroda Road, Ahmedabad—(Ahmedabad-Gujarat)—130 indigenous looms for Cotton Cloth—(SE).

M/s Ludhiana Woollen & Silk Mills, 24, Chander Mahal, Thakurdwar Rodd, Bombay-2—(Kandla FTZ-Gujarat)—Embroidered Solvern Cloth—10,000 meters, Embroidered Stretched Nylon Georgette—2 lakh meters. Embroidered Shama Satin—50,000 meters. Embroidered Terricot—50,000 meters; Cotton Piece Goods—50,000 meters—(NU).

M/s Coimbatore Murugan Mills Ltd; Mettupalayam Road, Coimbatore-11—(Coimbatore-Tamil Nadu)—200 Looms—Cotton Cloth—(SE).

M/s General Industrial Society Ltd; Ruby House, 8, India Exchange place Calcutta-1—(Hooghly-West Bengal)—300 looms—Cotton Cloth—(SE).

M/s Kailash Silk Mills, Jivan Silk Mills Compound, Andheri Kurla Road, Kurla, Bombay-42—(Bombay-Maharashtra)—Art Silk Fabrics—56 power looms; Knitted Fabrics—2 knitting machines; (Total—6 lakh meters—(COB).

M/s Punjab Woollen. G.T. Road, Chheharta—(Amritsar-Punjab)—Woollen Spindles—1452; Worsted Spindles—1900; Woollen Powerlooms—36; Art Silk Power looms—12; Worsted Powerlooms—9—(NA).

M/s Punjab Woollen Textiles, G.T. Road, Chheharta—(Amritsar-Punjab)—Woollen Spindles—1452; Worsted Spindles—1900; Woollen Powerlooms—36; Worsted Powerlooms—9; Art Silk Power-ooms—12 (NA).

M/s Kothari & Sons, Kothari Buildings, 20, Nungambakkam High Road, Madras-34—(Raichur-Mysore)—25,000 spindles—Cotton Yarn—(NU).

The Gujarat State Federation of Co-operative Spinning Mills Ltd; c/o Saurashtra Co-operative Spinning Mills Ltd; Limbdi, Surendranagar—(Junagadh-Gujarat)—Cotton Yarn—25,030 spindles (NU).

The Gujarat State Federation of Co-operative Spinning Mills Ltd; c/o Saurashtra Co-operative Spinning Mills Ltd; Limbdi,

Surendranagar—(Kutch-Gujarat)—Cotton Yarn-25,000 spindles—(NU).

The Gujarat State Federation of Co-operative Spinning Mills Ltd; c/o Saurashtra Co-operative Spinning Mills Ltd; Limbdi, Surendranagar—(Banaskantha-Gujarat)—Cotton Yarn—25,000 spindles—(NU).

The Gujarat State Federation of Co-operative Spinning Mills Ltd; c/o Saurashtra Co-operative Spinning Mills Ltd; Limbdi, Surendranagar—(Amreli-Gujarat)—Cotton yarn—25,000 spindles (NU).

The Gujarat State Federation of Co-operative Spinning Mills Ltd; c/o Saurashtra Co-operative Spinning Mills Ltd; Limbdi, Surendranagar—(Panchmahal-Gujarat)—Cotton yarn—25,000 spindles—(NU).

M/s New Gujarat Cotton Mills Ltd; No.2, Out Side Daria-pur Gate, Ahmedabad—(Ahmedabad-Gujarat)—Cotton Cloth-150 looms—(SE).

Shri Shahu Chhartrapati Mills, Shahupuri, Kolhapur-2—(Kolhapur-Maharashtra)—Cotton Cloth-250 looms—(SE).

Sugar

M/s Davangere Sugar Co. Ltd; 315/1, P.J. Extension, Davangere City, Mysore—(Chitradurga-Mysore)—Sugar-1250 tonnes of Cane Crushing capacity per day—(NU).

Food Processing Industries

Shri Ravi Meattle, 26, Prithvi Raj Road, New Delhi-1—(Delhi-Union Territory)—Wheat Products—30,000 tonnes p.a.—(NU).

Shri Vijay Kumar, c/o Rama Roller Flour Mills, Meerut Cantt—(Raebareilly-U.P.)—Wheat Products-30,000 tonnes p.a.—(NU).

Mysore State Agro-Industries Corpn. Ltd; Bangalore-I-B—(Bangalore-Mysore)—Maize Products-15,000 tonnes—(NU).

Vegetable Oil & Vanaspati

M/s Taparia Pvt. Ltd; Shale Building, 3rd Floor, Bankstreet, Fort, Bombay—(Khandwa-M.P.)—Cotton Seed Oil by Expeller Process-13,000 tonnes—(COB).

Leather, Leather Goods & Pickers

M/s J.A. Basha & Co., 6-A, Nabikhan Subedar Street, Periamet, Madras—(Madras-Tamil Nadu)—E.I. Tanned & Chrome Tanned Sheep Skins-4 lakh nos.—(COB).

M/s A. Rafeeq Ahmed & Co., 34, Broadway, Madras-1—(Vellore—Tamil Nadu)—E.I. Tanned Skins—5 lakh nos. Finished Leather—6 lakh nos—(SE).

M/s Light Leather Pvt. Ltd; 47, Thirunzermalai Road, Chrompet, Madras-44 (Madras-Tamil Nadu)—*Finished Leather*: Sueds, Linings, Glaze Kinds, Upholstery, Garment Leather, Printed Leather, etc.—6 lakh square feet; Leather Garments-4,000 nos—(SE/NA).

Ceramics

M/s Ferro Alloys Corpn. Ltd; Shreeram Bhavn, Post Box No.9, Tumkur, Maharashtra—(Srikakulam-Andhra Pradesh)—1. Fused Alumina Oxide-2,500 tonnes; 2. Fused Magnesite—850 tones. 3. Fused Magnesite Chrome & Chrome Magnesite—1,700 tonnes. 4. Fused Spinal (Magnesium Aluminate)—200 tonnes. 5. Fused Mullate—500 tonnes. 6. *Fused Cast Blocks*: i. Zircon Alumina Silicate-2,000 tonnes. ii. Chrome Magnesite—200 tonnes. iii. Fused White Calcium Aluminate Cement—2,000 tonnes—(NA).

Cement & Gypsum Products.

M/s U.P. Asbestos Ltd; 12-B, Mall Avenue, Lucknow—(Lucknow-U.P.)—*Asbestos Cement Product*: Asbestos Cement Sheets & Accessories & Cement Building Boards & Pipes—36,000 tonnes (NU).

Letters of Intent

Metallurgical Industries (Ferrons)

Shri Pavan Kumar Poddar, 31, Dalhousie Square, Calcutta-1. (Maharashtra-Haryana)—Forged Steel Flanges, Discs & Rings, etc. (Forged Steel Pipe Fittings)—5,000 tonnes—(NU).

M/s Anup Engineering Ltd; Anil Starchs Premises, Anil Roads, Box No. 1164, Ahmedabad-2—(Odhav-Gujarat)—Expansion Bellows & Expansion Joints—130 tonnes. p.a.—(NA).

The Steel Rolling Mills of Bengal Ltd; 28-Strand Road, Calcutta—(Aurangabad-Maharashtra)—High Duty Alloy Castings—6,000 tonnes; Malleable Iron Castings—2,000 tonnes—(NA).

M/s Mohindra Ugine Steel Co. Ltd; 14, Altamount Road, Bombay-26—(Maharashtra)—High Speed Steel & Stainless steel bars, rods & other shaped products—2,500 tonnes (High speed steel not to exceed 750 tonnes); Alloy constructional and Carbon constructional steel back—49,500 tonnes; Carbon constructional steel & alloy constructional steel bright—5,000 tonnes; Alloy tool & Die Steels, die blocks, drill steel—3,000 tonnes; Total:—60,000 tonnes—(SE).

M/s Vidyut Metallics, (Prop: Panama Pvt. Ltd; India House, Fifth Floor, Fort Street Bombay-1—(Thana-Maharashtra)—Alloy & High speed Hacksaw Blades—72 lakh nos.—(NA).

M/s. Kanoria Precision Screws, Kanoria House, Palm Road, Nagpur—(Nagpur-Maharashtra)—High Tensile/Alloy Steel specialised types of machine screws, i.e. Allen Screws, etc.—500 tonnes p.a.—(NA).

Electrical Equipment

Shri Prakash D. Dahanukar, Industrial Assurance Bldg; 3rd Floor, Veer Nariman Road, Bombay—(Santa Cruz EPZ-Maharashtra)—Printed Circuits—1 lakh boards—(NU).

M/s. Bharat Heavy Electricals Ltd; Ramachandrapuram, Hyderabad—(Ramachandrapuram-A.P.)—High Voltage Current & Potential Transformers ranging from 25KV-400KV—1920 units p.a.—(NA).

M/s. Dhruva Woollen Mills Pvt. Ltd; New Sun Mill Compound, Sun Mill Road, Lower Parel, Bombay-13—(Uttar Pradesh)—Plastic Film Capacitors—10 mill. nos—(NU).

Shri T.V. Viswanathan, 301, B-I Block, Coiaba Housing Colony, Horni Bhabha Road, Bombay—(Kerala)—Silicon Rectifiers less than 30 amperes—3 lakh Nos.; Silicon Rectifiers higher than 30 amps.—20,000 nos.; Silicon Controlled Rectifiers less than 2) amps—3 lakhs; Silicon Controlled Rectifiers higher than 30 amps.—20,000 nos.

Shri M.V. Subba Rao, c/o Micro Ceramics Pvt. Ltd; Co-operative Industrial Estate, Balanagar, Hyderabad—(Santacruz EPZ-Maharashtra)—Transistor Headers—60; Cermet—3; Trimmer Substrates—3; Valve Bases—12; Low-Loss, H.F. Steatite Components—30; Coil Formers—12; High Alumina Substrates for I.C.S.—20; Insulators—30; Ceramic Capacitors—30—Total :—200 (NU).

M/s. Jaipur Metals & Electricals Ltd; Near Railway Station, Jaipur—(Jaipur-Rajasthan)—Permanent magnets—45 tonnes—(SE).

Sri G.K. Agarwal, 20, Babar Road, New Delhi—(Nasik-Maharashtra)—Potentiometers—1 mill. nos.—(NU).

M/s The National Radio Electronics Co. Ltd; Unity House, 8, Maina Parmanand Marg, Bombay-04—(Bombay-Maharashtra)—Electronic Office Machine including Desk Calculators—3,500 nos.—(SE).

M/s Geep Flashlight India Ltd; 28, South Road, South Road, Allahabad—(Allahabad-U.P.)—B-22 Bayonet Caps—50 M. nos.; Bipin Fluorescent Lamp Caps—4 M. nos.; E-27 Caps—10 M. nos.; P-22 Caps—2 M. nos.—(NA).

Telecommunications

Sri G.K. Agarwal, 20-Babar Road, New Delhi—(Nasik-Maharashtra)—Variable Gang Condensers—6 lakh nos.—(NU).

M/s Continental Devices India Ltd; 20-A, Aurangzeb Road New Delhi—(Delhi-Union Territory)—Integrated Circuits & Hybrid Circuits—2 Mill. nos.—(NA).

M/s Semi Conductors Ltd; Radia House, 6, Rampart Row, Fort, Bombay-1—(Poona-Maharashtra)—Integrated Circuits & Hybrid Circuits—2 mill. nos—(NA).

M/s India Motors Ltd; Plot No. 14, Industrial Estate, Ambattur, Madras—(Ambattur-Tamil Nadu)—Variable Gang Condenser—0.6 mill. nos—(NU).

M/s Larsen & Toubro Ltd; Gulab Bhavan (2nd Floor), Bahadur Shah Zafar Marg P.O. Box No. 323, N. Delhi—(Maharashtra)—Connectors—5 lakhs nos—(SE).

Transportation

M/s Anopchand J. Desai, P-39, Mission Road Extn., Calcutta-13—(West Bengal)—Contact Sets—17 lakhs; Rotors—7 lakhs; Condensers—10.50 lakh; Distributors Caps—5.10 lakhs; Switches—1.25 lakh; Ignition Coils—2.00 lakhs; Voltage Regulators—2.40 lakhs; Bendix starter Drive—0.65 lakhs; Solenoid Switches 0.65 lakhs—(NU).

Shri Sarabjit Singh, G-12, N.D.S.E., Part-II, New Delhi-48—(Ambala-Haryana)—Automobile Timing Chains—1,02,500 meters; Transmission Chains—1,40,000 metres; Other Industrial chains—53,750 metres—(NU).

Industrial Machinery

M/s National Machinery Manufacturers Ltd; Stadium House 81-83, Veer Nariman Road, Bombay-20—(Thana-Maharashtra)—Blow Room Machinery—12 lines—(NA).

M/s K.G. Khosla & Co. Pvt. Ltd; 1, Desbhandhu Gupta Road, New Delhi-55—(Faridhabad-Haryana)—High Pressure Air Compressors below 100 cum—100 nos. of different specifications—(SE).

M/s Usha Telehoist Ltd; 14-Princep Street, Calcutta-13—(West Bengal)—Truck Mounted Hydraulic Cranes and its Accessories (excluding manufacture of Truck chassis)—600 nos—(NU).

Lala Shridhar, 20, Ballygunj Park Road, Calcutta-19—(Aurangabad-Maharashtra)—Needle Roller Cages & Bell cages—15 lakh nos.; Shell type Needle Roller Bearings and their assemblies—120 lakh nos.; Needle Roller Bearings & Combined Needle Roller Bearings and their Assemblies—9 lakh nos.; Roller/Needle Bearings for Spin Spindles—5 lakh nos.; Roller/Needle Bearing for Spindle Inserts—3 lakh nos.; Needle Rollers—2,000 lakh nos.—(NU).

Machine Tools

M/s Wesman Engg. Co. Pvt. Ltd; 12, Allenby Road, Calcutta—(Dum Dum-West Bengal)—Industrial Furnaces—worth Rs. 6 crores—(SE).

M/s H.M.T. Bangalore—(Pinjore-Haryana)—Verticale Machining Centre—50 nos.; Modula Machining Centre—20 nos.—(NA)

Engineering Industries

Shri Dharam Das Jain, 154, Ansari Road, Muzaffarnagar—(Muzaffarnagar-U.P.)—Hand Tools—3,000 tonnes—(NU).

M/s Kuldip Singh Mukraja, c/o M/s. Sohinder Singh & Bros; Hauz Qazi, Delhi-6—(Punjab)—Forged Hand tools—2,500 tonnes—(NU).

Shri L.N. Mittal, 24-Alipore Road, Calcutta-27—(Hooghly-West Bengal)—Hand tools & Small Tools, such as :—Spanners—1,500 tonnes; Wrenches—1,000 tonnes; Pliers—250 tonnes; Other Hand tools—250 tonnes; Total :—3,000 tonnes—(NU).

M/s. Central Industrial Alliance Pvt. Ltd; Industrial Assurance Bldg; Church Gate, Bombay-20—(Aurangabad-Maharashtra)—Safety Razor Blades—250 mill. nos. after expansion—(SE).

Industrial Instruments

M/s. Bijon Nag, 5/IA, Keyatalla Road, Calcutta-29—(West Bengal)—Press Tools & Dies including Fine Blanking tools—Rs. 60 lakhs.; Fine blanked Components primarily for Electronics and Electronic industries & automobile, aeronautical, defence production & electrical industries—Rs. 140 lakhs—(NU).

Chemicals

The Tamil Nadu Industrial Development Corpn. Ltd; 150-A, Anna Salai, Madras-2—Tamil Nadu—A.B.S. Resins—2,000 tonnes—(N.U.)

M/s. Satish C. Anand, Mahalaxmi Chambers, 3rd Floor, Bhulabhai Desai Road, Bombay-26—(Maharashtra/Gujarat)—Vinyl Pyridine Latex—750 tonnes. Latices 2000/2108—750 tonnes—(N.U.)

Shri Nirmal Chandra Mandal, 1/4, Central—Avenue, A-Zone, Durgapur-4—(Bankura-West Bengal) Sulphuric Acid—15,000 Tonnes. Ferric Alum—15,000 tonnes Aluminium Sulphate/Magnesium Sulphate—2,500 tonnes; Zinc Sulphate—2,500 tonnes, Alum Pure—500 tonnes—(N.U.)

M/s. Fenner, Cockill Ltd; Pandyan Building, West Vali Street, Madurai—(Madurai-Tamil Nadu)—Synthetic Rubber Cots & Synthetic Rubber Aprons—1,98,000 running meters—(S.E.)

M/s. Dicy Melamine & Resins (India) Ltd; 3, Krishna Mahal, 125, Netaji Subhas Road, Bombay-20—(Tarapore-Maharashtra)—Dicyandiamide—3,600 tonnes—(N.U.)

M/s. Indian Metals & Ferro Alloys Ltd; P.O. Rusulgarh, Bhubaneswar-6—(Koraput-Orissa)—Calcium Carbide—20,000 tonnes p.a.—(N.A.)

M/s. Indo-Burma Petroleum Co. Ltd., Allahabad Bank Building, Apollo Street, Bombay-1 (Rajasthan/UP/Delhi)—Synthetic Detergents—10,000 tonnes p.a. (N.U.)

M/s. Kerala Soaps & Oils Ltd; West Hill, Calcutta-5 (Calicut-Kerala)—Synthetic detergents—10,000 tonnes p.a. (N.U.)

M/s. Andhra Pradesh Indl. Dev. Corpn. Ltd; B-1-174, Fateh Maidan Rd, P.B. No. 13, Hyderabad-4—(Andhra-Pradesh)—Synthetic detergents—10,000 tonnes (N.U.)

M/s. The Andhra Sugars Ltd Venkatarayapuram, Post Box No. 2, Tanuku. (Tanuku Andhra-Pradesh) Caustic Soda—46,200 tonnes p.a. (S.E.)

Shri D.P. Goenka, 17, Belvedere Road, Calcutta-27—(Goa)—Caustic Soda—33,000 tonnes. (N.U.)

M/s Kanoria Chemicals & Industries Ltd; 9, Braboure Road, Calcutta-1—(Renukoot-U.P.)—Caustic Soda 66,000 tonnes p.a. (S.E.)

M/s. Hindustan Insecticides Ltd; E-3, Defence Colony, Ring Road, New Delhi—(Delhi-Union territory)—Caustic Soda 16,500 tonnes. p.a.—(N.U.)

M/s. Hindustan Organic Chemicals; Rasayani, (Distt: Kolaba, Mahrastra—(Mahrastra)—Caustic Soda—33,000 tonnes —(N.U.)

M/s. Punjab State Industrial Development Corpn. Ltd; United Commercial Bank Bldg; Post Box No. 81, Chandigarh—(Punjab)—Caustic Soda—30,000 tonnes. p.a.—(N.U.)

M/s. Rajasthan State Indl. Dev. Corpn. Ltd; 100, Jawaharlal Nehru Marg, Jaipur-4—(Rajasthan)—Caustic Soda—16,500 tonnes. p.a.—(N.U.)

The Industrial Development Corpn. of Orissa Ltd; Post Box No. 78, Bhubaneswar-I—(Orissa)—Caustic Soda—33,000 tonnes p.a.—(N.U.)

M/s. Haryana State Industrial Development Corpn., Bank of India Building, P.B. No. 22, Sector-17, Chandigarh—(Haryana) Caustic Soda—33,000 tonnes p.a.—(N.U.)

M/s. Hindustan Insecticides Ltd; E-3, Defence Colony, Ring Road, New Delhi-24—(Kerala)—Caustic Soda—16,500 tonnes p.a.—(N.U.)

M/s. The Development Corpn. of Konkan Ltd; Bombay Life Building, 5th Floor, 45, Veer Nariman Road, Bombay (Maharashtra)—Caustic Soda—33,000 tonnes—(N.U.)

The Anglo French Drug Co. (Eastern) Ltd; 28, Tardeo Road, Bombay-34—(Bombay-Maharashtra)—Amylobarbitone Sodium Tablets—20 lakhs p.a.; Amylodarbitone Sodium Injections—1000 litres p.a.; Phenytoin Sodium tablets—20 lakhs nos. p.a.; Phenytoin Sodium Injections—1000 litres.; Pelymixin B. Sulphate Injections—250 litres.; Lavodopa tablets—2.50 lakhs p.a.—(N.A.)

M/s. Ranbaxy Laboratories Pvt. Ltd; Okhla, New Delhi-20 —(Delhi-Union Territory)—Pentazocaine Injection—8.5 lakh nos (3200 litres p.a.); Pentazocaine Tablets—13 lakh tablets p.a.—(N.A.)

M/s. Chemical Industrial & Pharmaceutical Labs. Ltd; 289, Bellasis Road, Byculla, Bombay-8—(Bombay-Maharashtra)—Norgesic Tablets-50 lakhs p.a.; Ciploric Tablets-50 lakhs p.a.; Ciplactin tables-100 Lakhs p.a. (N.A.)

M/s. Sandoz (India) Ltd; Sandoz House, Dr. A.B. Road, Worli, Bombay-18—(Bombay-Maharashtra)—Quinalphos Technical-200 tonnes. p.a.—(N.A.)

M/s. Chemical Industrial & Pharmaceutical Labs. Ltd; 289, Bellasin Road, Byculla, Bombay-8—(Bombay-Maharashtra)—Ciplin Tablets (80 mg Trimethoprim & 400 mg. Sulphamethoxazole)—50 lakh tablets p.a.—(N.A.)

M/s Chemical Industrial & Pharmaceutical Labs. Ltd; 289, Bellasin Road, Byculla, Bombay-8—(Bombay-Maharashtra)—Trimethoprim—500 Kgs; Sulphamethoxazole—2.5 tonnes —(NA).

Textiles

M/s Gokak Mills Ltd; Forbes Building, Home Street, Bombay-1—(Belgaum-Mysore)—100—Automatic imported looms for the manufacture of Cotton, Canvas & Duck—(SE).

The Maharashtra State Powerlooms Corporation Ltd; Lotus House, 33-A, New Marine Lines, Bombay-20—(Malegaon-Maharashtra)—25,000 spindles—Cotton Yarn—(NU).

The Maharashtra State Powerlooms Corporation Ltd; Lo-

tus House, 33-A, New Marine Lines, Bombay-20—(Bhiwandi-Maharashtra)—25,000 spindles—Cotton Yarn—(NU).

The Maharashtra State Powerlooms Corpn. Ltd; Lotus House, 33-A, New Marine Lines, Bombay-2—(Dhulia-Maharashtra)—25,000 spindles—Cotton Yarn—(NU).

The Maharashtra State Powerlooms Corpn. Ltd; Lotus House, 33-A, New Marine Lines, Bombay-2—(Khanapur-Sanghli-Maharashtra)—25,000 spindles—Cotton Yarn—(NU).

M/s Delhi Cloth & General Mills Co. Ltd; Textile Division, Bara Hindu Rao, Delhi-6—(Delhi-Union Territory)—Cotton Yarn—7,480 spindles—(SE).

Food Processing Industries

M/s J. Shanti Nath & Co., 60/38, Ramjas Road, Karol Bagh, New Delhi-5—(Haryana)—Freeze Dried Fruits & Vegetables & Mushrooms—65 tonnes p.a.—(NU).

M/s Union Carbide India Ltd; 5, Parliament Street, New Delhi—(Visakhapatnam-Andhra Pradesh)—Processed Marine Products—5,000 tonnes of Shrimps 500 tonnes of Fish p.a.—(NA).

Cosmetics & Toilet Preparations

M/s J.K. Soap Mills, Dhab Vasti Ram, (Delhi-Union Territory)—Fatty Acids—3000 tonnes Glycerine—300 tonnes—(NU).

Leather, Leather Goods and Pickers

M/s Vebta Pvt. Ltd; 24-A, Bright Street, Calcutta—(Sargachi-Calcutta-West Bengal)—Finished Leather from Goat & Sheep Skins—3 lakh nos.; Finished leather from cow hides—60,000 nos—(NA).

M/s J.A. Basha & Co., C-A, Nabikhan Subedar Street Periamet, Madras—(Madras-Tamil Nadu)—Finished Leather—1.8 lakh nos. p.a.—(NA).

Glass

Shri Prem Parkash Chandra, P.O. Bara Bahera (Hooghly) West Bengal—(Taluja-Maharashtra)—Glass Tubes & Rods—2,400 tonnes p.a.—(NU).

Cement and Gypsum Products

M/s Bagalkot Udyog Ltd; Air India Building, 14th Floor, Nariman Point, Bombay-1—(Bagalkot-Bijapur-Mysore)—Portland Cement—4.50 lakh tonnes p.a.—(SE).

Shri V.T. Magadi, The Nagargali Cement Co. Ltd; Vidya nagar, Hubli-21—(Nagargali-Khanapura-Belgaum-Mysore)—Portland Cement—4 lakh tonnes p.a.—(NU).

Miscellaneous Industries

M/s West Bengal Industrial Development Corpn. Ltd; 23-A Netaji Subhas Road, Calcutta—(West Bengal)—Cigarettes—4,500 million pieces p.a.—(NU).

Changes in Names of Owners or Undertakings

(Information pertains to particular licences only)
(for the month of October 1973)

From M/s Telefunken India Ltd; G-4, N.D. South Extension-I, New Delhi-49 to M/s Telesound India Ltd.

From Shri Suresh Chandra Goyal New Delhi to M/s Goya Gases Pvt. Ltd.

From M/s Mysore State Agro-Industries Corpn. Ltd; Bellary Road, Hebbal, Bangalore to M/s Karnataka State Agro Corpn. Products Ltd.

M/s Nava Bharat Enterprises Pvt. Ltd; 910, Dinabad Estate Tilak Road, Hyderabad to M/s Nav Bharat Tobacco Co. Ltd.

From Marghreta Group Coal Mines, P.O. Marghreta, Assam to M/s Coal Mines Authority Ltd.

From M/s Associated Engineering Works Ltd; Kashmere Gate, New Delhi to M/s AEW Janson Ltd.

M/s Enamelled Wires Ltd; Khanna Construction House, 44-A, Gaffar Khan Road, Worli, Bombay-18 to M/s Enamelled Wires Limited.

Licences. Revoked or Surrendered

(Information pertains to particular licences only)
(for the month of October 1973)

M/s Srivastva Exporters, "Siva Sundar", Thangal Pattal, Madras-41—Components for and Sub-Assemblies of Internal Combustion Engines & Motor Cycles.

Letters of Intent Revoked, Rejected, Cancelled, Lapsed or Withdrawn

(Information pertains to particular letter of intent only)
(For the month of October 1973)

M/s Gannan Dunkerley & Co Ltd; Post Box No. 1547, Chartered Bank Building, Fort, Bombay-1—Dairy Machinery.

M/s Orient Automotive Products, 24, Chandrappa Mudali Street, Madras—3-Wheeler Scooters.

M/s U.P. Poorvanchal Vikas Nigam Ltd; 242, Kandhari Bazar, Faizabad (U.P.)—Scooters.

M/s Industrial Electronics, 8/8-A, Paravati Industrial Estate, New Sun Mill Compound, Lower Parcel, Bombay-13—Carbon Film Resistors & Electrolytic Capacitors.

M/s Kothari (Madras) Ltd; Kothari Building, Post Box No. 3302, Nungambakkam High Road, Madras-34—Electrolytic Capacitors & Trimmers.

Shri Vivek N. Bhaskar, Ishwer Nagar, New Delhi—Refractories.

M/s Geoffrey Manners & Co Ltd; Magnet House, Ballard Estate, Bombay—Milk Food for Infants.

M/s Kant & Co. (P) Ltd; 15, Clive Row, Calcutta—Milk Food for Infants.

M/s New Field Engg. Co. 702, Yashkamal, Sayaji Gunj, Baroda—5—Dairy Equipment.

Shri N.C. Amin, Ratanganj Building, 138, Rashtrapathi Road, Secunderabad-3—Dairy Machinery & Equipment.

M/s Vasant Engineering Pvt. Ltd; Shree Yamuna Mills Road, Pratapnagar, Baroda—Dairy Equipment.

M/s Ranbaxy Laboratories Ltd; Okhla, New Delhi—Diazepam, etc.

M/s Sandoz (India) Ltd; Sandoz House, Dr Annie Besant Road, Worli, Bombay—Sodium Gluconate & Thiolycolic Acid.

M/s Jain Borthers, 902 Queens Road, Delhi—Clutch Release Thrust Bearings.

Shri Kanshi Ram, J-63, Kirti Nagar, New Delhi—Spark Plugs.

Shni A.V. Reddy, Kalipam (E-Godavari), Andhra Pradesh—Gears for Automobiles.

M/s Lewis & Taylor (P) Ltd; 27-B, Camac Street, Calcutta-16—Rubber Conveyor Belting.

Shri D.N. Ajitsaria, c/o M/s Sudarshan Engg. Pvt. Ltd; 13, Kalbadevi Road, Bombay-2—Aluminium Collapsible Tubes.

Shri Autar Singh Oberoi, No. 1, Sriram Road, Delhi-6—Needle Roller, Bearings, etc.

M/s Kothari Auto Parts Manufacturers Pvt. Ltd; 43 Lamington Road, Bomby-4—Propeller Shafts, etc.

Shri Saroj Kumar Poddar, 'Hong Kong' House, (1st Floor 31, Dalhousie Square, Calcutta—Engine Valves & Guides.

M/s Surendra Export Pvt. Ltd; 101-E, Block, New Alipor Calcutta—Propeller Shafts, etc.

M/s Deepak Industries Ltd; 62, Hazra Road, Calcutta-19—Steering Gears.

Shri B. C. Desai, Matru Chhaya, Ashok Nagar, Kandiv East, Bombay-67—Oil Seals & Gaskets.

Shri Harpreet Singh, Q/2, Jangpura Extn., New Delhi—Propeller Shafts etc.

Shri Sudhir Sareen, 75-E, Himalaya House, Kasturba Gandhi Marg, New Delhi—Fuel Injection Equipment.

M/s Prem Nath Motors Pvt. Ltd; Scindia House, New Dell—Engine Valves.

Shri P. Chandriah, 28-A, Chamiers Road, Madras-28—Propeller Shafts, etc.

M/s L & T Drilling Equipment Ltd; Near Customs House Varsova Creek, Madh, Bombay—Blast Hole Drills & Operating Equipment, Down-the-Hole Hammers, Bits.

Shri G. D. Saraogi, 41, Bungalow Road, Kamla Naga Delhi-7—Castellated Beams, Broad Flanged Beams, T-Section & its connected fabrications & Structural.

M/s Indo Berolina Industries Pvt. Ltd; I.B.J. House, S-8 Andheri Kurla Road, Near Mafal Naka, Bombay-50—Dai Equipment.

Shri Vidur Baskar, Ishwar Nagar, New Delhi—High Alumina Cement.

M/s Essar Constructions & Carriers Ltd; No. 306, Thami Chetty Street, Madras-1—Glass Bulb Shells.

Licences Revoked or Surrendered

(Information pertains to particular licences only)
(for the month of September, 1973)

M/s Consolidated Chemicals India Ltd; Madras—Carb Dioxide.

Letters of Intent Revoked, Rejected, Cancelled Lapsed or Withdrawn

(Information pertains to particular letters of intent only)
(For the month of September 1973)

Shri Shoukat Rai Malhotra, K-82, Hauz Khas Enclave New Delhi—Calcium Carbide.

M/s Indian Machino Enterprise, A-189, Defence Colony New Delhi—Magnetic Tapes.

M/s Nath Bros; 101, Shivaji Road, Meerut—Enamels, Paint & Varnishes.

Shri B. K. Sahni, Flat No. 247, 248, Cecil Annexe, Chou Maidan, Simla—Wheat Products.

M/s New Bemco Engg. Products Ltd; Udyambag Industrial Estate, Belgaum (Mysore)—Plastic Injection Moulding Machine

Shri Kamlesh Kumar Rath, F-74, Hauz Khas Enclave, New Delhi-16—Castellated Beams, Broad Flanged Beams, etc.

COMPANY NOTICES

Hindustan Aluminium Corp. Ltd.

Registered Office: 'CENTURY BHAVAN', Dr. Annie Besant Road, BOMBAY-400025

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Bombay-400020 on Monday the 10th June, 1974 at 4-00 P.M. to transact with or without modifications as may be permissible, the following business:

1. To consider and adopt the Directors' Report, the Audited Balance Sheet and the Profit and Loss Account for the year ended 31st December, 1973.

2. To sanction the declaration of dividend on Preference Shares for the year ended 31st December, 1973.

3. To appoint a Director in place of Shri Nadirshah R. Mulla, who retires from office, by rotation, in accordance with Article 146 of the Articles of Association of the Company, and, being eligible, offers himself for re-election.

4. To appoint a Director in place of Shri Surajmal Mohta, who retires from office, by rotation, in accordance with Article 146 of the Articles of Association of the Company, and, being eligible, offers himself for re-election.

5. To appoint a Director in place of Shri B.D. Goenka, who retires from office, by rotation, in accordance with Article 146 of the Articles of Association of the Company, and, being eligible, offers himself for re-election.

6. To appoint a Director in place of Shri T.C. Saboo, who retires from office, by rotation, in accordance with Article 146 of the Articles of Association of the Company, and, being eligible, offers himself for re-election.

tion of the Company, and, being eligible, offers himself for re-election.

7. To appoint Shri B.L. Tholiya of M/s Tholiya & Co., Bombay as Cost Auditor under Section 233-B of the Companies Act, 1956, to conduct an audit of cost accounts in respect of Alumina, Aluminium and Aluminium products of the Company for the year ending 31st December, 1974 and to fix his remuneration.

8. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTICE is also given that the Register of Members and Transfer Books of both Equity and Preference Shares of the Company will remain closed from 17th April, 1974 to 7th May, 1974, both days inclusive.

By Order of the Board of Directors
M.K. JAIN,
Secretary

Bombay
Dated the 2nd day of April, 1974.

N.B.: (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(2) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of item No. 7 set out above is being posted to

the Shareholders along with the notice of the aforesaid Meeting.

(3) Dividend on Preference Shares when sanctioned will be made payable on and after 12th June, 1974 to those Shareholders whose names stand on

the Register of the Company as on 7th May, 1974 to whom Dividend warrants will be posted.

Shareholders are requested to intimate to the Company changes, if any, in their registered addresses.

Bharat Commerce and Industries Limited

NOTICE

OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Bharat Commerce and Industries Limited, will be held at "Raja Room", Hotel Imperial, Janpath, New Delhi-110001 on Monday, the 3rd day of June, 1974 at 11 A.M. to transact the following business:

Ordinary Business:

(1) To receive and if approved, adopt the Reports of the Board of Directors and of the Auditors, the Audited Balance Sheet as at 31st December, 1973 and the Profit and Loss Account for the year ended on that date.

(2) To appoint a Director in place of Shri S.M. Dahanukar, who retires by rotation and being eligible offers himself for re-appointment.

(3) To appoint a Director in place of Shri R.L. Binani who retires by rotation and being eligible offers himself for re-appointment.

(4) To appoint a Director in place of Shri D.K. Roy who retires by rotation and being eligible offers himself for re-appointment.

(5) To declare dividends on Preference and Equity Shares.

(6) To appoint Auditors for the current year and fix their remuneration.

Special Business:

To consider and if thought fit

to pass with or without modification the following resolutions:—

7. As Special Resolution

(i) RESOLVED that the decision for shifting the Registered Office of the Company from the Union Territory of Delhi to the State of Madhya Pradesh in pursuance of Special Resolution passed in the extraordinary General Meeting of the Company held on the 12th November, 1973 be treated as superseded and that the Registered Office of the Company be kept in the Union Territory of Delhi, as hitherto before.

(ii) RESOLVED that in view of Special Resolution No. 7 (i) no action be taken for amendment of clause 2 of the Memorandum of Association of the Company and that the Special Resolution No. 2 passed in Extraordinary General Meeting held on 12-11-73 be treated as superseded.

The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, the 14th May, 1974 to 3rd June, 1974 both days inclusive.

By Order of the Board
V.N. PODDAR
Secretary

Dated, the 29th March, 1974.

Regd. & Head Office:
Surya Kiran, 5th floor,
19 Kasturba Gandhi Marg
New Delhi-110001.

NOTES:

(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and

vote instead of himself and a proxy need not be a member.

(2) The proxy should be deposited at the Registered Office of the company not less than FORTYEIGHT hours before the time of the meeting.

(3) The dividends, if declared, will be paid to those members whose names appear in the Register of Members of the Company as on 3rd June, 1974.

(4) The explanatory statement as required by section 173 (2) of the Companies Act, 1956 is being forwarded to the members of the Company alongwith the Notice of the Annual General Meeting.

Bharat Commerce and Industries Limited

NOTICE

NOTICE is hereby given pursuant to Section 154 of the Companies Act, 1956 that the Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 14th May, 1974 to Monday, the 3rd June, 1974 (both days inclusive). The Dividend when declared in the Annual General Meeting scheduled to be held on 3rd June, 1974 at Raja Room, Hotel Imperial, Janpath, New Delhi-110001, shall be payable to those shareholders or their mandatees whose names will appear in the Company's Register of Members as on 3rd June, 1974.

For Bharat Commerce and Industries Ltd.,

V.N. PODDAR
Secretary.

Regd. & Head Office:
Surya Kiran, 5th floor
19 Kasturba Gandhi Marg
New Delhi-110001.

Date, 29th March, 1974.

SUMMER STRIDES

Take the Summer in your stride, with cool comfort at your feet. Beat the heat (not the feet!) —there's a versatile range of Bata sandals and chappals at your service.



IOL continues its advance on the technological front

and here are the facts

*A Centre is being set up in Bombay for the production of a range of gases of ultra high purity and special mixtures for the electronic and other industries. Hitherto these were being imported.

*MIG 400, a more sophisticated form of metal inert gas welding set from IOL, will soon be in the market.

*IOL has won the first 1200 cubic metre/hour Oxygen Plant contract for a mini-steel project of the Maharashtra Government. This is the forerunner of a series to be manufactured by IOL in the near future.

*For the first time in India IOL will produce indigenous tubular hard facing electrodes—"Cobalarc"

*Also for the first time in India IOL has established facilities for producing special purpose automatic welding machines.

Meeting national objectives



RECORDS AND STATISTICS

Wholesale prices

THE OFFICIAL wholesale prices as measured by the official index with the year ended March 1962 as 100) advanced by 3.5 per cent to 271.1 during January, 1974 as against 262.0 for December, 1973. The rise in the all-commodities index has been shared by all the constituent groups. The rise was of the following order: food articles (+4.2 per cent to 313.3), 'liquor & tobacco' (-0.5 per cent to 253.0), 'fuel, power, light & lubricants' (+0.3 per cent to 235.7), 'industrial raw materials' (+4.4 per cent to 321.2), 'chemicals' (+5.8 per cent to 228.5), 'machinery & transport equipment and manufactures' (+4.3 per cent to 195.8) and 'manufactures' (+2.3 per cent to 221.5).

Food articles: The sub-group index for, cereals moved up by 2.8 per cent to 285.7 due to an increase in the prices of all the cereals under this sub-group. 'Pulses' also recorded a rise of 1.7 per cent to 437.2 due to higher prices of gram, arhar and urad. The prices of moong and masoor, however, declined. As a result of an increase in both the above sub-groups, the index for foodgrains went up by 2.6 per cent to 313.2. Higher prices of oranges, bananas and cashewnuts raised the index for 'fruits & vegetables' by 5.5 per cent to 298.3. However, the prices of potatoes and onions receded.

An increase of 5.0 per cent to 303.8 in the index

items in this sub-group. Enhanced prices of all the edible (except vanaspati which showed a slight fall) pushed up the index for 'edible oils' by 9.8 per cent to 382.4. The sub-group index for 'fish-eggs and meat' rose by 6.8 per cent to 469.0 due to an increase in the prices of fish and meat. The price of eggs, however, receded.

for 'milk & milk products' was caused by an advance in the prices of all the

Enhanced prices of sugar, gur, khandhari and confectionery raised the sub-group

index for 'sugar & allied products' by 1.7 per cent to 289.1. The sub-group index for 'other food articles' went up by 0.7 per cent to 209.7 due to an increase in the prices of condiments & spices, tea and coffee. However, the price of betelnuts drifted lower.

Liquor and tobacco: The index for this group move up by 0.5 per cent to 253.0 due to an increase in the prices of raw tobacco.

Index Numbers of Wholesale Prices by Groups & Sub-Groups

(Base 1961-62=100)

Group and Sub-Group	Jan. '74	Dec. '73	Jan. '73	Percentage rise (+) or fall (-) in January '74	
				Over Dec. '73	Over Jan. '73
Food Articles	313.3	300.6	245.5	+4.2	+27.6
Foodgrains	313.2	305.4	255.6	+2.6	+22.5
Cereals	285.7	277.8	235.9	+2.8	+21.1
Pulses	437.2	429.9	344.2	+1.7	+27.0
Fruits & vegetables	298.3	282.7	209.8	+5.5	+42.2
Milk & milk products	303.8	284.2	223.8	+5.0	+35.7
Edible oils	382.4	348.2	252.7	+9.8	+51.3
Fish, eggs & meat	469.0	439.3	312.6	+6.8	+50.0
Sugar & allied products	289.1	284.4	280.6	+1.7	+3.0
Others	209.1	208.2	166.1	+0.7	+26.2
Liquor & tobacco	253.0	251.8	240.7	+0.5	+5.1
Fuel, power light and lubricants	235.7	235.1	184.4	+0.3	+27.9
Industrial raw materials	321.2	307.6	225.3	+4.4	+42.6
Fibres	234.9	232.5	190.7	+1.0	+23.2
Oilseeds	416.9	388.6	262.5	+7.3	+58.8
Minerals	145.0	145.0	138.4	—	+4.8
Others	285.8	283.0	216.1	+1.0	+32.6
Chemicals	228.5	216.0	202.2	+5.8	+13.0
Machinery & transport equipment	195.8	187.7	170.0	+4.3	+15.2
Electrical machinery	188.4	184.4	171.8	+2.2	+9.7
Non-electrical machinery	218.4	208.4	180.6	+4.8	+20.8
Transport equipment	161.4	153.2	149.2	+5.4	+8.2
Manufactures	221.5	216.5	179.5	+2.3	+23.4
Intermediate products	299.7	289.8	218.5	+3.4	+37.2
Finished products	202.5	198.8	170.0	+1.9	+19.1
Textiles	198.8	195.5	169.1	+1.7	+17.6
Cotton manufactures	191.8	191.2	166.5	+0.3	+15.2
Jute manufactures	219.9	204.4	185.8	+7.6	+18.4
Silk & rayon manufactures	163.1	166.0	126.9	-1.7	+28.5
Woollen manufactures	324.7	324.7	212.0	—	+53.2
Coir mats & matings	201.4	201.4	194.6	—	+3.5
Metal products	249.5	246.9	199.2	+1.1	+25.3
Non-metallic products	197.4	193.5	161.1	+2.0	+22.5
Chemical products	182.3	175.3	156.7	+4.0	+16.3
Leather products	111.5	110.6	100.1	+0.8	+11.4
Rubber products	163.5	163.5	159.3	—	+2.6
Paper products	151.8	151.8	137.3	—	+10.6
Oilcakes	384.4	366.8	278.3	+4.8	+38.8
Miscellaneous products	133.8	133.8	124.4	—	+7.6
All commodities	271.1	262.0	213.5	+3.5	+27.0

Source: Office of the Economic Adviser, Ministry of Indus

cants: The index for this group also registered a rise of 0.3 per cent to 235.7 owing to an advance in the prices of lubricating oil. The price of castor oil, however, recorded a fall.

Industrial raw materials: The sub-group index for 'fibres' registered a rise of 1.0 per cent to 234.9 due to an advance in the prices of raw cotton, raw wool and raw silk. The prices of jute raw and mesta and coir fibre however receded. 'Oilseeds' recorded a sharp rise of 7.3 per cent to 416.9 due to an increase in the prices of almost all the oilseeds (except castorseed which fell).

'Minerals' stood stationary at their previous month's level of 145.0. Higher prices of tanning materials and lac raised the sub-group index for 'other industrial raw materials' by 1.0 per cent to 285.8. The prices of raw hides and raw skins, however, declined.

Chemicals: The index for this group went up by 5.8 per cent to 228.5 owing to an advance in the prices of caustic soda. Soda ash, sulphuric acid, sodium hydrosulphite, calcium carbide and carbon dioxide.

Machinery & transport equipment: The sub-group index for electrical machinery rose by 2.2 per cent to 188.4. The sub-group index for 'non-electrical machinery' advanced by 4.8 per cent to 218.4 due to an increase in the prices of tools and implements, machinery other than electric and textile stores. Transport equipment sub-group also witnessed a rise of 5.4 per cent to 161.4 due to an advance in the prices of both vehicles and cycles.

Manufactures: Manufactures group comprising of (a) intermediate products and (b) finished products moved up by 2.3 per cent to 221.5.

(a) **Intermediate products:** The index for intermediate products registered a rise of 3.4 per cent to 299.7 owing to an increase in the prices of ray-

on yarn, coir yarn, leather, brass sheets, copper sheets, lead and linseed oil. The prices of cotton yarn, zinc and tin; however, receded.

(b) **Finished products:** Enhanced prices of jute manufactures (+7.6 per cent to 219.9) and cotton manufactures (+0.3 per cent to 191.8) pushed up the index for textiles by 1.7 per cent to 198.9. The prices of silk and rayon manufactures (-1.7 per cent to 163.1), however, declined.

The prices of woollen manufactures and coir mats and mattings remained unchanged at their previous month's levels of 324.7 and 201.4 respectively. Metal products rose by 1.1 per cent to 249.5 due to an advance in the prices of iron and steel manufactures. The sub-group index for 'non-metallic products' moved up by 2.0 per cent to 197.4 owing to an increase in the price of cement, bricks and tiles and lime.

Enhanced prices of fertili-

sers, paints and varnishes and dyeing materials pushed up the index for 'chemical products' by 4.0 per cent to 182.3. Leather products moved up by 0.8 per cent to 111.5. Oilcakes advanced by 4.8 per cent to 384.3. The sub-group indices for rubber products paper products and miscellaneous products stood stationary at their previous month's levels of 163.5, 151.8 and 133.8 respectively. On the whole, the index for 'finished products' rose by 1.9 per cent to 202.5 during the month under review.

Index Numbers of Security Prices—All India

(Base: 1970-71=100)

Week ended	1973		1974				
	April 7	Mar. 9	Mar. 16	Mar. 23	Mar. 30	April 6	
Government and semi-government securities							
Government of India	98.8	98.8	98.8	98.8	98.8	98.4	
State govts.	98.4	98.4	98.4	98.4	98.4	97.8	
Semi-government institutions	99.9	99.8	99.8	99.8	99.8	99.8	
Debentures	100.6	100.8	100.8	100.8	100.8	100.8	
Preference shares	97.7	97.0	97.0	97.0	96.9	96.8	
Ordinary shares	93.6	94.5	94.5	94.1	94.0	93.9	
Tea plantations	103.4	127.5	127.3	126.2	125.4	126.4	
Cotton textiles	96.6	103.1	107.7	113.7	113.2	113.1	
Jute textiles	105.1	156.4	155.4	153.3	151.6	152.1	
Silk, woollen and rayon textiles	106.1	186.9	185.5	184.5	181.9	178.6	
Iron and steel	119.7	148.2	147.8	146.3	145.2	146.5	
Aluminium	57.3	71.4	71.6	68.9	67.7	67.4	
Transport equipment	72.1	81.2	79.9	80.2	79.2	79.1	
Electrical machinery, apparatus, appliances etc.	83.8	97.0	96.6	94.6	94.4	97.4	
Chemical fertilisers	111.7	129.7	128.9	129.4	128.0	129.3	
Other basic industrial chemicals	143.0	196.2	195.2	190.0	188.2	191.5	
Cement	110.9	126.5	126.3	124.5	124.1	125.5	
Paper and paper products	96.4	106.5	106.2	107.3	105.7	106.4	
Rubber and rubber products	106.8	157.2	156.8	157.5	156.9	158.0	
Electricity generation and supply	91.1	118.3	118.1	117.6	117.7	117.3	
Shipping	78.8	85.9	85.9	85.7	85.4	85.9	
	112.0	149.6	147.4	145.4	146.7	151.0	

Source: Reserve Bank of India.

Reserve Bank of India (Rs lakhs)

	April 5, 1974	A week ago	A month ago	A year ago
Issue Department				
Notes held in banking department	2,76	33,14	14,74	19,13
Notes in circulation	6,268,38	6,126,54	6,105,61	5,419,36
Total notes issued	6,271,14	6,159,68	6,120,35	5,438,49
Gold coin and bullion	182,53	182,53	182,53	182,53
Foreign Securities	141,74	141,74	101,74	171,65
Rupee coin	1,79	5,07	5,74	4,96
Government of India rupee securities	5,945,08	5,830,34	5,830,34	5,079,35
Banking Department				
Deposits of central government	66,00	140,47	55,75	164,99
Deposits of state government	21,87	19,39	5,34	5,65
Deposits of banks	666,47	629,50	665,32	262,59
Other deposits	123,28	129,68	122,29	75,14
Other liabilities	1,394,57	1,447,78	1,332,56	1,104,48
Total liabilities or assets	2,272,19	2,366,82	2,181,26	1,612,85
Notes and coins	2,83	33,21	14,81	19,21
Balances held abroad	366,35	388,14	361,91	209,34
Loans and advances to				
State governments	244,78	237,56	230,76	220,25
Scheduled commercial banks	378,16	408,52	298,64	102,38
State co-operative banks	292,81	317,36	338,52	303,65
Other loans and advance	197,01	196,88	196,86	128,67
Bills purchased and discounted				
Internal	262,43	256,79	222,57	28,64
Government treasury bills	102,30	141,75	194,88	143,45
Investments	335,96	294,17	241,33	403,63
Other assets	89,55	92,46	80,97	53,63

Scheduled Commercial Banks (Rs lakhs)

	April 5, 1974	A week ago	A month ago	A year ago
Demand deposits	4,327,37	4,255,70	4,245,00	3,741,47
Time deposits	5,772,70	5,831,83	5,847,40	4,920,02
Aggregate deposits	10,100,07	10,087,53	10,092,40	8,661,49
Borrowings from Reserve Bank	378,17	408,52	298,64	102,38
Cash	247,08	248,27	249,14	227,22
Balances with Reserve Bank	647,47	609,70	648,37	245,96
Cash and balances with Reserve Bank	894,55	857,97	897,51	473,18
Investments in government securities	2,374,02	2,364,90	2,367,80	2,230,79
Advances	5,988,06	5,925,48	5,826,25	4,985,57
Inland bills purchased and discounted	1,032,17	996,31	978,89	877,08
Foreign bills purchased and discounted	369,25	354,40	344,48	247,83
Total bank credit	7,389,48	7,276,19	7,149,62	6,110,48
Percentage of				
(7) to (3)	8.86	8.51	8.89	5.46
(8) to (3)	23.50	23.44	23.46	25.76
(12) to (3)	73.16	72.13	70.84	70.55

Source: Reserve Bank of India

Money Supply with the Public (Rs crores)

Week ended	1973		1974**				
	Mar. 30	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	
Money supply with the public	9,412	10,644	10,760	10,769	10,757	10,750	
Currency with the public	5,443	6,193	6,303	6,364	6,333	6,323	
Other deposits with the Reserve Bank	51	89	86	44	39	46	
Bank money	3,918	4,362	4,371	4,361	4,385	4,381	
Factors affecting money supply							
1. Net Bank credit to government Sector (1+2+3+4-5-6)	7,741	8,704	8,792	8,711	8,756	8,695	
(a) Reserve Bank's credit to government sector	5,494	6,249	6,333	6,267	6,301	6,240	
(b) Bank's credit to government sector	2,247	2,455	2,459	2,444	2,455	2,455	
2. Net bank credit to commercial sector	2,545	2,674	2,769	2,815	2,866	2,929	
Of which Banks* net credit to							
Commercial sector (a-b)	2,280	2,158	2,241	2,271	2,313	2,367	
(a) Claims on commercial sector	7,382	8,285	8,385	8,396	8,443	8,496	
(b) Non-monetary liabilities of banks	5,102	6,127	6,144	6,125	6,130	6,129	
3. Net Foreign Exchange assets of banking sector	570	650	652	613	643	678	
4. Government's net currency liabilities to the public	456	489	492	493	493	491	
5. Net Non-Monetary liabilities of the Reserve Bank	1,212	1,339	1,325	1,345	1,383	1,429	
6. Residual	688	534	620	518	618	614	

**Provisional

*Excluding Reserve Bank

Source: Reserve Bank of India.

Consumer Price Index Numbers for Industrial Workers

Centre	1965-	1967-	1968-	1969-	1970-	1971-	1972-	1973							
	66	68	69	70	71	72	73								
								Dec.	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
(Base: 1949=100)															
All-India	169	213	212	215	226	233	251	255	283	295	300	301	309	315	316
(Base: 1960=100)															
All-India	—	—	174	177	186	192	207	210	233	243	247	248	254	259	260
Ahmedabad	130	168	165	169	176	151	198	207	230	236	233	242	243	257	262
Alwaye	145	183	198	197	198	202	215	217	260	275	287	273	273	275	246
Asansol	140	168	176	187	189	194	206	206	226	234	241	244	255	256	..
Bangalore	144	172	180	183	186	194	212	221	247	250	258	275	275	273	274
Bhavnagar	132	173	176	178	186	194	217	228	256	266	265	266	277	285	289
Bombay	130	162	167	175	182	190	203	204	230	235	227	228	228	236	238
Calcutta	131	163	170	172	182	187	197	200	213	217	220	222	240	237	238
Coimbatore	132	151	147	154	163	177	189	183	204	210	211	212	214	223	226
Delhi	136	172	178	185	199	211	222	224	250	256	259	264	272	274	271
Digboi	138	198	185	180	189	188	198	201	222	232	232	230	230	242	252
Gwalior	139	191	179	184	191	197	214	217	249	264	265	258	272	275	280
Howrah	137	178	181	176	186	191	206	209	219	229	225	234	249	251	252
Hyderabad	140	167	173	185	189	195	211	215	205	255	253	247	249	249	257
Jamshedpur	136	183	171	170	183	187	202	200	229	258	249	244	254	254	259
Madras	134	151	150	160	170	182	203	211	221	226	226	224	226	231	233
Madurai	128	146	148	162	183	193	206	219	221	228	231	237	237	247	248
Monghyr	151	215	185	188	203	204	225	221	256	264	264	278	298	305	..
Mundkayam	138	173	186	191	197	199	210	214	253	267	279	269	266	274	266
Nagpur	138	164	166	176	187	192	203	205	220	259	260	261	260	279	278
Sabaranpur	141	188	176	181	186	196	213	215	232	241	246	243	256	263	..
Sholapur	128	165	167	176	185	198	216	229	259	281	276	281	279	282	298

Source: Labour Bureau, Govt. of India

Consumer Price Index Numbers for Urban Non-Manual Employees

Centre	1965-	1967-	1968-	1969-	1970-	1971-	1972-	1973							
	66	68	69	70	71	72	73								
								Oct.	May	June	July	Aug.	Sept.	Oct.	
(Base: 1960 = 100)															
All-India	132	159	161	167	174	180	192	194	207	211	216	218	219	223	
Bombay	132	153	156	162	168	172	183	186	201	206	208	202	200	202	
Delhi-New Delhi	131	154	162	168	174	180	190	190	198	205	208	215	217	219	
Calcutta	126	152	156	162	170	174	180	184	189	193	197	199	202	210	
Madras	133	154	154	161	175	188	204	204	218	222	224	228	226	229	
Hyderabad-Secunderabad	133	155	159	167	174	180	195	196	218	216	220	222	221	223	
Bangalore	133	156	160	164	172	180	194	193	212	215	220	223	232	233	
Lucknow	132	159	156	161	166	174	185	186	198	202	207	215	214	220	
Ahmedabad	131	160	162	168	171	173	188	187	212	218	221	215	220	224	
Jaipur	133	162	168	176	183	188	205	206	221	227	233	246	244	252	
Patna	139	170	174	180	191	190	199	201	209	216	219	224	224	229	
Srinagar	134	160	167	174	184	191	191	200	205	206	209	213	211	215	
Trivandrum	131	165	168	172	178	183	198	198	213	218	225	230	228	230	
Cuttack-Bhubaneswar	142	164	167	169	176	184	196	200	206	208	214	216	218	228	
Bhopal	133	166	166	172	180	188	204	206	215	224	233	237	242	243	
Chandigarh	129	155	164	171	178	183	194	194	200	206	209	217	219	221	
Shillong	123	155	163	164	166	175	183	185	191	196	202	208	205	208	

Source: C.S.O.

Striking at the strike

So THE railway strike is on. Only those who sought to deceive the country or perhaps wished to deceive themselves could have gone about saying even past the zero hour that a negotiated agreement was possible. It was clear early enough that trade union adventurism collaborating and conspiring with political opportunism was determined to ensure that the government more or less signed on the dotted line under the coercive threat of a body-blow at the nation's transport system. It is therefore all the more surprising that seemingly responsible newspapers in the country chose to criticize the government for arresting and keeping under detention Mr George Fernandes, convener of the National Coordination Committee for Railwaymen's Struggle, and other union leaders on the eve of the strike. The argument that the government was guilty of bad faith in acting thus, while the negotiations were still going on, cannot stand a moment's scrutiny since the government is entitled and is indeed bound to act on such evidence as it might have had of the lack of *bona fides* of Mr Fernandes and his colleagues.

It is the Railway minister's contention that there is sufficient proof that the strike leaders were not serious about the negotiations but were working for a showdown in defiance of the government's notification that a railway strike would be illegal and that those who involved themselves in it would be liable to prosecution. Mr L.N. Mishra has also stated that it is within the government's knowledge that the persons who have been taken into custody have been guilty of inciting railway employees to prepare themselves for disrupting the working of the railways, if necessary through acts of violence including sabotage. It is not implied here that the Railway minister's accusations must necessarily be taken at their face value. Indeed there is provision in the law of the land for the government having to satisfy the courts that there are reasonable grounds for keeping under detention the arrested strike leaders. This being the case it just does not stand to reason that editors of newspapers should take it upon themselves to pronounce on the specific merits of the government's action. On the contrary, on the broad basis that it is after all the responsibility of the government to maintain law and order and ensure the functioning of vital community services, New Delhi is surely entitled to public understanding and support of the measures which it may feel to be necessary not only for dealing with an emergency after it has arisen but also in anticipation of this eventuality. In this particular case the government certainly has a right to give a long enough rope to strike leaders to hang themselves with, but it is certainly under no obligation to allow them a rope so long that they could hang the country with it.

On several occasions in the past Mrs Gandhi's administration had been justly criticized in the press as well as elsewhere in the country for failing to deal firmly with attempts at fostering industrial unrest at the expense of the community or otherwise disrupting the proper running of the national economy. Not very long ago when a welcome change of attitude on the part of the government revealed itself and the management of the Indian Airlines was permitted to stand firm and restore some balance and discipline in the working of the airlines, the entire country heaved a sigh of relief not so much because one particular industrial dispute was properly handled as because this was taken as an indication that the government would in future deal equally strongly with other similar attempts to advance exorbitant sectional demands or interests to the disadvantage of the country as a whole. Subsequently when the Health ministry, faced with a strike by medical personnel in government hospitals, declined to accept unreasonable demands under duress, public opinion felt once again reassured that the government had made up its mind to give precedence to the national interest in such cases. The railway strike has confronted New Delhi with perhaps the decisive test of this new attitude or policy. It would surely have been a tragedy had the government quailed and thus failed in the test. What is surprising, therefore, is that newspapers, which boastfully describe themselves as "national", should have been unable to show at least that much sense of responsibility as may be expected to go with their sizes or revenues and, instead, should have taken up the ridiculous position that Fernandes free somehow means very much more than the stakes which many millions of men, women and children in our country have in the maintenance of basic public utilities.

Opposition groups and politicians in Parliament or outside have no doubt been grossly exploiting the situation to embarrass the government or add to its difficulties. This is certainly most deplorable but, given the nature of party politics in our country, it is perhaps unavoidable. Some good may come out of this exhibition of irresponsibility by the opposition provided the ruling party has the gumption to draw the lesson that it cannot rely on the cooperation of other political parties even in times of a national crisis unless, in more ordinary times, it is willing and able to

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cultivate seriously and sincerely the democratic virtue of governing with the active consent and participation of the various elements in our political life. The scenes witnessed in Parliament whenever the issue of the railway strike has been coming up have clearly demonstrated the limits to the effective authority of a parliamentary majority. This majority may no doubt enable the government to put through its policies and programmes

formally, but it does not necessarily ensure that the government's credibility always remains intact in the process.

It is however equally true that opposition groups or politicians also do not enjoy unlimited scope for irresponsible conduct where vital public issues are concerned. On the present occasion, for instance, public opinion should have already identified those politicians or political

group leaders who have no inhibitions at all in fishing in the troubled waters of the railway strike. To the extent these political influences have exposed themselves to the critical appraisal of the people, the chances of the nation's political health improving in the future have become so much brighter. Surely the electorate is not going to forgive easily those representatives of the people who, by their words or actions in Parliament, have shown

Bharat Ram on the strike

"Sectional interests must be subordinated to the national interest; the latter is supreme", declared Dr Bharat Ram when he was interviewed by me here on Wednesday over the railway strike.

The next two or three years, Dr Bharat Ram felt, were going to be very difficult for our economy. If sectional interests continued to be accommodated, we would only be getting into a vicious circle, he observed.

The railwaymen's strike, Dr Bharat Ram pointed out, could be expected to have an "unimaginably harsh" impact not only on the economy in the abstract but also on the daily life of the general public. He appealed to railwaymen—a big section of whom, he felt, was not interested in disrupting the operations of railways—that they should not hinder the movement of essential commodities. Otherwise, the result would be a sharp rise in prices in some areas and accumulation of stocks in others. Both these developments would cause acute distress to all sections of the community, including the railwaymen themselves.

Dr Bharat Ram deplored the fact that both the press and the opposition seemed to have a bias against the government. They were only interested in criticising whatever the government did. Had the government shown leniency towards railwaymen and fully accepted their demands, he felt confident, it would have been taken to task as severely as it has been for the firm stand it has taken for dealing with the situation.

Dr Bharat Ram agreed that in a democratic set-up, both the opposition and the press had a great role to play. They must keep the government on the alert. They must also act as the watchdogs

of the consumer. But they ought not to have a negative approach and always criticise the government.

Dr Bharat Ram was glad that the government had adopted the correct approach towards railwaymen's strike. He only hoped that it would not yield to pressures. The present railwaymen's strike, he emphasised, was more a political confrontation between the ruling party and the opposition than an industrial dispute. While the government, Dr Bharat Ram hoped, would not yield to pressure tactics, he at the same time desired that it should not be vindictive. The legitimate grievances of railwaymen should be sympathetically considered so that confidence of people is restored in the government.

Labour, Dr Bharat Ram stressed, ought not to clamour for 100 per cent compensation for rise in prices. Everybody, he pointed out, had to undergo some sacrifice. On the bonus issue, his opinion was that it was an entirely wrong principle to award bonus when a concern did not make profit. He even wanted the very concept of bonus payment to be abolished. Instead, he said, there should be periodic wage contracts between employers and employees. The emolument of every one in an organisation should be governed by specific terms and conditions. On the question of parity of wages between railwaymen and the employees of public sector concerns, Dr Bharat Ram observed that there had to be some differentiation between the emoluments in production enterprises and service undertakings.

Dr Bharat Ram complained that the Industrial Disputes Act had practically become defunct as every industrial dispute was being sought to be decided at the political level.

A clear indication of this, he pointed out, was that whereas the number of industrial disputes was going up, the number of cases referred to the adjudication machinery was progressively going down.

Dr Bharat Ram wanted responsible labour leaders to sit down and evolve a machinery for the settlement of industrial disputes without resort to strikes. He emphasised in this regard the need for employers adopting a more sympathetic attitude towards the difficulties and grievances of employees and taking advance action so that they were redressed before they developed into industrial disputes.

As the national interest was supreme, both the workers and the employers, Dr Bharat Ram emphasised, had to exercise great restraint. The government had to see that discipline was enforced whether it hurt the workers or the employers. If need be, even laws could be changed. What, of course, mattered was that the laws were to be adhered to in letter as well as spirit.

In the end, Dr Bharat Ram stressed that the government must not allow itself to be bullied. Otherwise, its authority would be undermined. The consequences could well be imagined. In the trying situation in which the country finds itself now, the people, he felt, should decide that work should not stop at any place and at any cost. The opposition as well as the press ought not to show undue sympathy for this or that group of people. Organised labour, though important, is only a small section of the entire community. The interests of the community cannot be allowed to be sacrificed for the demands of a group, however powerful.

—R. C. UMMAT

hat they place their partisan political interests above the right of the community to protect itself against the disruption or destruction of vital public services.

Finally a word seems to be in order about certain less publicized aspects of the railway strike. For instance, when dealing with the railway unions and their demands the government is not merely in the position of a management or an employer; it is also primarily as well as ultimately in the position of a lawfully constituted authority which has the responsibility of maintaining services essential to the life of the community, preserving law and order and safeguarding the security of the nation. The government thus has to take a total view of its obligations to the public when dealing with the railwaymen's strike or even their threat to go on a strike. Secondly, the fact that the railways are in a sense a monopoly means

also that the railwaymen are in a position to exercise monopolistic power vis-a-vis the rest of the community. In terms of this reality it may well become unrealistic in certain situations to talk of a negotiated settlement on terms which are fair to the community. The government may therefore have to decide to use the authority of the state at some point to ensure that railwaymen do not exploit the community through the use of their monopolistic position. It should not take the public long to appreciate these truths and, should the strike unfortunately become prolonged, the people may be relied upon to show more wisdom than leaderwriters in the press or display more of a sense of responsibility than certain politicians or political groups and rally unreservedly to the support of the government in restoring normal conditions on railways as early as possible.

Triumphant in Tehran?

BOTH THE Shah of Iran and the prime minister of India have tremendous egos. It is clear that the latter's visit to the former has been conspicuously successful in catering for the sense of self-importance of either. What else Mrs Gandhi's latest trip abroad may have achieved is a question which certainly needs to be carefully studied. Thanks to Jawaharlal Nehru, this country had gathered, even before his daughter became prime minister, abundant and varied experience of summit meetings promising more than they were ever able to perform. It is therefore right that nothing should be taken for granted and that the latest round of Indo-Iranian talks should be objectively considered in their implications and possibilities. This is especially important since friendly and cooperative relations with Iran founded on a realistic basis and framed in far-sighted terms will be of considerable significance to our country.

One of the more obvious facts of Indo-Iranian relations is that they call for sound and skilful diplomacy. These relations have had a history far from straight or simple and even now there may be as many areas of disagreement as points of contact between the two countries. The Shahanshah, for instance, rejoices in the title of 'His Imperial Majesty' and his grand design for what he may consider to be his part of the world seems to be appropriately imperialistic. Indeed, he has made no secret of his purpose of using as much as is necessary of the oil wealth of his country for making Iran as strong as possible in

harsh military terms so that it could be the resident super-power in the Persian Gulf. As a matter of fact, he is already looking forward to Iran becoming the fifth most powerful country in the world in the not-too-distant future. The countries to which the first four places have been allotted in this ranking have not been named, but there is no reason to assume that India is one of them. As against this Mrs Gandhi herself has been repeatedly expressing her government's concern over the build-up in neighbouring countries. Since her or her government's views are evidently not going to influence the Shah's thinking on arming Iran it follows that India should follow a pragmatic policy of doing everything in its power to promote not merely understanding and goodwill in the abstract between the two countries but also positive cooperation in as many areas as possible. Here India's relations with the Soviet Union and its legitimate cultivation of the friendship of Iraq cannot be exactly to its advantage.

While we may therefore welcome unreservedly the affirmations in the joint communique issued at the end of Mrs Gandhi's visit to Iran of an Indo-Iranian agreement on the security needs of the Persian Gulf or the desirability of keeping big power rivalry off the Indian Ocean we should also note that the maintenance of harmonious political understanding and relations between Iran and India would call for continuing care and solicitude on the part of both the protagonists. In other words, simply because Mrs Gandhi was given a good time in Tehran, it does not mean that New Delhi can afford to lull itself to sleep to strains of *Hindi-Irani Bhai Bhai*.

Besides employing a good part of his

country's earnings from oil for the massive procurement of sophisticated weapon systems from western countries, the Shah also proposes to utilize much of these revenues for industrializing Iran and building up the collective affluence of its 32 million-strong population. He clearly believes that, for this purpose, he will have to rely mainly on the industrially advanced countries for capital goods and technology. Equally clearly he is determined to help Iran obtain these resources on as attractive terms as possible and this is why he is most anxious that oil-exporting countries should continue to be able and willing to strike as hard a bargain as possible for their crude in world markets.

Within the framework of this foreign economic policy, however, the Shah seems prepared to adopt a flexible view of Iran's economic relations with developing countries generally and, in particular, such of them as are in a position to fit into his scheme for Iran's industrialization. Thus, the Shah has been fairly prompt in announcing his country's intention to contribute to a pool of development funds which oil-exporting countries may set up for the benefit of those developing countries which being dependent on imports for their own needs of oil, have been severely hit by the rise in the level of world prices for crude.

In this connection the Shah and his advisers have been quick to see that India has manufacturing facilities as well as raw material resources which could be neatly linked to Iran's own requirements for industrialization. Indeed credit must be given to the Iranian side for taking the initiative in this matter and the various transactions contemplated in the joint communique, such as Iranian financial assistance to and general collaboration in projects for developing the export of iron ore or alumina from India to that country, had been processed to varying extents at lower levels of consultation before the Shah and Mrs Gandhi, meeting in Iran, could give their blessings to the style as well as the substance of Indo-Iranian economic cooperation. Incidentally, whereas the Shah desired that the two countries should proceed beyond this point and strive for an Asian economic community or union, Mrs Gandhi advisedly took the view that the bilateral approach would have to be developed further and implemented sufficiently successfully before more ambitious goals of regional economic cooperation were set.

While it would be easy indeed to exaggerate the possibilities of the Indo-Iranian effort to coordinate the economic resources and requirements of the two countries, there is surely no need to be pessimistic.

tic about its probabilities. It is obvious enough that both Iran and India stand to benefit from such coordination and that Tehran and New Delhi are evidently sincere in wanting to make this collaboration a success. It is being suggested in some quarters that the Shah is warming up towards India to the extent that he is cooling off with Pakistan. Such speculation is not particularly meaningful. It is more to the point that the recent tripartite agreement among Bangladesh, Pakistan

Karan Singh and the Kanpur tragedy

AS WAS perhaps to be expected, the politicians' reaction to the Kanpur tragedy where the administration of glucose-dip manufactured by a local firm claimed the lives of many patients in a local hospital has been predictably visceral. Shouts have been promptly raised calling for more severe legal penalties for the merchants of death who were trading in spurious, adulterated or sub-standard drugs. That extraordinarily ineffective minister, Dr Karan Singh, has naturally seized upon the easiest way out and sent a letter to state governments asking them to deal sternly with those violating the drug laws, while also promising them that the central government would soon be tightening up the provisions of the Drugs and Cosmetics Act itself. This, in our view, comes very near to committing a fraud on the public.

Dr Karan Singh may be new to the Health ministry, but even so he ought to know merely punishing more severely those who have been found to have violated the drug laws will not give the public the protection it is entitled to against the menace of spurious or adulterated drugs or medicines. Imposing heavy punishment on the guilty no doubt generally serves as a deterrent but, in this case, the potency of punishment, however severe as a tool of deterrence, is very considerably diluted by the fact that, for various reasons, the drug administrations in the states are sadly inadequate for the task of supervising the manufacture or marketing of drugs or detecting malpractices in these areas. For one thing, it does not even take all the fingers of one hand to count the number of states which have reasonably well-organized official machinery for controlling the traffic in drugs and pharmaceuticals. Secondly, there may not be enough adequately qualified pharmaceutical chemists or pharmacists in the country to man effectively the drug control administrations in all the states, while even in those

and India has made it easier for Iran to rationalize its foreign policy towards the sub-continent. The Shah deserves praise for capitalizing promptly on this development while, so far as India is concerned, it has more worthwhile things to do than trying to play off Iran against Pakistan—assuming that it is in a position to do so. Fortunately, at least in matters such as this, India's prime minister may be depended upon not to fritter away her energy or her government's resources.

states where some attempt has been made to organize drug inspection and control, the strength of trained personnel employed for the purpose is nowhere near the required levels. Added to this is the fact that corruption, which is the bane of the administration in general, is widely prevalent among drug control officials, and it becomes readily obvious that the tightening of the law or even the imposition of heavy penalties on offenders, when caught or successfully prosecuted, cannot insure the public sufficiently against being preyed upon by vendors of useless or positively harmful drugs and medicines.

Dr Karan Singh's ministry may build up files after files of his correspondence, advisory or admonitory, with state governments, but it is most unlikely that drug control administration will really receive the needed priority in state capitals in terms of administrative initiative or the required resources of finance or technical manpower. It follows that the only practical way of regulating properly the trade in drugs and pharmaceuticals in the short period is to go to the root of the problem and ensure that the scope for the activities of the unscrupulous elements in the industry is reduced as much as possible. This would mean directly that the government's policy relating to the small-scale sector in the drug and pharmaceutical industry should immediately come under review.

In a statement on the Kanpur tragedy, the president of the Federation of Indian Chambers of Commerce and Industry, Mr K.K. Birla, has said that he is asking the secretariat of the FICCI to make its own enquiries and has promised that the FICCI will, after studying the matter carefully, make suitable representations to the government as to what steps should be taken for avoiding the occurrence of such unfortunate incidents in the future. It is perhaps possible to anticipate some of the findings which the FICCI inquiry may result in. In a study of the pharmaceutical industry published in *Eastern Economist* of April 20, 1973, it was pointed out that the highest technical standards would have to be maintained at all stages of manufacturing or marketing and the question

was raised whether there was reasonable certainty that this condition was being fulfilled in the small-scale sector of the pharmaceutical industry. This report stated:

"It would be difficult to return a reassuring answer if only for the reason that the units in this sector vary widely in their financial and technical resources and differ even more sharply in their ethical practices. Where state governments have a strong drug control administration and adequate machinery for inspecting the manufacturing or marketing operations of pharmaceutical firms, it could generally be assumed that the units in the small-scale sector are functioning under some discipline. Unfortunately, most of the state governments do not have an adequately equipped or effectively functioning drug control administration. It is therefore no accident that some of the states as have a poor record in this respect happen to be much-sought-after havens for pharmaceutical units on the fringes of the small-scale sector.

"It is true that the formulation operations are not capital-intensive, but then they are not labour-intensive either. In terms of employment, therefore, there is not much to be gained by the state offering special encouragement to the small-scale sector in the pharmaceutical industry. On the contrary, given the deficiencies in drug control administration in the country, the functioning of the small-scale sector in the pharmaceutical industry must necessarily pose to some extent a threat to public health or the physical well-being of individual patients.

"Again, although a small-scale sector has been functioning in the pharmaceutical industry for some time now, there is no evidence that it has contributed towards keeping the prices of formulations down by passing on the benefit of its lower overheads to the consumer. On the contrary, the outstanding feature of this industry is the preponderance of fly-by-night operators interested mainly in making a fast buck. To the extent that there are some solid or socially responsible enterprises in this industry, the future for them must surely be sought in their leaving behind their dubious small-scale industry status and developing into medium-scale operations in the organized sector."

It is indeed strange that some of the self-appointed guardians of the public interest or watchdogs of public health never let go an opportunity of pillorying in the press or Parliament the organized sector of the pharmaceutical industry for charging high prices or making excessive profits or remitting dividends abroad, but are usually silent when it comes to the question of exposing the inherent threat to public health or even the lives of the public that there is in much of the operations of the small-scale sector in the pharmaceutical industry, especially in states where drug control administrations are weak or corrupt or both. It may be argued of course that the proper approach to this problem should be to strengthen the drug control laws rather than to discourage the small-scale sector as such. But then, as a matter of practical politics or administration, it must be conceded that drug control administration is most unlikely to

be raised to the required level of efficiency in all the states within a reasonable period of time so that the public could rest assured that the small-scale sector is at least being policed effectively. It is no doubt true that those few states, where there are drug control administrations which are actually effective or have the potentiality of becoming so, may further improve their performance, but this could well mean that there will always be other states whose relative records might become even worse, thereby providing increased temptation to unscrupulous elements in the small-scale sector to be on the look-out for areas where it will be easier to operate from. It cannot be too strongly emphasized, that the Kanpur tragedy was possible only because of the government's policy

A matter of merits

PRESUMABLY WITH a view to vitiating the atmosphere and queering the pitch for the consideration at the highest level in the government of the proposal of Hindustan Motors for securing collaboration from General Motors of the United States for the improvement of their trucks and cars, the leftist pressure group in the Lok Sabha created a good deal of furor recently when the issue came up before the House through a calling attention notice. It appears that the very name of a big industrial house is a red rag to certain kinds of politicians, who do not seem to be concerned in the least about the merits of the proposal and the wholesome effect it will have on the employment situation in the troubled state of West Bengal as well as on the economy of the country in several ways.

In a nutshell, the proposal, made nearly 3½ years ago, envisages both technical and financial collaboration between Hindustan Motors and General Motors. The latter will receive through an increase in equity capital, 30 per cent share in Hindustan Motors in exchange for which it will make available all the technical know-how, without any fee or royalty, for the improvement of Hindustan trucks and cars, so that the existing licensed capacity of Hindustan Motors can be fully utilized. Part of the annual output—at least seven crore rupees worth—would be exported in the form of complete units, sub-assemblies and components to south-east Asia, to begin with, on a guaranteed basis for 10 years. General Motors would retain the dividend accruing on its investment in Hindustan Motors in India itself till exports actu-

of indiscriminately encouraging small-scale industrial units without considering whether the manufacture of drugs and pharmaceuticals is a proper field for the exercise of this misguided partiality. As has been pointed out in the passage from *Eastern Economist's* report on the pharmaceutical industry quoted earlier in this article, the social or economic advantages of small-scale operations in the pharmaceutical industry are really not very significant, while the risks to public health or the people's lives arising out of the scope which small-scale industry gives for unscrupulous operators are truly many and great. We are afraid, however, that it may be too much to hope that Dr Karan Singh would see that this is the real lesson of the Kanpur tragedy.

ally start, so that there is no drain on our foreign exchange resources. Even when the repatriation of dividend to General Motors starts, owing to the guaranteed exports, there would be a net gain to the country in foreign exchange, for the export earnings even at the guaranteed level will far exceed the dividend payments. By then, when the products of Hindustan Motors would be fully established in the markets abroad, exports, in fact, should grow a good deal further.

Not only General Motors itself is interested in buying from here large quantities of automobile components and sub-assemblies but also exports can be effected to its various subsidiaries, particularly in western Europe, in view of the mounting labour costs there. It will not be out of place to mention here that the government itself has been anxious to encourage the exports of automobile components and accessories. In the recent past, it has invited, through the Trade Development Authority, a couple of delegations from western Europe for this purpose. But

no success has been achieved as yet.

Another incidental benefit in regard to exports may be the revival of interest in some west Asian countries for collaboration with Hindustan Motors as well as with our other automobile manufacturing units for setting up automobile projects there. It is no secret that such proposals were made to Hindustan Motors by the oil-rich countries of Persian Gulf a few years ago. In view of the huge funds accruing to these countries after the last year's hike in the prices of oil, they can be expected to accelerate their economic development programmes.

Apart from the export angle, which significantly enough has helped in the clearance of the proposal by the Foreign Investments Board recently, after the whole-hearted support extended to it by the ministry of Commerce, the proposal has two other virtues. These are: (i) the employment potential of the project, and (ii) the stepping up of the production of commercial vehicles for the domestic market.

There can be no denying the fact that even after the recently sanctioned substantial increases in the capacities of Telco and Ashok-Leyland, the availability of commercial vehicles in the country will not improve significantly. Currently, the waiting list for these vehicles extends upto seven years. There is a proposal for manufacturing commercial vehicles for civilian use at the Jabalpur defence production unit also. But essentially this unit has to cater for the requirements of the Defence Services. Further, collaboration arrangements for this unit for procuring a suitable design for the convertibility of Shaktiman trucks from military use to civilian use (when production for civilian use is undertaken) are yet to be made. Owing to the serious under-utilization of

Eastern Economist 30 Years Ago

MAY 12, 1944

Washington

The last week's action of the government reducing food rationing on a wide front emphasized the brightest food picture since the war began and indicated that the doors of the nation's larder crammed with a variety of foodstuffs will soon be opened wide even for civilians. The Office of Price Administration removed all meats except choice beef cuts from ration requirements, while many canned vegetables were also placed in unrationed list and reduced point values on other products including butter. Meanwhile the grain experts hope for the

largest United States wheat crop in history. Where only a few months ago some pessimists predicted famine now the United States actually appears to face super-abundance.

There are several reasons for the current large food supplies including, firstly the Government's decision to empty partially now the official warehouses bulging with food stored months before, since army requirements, particularly in perishables, have recently declined markedly.

capacity for producing Hindustan trucks and also the troubles Premier Automobiles is facing in securing engines, the capacity for commercial vehicles exists to a considerable extent only on paper. Most of our present difficulties on the road transport front undoubtedly have their genesis in planning on the basis of this fictional capacity. An important point to be noted in regard to Hindustan Motors' collaboration proposal is that it aims at effectively utilizing the already licensed capacity. The proposal does not envisage any expansion in capacity.

If Hindustan Motors is able to utilize fully its licensed capacity, the impact of this on employment situation, particularly in West Bengal, will, indeed, be important. It is estimated that the full utilization of the capacity of this plant may help in providing livelihood to no less than 50,000 persons. Of course, only a part of this additional employment would accrue in the works of the company. The major part of new employment will be created in the ancillary production and trade sectors, including the road transport operators.

The objections raised by the critics of the proposal are, in the main, three : (i) it offers an opportunity for the entry of the largest multinational corporation of the United States in the Indian market; (ii) in violation of the guidelines for foreign collaborations, it envisages financial participation by a foreign company in an existing Indian concern; and (iii) if Telco could terminate its dependence on foreign collaborators by undertaking its own research and development effort, there is no case for permitting Hindustan Motors to have a foreign collaborator now.

There is no doubt that if the proposal is accepted by the government, General Motors will enter the Indian scene as a partner in production. But is there any ban on such collaborations? It is a well-known fact that collaborations by Indian companies with foreign, including multinational corporations, are not barred. Further, an important fact that ought to be fully appreciated is that in the near enough future, with several projects in the neighbouring countries of Africa and south-east Asia, in which our entrepreneurs are collaborating—not only on the technical side but financially also—with the local interests going into production, Indian companies are also becoming multinational.

So far as financial participation by General Motors in Hindustan Motors—an existing concern—is concerned, admittedly the guidelines for foreign collaborations are silent on this. But according to government's own clarifications, they are only

illustrative. Any case which is not fully covered by these guidelines is to be judged on its merits; there is no bar on the consideration of such cases. It is also worth mentioning here that even though Telco has terminated its technical collaboration arrangement with the West German concern—Mercedes Benz—the latter still has a financial interest in Telco. Any fears that with 30 per cent participation in Hindustan Motors, General Motors would be able to dominate the management of the concern, it may further be stressed, are wholly unwarranted, especially as the Indian public financial institutions hold the equity of Hindustan Motors to a greater extent. Incidentally, if the financial health of Hindustan Motors improves, the major beneficiaries will be the public financial institutions themselves.

In regard to the indigenisation of its products, the critics seem to forget that, in line with the policy of the government, Hindustan Motors was the first unit in the automobile industry which endeavoured to market a wholly indigenous truck and

car. If this endeavour did not succeed in case of trucks, it has been largely because the indigenous components did not come up to expectations. This was the main reason which prompted the government itself to suggest towards the close of the sixties that Hindustan Motors, like others in the field, should go in for collaboration with a foreign collaborator such as General Motors.

The financial participation by General Motors in the equity of Hindustan Motors in fact, ought to be considered a plus point in favour of the proposal. Besides the advantages mentioned earlier, this should help in avoiding strain on our already very tight balance of payments position. Further, it can assist in improving the climate for foreign investments which ought to be encouraged when sizeable funds are available in the world market. It is, indeed, surprising that opportunities of attracting foreign capital even in sophisticated industries should be in danger of being sacrificed in propitiation of dogmatists and adventurist political elements.

should not be any difficulty in meeting the requirements of industry and agriculture in terms of electricity. Judging however by the experience of Punjab, Haryana, UP, West Bengal, Andhra Pradesh, Tamil Nadu and Karnataka in the past two years there is a fundamental imbalance in the power situation. The loss in output of industries alone in 1973-74 was estimated at over Rs 1,000 crores. It has been claimed that the shortage this year is only 10 per cent against 17 per cent last year and that the measures instituted for economic use of capacity on a regional basis and for reducing transmission losses have been helpful in mitigating the effects of shortage.

Mr K.C. Pant, the union minister for Irrigation and Power, is hopeful that there will be an improvement in power, availability in the latter half of the year and the arrangements for installing additionally two million KW of capacity will also be helpful. It is however strange to note that there has so far been no serious debate over how an annual additional capacity of 3.5 million KW can be achieved and what are the directions in which coal-based thermal capacity can be easily created. The chairman of Bharat Heavy Electricals and Heavy Electricals has been claiming that 2.2 million KW of generating sets with ancillary equipment have been delivered in 1973-74 while the availability will be stepped up to 2.95 million KW in 1974-75. It has also been complained in other quarters that large quantities of hydel and thermal generating sets amounting to over 4,000 MW are

rusting in unpacked cases and half of this quantity is in respect of hydel projects alone.

It was not long ago complained that there was a serious shortage of generating equipment and the implementation of hydel and thermal projects was severely retarded on account of the unpardonable delays in executing orders by the heavy electrical units. These public sector undertakings have suddenly achieved a breakthrough and it is no longer feared that there will be any difficulty in meeting the demand for hydel and thermal sets except where high capacities are involved or reversible turbines are needed as in the case of pump storage schemes. Clearly, the shortages of constructional materials like steel and cement and technical personnel not to speak of the paucity of financial resources are holding up the progress of many projects.

It has been complained by the management of BHEL that it has not been able to effect deliveries of equipment to the state electricity boards because they were not ready with the concerned projects or could not pay for the equipment. The procedures in this regard have been relaxed and supplies have been made to the electricity boards even though payments were not forthcoming. The building up of arrears of payments by the electricity boards to the respective manufacturers should not however have adverse effect on the level of production. As matters stand even if there were no financial bottlenecks the piling up of unused equipment may well have a retarding effect on the progress recorded by the heavy electrical undertakings.

When there is so much of unused equipment and thermal equipment currently being produced can be diverted for use in captive plants, it is rather ironical that the union ministry of Irrigation and Power is opposed to the establishment of captive plants or additions to the capacity of the existing captive units. The application of Hindustan Aluminium for adding a third generating set has been pending for a long time while the proposal of Tata Iron and Steel for augmenting the capacity of its captive plant has been hanging fire in spite of the fact that it has been estimated that the loss of steel output in 1973-74 in Jamshedpur alone due to power shortage was 2½ lakh tonnes. The loss of output of aluminium due to the power shortage in UP, Karnataka and Tamil Nadu in 1973 is reckoned at over 50,000 tonnes of virgin metal. Even the sugar industry in UP is stated to be in difficulty in continuing crushing operations though adequate cane supplies are available. Usually, sugar factories are supposed to

be self-sufficient in respect of their requirements of energy and in Tamil Nadu some units have even surplus capacity. The operations of the electrified sections of the railways have also been seriously interrupted owing to power shortage.

In these circumstances, it passes one's comprehension that the union ministry of Irrigation and Power should be opposed to the suggestions for creating captive capacity on the score that defused and disparate capacities will not be conducive to economic working and there will be serious problems in coordinating power generation and distribution. These objections are frivolous as the aluminium and steel plants require large blocks of power and it will be advisable in the present context to make these plants independent of outside sources of energy. The railways too can erect their own captive plants in Orissa, West Bengal, Bihar, MP and Andhra Pradesh so that the electric traction systems can be independent of supplies from the state electricity boards. In the colliery areas in West Bengal and Bihar also there can be separate thermal stations for meeting the power requirements of the coal industry. Separate agencies have to be encouraged to implement power projects as nearly 2,000 MW of capacity can be added thereby in two or three years. The state electricity boards too should be helped with the necessary financial assistance besides supplies of scarce raw materials like steel and cement.

It is rather unfortunate that there is no correct appreciation of the importance of adequate power availability and of the urgency for eliminating serious imbalances in generating capacity in the different regions. It is pertinent to point out that West

Bengal, Maharashtra and Tamil Nadu alone account for more than 35 per cent of the installed capacity of the whole country even though they account for only a little over 20 per cent of the total population. If the level of power utilisation achieved in Tamil Nadu for industrial and agricultural purposes is to be attempted all over the country the capacity required will be easily 25,000 MW. This clearly suggests that a determined attempt should be made in the next two or three years to overcome the serious deficiencies in UP, West Bengal, Punjab, Haryana and Andhra Pradesh, by encouraging the erection of captive plants and also increasing the capacity of the existing thermal units.

From the long-term point of view the unharnessed hydel potential of the north-western, northern and eastern regions has to be fully exploited and it is encouraging to note that the Punjab government is concluding arrangements with the Himachal Pradesh government for constructing new hydel projects on an inter-state basis. No useful purpose will be served by proceeding to implement new fifth Plan schemes without rectifying the imbalance in the economy created by the shortfall in the fourth Plan power target by 54 per cent. If the government and planners can divert all available resources for boosting the generation of power, raisings of coal and for improving the efficiency of the railways it will be possible to make better use of the existing industrial capacity and offset the deficiencies arising out of reduced inputs in some sectors. The immediate objective should be to put to use all rusting generating sets and absorb fully current production of the heavy electrical units. One of the major hurdles in the way of ambitious planning would then have been overcome.

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POINTS OF VIEW

Economic crisis: G.D. Birla on causes and cures

A Correspondent

IN HIS inaugural address to the annual general meeting of the Indian Chamber of Commerce, Calcutta, on April 18, Mr G.D. Birla expressed concern at the serious deterioration in the economic conditions in the country and he warned that unless the situation improved there might be a depression in the near future. He said that never during his life-time had he seen such distress and discontent among the people as in recent months. He did not agree that the present crisis had been caused by natural calamities or similar causes. He asserted that it was man-made and stressed the imperative need to tackle it with the utmost urgency and earnestness.

Mr Birla pointed out that the remedies prescribed by some economists, such as demonetisation, curbing money supply, and raising interest rates would not help to deal with the crisis. He thought that the economists had made these proposals without carefully considering the actual situation prevailing in our country. He suggested that only a continuous and substantial increase in production both in agriculture and industry would help to check inflation. Higher production would take care of the excess money supply. He felt that the Japanese system of over-loaning by banks which prevailed for some time in the post-war period was more relevant to the Indian conditions at present.

impeding factors

But Mr Birla did not merely stress the importance of augmenting production. He analysed the factors that had impeded production, such as red-tapism, unrealistic pricing policy, acute shortage of power, transport difficulties and labour unrest. Of these, he thought that the most serious obstacle was indecision at various levels of administration. He referred to the disinclination of even senior officers to take prompt and correct decisions because of the fear of being hauled up later by ministers or Parliament. He acknowledged the competence and sincerity of officers but the system was such as to cause inordinate delay in decision making which was costing the country a great deal in

terms of more production, more exports, and more employment.

That Mr Birla is not at all exaggerating in referring to the inadequacies of the administration is clearly borne out by the Planning Commission itself. It says in the draft fifth five-year Plan (volume one, page 92) that though the Administrative Reforms Commission, the National Commission on Agriculture, the Irrigation Commission, and a large number of reports of special committees, task forces and evaluation studies have brought out in detail the structural, procedural, and institutional weakness and suggested specific remedies, there has been no significant improvement in the levels of performance.

organisational framework

The commission says: "The development of the organisational framework has not kept pace with the increasing variety and complexity of the job that state and central governments have taken on. Rigid compartmentalisation in fields which require a high degree of integrated multi-disciplinary activity, excessively wide or narrow spans of control, lack of clear lines of responsibility, inadequate delegation of authority, and improper relationship and positioning of line and staff functions have all hindered plan implementation". The commission has proposed several measures to improve the administrative machinery but so long as the economic ministries at the centre continue to function without effective coordination, and policies are influenced more by ideological considerations, how will it be possible to eradicate the existing weaknesses in the administration?

Mr Birla deplored the government's policy of price-fixation which was proving detrimental to the efficient growth of industry. He cited the examples of cement, aluminium, automobile and some other industries whose expansion programmes had suffered seriously due to the unrealistic and uneconomic fixation of prices for their products. Many responsible industrial organisations have in

the last few years drawn the attention of the government of India to the need for evolving a pricing policy which, while being fair to the consumer, will also enable industry to operate profitably.

biggest irritant

The Associated Chambers of Commerce and Industry, at a seminar held in February this year on industrial growth, pointed out that "the biggest irritant at present is the system of price controls". The seminar said that the experience of the last 30 years had shown that price controls in various fields had not only failed to correct the imbalances between demand and supply but had also introduced fresh distortions. Further, controls had hampered the expansion of capacity in many important fields with the result that the gap between supply and demand had increased instead of narrowing. Among the suggestions made at the seminar were the grant of fiscal concessions to controlled industries so that their own resources generation was not affected and the introduction of dual pricing system. The recent annual session of the Federation of Indian Chambers of Commerce and Industry suggested that the prices of controlled commodities should be brought into proper relationship with costs so as to attract investment and remove scarcities. It proposed that controlled prices should be realistic and provide for additional value retention on new investment. Mr Birla said that the present policy of price fixation helped neither the government, nor the producer, nor the consumer. The government therefore should effect suitable changes in pricing policy so that it would actually stimulate the rapid and vigorous growth and diversification of industries.

Mr Birla expressed anxiety over the power situation and said that this had already caused heavy loss of production and, if it continued to persist, it would even lead to the closure of industrial units in many parts of the country. This warning needs to be heeded particularly by the

government of West Bengal where the economy is yet to recover fully from the effects of the recent recession. Even now most industries in the state are able to work only up to 40 to 50 per cent of their capacity mainly because of the inadequate supply of power. The government's attempts to enforce a scheme of rationing of power have not succeeded because of the inability of the authorities to ensure regular minimum supply of power to the Calcutta Electric Supply Corporation which has to depend heavily on other sources like the DVC and the plants of the state electricity board. In this context, does not Mr Siddhartha Shankar Ray's complaint against the centre's "discrimination" against West Bengal in the matter of issuing industrial licences seem irrelevant? The chief minister recently quoted statistics to prove that the centre had given more industrial licences to Maharashtra while it had been niggardly to West Bengal and other states in the eastern region. There is, of course, great

scope and urgent need for more industries in the eastern states but when the existing industries are forced to keep a large part of their capacity idle, how can entrepreneurs be expected to start new units even if the centre liberally issues licences? As Mr B.M. Khaitan, the president of the Indian Chamber of Commerce, pointed out in his speech at the annual meeting, "it is no use talking of new industries or improvement in agriculture without minimum power generation". He said that "the neglect of power and infrastructure is today the biggest weakness of the state".

Mr Khaitan recalled that Mr Birla was a signatory to the Bombay Plan which had aimed to provide to the people certain minimum amenities in terms of food, clothing and shelter, transport, communications and power. Its emphasis was on the physical availability of goods and services. But the Planning Commission seems to have lost sight of this basic objective

with the result that at the beginning of the fifth Plan, the country is confronted with a severe scarcity of essential goods. Between 1963 and 1973 the per capita availability of cereals fell from 384 grams to 378; pulses from 59.8 grams to 39.6; edible oils from 3.1 kilos to 2; cotton cloth from 14.4 metres to 13.2; and finished steel from 9 kilos to 8.9. The economic policies therefore should be fully production-oriented. It is not merely a question of improving the availability of raw materials and other facilities. What is equally important is to create confidence in the investor. As Mr Khaitan said, in a mixed economy, the private sector should have the freedom to operate in the area assigned to it and should have some security for future growth. Unless the falling trend in production is effectively checked and an abundance of essential goods is assured, not only will the fight against inflation fail but the country may even face the prospect of a depression.

POINTS OF VIEW

Tea consumption in India

S. Manoharan

TABLE I
Index of Indian Tea Production and Consumption

Year	Production	Consumption
1951	100	100
1952	98	108
1953	98	117
1954	104	129
1955	108	141
1956	108	152
1957	109	164
1958	114	176
1959	114	188
1960	113	200
1961	124	211
1962	121	223
1963	121	235
1964	131	262
1965	128	258
1966	132	270
1967	135	282
1968	141	294
1969	138	305
1970	147	319
1971	152	331

Source: S. Manoharan, *Indian Tea*, New Delhi, 1974, p. 49.

TEA CONSUMPTION in the country in the past two decades has been increasing with tremendous velocity. The rate of growth of consumption in India is the fastest in the world. More than 50 per cent of our tea production is consumed at home. The volume of Indian consumption constitutes 20 per cent of the world total production of tea.

The rate of growth of domestic consumption has outstripped the rate of growth of production. The index of production has moved from 100 to 152 while the index of consumption has touched 331 from 1951 to 1971 (Table I). The fact that the rate of consumption is faster than the rate of production has affected export surplus. In view of slow growth of production, and high volume of consumption the level of export has stagnated around 205 million kgs annually.

While the domestic consumption in our country claims more than half of the production, the domestic consumption in Sri Lanka and East Africa—our major competitors in tea export—accounts for about eight per cent only. The tea industry

in these countries thus remains predominantly export-oriented, (Table II).

Because of stagnant exports and also the high rate of growth of domestic consumption, every year increasing quantities of tea are put in domestic market. It does not however typify "distress sales". On the contrary, the home market tends to become firm and consequently it is not viewed as unprofitable by the producers. The trend of internal prices as illustrated by Table III is a definite indication of the intensity and strength of the domestic demand.

Thanks to the increasing domestic consumption and intensive competition in the foreign markets from such common tea producing countries as Malawi, the profitability of exporting common tea is almost nil. The lower price difference between export and domestic sales of common tea shows that our country is fast reaching a stage where it may not export common tea at all. The existence of higher price difference between export and domestic sales of quality tea indicates that it is more profitable to export quality tea rather than common tea.

It is however observed that the quality

premium enjoyed by export sales is narrowing down. It is therefore wrong to say that domestic market is only for common tea. Its intake of quality tea is by and large increasing. The reduction of difference between export prices and internal prices since 1958 indicates that sales of quality tea at home appear to be encouraging.

Though volume-wise India is the biggest consumer of tea, the level of per capita consumption remains at a very low level

TABLE II

Tea Consumption	Production	Ratio	
Countries	1951	1961	1971
India	27.72	41.72	52.40
Sri Lanka	6.49	6.26	7.89
East Africa	17.65	12.43	8.31

TABLE III

Comparison of Average Annual Export Prices and Prices Realised of Domestic Consumption of Tea at Calcutta

(Rs per kg)

Year	Export prices	Internal prices	Difference
Common Tea			
1956	3.37	3.12	0.25
1957	3.87	3.39	0.48
1958	3.74	3.56	0.18
1959	3.94	3.96	-0.02
1960	4.44	4.39	0.05
1961	4.25	4.04	0.21

Quality Tea

1956	6.12	4.49	1.63
1957	6.60	4.44	2.16
1958	6.93	4.47	2.46
1959	6.71	4.60	2.11
1960	6.80	5.02	1.78
1961	6.48	4.87	1.61

Note : After 1961, Similar set of figures are not available.

Source: Calculated from *Tea Statistics*

when compared to many producing countries. It is lower than Sri Lanka and Kenya, two major competitors for Indian tea. (Tables IV and V).

By and large the same factors that explain the rate of tea consumption in the recent past will determine its future or potential rate, but the combinations are subject to change. Demand is largely a matter of consumer psychology, individual purchasing power in relation to prices, availability and prices of competing or alternative beverages and the cost of the required additions to the beverages such as sugar and milk. Bhabatosh Datta, N. Bhattacharyya, N.S. Ayengar, G.K. Sarkar and P. Bannerjee have done considerable research to estimate tea consumption in this country.

Generally speaking the income elasticity co-efficients for tea in India are higher than those derived in high income countries. The demand for tea is not very sensitive to price changes because the price variable does not fully explain the variations in demand. However the income-elasticity of demand for the commodity, says Sarkar, appears to be fairly high — "a fact reconcilable with the low price-elasticity of its demand owing to its very low substitution elasticity and the relative unimportance of tea in the average Indian consumer's budget".

Professor P. Banerjee has found that the trend rate of growth of consumption of tea in India is around 5.3 per cent. He has estimated this by using an exponential function of the form:

$$Y_t = A(1+r)^t$$

where Y_t denotes consumption of tea and t denotes time.

In order to eliminate the influence of short run fluctuations, he has first calculated three yearly moving averages of Y_t . Then estimated the parameters of the above regression function.

$$Y = 1.94 + .0225t$$

where $Y = \log Y_t$.

His sample space consisted of 15 observations from 1954-55 to 1968-69. He has projected the expected value of Y_t for 1980-81. The projected value is 352.8 million kg.

Here it should be said that the existing statistical estimates are at best indications of the volume of tea that would be consumed. But so far one factor that remains disguised has not been made ex-

POINTS OF VIEW

licit, i.e. the actual number of cups of tea consumed by a person. Because the per capita consumption in terms of grams may not indicate the number of cups of tea consumed.

The demand for tea depends on the number of cups the consumer drinks but the number of kilograms he buys depends on how many cups those kilograms will yield. Therefore his buying pattern is determined by how much tea he consumes. To the consumer, the weight of tea he buys is only incidental. This factor has been overlooked so far.

In recent years a new process of manufacture of tea viz. CTC (crush, tear, curl) has been introduced and within a short span of time the CTC manufacture be-

TABLE IV
An Estimate of Indian Tea Consumption (Three Years Moving Averages)

Year	Total consumption ('000 kg)	Per capita consumption (grams)
1956-57	100,054	250
1957-58	102,939	252
1958-59	112,433	270
1959-60	117,202	275
1960-61	127,458	292
1961-62	134,654	301
1962-63	138,674	304
1963-64	141,796	306
1964-65	151,896	317
1965-66	166,420	330
1966-67	176,980	343
1967-68	183,604	347
1968-69	189,961	374
1969-70	200,729	388

TABLE V
Apparent Consumption of Tea Per Head in Various Countries

Countries	1962-64 P. hd.	1964-66 P. hd.	1969-71 P. hd.
United Kingdom	4.30	4.12	3.87
USSR	0.28	0.31	0.36
Canada	1.04	1.00	0.94
United States	0.31	0.31	0.33
Sri Lanka	1.29	1.38	1.51
Japan	0.80	0.84	1.00
Kenya	0.34	0.39	0.46
Uganda	0.15	0.21	0.13
Tanganyika/Tanzania	0.14	0.14	0.15

P.hd.: Average apparent consumption per head of total population.

came so popular that it is estimated over 32 per cent of the world's tea is manufactured by this process. The CTC process, as the name 'crush, tear, curl' indicates, ruptures more cells of the tea leaf much thoroughly. And therefore it exploits more fully the tea liquor potential of the green leaf than the gentler orthodox process. This bears two results. First, the dry tea when immersed in hot water brews more immediately than tea manufactured by the orthodox process and secondly, the liquor is also thicker for the same quantity of dry tea. Therefore the same quantity of CTC tea yields twice the number of cups that orthodox tea yields. It is estimated that an average one kilogram of CTC tea yields about 400 cups which is double of the yield of orthodox tea.

Table VI shows how within five years the share of CTC manufactured teas has increased by 13.2 per cent in the total production of tea. The impetus for the increasing share of CTC tea production essentially derived for the increasing demand for it in the home market. During the same period the percentage of sale of CTC tea in the domestic mar-

TABLE VI
Consumption of Orthodox and CTC Teas (In percentage)

1965	Orthodox	45.6
	CTC	46.2
1966	Orthodox	44.1
	CTC	48.5
1967	Orthodox	40.9
	CTC	52.6
1968	Orthodox	40.5
	CTC	53.0
1969	Orthodox	38.4
	CTC	55.4
1970	Orthodox	34.6
	CTC	59.7

Source: *Tea Statistics*

ket has almost doubled. Therefore if we estimate per capita consumption of number of cups of tea, it works out to be 90 for 1965 and 140 cups for 1970. This measures the real growth of tea consumption in the country. If we take the per capita consumption in quantity, it is only 317 grams in 1965 and 388 grams in 1970 which does not reveal the real dimension of the increase in domestic consumption. The various attempts made so far to measure the domestic consumption have not taken into consideration this fact with the result, that statistical estimates showed the 'apparent' consumption only and not the 'real' consumption of tea.

Save with grace

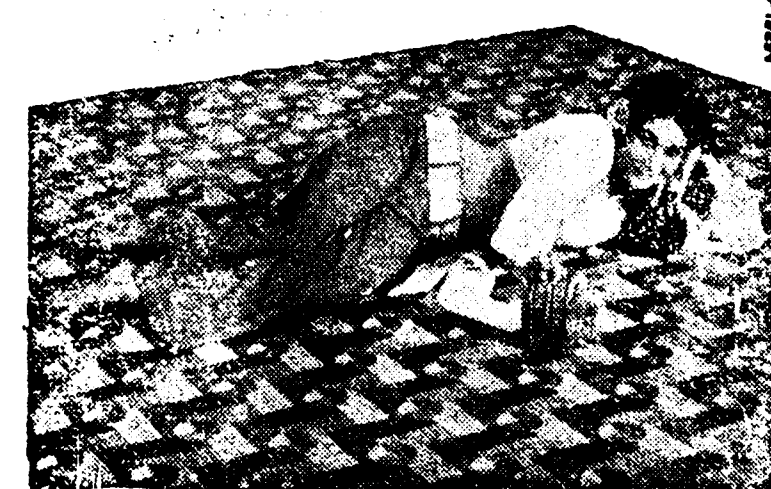
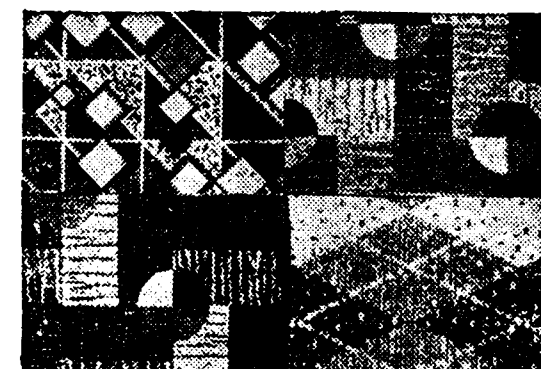
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Good prospects for Indo-Thai ventures

K. S. Ramanujam

Bangkok

VISITING THAILAND with Mr G.D. Birla was an experience to remember and cherish. Strange as it may seem, the octogenarian father of Industrial India, who has criss-crossed the world many times, was visiting this close neighbouring country for the first time. He was feted everywhere he went and by everyone he met. They had heard about him and his industrial empire but had had no occasion to see him or know him. They were all happy he visited them and this included ministers, bankers and businessmen of Thailand and the 25,000 strong Indian community settled there for many decades. As he himself put it, India and Indians had become more accustomed to looking to Europe and America for almost everything because of long British rule. Now that (after Independence in 1947) India had built up a strong and expanding infrastructure for its own industrial growth and development, it was looking out for setting up joint ventures in other develop-

its four million population full of life and zest. This city and its people represent a very unique and happy blend of modern life and ancient culture with deep and abiding roots in Buddhism — the philosophy of peace and harmony. Thailand has been politically independent for over one thousand years and this has resulted in the unusually liberal attitude of its people to the ideas of foreign countries. The official language is Thai, although English is very well understood in business and government circles. One cannot help noticing that the American influence during the last 20 years has been considerable and significant and that it is this which has enabled Bangkok to grow into one of the most prosperous cities of the east — with 50 per cent of foreign exchange earnings of Thailand coming through tourism alone. Of course, the Vietnam war was directly responsible for the American interest in this city. Numerous five-star hotels, over 200 massage parlours, countless night

V. Birla, entered the scene in 1968 to explore the possibilities of a joint venture. He was welcomed with open arms by Thai and Indian businessmen who were well aware of the pioneering abilities of the House of Birla. His first joint venture in Thailand — the Indo-Thai Synthetics Co. Ltd., has an installed capacity of 12,768 spindles and this is being expanded to 32,768 spindles. It produces spun viscose rayon yarn, polyester/viscose yarn and acetate/viscose yarn — the average daily production being 14,000 lbs, nearly 50 per cent of which is sold in the local market and the balance is exported to Indonesia, Europe, Afghanistan, Australia and other countries — thus ably meeting the challenges of keen international competition. It has done exceptionally well right from the start.

interest in textile factory

Last year, after the first unit proved itself a phenomenal success by any standards, the Birla group — again under the stewardship of Mr Aditya V. Birla — acquired an interest in Century Textiles Co. Ltd., a textile factory already in operation having facilities for weaving and processing modern synthetic fabrics. Since August 1973, the complete management of the company is under the Birla group. Its products are synthetic suitings of textured polyester and polyester/rayon, bedspreads and knitted curtain cloth. Its installed capacity is 110 looms with complete dyeing and furnishing facilities. Its average production is 7,800 yards per day. While it was working at a heavy loss before the Birla group took it over eight months ago, it is already giving an average profit of Rs. 1.6 lakhs, thanks mainly to the change in management and running of the plant by the Birla Management team. Nearly 85 per cent of production is sold in the local market and the balance is exported to Singapore, Hong Kong and Australia. The products of this unit are also sold against very stiff and keen international competition. A good synthetic suit length made by this unit is sold in Thailand for about 150 Baht or Rs 60.

The success of these units has emboldened the Birla group to expand their activities here. Promotional privileges have already been obtained from the Board of

Investment for setting up a project for manufacturing viscose rayon staple fibre and allied products. The Thai Rayon Co. Ltd. has already been formed to establish this project. Construction is scheduled to commence this month and operation in April, 1975! This unit will produce viscose rayon staple fibre, refined carbon-bisulphide, sulphuric acid and sodium sulphate. The installed capacities per day are (in tonnes) :

Viscose rayon staple fibre	25
Carbon bisulphide	7
Sulphuric acid	30
Sodium sulphate	10

The production of this factory will substitute the imports presently being made from Japan and other countries. Some portion of production can also be exported if circumstances warrant. Indeed, it is the remarkable success of these first-ever Indo-Thai ventures that inspired the Board of Trade of Thailand to extend a very sincere invitation to Mr G.D. Birla last year to visit their country for discussions.

warm welcome

The warmth of their invitation was in evidence throughout the five days Mr Birla spent in Thailand. The entire Indian business community rallied as one man to welcome him along with a large number of Thai businessmen who have established close ties with the Indian business community there. The Board of Trade had itself organised a huge reception. Mr Birla's frank and direct off-hand speech on this occasion came for high appreciation and approbation. He generously complimented the Thai government for looking ahead and helping industrial ventures to be set up in Thailand. He pointed out that without proper and rapid industrialisation, no country could progress and confer growing economic benefits to its people whose expectations were rising all the time. He also said that no joint ventures could prosper in any country unless they met the needs of that country and were in the national interest of that country. He noted that there was tremendous scope for joint ventures in Thailand which was rich in its resources. He also complimented Thai workmen on their high skill and efficiency. He wanted the Thai government and businessmen to set up management institutes for training management personnel who could take charge of various new projects. Technical education and more job oriented training centres should be put up to increase the availability of technical staff. He was happy there was tremendous goodwill for Thailand in India, which was reciprocated in full measure by the Thai people. There had been, he reminded, great cultural

affinity between the two countries for over one thousand years.

At a reception held in his honour by the Indian Chamber of Commerce in Bangkok, Mr G.D. Birla asked Indian businessmen to become industrialists by boldly venturing into productive enterprises suited to Thailand's requirements. He advised them to behave as servants of the Thai people so that goodwill and mutual trust grew between them in an ever-increasing measure. He recalled that Indian traders had been pioneers. In very difficult times they had gone out and established trade. But, in industry they had not shown the same pioneering spirit. Indians, he said, worked hard. They went out of their country with hardly any capital. They had become well-to-do because of hard work and he complimented them for this. But trends were changing in every country. Trade was being taken over by the local people since that was the desire of the local governments and local population. Hence was it that foreigners in any country must change from trade to industry.

For instance, Thailand imported a lot of textiles until five years back. Now this had been replaced by local production. He advised Indians to mix socially and culturally with the local population while at the same time preserving their own traditions. They should also be charitably disposed in their attitude. The cultures of Thailand and India had many common roots, Mr Birla said and he reminded his audience that the Ramayana was a holy book in both countries. Thai language originated from Sanskrit and there were links through Buddhism also.

audience with the King

Mr Birla's meetings with the deputy prime minister and Industries minister and a highly significant audience and dinner with their Majesties the King and Queen of Thailand — considered a rare honour for a visiting business leader of another country — were the highlights of his very successful 5-day visit to Thailand. Mr Birla informed the Thai government he could immediately take up the building up of a fertilizer plant and a pulp plant should they be interested. He has left it to them to indicate their views in this regard.

The total land area of Thailand is about 5,14,000 square kilometres or about the combined area of the four south Indian states of Andhra, Tamil Nadu, Karnataka and Kerala. It is divided into four geographical regions:

(i) The northern mountainous region of around 169,000 sq. kms, rich in teak, soy

beans, silk, tobacco, tin, lignite and iron ore.

(ii) The north-eastern plateau of 169,000 sq. kms whose main products are jute, maize, kenaf, silk, gypsum, iron ore, lead and manganese.

(iii) The central region made up of about 100,000 sq. kms of fertile plains cultivated with rice, cassava, and sugar-cane.

(iv) The southern peninsula of approximately 76,000 sq. kms abounding in tin, rubber and iron ore.

Thailand's population is about 40 million. The last census was taken in 1960. Greater Bangkok area houses 10 per cent of this population.

labour force

The estimated labour force is 50 per cent of its population. More than 75 per cent of this are engaged in agriculture. The rest are distributed among services, manufacturing and commerce sections, in the percentages of seven, four and seven respectively. Prevailing daily wage rates range from Baht 20 to 80 for skilled workers and from Baht 15 to 25 for unskilled labourer. The average in Bangkok metropolitan area is higher than in other areas of Thailand. (2.60 Baht make a rupee).

Thailand is ruled by His Majesty King Bhumibol Adulyadej, the ninth reigning sovereign of the Chakri Dynasty. From 1958-71, his executive powers were exercised by the prime minister and the council of ministers; his legislative powers by the national assembly; and his judicial powers by the courts of justice. From November 10, 1971 to October 1973, a revolutionary group took over the reins of government in a bloodless coup and set up a national executive council to exercise the executive and legislative powers of government. This group was overthrown on October 14, 1973, in a revolt led by students, and an interim cabinet was appointed by His Majesty with Mr Sanya Dharmasodki as prime minister to carry on the government until proper elections are held. Presently the draft constitution is under study by the national assembly and it is hoped elections will be held within the next six months. During the last 10 years the Thai economy has experienced a period of rapid growth. Output has almost doubled; the investment growth rate has risen from 14 per cent to more than 26 per cent; government expenditure has more than doubled. The implementation of the first and second development plans has provided greatly improved infrastructure support and has

WINDOW ON THE WORLD

ing countries. Given the right push and circumstance this should go a long way in helping both India and these countries economically and bring them closer politically.

Mr G.D. Birla's visit was in response to an invitation by the Board of Trade of Thailand — the advisory body which determines the trade and industrial pattern for that country. The Industries minister is its chairman so that all decisions taken by the board can be expeditiously implemented without any further governmental sanction.

Bangkok, the capital of Thailand, is a modern metropolis, live and active — with

clubs and other places of entertainment and relaxations in Bangkok owe their origin, existence and phenomenal growth to the flood of GI dollars during the last two decades.

The Indian business community in Bangkok has hitherto been confining its activities to trade — especially textiles. It is only recently they have shown some awareness of the potentialities of industrial activity too. The Japanese, on the other hand, have been very active since the end of World War II and have, therefore, a strong and well laid foothold. American and British interests too are substantial.

Mr G.D. Birla's grandson, Mr Aditya

successfully spurred economic growth. This rapid economic development has taken place under relatively stable price levels.

Thailand's economy is still predominantly agricultural. In the third five-year plan the first allocation to the agricultural sector is the second largest, aimed at increasing farm production output through diversification of agricultural products, improvement of existing irrigation facilities and continuing market development. Concurrently, a sustained drive towards industrial development is also being pursued. The result of Thailand's industrialisation is evidenced by the marked decline in the share of agricultural sector in the gross national product from 34.9 per cent in 1965 to 31.9 per cent in 1969. The increasing value added by the manufacturing sector to the gross national product has been derived chiefly from rice milling

and other grain mill products processing, cement, textiles, petroleum refining, chemicals, beverages and paper.

The country's business environment is characterised by private enterprise in a competitive economic system. Government participation is confined to state-owned enterprises, infrastructure projects and those activities deemed essential to the security of the nation. New industries are exempt from taxes for the first five years.

There is, therefore, much scope for Indo-Thai ventures and it is now for Indian industrialists to avail themselves of this welcome climate in Thailand and go there as adventurous pioneers establishing new joint ventures.

Mr G.D. Birla made many significant moves to forge greater Indo-Thai ties during his brief visit. He offered to train

Thai technicians in his industrial units in India. While visiting Indo-Thai Synthetics Co. Ltd., his grandson's unit, he announced that every year four workers from that unit would be selected on the basis of proven efficiency in their work and taken to India for a month long tour of Birla plants and other places of interest to them including Bodh Gaya. He donated half-a-million Bahts (two lakhs rupees) on behalf of the Birla group Indo-Thai joint ventures to the King's charities for utilisation of furthering the cause of technical education for Thai students in Indian institutions including the Birla Institute of Science and Technology at Pilani. He invited Thai ministers to visit India and see for themselves the progress made in his country. To sum up, his visit to Thailand has undoubtedly paved the way for closer business relationship and understanding between the two countries.

Josselyn Hennessy
London

Gloom and boom

Gloom : Ought We to Halt Economic Growth ?

How long will the world's reserves of mineral, natural gas, and coal be able to meet global demand for energy?

This demand for energy is, of course, the product of the demand per head and the number of people involved. Let us consider these two factors.

The number of people doubles within just 20 years in some developing countries today. The world average is 35 years. The present world population of 3,900,000,000 (mid-1973) thus grows by around 1.5 million every week, and will amount to about 8,000,000,000 in 35 years' time. But despite this crazy state of affairs, most people are still under the illusion that there are empty spaces in the world.

What does a doubling of population within 35 years mean?

It means that the earth is only 25 per cent occupied 70 years before it is totally full (no matter where the limit is set), and that it is still half empty only 35 years before this point is reached. But the limits to capacity will be attained with a single further step towards doubling, and then certainly far exceeded because the population explosion cannot be halted at a moment's notice.

In many developing countries between 40 and 50 per cent of the population are less than 15 year old. The world average

is 37 per cent. So the women who will bear their children in the next decades are already more numerous than ever before. Even if an average number of two children per family could be immediately imposed all over the world, the world population would still increase to around 6,000,000,000 within about 70 years. Many decades will in fact pass before this rate of reproduction can be attained. The classical scourges of humanity—hunger, disease and war—have not, up to now, been able to prevent the population explosion.

family planning

Statisticians sometimes define the term "catastrophe" as an event when more than a million people lose their lives, and a "disaster" when between a thousand and a million die. Even a catastrophe so defined would not account for population growth within a single week. Other more effective factors—provision of information, industrialisation, and urbanisation—intervene, factors that can be summarised as density stress. Their effectiveness takes time though, especially since family planning is still highly controversial, partly for religious reasons and partly because of power politics. A two-fold doubling of the world population up to 16,000,000,000 seems probable therefore, and yet another doubling to over 30,000,000,000 cannot be excluded.

The other factor determining the demand for energy—energy consumption per head—will even grow faster than the

population in the next decades, doubling and tripling.

The developing countries, with around three quarters of the world population have the greatest of all need to catch up. These countries, accordingly, made clear at the United Nations Conference on the Environment at Stockholm in 1972 that protection of the environment cannot be at the expense of their rapid technical development.

But there also exists a strong demand for further raising of living standards in all the industrial countries. The gradual but mounting shortage of raw materials and the increasing difficulties involved in procuring them from less rich reserves, in finding substitutes, and in recycling them, result in mounting energy needs per production unit. The increased demands for protection of the environment also work in the same direction.

A doubling of the population taken together with two and three times more energy per head would amount to a four- to six-fold increase in demand for energy. If anticipated consumption is added up, there results an astronomical level of cumulative energy consumption. For simplicity's sake, energy 10^{15} (three million millions) kilowatt seconds is represented by 1 Q. Over the next thirty years we will need around 16 Q., and in the next sixty years (taking into account declining rates of growth) between 75 and 95Q. What these figures imply becomes clear from the fact that in the next thirty years

more energy will be consumed than since the first year A.D. (around 14 Q.).

According to the data available at present, known reserves of oil and natural gas amount to 5 Q., and potential reserves to around 26 Q. If oil from shale and sand, which is considerably more expensive to extract, is added, the figure rises to around 50 Q. Coal reserves amount to some 220 Q.

When making comparisons with expected demand for the next thirty or sixty years, the following factors must be borne in mind:

First, the regional distribution of these global reserves varies greatly, so that importing countries will be hit first by shortages.

Secondly, production cannot follow mounting demand right into the moment when all materials have all been used up. Long before reserves finally run out, supply will fall more and more behind demand.

Thirdly, fossil reserves should—as soon as this is possible—no longer be burnt but utilised as chemical raw materials.

Avoidance of squandering of energy is desirable, and improvement of the degree of technical efficiency is possible, but neither brings about any decisive reduction in the demand for energy as is sometimes maintained. Without any new, additional source of energy, there will be constant rises in energy prices in the next decades, plus mounting shortages. Adequate energy supplies are, however, a precondition for assured workplaces and health, and high energy prices inevitably impede the struggle against the major scourges of humanity, above all under-development and destruction of environment.

nuclear power

The only major possibilities of new source of energy are nuclear power and solar radiation, but the sun only shines during the day—or not at all—and its rays amount to very low productivity, so that solar energy is still far from economic utilisation. There thus remains at present only nuclear energy.

At the start of 1973 there were 120 nuclear power stations operating in the world with a total capacity of 44,000 megawatts. That amounts to some two per cent of the present production of energy. At the end of the century, nuclear energy is expected to supply about 40 per cent of the USA's total needs and 75 per cent of the demand for electric current. Similar predictions are made for West Ger-

many. So nuclear energy has unfortunately arrived late, if not too late.

We will therefore probably experience a renaissance for coal, which will have to cover increasing deficiencies in supplies of oil and natural gas until a considerable proportion of power stations can operate with uranium.

Power stations using fossil fuels afflict the environment with waste gases. Even if these are reduced, there remain enormous quantities of carbon dioxide that can change the climate and upset the carbonate balance in the sea to threatening extent. Over the long term, the environment impact (resulting, in particular, from nuclear waste) could impose limits on the utilisation of nuclear energy too. Every kind of human production of energy is ultimately subject to a limit resulting from the heat produced, since all energy is transformed into heat, and the limits to capacity are not all so very far distant. Man is thus, without completely grasping the consequences, in the process of interfering on a global scale—and no longer just locally—with "Spaceship Earth's" ecological balance.

slow restraint

The demand for "nil growth" is just as naive as the anti-scientific neo-romanticism of the Counter-Culture. Technocratic optimism is also dangerous concerning the population explosion in the developing countries and energy consumption in industrial countries. Population growth can only be restrained slowly, and energy consumption per head must increase considerably in the developing world.

That is why it is all the more necessary for the environmental impact per production unit to be reduced in industrial countries. Medium term environmental and energy policies are necessary, but they are not enough.

We need, in addition, an economic theory for a free society in ecological balance, a long term concept for making possible a transition, without resort to totalitarian planning of society, from the phase of explosive growth to adaptation to the limits of capacity in a planet that has become restricted.

I cannot help feeling that these apocalyptic prophecies will not be realised in the forms imagined, because local wars, famine and pestilence are not, as many people seem to think, in abeyance. As and when the pressure of population increases

so will these scourges until, at the cost of great human suffering, they produce a liveable world for the survivors.

Let us turn to a completely different and less depressing subject.

Boom : Foreign Investment in the USA

South Carolina is currently host to so many West Germans that the city of Spartanburg could very well stage an Oktoberfest. The state has carried out a campaign to familiarize foreign investors with its good labour supply and abundant raw material. The West Germans have responded enthusiastically. By the end of May, 1973, they had invested some \$ 377 million. West German plants supply the local textile industry with machinery and chemicals used in sizing and permanent press.

South Carolina is by no means the only American state experiencing an influx of foreign direct investment. Foreign companies are to be found throughout the USA. Last year, the book value of direct foreign investment in the USA rose by over \$700 million slightly less than double the rise in 1971. This year some experts are predicting an even greater rise of \$ 1,000 million or so to a total of more than \$ 15,000 million.

Who are these foreign investors? Why are they going to the USA?

Many of them are the leading firms in their countries of origin and, indeed, in the world. Jeffrey Arpan of Georgia State University has found that roughly one fourth of these investors are the world's largest producers of what they manufacture. Many have some sort of competitive advantage over the USA producers—e.g., more advanced technology or superior reputation of product. Sony Corporation had developed the unique Trinitron Colour Television, the one-gun tube with triple colour. Sony's competitors are still using three guns—one for each primary colour. British Bowaters United States has the world's fastest paper press, and Brown & Williamson pioneered the menthol cigarette.

As many students of foreign direct investment point out, a special skill, or a strong public identification with its products, can give a company the edge that it needs to surmount the added costs—in communication and transport—of doing business in a foreign country. Because its advantage is not shared by local competitors, the foreign company can earn better profits than the average firm in its industry. It can therefore afford to pay

more to acquire a local business than can local investors.

Of course, a company sometimes goes abroad not because it can make more than local companies but because—at least in the short run—it is willing to earn less in order to safeguard markets. A number of foreign investors were heavy exporters to the USA, now their export markets may be threatened by the pressure for higher tariffs in the USA. Michelin Tyre Corporation is one of many firms that became so worried about the possibility of being locked out of the US market that it decided to manufacture inside the US tariff barrier. The Japanese are investing in plants in the USA to surmount high tariffs and other barriers to their goods. They are also worried about the increasing number of US export curbs. Kikoman Shoyu Ltd, built its soy sauce plant in Wisconsin just before the US government imposed a temporary ban on soy bean exports. Japanese textile companies—Toyobo Co. Ltd, Kanebo Ltd.—are moving into the south-east to avoid US restrictions on imported textiles. But another reason is the desire to secure uninterrupted access to cotton supplies. Controls on cotton exports might be possible if shortages continue.

misaligned exchange rates

Apart from the barriers created by import and export controls, foreign firms must face distortions resulting from misaligned exchange rates. Before the devaluation, the USA was in effect subsidising imports by maintaining an overvalued dollar. Now the reverse may be true. Many observers believe that the dollar is undervalued, which would mean that the Americans are penalising imports. Some currencies have appreciated as much as 20-25 per cent against the dollar since 1970, and the higher prices of imported foreign goods are driving American shoppers to domestic products. The 1974 Volkswagen Beetle, for example, is \$626 higher than the 1973 model.

Although the effects of currency changes may be temporary, some foreign companies cannot afford an erosion of their share of the US market and have therefore decided to open up in the USA. Looking ahead, if the dollar appreciates, as many expect it will, these companies will profit on two counts: (1) they will have bought their assets in the USA when the price was cheap in terms of their own currencies and (2) their dividends will be worth more as the dollar rises in value.

Finally, by setting up in the USA,

foreign firms shorten their pipelines to buyers. Often the pipeline becomes so long when the product is manufactured overseas that companies cannot adapt rapidly enough to a changing market. With a new plant in Virginia, Volvo can quickly incorporate in its current models any changes in US pollution or safety standards. One likely reason for Volkswagen's interest in assembling its cars in the USA is their desire to be right on top of the fast changing "economy car" market. Similarly, Siemens Corporation will use the facilities of Computest Corporation, a firm that it recently acquired in New Jersey, in order quickly to adapt West German instruments and components for US use.

In order to shorten the pipeline to consumers, foreign firms are repeating the earlier experiences of US overseas direct investors.

Some years ago, for example, Du Pont had a competitive advantage in Orlon production and marketing. Du Pont could have set up a European sales organisation and exported their US products to Europe, which might have made sense if the advantage of US economies of scale had more than offset the saving in labour and transport costs obtained by producing in Europe. But as their penetration of the market increased the need for production facilities in Europe became ever greater. As a Du Pont executive said: "A small European sweater maker could not know in advance what needs would be, so the ten week delay in delivery as long as the product came from the USA made the deal impossible for him. But a one week delivery from a local factory made him a regular Du Pont customer."

Undoubtedly not one but a combina-

tion of factors is behind every firm's decision to invest in the USA. The path is now somewhat easier because foreigners now know what competition they have to face. They have already competed against US subsidiaries in Europe. Fear of the superior market power of US companies is diminishing. Volvo sells in the same European markets as General Motors and Ford's. BASF can hold its own with Du Pont and Dow Chemical.

Instead of slipping quietly into the USA as in the past, foreign firms now openly announce, indeed advertise, their plans to buy a US firm or to build a new plant. They are using their own names rather than the names of the US companies that they are buying.

It is important to note that they are being welcomed by most levels of the US government. The entry into the USA of foreign investment adds to employment and growth and, nationally, has a favourable short term effect on the US balance of payments.

The thought occurs to me, as I strike the last keys of my typewriter, is: Are Indian companies setting up in the USA? If not, some recourse to efficiency experts might seem indicated.

Sources and acknowledgements: I take my Gloom from a report in *Kultur Brief* a West German review, published in Bonn, and my Boom from the latest issue of *Business in Brief*, published by the Chase National Bank in New York, but neither is responsible for the emphasis of my summaries, nor for my interspersed comments.

RECORDS AND STATISTICS

A Quarterly Bulletin of "Eastern Economist" this publication surveys important developments in each quarter in the various fields of the national economy as well as in the world economy, organizes its material in a convenient form and illustrates it with diagrams, graphs and charts. Its features are a business roundup, an analysis of markets and an investment supplement.

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GATT chooses to be cheerful

AT A TIME when the general attitude in economic affairs is one of concern if not of gloom the GATT Secretariat in Geneva has come up with a usefully confident report on world commerce in 1973. Instead of the usual lamentations about oil supplies and prices and the stupidly hysterical capers of west European governments late last year the GATT report concentrates on the constructive results of the multilateral trade negotiations in Tokyo last September and the fact that the General Agreement on Tariffs and Trade last year completed 25 years of useful work in coordinating international commerce. The report does not ignore current concern over inflation, difficulties over supplies of raw material for industries but emphasizes that these worries should not overcloud the fact that a new round of international trade discussions is painstakingly progressing in Geneva and that when at last the US Trade Reform Bill finally emerges into law there is reason to hope that a relapse into nationalist protectionism will have been avoided.

optimistic tone

It is well that the tone of the Geneva report is optimistic—the general anxious pessimism in catching and, like an illness, builds itself up on partly unnecessary timidity. GATT insists that the surest way to allay economic fear is to work steadily for expansion of world trade and remarks hopefully that restrictive practices now are fewer than they were in 1971 and 1972. Even in the contentious area of the textile trade there is a refusal to be defeatist; a new round of discussions is regarded as a "political act of the greatest significance." GATT warns an impatiently anxious world that quick results are both dangerous and improbable and insists that there must be a more placid attitude by governments and traders while difficult technical problems are considered and reasonable results worked out gradually. The greatest hope lies in provisional solutions to international trade problems on the long way to a more lasting rearrangement. The most helpful area in which progress could be made would be a steady, but probably slow, reduction in the immense number of non-tariff hindrances to free trade. These many, often petty but obstinate regulations varying from one country to another, cancel to a

large extent the benefit achieved in reducing direct tariffs on imports.

Not least among the item of commercial progress in recent years are the free trade agreements between the Common Market and the five remaining members of the almost forgotten but very active EFTA (European Free Trade Agreement) even though others criticize this privilege as a preferential trade agreement. GATT performs a very useful, quiet function as a centre where consultations and complaints can eliminate or reduce many frictions—some of them trans-Atlantic—which could otherwise boil up into quarrels. With a membership of 83 states, a few of them communist, and with provisional arrangements with 17 other states, GATT serves as an international trade club of the first importance in a world tending to move into contending trade blocs and as a necessary calumet in an economically distressed period.

GATT is not alone in criticizing the international tendency to nervously or greedily trade restrictions. In the USA itself, where the trades unions are among the foremost in arguing for restraints against imports, the General Accounting Office has criticized several aspects of the "voluntary" agreements with other countries that limit imports of textile and steel. The office recognizes the "significant dilemma" between the benefits of free trade and the need to preserve vital industries, maintain high employment and encourage technological advances in the USA. But it points out that the costs to the protecting country are higher prices to consumers, higher import prices if importers reduced their domestic competition, costs of administration and, in some cases, costs in payments of "bonus inducements" to would be importers to keep their trade at existing levels. The reduction of textile imports to the USA might no longer be relevant because of declining US home demand.

strong opponent

American organized labour is also one of the strongest opponents of the US Trade Bill, which has passed through Congress and now lies before the Senate. The prospects of this bill, with its liberalizations for world trade, passing this year appear remote. One provision, involving trade with the Soviet Union, is highly controversial, labour opposition to the bill

is formidable and the American public has no enthusiasm for it. The present 12-years old law has obvious inadequacies in the present circumstances but American are apathetic to any change and positively hostile to some clauses. But if the bill is not passed reasonably soon—this year or early in 1975 the failure will largely hamstring the Tokyo negotiations on which GATT sets such high hopes. The remote problem of ability of Soviet Jews to migrate to Israel is the key to a solution of the problem of giving the US Senate and its Finance Committee sufficient courage to go ahead with recommending the other provisions. These give the President authority to negotiate reductions of tariffs and other trade barriers and other powers. In short, the final initiative which would lead by a long chain of reaction to a freeing of non-communist world trade lies with the Soviet government in giving its Jewish citizens freer permission to emigrate. It is a risky location for initiative to improve commerce outside Comecon and GATT needs all its optimism to expect a favourable turn of events.

Moscow's urge

One factor which might induce Moscow to look beyond its legal power to retain citizens within the Soviet Union is the fact that it needs the cooperation of leading non-communist industrial states to develop its own economy almost more than some of them need the chance of cooperating with Russia to aid their own shaky finances. Equally, the fact that the Soviet Union and the communist area as a whole has a very small share in trade with the Arab world—the new Eldorado—may induce Moscow to be more than usually cooperative. The USA, Canada and western Europe even in 1972, had nearly 65 per cent of the trade with the middle east and north Africa; since then, and especially recently at least another 15 per cent of world trade with that area has come to these non communist countries. If the non-communist countries have some 10 per cent of trade with the Arab-north African area only one-fifth of trade is left for the communist world. This growing challenge to Soviet foreign trade in a key and nearby political area appears even more likely to induce cooperation from Moscow than its desire for foreign development help. The current strong pressure under which Soviet political influence labours in the middle east will be a further compellant.

E. B. Brook
Vienna

BHEL announces a Rs.22-crore error- with some pride

BHEL climaxed 1973-74 with a turnover of Rs.228 crores — that's Rs.22 crores more than the forecast. Keeping pace, profits — before taxes — doubled to Rs.27 crores. It wasn't just a good year for BHEL. It was a great year.

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Undertakings. In spite of this, profits have gone up and prices have remained competitive.

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While being interview-

ed in Iran Mrs Gandhi was asked the rather trite question how she was leading the world's biggest democracy. Her reply was the familiar one that she had been brought up with a particular vision or idea of what India should be and that she felt it her duty to meet the challenge. Then she went on to add that it did not make any difference whether, while doing her duty and meeting this challenge, she functioned from the position of prime minister or not. This is pure hypocrisy. After all, Mrs Gandhi cannot be alone in this country of more than 580 million people in having a vision of what India should be. Quite a large number of her fellow-citizens do have their own individual visions of what kind of India they want to live in. When all is said and done most of them can do pretty little about making their respective visions come true. I am not saying that, in the event, Mrs Gandhi is going to be very much more successful, but it is undeniable that her being prime minister does give her some advantage. It is idle to pretend that her being effective in public affairs — to the extent that she is — is not dependent on the authority or resources that go with her prime ministership. Mrs Indira Gandhi is definitely not another Mahatma Gandhi. Her influence in the country is very much related to her being in her present office.

Indeed there is some sickly smell about all this pretence (that office does not matter) by people who are all the time doing everything possible to hold on to office as if for dear life. In this respect there is a lot to be admired about Mr V.V. Giri. Here is a man who has never been sanctimonious in the least about wanting to be President or enjoying the good things, material or otherwise, that go with it. I am sure that the president, like the prime minister, has a vision of what India should be (although he may be inclined to attribute this possession more to himself than to the way he had been brought up), but I would be surprised indeed if he were to claim as Mrs Gandhi does, that it did not matter to him whether he was president or not. Incidentally, these two will have to settle between themselves fairly soon whether Mr Giri should continue to pursue his vision of India

from Rashtrapati Bhavan for another term or move out when his present tenure expires. It is possible that Mrs Gandhi may try to assure him that he could pursue his vision as well out of office as he is doing in office. The prime minister, I am sure, will have to do a lot of talking and even assuming that Mr Giri is finally persuaded, it need not necessarily be presumed that he has been convinced as well.

'The Indian Express' of

May 2 has taken to task the Economic Counsellor in the Soviet Embassy for blaming, as it sees it, the Indian engineering services as well as manufacturers of equipment associated with the Bhilai and Bokaro steel projects for delays in the execution of the projects or the processing of expansion schemes. This newspaper has objected to "such a performance at a press conference in the Embassy" and has referred to the "impropriety" of the Soviet diplomat's behaviour. In taking this position *The Indian Express* has conveniently overlooked the fact that the Economic Counsellor in the Soviet Embassy was only putting forward his government's views after official leaks on New Delhi's part that a decision on the expansion of the Bhilai plant was being delayed because the Soviet government is not yet ready. Again the Steel ministry of our government and the Steel Authority of India Limited (SAIL) had mentioned recently that delays in the receipt of technical data from the USSR for equipment to be manufactured at Ranchi as well as delays in the supply of technical assignments for that part on the design work for the project which falls within the Soviet sphere of responsibility were among the reasons for work on the steel plants falling behind schedule. The editorial, even while mentioning these criticisms by or from the government of India, singularly fails to appreciate the point that the Economic Counsellor in the Soviet Embassy was only putting forward his government's side of the case before an Indian public which had already been told New Delhi's version. It is true that in this way a public debate has been raised, but I just do not see why this should be considered undesirable. On the contrary, in all such cases, it is good that differences are

aired in the open so that both parties realize all the sooner the need for straightening out difficulties or problems. Incidentally, it has been the practice of the World Bank to review the performance of the Indian economy critically on the eve and for the benefit of the meetings of the consortium of assisting countries. The World Bank has often been sharply criticised on this account in Parliament outside by certain politicians for reason of their own. The attitude of *The Indian Express*, although not on all fours with this approach, is nevertheless characterized by a certain amount of prejudice which is not exactly admirable.

The editorial in question has also complained that the Soviet diplomat, in addition to having behaved in an 'extraordinary' way, "was not correct in his assumptions either." In my view *The Indian Express* has not succeeded in establishing this charge. It contends that since Soviet organizations are effectively associated with the metallurgical and engineering consultants of the Steel Authority of India and the Heavy Machine Building Plant at Ranchi the Soviet side is not entitled to complain that these agencies have not been able to complete their share of the work on designs and drawings. Surely this is no valid reasoning. Simply because there is more than one party working in an institution, it does not mean that one of these parties cannot come forward and say that there have been lapses on the part of the others. Even if a major partner were to make a complaint of this kind, this does not necessarily convict it of being a co-sharer in some kind of a collective responsibility for the lapses. After all, if there are defects or deficiencies on the part of any one group of people working with other groups, it is those from the other groups who will be naturally in a position to point them out. That steel projects and plans are being delayed is a fact. Since it could be assumed that both the Soviet and the Indian governments are interested in executing the work efficiently and as early as possible, the Soviet diplomat's rejoinder to the Indian Steel ministry or SAIL should properly have the effect of stimulating or even provoking the collaborating parties to sit together and iron out obstructions to the speedy completion of the work. Incidentally, this is no the first time that responsible spokesmen of the government of the USSR have found it necessary to draw attention to delays in the execution of Indo-Soviet projects in our country due to failings on the Indian side. Soviet criticism, some time ago, of our oil exploration programme, for instance, was neither irresponsible nor irrelevant.



MOVING FINGER

TRADE WINDS

Indo-Iran Cooperation

TOWARDS THE end of Mrs Indira Gandhi's visit to Iran a memorandum of understanding was signed in Tehran for implementation of various projects, including a joint Indo-Iranian shipping line. It envisages Iranian credit assistance for various projects of over one billion dollars on soft terms. The memorandum of understanding provides for more than doubling the production of Kudremukh iron ore project in Karnataka from 3.5 million tonnes of pellet seeds per year to 7.5 million tonnes to be exported to Iran as also a study on increasing the capacity of alumina project to 300,000 tonnes, over which Iran will have the first option. The implementation of the agreement on Kudremukh would entail shipment of about 40,000 tonnes of pellet seeds from Mangalore port to Iran every alternate day. The decision to establish a joint shipping line is aimed at helping this process.

According to the joint communique, issued at the conclusion of Mrs Indira Gandhi's four-day visit to Iran, the two sides decided to form the joint shipping line with Iranian financial assistance with an initial capacity of 500,000 tonnes to operate between the two countries as well as to ports in the far-east and other routes, which may be agreed upon by the two countries. Besides these major projects, the two sides will also further cooperate to maximise the capacity of Indian industries to meet the requirements of both the countries. In this connection, priority will be given to the production of cement, sugar, billets and other steel products, paper and newsprint and chemi-

cals. Iran will provide financial facilities for the implementation of these projects. Contacts will also be maintained between the atomic energy organisations of the two countries in order to establish "a basis" for cooperation.

Tax Reliefs Announced

Mr Y.B. Chavan, union minister for Finance disclosed in the Lok Sabha on May 4 that the actual deficit financing during 1973-74 was around Rs 320 crores, less than half—the Rs 650 crores—estimated when he presented the budget for 1974-75 on February 28. This was made possible because of steps taken to effect economy in expenditure, and new credit controls introduced during the year.

Earlier on April 30 the Finance minister had announced a 'revenue sacrifice' of Rs 1.20 crores out of a total of Rs 212 crores in his budget proposals for 1974-75. Moving the Finance Bill to give effect to the tax proposals for consideration, Mr Chavan told the Lok Sabha that the modifications to his original proposals would be effective from May 1. An important change proposed is to extend the development rebate for a further period of two years to units switching from oil-fired to coal-fired boilers. The concession is also extended to coal-fired furnaces, kilns, ovens and other equipment changing from oil to coal-fired equipment.

Other modifications included reduction in duty from 10 per cent to 5 per cent, on sensitised photographic papers; reduction by about Rs 25 in the duty on inferior coffee

varieties of Liberia and Excelsia, reduction in duty on hexane used in the manufacture of solvent extracted vegetable non-essential oils and extracting fat from silk worms pupae and a lower effective rate of 80 paise a kg. on waxed paper and polyethylene coated paper and boards manufactured out of duty-paid base paper.

IMF Loan

Within the last 10 weeks this country had to go thrice to the International Monetary Fund for loan. On May 1, a credit of \$282 million (Rs 226 crores) was obtained, which is equal to one-fourth of the country's quota with the fund. It was only a fortnight before that India got \$91.5 million (Rs 73 crores) from the fund. This was equal to the country's gold tranche with the fund. In February last, a credit of \$75 million (Rs 62 crores) was got as compensatory financing to offset the shortfall in export earnings. The loan equivalent to gold tranche is without any condition. The Rs 226 crore credit obtained recently has also been "virtually automatic," though the fund has the right to lay down conditions. However if this country has to seek credit over and above its 25 per cent quota, the fund will lay down conditions.

World Bank Credit

Negotiations will be held this month with the World Bank for three new soft credits totalling about \$180 million for financing the Trombay fertiliser expansion project and for the Chambal and Rajasthan Canal command area development. Two official delegations are leaving for Washington in the next few days for talks with the World Bank on these projects. These credits, besides the one for at least \$150 million for industrial imports, just negotiated, are likely to be made available before the end of the bank's fiscal year ending June 1974.

Rouble Value of Rupee

The rupee is losing the value in relation with the rouble. From May 1. A hundred Indian

rupees will fetch 9.50 roubles in cash transactions instead of 9.51 roubles in March and 9.61 in April. The rate is fixed by the USSR State Bank on its own on the basis of the rupee's linkage with the sterling. According to Mr A.G. Voronin, deputy executive director of the foreign exchange and research department of the USSR State Bank, these fluctuations, will not adversely affect Indo-Soviet trade nor credit repayment and servicing.

Trade with North Korea

Mr Kim Gyong Ryon, Finance minister of Democratic People's Republic of Korea (North Korea), called on Prof D.P. Chattopadhyaya, union commerce minister recently. Both the ministers expressed their desire to make all efforts to further strengthen the trade and economic relations between the two countries. They showed their satisfaction over the progress made so far in the field of trade transactions and negotiations and agreed that further exchange of experiences and meeting each others requirements would benefit both the countries. Exchanging their ideas on the economic conditions of their countries, the ministers viewed that both India and North Korea believed in planned economy and peaceful co-existence and these countries could further progress only with the help of friendly and neighbouring countries.

The total trade turn-over between India and North Korea increased from Rs 0.83 crores in 1970 to nearly Rs 4.00 crores in 1973. The trade plan for 1974 envisages a total trade turn-over of Rs 26 crores. Implementation of this plan has started well. Contracts have already been concluded for goods worth Rs 18 crores both ways. India's major items of exports to North Korea are leather, tyres and tubes, raw rubber, woolen textiles, jute bags, wire ropes, etc. Imports from North Korea include steel, zinc, urea,

magnesia clinker, anthracites, etc. A three-year Trade and Payment Agreement between India and North Korea was signed in February this year, which will remain valid upto December 1977.

Brussels Fair

India Day was celebrated on May 2, 1974, at the Brussels Trade Fair. India is participating in this Fair after a gap of three years. Mr Guy Cudell, Belgian minister of Cooperation and Development, who inaugurated the Fair on April 20, went round the India pavilion the same day and appreciated the displayed goods.

The products displayed in the Indian pavilion included cotton handlooms, artware of brass and wood, light household articles and food products. Most of these products are covered by the Generalised System of Preferences (GSP), giving price advantage to the European consumers.

Wagon Deal with Yugoslavia

A joint delegation consisting of government of India officials and representatives of the wagon building industry is likely to proceed to Yugoslavia shortly to discuss with the Yugoslav government a revision of the prices at which the former had agreed to sell the latter about 425 wagons. The rise in the cost of manufacture, occasioned by higher costs of steel and labour, has made the supply of the wagons at the stipulated price extremely unremunerative to the industry which apprehends that its losses, if the contract is fulfilled at the prices agreed two years ago, will amount to over Rs 4 crores.

New Fertilizer Plants

The NPK plant of the Indian Farmers Fertiliser Cooperative Limited (IFFCO) at Kandla is being commissioned shortly. The first consignment of 15,250 tonnes of phosphoric acid, the main raw material for the

manufacture of NPK has already been unloaded by M.S. 'Matarengi' into IFFCO's tanks at Kandla. IFFCO has entered into a three years contract with Shahpur Chemical Company of Iran for the supply of phosphoric acid which is in extreme short supply in the world market. The largest of their kind in India, the two plants of IFFCO at Kalol and Kandla, with a capacity of 400,000 tonnes each of urea and NPK respectively are nearing completion. The ammonia plant which is already under commissioning is expected to go into production within a month or so. The ammonia from Kalol will be transported to Kandla in IFFCO's own tank cars specially designed and built for the purpose.

Banking in Rural Areas

The expansion of banking system in the rural areas has gone up by about 51 per cent since nationalisation. According to the annual report of the ministry of Finance, the increase in semi-urban centres amounts to 20 per cent. On the eve of bank nationalisation, the number of branches in rural areas constituted 22.4 per cent of the total number of branches in the country. By the end of last year, the percentage had gone up to 36.5 per cent of the total. In the "under-banked" areas, mostly in the eastern region, the number of banks has increased by 147 per cent. On July 1969, the number of branches was 465. This number has increased to 1147. The "under-banked" areas include Meghalaya, Assam, Nagaland, Bihar, Orissa, Tripura, Manipur, Arunachal Pradesh, Dadra & Nagar Haveli, Mizoram and Lakshadweep.

Reorganisation of Power Projects

The union minister for Irrigation and Power, Mr K.C. Pant, recently called for improvement in the managerial capabilities of the state electricity boards to implement

the large tasks before them. Inaugurating the annual session of the Central Board of Irrigation and Power he stated that project preparation was often inadequate and there was not enough pre-planning and advance action taken to ensure that physical programmes did not get delayed. In many projects, the management information system was totally inadequate to permit timely and effective decision making. Delegations of power was inadequate, and responsibilities for performance had not always been clearly defined. It was the intention of the government that the electricity industry should be re-organised to remove these deficiencies.

National Radar Council

A National Radar Council (NRC) is proposed to be set up to ensure proper coordination of the various activities in the field of Radar so as to meet the defence and civil requirements in an integrated manner. The council headed by Prof M.G.K. Menon, Chairman Electronics Commission, will be composed of senior officers from major agencies concerned with the development, production and use of radars.

Tourism Development Corporation

India Tourism Development Corporation made a gross profit of Rs 159.27 lakhs during 1972-73, mainly from its hotels. The figure is 50 per cent more than the profits of the previous year. The Corporation's turnover of Rs 934 lakhs is also 42 per cent more than in 1971-72. A notable feature of the performance of ITDC hotels has been that Hotel Ashoka, Bangalore, and the Akbar Hotel, New Delhi, made substantial profits in this year, their first full year of operation. The Ashoka, New Delhi, also increased its profits to over Rs 29 lakhs. Lodhi and Ranjit hotels too did better and considerably reduced their losses. Several of the existing hotels, particularly those in New Delhi

were renovated and new facilities added. The report shows that 1972-73 was a year of rapid growth for the Corporation. By adding 439 beds ITDC became the largest accommodation chain in India covering the whole country from Kashmir to Kerala.

Varanasi Hotel, a new three star hotel by India Tourism Development Corporation was formally inaugurated on May 1, 1974 by Dr Sarojin Mahishi, minister of State for Tourism and Civil Aviation. Overlooking the river Varuna from which Varanasi derives its name, this new hotel offers 50 rooms and suites. The hotel will help meet a major need of tourist accommodation in Varanasi along a travel route to and from Delhi, Khajuraho, Agra and Kathmandu, which are usually visited by a large number of foreign tourists.

Expert Panel for Evaluation

The National Buildings Organisation of the ministry of Works and Housing is to set up a panel of experts to prepare guidelines for real estate valuation. This is in accordance with the recommendations of the seminar on the subject held there recently. The seminar was attended by about 150 delegates from all over the country including representatives of the central and state governments, public undertakings, housing boards and leading valuers.

Hudco Schemes

Economically weaker sections of society are to get houses and flats at concessional rates in Agra, Bhopal, Hubli and Lucknow under the new housing schemes for which loans have been sanctioned recently by the Housing and Urban Development Corporation (HUDCO). In Agra flats will be subsidised to the tune of Rs 1700 per unit. In Bhopal, Hubli and Lucknow sale of flats and houses will be below cost. The concession will range between Rs 867 to Rs 1200 per unit.

territories. The Corporation, moreover, opened two more regional offices at Gauhati and Chandigarh in addition to five regional offices established earlier at Bangalore, Calcutta, Bhopal, Poona and Patna. The charter of the NCDC has recently been amended by Parliament so as to broaden the administrative set up of the Corporation and to diversify its activities and sources of finance. With larger funds of the order of Rs 86 crores to be supplemented by its own funds during the fifth five-year Plan,

The Corporation is poised to play for more effective role in expanding and strengthening the cooperative marketing infrastructure particularly in the cooperatively underdeveloped states and union territories. The Corporation would also pay special attention to the rapid development of cooperative poultry, dairy, fisheries and minor forest produce — the activities in which small farmers and tribals are predominantly engaged.

News and Notes

(Expansion and Diversification)

Firth (India) Steel Company Ltd is setting up a Rs 310.38 lakh alloy and high-speed steel plant, at Nagpur with a capacity to manufacture 6000 tonnes of billets, employing the new electro-slag re-melting process claimed to be the first of its kind in India. The company has entered into technical and financial collaboration with Firth Brown Ltd of the UK. The pilot production is expected to commence during June-July this year with the commissioning of the steel melting shop. The forge shop and rolling mills will start functioning later in the year. When the Nagpur plant is fully commissioned, the company's plant at Thana, which is using only 40 per cent of the plant utilisation capacity in the case of high-speed steels and 30 per cent in the case of alloy steels, will attain 90 per cent utilisation capacity. With the expansion put through, the company's

turnover is expected to increase to Rs 443 lakhs and the pre-tax profit to Rs 94.5 lakhs.

New Issues

Milkfood Limited entered the capital market on May 8, 1974 with a public issue of Rs 27 lakhs. The list will close on May 18, 1974 or earlier but not before May 10. Milkfood Limited is setting up its plant at Bahadurgarh (Patiala) for the manufacture of milk powder, cheese, butter, ghee and a variety of other milk products. The plant's installed capacity will be 4,000 tonnes of milk powder and other products, 600 tonnes of cheese and 3,200 tonnes of butter and ghee. The capital outlay of the project estimated at Rs 110 lakhs will be met by equity capital of Rs 45 lakhs and loans and deferred payments for Rs 65 lakhs. The project is in final stages of erection and will go into commercial production in June, 1974. The company has been sanctioned power required for the project.

In addition to this to ensure uninterrupted production the company is also installing its own generator. Being in milk products line, the company has an assured market for its products. In the first year of operation ending March 31, 1975, Milkfood plans to manufacture about 1,200 tonnes of milk powder, 800 tonnes of butter, ghee and other products, which will give a turnover of Rs 2 crores and pre-tax profit of Rs 16.96 lakhs. The company is confident of declaring 12 per cent dividend in the very first year of production. In the second and third years the turnover will be to the tune of Rs 2.83 crores and Rs 3.61 crores, the expected profits being Rs 33.65 lakhs and Rs 43.51 lakhs respectively. Milkfood has been promoted by Jagatjit Industries Ltd., a name well-known in the markets for their malted milkfoods and malt whiskies.

Dynatomic Hydraulics Ltd. is setting up a plant for the manufacture of hydraulic

equipment at Peenya Industrial Estate II, near Bangalore in the state of Karnataka. The company has entered into a technical collaboration agreement with Messrs Dowty Hydraulic Units Ltd of the UK. The net plant is expected to go on trial production by August 1974 and commercial production is expected within two months thereafter. The company hopes to export a substantial production to Europe and other east European countries. The collaborators have agreed to buy up to 25 per cent of the company's production. The

company therefore, does not anticipate any difficulty in marketing its products. To raise part of the resources required for the implementation of the project the company is offering 144,000 equity shares of Rs 10 each for cash at par to the public for subscription. The subscription list for this fully underwritten issue opened on May 9 and will close on May 20 or earlier but not before May 13. The management is confident of declaring a reasonable dividend from the second year of commercial production.

Dividends

Name of the Company	Year ended	(Per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Kamala Sugars	Dec. 31, 1973	12.0	9.0
Svadeshi Mills	Dec. 31, 1973	20.0	15.0
Jawahar Mills	Dec. 31, 1973	15.0	12.0
Balasubramania Mills	Dec. 31, 1973	25.0	14.0
Tubes and Malleables	Dec. 31, 1973	15.0	10.0
Same Dividend			
Anglo French Textiles	Dec. 31, 1973	15.0	15.0
Wavin India	Dec. 31, 1973	6.0	6.0
Suessen Textile Bearings	Sep. 30, 1973	14.0	14.0
Champaran Sugar	June 30, 1973	15.0	15.0
Emco Transformers	Sept. 30, 1973	10.0	10.0
Mahindra Owen	Oct. 31, 1973	Nil	Nil
Mandya National Paper	June 30, 1973	Nil	Nil
Borax Morarji	Dec. 31, 1973	16.0	16.0

RECORDS AND STATISTICS

Marginal relief in taxation

THE FINANCE minister, Mr Y.B. Chavan, proposed in the Lok Sabha on April 30, 1974, some amendments to the budget proposals for the current year which would provide a relief of Rs 1.20 crores out of the total new taxation equivalent to Rs 212 crores. The most significant relief has been provided in respect of development rebate which has been extended for a further period of two years for units switching over from oil-fired to coal-fired boilers. Concessions in excise duty have been provided in respect of a few items. The full text of Mr Chavan's speech is given below:

Main Features

I had explained the main features of the proposals contained in the Bill in my Budget Speech. The details of the specific provisions in the Bill have been explained in the Explanatory Memorandum circulated to Hon'ble Members. I do not, therefore, consider it necessary to cover the entire ground again.

The Bill has been before the Hon'ble Members for nearly eight weeks. During the general debate on the Budget, Hon'ble Members have given valuable suggestions for the improvement of some of the provisions in the Bill. Sir, I am grateful to them for their comments and constructive criticism of the proposals in the Bill. I have also had the benefit of studying several representations and

memoranda from members of the public, chambers of commerce, etc. I have given careful consideration to the suggestions made by the Hon'ble Members and others. In the light of these comments and suggestions, I propose to modify some of my original proposals. With the indulgence of the House, I will briefly explain the principal changes that are proposed to be made in the provisions of the Finance Bill

Critical Shortage

In view of the critical shortage of petroleum products, I had proposed the continuance of development rebate for another year in respect of coal-fired boilers and machinery or plant for converting oil-fired boilers into coal-fired boilers. While this concession has been widely welcomed, it has been pointed out that industry may not be in a position to obtain delivery of new boilers by June 1, 1975. It has also been urged that with a view to encouraging a switch-over from oil to coal as a source of energy, the proposed tax concession should be extended to other coal-fired equipment, such as, furnaces, kilns, ovens and the like. I find considerable merit in these suggestions. I accordingly propose to extend the tax concession by way of development rebate for a further period of two years in respect of coal-fired boilers and any machinery or plant for converting oil-fired boilers into coal-fired boilers. Similar concession will also be available in respect of coal-fired furnaces, kilns, ovens and the like and machinery or plant for converting such oil-fired equipment into coal-fired equipment.

Under the provisions of the Bill, the operation of development rebate is also proposed to be extended by one year in cases where there is satisfactory evidence to show that contracts for purchase of machinery and plant were finalised before December 1, 1973. Under these provisions, the benefit of this concession will not be available in cases where machinery or plant is manufactured by an industrial undertaking owned by the taxpayer. Since this would result in hardship in some cases, I propose to move an amendment to secure that machinery or plant manufactured by a taxpayer in his own undertaking will also qualify for development rebate if satisfactory evidence is produced to show that step for the manufacture of such machinery or plant had been taken before December 1, 1973.

Under the provisions of the Income-tax Act, income derived by Indian companies and resident non-corporate taxpayers in consideration of providing technical know-how and technical services to foreign enterprises is entitled to preferential tax treatment. As

Main Object

As one of the main objects of this tax concession is to augment our foreign exchange resources, the Finance Bill seeks to make a retrospective amendment to the relevant provisions to provide that the concession will be allowed only to the extent that such income is received or brought into India in accordance with the laws regulating payments and dealings in foreign exchange. Sometimes, host countries may place restrictions on remittance of funds by Indian taxpayers to India. Remittance of funds to India may sometimes get delayed due to other valid and inescapable factors. In such cases, income received in a foreign country may not be brought into India before the completion of the regular assessment of the taxpayers. In order to cover such cases, it is proposed to make a provision in the law for rectification of completed assessments if the taxpayer proves that the fore-

ign income has been subsequently brought into India. The Reserve Bank of India sometimes permits the use of foreign income outside India. Income which is so used outside India can be regarded as constructively brought into India. Accordingly propose to move an amendment to secure that moneys utilised outside India with the permission of the Reserve Bank would be deemed to have been brought into India for the purposes of this tax concession. It is also proposed to move a drafting amendment to secure that these tax concessions are available only in cases where the foreign income is received in foreign currencies which go to augment our foreign exchange resources.

Reserve Account

Under an existing provision in the Income-tax Act, profits transferred by approved financial corporations to special reserve account are exempted from income-tax within the ceiling limits laid down in this behalf. The Finance Bill seeks to increase the ceiling limits on the deductible amount in the case of Financial Corporations or Joint Financial Corporations established under the State Financial Corporations Act, 1951. I propose to extend the benefit of the proposed concession to approved Financial Corporations which, though not established under the State Financial Corporations Act, are deemed to be Financial Corporations under that Act.

In regard to indirect taxes and particularly Central Excises, though there has been some criticism of the magnitude of the tax effort, it was reassuring to note that many recognised that there was no other choice, if the deficit financing was to be maintained at a safe level. There are, however, certain areas where I feel, some modifications in the original proposals are called for.

With the revision of the criterion for dutiability of aerated waters, many small units have come into the excise net

is a result of which a large number of representations have been received from them leading for excise relief. Their cases have also been taken up by some of the Hon'ble Members and the issue raised during general discussions in both the Houses of Parliament. In the light of the various representations received and studies made, I propose to give suitable relief to the small units by exempting aerated waters produced with the aid of power, where the extent of power used by or on behalf of a manufacturer in one or more factories does not exceed 10 Horse Power, in replacement of the existing exemption.

Consequent on the withdrawal of the lower effective rate in respect of Robusta, Liberia and Excelsia varieties of coffee, representations have been received urging restoration of the pre-Budget rate in respect of these varieties on the ground that they are inferior in quality. I propose to reduce the duty on Liberia and Excelsia varieties of coffee from Rs. 100 per quintal to Rs. 75 per quintal, while other

varieties of cured coffee will carry the rate of Rs. 100 per quintal.

As a result of steep increase in the effective rate of duty on Hexane used in the manufacture of solvent extracted vegetable non-essential oils and for extracting fat from silk worms pupae, representations have been received for the restoration of pre-Budget rate. In particular, it has been urged that the solvent extracted oil industry is an export-oriented one and while on the one hand the costs of processing deoiled cakes have gone up their international prices have registered a fall. Hon'ble Members are aware that in the 1974 budget, the effective rate of duty was increased from Rs. 425 per kilo litre to Rs. 1,763.20 per kilo litre. After taking into consideration all these factors, I propose to reduce the rate of duty on Hexane intended for use in the above industries so that the effective rate of duty will be Rs. 1000 per kilo litre and revive the procedural safeguards for ensuring the intended use.

I am proposing a minor

modification relating to waxed paper and boards and polyethylene coated paper and boards. As a matter of equity to manufacturers who utilise duty-paid base paper purchased from the open market in the manufacture of the aforesaid special varieties, I propose to fix a lower effective rate of 80 paise per Kg. on the above varieties of paper and boards manufactured out of duty-paid base paper.

With the imposition of excise duty on electrical stampings and laminations in this year's Budget, representations have been received from some smaller manufacturers operating without the aid of power or with a relatively low quantum of power. I propose to extend a concession to such smaller manufacturers by exempting a quantity not exceeding 20 metric tonnes of stampings and laminations cleared in a financial year by or on behalf of a manufacturer, subject to the condition that the total quantity cleared in that financial year does not exceed 40 metric tonnes.

Thank to a photo-finish,

imposition of Central Excise duty on sensitised papers, including diazotype papers and boards, at 10 per cent ad valorem has coincided with the increase in prices announced by two of the major manufacturers of photographic papers. This twin imposition is said to have affected the photographic trade. Some of the Hon'ble Members of Parliament have also supported the cause of the photographers. In deference to their wishes and as photographers are an ubiquitous phenomenon in present day society and, if I may say so, public life, I propose to reduce the rate of duty on all the above varieties of papers and boards from 10 per cent to 5 per cent ad valorem.

The above modifications in the original proposals would mean a revenue sacrifice of about Rs 120 lakhs in one full year. All these modifications are proposed to be effected by issue of suitable notifications effective from May 1, and copies of these notifications will be laid before this House in due course.

Performance of the public sector undertakings: 1972-73

OF THE 113 central public sector undertakings, 103 are running concerns which have, for the purpose of proper appraisal, been classified in cognate groups in the annual report for 1972-73. The cognate groups under which the running concerns have been classified are detailed below:

Classification Groups*

1. Enterprises producing goods:

- (a) Basic Raw Materials:
- (1) Steel (3)

- (2) Minerals and Metals (11)
- (3) Petroleum (7)
- (4) Chemicals & Pharmaceuticals (10)
- (b) Capital Goods:
- (1) Heavy Engineering (7)
- (2) Medium and Light Engineering (2)
- (3) Transportation Equipment (7)
- (c) Consumer Goods (6)
- (d) Agro-based Products (2)

II. Enterprises rendering services:

- (1) Trading and Marketing (14)
- (2) Transportation (7)
- (3) Contracts & Construction (5)
- (4) Industrial Development & Technical Consultancy (5)
- (5) Small Industries Development (1)
- (6) Tourism (1)

- (7) Financial (3)
- (8) Rehabilitation of Sick Industries (2).

At the end of March, 1973 there were in all 103 running enterprises as against 92 at end of the previous year. The additions during the year were: The Steel Authority of India, Bharat Gold Mines, Bharat Coking Coal, Mineral Exploration Corporation, Bharat Ophthalmic Glass Ltd., Tea Trading Corporation, Metal Scrap Trading Corporation and International Airport Authority of India which were formed or incorporated during 1972-73; the Bokaro Steel Ltd., and Bharat Pumps & Compressors Ltd., which commenced production in 1972-73 and the Hindustan Copper Corporation which took over the management of Indian Copper Corporation as a running concern in September, 1972.

The financial position of the 103 enterprises is summarised

in Tables X and XI for the two major groups along with their sub-groups. The over-all position is given in Table I.

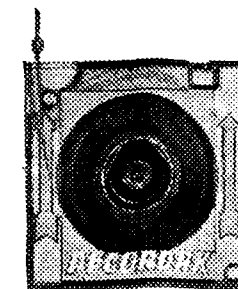
Salient features of the running concerns are detailed in the following paragraphs.

(a) *Investment*: As on March 31, 1973 the total investment in the running concerns amounted to Rs 5426 crores made up of equity Rs 2954 crores and loans Rs 2472 crores. The overall investment in running concerns increased from Rs 4984 crores in 1971-72 to Rs 5426 crores in 1972-73. The additional investment during 1972-73 amounted to Rs 442 crores (Rs 386 crores in the enterprises producing goods and Rs 56 crores in enterprises rendering services).

Of the total investment of Rs 5426 crores the value of

*Figures within brackets denote the number of companies in each group.

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Gross Block including development expenditure amounted to Rs 4325 crores. As a number of projects and expansions have been taken up and are in progress, an outlay of Rs 1185 crores has been expended on Capital Works-in-Progress and unallocated expenditure during construction. No return can be expected from this portion of the investment till the connected equipment go into production. The net effective capital employed in the enterprises at the end of

TABLE II
(Rs crores)

	1972-73	1971-72
Enterprises Producing Goods		
Inventories*	1253.71	1053.83
Cash and Bank Balances	121.27	87.52
Loans & Advances	225.35	197.19
Receivables	323.34	281.45
Other Current Assets	133.02	186.22
Total Current Assets	2056.69	1806.21
Less Current Liabilities	1042.03	875.48
Working Capital	1014.66	930.73
Enterprises Rendering Services		
Inventories*	520.38	694.04
Hire Purchase Machinery	16.07	10.58
Cash and Bank Balances	116.94	123.32
Loans & Advances	332.28	243.67
Receivables	395.81	279.44
Other Current Assets	15.56	17.74
Total Current Assets	1397.04	1368.79
Less Current Liabilities	504.09	500.68
Working Capital	892.95	868.11

*After adjustive advances from customers and provision for obsolescence.

1972-73 amounted to Rs 4756 crores.

(b) *Working Capital:* The working capital of the running concerns on March 31, 1973 amounted to Rs 1015 crores in respect of enterprises producing goods and Rs 893 crores in respect of enterprises rendering services as given in Table II.

(c) *Inventories:* The value of inventories held by the running concerns amounted to Rs 1843 crores at the end of March, 1973. The total inventories held by enterprises producing goods increased from Rs 1106 crores on 31-3-1972 to Rs 1310 crores on 31-3-73. Inventories held represented four months' cost of production (including depreciation, and interest) at the end of 1972-73 as compared to five months cost of production at the end of 1971-72. The inventories held by service enterprises, however, recorded a decrease from Rs 697 crores on 31-3-1972 to Rs 523 crores on 31-3-1973.

(d) *Sundry debtors:* The increase in sundry debtors is mainly due to increase in turnover. The ratio of sundry debtors to turnover was 12.0 per cent in 1972-73 compared to 13.0 per cent in 1971-72 in the case of manufacturing enterprises and 15.5 per cent in 1972-73 as compared to 15.3 per cent in 1971-72 in the case of service enterprises. The ratio of the sundry debtors of all running concerns to turnover was 13.7 per cent in 1972-73 as compared to 14.6 per cent in the previous year.

(e) *Summarised Working Results:* Of the 103 running enterprises, Mineral Exploration Corporation was taken over as a running concern in September, 1972 and no accounts are due as at the end of March, 1973. The Steel Authority of India met its expenditure from the grants received from government. The summarised working results of the rest (i.e. 101 enterprises) are set out below under each major group; Sub-groupwise break up is furnished in Tables X, XI and III.

After adjutment of prior

period transaction the overall profit was Rs 19.85 crores as detailed below:

	(Rs crores)
Profit earned by 71 enterprises	104.25
Losses sustained by 30 enterprises	84.40
	19.85

Appropriations effected main-

TABLE I

		1972-73		
Total 1971-72		Enterprises producing goods	Enterprises rendering Services	Total
Available Resources Investment				
2688.23	Equity & preference	2690.00	264.48	2954.48
4.00		*71.77	0.75	72.52
2295.57	Loans & deferred credits	1869.88	601.99	2471.87
4990.12	Total	4631.65	867.22	5498.87
510.39	Cash credit advances	216.03	378.92	594.95
111.96	Deferred credit for raw materials	125.44	..	125.44
	(Internal resources)			
1274.02	Depreciation	1308.00	184.10	1492.10
28.95	Amortisation	35.68	..	35.68
443.56	Free reserves & surplus	332.05	232.74	564.79
67.31	Specific reserves	62.08	23.17	85.25
7426.31	Total	6710.93	1668.15	8397.08
Utilisation of Resources				
3705.91	Gross block	3514.59	649.73	4164.32
135.82	Development expenditure	160.31	..	160.31
957.05	Capital work-in-progress & unallocated expenditure during construction	1096.95	88.16	1185.11
20.71	Capital advances	31.02	..	31.02
55.43	Deferred debts	51.48	..	51.48
1790.40	Working capital	1008.20	892.95	1901.15
68.28	Investments	59.45	11.15	70.60
73.49	Deferred revenue expenditure and preliminary expenses	*71.77	0.75	72.52
8.44	Over burden suspense	6.46	..	6.46
610.78	Deficits	636.94	39.60	676.54
7426.31	Total	6710.15	1686.93	8391.08
4393.03	Capital Employed	3397.36	1358.58	4755.94
2451.52	Net Worth	2384.56	457.31	2841.87

*Represents investment by undertakings in subsidiaries.

ly by the profit earning enterprises during the year was as given in Table IV.

The balance of surplus was carried forward to the next year. Some of the salient feature relating to the performance of the running concerns are set out in Table V.

(a) *Turnover:* The total turnover of all running concerns increased from Rs 3990 crores in 1971-72 to Rs 5262 crores in

1972-73 registering an increase of about 32 per cent over the previous year are given in Table VI.

The ratio of turnover to capital employed and gross block are given below:—

(b) *Cost of sales:* The total cost of sales/services rendered including depreciation and write-off of deferred revenue expenditure and interest increased from Rs 2172 crores in 1971-72 to Rs 2667 crores in 1972-73 in manufacturing enterprises and from Rs 1785 crores in 1971-72 to Rs 2500 crores in 1972-73 in the servicing enterprises as per details given in Table VII.

The percentage of cost of sales to turnover (Net of excise duty) during 1972-73 work out to 98 per cent as against 99 per cent in the previous year.

(c) *Depreciation & Deferred Revenue Expenditure:* The depreciation provided during 1972-73 amounted to Rs 220.46 crores. The cumulative depreciation to the end of 1972-73, Rs 1492 crores represented 36 per cent of the Gross Block of Rs 4164 crores. In the case of Oil & Natural Gas Commission an amount of Rs 15.00 crores was written off as amortisation of developmental expenditure. The total cumulative amortisation provided for till 1972-73 amounted to Rs 35.68 crores. The deferred revenue expenditure written off during 1972-73 amounted to Rs 11.61 crores. The balance of deferred revenue expenditure still remaining to be written off at the end of 1972-73 was Rs 77.57 crores.

(d) *Gross Profit:* After providing for all the working expenses, depreciation and deferred revenue expenditure but before interest, the gross profit during 1972-73 amounted to Rs 243 crores on a capital employed of Rs 4756 crores in 1972-73 as compared to Rs 172 crores on a capital employed of Rs 4393 crores in 1971-72. The details of gross profit earned and the return on capital employed under the

different groups as given in Table VIII.

(e) *Interest on Loans:* As at the end of 1972-73 total loans outstanding from the running concerns amounted to Rs 2472 crores. Interest on these loans amounted Rs Rs 141.3 crores. Interest on cash credit loans from banks amounted to Rs 19.3 crores. Of the total interest an amount of Rs 8.7 crores has been capitalised being the share of interest charges during construction period and the balance of Rs 161.9 crores was charged to the profit and loss account.

(f) A sum of Rs 63.20 crores was provided towards tax liability by 31 enterprises during 1972-73 as compared to Rs. 40.57 crores by 30 enterprises in 1971-72.

(g) *Net Profit/Loss:* The 101 concerns (accounts of Mineral Exploration Corporation not being due as on 31st March, 1973) earned an overall net profit of Rs 17.74 crores after meeting all expenses and providing for depreciation and amortisation Rs 235.46 crores, interest Rs 161.94 crores and tax Rs 63.20 crores but before prior period adjustments Rs 2.11 crores. The position compares favourably with last year; the working results for last year a net loss of Rs 19.15 crores sustained by 92 enterprises after providing for depreciation and amortisation Rs 207 crores, interest Rs 150 crores and tax Rs 40 crores.

The Table IX shows at a glance the number of undertakings in each group which have earned profits and those which have incurred losses and the extent of profit or losses:—

The list of undertakings that have earned profits and those that have incurred losses during 1972-73 indicating the extent of profit and losses are given in Tables I and II. The net profits/losses after prior period adjustments are also indicated against them.

The net profits/losses have been arrived at after charging

township maintenance and social overheads to the tune of Rs 40.90 crores. If this amount is excluded the performance of the 101 running concerns will show a net profit of Rs 58.64 crores.

The net expenditure on township maintenance and social

overheads excluding inter amounted to Rs 38.86 crore. The total gross profit earned all running concerns amount to Rs 243 crores on the total capital employed of Rs 47 crores. The net block of t infra-structure outlay in township and social facilities was the order of Rs 300 crores.

TABLE III

		(Rs crore)		
Total 1971-72		1972-73		
		Enter- prises producing goods	Enter- prises rendering services	Tot
392.38	Surplus before Depreciation	343.06	146.98	490.0
207.17	Less Depreciation and Amortisation	202.55	32.91	235.4
13.26	Write off of Deferred Revenue Expenditure	10.16	1.45	11.6
171.95	Gross Profit	130.35	112.62	242.9
150.40	Less Interest	98.93	63.01	161.9
40.57	Income Tax provided for	38.34	24.86	63.2
(—)19.02	Net profit (+) Loss (—)	(—)6.92	24.75	17.8
(—)0.13	Profit or loss on Partnership Add/Subtract	(—)0.09	..	(—)0.0
3.74	Non-trading Profit Loss and prior period expenses/receipts	(—)0.14	2.25	2.1
(—)15.41	Total New Profit/Loss for the year	(—)7.15	27.0	19.8:

TABLE IV

	Rs (crores)		
	Production enterprises	Service enterprises	Total
Development Rebate Reserve	14.23	8.78	23.01
General & Other Reserves	24.83	22.73	47.58
Specific Reserves	2.68	1.44	4.12
Less Transfer from Reserves	10.84	10.26	21.10
Dividends	30.90	22.71	53.61
Surplus allocated to Government of India by S.T.C.	12.35	4.82	17.17
Surplus allocated to Central Govt. by the International Airport Authority under Section of the Act	..	2.06	2.06
	..	0.62	0.62
	43.25	30.21	73.46

TABLE V					
	1972-73		1971-72		% increase as compared to 1971-72
	Annual turnover (Rs crores)	%	Annual turnover (Rs crores)	Per cent	
(a) Enterprises Producing Goods					
Steel	604.64	11.5	444.92	11.2	36.0
Minerals & Metals	164.25	3.1	92.12	2.3	78.3
Petroleum	1203.41	22.9	1048.71	26.3	14.8
Chemicals & Pharmaceuticals	202.50	3.9	178.16	4.5	13.5
Heavy Engineering	183.40	3.5	114.27	2.9	65.3
Medium & Light Engineering	147.04	2.8	120.85	3.0	21.5
Transport Equipment	170.17	3.2	138.49	3.5	22.9
Consumer Goods	22.19	0.4	18.47	0.4	20.1
Agro-based products	6.81	0.1	5.86	0.1	16.2
Total	2704.41	51.4	2161.85	54.2	25.1
(b) Enterprises Rendering Services					
Trading & Marketing Services	2173.49	41.3	1529.92	38.3	42.0
Transportation Services	275.83	5.2	216.12	5.4	27.8
Contracts and Construction	67.61	1.3	51.22	1.3	32.2
Industrial Development & Technical Consultancy Services	6.07	0.1	4.52	0.1	34.3
Small Industries Development	13.00	0.3	12.71	0.3	2.3
Tourist Services	9.14	0.2	6.46	0.2	41.5
Financial Services	5.82	0.1	2.24	0.1	160.0
Rehabilitation of Sick Industries	6.65	0.1	5.11	0.1	30.1
Total	2557.61	48.6	1828.30	45.8	39.9
Total (a & b)	5262.02	100.0	3990.15	100.0	31.9

TABLE VI						
	1972-73			1971-72		
	Manu- facturing	Service	Overall	Manu- facturing	Service	Overall
	%	%	%	%	%	%
Turnover to Capital Employed	79.6	188.3	110.6	68.4	148.2	90.8
Turnover to Gross Block	73.6	393.5	121.7	64.9	357.8	103.9

TABLE VII						
	1972-73			1971-72		
	Manufac- turing en- terprises	Servic- ing enter- prises	Total	Manufac- turing enterprises	Servicing enter- prises	Total
Purchase of finished goods	457.80	1590.96	2048.76	354.18	1312.18	1667.04
Material consumption	781.93	40.04	821.97	641.02	33.19	674.21
Salaries	366.04	109.33	475.37	271.78	90.04	361.82
Repairs & maintenance	33.61	5.67	39.28	26.34	2.99	29.33
Excise duty	514.11	..	514.11	438.30	..	438.30
Depreciation and Amortisation	202.55	32.91	235.46	180.01	27.16	207.17
Write off of DRE	10.16	1.45	11.61	12.01	1.25	13.26
Interest	98.93	63.01	161.94	93.16	57.24	150.40
Other manufacturing, trading, servicing expenses	265.25	476.50	741.75	232.09	390.37	622.46
Total operating expenses	2730.38	2319.87	5050.25	2248.89	1915.10	4163.99
Accretion/decretion in stock and work in progress	(—)63.06	180.32	117.26	(—)77.25	(—)129.79	(—)207.04
Cost of sales/ services	2667.32	2500.19	5167.51	2171.64	1785.31	3956.95

the additional cost of township and social amenities is excluded the return on capital employed would be 6.3 per cent as against 5.1 per cent indicated in para (d) above.

(h) Dividend: During the year 1972-73, 31 undertakings declared dividends amounting to Rs 17.15 crores. The rates of

dividends varied from one per cent to 20 per cent. In the case of Indo-Burmah Petroleum Co. Ltd., the company also paid a dividend of Rs 2.8 lakhs on preference shares. The balance amount of Rs 17.12 crores representing dividends on equity works out to 6.5 per cent of the corresponding paid up capital of these concerns.

TABLE VIII

	1972-73		
	Gross profit (Rs crores)	Capital employed (Rs crores)	Gross profit to capital employed %
I. Enterprises Producing Goods			
Steel	(-)-3.72	1113	L
Minerals & Metals	(-)-4.24	499	L
Petroleum	68.52	458	15.0
Chemicals & Pharmaceuticals	12.05	313	3.8
Heavy Engineering	20.43	504	4.1
Medium & Light Engineering	21.65	186	11.7
Transport Equipment	17.42	286	6.1
Consumer goods	(-)-1.94	31	L
Agro-based products	0.18	7	2.6
Total	130.35	3397	3.8
II. Enterprises Rendering Services			
Trading & Marketing Services	75.20	701	10.7
Transportation Services	25.46	414	6.1
Contracts and Construction	2.19	16	13.7
Industrial Development and Technical Consultancy Services	1.03	8	12.9
Small Industries Development	2.05	29	7.2
Tourist Services	0.89	13	6.8
Financial Services	4.95	151	3.3
Rehabilitation of Sick Industries	0.85	27	3.1
Total	112.62	1359	8.3
Total all Running Concerns	242.97	4756	5.1

TABLE IX

Category	1972-73		1971-72	
	Net Profit	Net Loss	Net Profit	Net Loss
I. Enterprises Producing Goods				
Steel	..	30.94	..	45.63
Minerals & Metals	3.79	20.67	0.99	23.01
	(4)	(6)	(2)	(5)

(Rs crores)

Category	1972-73		1971-72	
	Net Profit	Net Loss	Net Profit	Net Loss
Petroleum	32.87 (7)	..	49.88 (7)	..
Chemicals & Pharmaceuticals	6.21 (5)	6.42 (5)	2.73 (6)	8.68 (4)
Heavy Engineering	15.04 (4)	16.78 (3)	3.22 (2)	22.50 (5)
Medium & Light Engineering	9.70 (8)	1.76 (4)	9.30 (6)	2.92 (5)
Transport Equipment	8.41 (5)	2.21 (2)	10.65 (6)	1.30 (1)
Consumer Goods	0.91 (3)	5.19 (3)	0.73 (3)	4.30 (3)
Agro-based Products	0.03 (2)	..	0.11 (1)	0.01 (1)
Total	76.96 (38)	83.97 (25)	77.61 (33)	108.35 (25)
II. Enterprises Rendering Services				
Trading & Marketing Services	13.80 (9)	0.46 (5)	10.90 (8)	0.35 (3)
Transportation Services	8.80 (5)	1.41 (2)	8.15 (2)	7.28 (4)
Contracts and Construction	0.82 (4)	0.14 (1)	0.77 (3)	1.29 (2)
Industrial Development & Technical Consultancy Services	0.46 (5)	..	0.50 (4)	0.09 (1)
Small Industries Development	0.65 (1)	..	..	0.46 (1)
Tourist Services	0.67 (1)	..	0.38 (1)	..
Financial Services	2.04 (3)	..	0.85 (3)	..
Rehabilitation of Sick Industries	0.26 (1)	0.74 (1)	0.14 (1)	0.62 (1)
Total	27.50 (29)	2.75 (9)	21.69 (22)	10.10 (12)
Total all Running Concerns	104.46 (67)	86.72 (34)	99.30 (55)	118.45 (37)
	(+)-17.74			(-)-19.15

(Rs lakhs)

EASTERN ECONOMIST

EASTERN ECONOMIST

TABLE XI

Net Losses Sustained by Undertakings During 1972-73

Name of undertaking	Loss sustained before prior period adjustment		Loss sustained after prior period adjustment			1972-73	1971-72	1972-73	1971-72
	1972-73	1971-72	1972-73	1971-72					
I. PRODUCTION ENTERPRISES									
Steel									
1. Bokaro Steel Ltd.	545	..	545	..					
2. Hindustan Steel Ltd.	2549	4563	2780	4485					
Minerals & Metals									
3. Bharat Coking Coal	257		257						
4. Bharat Gold Mines	56		56						
5. National Coal Development Corporation	160	578	243	653					
6. Neyveli Lignite Corporation	1361	1330	995	1332					
7. National Mineral Dev. Corporation	206	322	112	350					
8. Pyrites Phosphates and Chemicals	27	42	3	54					
Chemicals									
9. Cement Corporation of India	39	(+1)	40	(+3)					
10. Fertilizer & Chemicals (Tiruvancore) Ltd	218	276	204	382					
11. Hindustan Salts	5	—	(+6)	—					
12. Indian Drugs & Pharmaceuticals Ltd.	363	470	370	487					
13. Madras Fertilizers	17	107	21	107					
Heavy Engineering									
14. Bharat Heavy Plates and Vessels	85	203	89	203					
15. Heavy Engineering Corporation	1539	1485	1657	1585					
16. Triveni Structural Ltd.	54	58	54	58					
Medium & Light Engineering									
17. Bharat Pumps & Compressors	1	U.C.	1	U.G.					
18. Machine Tool Corp.	29	24	29	24					
19. National Instruments	38	53	42	54					
20. Praga Tools Ltd.	108	126	109	128					
Transportation Equipment									
21. Central Inland Water Transport Corp.	132	130	(+2)	109					
22. Garden Reach Workshops	89	(+85)	104	(+71)					
Consumer Goods									
23. Bharat Ophthalmic Glass	94	91	94	93					
24. Hindustan Photofilms	330	272	297	265					
25. Tannery & Footwear Corporation	95	67	95	67					
Total Production Enterprises						8397	10197	8197	10436
							+86	+8	+74
II. SERVICE ENTERPRISES									
Trading & Marketing									
26. Central Fisheries Corporation	32	13	32	13					
27. Cotton Corporation of India	11	(+3)	(+13)	(+3)					
28. Indian Motion Pictures Export Corporation	2	1	2	1					
29. Metal Scrap Trading Corporation	1	..	..	..					
30. Tea Trading Corp	0.4	..	0.4	..					
Transportation Services									
31. Indian Airlines	103	508	(+1)	455					
32. Central Road Transport Corp.	38	25	38	25					
Contracts & Construction Services									
33. National Project Construction Corp.	14	125	(+7)	70					
Rehabilitation of Sick Industries									
34. Rehabilitation Industries Corp.	74	62	77	63					
Total Service enterprises						275.4	734	149.4	627
Total All Running Concerns						8672.4	10931	8346.4	11063
							+90	+29	+77
SUMMARY									
Net Profits						10446	9931	10425	10176
Net Losses						8672	11846	8440	11717
Overall Working Results						(+1774	(-1915	(+1985	(+1541

Let's salute Mrs Gandhi

There are two levels at which the government's handling of the railway strike has to be considered—the administrative and the political. Once a policy decision has been taken to keep trains moving it becomes the responsibility of the Railway Board and its loyal officers and men to make that decision stick. It could surely be said without any hesitation that the performance of the railway administration has been truly magnificent in this respect. That the main body of railwaymen has either remained at its post or has been willing to do so (provided protection could be given to it) has helped, of course. As against this, however, there has been the ugly fact that the strikers and those who are instigating them have been using every violent or coercive means they could think of to intimidate, harass or even physically prevent workers from reporting for duty or attending to their routine of work.

Already sabotage including criminal interference with railway tracks or other equipment and organized assaults by mobs have been claiming lives or destroying railway or other property. Nevertheless no opposition political party has found it necessary to condemn these outrages, while, worse still, many leading newspapers have remained editorially silent even as the railway administration has been facing up to its responsibilities to the community. Again, in spite of the odds against it, the Railway Board and its regional administrations have been commendably effective in ensuring to a considerable extent the movement of essential traffic. Moreover, even goods traffic of lower priority and a certain amount of passenger traffic are being catered for, with the position in these respects improving from day to day. As a result, even though opposition political parties and certain sections of the press have let them down, both the railway administration and the general public have shown impressive discipline and a sense of responsibility in coping with the crisis in the nation's transport system. The security services, police and other, which have been deployed to deal with the violence in the part of strikers or for giving protection to loyal workers, have also been putting up a fine performance under stress.

As for the political aspect, even this journal, which is not an admirer particularly of the prime minister, her policies or her administration and which, in fact, believes that the railway strike, like so many other ills affecting the country, is a consequence of her poor management of the economy, can have nothing but admiration and respect for the way the central government, under her leadership, is standing up to the challenge of the railway strike. The suggestion made by some opposition politicians or newspapers that the government was never serious about the negotiated settlement is, of course, a canard. The Railway ministry had clearly been conceding one demand after another with the result that the railway budget is now liable to be burdened with an additional expenditure of over Rs 100 crores per year. It was only after it had become clear that the strike leaders were determined to insist on their pound of flesh that the government, in sheer self-defence, resolved to take the measures needed to prevent a collapse of the national railway system. The government's case for arresting Mr George Fernandes and some of his colleagues on the eve of the strike is based, of course, on its informed judgment that his detention has become unavoidable as part of a necessary strategy for countering the strike. At the same time it is also relevant to point out that, even though the National Co-ordination Committee for Railwaymen's Struggle does not represent the main body of railwaymen, which is obviously not prepared to follow the path of extremism charted by Mr Fernandes and his colleagues, that committee had still presumed to plan for a general strike involving the tyrannising of the majority of railway employees by a minority of them.

There had been many occasions in the past when the present prime minister and the administration had been blamed, generally rightly by some opposition parties as well as many newspapers for surrendering to trade union militancy for consideration of political expediency. It should have been logical for these critics to support and applaud the central government in the present context. It is therefore not easy to figure out why a section of the press has been behaving quite so strangely. It is hundred per cent certain that the daily newspapers which are now accusing the prime minister of breaking off negotiations unjustifiably would have been the foremost in taking up the cudgels had her government bought off Mr Fernandes and his committee at a great cost to railway finances and the national economy. It is indeed a pity that, although the daily press is preaching continually about the supreme importance of a firm anti-inflationary policy, some sections of it should be so ready to fault the government on its refusal to allow wage claims unrelated to production or productivity, but calculated to push up basic costs.

For the central government to have yielded on this point would have been bad for the country under any circumstances. To have done so under the threat of a general strike on the railways would have been disastrous. We therefore salute the prime minister for the courage and wisdom with which she is leading the country on this occasion.

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Deadlock at DCM

IN AN interview to this journal last week Dr Bharat Ram pointed out that, although industrial disputes were increasing, the number of cases referred to the adjudication machinery was progressively going down. He said that this meant that the Industrial Disputes Act was being quietly consigned to the limbo so that industrial disputes could be decided more and more at the political level. But is it not also the case that more and more of these industrial disputes are of such a nature that the Industrial Disputes Act is becoming quite powerless to do anything about them? Take for instance what happened recently at the plant of Hindustan Aluminium at Renukoot where the management had to declare a lock-out (since lifted) when a section of the staff resorted to coercive tactics including violence to prevent the working of the plant.

The Industrial Disputes Act can function only when there is a legitimate dispute about terms of employment or other working conditions and the trade unions concerned are prepared to negotiate reasonably with the management and, should such negotiations fail to result in a settlement, allow the adjudication machinery to come into play. But once the employees and the unions choose to make it a part of their strategy to interfere by acts of varying degrees of violence with the normal functioning of industrial or commercial establishments so that political intervention becomes unavoidable, the essentially civilized machinery and processes of the Industrial Disputes Act are promptly rendered irrelevant and inoperative.

This truth is forcefully brought out also by the current labour situation at the DCM chemical works in Delhi. The good record of this factory in industrial relations was threatened in the course of last year when a bid made by the INTUC for the leadership of the workers set afoot an inter-union power struggle. In April of that year there was stoppage of work and several officers were beaten or otherwise manhandled. The intervention of the deputy minister for Labour had to be sought and, on receiving an assurance of peaceful working, the management felt it politic to withdraw the charge-sheets against the employees who had indulged in acts of indiscipline or violence. This however did not prevent sporadic incidents of misbehaviour in the following months calling for disciplinary action on the part of the management. Things

took a serious turn in October when union leaders instigated a strike and the government had to direct the reopening of the factory under the DIR, after prescribing increases in wages.

The new year did not see much improvement in the attitudes of certain sections of the workers and things came to a head early in March when a group of them, according to the management, assaulted their officers and forcibly ejected them from the factory after causing serious physical injuries. A complaint was made to the police and 22 workers were arrested. They and four other employees were suspended by the management and 15 others charge-sheeted. It was also found necessary to lay off workers in the power house and the *vanaspoti* plant and declare a lock-out in the rest of the factory in order to forestall threats to life and property. At the same time the management was keen on resuming normal operations as early as possible and was seeking the cooperation and assistance of the authorities concerned. Its efforts to lift the lay-off and the lock-out, however, were frustrated by the tactics of intimidation and physical coercion in which a section of the workers was systematically engaged.

With the power-house not functioning, the management could not avoid laying off the workers in the entire chemical works and the *vanaspoti* plant. Thus, since the middle of March, the working of the factory has become completely paralysed. Although violent interference on the part of workers continues uninterrupted, the management has not lost heart and is striving to restore the functioning of the works.

With this end in view a court injunction was obtained restraining the workers or their leaders from blocking the gates of the factory or otherwise preventing willing workers from reporting to work, and the lay-off was lifted on April 9 in the case of the chemicals section. This effort, however, came to nought since the authorities concerned have not been able to provide effective protection to willing workers who, it is complained, are being systematically harassed by physical attacks on their way to or from the factory. Officers and staff living in the factory colony also claim to have been threatened and intimidated and, not infrequently, beaten up.

The DCM chemical works carries out a number of manufacturing operations essential to the life of the community. Delhi's water supply, for instance, takes from this plant the alum and chlorine needed for the purification and chlorination of drinking water for the city. A

major part of the *vanaspoti* requirements of the people of the twin-cities is also met by this plant. Again, the basic chemicals manufactured by this factory are needed by small-scale industries all over northern India as well as by the fertilizer plant at Kota and other major industries in the country.

The community, therefore, has a stake in the normal functioning of this manufacturing establishment. The government of India cannot be unaware of this fact. If nothing else, the queues of angry citizens waiting in the hot sun before Delhi shops for a can of *vanaspoti* should have been enough to convince both the central government and the Delhi administration that it is a crime against society to let trade union rivalry and power struggle among politically motivated workers' leaders to stop the production of goods which are of vital importance to the people in one way or the other. The basic inflationary condition has made life difficult enough for the public. It is intolerable that their difficulties should be aggravated by sectional or factional aggression.

The important point about the DCM situation is that, as in the case of the recent lock-out in Hindustan Aluminium, the Industrial Disputes Act has no application to its problems. When this is the case, the public has a right to expect the appropriate governmental machinery to give adequate police and legal protection to the management and willing workers and enable them to maintain production. Simultaneously, should the government find that the normal functioning of the factory cannot be restored without action at the political level, it should not shirk its responsibility for prompting action at that level since trade union leaders owing political allegiance to it seem to be involved.

What is clearly indefensible is that, for well over a year, an essential manufacturing facility is being systematically prevented from functioning in a normal way without the government intervening effectively to mend matters. The current railway strike has strikingly brought to the fore the issue of the public interest as against sectional demands. This is all to the good but it should not be overlooked that it is because this issue has been consistently soft-pedalled by the government in respect of the numerous acts of aggression against commercial or manufacturing enterprises that are being committed all over the country over a period of years that New Delhi has now been forced to strain itself to settle it once for all while the nation's economy still has time and chance to regain its feet.

Protecting the unwary company depositor

THE RELATIVELY low rates of interest on deposits fixed by the scheduled commercial banks in this country have always made some venturesome depositors look elsewhere for more favourable yields on their savings. The financial as well as non-financial companies have usually offered much better rates than the banks with the result that the volume of company deposits has continued to grow year after year. According to a survey conducted by the Reserve Bank of India, company deposits stood at Rs 135.5 crores as on March 31, 1962, and they multiplied almost five times to Rs 644.9 crores as on March 31, 1971. It is estimated that at present company deposits are around Rs 1,000 crores as against the total deposits of scheduled commercial banks at a little more than Rs 10,000 crores. Because of the steadily increasing size of company deposits it is now being increasingly asked if this diversion of resources is in the national interest. It is also being asked how far these deposits are safe from the depositors' point of view and what part the Reserve Bank plays in regulating the flow of these deposits into companies.

It was in the early sixties that the Reserve Bank's policy of credit restraint and selective credit control measures had forced companies to accept increasingly deposits from the public to meet their working capital and other financial requirements. To lure the public, they offered attractive rates of interest which were nearly double of the rates offered by the banks and which at present range between 10 and 15 per cent. Since a majority of these companies were well-managed, this business grew at a fast rate. However, there were some companies which failed to repay or repay on the due dates deposits or interest thereon. It was this failure on the part of some companies which attracted the attention of the Reserve Bank and some preliminary steps were taken to safeguard the interests of depositors. Over the years, the Reserve Bank has assumed some statutory powers to regulate the flow of deposits to companies and to protect the interests of depositors in an indirect manner by restricting the acceptance of deposits within the prescribed ceilings and by ensuring the full information regarding the financial position of the companies being made available by them to the intending depositors before accepting deposits.

In a recent brochure entitled "RBI Direc-

tions and Company Deposits", the Reserve Bank has explained that the measures taken by the Reserve Bank are "no guarantee against any company (and its depositors) coming to grief through mismanagement or otherwise". For the information of the depositors, it has been stated clearly that "the depositors should not presume, (a) that the deposits or loans are fully protected or are absolutely safe merely because the companies claim to have complied with the Reserve Bank's directions, and (b) that they can look to the Reserve Bank for redress in the event of companies failing to meet their obligations in respect of repayment of deposits, which could happen whether or not there is any infringement of the directions of the Reserve Bank". There is no doubt that the Reserve Bank has powers to prosecute institutions if they do not comply with the directions issued to them by it but "it cannot compel a company to repay its dues to the depositors, and the remedy open to a depositor in case of any company failing to repay the deposit is to enforce his rights through a court of law".

That company deposits fulfil a great national need is undeniable. Reputed companies have taken to this method of attracting funds because the policies framed by the Reserve Bank in regard to bank advances fail to measure up to their expectations. Once having set up a manufacturing unit, an industrialist cannot starve it of working capital because of the paucity of bank credit. By offering remunerative rates of interest, these companies attract deposits so as to utilise the capacities of their plants up to the maximum.

Regarding the safety of the deposits, it is known that the increased rate of interest has an element of risk associated with it. The depositor knows about it—or ought to know about it—while making the deposits. By and large, a majority of the companies is large-sized and has prolonged good performance to its credit. The survey conducted by the Reserve Bank showed that in the year ending March 31, 1971, out of 2,240 companies, 406 or 18.1 per cent of the total attracted 77.3 per cent of the deposits and claimed 79.7 per cent of the outstanding deposits. The bulk of the deposits thus was well protected, being held by sound, large sized companies. All that the Reserve Bank had done is to regulate the flow of these deposits and has asked these companies to make full facts known to the depositors. The regulations are comprehensive and cover a large variety of companies. Guidelines in regard to advertisements in the press, the restrictions regarding value of deposits in relation to the owned fund of a company, the issuance of receipts of deposits, main-

tenance of deposit registers and a host of other aspects have been issued by the Reserve Bank and the companies seeking deposits are called upon to abide by them.

Despite all this, however, there were cases of companies going bankrupt in recent months and depositors had incurred losses. In some of these cases, certain vital information about the financial status of the companies had been withheld. In this operation, the financial brokers who solicited these deposits from the clients played a vital role. Some of the brokers were themselves ill-equipped to judge the creditworthiness of the companies for which they were collecting deposits. It is essential that some sort of regulation of this brokerage business should be undertaken. Only qualified persons should be allowed to start the business of brokerage in company deposits and they should be required to register themselves with the Reserve Bank and function under rules and conditions laid down by it. Such a measure will help in weeding out unscrupulous or ill-equipped brokers out to make a fast buck.

The union Finance minister, Mr Y.B. Chavan, stated in the Rajya Sabha on May 7 that the rate of growth in deposits of the scheduled commercial banks had declined in 1973-74 in relation to the preceding year. The rate of growth of time and demand deposits was 22 per cent in 1971, 20.8 per cent in 1972 and 20.1 per cent in 1973. The retardation in growth rate continued in the first quarter of 1974 also. However, he ruled out any further rise in interest rates for stepping up the mobilisation of deposits. But, is there no other argument or reason for once again reviewing deposit rates?

The recent increase in deposit rates, for instance, has surely not done full justice to the depositor who has faith in the banking system of the country and is not aware of increased yield on savings available elsewhere. In order to be fair to this class of savers, it is necessary that the rate of interest of saving accounts should be raised from five per cent as at present to a minimum of six per cent. Even this rate would be only token compensation for the fast and steady depreciation in the purchasing power of the currency. The truth of the matter is that the genuine saver is receiving a raw deal whatever may be the institutions to which he may entrust his funds. Whether it is the banks or the Life Insurance Corporation (where premium rates have stayed high for years despite rising interest rates and improvement in the mortality experience) or the provident fund, returns on savings are grossly inadequate in relation to the prevailing inflationary trends.

Exchange gap

A NEW strategy is being adopted by the central government to overcome the difficulties that will be experienced in the coming months in financing imports of highly costly crude oil and petroleum products, fertilisers, non-ferrous metals and even steel. In spite of the fact that considerable publicity has been given to the liberal credit facilities provided by Iran, Iraq and other oil exporting nations for enabling India and other countries to meet the gap arising out of the sharp rise in oil prices, it is not even now clear how our government proposes to utilise the deferred payment arrangement and what will be the efforts taken to repay the credits after the initial grace period of five years. The Shah of Iran himself has openly stated that our country's requirements of oil can be easily imported as credit will be provided by the former up to two thirds of the value of these imports and the repayment will begin only after the adjustment to the new situation had been completed.

The recent visit of the prime minister, Mrs Indira Gandhi, to Iran has also yielded fruitful results as it has now been proposed that the Kudremukh iron ore area should be intensively exploited for sustaining exports of even 7½ million tonnes of iron ore annually. The infrastructure facilities in the region will have to be appropriately developed for facilitating the transfer of such large quantities of iron ore. Having regard to the experience of moving iron ore from Bailadila through the eastern ghats to Visakhapatnam for being exported to Japan, the Managalore-Hassan line will have to be converted into broad gauge before long and even electrified. The Managalore port too will have to be developed for receiving bulk carriers.

It has also been proposed that a new shipping corporation should be formed on a joint basis for transporting iron ore and on the return journey perhaps import of crude oil, fertilisers and other items. It will presumably be necessary to acquire oil-cum-ore carriers as there will be a large bulk trade either way. The new arrangements with Iran will naturally be highly beneficial to Karnataka in developing an area where already important projects are coming up. Tamil Nadu too will derive considerable advantage from the proposal to expand the capacity of the existing oil refinery to 3.5 million tonnes from 2.8 million tonnes annually. The assurance has been given that the additional quantities of crude will be supplied by Iran. It has also been indicated that the capacity may be further

raised to 5.5 million tonnes with a corresponding increase in the capability of the lube plant. A wax plant also is proposed to be erected in the same area. The scope for undertaking the manufacture of wax has already been examined and there will not be any difficulty in implementing this project once the clearance has been given by the central government.

The prospect of large exports of pelletised iron ore from Kudremukh to Iran and of sizeable quantities of alumina from Gujarat to the same destination is certainly heartening as the credits provided by Iran will be helpful in bringing into being new projects in western India. It cannot be expected however that these new schemes can start earning foreign exchange through exports before three to four years. Of immediate significance therefore are the proposals to ship larger quantities of sugar, cement and engineering goods and the suggestions for promoting joint ventures in Iran. It should be feasible to effect exports of sugar as sizeable quantities can be spared in spite of a shortfall in production over the target of 46 lakh tonnes fixed for 1973-74. This is because there has been a big increase in the output of khandasari sugar and it is even now expected that the output of refined sugar will equal the record of 1969-70 if not excel it. It will also be possible to export fairly large quantities of cement from the existing factories in Gujarat, Karnataka and Tamil Nadu. The units in these regions having an aggregate capacity of over six million tonnes are not using even 50 per cent of their capacity on account of acute shortage of coal and power.

Even if power is available coal supplies have been extremely inadequate and the interruptions to railway movement of this solid fuel have had a complicating effect. It is the intention that some of the factories in the region which are located near ports should be helped to increase their output with the use of furnace oil. A quantity of five lakh tonnes can be easily shipped to Iran against imports of furnace oil and at an f.o.b. price of at least Rs 25 per tonne. Foreign exchange earnings can be easily Rs 12.5 crores. It will, of course, be not possible to bridge the trade gap with Iran immediately or even in the future completely with a stepping up of exports as nearly two-thirds of our crude imports are secured from this source. If the deferred payment arrangements provided by Iran are used for bridging the gap, the repayment obligations will impose a heavy strain on the balance of payments position in the coming years.

It is this prospect that seems to be worrying our government, and the union

Finance ministry seems to be undecided about how costlier imports should be financed and the big gap bridged. In the past few weeks it has been busy mobilising foreign exchange resources and besides intensifying negotiations for securing larger assistance from the Aid India Consortium. It is also expected that some important announcements will be made when Dr Kissinger visits this country by the end of May or early in June. Immediately, the facilities provided by the International Monetary Fund are being utilised. A sum of Rs 60 crores has been drawn from IMF under the compensatory financing scheme, another Rs 72 crores against the gold tranche and recently a third instalment of Rs 226 crores being 25 per cent of the quota available against the SDRs.

The withdrawal of Rs 132 crores under the first two arrangements was responsible for an increase in foreign balances of the Reserve Bank of India in the Issue and Banking Departments. During the week ended April 26, 1974 these balances excluding SDRs and gold, coin and bullion, stood at Rs 575.35 crores against Rs 342.98 crores on December 28, 1973. There has so far been no indication of the strain arising out of costlier imports in 1973-74.

Actually, there is very little information about how food imports on a commercial basis have been financed and what has been the impact of higher oil prices in the first quarter of this year on our balance of payments. There has in fact been a net increase of Rs 232.35 crores in foreign balances in four months indicating that there has been a net addition to these balances even without taking into account the withdrawal from the International Monetary Fund.

It is also noteworthy that there was no net decline in foreign balances in the twelve-month period ending December 28, 1973. There should have been, of course, a net drop in terms of foreign exchange if allowance is made for the exaggeration in the rupee value of these balances as a result of revaluation. Even so, the net gap could not have been large and if the subsequent increase is taken into consideration the conclusion emerges that there was no sizeable trade gap in 1973-74. In the absence of full details relating to the foreign trade for the last year it is not possible to say definitely what has been the experience of 1973-74.

It has however been indicated that exports have been booming and their value was higher by 23.8 per cent in the first ten months of 1973-74 as compared to the corresponding period in 1972-73. The aggregate exports were probably Rs 2350

crores for the whole year. Even granting that imports rose by 40 per cent as compared to 1972-73 the total value may not be more than Rs 2500 crores leaving a gap of Rs 150 crores.

The union Finance ministry has therefore to worry about the problems that will have to be encountered in the coming months. Unfortunately, the export effort has been impeded by the difficulties experienced by the steel, jute and engineering industries due to power shortage and transport bottlenecks. There may probably be an improvement after June and if a determined bid is made to boost exports it may still be feasible to reach a target of Rs 2750 crores, imports may exceed Rs 3000 crores, and a little more if food imports are to be secured again.

The prospect is not therefore so forbidding

Central assistance to Assam

MR SARAT Chandra Sinha, chief minister of Assam, who presented the state budget recently, paid lavish tributes to the sixth Finance Commission for the attention the latter gave to less-developed states including Assam. The state had been allowed special treatment in the devolution of funds by way of grants-in-aid from the centre as well as the state's share of union excise duties and other taxes. Mr Sinha stated that the previous finance commissions had referred to their possible role in reducing regional imbalances, but had not taken bold decisions to reduce disparity between the financially strong states and those that are weak in this respect. By implication, Mr Sinha chose to highlight the distinct role played by the sixth Finance Commission.

The total transfer of resources to the states had been proposed to be increased by the sixth Finance Commission to around Rs 9,600 crores from Rs 5,300 crores on the basis of the recommendations of the fifth Finance Commission. Moreover the transfer to the states in need of grants-in-aid under article 275 of the Constitution had increased from 52.4 per cent of the total transfer as recommended by the fifth Finance Commission to 70.5 per cent in the case of the sixth Finance Commission. Mr Sinha added that according to this award the state of Assam would receive during the period of the fifth Plan an amount of Rs 439.62 crores comprising 185.09 crores as share of taxes and duties and Rs 254.53 crores as grants-in-aid.

The budget for 1974-75 shows consider-

able accretions to the revenues of the state. Total revenue, including the non-tax revenue, during 1974-75 was expected to move up to Rs 156.94 crores from the revised estimate of Rs 130.64 crores for 1973-74. The actual revenue for 1972-73 was further lower at Rs 117.44 crores. Grants-in-aid from the central government have been responsible for a major boost in the overall revenue of the state. The grants-in-aid are expected to be around Rs 73.50 crores for 1974-75 as against Rs 59.97 crores during the year 1973-74 and Rs 45.74 crores during 1972-73. This increase along with the state's share of union excise duty of Rs 17.81 crores for 1974-75 as against Rs 15.65 crores and Rs 12.6 crores respectively for 1973-74 and 1972-73, and likely to swell the state's revenue by around 20 per cent in one year.

The tax revenue is expected to improve to Rs 48.02 crores during 1974-75 as against Rs 44.95 crores in the revised estimates for 1973-74. Actual tax revenue for 1972-73 was around Rs 43.16 crores. The expected rise during the year 1974-75 of around three crores of rupees was likely to be contributed by the increased revenue from stamps and registration fees as well as sales tax and taxes on vehicles.

This trend towards an improved financial position is reflected in the capital budget of the state government too. Loans and advances from the central government during 1972-73 were around Rs 112.58 crores and not so low at Rs 79.69 crores during the year 1973-74. This figure for 1974-75 is expected to drop to Rs 42.16 crores. Similar improvement is expected in terms of the internal debt of the state government which is likely to be around Rs 19.81 crores as against Rs

46.82 crores during 1972-73. The overall public debt of the state consequently likely to be as low as Rs 61.97 crores during 1974-75 as against Rs 97.99 crores during 1973-74 and a menacing figure of Rs 159.41 crores during 1972-73.

The financial position of the state has further improved following the rephasing of payment so as to provide a debt relief to the extent of Rs 162.49 crores during the fifth Plan period. In other words the state will now have to repay an amount of Rs 9.41 crores during 1974-75 by way of principal whereas during the year 1973-74 it had to repay Rs 33.47 crores.

Assam's fifth Plan, which figured prominently in the year's budget, has a tentative outlay of Rs 463 crores. The new arrangement under which capital investment by the Brahmaputra Flood Control Commission has been shifted from the state plan to central sector, has further improved the financial position of the state. An amount of Rs 54 crores to be spent by the commission during the fifth Plan period has practically increased the fifth Plan outlay to Rs 517 crores. The state likely to contribute Rs 27.63 crores towards the fifth Plan, without taking into account additional resource mobilisation which has been tentatively fixed at Rs 4 crores, including a receipt of Rs 20 crore through increased rate of royalty on crude oil.

The annual plan for 1974-75 has provided an outlay of Rs 54.56 crores, out of which the expenditure on irrigation and power alone was expected to be around Rs 20 crores. The power component will involve an outlay of Rs 14.80 crores. The stress on irrigation and power, as also on agriculture, is broadly justified by the demands of industry as well as agriculture. Unfortunately, the outlay by the Brahmaputra Flood Control Commission for 1974-75 has been proposed to be reduced from Rs 7.41 crores to four crores of rupees, thereby slowing the progress of this vital project.

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FROM THE CAPITAL'S CORRIDORS

R. C. Ummat

Employment for the Educated • Iron Ore Exports • Centre's Deficit

THE FIGURES available about the creation of employment potential for nearly half a million educated persons through a crash programme for which Rs 100 crores were originally allocated in last year's budget reveal that even though the implementation of the programme as a whole left much to be desired, the biggest defaulters in implementation were the states of Bihar, Gujarat, Karnataka, Madhya Pradesh, West Bengal and Maharashtra. As an economy measure, the total allocation for the programme, of course, had been reduced by Rs 30 crores. But most of the above states could not utilise up to February 28, 1974, even 50 per cent of the amounts released to them which in themselves were significantly lower than the originally sanctioned amounts.

Bihar, for instance, had been sanctioned Rs 8.5 crores for the programme. Out of this, approximately Rs 3.93 crores were actually released. The expenditure incurred by the state during the eleven months to February 28, 1974, however, came to not more than Rs 1.57 crores. As against the potential to be created for absorbing 44,828 persons, actual employment could be generated only for 21,000 persons.

Gujarat situation

The situation was even worse in Gujarat which was sanctioned Rs 3.5 crores. A sum of Rs 3.2 crores was released to this state, but it could spend only Rs 49 lakhs and created employment for 9,000 persons, as against the target of providing employment to 24,397 persons.

Karnataka spent Rs 1.09 crores out of the Rs 2.5 crores released to it. The total sanction in the case of this state was Rs 5 crores. Employment was provided to only 10,584 persons, as against the target of creating an employment potential for 30,569 persons.

Madhya Pradesh fared nearly as badly

as Gujarat. It spent only Rs 36.14 lakhs out of one crore of rupees released. The sanctioned amount in its case was Rs 5.3 crores. Only 11,781 persons were provided employment in this state, as against the target of 28,725 persons.

In the case of West Bengal, Rs 15 crores had been sanctioned. Out of this, a sum of Rs 7.75 crores was released. The actual expenditure amounted to Rs 4.84 crores. Only 37,353 persons were provided employment, as against the target of absorbing 126,140 persons.

Maharashtra lagging

Maharashtra could utilise only Rs 1.69 crores out of a released amount of Rs 3.80 crores. It had been sanctioned Rs 8 crores. Nearly 53,010 persons were envisaged to be provided employment. The employment generated was for not more than 24,765 persons.

Among the major states, the progress was encouraging only in the case of Punjab, Haryana, Tamil Nadu and Uttar Pradesh. Punjab provided employment to as many as 15,000 persons by spending approximately Rs 1.10 crores. The amount released to it was Rs 1.14 crores, out of the originally sanctioned sum of Rs 2.2 crores for creating an employment potential for 19,819 persons.

Haryana had been originally sanctioned Rs 1.75 crores. Out of this, a sum of Rs 1.35 crores was released. The actual expenditure came to one crore of rupees. As many as 8,000 persons got employment, as against the target of creating employment potential for 11,098 persons.

In Tamil Nadu, as many as 17,340 persons got employment, as against the target of providing employment to 20,764 persons. The amount spent for providing employment to these persons was approximately Rs 1.35 crores, even though Rs

4.21 crores had been released out of the original sanctioned sum of Rs 6.5 crores.

Uttar Pradesh had been sanctioned a sum of Rs 11 crores. Out of this, an amount of Rs 5.90 crores was released. The actual expenditure came to Rs 4.54 crores. As many as 42,624 persons were provided employment, as against the target of 52,575 persons.

The position in regard to the other states was as follows: (amount originally sanctioned, amount released, actual expenditure up to February 28, 1974, employment potential to be created, employment actually generated):

Andhra Pradesh: Rs 6 crores; Rs 4.17 crores; Rs 2.93 crores; 43,992 persons; 19,830 persons.

Assam: Rs 1.5 crores; Rs 74.68 lakhs; Rs 37.82 lakhs; 12,740 persons; 6,600 persons.

Himachal Pradesh: Rs 60 lakhs; Rs 13.77 lakhs; not available; 5,237 persons; 862 persons.

Jammu and Kashmir: Rs 75 lakhs; Rs 74.99 lakhs; Rs 31.47 lakhs; 8,889 persons; 5,812 persons.

Kerala: Rs 7 crores; Rs 3.39 crores; Rs 2.16 crores; 30,433 persons; 18,870 persons.

Manipur: Rs 40 lakhs; Rs 20.88 lakhs; Rs 3.16 lakhs; 3,396 persons; 1,170 persons.

Maghalaya: Rs 20 lakhs; Rs 5 lakhs; Rs 0.48 lakhs; 1,230 persons; 413 persons.

Nagaland: Rs 12 lakhs; Rs 5.09 lakhs; Rs 4.19 lakhs; 532 persons; 532 persons.

Orissa: Rs 2.80 crores; Rs 1.83 crores; Rs 1.31 crores; 20,806 persons; 10,902 persons.

Rajasthan: Rs 3.25 crores; Rs 2.07 crores; Rs 1.11 crores; 22,142 persons; 15,400 persons.

Tripura: Rs 40 lakhs; Rs 17.6 lakhs; Rs 3.51 lakhs; 2,636 persons; 1,345 persons.

The position in regard to the union territories was as follows:

Andaman and Nicobar Islands: Rs 3 lakhs; Rs 1.42 lakhs; Rs 0.38 lakhs, 164 persons; 101 persons.

Arunachal Pradesh: Rs 6 lakhs; other details not available.

Chandigarh: Rs 25 lakhs; Rs 14.77 lakhs; Rs 1.21 lakhs; 378 persons; 379 persons;

Dadra and Nagar Haveli: Rs one lakh; Rs 0.63 lakhs; Rs 0.23 lakhs; 76 persons; 53 persons.

Delhi: Rs 2.50 crores, Rs 2.76 crores; Rs 73.12 lakhs; 15,728 persons; 2,358 persons.

Goa, Daman and Diu: Rs 20 lakhs; Rs 8 lakhs; Rs 4.84 lakhs; 1,370 persons; 1,101 persons.

Lakshadweep: Rs one lakh; Rs 0.96 lakhs; Rs 0.33 lakhs; 104 persons; 71 persons.

Mizoram: Rs 6 lakhs; Rs 2.91 lakhs; Rs 0.25 lakhs; 480 persons; 103 persons.

Pondicherry: Rs 14 lakhs; Rs 2.93 lakhs; Rs 2.48 lakhs, 764 persons; 416 persons.

The central ministries could provide employment to 1,100 persons by spending Rs 3.2 lakhs. They had been originally sanctioned Rs 6.97 crores. The actual amount released to them was Rs 2.27 crores.

Thus, of the total Rs 100 crores originally allocated for the programme, the actual amount released to all the states, union territories and the central ministries was Rs 53.99 crores. The actual expenditure incurred by them came to not more than Rs 27.21 crores. Against the target of creating employment potential for 583,022 persons, the actual employment generated was only for 284,961.

The programme broadly covered three categories of schemes, namely, (i) training-cum-self-employment schemes to promote gainful self-employment ventures; (ii) training - cum - stipendary employment schemes dovetailed with the programmes to be taken up in the first year of the fifth five-year Plan (the trainees, after satisfactory completion of training, were either to be absorbed in jobs or at least to be given preference in such jobs, consistent with the present recruitment rules); and (iii) subsidised employment schemes for providing in-plant training, as a result of

which trainees would gain sufficient on-the-job experience and confidence which would ensure their absorption in the training enterprise itself or enable them to organise gainful ventures on their own. The details of employment generated in terms of above categories of schemes sector-wise are not yet available.

The union minister of Steel and Mines, Mr K.D. Malaviya, is understood to be in favour of attempts at containing exports of iron ore. Instead, he desires to convert iron ore into pellets or sponge iron, both for use in the arc furnaces in the country and for exports.

So far as the domestic arc furnaces are concerned, the move is understood to have its genesis in the growing scarcity of ferrous scrap. It is felt that the present availability of ferrous scrap will just suffice for meeting the requirements of the existing arc furnaces and those which are at an advanced stage of construction. Licences have been issued for setting up many more arc furnaces, although now they are being restricted to very exceptional cases on merit. The licensed capacity exceeds two million tonnes ingots. Last year the output of the then existing arc furnaces was of the order of about 0.9 million tonnes. It is expected to go up to nearly 1.1 million tonnes this year. The scarcity of scrap is anticipated to grow serious in a couple of years. To feed the arc furnaces, imports of scrap are also being considered. To counter-balance the expenditure to be incurred on imports, bars and rods may have to be exported.

The conversion of iron ore into pellets or sponge iron for export purposes, however, is likely to be taken up only if financial assistance from foreign buyers is available for setting up conversion facilities. This is because not only there is a shortage of funds for developmental activity — which can be utilised better for various other schemes — but also the conversion of iron ore into pellets or sponge iron requires sizeable quantities of power. The prevailing world prices of pellets and sponge iron do not make the export proposition very attractive if full note is taken of the investment involved. Thought is said to be being bestowed on the issue in the ministry of Steel and Mines.

The central budgetary deficit for 1973-74 is now placed at Rs 320 crores, as against the Rs 650 crores revised estimate contained in this year's budget documents.

This was disclosed by the union Finance Minister, Mr Y.B. Chavan, in the Lok Sabha in his reply to the debate on the Finance Bill, 1974, a few days ago. The net Reserve Bank's credit to the government sector during the period March 30, 1973, to March 29, 1974, however, is put at Rs 746 crores.

The wide difference between the two figures, which has raised a controversy; arises, according to official sources, from the fact that the concept of net Reserve Bank's credit to government sector is much wider than that of the deficit as presented in budget documents. The budgetary deficit refers to treasury bills issued by the government of India during the year, adjusted for changes in central government's deposits with the Reserve Bank. On this basis, the budgetary deficit for 1973-74 has come down to Rs 320 crores from the revised estimate of Rs 650 crores.

The net Reserve Bank's credit to government sector, it is pointed out, includes besides the components comprising the central government's budgetary deficit, net changes in Reserve Bank's holding of central rupee loans. In the budget, however, credit from the market loans raised is treated as a normal resource. In addition, the figure of net Reserve Bank credit to government also includes net changes in loans and advances by Reserve Bank to state governments and in deposits of state governments with the Reserve Bank.

The figures of net Reserve Bank's credit to government, therefore, covers a much wider area of operation than the deficits in the budgetary sense. The budgetary deficit for 1973-74, viz., Rs 320 crores, shows a marked reduction in the revised estimates. This reduction is attributed to both larger revenue and lower quantum of expenditure. The revenue under customs, for example, has improved by Rs 46 crores. There has also been relief under technical credit to the extent of nearly Rs 70 crores. The balance is the shortfall in expenditure.

As against the budgetary deficit of Rs 320 crores, the net Reserve Bank credit to government sector during 1973-74 is now expected to be of the order of Rs 775 crores. As mentioned above, the figure of Rs 746 crores in this regard pertains to the period March 30, 1973, to March 29, 1974.

Mr Chavan has ruled out demonetisation of currency for the present. He does not feel that such a step is an answer to unaccounted money.

POINTS OF VIEW

Performance index

U.I. Bhat and
Dr. G.V. Satyamurthy

PERFORMANCE is a relative term; since it is not a quantity, the term can be defined only in the context of the subject of assessment. Thus in assessing the performance of a student, we are guided by the number of marks obtained by him in different subjects of study. In the realm of sports, performance is estimated by such indicators as the height overcome (in high jump), time taken to cover a specific distance (in track events) etc.. factory performance is assessed in terms of volume/units of product manufactured of a specified quality during a given time (for example a day, or month). In banking industry, a service industry, it is somewhat difficult to define performance in accurate terms. In this article an attempt is made to assess overall branch performance by computing an 'index' of performance. In framing such an index certain assumptions as to factors over which the branch manager has very little control have necessarily to be made ("exogenous factors").

endogenous factors

Even among the endogenous factors which normally should be included in the computation of the index, some have been excluded from consideration since their effects on overall performance are negligible; included in this list are locker and remittance facilities, and executor trustee services. Among the important endogenous factors influencing branch efficiency may be cited, (i) the volume of deposits/credit, (ii) number of depositing/borrowing accounts, (iii) number of staff members working in the branch, (iv) recovery of advances, and (v) profits/loss made by the branch. Among the exogenous factors could be mentioned the size of the population in the area of branch operation, estimated total regional income, location of the branch etc.

Since reliable estimates of total regional income are not readily available and location of branch office is indirectly influenced by the size of the population, only size of the population and the number of commercial bank branch offices operating in any particular centre have been considered in the computation of the index. Another limitation in considering exogenous factors relates to the varying

degree of their influence on branch operations. Hence, only such of the exogenous determinants as population and number of commercial bank branch offices which do have significant impact on branch performance have been taken into account.

Since endogenous factors affecting branch efficiency cannot be considered in isolation, but along with a few selected exogenous factors, a few basic indicators of branch efficiency have been evolved by a careful mixing of the two factor categories. Thus we may envisage the 10 indicators given below :

Since in our opinion, the 10 indicators are of equal importance in determining branch performance, we have assigned equal weightage for each one of them.

Now it is possible to calculate the ranks for the individual branches in the particu-

lar district in respect of each one of the 10 indicators listed below. Let these ranks for the branch i be—

$R_1(D_p)$, $R_1(C_p)$, $R_1(D_a)$, $R_1(C_a)$, $R_1(D_k)$, $R_1(C_k)$, $R_1(I_a)$, $R_1(I_c)$, $R_1(P)$, and $R_1(A)$ respectively.

A "Performance index" may be calculated by summing up the ranks obtained by each branch in respect of indicators, i.e. for branch i , the performance index F_i is:

$F_i = R_1(D_p) + R_1(C_p) + R_1(D_a) + R_1(C_a) + R_1(D_k) + R_1(C_k) + R_1(I_a) + R_1(I_c) + R_1(P) + R_1(A)$

With performance indices calculated this way, it becomes possible to measure approximately the comparative overall performance of any branch office; the lower the index, better the performance of the branch.

It also becomes possible — by looking

(i) $D_p = \frac{\text{Deposits}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(ii) $C_p = \frac{\text{Credit}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(iii) $D_a = \frac{\text{Deposits}}{\text{Number of deposit accounts}}$		
(iv) $C_a = \frac{\text{Credit}}{\text{Number of borrowing accounts}}$		
(v) $D_k = \frac{\text{Number of deposit accounts}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(vi) $C_k = \frac{\text{Number of borrowing accounts}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(vii) $I_a = \frac{\text{Absolute increase in deposits during the year}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(viii) $I_c = \frac{\text{Absolute increase in credit during the year}}{\text{Population in thousands}}$	$\times$	(Number of commercial bank branches in the centre)
(ix) $P = \frac{\text{Profits during the year}}{\text{Thousand rupees of deposits}}$	$\times$	$\frac{\text{Profits during the year}}{\text{Thousand rupees of credit}}$
(In the absence of any quantitative criterion to measure the size of the branch, deposits and credit being the main indicators of branch size, proportional weightage)		
(x) $A = \frac{\text{Amount of credit recovered during the year}}{\text{Amount of credit due for recovery during the year}}$	$\times$	100

into the table of rankings—to identify the basic factors responsible for the high/low performance of any of the branches in the group under analysis. Another advantage the computation of such a performance index would offer is that it would enable a bank to rank all its branches in the country in a given year; a further refinement in the analysis can be made by studying the banks' branch performance category-wise, viz., rural, semi-urban, urban and metropolitan/port town branches. The computation of such an annual performance index for branch offices on a continuing basis over a period of years further enables one to assess changes in their relative performance during the period.

Further, in order to ascertain if there is any significant correlation or otherwise between the different rankings in respect of each one of the ten indicators for each one of the branches under study rank correlation coefficients are calculated and their statistical significance tested. Let, D_p and C_p be the two indicators. If the rank correlation coefficient between the two indicators is significant, it may be concluded that the performance of the branches under study conforms to the general trends in this regard. On the other hand, if the coefficient is not significant, it can only mean that the performance of the group of branches under study is divergent from the general trends and must be sub-

ject to further investigation. Such a divergence from general trends could possibly arise as a result of poor performance of only a small segment in the group of branches under study. In such a case, it is essential to examine a few apparently less important indicators such as, credit/deposit ratios of the branches in the group, credit/deposit ratio for the district as a whole, the annual growth rates of deposits/credit of the individual branches; we may have to look further for any subjective factors (e.g. the manager's personality), factors of purely local importance or influences of a temporary nature which might have had their impact.

The crisis in the coal industry

B. Kumar

COAL is one of the important ingredients of modern industrial civilisation. It constitutes the major source of industrial fuel. Although India does not figure among the coal producing countries of the world, our coal deposits are sufficient to meet the country's demand.

Coalfields in this country are mostly located in the river valleys of Damodar, Mahanadi and Godavari. In 1950 the total coal deposits in our country were estimated at 64,876 million tonnes. Latest revised estimates put it at 1,19,000 million tonnes up to a depth of 600 metres. However deposits of metallurgical coal, which is vital for steel manufacture, are estimated at 18,500 million tonnes.

Coal mining is the largest mineral industry of the country. There are over 768 collieries, divided into 56 coalfields, all over country. It is a highly labour intensive industry in which nearly four lakh workers are employed daily. The industry has had a chequered history. It came into limelight only during and after world war II.

After independence the government accorded high priority to the production of coal as it was considered vital for the industrial growth of the country. Under the Industrial Policy Resolutions of 1948 and 1956 the future development of coal mining was given over to the public sector. The National Coal Development

Corporation was established in 1956 to run the public sector coal mines. In south, Neyveli Lignite Corporation was set up to operate lignite mines.

The coal industry made rapid strides during the first and second Plan periods (Table I), but the production of coal virtually stagnated during and after the third five-year Plan. A number of factors contributed in bogging down coal production: since 1961. Some important causes are; wagon shortage, labour troubles, lack of adequate investment and wasteful

excavation technique.

The government took over the management of 214 coking coal mines in October 1971, of which 200 were in the Jharia coalfield. This step, according to the ordinance, was taken with a view to "reorganising and reconstructing" the coking coal industry in order to ensure "effective conservation, scientific exploitation and development" to subserve steel industry. A public undertaking known as the Bharat Coking Coal Ltd. (BCL) was formed to operate the coking coal mines and other coke oven batteries. The

TABLE I
Production of Coal During 1950-51—1973-74 and Projections for 1978-79
(million tonnes)

Year	Production	Target
1950-51	32.8	—
1955-56	39.9	39.9
1960-61	55.5	97.0
1965-66	70.3	—
1969-70	78.4	—
1971-72	72.0	—
1973-74	80.0	93.5
1978-79	—	143.0 (tentative)

reason given for taking over these mines was the acute scarcity of coking coal reserves in the country, hence their conservation and development.

In January 1973 the government took over the management of 464 non-coking collieries of the country. Thus, excluding the captive mines of TISCO and IISCO, the entire coal industry was brought under public sector. There are however about 70 small coal mines in the Santhal Pargana (Bihar) which are still in the private hands. These coal mines have no railway sidings and the public authorities contend that their take-over would amount to their closure a their daily raising is not more than 3,000 tonnes.

enter public sector

A number of public undertakings is presently operating in the coal industry. Besides the NCDC and Neyveli Lignite Corporation, BCCL operates the coking coal mines. Subsequent to the take-over of non-coking coal mines, the Coal Mining Authority Ltd. (CAML) was formed to manage the non-coking coal mines. Now the NCDC has been converted into a subsidiary company of the CAML. The CAML has transferred 182 of its mines to the BCCL to enable the geographical restructuring of the Jharia coalfield. The BCCL has already regrouped its coal mines, numbering 396, into 82 units, 22 sub-areas and five areas. It has adopted a four-tier organisational system. Collieries constitute the production unit, sub-area office is decision making and cost control unit, area is profit unit while the head office exercises general supervision and control. The ropeways of the Coal Board and coal washeries of Hindustan Steel Ltd have also been transferred to the BCCL. The BCCL and CAML employs nearly 170,000 and 2,30,000 workers respectively. The concept of holding company, first applied to the steel industry, has now been extended to the coal industry also.

The public sector has been in the coal mining industry for well over two decades. Two years have elapsed since the wholesale takeover of coking coal mines and non-coking coal mines are in the public sector for the past one year now. Hence it is worthwhile to evaluate the performance of this industry in terms of objectives which prompted the government to take-over coal mines.

The first test of performance is the production record and trends. The fourth Plan set a production target to 93.5 million tonnes including 25.4 million

tonnes of coking coal and 68.1 million tonnes of non-coking coal. The steel plant's requirements are estimated at 24 million tonnes of coking coal and 1.2 million tonnes of blended coal. Against this target the actual production of coking coal during 1971-72 (August) was only 11.9 million tonnes as compared to 17 million tonnes in 1969-70. The anticipated production in the final year of the fourth Plan is placed around 21 million tonnes. There is, thus, no likelihood of realising the fourth Plan's target. Hence the foremost argument in favour of take-over has been nullified by the working of the public undertakings. It is common knowledge in the coalfields that the production in collieries has gone down considerably. As the production records of collieries before the take-over used to be depressed for various reasons, the actual loss in production remains unrevealed. But the all-round scarcity of coal adversely affecting the operations of railways, steel and power plants and domestic consumption is a fair index of the state of production in the coal industry.

The coal mining organisations have their own explanations for the downward trend in production. Their reasons centre round the shortage of railway wagons, interruption in power supply, short supply of explosives, problem of sand supply, flooding of colliery pits due to heavy rains and labour troubles.

The second plea for the take-over of coal mines was the professed intention to switch over to scientific operation to assure 75-90 per cent coal extraction, provision for adequate investment and conservation of graded coal. The manner in which coal mines are operated presently belies the expectation of scientific or rational practice. What is known as 'slaughter mining' is prevalent on a wide scale. Under this method easily accessible

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coals are extracted without any consideration to the future of the mines. The practice of depillaring of underdeveloped mines to realise the production targets is threatening the future of these collieries. Violations of coal mining laws and rules are still widespread. The Directorate of Mines seems to be helpless and ineffective in taking legal action against the management of public undertakings. If the present practice of slaughter mining is not stopped the realisation of the ambitious targets set for the fifth Plan would result in irretrievable damage to the coal mines.

The financial operation of the coal mining undertakings is most distressing. The BCCL alone has incurred a loss of Rs 2.58 crores since its inception. The cost of production, and, consequently the coal price, has gone up considerably. After the implementation of the schemes of rationalisation and restructuring of the collieries, the cost of production is estimated to go up to Rs 68 per tonne in the case of existing collieries and Rs 136 per tonne in the case of new mines as compared to the cost of production of Rs 30-35 per tonne under private management. The recent decision of the BCCL to introduce the system of rate contract for sale of coal may result in further rise in the price of coal in the open market.

Labour relations have also deteriorated. During the past year there were 41 closures and 18 gharaos in the BCCL alone. There are seven trade unions in the coalfields allied to the various political parties. Inter-union rivalries have assumed the dimension of law and order problem. The huge labour force lacks proper motivation to work. Indiscipline at the lower level and corruption at the managerial level are sapping the vitality of these undertakings.

The two biggest coal mining projects of the NCDC now transferred to the

TABLE II
Coking Coal Reserves

Coalfield	(million tonnes)	
	Metallurgical coal	Gross coal reserves
Jharia (Bihar)	4,600	12,681.35
East Bokaro "	4,047.3	4,407.03
West Bokaro "	3,517.06	3,517.06
Ramgarh "	1,057.40	1,057.40
Giridih "	73.29	73.29
Raniganj (W B)	898.00	19,286.31
Pench-Kartati (MP)	600.00	1,829.70
Assam (unused)	690.00	—
Total (identified)	15,482.88	

BCCL namely the Moonidih and Sudamih, worked at an estimated cost of Rs 32 crores and Rs 28 crores respectively under the Polish collaboration were expected to achieve the capacity of two million tonnes each during the fourth Plan period. But these projects still give only nominal output.

The incapacity of railways to remove transport bottlenecks in coal movement is mainly responsible for the recurring coal crisis in the various parts of the country. Table III reveals the deteriorating wagon supply position.

TABLE III
Daily Average Allotment and Loading of Coal Wagon in West Bengal and Bihar Coalfields

Month in 1973	Allotment	Loading
January	6018	5360
February	6343	5810
March	6660	5953
April	6437	5743
May	5874	5420
June	6034	5468

The working of public sector coal mining has belied the hopes which the take-over had engendered among the people. Coal industry has always been a sick industry. But the degree of sickness seems to have intensified since their take-over. In order to tone up the management of these undertakings a few steps that need to be taken are given below:

The giant undertakings should be converted into autonomous regional bodies empowered to operate under competitive conditions. Coal mining is a geographically diffused industry. Hence any unified approach to management has little relevancy.

Efforts at reducing the cost of production should be made through managerial economy and personnel motivation so that the consumers or coal based industries are not penalised for the inefficiency of these undertakings.

The gestation period for application of rationalisation schemes presently estimated at 10-15 years should be reduced to 5-10 years through effective managerial and technical efforts.

The fifth Plan of the coal industry should be integrated with the steel and other allied industries as well as with the railway's capacity to remove bottlenecks to carrying of coal.

Unless vigorous efforts are made to streamline the working of coal mines the objectives for which the coal industry was transformed into public sector undertakings would be lost.

Save with grace

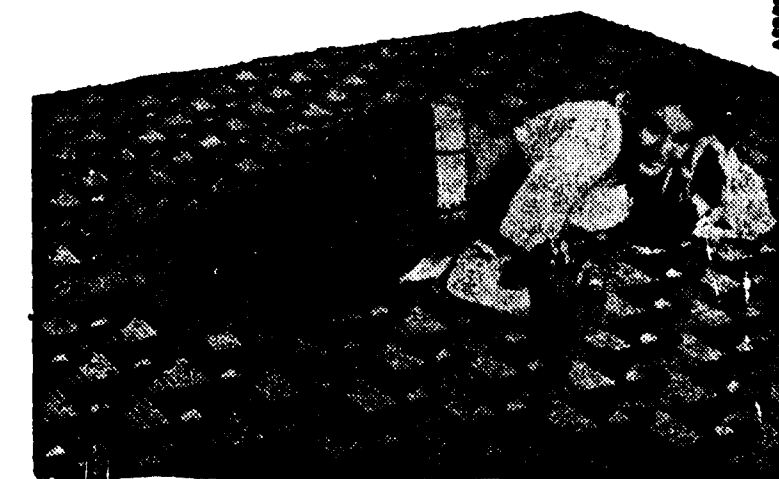
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The EEC and the rest of the world

Josselyn Hennessy

London

The United States of America

THE YEAR 1973 ended with the suspicions thrown up by the Middle East war still gnawing at the relations between the EEC and the USA. There is still no paper definition of the transatlantic relationship that the Americans have been so anxious to secure. Negotiations are proceeding painfully.

Dr Kissinger threw down the gauntlet to the EEC when recently he observed: "To judge from recent experience, consultation after the fact has been drained of content." At the end of the year, he asked: "What is to be the shape of the emerging Europe? Will it be organised on an exclusive basis, or is it prepared to recognise

(in which the USA can take little part with the postponement of the trade bill which contains its negotiating mandate) and on the nature of the compensation that the EEC should offer for its enlargement, add economic dispute to the political differences. The USA has been seeking more substantial concessions on citrus products, tractors, craft paper and tobacco.

imports from Japan

In December, the Council approved a series of guidelines to govern EEC policy. While awaiting the harmonisation of national measures dealing with imports from Japan, the Council agreed that there should be a margin left for these measures to continue but that they should conform to already existing EEC procedures. The

between French and Japanese manufacturers of ball bearings, which they did without governmental approval.

Politically, the EEC has told Japan that it is ready to negotiate a joint declaration to define future relations on the same pattern as the declaration under negotiation with the USA. The Japanese had first suggested such a declaration when it became obvious that there was little chance of a tripartite declaration covering Japan, the EEC and the USA. Nothing has so far come of the EEC's reply to Japan's initiative, and it is assumed that Japan would prefer to await the outcome of the EEC's talks with the USA.

agreement with India

The commercial cooperation agreement signed with India is the first that the EEC has reached with a non-associate country. This agreement is especially interesting because it sets a precedent for the type of agreement that might be signed with other Asian members of the Commonwealth, which are adversely affected by the UK's entry into the EEC, but which are not provided for in the negotiations taking place to revise the Yaounde Convention.

The object of the agreement, from India's viewpoint, is to ensure balance in the flow of trade between the two areas. India, persistently handicapped by large trade deficits, is especially anxious to gain some form of preferential access for its exports in EEC markets, while it also is interested in seeing a flow of industrial equipment and technology into the country.

The EEC made trade concessions to India, notably in areas in which India is a leading commodity supplier to Europe. In jute, for example, the EEC agreed to reduce the tariff by 40 per cent from January 1, 1974, and by 60 per cent from next January. India's desire for a zero tariff is to be examined. This concession is granted within the framework of the generalised preference scheme and India may put the issue into the GATT multilateral trade negotiations.

Machinery to establish a basis of future economic cooperation has been set up,

but investment has not been placed within this Joint Committee's jurisdiction, largely because of the French view that investment and aid are more appropriately part of national relations. The Joint Committee is distinctive in that on the EEC's side it brings together representatives of both the Commission and the Council.

II

Associates and Associates

Meeting between the EEC and representatives of the African, Caribbean and Pacific countries, concerned took place in November, December and January. Working parties were set up in December. The process of consultation has become easier since the developing countries formed their own secretariat. A ministerial meeting of the African countries took place in Kinshasa during February and major political decisions are now expected.

The EEC has made clear that the basic guidelines of its offer cannot be changed, although it is ready to examine specific suggestions. Differences have arisen over the application of the system of generalised preferences which the Yaounde countries fear will damage their already eroded preferences with the EEC. They complained particularly about the consultation procedures during negotiation of the EEC's trade agreement with Brazil, which covers inter alia, cocoa imports. The Commission made it clear that EEC autonomy in tariff measures cannot be breached.

The problem of reciprocity has not been tackled, and even if it had been the results would have been more damaging than constructive. Neither side is agreed in itself as to whether, in the first place, there should be reciprocity, and, in the second place, if so what form it should take.

The developing countries want duty free access for all their products, and the EEC is ready to agree except for certain sensitive agricultural products. Here the developing countries within the scope of negotiations might expect better preferences than those accorded to other exporters. The price mechanisms for the exports have not been defined, but the feeling is general that the EEC's price stabilisation scheme is on the right lines, and the African countries have been seeking elaboration of its broad provisions.

The nature and commitment of aid from Europe to the developing countries may in the coming months give rise to disputes. The developing countries want the EEC

to commit itself to provide aid regardless of the type of trade or co-operation agreements that might be signed. The EEC, however, in offering association on either the Yaounde or Arusha patterns, or simple trade agreements, feels that only Yaounde-type agreements carry a commitment to financial aid. The developing countries are also extremely worried at the existing monetary uncertainty and diminishing value of the currencies in which they receive aid.

Already, the war in the Middle East left the EEC's Mediterranean policy in confusion and disorder. The negotiations with Algeria, the Maghreb countries, Israel and Spain have all been delayed by the reluctance of the Mediterraneans to accept a number of the EEC's technical provisions, which they did not think were sufficiently generous. The Middle East war raised the immediate political point as to whether the negotiations should proceed at all, and, if so, on what basis. The question of discrimination took on a new aspect in view of Arab oil policies and the singling out of the Netherlands for special treatment. The result was to make it impossible to conclude the negotiations by the end of 1973, as had been hoped, and the attempts were abandoned.

While the EEC decided that it would like to continue the negotiations and while the Commission in fact devised improved offers for, ironically enough, greater imports of Algerian petroleum products and the slower pace of Israel's industrial tariffs dismantling, to cite but two examples, problems like discrimination could not be solved. When Britain, Ireland and Denmark joined the tariff structure on January 1, 1974, it became necessary to adopt special transitional arrangements to govern the trading relationships. The Commission thought that the new members should adopt the tariff and that commercial concessions should be given as compensation to the countries involved. The concessions would have been among those originally suggested last summer and would therefore have been harbingers of the new agreements whenever they might be negotiated. Britain, however, preferred to maintain the status quo. These general points do not apply to Spain and Israel, in whose cases, tariffs are involved and solutions could be more easily found. Israel, in fact, is anxious to speed the negotiations to an end.

The Community's links with Latin America were strengthened when Brazil became the third Latin American country to sign a trade agreement after Uruguay and the Argentine. One of the reasons

that made it necessary for Brazil to enter the agreement was Britain's entry into the Community. Britain had levied a lower tariff on Brazilian coffee, cocoa and butter than the Community with which it is now aligning its tariff. The negotiation of the level of duty on these two products was the most controversial item in the agreement, and caused some difficulty with the African countries.

The Community agreed to lower its duties within the framework of the generalised preferences scheme, so that for cocoa butter Brazil was given a 1974 quota of 21,600 tonnes at eight per cent duty and for coffee 18,750 tonnes at nine per cent. The quotas will be increased annually in the light of import needs and of the list of countries which benefit from the generalised preference scheme. Brazil undertook to follow a pricing policy which would not disturb the stability of the community's internal market. A joint committee has been set up to supervise the agreement and to seek ways of promoting economic and commercial co-operation. Each party has granted the other most favoured nation treatment.

III

Social Policy in the EEC

Last summer the Commission drew up a programme of priorities for special action on social policy within the Community. In December, the Council followed this up with agreement on a programme, or, to be more accurate, it agreed to agree on a programme later this year! The decisions in principle were taken at an all night session and the decisions for action will be taken later. By such a formula the deadlines established at the Paris summit have been met! It remains to be seen to what extent the limited "decisions" taken so far help to give the Community a human face and inch it closer to the widespread social justice to which it is committed.

The position now is that the Council must take decisions on seven proposals that the Commission has already put forward. These proposals concern aid for handicapped and migrant workers, the setting up of an industrial safety committee, equal pay for men and women, the application of a 40-hour week and a four-week annual holiday by 1975 and 1976 respectively, the establishment of a foundation for the improvement of the environment, and a directive on laws covering collective dismissals.

The first point to note is that these pro-

WINDOW ON THE WORLD

While preserving its identity the importance of Atlantic co-operation?"

It is doubtful whether there is any clear answer available in Europe. The EEC's document on the identity of Europe was vague: "The close ties between the USA and Europe of the Nine are mutually beneficial and must be preserved. These ties do not conflict with the determination of the Nine to establish themselves as a distinct and original entity. The Nine intend to maintain their constructive dialogue and to develop their cooperation with the USA as between equals and in a spirit of friendship."

In the meantime the specific differences between the Nine and the USA on the progress of the multilateral trade negotiations

Commission should continue contacts with Japan not only on imports but also on exports. Until such time as a trade agreement is worked out, the Council reserved the right to use the instruments of trade policy at its disposal. This, in other words, means that the Council will approve protectionist measures if it thinks them justified.

Curiously enough, the Council did not lay down any guidelines for the sectoral agreements under negotiations between the industries on both sides, and it is precisely in this area that the Commission has had most worries over the working of the Common Market. The Commission had, in fact, decided before the Council meeting to begin proceedings against the "self-limitation" agreement signed bet-

osals will cost little money, and this is politically advisable at a time when member states are coping with the cost of more expensive oil imports and when West Germany is beginning to kick at being regarded as paymaster to the Community with a bottomless pocket. Countries such as Italy would have preferred a much stronger commitment and a wider and more precise programme. As it is, the scheme leaves much to the predilections of members. But, as the French insisted at the Council meeting, the Community is not a welfare office. On the other hand, neither Italy nor Ireland are enthusiastic on the proposals for equal pay for men and women. British industry has reservations about a 40-hour week.

The first problem to be faced will be that of the migrant workers, who are often employed in precisely the industries most quickly hit by the oil crisis and the general downturn in the European economy that results from it, e.g. motor manufacture. Yet it is here that the Coun-

cil has not wanted to commit itself too specifically because of the priority to be given to native Europeans. As an idea of what may develop into a pattern, West Germany became the first EEC country to halt the entry of workers from outside. Recently there have been reports of Italian workers returning to their places of employment after the Christmas holidays to find that they were dismissed. This poses acute moral and political problems about which the Commission's views are often more liberal than, and sharply at variance with, the more restrictive attitudes of member states. A hint of how liberal the Community is prepared to be will come when the Council reaches decisions about aid for migrants from the European Social Fund.

The second stage of the social action programme will be for the Commission to submit proposals regarding migrant workers, a draft for a vocational training centre and a draft directive to cover the rights of employees when their companies

change hands or are merged. The third stage will, it is optimistically hoped, be reached before the end of this year with proposals for full and better employment, the improvement of working conditions, and, not least, labour and management participation in the Community and labour participation in management. Whatever decisions emerge concerning these joint participations they must inevitably introduce creeping rigidities in production throughout industry and trade, and must therefore lower European competitiveness with countries elsewhere in the world which shy away from these starry-eyed ideals.

Sources and acknowledgments: The foregoing summarises reports in the latest issue of *European Trends*, published quarterly to subscribers only, by the "Economist Intelligence Unit, 27 St. James's Place London SW1A: INT, but the EIU responsible neither for the emphasis in my summary, nor for my interspersed comments based on a variety of sources

Portugal's trade ties with the Community

THE RECENTLY concluded agreement between Portugal and the European Community (EC) is a further step in the increased international integration of the Portuguese economy. This process began in the late 1950s and early 1960s with Portugal becoming a member of the European Free Trade Association (EFTA) and several international organisations including the Fund, the World Bank and the General Agreement on Tariffs and Trade (GATT).

During the 1960s the Portuguese economy developed rapidly, with the annual average increase in real gross national product (GNP) exceeding six per cent. Non-agricultural employment rose at an average annual rate of 1.1 per cent and because there was no net increase in the population of 8.9 million, real per capita income rose at the same rate as GNP, increasing from US\$285 in 1960 to US\$780 in 1971. In the latter half of the decade real GNP growth accelerated and appears to have been over seven per cent a year since 1970.

Manufacturing and services have been the most rapidly growing sectors of the

This study of Portugal's European economic policy by the European Department of the International Monetary Fund is of special interest in the light of recent political and constitutional developments in that country.

economy. Stimulated by the growth of exports (which increased from the equivalent of 17 per cent of GNP in 1960 to nearly 25 per cent in 1970-71) as well as the increase in domestic demand, the modernization of Portuguese industry has proceeded rapidly. The stimulus of competition from foreign firms that have established subsidiaries in Portugal has been particularly important in the dissemination of advanced managerial and industrial technology. Principal industries are textiles, clothing, footwear, and the manufacture of electrical components.

In spite of the rapid growth, however, severe problems remain. Many firms are inefficient and have been protected from competition by high tariff walls and the system of industrial licensing that made

all major investment subject to administrative approval. However, it is expected that with the greater competition from other countries, together with the results of new industrial development bill which was approved in 1972 and provides for removal of administrative controls on industries activity except in special cases the competitiveness of many of the firms will increase. In addition, new incentives for investment have been introduced, and a set of special incentives been provided to encourage the decentalization of industry.

The expansion of industry has resulted in the rapid growth of the commercial sector, particularly banking and insurance. In addition, the increase in the number of tourists coming to Portugal has led a large increase in the number of hotels particularly in the luxury class.

Although the agricultural sector employs a third of the work force, it contributes less than 15 per cent of total output. Low productivity, owing to inefficient farming methods, small average size of farms, a low rate of investment, rapid emigration of labour, together with unfavourable weather over the past five

years, have resulted in the virtual stagnation of output. In the last two years, output has even been below the 1968 level because of a protracted drought. Attempts are being made to modernize the agricultural sector by providing farmers with technical assistance and easy access to finance.

Portugal has been a traditional exporter of labour. In the mid-1960s, gross emigration accelerated rapidly, from 50,000 people a year to about 120,000 a year in the period 1965-68 and 200,000 a year in the 1969-71 period. Net emigration between 1960 and 1972 exceeded one million, which was greater than the natural increase in the population. In the past decade, nearly two out of every three Portuguese taking up non-agricultural employment did so in another European country. However, in the past two years there has been a reduction in the number of Portuguese emigrating. An agreement with France, under which the French authorities agreed to limit the number of work permits granted to Portuguese workers to 60,000 a year, was undoubtedly an important factor in the decline. While the number of Portuguese emigrating to Germany rose in 1972 and early 1973, the recent moratorium on the employment of foreign workers in Germany will block any increase in the emigration there.

the problem of inflation

After many years of stable or only slowly increasing prices inflation has emerged as the most serious problem facing the economy. The acceleration in the price level that began in 1968 has continued, and in 1973 the 12-month rise in the Lisbon consumer price index reached 19 per cent. The causes of inflation are complex but important contributing factors include: the rapid wage increases that resulted from the high rate of emigration; the rapid rise in demand for goods and services for which domestic supply is inelastic, and the increased cost of imports.

It is generally acknowledged that attempting to control inflation mainly through a policy of limiting aggregate demand would have a serious effect on the development of the economy. In 1972, in an effort to reduce price increases without affecting economic growth, the Portuguese authorities imposed an inflationary profits tax, made price increases of important commodities such as food, beverages, and construction material subject to approval, and limited the frequency of wage contract negotiations. In 1973 further efforts were made to increase the supply of food and housing, and a National Price Council was established to

advise the government on price policies. However, the continued high rate of inflation indicates that so far these policies have not taken hold.

In December 1973 the discount rate was raised by one per cent and in early 1974 there was a reduction of 0.5 per cent in the upper limit for interest rate payable on sight deposits and an increase of 0.75 per cent in the limit on interest rates payable on time and savings deposits. In addition, new certificates of deposit were introduced. These actions were designed to channel financial savings into productive investment and to reduce consumer expenditure.

balance of payments

The balance of payments of metropolitan Portugal was in surplus during most of the 1960s and in the period 1970-73 the surpluses have increased very rapidly.

The structure of the balance of payments has been characterized by a large and growing deficit on the trade account which has been more than offset by a surplus on invisibles, particularly workers' and emigrants' remittances, and tourism. Modest capital inflows have also been recorded regularly. In recent years the current account surplus has widened sharply, to the equivalent of some four per cent of GNP in 1972. Estimates indicate that the current account surplus was even larger in 1973, owing to a sharp increase in the rate of growth of exports and continued rapid growth of workers' remittances, which more than offset a higher rate of growth of imports and a slowdown in the rate of growth of tourism.

Throughout the 1960s, international reserves were equivalent to one year's imports; in recent years the rate of reserve accumulation has been unprecedented. In

the five years from mid-1968 to mid-1973, reserves actually doubled.

The industrialization that has taken place in the Portuguese economy is reflected in the changing commodity composition of exports, the bulk of which in 1960 was accounted for by a few products—cork, fish, wine, and textiles—and which now consist of a wide range of products, including shoes, electrical goods, clothing, and pulp and paper products.

In 1972 exports of metropolitan Portugal to the rest of the world increased by 17 per cent. However, exports to countries outside the escudo area increased by 29 per cent, the largest increases being to EC and EFTA countries. Exports of machinery and equipment, textiles, and pulp and paper products increased most rapidly. Rapid export growth continued in 1973, and exceeded 30 per cent during the first nine months to all markets.

The free trade agreement with the EC, which became effective at the beginning of 1973, should prove highly beneficial to Portugal's export industry, as capital and technical skills are attracted by relatively low wage costs, an industrious labour force, and a favourable tax climate.

On March 16, 1973, the Portuguese authorities decided to allow the escudo to float. For some months there was a modest trade-weighted appreciation of the currency as the escudo followed the upward movement of the main European currencies vis-a-vis the US dollar. However, following the strengthening of the dollar, the trade-weighted appreciation of the escudo was roughly eliminated by the end of 1973.

The relative size of the public sector is

Portugal's Supply and Use of Resources

	Average annual rate of increase (per cent)		1973 Estimate (billion escudos; prices)	1979 forecast 1963 prices)	Percentage distribution	
	1960-70	1973-79			1968-70	1979
Private consumption	6.1	6.6	131.5	192.7	77.9	73.8
Public consumption	8.3	8.3	25.5	41.0	14.0	15.7
Gross investment	6.9	11.1	32.0	60.3	17.8	23.1
Exports	11.6	12.1	40.8	80.9	24.8	30.9
Imports	10.8	10.1	61.7	113.7	34.5	43.5
Balance	—	—	-20.9	-32.8	-9.7	-12.6
GNP	6.3	7.6	161.1	261.2	100.0	100.0

Data: Presidencia do Conselho, Fourth Development Plan.

smaller in Portugal than in most other European countries; and total public expenditure remained at approximately 20 per cent of GNP during the 1960s. By the same token, the tax burden is also lower, as witnessed by the ratio of public sector current revenue to GNP, which rose from 17 per cent in 1960 to 23 per cent in 1971. Furthermore, central government debt (most of which is held within the public sector) has remained at a rather low level, declining from 24 per cent of GNP in 1960 to 22 per cent in 1971.

Over the past three years, public sector transactions appear to have had an expansionary impact on the economy. Preliminary data for 1973 indicate that total receipts increased by a little more than 16 per cent while expenditures rose by over 22 per cent because of increases in public sector wages and salaries at the end of 1972 and in early 1973. Expenditures on education, communications, and defense also rose rapidly. It is anticipated that over the next few years, there will be a sharp increase in spending for social security, education, housing, and health.

monetary policy

With the increased emphasis on growth and the emergence of inflationary pressures in the 1960s, the authorities began to make more active use of monetary policy. In this period, a number of important changes were introduced which increased the importance and flexibility of monetary policy as an instrument of development and demand management by giving the authorities the power to impose reserve requirements, introduce selective credit controls, control lending and deposit rates, impose quantitative credit ceilings, and control the foreign operations of the banks. In addition, several semi-public banks that specialize in investment financing have been established.

The overall direction of policy has been to encourage economic growth by channeling bank credit toward investment and exports and encouraging long-term savings. Commercial banks have been given incentives in the form of preferential re-discount facilities to expand export credit operations and investment financing. So far the effect of these policies have not yet been fully felt. While the loans of the specialized credit institutions have expanded rapidly, the major portion of the loans of commercial banks, still the most important source of investment financing, is in the form of short-term revolving credit.

The past few years have been characterized by the rapid expansion of most

monetary aggregates. Money plus quasi-money has been increasing at an average annual rate of more than 13 per cent since 1968. In 1972 the rate of expansion of both money and credit accelerated. Money plus quasi-money increased by 24 per cent and total credit granted by 26 per cent. At the end of 1972 the authorities announced several measures to curb this rapid monetary growth, including increases in reserve requirements, an increase in the discount rate, and restrictions on the availability of consumer credit.

So far these measures have not had the desired effect. In the first nine months of 1973 there was a further acceleration in the growth of both money and credit.

developing planning

The newly published Fourth Development Plan provides further evidence of the commitment to economic growth and increasing the welfare of the population. The Fourth Plan represents a major improvement over its predecessors in that it provides consistent forecasts for all major sectors of the economy for 1974-79. GNP is forecast to grow at an average annual rate of 7.6 per cent. Among the components of demand, the largest increase in the growth rate is forecast for investment—the net result of an expected very sharp expansion in both public and private investment.

It is notable that the growth rate forecast for GNP is expected to be realized entirely through increases in productivity. Net employment creation in the secondary and tertiary sectors of the economy is only expected to offset the labour migration out of the primary sector. The natural increase in the active population will equal the labour surplus which is largely

expected to be absorbed by emigration.

Portugal has been relying to an increasing extent on oil as its primary source of energy. Energy consumption rose at an annual average rate of 7.6 per cent between 1960 and 1970, while the consumption of oil and its derivatives increased at an annual rate of 9.5 per cent. Projections in the Fourth Development Plan indicate that it is anticipated that by 1980 oil will supply 87 per cent of Portugal's total energy needs. However, these projections were drawn up before the onset of the energy crisis. Higher oil prices may well lead to greater reliance on Portugal's low-grade deposits of coal than was previously envisaged. In 1972, imports of oil and oil derivatives amounted to SDR 115 million.

The higher cost of oil will undoubtedly exacerbate the rate of increase in prices as well as substantially reduce or even eliminate the balance of payments surplus. However, the size of Portugal's foreign exchange reserves would appear to indicate that the immediate balance of payments impact of the oil crisis will not be as serious as in many other countries.

Angola's oil exports exceed the oil imports of metropolitan Portugal and will probably constitute Portugal's major source of oil in the future. Furthermore, while the balance of payments surplus of metropolitan Portugal will probably be reduced by the direct impact of higher oil prices, the balance of payments of the escudo area (metropolitan Portugal, Angola, Mozambique, Portuguese Guinea, Portuguese Timor, and Macao), which is the most important set of accounts for policy purposes, will not be seriously affected because the increased cost to Portugal will be offset by higher earnings by Angola.

Balance of Payments of Metropolitan Portugal
Vis-a-Vis non-Escudo Area Countries

(million SDRs; figures in parentheses are percentage change from previous year in local currency)

	1970	1971	1972
Exports	720 (10)	828 (13)	1,012 (29)
Imports	1,236 (16)	1,475 (15)	1,637 (18)
Trade Balance	-516 (28)	-647 (20)	-625 (3)
Travel	124 (34)	185 (49)	219 (22)
Other services (net)	-68	-20	-18
Private remittances	483 (23)	635 (31)	738 (20)
Current account	23	153	314
Long-term capital	40	84	5
Other capital ¹	-60	6	-85
Total	3	243	234

¹ Including errors and omissions

Data IMF, Balance of Payments Yearbook.

Last week, at cocktails,

a German acquaintance and myself, after having duly exhausted such topics as Herr Willy Brandt's troubles, M. Mitterrand's chances and Mr George Fernandes' alleged fasting in jail, helplessly turned to the durable topic of Indian philosophy. Another German, who happened to catch some of our conversation, said blandly that philosophy seemed to be the only thing that still worked "in this country." He, I thought, was perhaps trying to be kind to his host country. If by philosophy we mean the capacity of human beings — a capacity that is half-instinctive and half-reasoned — to take the rough with the smooth, it is clear enough that we as a people have not had any use for this quality for years now. The very first sign of a threat to the graveyard peace or order of our daily routine seems sufficient to send us all into a panic — which explains surely why so many sectional interests, big or small, have been so successful in holding the country to ransom so frequently.

Take for instance the way some newspapers came down on the government for taking into custody Mr Fernandes and some other leaders of the railway strike. None of the editorial writers concerned saw it to be any part of his responsibility even to consider the government's argument that the detention of Mr Fernandes had become necessary to deal effectively with the threatened strike. All that has been argued in criticism of the government's action is that it is always worth averting a railway strike and since it is possible that the arrest of Mr Fernandes has left the railwaymen with no alternative to making good their strike threat, the government is to be blamed for putting the people through the ordeal of disrupted transport and communications. The implication here is that safe and soft existence has become so important that buying it at any price and even in the shortest of short term is the first duty the government owes to its people. If this is to be the logic that dictates government's policy, there can be no respite to the public at all from one sectional threat after another to that very 'soft or safe'

existence which is claimed to be so valuable as to be inexpensive at any price.

It is not necessary of course and it is not desirable either that the country masochistically courts difficulties or disasters which could be avoided through reasonable government attitudes or intelligent government action. Unfortunately, it is not infrequently the case in public affairs that no soft option is open either to the government or the community. In such circumstances the public can defend itself only by choosing to resist the aggression attempted against it and being prepared to pay the full price of that resistance. Surely, the press, which demands so many privileges and prerogatives from the government and the community on the basis that it plays a public interest role, has an obligation to give the right lead to the people in such a context. It is the country's misfortune that many large newspapers should have failed to do this in respect of the railway strike.

For instance, instead of exhorting the people to cooperate with the government in every possible way so that anti-social and illegal interference with railway operations could be effectively dealt with and essential traffic attended to, not a few newspapers have been using their news and editorial columns to highlight the hardship or inconvenience suffered by the public, as if the government is fighting a private battle with railwaymen and that the community has no stake at all in the vindication of the stand which the Railway ministry has taken.

The full story of Mrs

Satyavani Muthu's departure from the DMK ministry obviously remains to be told. The ADMK leader, Mr M.G. Ramachandran, who had earlier rebelled against Mr Karunanidhi's chieftainship, was widely believed to be nursing chief ministerial ambitions and this was supposed to be mainly the reason why he took to a political path which finally took him out of the DMK. Mrs Muthu is undoubtedly an assertive politician and she is

certainly not an unambitious one, but there has not been any indication that she is fancying herself as a possible future prime minister. As one of the stalwarts of the DMK her position in that party hierarchy was always a fairly well established one, and although charges of corruption have been levelled against her as against her other colleagues in the ministry or the party, they were not able to inflict any obvious injury on her position either as minister or as a senior member of the DMK leadership. It is therefore more than a little mystifying why she had recently been going out of her way so consistently to annoy or upset Mr Karunanidhi and ultimately challenge his authority as chief minister by a decisive personal and political confrontation with him.

It is true that the chief minister dropped her from the ministry in the wake of her exhortation to *harijan* mothers to ignore family planning so that *harijans* could grow into a majority community and her public allegation that, as minister for *harijan* welfare, she had found herself powerless either to prevent funds for schemes for the benefit of the *harijan* community being diverted to other purposes or secure sufficient cooperation from some of the government officials for the implementation of those schemes. But it was certainly open to her to have championed the *harijan* cause as firmly and enthusiastically as she wanted to without risking her membership of the government and the ruling party. That she forced the issue as she did, leaving the chief minister with no option but to effect her dismissal from the ministry which, in turn, made it logical for her to resign from the party itself, is a development which suggests that there must be a story within this story. Mrs Muthu had a considerable *harijan* following in the DMK, but it is unlikely that all of it would follow her into a new party which she is reported to be planning to organize. It is even less likely that there will be anything like an exodus of *harijan* members from either of the two Congresses to her political camp. Mrs Muthu's personal relations with Mr M.G. Ramachandran have not been of the friendliest, but politics has a way of bringing together strange bedfellows and it cannot be ruled out that Mrs Muthu may soon be considering whether it may not be profitable for the DMK rebels to hang together. She may well be encouraged to think along these lines since it should be possible for her to obtain a higher place in the ADMK hierarchy than either in the Congress party of Mr Kamaraj or that of Mrs Indira Gandhi.



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* Grants term loan assistance up to Rs. 30 lakhs to industries engaged in the manufacture, processing, preserving etc. as also to shipping, transport, hotel industries, etc.—Amount in excess thereof would be arranged in collaboration with state institutions like SIPCOT and TIDCO and/or with all-India institutions like IFCI, ICICI etc.—Also assistance by way of issue of guarantees for deferred payments, underwriting of shares etc.

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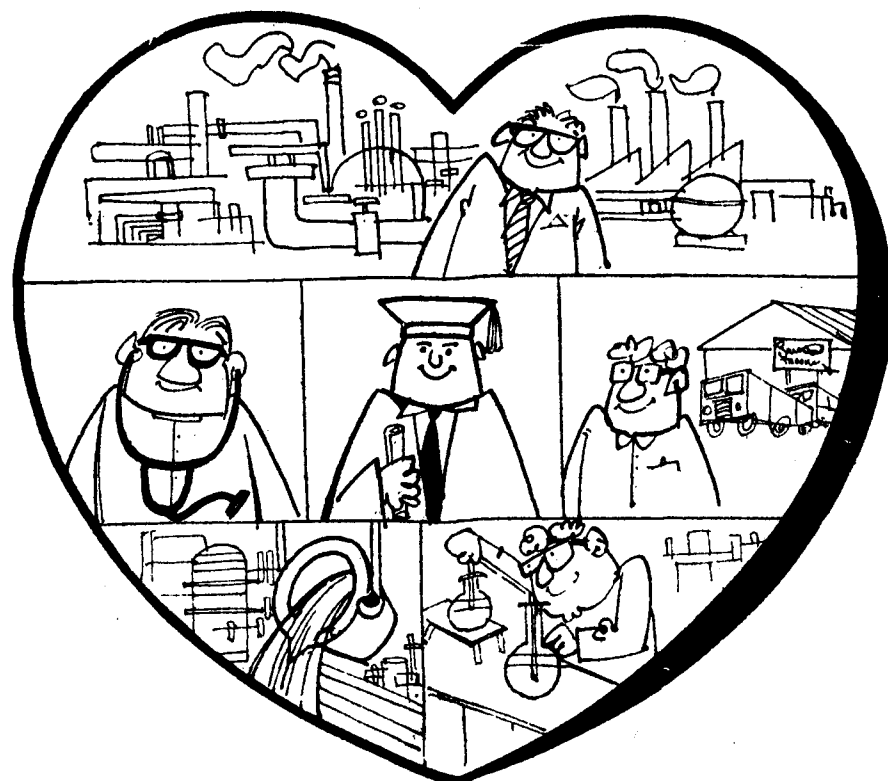
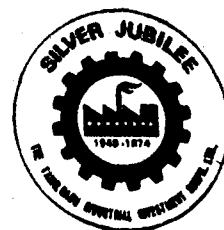
Total assistance sanctioned up to March 31, 1974—about Rs. 88 Crores.

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A BIG HEART FOR INDUSTRIES—TIIC

The Bank of Rajasthan Limited

Regd. Office: Clock Tower, Udaipur

Central Office: Johri Bazar, Jaipur

Directors' Report

for the year ended 31st December, 1973.

(To be submitted to the shareholders at the 31st Annual General Meeting to be held at the Registered Office of the Company at Clock Tower, Udaipur on Saturday the eleventh day of May, 1974 at 2.30 P.M.).

The Directors have pleasure in submitting the thirty-first Balance Sheet and Annual Accounts of the Bank as at 31st December, 1973 and the Profit and Loss Account for the year ended on that date together with the Auditor's Report.

Capital and Reserves :

After transfer of Rs. 3,20,000/- to Reserve Fund under Section 17 of the Banking Regulation Act, 1949, the total Reserves of the Bank, including Share Premium account, have risen to Rs. 34,88,650/-. The Reserves, thus, exceed the Paid-up Capital of the Bank by Rs. 4,88,650/-.

Working Funds :

The Working Funds of the Bank have risen to Rs. 41,95,83,411.82 as compared to Rs. 32,98,71,876.15 of the last year, registering an increase of Rs. 8,97,11,535.67.

Deposits :

During the year under review, the deposits of the Bank increased by Rs. 5,38,22,275.18 and now stand at Rs. 34,69,54,347.56, registering a growth of 18.4%.

Liquidity :

The liquid assets of the Bank (Cash in hand, Balances with Banks, Money at Call and Short Notice and Investments) as on 31st December, 1973 were 39% of the Bank's total liabilities as compared to 30% of all India Scheduled Commercial Banks in India.

Investments :

The total investments of the Bank, amounted to Rs. 11,01,77,885.28 of which 98% was invested in Government and other Trustee Securities. The securities maturing within 15 years were 88.2% of the Bank's total investments.

Advances :

The total advances, including Bills Purchased and Discounted as on 31st December, 1973 stood at Rs. 24,39,50,330.76 as against Rs. 18,04,79,722.68 of the last year. The Credit—Deposit Ratio, during major part of the year, was lower but it improved to 70.02% at the end of December, 1973.

Our advances to priority sectors (Agriculture, Small Scale Industries, Retail Trade) and other neglected sectors amounted to Rs. 1,44,44,000/- as compared to Rs. 1,28,61,000/- only for the year ended 31st December, 1972. During the year under review, we also started our Foreign Exchange Division at Bombay and our advances to exports were Rs. 1,35,21,000/- by the end of the year. Our total advances to priority and neglected sectors were Rs. 2,79,65,000/- at the end of the year 1973. We propose to extend the facility of foreign exchange business to some other important centres also during the current year.

Branch Expansion :

During the year under review, we had opened eight new branches at Balotra, Barmer, Chinch, Janta Colony—Jaipur, Vishwakarma Industrial Estate—Jaipur, Khairthal and Nokha, all in Rajasthan and New Rohtak Road—New Delhi in the Union Territory of Delhi, increasing the number of branches to 102. We have, in hand, licences to open nineteen new branches during the current year.

Profit and its Appropriation :

The Net Profit of the Bank, for the year under review, was Rs. 15,99,978.75 as against Rs. 18,05,020/- a year ago. Lower Credit-Deposit Ratio during major part of the year and increased establishment expenses due to revision of Officers' salary and allowances, substantial rise in the dearness allowance of staff and sanctioning of special increments due to upgradation of the Bank from 'B' to 'A' Class, are the main reasons for reduction in profit for the year under review. We hope that during the current year the profitability will improve.

After adding to the Net Profit a sum of Rs. 9,903.68 brought forward from the previous year, a sum of Rs. 16,09,882.43 is available for appropriation. After transferring a sum of Rs. 3,20,000/- to Reserve Fund under Section 17 of the Banking Regulation Act, 1949, there remains a balance of Rs. 12,89,882.43 subject to payment of bonus to staff and dividend to shareholders.

The Directors, now recommend to declare, a dividend @ 13% p.a. (subject to the approval of the Reserve Bank of India) subject to tax, which will absorb a sum of Rs. 3,90,000/- leaving a balance of Rs. 8,99,882.43, to be carried forward, subject to payment of bonus to staff.

Directors :

In accordance with Article 119 of the Articles of Association of the Bank, Shri Heera Lalji Kothari retires from the Board of Directors by rotation and being eligible offers himself for re-election.

Appointment of Auditors :

The shareholders are requested to appoint auditors for the current year and to fix their remuneration. Under Section 30(IA) of the Banking Regulation Act, 1949, every banking company is required to obtain the prior approval of Reserve Bank of India before appointing the auditors, for which an application is being sent for reappointment of the retiring auditors, for their approval.

The Directors are thankful to the shareholders, Govt. of Rajasthan and the customers of the Bank for their continued patronage. They also thank the officers and staff of the Bank and place on record their appreciation of the services rendered by them.

DELHI

Dated : 31st March, 1974.

By Order of the Board,
S. D. MEHRA
Chairman

The Bank of

Balance Sheet as at

1972 Rs.	P.	CAPITAL & LIABILITIES	Rs.	P.	1973 Rs.	P.
1. Capital :						
40,00,000-00		Authorised Capital 40,000 Shares of Rs. 100/- each	...	40,00,000-00		
30,00,000-00		Issued Capital 30,000 Shares of Rs. 100/- each	...	30,00,000-00		
30,00,000-00		Subscribed Capital 30,000 Shares of Rs. 100/- each	...	30,00,000-00		
30,00,000-00		<i>Paid-up Capital :</i> 30,000 Shares of Rs. 100/- each, fully paid up	...	30,00,000-00	30,00,000-00	
2. Reserve Fund and Other Reserves :						
24,15,100-00		Reserve Fund under Section 17 of Banking Regulation Act, 1949	...	27,35,100-00		
7,47,000-00		Other Reserves	...	7,49,000-00		
2,000-00		Development Rebate Reserve	...	Nil		
4,550-00		Share Premium Account	...	4,550-00	34,88,650-00	
31,68,650-00						
3. Deposits and other Accounts :						
Fixed & Call Deposits						
		(a) Banks	5,40,308-40			
16,52,45,237-67		(b) Others	19,97,51,950-69	20,02,92,259-09		
Savings Bank Deposits						
6,81,88,526-53		Current Accounts Contingency (Unadjusted)	...	7,91,97,488-82		
		(a) Banks	17,73,562-94			
5,92,56,676-90		(b) Others	6,51,76,315-93	6,69,49,878-87		
4,41,631-28		Staff Security Deposits	...	5,14,720-78	34,69,54,347-54	
29,31,32,072-38		(Deposited with this Bank itself being a Scheduled Bank)	...			
4. Borrowings from other Banking Companies, Agents etc. :						
73,37,937-41		(i) In India	...	2,23,39,802-98		
Nil		(ii) Outside India	...	Nil		
<i>Particulars :</i>						
1,52,570-21		(i) Secured (Government Securities)	...	8,22,465-21		
59,05,367-20		(ii) Unsecured (From the Industrial Development Bank of India under Refinance Scheme against rediscounting of Bills & from Reserve Bank of India under Bill Market Scheme & Exports as per contra)	...	1,60,54,702-77		
12,80,000-00		(iii) By way of Call Deposits from Banking Companies	...	54,62,635-00		
73,37,937-41					2,23,39,802-9	
1,03,92,277-52		5. Bills Payable :			1,91,55,231-2	
6. Bills for Collection being bills receivable as per contra :						
2,08,24,872-14		(i) Payable in India	...	2,41,66,565-36		
1,02,106-83		(ii) Payable outside India	...	2,83,927-04	2,44,50,492-4	
2,09,26,978-97						
7. Other Liabilities :						
26,789-44		(i) Unpaid Dividends	...	39,887-58		
10,93,938-07		(ii) Provision for Income Tax	...	15,46,132-07		
Nil		(iii) Bonus to Staff	...	Nil		
38,378-05		(iv) Staff Benefit account	...	42,084-63		
79,99,044-35		(v) Branch adjustments	...	1,74,38,607-63		
25,03,240-44		(vi) Sundry Creditors Account	...	42,42,237-92		
40,135-25		(vii) Unexpired Discount	...	44,047-76		
50,000-00		(viii) Provision for staff training	...	2,500-00	2,33,55,497-5	
1,17,51,525-60						
34,97,09,441-88		Total carried over	...		44,27,44,021-7	

Rajasthan Ltd.

31st December, 1973

1972 Rs.	P.	PROPERTY AND ASSETS	Rs.	P.	1973 Rs.	P.
1,67,71,718-03		1. Cash : In hand and with Reserve Bank of India and State Bank of India	...		4,09,51,296-11	
1,16,84,915-16		2. Balances with other Banks on Current Account :				
Nil		(i) In India	...	82,21,304-56		
		(ii) Outside India	...	1,37,735-95	83,59,040-5	
1,16,84,915-16						
3,14,55,000-00		3. Money at Call & Short Notice :	...		16,00,000-00	
7,86,95,521-21		4. Investments : (At or below market value)				
Nil		(i) Securities of the Central and State Govts. and other Trustee Securities (Face Value Rs. 10,98,22,095/-)	...	10,80,19,237-78		
10,000-00		(ii) Treasury Bills of the Central and State Governments	...	Nil		
23,000-00		(iii) Fully paid preference shares	...	10,000-00		
2,00,000-00		(iv) Fully paid equity shares	...	8,23,000-00		
6,18,312-50		(v) Partly paid equity shares	...	2,00,000-00		
		(vi) Debentures or Bonds (Face value Rs. 10,35,000/-)	...	10,25,647-50		
50,000-00		(vii) Other Investments :				
50,000-00		(a) Initial Capital in the Unit Trust of India	...	50,000-00		
Nil		(b) Units of the Unit Trust of India	...	50,000-00		
		(viii) Gold	...	Nil		
7,96,46,833-71					11,01,77,885-2	
<i>Note—</i> (i) Reserve Bank of India has a lien on securities of the face value of Rs. 3 lacs on account of guarantees given on behalf of constituents.						
(ii) State Bank of India has a lien on securities of the face value of Rs. 2.5 lacs on account of Letter of Credit given on behalf of constituents.						
5. Advances : (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)						
12,88,30,855-97		(i) Loans, Cash Credits, Overdrafts etc.	...	16,54,85,883-69		
Nil		(ii) Outside India	...	Nil		
5,16,19,320-65		(2) Bills discounted and purchased (excluding treasury bills of the Central & State Govts.)	...	7,10,62,198-62		
29,546-06		(i) Payable in India	...	74,02,248-45		
		(ii) Payable outside India	...			
		(includes bills rediscounted by the Industrial Development Bank of India under Refinance Scheme to the extent of Rs. 92,83,828-78 and bills rediscounted Rs. 67,70,873-99 by Reserve Bank of India under Bill Market Scheme & Exports per contra)	...		24,39,50,330-7	
18,04,79,722-68						
<i>Particulars of Advances :—See Separate statement at the end.</i>						
2,08,24,872-14		6. Bills Receivable being Bills for collection as per contra :				
1,02,106-83		(i) Payable in India	...	2,41,66,565-36		
		(ii) Payable outside India	...	2,83,927-04	2,44,50,492-4	
2,09,26,978-97						
1,56,02,186-66		7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra :	...		1,95,02,636-4	
12,48,980-95		8. Premises Less Depreciation :				
3,98,571-75		Total cost as on 31-12-72	...	16,47,552-70		
		Additions during the year	...	2,56,967-01		
16,47,552-70				19,04,519-71		
1,71,506-09		<i>Less—Depreciation as per last Balance Sheet</i>	Rs. 1,96,561-63			
25,055-54		<i>Depreciation during the year</i>	Rs. 41,813-15	2,38,374-78		
1,96,561-63					16,66,144-5	
14,50,991-07		9. Furniture & Fixtures Less Depreciation :				
32,31,399-67		As per last Balance Sheet	...	39,65,341-40		
7,79,820-90		Additions during the year	...	9,06,124-19		
40,11,220-57				48,71,465-59		
45,879-17		<i>Less—Sale/Written off during the year</i>	...	17,607-67		
39,65,341-40				48,53,857-92		
35,80,18,346-28		Total carried over	...		45,06,57,826-4	

The Bank of Balance Sheet as at

1972 Rs.	P.	CAPITAL AND LIABILITIES	Rs.	P.	1973 Rs.	P.
34,97,09,441.88		Brought Forward ...			44,27,44,021.79	
1,56,02,186.66		8. Acceptances, Endorsements and Other Obligations per contra :			1,95,02,636.42	
		9. Profit & Loss :				
9,12,861.87		Balance of last year's profit after appropriations		10,89,413.24		
9,06,798.63		Less—Dividend for 1972	3,69,509.56			
		Bonus for 1972	7,10,000.00		10,79,509.56	
6,063.24				9,903.68		
18,05,020.00		Add—Profit for the year brought from Profit & Loss Account		15,99,978.75		
18,11,083.24				16,09,882.43		
7,21,670.00		Less—Appropriation : Reserve Fund under Sec. 17	3,20,000.00	3,20,000.00	12,89,882.43	
10,89,413.24						
		10. Contingent Liabilities :				
19,957.47		(i) Claims against the Banking Company not acknowledged as debts		42,666.38		
		(ii) Money for which the Banking Company is contingently liable— Guarantees given by the Banking Company on behalf of :				
Nil		(a) Directors or Officers		Nil		
1,46,21,494.01		(b) Others		1,49,69,404.29		
Nil		(iii) Arrears of cumulative preference Dividend		Nil		
Nil		(iv) Liability on bills of exchange rediscounted		Nil		
2,00,000.00		(v) In respect of partly paid shares		2,00,000.00		
Nil		(vi) Outstanding forward exchange contracts		1,11,25,956.35		
		Notes—(1) Provision to the full extent for future gratuity to staff has been made. (amount unascertainable).				
		(2) Bonus is not provided for, the same to be appropriated out of carried forward balance of profit.				
		(3) Provision for Income-tax has been made after considering Bonus.				
36,64,01,041.78		GRAND TOTAL ...			46,35,36,540.64	

EDITORS'
PORT
THE
AREHOLDERS

We have audited the annexed Balance Sheet of the Bank of Rajasthan Limited Udaipur as at 31st December, 1973 and the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of 12 branches audited by us and 90 branches audited by other Chartered Accountants. In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with the provisions to Sub-section (1) and (2) of Section 211 and Sub-section (5) of Section 211 and Section 227 of the Companies Act, 1956, the Balance Sheet and Profit & Loss Account are not required to be and are not drawn in accordance with the sixth schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with forms A and B of the Third Schedule to the Banking Regulation Act, 1949. We report that :—

- we have obtained all the informations and explanations which, to the best of our knowledge and belief, were necessary for the purposes of audit and have found them to be satisfactory;
- the transactions of the Bank which have come to our notice, have been within the powers of the Bank;
- in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
- the Bank's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account and the returns;
- the reports on the accounts of the branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report;
- in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1973 and Profit & Loss Account gives a true and fair view of the profit for the year ended upon that date.

For M/s. J. K. SINGHAL & CO.
Chartered Accountants
M. C. BHANDARI F.C.A.
Partner

imp-DELHI
st March, 1974.

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Rajasthan Ltd. 31st December, 1973

1972 Rs.	P.	PROPERTY AND ASSETS	Rs.	P.	1973 Rs.	P.
35,80,18,346.28		Brought Forward ...			45,05,57,826.41	
14,75,765.83		Less—Depreciation as per last Balance Sheet	Rs. 17,22,629.62			
13,523.42		Less—Depreciation on Sale/written off during the year	Rs. 12,941.57			
14,62,242.41			Rs. 17,09,688.05			
2,60,387.21		Depreciation during the year	Rs. 3,24,460.82	20,34,148.87		
17,22,629.62					28,19,709.00	
22,42,711.78						
		10. Other Assets including Silver :				
Nil		(i) Silver		Nil		
6,10,180.35		(ii) Sundry Debtors		11,23,653.91		
18,638.50		(iii) Stamps		36,797.55		
19,81,002.56		(iv) Cash in Transit		28,23,182.50		
21,404.00		(v) Prepaid Insurance		33,977.01		
6,11,305.97		(vi) Stationery in stock		7,82,491.23		
15,76,921.25		(vii) Income accrued but not realised		23,01,288.02		
10,77,926.62		(viii) Income Tax deducted at source and Income Tax paid in advance		27,11,976.42		
1,224.28		(ix) Building Equipment		1,224.28		
58,98,603.53				98,14,590.92		
4,87,171.65		(x) Conveyance				
68,050.26		As per last Balance Sheet	Rs. 4,99,354.29			
		Additions during the year	Rs. 74,077.19			
5,55,221.91			5,73,431.48			
55,867.62		Less—Sale/Written off during the year	Rs. 43,456.46			
4,99,354.29			Rs. 5,29,975.02			
2,42,626.82		Less—Depreciation as per last Balance Sheet Rs. 2,57,974.10				
37,897.20		Less—Depreciation on Sale/written off during the year	Rs. 34,203.31			
2,04,729.62			Rs. 2,23,770.79			
53,244.48		Add—Depreciation during the year	Rs. 61,790.05	Rs. 2,85,560.84	2,44,414.18	1,00,59,005.11
2,57,974.10						
2,41,380.19						
61,39,983.72						
Nil		11. Non-Banking Assets acquired in satisfaction of Claims : (Stating mode of valuation)			Nil	
36,64,01,041.78		GRAND TOTAL :			46,35,36,540.64	

S. D. MEHRA
Chairman
&
Chief Executive Officer

DELHI,
31st March, 1974.

EASTERN ECONOMIST

S. K. MANSINGHKA
H. L. KOTHARI
CHUNILAL JAIPURIA
BIRDHILAL SETHI
URMILA DEVI

Directors

J. S. BABEL
General Manager

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MAY 17, 1974

The Bank of Rajasthan Ltd.

Profit & Loss Account for the year ended 31st December. 1973

1972 Rs. P.	EXPENDITURE	1973 Rs. P.	1972 Rs. P.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	1973 Rs. P.
23,26,462.51	1. Interest paid on deposits, borrowings etc.	1,57,90,394.66	2,05,39,560.08	1. Interest and Discount	2,66,82,269.76
83,52,073.05	2. Salaries Allowances and Provident Fund (Includes Rs. 91,563.97 being the Bonus paid for the year 1972).	1,12,96,632.09	38,33,841.80	2. Commission, Exchange & Brokerage	41,64,264.78
10,525.00	3. Directors' & Local Committee Members' Fee and Allowances	8,000.00	1,870.05	3. Rents	1,855.05
4,93,747.19	4. Rent, Taxes, Insurance, Lighting, etc.	5,91,399.80	2,55,236.42	4. Net Profit on sale of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular fund or account)	3,16,321.90
34,031.75	5. Law Charges	28,134.42	Nil	5. Net Profit on revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular fund or account)	Nil
5,30,503.76	6. Postage, Telegrams and Stamps	5,20,124.47	Nil	6. Income from Non-Banking Assets and Profit from sale of or dealing with such Assets	Nil
25,100.00	7. Auditors' Fees	30,050.00	5,59,646.45	8. Other Receipts	6,71,443.16
4,08,664.25	8. Depreciation on and Repairs to the Banking Company's Property	5,74,688.92			
4,77,410.08	9. Stationery, Printing, Advertisement etc.	5,48,318.36			
Nil	10. Loss from sale of or dealing with non-banking assets	Nil			
7,26,617.21	11. Other Expenditure	8,48,433.18			
18,05,020.00	12. Balance of Profit	15,99,978.75			
51,90,154.80	TOTAL :	3,18,36,154.65	2,51,90,154.80	TOTAL :	3,18,36,154.65

As per separate report of even date.

For M/s. J. K. SINGHAL & CO.
Chartered Accountants
M. C. BHANDARI, F.C.A.
Partner

at DELHI
1 March, 1974

e—Particulars of remuneration relating to the Chief Executive Officer:

(i) Salaries	...	36,000.00
(ii) Allowances	...	—
(iii) Sitting fee	...	—
(iv) Bonus	...	—
(v) Employer's contribution to provident fund, pension fund or any other superannuation fund	...	3,000.00
(vi) Monetary value of any other benefits or perquisites	...	13,746.54
(vii) Total of items (i) to (vi)	...	52,746.54
(viii) Salary & Allowances of the Chief Executive Officer as stated in the Profit & Loss Account of the previous year	...	51,185.56

J. MEHRA
Chairman
Chief Executive Officer

S. K. MANSINGHKA
H. L. KOTHARI
CHUNILAL JAIPURIA
BIRDHILAL SETHI
URMILA DEVI
Directors

J. S. BABEL
General Manager

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The Bank of Rajasthan Ltd.

Schedule of particulars required by the Banking Regulation Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1973

1972						1973					
Bills Discounted & Purchased		Loans, Advances, Cash Credit & Overdrafts		TOTAL		Bills, Discounted & Purchased		Loans, Advances, Cash Credit & Overdrafts		TOTAL	
Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
3,85,88,801.41		12,11,72,432.90		15,97,61,234.31		6,24,45,828.53		15,28,86,246.55		21,53,32,075.08	
10,99,118.36		32,19,417.12		43,18,535.48		12,16,196.73		98,30,792.47		1,10,46,989.20	
Nil		39,76,073.71		39,76,073.71		Nil		19,92,604.79		19,92,604.79	
1,19,60,946.94		4,62,932.24		1,24,23,879.18		1,48,02,421.81		7,76,239.88		1,55,78,661.69	
Nil		Nil		Nil		Nil		Nil		Nil	
5,16,48,866.71		12,88,30,855.97		18,04,79,722.68		7,84,64,447.07		16,54,85,883.69		24,39,50,330.76	
Nil		5,37,647.26		5,37,647.26		Nil		7,72,101.25		7,72,101.25	
22,43,404.52		94,969.57		23,38,374.09		41,50,093.59		2,41,291.67		43,91,385.26	
Nil		5,37,647.26		5,37,647.26		Nil		7,72,101.25		7,72,101.25	
22,43,404.52		94,969.57		23,38,374.09		41,50,093.59		2,41,291.67		43,91,385.26	
Nil		22,00,024.00		22,00,024.00		Nil		1,42,150.13		1,42,150.13	

- (i) Debts considered good in respect of which the Banking Company is fully secured.
- (ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security.
- (iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors:
- (a) Debts guaranteed by the Government of Rajasthan and Maharashtra.
- (b) Others.
- (iv) Debts considered doubtful or bad, not provided for.
- (v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons.
- (vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in case of Private Companies as Members.
- (vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons.
- (viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners, Managing Agents, or in case of Private Companies, as Members.
- (ix) Due from Banking Companies.

EASTERN ECONOMIST

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TRADE WINDS

International Monetary Reform

INTERNATIONAL finance experts at their recent meeting reached a broad agreement on proposals for an interim reform of the world monetary system. The series of proposed measures were described as providing a basis for starting the reform process—possibly after this year. The measures include a new valuation for Special Drawing Rights (paper gold) which is planned to be based on a so-called 'basket' or 'cocktail of currencies' instead of gold. The IMF Committee of 20 was holding its final session before the Washington meeting of Finance Ministers which will study the proposals on June 12 and 13.

IDA Credit

The ninth World Bank-IDA credit totalling \$150 million will be available to this country during the Bank's fiscal year to cover import of industrial raw material and components, the Finance Minister, Mr. C.B. Chavan told the Lok Sabha recently. He said the credit would carry service charge of 3/4th of one per cent repayable over 50 years including a 10-year grace period.

ADB Raises Loan

The Asian Development Bank recently announced its decision to borrow \$500,000,000 Japanese Yen (equivalent to US \$26.8 million) from the Export-Import Bank of Japan. The loan carries an interest rate of 7.25 per cent per annum and will mature after 15 years, including a four-years grace period. The loan agreement was signed by Shiro Inoue, President of the ADB, and Satoshi Sumita,

President of the Export-Import Bank of Japan, at Kuala Lumpur where the seventh annual meeting of the board of governors of the Bank was held. This is the ADB's first borrowing from The Export-Import Bank of Japan. The funds derived from the borrowing will be incorporated in the ADB's ordinary capital resources and utilized in its ordinary lending operations. Repayment of the loan will commence with an initial instalment of Y360,000,000 payable on October 20, 1978. Thereafter there will be 21 equal semi-annual instalments of Y340,000,000 each with the last instalment payable on April 20, 1989.

The Asian Development Bank recently signed an agreement for the issue of ADB bonds in Kuwait valued at five million Kuwaiti Dinars (about \$16.9 million). The issue, the Bank's first in a Middle-East country, will be underwritten by the Kuwait Investment Com-

pany as the manager, and the Nomura Securities Co. Ltd. as the co-manager. Proceeds of the bonds will be paid to the Bank in two equal instalments on May 1 and November 1, this year and will be used for loans to the Bank's developing member countries in important development projects. The bonds will be issued at par and carry interest of 7 1/2 per cent payable semi-annually. Repayment of principal will be made in six annual instalments commencing May 1, 1979.

The Kuwait Investment Company, which was established in 1961, is owned 50 per cent by the government of Kuwait and 50 per cent by Kuwaiti nationals. Its capital and reserves currently amount to 10 million Kuwaiti Dinars (about \$34 million). The company has managed and placed all six World Bank bond issues denominated in Kuwaiti Dinars. The agreement authorizing an ADB bond issue was signed in Kuwait by ADB Treasurer, S. M. A. Kazmi, Kuwait Investment Company Chairman, Bader Ali Al-Dawood and Nomura Securities Company Executive Managing Director, Tadashi Ishida. This is the Bank's first bond issue in the current year. Total borrowings up to December 31, 1973 were the equivalent of \$278.4 million. They were denominated in eight

currencies—Austrian Schilling, Belgian Franc, Deutsche Mark, Italian Lira, Japanese Yen, Luxembourg Franc, Swiss Franc and United States Dollar.

Fees for Industrial Licences

As per sub-rule (3) of Rule 7 of the Registration and Licensing of Industrial Undertakings Rules, 1951, an application for industrial licence has to be accompanied by a treasury receipt for Rs 50. Hitherto, the licence fee was required to be credited to the receipt Head "XXIX—Industries—Miscellaneous—Central". The receipt head in respect of industrial licence fees has now been revised and the new Head of Account is:

"20. Industries, A. General, Licence Fees."

The entrepreneurs are accordingly advised that while depositing industrial licence fees under the Industries (Development & Regulation) Act, 1951 the treasury or the bank should be asked to credit the amount to the new receipt head.

Simplified Import Procedure

The Chief Controller of Imports and Exports has introduced a simplified procedure to ensure quick disbursement of export benefits and grant

of import replenishment licences. This envisages immediate disposal of claims of exporters on the basis of exports certified by any Chartered Accountant. All exporters who have a minimum export performance of Rs 2.5 lakhs in any of the previous three years will be eligible to take advantage of the scheme. In the case of manufacturer-exporters in the small-scale sector, the limit of minimum export performance has been reduced to Rs 50,000. In the last two years, this procedure was tried on a limited scale to cover about 300 exporters. Its scope has been liberalised this year. More than 1000 exporters are expected to benefit from the new procedure.

Export of Spices

The export of spices from this country during 1973-74 amounted to 57,149 tonnes valued at Rs 52.47 crores, an all-time record both in quantity and value. According to the Spices Export Promotion Council this represented an increase of 26.2 per cent, in quantity and 80.5 per cent in terms of value over last year. Pepper was the highest contributor to the increase with an export of 30,718 tonnes valued Rs 28.93 crores, registering more than cent per cent increase over the 1972-73 earning. The exports of cardamom were also higher at 1,729 tonnes valued at Rs 10.9 crores.

Invitation to Technicians Abroad

A package scheme has been approved to attract Indian scientists, technologists and engineers working in production units abroad, to come back and start their own industries in this country, particularly in spheres where they may have acquired skills in production technology. The main feature of this scheme is that scientists and technologists who are experienced in production technology should be allowed to retain their earnings in foreign banks for a given period and use them for import of essential equipments, spare parts etc. for starting industry. They

will also be assisted in obtaining industrial licence where required, and provided facilities for import of capital goods and infrastructure facilities such as power, water and industrial site/building. They will also be provided assistance in raising capital from nationalised banks and other financing institutions in the public sector.

Details of the other scheme to help any scientist of Council of Scientific and Industrial Research (CSIR) who wishes to set up a production plant based on a CSIR process or know-how have not yet been finalised.

Indigenous Crude Production

Steady progress was maintained in the indigenous production, supply and processing of crude oil in the country during March this year. Around 619,000 tonnes of crude was produced during the month as against 587,000 tonnes produced in March last year. The Oil & Natural Gas Commission supplied 352,000 tonnes of crude oil from its fields in Gujarat and Assam during the month. The figure for the corresponding month last year was 310,000 tonnes. Oil India produced 262,000 tonnes of crude oil and the Assam Oil Company contributed around 6,055 tonnes. The nine refineries in the country processed 1.76 million tonnes of crude during March. When the fuel section of the Haldia refinery with an annual processing capacity of 2.5 million tonnes of crude oil is commissioned next month as expected, the total refining capacity in the country would be raised to 26.5 million tonnes. The work on the 6-million tonne Mathura refinery is expected to be completed by 1978. The one-million tonne refinery and petrochemical complex at Bongaigaon is coming up according to schedule.

Excise on Waste Paper

The union government has exempted from excise duty use of waste paper for making pulp. This will involve a revenue loss of Rs 3 lakhs annually. Mills having their own pulp plant use waste paper for making pulp and get remission of duty. Manufacturers who do not have their own pulp plant sell a considerable quantity of waste paper to paper mills having a pulp plant. Some waste paper is also sold for fuel and pack-

aged to be mechanically completed by July next year and are likely to start commercial production by January 1976. According to the Annual Report of the FCI the third coal based plant at Korba would be ready by July 1977. There are 11 major projects of the corporation now under implementation. When completed and commissioned, these would develop an additional capacity of about 1,502,000 tonnes of nitrogen and 243,000 tonnes of phosphate. The corporation has at present five operating units at Sindri, Nangal, Trombay, Gorakhpur and Namrup with a total capacity of 386,000 tonnes of nitrogen and 36,000 tonnes of phosphate.

While Ramagundam, Talcher and Korba would be based on coal as feedstock, the Haldia, Nangal expansion and Sindri modernisation projects would be using fuel oil. The work on the Haldia fertiliser plant is expected to be completed by March 1976 and the unit is likely to commence production by October the same year. The Nangal expansion project, now under implementation is likely to go into production in April 1976. The project, which is being implemented with \$58 million assistance from the World Bank, would be based on fuel oil reducing Nangal's dependence on power from Bhakra from 164 MW to 36 MW. According to the corporation's report, the Durgapur plant though mechanically completed in October 1971 could not be commissioned in 1972-73 due to mechanical failure of the equipment, mostly imported.

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ing. A government notification stated that there is a shortage of raw material for the manufacture of paper and, therefore, the "use of such waste paper for making pulp needs to be encouraged."

Busy Season 1973-74

During the 1973-74 busy season, which has just ended, notwithstanding a larger increase in credit than was indicated towards the beginning of the season, there was a significant deceleration in monetary and credit expansion.

Aggregate monetary resources, defined to include currency with the public, and demand and time deposits of banks increased by 9.4 per cent (Rs

THE WESTERN INDIA MATCH CO., LTD.

NOTICE

General notice is hereby given to the members of the Public under Rule 4A of the Monopolies and Restrictive Trade Practices Rules, 1970 that Messrs The Western India Match Company Limited intends to make an application to the Central Government under Section 21 (Sub-Section (1)) of the Monopolies and Restrictive Trade Practices Act, 1969, of their proposal to establish a new undertaking in the State of Maharashtra for the manufacture of Cassin, Different Grades of Gelatine, Dicalcium Phosphate and Glue. Any person interested in the matter may, if he so desires, intimate to the Central Government or the Department of Company Affairs, Ministry of Law, Justice and Company Affairs within 14 days from the date of publication of this notice, his views, if any, with regard to the said proposal of the Company, as also the nature of his interest therein.

(M.V. Hate
SECRETARY)

Registered Office:
Indian Mercantile Chambers,
Nicol Road, Ballard Estate,
BOMBAY-1.
15th May 1974.

Eastern Economist 30 Years Ago

MAY 19, 1944

With a view to associating the people with the system of distribution of food and essential articles in the province, the government of Bengal decided to reconstitute food committees consisting of representatives of the people which will have important advisory functions to discharge in regard to the supply and distribution of food. It may be recalled that food committees had originally been constituted during the anti-hoarding food drive that was launched in the province in June last year. The food committees are now to be revived on a properly elected basis. Much has been made in official circles of the role that is be-

ing assigned to the food committees in the distribution of food and essential articles. The committees are expected to form vital links between the government and the public in the efforts that are now being made to solve the province's food problems. But though the Bengal Ministry, particularly Civil Supplies Minister, Mr H.S. Subwardy, has built fond hopes around these committees, things do not seem to be going well either as regards the formation or as regards the functioning of these committees. The local officers in different parts of the province are not well disposed towards such committees.

1,493 crores) as against 13.6 per cent (Rs 1,782 crores) in the 1972-73 busy season. Money supply with the public, defined to include currency with the public and only demand deposits of banks increased by 12.4 per cent as against 15.4 per cent in the 1972-73 busy season. Scheduled commercial bank credit expanded by Rs 1,037 crores (16 per cent) as against Rs 897 crores (17.1 per cent) in 1972-73 busy season. Of this, food procurement credit increased by as much as Rs 190 crores in 1973-74 busy season as against only Rs 6 crores. The increase in bank credit for other than food procurement was thus smaller both in absolute terms as well as in percentage terms during 1973-74 busy season—Rs 847 crores (13.6 per cent) as against Rs 191 crores (17.9 per cent). Allowing for an estimated increase of Rs 200 crores to the export sector during 1973-74 busy season, credit for purposes other than exports and food procurement rose by Rs 647 crores (11.5 per cent) compared with Rs 777 crores (17.1 per cent) in 1972-73 busy season. The increase of about Rs 647 crores in credit for sectors other than exports and food procurement has been higher than the ceiling originally given of Rs 450 crores. As the season progressed, because of increases in prices of commodities such as copper, crude oil and petroleum products, steel, etc., partly due to international factors, larger provision of credit had to be made for facilitating exports as well as maintaining essential production. This was done partly through bank credit and partly in the form of bill rediscounting by the Reserve Bank of India.

The credit-deposit ratio stood at 72.6 at the end of 1973-74 busy season as compared with 70.3 at the end of 1972-73 busy season. The higher credit deposit ratio reflected the lower rate of deposit growth witnessed especially in the latter half of the busy season. During the season as a whole, aggregate deposits increased by Rs 682 crores (7.1 per cent) as against Rs 811 cro-

res (10.2 per cent). The strain on the banking system imposed by the sluggish growth in deposit resources called for a measure of assistance from the Reserve Bank by way of refinancing facilities on a discretionary basis.

New Heavy Industry Units

Following schemes for setting up new heavy industries and expansion of existing ones in UP in the central sector are proposed to be implemented during the fifth five year Plan: (i) *Triveni Structural Limited, Naini*: A provision of Rs 3 crores has been made in the fifth Plan for expansion of fabrication facilities for pressure vessels and heat exchangers from 1,000 tonnes to 2,000 tonnes per year in the first stage and 50,000 tonnes in the second stage. (ii) *Bharat Pump & Compressor Limited, Naini*: A provision of Rs 4.95 crores has been made in the fifth Plan for expansion of phase II of Bharat Pump & Compressor Limited, Naini. (iii) *Bharat Heavy Electricals Limited*: It has been decided to set-up a new transformer unit at Jhansi as a part of the Bharat Heavy Electricals Limited. The out-

lay on the project as at present estimated will be Rs 1,452 lakhs for the factory and Rs 265 lakhs for the township. (iv) *M/s Scooters India Limited*: Provision has been made in the fifth five-year Plan for completion of the Scooter India Ltd. plant at Lucknow with an installed capacity of 100,000 scooters per annum and 30,000 three wheelers per annum. Letters of intent have been granted to UP Industrial Development Corporation Limited for manufacture of scooters and light commercial vehicles.

Control over Spurious Drugs

Various steps have been taken by the Central Drugs Standard Control Organisation to combat manufacture and sale of substandard and spurious drugs. To eliminate unlicensed manufacturers of drugs, who usually indulge in manufacture and sale of spurious drugs an "All India list of licensed drugs manufacturers" has been compiled and brought upto date. The Drugs and Cosmetics Act has been amended and the extent of penalty for manufacture and sale of adulterated drugs and manufacture and sale without licence has been

raised from 3 years to 10 years. The states have been advised to maintain close liaison with the police authorities for the campaign against spurious drugs. The states have been requested to augment their Drugs Inspectorates and the testing facilities so that the scale of sampling is increased and quick test reports are obtained.

Zonal office of the Central Drugs Standard Control Organisation have been set up at Bombay, Calcutta, Madras and Ghaziabad to bring about a close liaison between the central and state organisation. One of the functions of the zonal office is to investigate the movement of spurious drugs. The help and cooperation of associations representing the interests of drug manufacturers and dealers are being enlisted to ensure maximum compliance. A training programme for drugs inspectors and government analysts has been arranged under the aegis of the Central Drugs Standard Control Organisation.

A constant liaison and dialogue with the State Drugs Control Organisation is maintained by the Central Drugs Standard Control Organisation.



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INDIA STEAMSHIP CO., LTD.

"INDIA STEAMSHIP HOUSE", 21, OLD COURT HOUSE STREET, CALCUTTA-1

COMPANY AFFAIRS

Usha Martin Black

THE directors of Usha Martin Black (Wire Ropes) Limited have proposed a dividend of 13 per cent on the equity shares for 1973 on increased capital against 20 per cent in the previous year. In spite of various economic constraints the Company has earned a handsome gross profit at Rs 1.01 crores in 1973 after charging Rs 23.26 lakhs for depreciation, Rs 31 lakhs for taxation, Rs 8.86 lakhs for contingencies and Rs 3.18 lakhs for development rebate reserve. Writing back Rs 10,925 being the amount of unappropriated profit brought forward from the previous year and transferring Rs 2.31 lakhs from development rebate reserve being no longer required, the available surplus for appropriation amounts to Rs 36.77 lakhs. Out of this, Rs 36.70 lakhs has been transferred to general reserve and the balance of Rs 7,330 has been carried forward. The proposed dividend on equity shares will absorb Rs 12.32 lakhs and that on preference share at the stipulated rate of 9.5 per cent will consume Rs 1.90 lakhs, making a total of Rs 14.22 lakhs. The dividends, if approved, will be paid out of general reserve. On the old equity capital the above dividend comes to 20.8 per cent. The company issued 3,55,250 shares of Rs 10 each as bonus shares on October 23, to the shareholders in the proportion of three-for-five by capitalising a sum of Rs 35.53 lakhs. Recently it has also obtained the consent of the Controller of Capital Issues to issue 2,36,833 equity shares of Rs 10 each at a premium of Rs 2.50 per share as right shares in the proportion of one new equity share for every four held and also to issue the

holders of 'A' preference shares of 20,000 (9.5 per cent) cumulative redeemable 'B' preference shares of Rs 100 each at par as right shares in the proportion of one-for-one. With the increased cost of raw materials fuel oil, wages, transport, etc. the manufacturing cost is causing anxiety. Besides frequent stoppages of work in the railways and ports have imposed additional burden on the cost of production. In spite of increase in sales from Rs 863 lakhs in 1972 to Rs 965 lakhs in 1973, benefit of increased production has been more than offset by the increased cost. The Company is taking steps to diversify and find export markets for its products. Exports amounted to Rs 124 lakhs in 1973 as against Rs 71 lakhs in 1972. The expansion scheme of the machinery division at Bangalore is progressing satisfactorily. If all goes well, the trial run is expected to commence by July-August 1974.

Bharat Steel Tubes

Although the turnover of Bharat Steel Tubes during the year ended March 31, 1974, estimated around Rs 12.30 crores was lower than that of the previous year by a crore of rupees, gross profit was substantially higher because of improved margins. The company could have done much better but for the steel allocation which could hardly meet 35 per cent of the installed capacity requirements of the plant. But it is on the export front that the company has fared extremely well, the value of exports during the year at Rs 4 crores having more than doubled from Rs 1.85 crores in the previous year. Meanwhile the company is going ahead with the implementation

of its handtool project at Aurangabad and according to current indications the project is expected to be commissioned within a period of 18 months. The company is committed to export 60 per cent of production. A Rs 26-crore project is also being promoted by the company in Kerala for the manufacture of automobile tyres and tubes with an annual capacity of five lakh, each, in technical collaboration with General Tyre of the United States. It is expected to go on stream within two years.

Andhra Steel

The directors of Andhra Steel in the annual report for 1972-73 have struck an optimistic note about the turnover and profit for the current year. This optimism is based on the assumption that the company's Dankuni and Bangalore units will achieve higher production this year. The company's Bangalore plant could not fully implement its second phase due to problems arising from an increase in the prices of casting machines abroad. It has, however, placed orders with the indigenous manufacturers and the machine is expected to be installed by October. The Dankuni plant was commissioned during the year but could not yield the desired production because of teething troubles and continuous power shortage. However steps are being taken to raise production and expand its capacity by adding an indigenous casting machine and another electric arc furnace. The performance of the Visakhapatnam plant was affected due to shortage of billets, the principal raw material.

Saraswati Ispat

A mini steel plant is being

set up at Mandideep in Raisen district, some 23 kms from Bhopal. The project is being implemented by Saraswati Ispat (Bhopal) Ltd. in two phases—the first phase, involving a capital outlay of about Rs 63 lakhs envisages conversion of scrap iron into 9,000 tonnes of steel ingots and the second phase, involving further outlay of Rs 1.5 crores, envisages production of 33,000 tonnes of mild and alloy steels per annum. The C.O.B. licence has already been granted and the MPEB has undertaken to supply electric power. M/s. C.N. Plant Engineers and Consultants Pvt. Ltd., Calcutta, are technical consultants for the project, which is being executed under the overall supervision of Mirza Fahim Beg, former Chief Engineer, Bharat Aluminium Co. Ltd., Korba. Order for a 5 tonne electric arc furnace has already been placed with Hindustan

RECENT ADDITION

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Guha — Directory of Economic Research Centres in India	50.00
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Eagle House,
4, Govt. Place North,
Calcutta-1 (22-5109)

Brown Beverly Ltd, Baroda. Work on the project is proceeding apace. The first phase of the project is likely to be commissioned by March next year and the final phase by mid-1977.

Synthetics and Chemicals

Synthetics and Chemicals has suffered a sharp setback in its working during 1973. With a substantial decline in production, sales and profits, the directors have skipped the equity dividend for 1973. During the year the revenue from sales receded to Rs 10.60 crores from Rs 16.92 crores

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(M.V. Hate)
SECRETARY

Registered Office:
Indian Mercantile Chambers,
Nicol Road, Ballard Estate,
BOMBAY-1.
15th May 1974.

while gross profit slumped to Rs 78 lakhs from Rs 2.98 crores in 1972. Production of synthetic rubber too was lower at 20,816 tonnes, as compared to 27,640 tonnes in the previous year. Out of the gross profit the directors have allocated a sum of Rs 99 lakhs to depreciation reserve as against Rs 1.45 crores in 1972 while the appropriation to development rebate reserve was reduced by Rs 40 lakhs to Rs 5 lakhs. Taxation claimed Rs 3 lakhs as compared to Rs 1.38 crores while a sum of Rs 33 lakhs was earmarked for gratuity as against no provision in the preceding year. This leaves a debit balance of Rs 62 lakhs as compared to Rs 30 lakhs in the previous year.

American Express

American Express Middle East Development Company S.A.L. (AMEDCO) was formally declared open in Beirut recently by Howard L. Clark, Chairman and Chief Executive Officer of American Express Company. AMEDCO, the third in a series of financial institutions being established outside the United States by financial subsidiaries of American Express Company, is having its headquarters in Beirut and will provide a broad range of financial and merchant banking services throughout the Middle East. Other such institutions are American Express International Development Company (CAYMAN) Ltd., parent of AMEDCO and holder of a 29.17 per cent equity interest in Bancom Development Corporation, a leading Philippine investment banking firm. Merchant banking institutions are also planned in East Asia and Latin America. Commenting on these new developments in the business interests of the 124 year-old travel and financial services firm, Mr Clark states: "American Express Company and its subsidiaries are essentially financially oriented. These new ventures are relevant to the existing businesses and experience of the company and

its subsidiaries, which include the American Express Traveler Cheque, the American Express Card, international banking, property/liability insurance under writing and investment advisory and asset management services". Under the leadership of the 58 year-old Mr Clark, who was elected Chief Executive Officer in 1960, consolidated assets of the company and its subsidiaries have mounted from \$788 million in 1960 to more than \$6.6 billion in 1973 while consolidated net income increased from \$9 million to \$151 million. During the years 1960 through 1973, consolidated compound annual growth rate averaged 18.9 per cent.

Indian Turpentine

The Indian Turpentine and Rosin Company Limited is 55 years old. Up-till-now, it manufactured mainly rosin and turpentine by processing pine-gum resin extracted from chir-pine trees in UP hills. This UP government undertaking has now launched a major venture for the manufacture of a modified rosin, viz., rubber emulsifier—trade name 'RON-DIS-R'—with the technical

collaboration of Messrs. Arakawa Forest Chemical Industries Limited of Japan. The ITR Co. conceived this project quite some time ago but the joint venture agreement with Messrs Arakawa's was concluded and ratified in 1972. The erection started thereafter. Four trial batches of RON-DIS-R has been produced and have given satisfactory laboratory results and conform to the standards. Synthetics & Chemicals Limited, has been manufacturing synthetic styrene butadiene rubber in our country since 1960. It is importing rubber emulsifier at present from the USA and Japan at a total foreign exchange cost of Rs 1.25 crores per annum. The rubber emulsifier unit now set up by the ITR Co. will be in a position to meet the entire requirements of Synthetics & Chemicals Limited. The country will, thus, be saving foreign exchange to the extent of Rs 1.25 crores per annum. The rubber emulsifier unit has been completed at a capital cost of Rs 50 lakhs, out of which Rs 6 lakhs was spent on the import of sophisticated machinery and equipment Messrs Kirloskar Consultant.



CHVS-109-102

of Poona are the technical consultants for this project. The value of annual production of 1500 M.T. rubber emulsifier from this unit is estimated at Rs 1.50 crores. This will meet fully the current requirements of Synthetics & Chemicals Limited. However, if necessary, this plant can produce up to 3000 M.T. per year without further capital investment.

Calama Industries

Calama Industries opened a new factory recently in Ahmedabad for the production of chemical and process pumps as well as submersible pumps. Calama began manufacturing submersible pumps for agricultural and industrial water requirements at its Bombay factory in 1962, in technical collaboration with Messrs Pleuger Unterwasserpumpen gmbh. Within three years, the cost of imported components was brought down to less than two per cent of the total pump value, thanks to the progressive import substitution policies of Mr Ramesh Patel, the Managing Director. The growth in production and range of pumps within 12 years, has been substantial, but still falls short of the rapidly escalating demand and hence the new Calama factory at Naroda, Ahmedabad. A new line of manufacture will be Calama Pumps—with low power consumption—which can handle all types of liquids, corrosive, non-corrosives, acidic or alkaline and various strengths of liquid temperature.

Unit Trust

The sale and repurchase prices of the units of the Unit Trust of India were raised by five paise each to Rs 11.10 and Rs 10.80 per unit respectively with effect from May 8.

News & Notes

(Expansion and diversification)

Hindustan Ferodo has received permission for expanding the facilities to manufacture clutch facings. It is also pursuing with the authorities to obtain licences for further expansion in other fields as also to undertake diversification programme. The company is

also planning to undertake production of new industrial raw materials based on petrochemicals and non-petrochemicals. Meanwhile the company has reported commendable progress in the first quarter of the current year, sales during the year being considerably higher at Rs 2.55 crores as compared to Rs 1.86 crores in the same period of 1973.

New Issues

Allied Steel Ltd is setting up a complete steel plant at Raipur, a backward district in Madhya Pradesh. The company's licensed manufacturing capacity will be 50,000 tonnes of mild steel, carbon steel and spring steel billets per annum. The project will be implemented in two stages. The first stage is installation of 10/12 tonnes arc furnace with an annual capacity of 18,500 tonnes of steel ingots. The full plant capacity will be achieved in the second phase with the installation of 15/17 tonne arc furnace and a twin strand continuous casting machine. The first phase of the project is almost ready and the company has taken on hand the work connected with the implementation of the second phase of the project. The company expects to commence commercial production in June 1974. To raise part of the resources required for the implementation of the project the company is offering 270,000 equity shares of Rs 10 each and 9000 (9.5 per cent) fixed redeemable cumulative preference shares of Rs 100 each at par to the public for subscription. The subscription list for this fully underwritten issue opened on May 14 and will close on May 24 or earlier but not before May 18.

HES Ltd proposes to expand production of alarm clocks from the existing 370,000 to 500,000 units per year and of eightday five-jewelled lever movements/clocks from 24,000 to 40,000 units per year. In addition the company proposes to manufacture 40,000 transistorised battery-powered electronic clocks and 45,000 travelling

alarm clocks (type B-50) per year. The company's present technical collaborators, Merkuria Foreign Trade Corporation Chronotechna Sternberk both of Czechoslovakia, will be collaborating in the manufacture of new products. To meet a part of the cost of the expansion programme the company is offering equity shares worth Rs 37 lakhs in shares of Rs 10 each for cash at par to the public for subscription. The subscription list for this fully underwritten issue opened on May 14 and will close on May 24 or earlier but not before May 16. The expansion scheme is estimated to cost Rs 65 lakhs and it will be financed by the equity capital of Rs 37 lakhs, term loans of Rs 27.03 lakhs and internal sources of Rs 0.97 lakh.

Globe Auto (Gujarat), promoted by Globe Auto Electricals, is setting up a plant at Vapi, Gujarat, for manufacturing equipments such as

diesel starting motors, generators and regulators. A precision tool room and machine shop have already been set up. The plant is expected to start commercial production by January 1975. The cost of the project is estimated at Rs 40 lakhs and it will be financed by the share capital of Rs 20 lakhs and term loan from Gujarat State Finance Corporation of Rs 20 lakhs. Out of the equity capital, Globe Auto Electricals will subscribe to shares worth Rs 6.5 lakhs and the directors and their friend to the tune of Rs 1.5 lakhs. The remaining 1,20,000 equity shares of Rs 10 each is now being offered at par to the public for subscription.

Interim Dividend

Chemicals and Fibres of India Ltd has declared an interim dividend of Rs 0.50 per share for the year ending September 30, 1974.

Dividends

Name of the Company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Triveni Engineering	Oct. 31, 1973	20.0	15.0
Sivanandha Mills	Dec. 31, 1973	25.0	20.0
Coimbatore Cotton Mills	Dec. 31, 1973	20.0	10.0
Fuel Injection	Dec. 31, 1973	9.0	Nil
Same Dividend			
Calcutta Chemical Co.	June 30, 1973	10.0	10.0
Modi Industries	Oct. 31, 1973	12.0	12.0
Sri Sarvaraya Sugars	Sep. 30, 1973	15.0	15.0
Trichi Steel Rolling Mills	Sept. 30, 1973	12.0	12.0
Travancore Cements	Dec. 31, 1973	6.0	6.0
Sundaram Finance	Dec. 31, 1973	16.0	16.0
Swastik Rubber	Dec. 31, 1973	Nil	Nil
Phaltan Sugar	Sept. 30, 1973	14.0	14.0
Jeewanlal (1929) Ltd	Dec. 31, 1973	10.5	10.5
Reduced Dividend			
Kil Kotagiri Tea & Coffee Estates	March 31, 1974	7.0	10.0

HINDUSTAN LEVER LIMITED

Summary of the speech delivered by Mr. T. Thomas, Chairman, at the Annual General Meeting of the Company held in Bombay on May 10, 1974.

Crisis In Oils and Fats — An Answer

Introduction

ONE of the major problems confronting our country and our business is the acute shortage of oils and fats which constitute the basic raw material for a major part of our business. Fifteen years ago, the Chairman of this Company, Mr S.H. Turner, spoke at the Annual General Meeting about India's future needs of oils. Today, I would like to review what has happened in the past fifteen years and to look ahead to the next fifteen years so that we can get an idea of the shape of things to come and evolve some ideas on how to meet the yawning gap between supply and demand for oils.

Importance of Oils and Fats

Next to foodgrains (105 million tonnes valued at Rs. 9,700 crores), oilseeds (12 million tonnes valued at Rs. 2,000 crores) constitute the second major agricultural crop in value. Furthermore, it employs over fourteen million persons, constitutes 13 per cent of the general wholesale price index, provides a vital nutrient oils being required by the body as a vehicle for conveying vitamins and contributes over Rs. 100 crores towards foreign exchange earnings.

The Widening Gap Between Supply and Demand

During the last fifteen years, there has been an agonisingly slow pace of a meagre 2 per cent compound growth per annum in the production of oilseeds in India, the actual supply of local oils rising only by 0.7 million tonnes (from 1.9 to 2.6 million tonnes) in those fifteen years. On the other hand, the demand for oils has grown by 1.4 million tonnes, thereby leaving a deficit of 0.7 million tonnes. This gap was only partially covered through imports of about 0.12 million tonnes during the last few years, with an uncovered gap

of 0.6 million tonnes. This is a widening gap because with the increase in population and incomes, the demand is constantly growing while domestic supplies are nearly stagnant.

The Consequences of Widening Gap

Such a widening gap has had three major adverse effects, viz.:

- It has resulted in a serious drain of foreign exchange. From being net exporters of oils till 1963-64, we have ever since been importers and spend nearly Rs. 70 crores per annum in foreign exchange.
- There has been a steep rise in domestic prices from an average of Rs. 1,980/tonne of groundnut oil in 1958-59, to Rs. 3,970/tonne in 1965-66 and Rs. 6,600/tonne in 1972-73, with the maximum price reaching over Rs. 9,000/tonne in 1973.
- On account of shortage and high prices, the per capita consumption of oils and fats per annum has actually declined from 3.4 kg. in 1958-59 to 2.6 kg. in 1972-73 and the decline continues unabated. We have to contrast this low and declining level of consumption against a recommended minimum nutritional requirement of 20 kg. per capita per annum.

The Grim Prospects for next 15 years

In 1973 many of us, as consumers, experienced a near famine in oils which became either totally unavailable or prohibitively expensive, especially in the urban areas and for the more vulnerable sec-

tions. The grim experience of 1973 is likely to be repeated unless we, as a nation, take remedial steps because the gap between supply and demand will widen further.

We estimate that with a modest growth rate of 4 per cent per annum in national income, the demand for oils and fats will increase to 5.9 million tonnes by 1989. If supplies continue to grow at 2 per cent per annum as in the past, the net deficit will be about 2.4 million tonnes. In other words, the deficit in 1989 will be equal to the current total supplies. This is indeed a frightening prospect because it will then lead to a steep escalation in the price of oils to anything between Rs. 20,000 and Rs. 25,000 per tonne that is, 300 per cent over current prices! Corrective steps are therefore imperative.

Possible Remedial Steps to Bridge the Gap

It is relevant to note that during the last fifteen years, certain steps were taken by the Government and industry with encouraging but not adequate results, viz. (a) the increase in recovery and usage of cottonseed oil by the vanaspati industry and the increased usage of non-edible oils in soap-making, both achieved through fiscal incentives; (b) extension work in oilseed cultivation; and (c) substitution of soap by synthetic detergents.

As we look ahead to the next fifteen years, the possible remedies for dealing with the problem fall into two broad categories, viz. increasing supplies and exploiting more fully the world market opportunities.

Increase in Supplies

The major opportunities for increased supplies are as follows:

- Agricultural extension work in groundnut cultivation in the States

of Gujarat, Andhra Pradesh and Tamil Nadu, to achieve a feasible 40 per cent increase in yield per acre to give an additional 0.4 million tonnes of oil per annum.

- Recovery of rice bran oil by encouraging the use of sheller type rice mills to replace hullers. This can result in additional production of 0.14 million tonnes of oil and 1.1 million tonnes of rice bran extraction which can be exported for a price of over Rs. 22 crores per annum. It will also avoid wastage of 0.5 million tonnes of rice which goes as broken rice in hullers today.
- Extraction of oil from a major portion of the cottonseed produced in this country which is now fed directly to cattle without extraction of oil which is not required at that level for balanced animal nutrition. An additional 0.12 million tonnes of oil can be extracted by diverting all cottonseed from ginneries to extraction plants.
- Cultivation of oil palm which has been successfully undertaken in Malaysia and can be done in the Andamans or Kerala. This may be allowed to be taken up as a plantation crop by joint stock companies. By bringing about one lakh acres under palm cultivation we can produce about 0.2 million tonnes per annum of palm oil which is edible.
- Propagation of sunflower which offers the single largest opportunity for increased oilseed production in India. It is a short duration crop, drought resistant, with high oil content and reasonable yield per acre. We estimate that about 1.4 million hectares can be brought under sunflower cultivation in the next fifteen years

to yield an additional 1 to 1.5 million tonnes of oil.

Export/Import Opportunities

A different set of opportunities exists for our country to utilise world market opportunities for export and import of oilseed products as follows:

- Barter trade in groundnut oil—As groundnut oil fetches more than 50 per cent premium over other edible oils such as soyabean and sunflower oils in the world market, it will make sense for us to export about 0.2 million tonnes of groundnut oil and import against it over 0.3 million tonnes of soyabean oil, thereby increasing our net supplies by 0.1 million tonnes.
- There is a potential for export of about 20,000 tonnes per annum of castor oil as castor based chemicals and it is estimated that we could import about 40,000 tonnes per annum of edible oils against the value of these exports.
- If 20 per cent of cottonseed extractions are exported, it should be possible to import about 70,000 tonnes per annum of sunflower oil with the earnings.
- A further 40,000 tonnes of oil can be imported from the potential saving of Rs 14 crores of foreign exchange by 1989, if the lint from cottonseed is recovered and used by the rayon industry instead of importing pulp.
- Similarly by ensuring aflatoxin free quality of groundnut, India could export an additional 20,000 tonnes per annum of handpicked groundnut seed and improve the price realised on groundnut extraction exports by Rs 100/tonne. These will yield an additional Rs 15 crores which could enable imports of another 42,000 tonnes

per annum of edible oils.

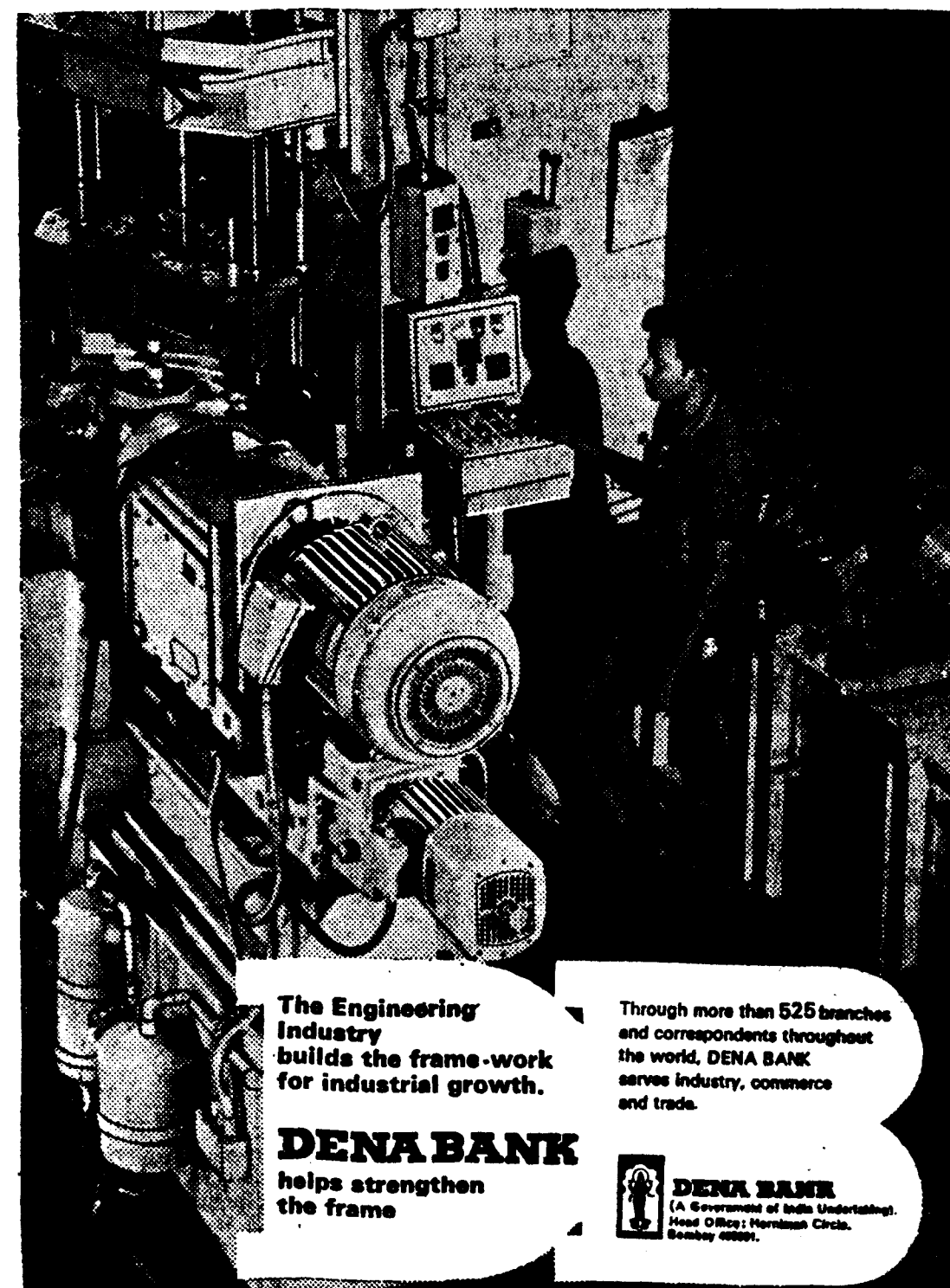
Conclusion

To sum up, all the steps outlined above could augment indigenous supplies of oil by about 1.94 million tonnes per annum by 1989 and enable imports of an additional 0.3 million tonnes per annum approximately. These together will nearly cover the estimated

deficit by 1989 of 2.4 million tonnes per annum.

Thus, through a series of planned remedies, it would be possible to avoid what would otherwise be an oil famine that will develop in our country. We have felt it our duty and responsibility as users of oils to present these recommendations and shall be willing to offer assistance where it is required and relevant.

Note: This does not purport to be a report of the proceedings of the Annual General Meeting. Due to shortage of space it has become necessary to publish this brief summary of the speech, the full text of which is available from the Company Secretary.



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Statement by the Chairman Shri Mulki Sunder Ram Shetty

the 42nd Annual General Meeting of the shareholders of Bank held at Mangalore on May 8, 1974:

adies and Gentlemen,

I have great pleasure in extending to you a hearty welcome to the 42nd Annual General Meeting of our Bank. The Directors' Report and Audited Accounts for the year ended 31st December, 1973 have been placed before you for your perusal and with your permission I shall take them as read.



Shri Mulki Sunder Ram Shetty

Economic scene 1973:

It is only natural for a developing country like India to have quite a number of problems and difficulties to be resolved, particularly on the economic front. To strike a proper balance between the requirements of accelerated growth with stability and great social justice is indeed a formidable task even under favourable conditions. As all of you are aware, many unfavourable conditions have been operating in our country during the last two or three years. The year 1973 was a year of acute shortages and

unprecedented price rises. Inflation continued to be one of the most serious and one of the most difficult problems facing the country. A steep rise of 26 per cent in the wholesale price level was the most disconcerting development in the economy during 1973. Food articles and industrial raw materials together accounted for as much as 78 per cent of the increase in the wholesale price index.

The unsatisfactory performance both in the field of agricultural production in two successive years 1971-72 and 1972-73, and in the industrial sector in 1973 was mainly responsible for this unhappy situation. The economy had to face acute shortages of strategic raw materials, serious transport bottlenecks, power crisis, high prices and widespread industrial unrest. Among the important industries which suffered a setback in 1973 were, cotton textiles, jute, steel, electricity generation, cement, aluminium, paper and vanaspathi.

The Government had to import significant quantities of foodgrains, vanaspathi oil and also important raw materials to supplement the inadequate supplies in the country which increased our import bill. The oil crisis which shook the entire world further aggravated the situation.

But fortunately our good performance on the export front helped us to a great extent in filling up the gap between our import bill and export earnings. The deterioration in our balance of payments position has been contained within manageable limits.

On the international front, the oil crisis which was an offshoot of war in the Middle East created almost a chaotic condition both in developed and developing countries. Uncertainty continued to prevail in the international money markets following the floating of the major currencies of the world.

The Banking System:

In the banking field, 1973 was a year of momentous events. The developments of 1973 were marked by contrast to those of 1972. As I stated last year, an unusual situation developed in the country in 1972 when the banks had to bear the burden of a surfeit of funds without finding sufficient outlet for advances. The year 1973 presented altogether a new picture. The 'interest rate war' fought by the major banks in the field of advances in 1972 was shifted to the field of call and short notice money market in 1973.

Considering the difficult conditions that prevailed in the country, particularly the unrelenting pressure on prices, the performance of commercial banks in 1973 should be considered as satisfactory. The total deposits of all the banks reached the level of Rs. 9,952 crores — an increase of 22.17 per cent over the previous year. The increase during 1972 was only 17.4 per cent. Total advances increased by Rs. 1,466 crores from Rs. 5,398 crores to Rs. 6,864 crores showing a rise of 27.15 per cent over the previous year. The year 1972 recorded a rise of only 6.9 per cent. As regards the branches, the total number of branches increased by 1,646 from 14,739 to 16,385 bringing down the average population per branch to 33,500 from 37,000 last year.

Credit Policy:

The Reserve Bank of India had to keep diverse considerations in view while devising the credit policy measures during 1973. At times it had to act with greater vigour than at any

other time. Probably, never before has the credit policy of the Reserve Bank of India been the subject of so much criticism and discussion. It was indeed as much a critical year for the central bank of the country as it was for the commercial banks and their clients. Many of the banks had to do a lot of tight-rope walking. I am very happy to mention that though the Reserve Bank had to act with greater force, yet while doing so, it showed all sympathy and consideration to the commercial banks.

As you are all aware, one of the most important reasons for the steep rise in prices in our country has been the abnormal increase in money supply. The monetary scene in recent years has been marked by a very high rate of growth of money supply. The annual rate of growth of aggregate monetary resources went up from 12.4 per cent in 1969-70 to 17.7 per cent in 1972-73. There was a further expansion of about 14 per cent during the 9 months of 1973 commencing from April. In an attempt to fight inflationary forces by bridging the widening gap between the aggregate demand and aggregate supply the Reserve Bank followed a policy of credit curbs.

As I mentioned earlier there was very keen competition among the banks for advances as a result of excess liquidity in the banking system in the beginning of the busy season of 1972-73. But the demand for funds picked up particularly during the latter half of the busy season which continued to increase unabated even during the traditional slack season of 1973. Actually, the slack season ended with a record contra-seasonal credit expansion of Rs. 294 crores.

The year 1973 has seen a few disturbing trends in the monetary field. As a result, a number of credit restraint measures were taken by the Reserve Bank in quick succession, particularly during November 1973. Bank credit expanded by Rs. 712 crores between October

1972 and mid-March 1973. Deficit financing continued at a high level. Reserve Bank's net credit to the Government increased by over Rs. 800 crores during the year 1972-73, on top of Rs. 882 crores in 1971-72. The increase in money supply during 1972-73 was 15.7 per cent. All these developments made the central bank of the country take a series of measures to restrain credit expansion mainly by curtailing the lendable resources of the banks and by increasing the cost of lending to the borrowers from the banks. The Bank Rate was raised from 6 per cent to 7 per cent with effect from May 31, 1973. The net Liquidity Ratio was raised from 36 per cent to 37 per cent in March, from 37 per cent to 39 per cent in June and to 40 per cent with effect from September 8, 1973. The minimum cash reserve ratio to be maintained by the scheduled commercial banks was also raised in three stages — from 3 per cent of the aggregate time and demand liabilities to 5 per cent from June 29, and to 6 per cent from September 8, and further to 7 per cent from September 22, 1973.

The credit policy for the busy season extended and intensified the credit control measures already taken by the Reserve Bank, particularly since the end of the last busy season of 1972-73. Lendable resources of the banks were further squeezed. The Reserve Bank has directed the banks to observe a ceiling on credit expansion at about 10 per cent of the outstanding level of advances as at the end of September 1973 for sectors other than food procurement. The refinancing from Reserve Bank was made dearer and its availability was restricted. It also introduced a ceiling on a bank's borrowing from the Reserve Bank. Borrowings in excess of the stipulated ceilings, were allowed under exceptional cases after detailed scrutiny. However, facilities for re-discounting of bills under the New Bill Market Scheme continued and the banks availed of this facility to a large extent. The Reserve Bank has also raised

the maximum borrowing rates from 12 per cent to 15 per cent with effect from November 16, and also the minimum lending rates on loans granted by the commercial banks for different purposes.

All these developments in the monetary field really created uncertainty regarding the availability of credit and so a scramble for funds started among the borrowers. The banks also found themselves in difficulty while following the Reserve Bank directions. Though different banks were affected differently, competition among the banks for funds in the call money market pushed up the interest rate to unprecedented levels — even beyond 30 percent.

However, it must be admitted that the Reserve Bank has taken sufficient care to see that the genuine needs of the priority sectors, particularly small-scale sector and the export are met to a considerable extent. Later, it even relaxed the 10 per cent ceiling on the additional credit given for export purposes.

On the whole, one must admit that the Reserve Bank acted with a sense of pragmatism and also with dynamism. We have also to admit that the experiences of 1973 have once again brought to focus the need for proper credit planning by the banks and for exercising financial discipline among the borrowers. It is our utmost duty to co-operate with the Reserve Bank in discharging their onerous responsibilities.

Our Bank:

I am indeed very happy to mention that 1973 proved to be yet another successful year for us. In spite of the difficult economic situation in the country and in spite of the new challenges we had to face in adjusting ourselves to the new developments that had taken place in the banking field as a result of the enormous increase in price rise and the credit curb, we maintained the tempo of our all-round progress. Our deposits reached the

level of Rs. 81.13 crores recording an increase of about 38 per cent over the previous year. This is far above the average rate of increase of 22.17 per cent in the banking system as a whole. Our rate of increase for the year 1972 was 35 per cent. Our advances during 1973 increased by 45 per cent whereas average rate of increase in the banking system was only 27.16 per cent. As regards the opening of branches we really created a history in our own way by opening as many as 63 new branches in one year — an average of one branch every six days. It may not be out of place to recall that the total number of branches of our bank in 1966 was 63.

You may recall that I became the whole-time Chairman of the Bank in 1969 and I hope that you are interested in reviewing the progress of our bank during these five years. During this period of five years — starting from 1969, the total deposits shot up from Rs. 13.21 crores as at the end of 1968 to Rs. 81.13 crores in 1973 — recording an increase of 514 per cent. Likewise, our advances recorded an increase of 494 per cent — it went up from 8.82 crores to Rs. 52.44 crores, while the number of branches increased to 247 from 89 showing an increase of 178 per cent during the same period. The paid up capital recorded an increase of 373 per cent — from Rs. 13.83 lakhs to Rs. 65.40 lakhs while the reserves showed an increase of 543 per cent — from Rs. 7 lakhs to Rs. 45 lakhs. The shareholders' return on their investment, in the form of dividend was doubled — from 6 per cent to 12 per cent. The total number of employees stood at 3,244 as at the end of 1973 while it was only 982 in 1968. I am very proud also to add that the above figures should not be taken as indicative of mere quantitative growth. Our people not only possess the required qualifications and experience but have also acquired the needed skill and training to function effectively indicating growth quali-

tatively also. Above all, they have gained the confidence to face the challenges they may have to face while discharging their duties.

We have expanded both functionally and geographically. The year 1973 marked a new phase in the expansion programme of our Bank. We opened a number of branches in North India, Rajasthan, Uttar Pradesh, Gujarat and West Bengal are the new States where we opened our branches last year. We also opened a branch in Goa — a Union Territory.

Working Results:

Considering the constraints and restrictions under which we had to operate, our performance was really good during 1973. While earnestly making an attempt to strictly follow the directions issued by the Reserve Bank in regard to the credit policy in the national interest, we tried our best to make the best use of our resources. Though we opened a large number of branches in far off places and though there was considerable increase in the salary bill partly due to the revisions in salaries and allowances following the up gradation of the Bank into 'A' Grade in October 1972 and frequent revisions in Dearness Allowance paid to the award staff as a consequence of continued rise in the cost of living index in 1973 and partly due to the increase of about 1,350 employees during 1972 and 1973 we could have a net profit of Rs. 14.62 lakhs. Our gross earnings recorded a rise of 44 per cent over the previous year. There was a slight increase in the working ratio of salaries and allowances to the gross earnings. It has gone up from 0.30 to 0.34 because of the reasons mentioned above.

Our advances during the year increased by 45 per cent. The average credit-deposit ratio stood at 66.85 per cent as against 63.5 per cent last year.

Priority Sector:

The experience of 1973 has

once again reminded us of the crucial role agriculture has to play in the economic development of our country. Apart from the usual schemes in 1973 we launched on new programmes in the agricultural field. Under the Village Adoption Programme, we have already adopted seven villages for intensive development. We have also taken up Minor Irrigation Programme with the assistance of Agricultural Reinsurance Corporation and the World Bank. Our total priority sector advances excluding exports formed about 30 per cent of our total advances out of which more than 30 per cent was given to agricultural sector.

Foreign Exchange:

I am very happy to mention that though we started foreign exchange business just two and half years ago our performance in this field has been really encouraging. There has been a continuous increase in the volume of business.

In the year 1973, there was more than five fold increase in export finance. Three more branches — Calcutta, Quilon and Calicut have been added to the list of branches which have been authorised to deal directly in foreign exchange thus taking the total to 11.

With an addition of 25 banks during 1973, now we have agency arrangements with over 15 leading international banks at almost all the important centres of the world.

Human Resources:

I need not over-emphasize the importance of human resources for any institution. The progress of any industry, particularly banking being a very important service industry, ultimately depends upon the quality of its human resources. Therefore, it has been always our endeavour to develop them in whatever way it is possible. In the year 1973 more than 235 of the members of our staff including executives and senior officers received training in different fields at different places in and outside India.

Our Thanks:

I am immensely happy to mention that I have always had the privilege of having the continued support and co-operation of my esteemed colleagues on the Board. I am extremely grateful to each one of them. My thanks are also due to the members of the Local Advisory Committees for their

co-operation.

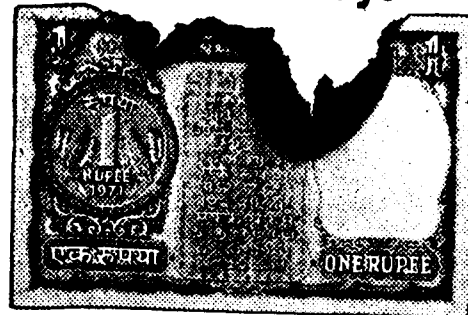
I also sincerely thank the Special Officer, other executives, officers and all the other members of the staff of the Bank for their unstinted loyalty and dedicated service. I am extremely happy that we continued to have excellent industrial relations. I acknowledge with gratitude

the co-operation and support we have received from our shareholders and customers and thank all of them for the confidence they have reposed in us.

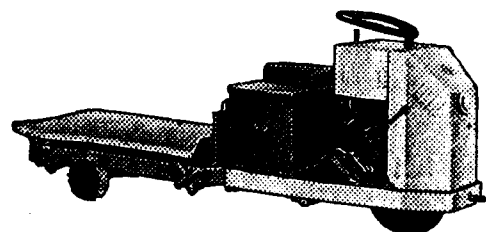
Thank you.

Note: This does not purport to be the proceedings of the 42nd Annual General Meeting of the Bank.

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RECORDS AND STATISTICS

The Plan for 1974-75

The Plan for 1974-75 which marks the beginning of the fifth five-year Plan was recently finalised by the Planning Commission. Its formulation coincided with a difficult phase through which the economy has been passing. It had therefore to be drawn up in the background of current economic situation and within the framework of the draft fifth five-year Plan.

Given below is the first chapter of the Annual Plan document which defines the basic approach along with the objectives and priorities:—

The Annual Plan 1974-75 has been formulated to help control inflation and to initiate policies and measures for the achievement of basic objectives and targets of the fifth-five-year Plan. From the point of view of growth and social justice, the most urgent and immediate task is to arrest a rise in prices and to restore stability to the economy. The scheme of financing the Annual Plan is non-inflationary in character and the deficit financing has been limited to a moderate amount in 1974-75. Substantial efforts in raising additional resources through fresh measures both by the centre and the states are envisaged. To curb the inflationary tendencies in the economy it will also be imperative to take further steps which have been set out in detail in the latter part of this chapter.

If physical targets in the agricultural and industrial sectors as postulated in the res-

pective chapters of the Annual Plan document are realized it may be possible to attain a growth rate of 5 to 6 per cent in the gross domestic output in 1974-75 against the annual average growth rate of a little over 3 per cent in the fourth Plan period. In order to achieve the physical targets in these sectors as indicated in the Annual Plan it will be extremely essential to take concerted action and coordinated policy measures and also to improve the industrial relations. The pattern of growth has been designed to promote conditions of price stability. The production of certain essential goods of mass consumption, critical raw materials, intermediate and investment goods in the economy is proposed to be increased significantly. A large part of the additional output would be contributed through fuller utilisation of the unutilised capacities in the economy—steel, fertilisers, etc. Adequate provision has been made for high priority schemes and projects which are expected to be completed in the first two years of the fifth Plan so as to secure early benefits and for projects and schemes which are vital for the achievements of key physical targets in fields like agriculture, irrigation, power, steel, fertiliser, coal, oil and non-ferrous metals. In the allocation of funds, comparatively lower priority has been given to very long gestation projects. In view of the imperative need to boost agricultural and industrial output, high priority has been accorded to production oriented programmes and creation and/or fuller utilisation of infrastructural facilities such as irrigation power and transport (including railways). Within the overall constraint of resources

and after meeting the minimum needs of the core sectors of development, an attempt has been made to provide as much of funds as possible for the social services. It is expected that it will be possible to provide more adequately for the social services in future, i.e. subsequent Annual Plans.

While the achievement of growth with stability constitutes the king-pin of the Annual Plan 1974-75 this also includes a number of measures and programmes designed to increase the income and consumption levels of the poor. A few of the significant measures are intensification of special agricultural programmes designed to improve the lot of small farms, additional support to village and small industries, execution of special employment schemes and the Minimum Needs Programme particularly in the backward areas, implementation of the Sub Plans for hill areas and accelerated development of other backward areas including tribal areas in different states.

In line with the objective of promotion of self-reliance and particularly in the new situation created by oil crisis a vigorous drive for export promotion and import substitution is called for. During 1974-75, substantial increase in India's exports both in the traditional and non-traditional fields. Efforts are also proposed to be directed towards achieving greater import substitution particularly in case of oil and scarce imported raw materials such as steel, non-ferrous metals and chemicals. In view of the unprecedented rise in prices of imports of crude oils, the production of coal is proposed to be extended considerably in the course of the year and a number of substitute measures for economising on the use of liquid fuel are being concretized. As envisaged in the Draft Fifth Plan greater reliance will be placed on financing development through domestic savings. The net foreign aid for financing the investment in the public sector in 1974-75 has been placed at Rs 533 crores as against the fifth Plan estimate of Rs 2443 crores.

The original Plan for 1974 envisaged an outlay of Rs 4364.34 crores. In order to arrest the rise in prices of measures were taken including the reduction in Plan and Plan expenditure the course of the year. The revised Plan outlay in 1974 was placed at about Rs 3 crores. The annual Plan 1974-75 as finalised after discussions with the central ministries and state governments provides for an outlay of 4843.68 crores. This is exclusive of increase in inventory of public enterprises and of additions to stocks in the public sector to be financed by credit from commercial banks. If allowance is made for item which is included in scheme of financing the Draft Fifth Plan, the Annual Plan 1974-75 outlay would be less than Rs 4843.68 crores indicated above.

The Draft Fifth Plan has been formulated on the basis of concept of gross capital formation. As a result this includes the provisions for placement of equipment machinery as well as the cost of construction of building residential or administrative which were outside the limit during the fourth Plan period. Accordingly the Annual Plan 1974-75 includes provisions for a number of items which were not covered in the Annual Plan 1973-74 e.g. placement of equipment machinery, market borrow and the negotiated loans for the semi-government box construction of residential administrative buildings. On the other hand, Plan outlay of Rs 4844 crores excludes committed expenditure on account of maintenance of fourth Plan schemes completed at the end of 1973-74. A provision of about Rs 500 crores has been transferred to the non-plan side in 1974-75 for this purpose. Taking both the factors into account the Plan outlay for 1974-75 on a comparative basis in financial terms will be higher than the revised outlay for 1973-74 by over 10 per cent. In this connection it may also be noted that actual expenditure in the year of the second and

rd five-year Plans was higher by only 3 per cent and 1 per cent than the actual expenditure in the last year of the first and second Plans respectively. Further, the approved outlay in the first year of the fourth Plan (1969-70) is about 3 per cent lower than the approved outlay for the preceding year—1968-69, whereas the 1974-75 Plan outlay on a comparable basis after including the committed expenditure shows an increase by 10 per cent over the revised outlay for 1973-74.

Against the average increase of 22.6 per cent in the wholesale price index during 1973-74 the price index of machinery and transport equipment which is crucial from the point of view of level of investment, registered a rise of about 9 per cent. The price of key industrial inputs like steel, cement and priority industries did not increase significantly as these were made available to priority industries/sector at controlled prices. A part of the increase in the wholesale price index as also of machinery, and transport equipment is already being reflected in the level of Plan investment undertaken in 1973-74. There are even after allowing for the fact that the price level at the beginning of 1974-75 would be somewhat higher than the average price index for the year as a whole, the Plan outlay in real terms would still be significantly higher than the revised outlay for 1973-74, provided there is no further price rise in 1974-75. In case there is further pressure on prices in the current year the increase in Plan outlay in real terms as envisaged now could be smaller.

The sectoral distribution of the aggregate Plan outlay indicated above has been so worked out as to provide substantially higher outlays for production sectors—agriculture, industry and minerals and for creation of infrastructural facilities—irrigation and power, transport and communications.

Against a revised outlay of Rs 614 crores in 1973-74 a provision of Rs 638.42 crores has been made in the Annual Plan 1974-75 for agricultural pro-

grammes. Besides, financial support from institutions such as cooperatives, commercial banks, ARC, etc. is likely to be available on much larger scale in 1974-75 as compared to in 1973-74 for the agricultural sector. Further, the adequacy of the outlay for agricultural programmes has to be viewed in the light of the provisions made in the Annual Plan 1974-75 for supporting programmes such as major and medium irrigation works, rural electrification, fertilizer projects in public and cooperative sectors. The allocation for major and medium irrigation works (including flood control) and fertilizer projects in 1974-75 is higher by Rs 100 crores and Rs 41 crores respectively than the outlays for 1973-74. A provision of about Rs 104 crores has also been made for rural electrification programme which again is intended to help to increase the agricultural production. If allowance is made for these factors as also of the fact that committed expenditure of substantial order on account of the fourth Plan agricultural schemes and programmes to be completed in 1973-74 has been transferred to non-Plan budget, the total funds available for development of agriculture in 1974-75 would be significantly larger than in 1973-74. The table below indicates provisions made in the Annual Plan 1974-75 for other sectors of development mentioned above.

Thus, in the allocation of resources among different sectors, a higher priority has been given to the production sectors like agriculture and industry and creation of infrastructure like irrigation, power and transport to boost agricultural and

industrial output. The outlay on social services in 1974-75 is somewhat smaller than that in 1973-74. However, if allowance is made for the fact that the bulk of the outlay on social services in 1973-74 has been transferred to the non-Plan side in 1974-75, this level of outlay cannot be regarded as inadequate. As mentioned earlier higher provisions would be made as usual for social services in the successive annual Plans when resources position becomes more comfortable.

The broad strategy for boosting up agricultural output in 1974-75 consists in adequate supply of chemical fertilizers, extension of the SFDA, and Drought Prone Area Programme and speedy implementation of the programme of integrated development of irrigation commands in some of the major and medium irrigation projects, increase in the area under multiple cropping with special emphasis on cash crops like oilseeds and pulses which are in short supply and development of horticulture in the Himalayan region. In view of the present shortage of chemical fertilizers as well as abnormal rise in the import prices, the use of organic manure is sought to be maximised. For this purpose special scheme will be taken up to secure definite and quick results.

The production of foodgrains for 1973-74 has been estimated by the ministry of Food & Agriculture at about 110 million tonnes. Accordingly, the target of production of foodgrains for 1974-75 has been placed at 118 million tonnes. The production target of sugarcane (in terms of cane) has been fixed at 141 million

tonnes against estimated level of production of 134 million tonnes in 1973-74. There will be marginal increase in the production of oilseeds, cotton and jute in 1974-75 over the 1973-74 level. The increase in agricultural production would be achieved through larger use of chemical fertilizers, increased irrigation facilities through major, medium and minor workers (+2.2 million hectares), and increase in the area under high yielding varieties (+3.25 million hectares) and general increase in the cropped area (2 million hectares). Attention will also be paid to agricultural research and educational programmes which are in the nature of infrastructural support for agricultural production programme.

The industrial development plan for 1974-75 has been formulated keeping in view the current industrial situation, objectives set out in the Draft fifth five-year Plan and the sharp increase in the international price of petroleum crude which has added a new dimension to the industrial problems.

Utmost emphasis in the Annual Plan has been laid on obtaining optimum output from the existing capacities and speedy completion of projects which are already in progress. Investments in new projects have been suitably phased so as to complete long gestation projects of high priority within the fifth Plan period. The Plan outlay in the public sector in 1974-75 has been stepped up considerably from Rs 752 crores in 1973-74 to Rs 1,093 crores. More than 2/3rd of this outlay has been allocated for basic industries like steel, non-ferrous metals, fertilisers, coal, iron ore and petroleum. A sizeable provision has also been made for oil exploration. A provision of Rs 97 crores which is nearly three times the likely expenditure in 1973-74 has been made for coal production programme. A decision has recently been taken to allow an increase of 30 per cent in the prices of controlled varieties of cloth to increase the production of coarse and medium varieties. The pro-

duction of paper and paper board is also expected to increase because of the commissioning of a new plant in the public sector. As a result of the investment programmes in the Annual Plan, a considerable increase in production is also envisaged in core sector industries like steel, fertilizers, non-ferrous metals, iron ore, etc. The production of coal is proposed to be substantially stepped up from 79 million tonnes in 1973-74 to 90 million tonnes in 1974-75, in order to help greater use of coal instead of liquid fuel as a source of energy.

A number of steps have already been taken for speeding up investment in the private sector in 1973-74. These include modification in the industrial licensing policy consistent with the approach in the fifth Plan and establishment of a secretariat for industrial licensing in order to streamline the system of issue of various clearances. A new high powered committee—Project Approval Board—has also been set up to provide overall supervision and guidance. These measures as also the various incentives announced in the Central Budget 1974-75 are expected to give a further fillip to investment in the private sector.

The increase in the industrial production both in the public and private sectors as indicated above will, however, depend a great deal on the removal of power shortage and transport bottleneck which have been responsible to a large extent for industrial stagnation during the year 1973-74. It would, therefore, be extremely important to pay urgent attention to these problems. The Annual Plan however envisages certain measures aimed at improving the power and transport situation. Power supply position is likely to improve as a result of increase in installed capacity by 2.12 million k.w. in 1974-75, strengthening of the transmission and distribution system in certain areas and construction of inter-state lines for transmitting power to deficit regions. Special emphasis on rail movement in coal-steel belt, encouragement to coastal shipping,

and development of pipelines are likely to improve the availability of transport facilities in critical areas. Railways have at present a considerable surplus capacity estimated at 30 to 40 million tonnes. With the utilisation of this surplus capacity it should be possible to meet the expected growth in traffic in the year 1974-85.

The current inflationary situation poses a very serious problem which is reflected in reduced availabilities of various essential commodities of mass consumption and hardship to the common man. Its continuation would, therefore, be inconsistent with the objective of removal of poverty. This may even jeopardise the implementation of Plan programmes. One of the most important tasks to which the Annual Plan 1974-75 has addressed itself to bring a halt to the trend of rising prices and restore stability to the economy as soon as possible.

The sharp rise in prices since the beginning of 1972 has been basically due to an imbalance between the aggregate supply and demand of goods and services. It is, therefore, of utmost importance that efforts have to be directed towards securing a better balance between the two. This is sought to be achieved through a two-pronged attack of augmenting the supplies particularly of the essential commodities on one side and managing aggregate demand on the other. In the recent past, deficit financing on a larger scale had to be resorted to partly on account of inadequate growth in public revenues due to stagnation in industrial production and partly because of the inability to mobilise additional resources particularly through taxation in the agricultural sector. It is, therefore, imperative that a strict fiscal and monetary discipline would have to be followed over the year if the rise in prices is to be brought under check. Consistent with this approach the scheme of financing of the Annual Plan relies mainly on mobilisation of additional resources through non-inflationary means. Deficit financing has been restricted to a level of Rs 125 crores against

Rs 848 crores in 1972-73 and Rs 650 crores estimated in 1973-74. However, it would be extremely important to keep a strict watch on the government expenditure so that the level of deficit financing does not exceed the postulated limit. A suitable procedure may be devised at the Centre for regulating expenditure in the light of the trend of receipts. If at any time in the course of the year, the trends reveal that deficit is going to exceed the budget provision, appropriate policy measures may be adopted to contain it within the accepted limit. The Reserve Bank has been following a restrictive credit policy since May 1973 and introduced a fairly stringent policy in November, 1973. This inter-alia, visualized imposition of an over-all ceiling on credit expansion during the 1973-74 busy season. The credit restraint policy will have to be pursued with greater vigour in the coming months. However, care will have to be taken that the needs of the priority sectors and in particular of the essential industries are adequately met. On the other hand both the fiscal and monetary policies will have to be operated in such a manner that the increase in aggregate monetary demand does not lead to rise in prices.

A review of the price situation over the past two years indicates that the rise in the prices of food articles and industrial raw materials have accounted for the bulk of rise in the general index. In recent months the prices of machinery and equipment and manufactures have also risen substantially as a result of the delayed effect of rise in wage costs, the increase in the prices of petroleum products, the international rise in the prices of important raw materials and intermediate goods such as steel, non-ferrous metals and chemicals. The Annual Plan, therefore, lays utmost emphasis on substantially increasing the production of wage goods or the goods of mass consumption e.g. foodgrains, oilseeds, sugar, cotton cloth etc. Simultaneously a high priority has also been assigned for increas-

ing the production of industrial raw materials and intermediate goods particularly in the core sector of industries e.g. steel, non-ferrous metals, cement, chemicals and coal. The increased availability of wage goods on one side and of the important industrial raw materials on the other would have a salutary effect on containing the rise in the prices emanating either from the increase in wages or from the side of cost of inputs.

As, however, there is considerable shortage of the wage goods, even with increased production it is absolutely essential to have a rational and equitable management of the supplies so that the interests of the vulnerable sections are particularly protected. This assumes all the more importance if the poorer section are to be ensured a reasonable minimum level of consumption for the mitigation of poverty which has been accepted as one of the basic objectives of the fifth Plan. The establishment of effective and efficient arrangements for procurement and public distribution of selected wage goods would form an essential ingredient of basic strategy for achieving the above objective. In this connection a Committee on Essential Commodities and Articles of the Mass Consumption set up by the Planning Commission has made detailed recommendations which are under consideration.

The most important are for such a management would relate to that of the supply of foodgrains. In administering the food policy, the following considerations may be kept in view:

- The food economy should be managed as far as possible on the basis of domestic production in view of (1) prohibitive high prices of food grains prevailing abroad and (2) constraint on foreign exchange;
- The procurement target should be such as to feed adequately the public distribution system; and
- The price differential in the case of foodgrains among different areas should be narrowed down

Plan Outlay	(Rs crores)		
	*1973-74	1974-75	Increase(+)
Head of development			
Irrigation/Flood Control	285.08	385.32	100.24
Power	643.82	765.55	121.73
Industry & Minerals	752.18	1093.28	341.10
Transport & Communications	708.80	1026.61	317.81

*Revised Outlay.

Even after allowing for price escalation factor and also the classificatory change as referred to above the step up in 1974-75 outlay in these sectors is quite substantial.

he quantity of foodgrains supplied through the distribution system would be such as to meet adequately the requirements particularly of the vulnerable section of the community at reasonable prices. Apart from grains, three essential commodities of mass consumption which are of special importance are coarse cloth, oil and cheap fuel. It will be necessary for the state to play a dominant role in the distribution of these commodities. The production of commodities will have to be substantially increased for this purpose it will be necessary to evolve a suitable production strategy and adopt appropriate pricing policy.

The data for the first 10 months of 1973-74 indicates there had been an increase of about 24 per cent in the value of exports. Though the figures for 1972-73 and 1974 are not strictly comparable yet even after making allowance for this there is to have been a very satisfactory growth rate in exports during 1973-74. The available data on commodity exports show that with few exceptions there was generally an increase in exports of the various commodities particularly oilcakes, edible oils, marine products, leather and leather manufactures, cotton textiles as well as iron ore and coffee. Exports of engineering goods had picked up in 1972-73 showing a smaller increase. The increase in value of exports was however on account of the increase in the value of exports resulting from the world commodity market.

On the other hand the value of imports which had declined in 1972-73, recorded a substantial increase, that is, 42 per cent, as revealed by the data available for the first 10 months of 1973-74. This has been largely due to the increase in imports of foodgrains, sharp increase in the international prices of our principal imports including steel, ferrous metals, chemicals and edible oils and cotton.

The steep increase in the crude oil prices since October, 1973 has meant a considerable escalation in the value of imports.

The oil crisis in the international prices of various strategic imports thus pose a serious problem for balance of payments in 1974-75. These highlight the urgent need for concerted efforts to boost export to the maximum. Export earnings are therefore sought to be raised through increasing the output of major export items like cotton and jute textiles, coffee, oilcakes, fish and fish products, sugar, iron, ore, leather and leather manufactures, rubber tyres and tubes, engineering goods and handicrafts. Special attention will be paid to make our exports competitive in quality and prices in the international market. Domestic consumption of exportable items, where necessary, will be restricted to divert them for exports. This is very important in the short run. However, perspective planning for exports would need careful attention as well. In addition to raising our export earnings, measures will be taken to step up further the invisible receipts mainly from tourism, shipping and remittances from abroad. Even with larger exports the increased earnings may not be sufficient enough to meet the enhanced cost of imports. In the event the balance of trade position may remain under a considerable strain.

All efforts will have to be made to curtail the consumption of POL in 1974-75 through increase in domestic price and other devices especially substituting fuel oil by coal without adversely affecting the industrial production. This is extremely important in the immediate future as other measures are likely to materialise over a longer period of time. Concerted measures are proposed to be adopted to restructure the energy base with greater use of coal and electricity. The outlay for coal is proposed to be raised substantially in 1974-75 for increasing coal production. The Central Budget for 1974-75 contains a proposal to provide development rebate for estab-

lishments using coal-fired boilers in place of oil-fired boilers. It would, however, be extremely essential to make the optimum use not only of the imported materials but also of indigenous raw materials and to devise suitable distribution policies so that the needs of the priority sectors particularly of the export oriented industries are adequately ensured.

In order to raise the income and consumption level of large number of people below the poverty line the Annual Plan includes a number of policy measures and programmes. Besides stepping up the growth rate and change in the pattern of production in favour of the poor, employment opportunities will be created particularly in the rural areas through extension of SFDA, drought area programmes, development of animal husbandry (including dairying) and fisheries and setting up of village and small industries. It is proposed to provide to the small and marginal farmers in the rural areas key agricultural inputs like irrigation, fertilisers and credit on a larger scale so as to enable them to become efficient producers. This will not only increase their contribution to the agricultural production but also raise their level of income and consumption. An Employment Promotion Programme with a provision of Rs 40 crores will be implemented in 1974-75 mainly for promoting self-employment and productive ventures. The pilot intensive rural employment project started in 1972-73 will also operate in 1974-75 with a provision of Rs 3 crores. This will provide gainful employment on work projects not requiring skills of higher order. Social consumption particularly of the poor is sought to be increased through implementation of Minimum Needs Programme for which a provision of Rs 203.27 crores has been made included in the Annual Plan for 1974-75 — elementary education Rs 44.47 crores, health facilities Rs 23.74 crores, nutrition Rs 16.60 crores, rural water supply Rs 45.41 crores, homesites for the landless labour in rural areas — Rs

8.30 crores, rural electrification Rs. 23.51 crores and rural roads Rs 32.62 crores. These programmes are expected to be taken up particularly in the backward regions in different states. A suitable mechanism is also being evolved to ensure that the funds allocated for this programme will not be diverted to other sectors.

It is proposed to accelerate the development of backward regions and classes in the country. For the accelerated development of hill areas additional allocation of funds has been made to supplement the provisions in the state plans from their plan resources for the implementation of integrated development plans for these regions. Sub-plans are being prepared by the state governments for the integrated and speedy development of tribal areas. A special provision of Rs 25 crores has been made for augmenting the provision under the state plans for development programmes benefiting the hill as well as tribal areas. Special attention will also be given to the speedy development of other backward areas in different states for which specific allocation will be made separately in the state's plans. Besides, a provision of Rs 10 crores has been made for the implementation of regional schemes and projects under the auspices of the North-Eastern Council.

The success of the Annual Plan essentially depend upon the timely implementation of the developmental programmes and projects and the realisation of physical targets particularly in the key sectors. For this purpose it will be extremely important that the supplies of essential raw materials, intermediates and other inputs are fully ensured and made available in time. Further, in view of the balance of payments constraint the supplies of imported raw materials and essential inputs will have to be so allocated as to meet, to the maximum extent feasible, the requirements of the priority sectors (including export-oriented industries) and key projects and programmes included in the Annual Plan.

No Aladdin's lamp

It was not a secret of course that the government was working on a project for exploding a nuclear device; there were quite a few official indications. The Defence minister has now confirmed that the relevant decision was taken three years ago. The government has done well to reiterate and underline its pledge to devote the country's nuclear capability to peaceful purposes. Dr Sethna also has confirmed that the test explosion on May 18 was "only an experiment for purely scientific investigation", while the Atomic Energy Commission has declared that it is not intended to produce nuclear weapons. Nevertheless, there have been adverse reactions abroad, and since India is sincerely resolved to play its part as a peace-loving member of the international community, it cannot afford to brush aside those reactions. In particular it is important that the international community should be convinced that India has no intention of diverting any substantial part of its limited domestic resources from the urgent demands of its economic stability or growth to programmes of nuclear defence. It is also to be borne in mind that it is only with great difficulty that this country has been able to reassure its neighbours in this part of the world that it has no aggressive or expansionist designs. Considered in these terms any attempt on the part of any of us to advance the childish claim that India has become a nuclear power, besides being farcical, would do quite some harm to our country's best interest.

There has already been a spate of suggestions about how underground nuclear explosions could be used for constructive purposes, such as excavation of canals, mining of minerals and construction of landslide dams. There has also been an unseemly rush to make out that India's atomic scientists are now on the point of striking out in all these directions. It is certainly not proper that future developments should be anticipated in this highly speculative fashion. It is after all a fact that, even in countries with highly advanced nuclear technology all such possible developments are being discussed with great restraint. It would therefore be only ridiculous for India, which is yet to make the best possible use of conventional technology, to pretend that it has provided itself overnight with an Aladdin's lamp and that it can therefore justifiably dream of riches unbounded. On the contrary, the very fact that there has been some expenditure of resources on the explosion of a nuclear device must once again raise the question whether this country and its government are getting their priorities right. It must be apparent to all of us that there are quite a few critical sectors of the economy which are being denied sufficient allocation of resources. There is not enough water for irrigating our fields. The development of conventional sources of energy is sadly lagging behind needs. The nation's basic transport system needs both modernization and expansion. There is a steady decline in standards of education and of public health, particularly child nutrition. The country is becoming dangerously dependent on external sources for financing its essential imports. In these circumstances there remains a continuous need for the public insisting on the government spending wisely on first things first.

It is only too easy for the politician to sell notions of national prestige to a people who have for so long been living with a feeling that the country is ceasing to count in world affairs and it may safely be predicted that the government will be generously complimented in parliament or elsewhere on the test explosion. It is therefore all the more necessary for the prime minister and her colleagues to be on guard against temptations of cheap popularity. Above all it is essential that New Delhi should be absolutely honest about the defence implications of its nuclear policy. There is every reason to believe that Mr Bhutto will immediately come under great pressure to make some kind of a response or the other. It may be that Pakistan is not in a position to draw level by carrying out its own test explosion in the near future, but is it not possible that Pakistan may be even more tempted than it already is to try to draw closer to China? As for China itself, it is a moot point whether Saturday's explosion in Rajasthan will appeal to the policy-makers in Peking as a reason for wanting to cultivate friendly relations with India or just as one more excuse for its anti-Indian stance. India, again, has justifiably been uneasy about the heavy arms build-up in the Persian Gulf region. Would New Delhi be able to argue its case with the same force hereafter? It is true that the government of India, as we had noted earlier, lost no time in making it clear that India would remain true to its pledge to use atomic energy only for peaceful purposes, but there is no reason why this assurance should be automatically accepted, particularly outside our country. It is clear therefore that India's foreign policy is now about to enter a delicate phase and that the government would need all its diplomatic resources to convince the rest of the world that the first call on India's resources still remains the nation's economic development which means no more and no less than the war it must wage on the chronic poverty of its nearly 600 million people.

eastern ECONOMIST

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Changing equity ownership

A SILENT revolution in regard to the broadening of ownership of equity shareholdings in foreign-owned companies and in those of Indian enterprises belonging to the bigger houses has been taking place in the past two years. This change in the ownership of equity shareholdings is coming about on account of the decision of the government of India to permit foreign-owned companies to expand their activities on the express understanding that there would be dilution of the ownership of foreign interests in Indian companies on a stipulated basis. Many established foreign-owned companies have naturally been anxious to take advantage of the opportunity for increasing their stake in this country without increasing their investment by bringing in additional resources from the home countries. This position would appear somewhat anomalous as the dominance would still continue and there might even be larger repatriation of foreign exchange resources in the shape of higher dividend and royalty incomes even with a decline in the percentage of shareholdings.

It should be pointed out however that the recent developments should be considered favourable from the national angle as the process now initiated will result in a gradual reduction in the percentage of foreign shareholdings in Indian companies either through negotiated sales or through continuing issues of fresh equity capital on attractive terms for being absorbed by the Indian investing public and the financial institutions designated by the government. Export obligation also will neutralise the adverse effect of remittances of funds. What is more important is the large capital outlay that is now taking place invisibly on the implementation of new schemes by utilising free internal resources, new loans, funds raised through the issue of fresh equity capital and loans in foreign exchange provided by the foreign interests and Indian financial institutions.

In the present situation when the cost of promoting new ventures under entirely new auspices is rising continuously at an unprecedented rate and the pricing policies of the government have not been realistically conceived, only the established enterprises can hope to increase the output of badly needed items by implementing expansion schemes which will cost less than 50 per cent of the amount that would have to be incurred by entirely

new enterprises. In some cases, even the regularisation of the existing installed capacity with the issue of fresh licences can be helpful in increasing output substantially. In other instances, it has been found that output could be raised sizeably with multiple shift working or with the use of balancing equipment. Many established industrial units have also found it advantageous to increase production by utilising the facility to augment capacity to the extent of the permissible 25 per cent.

The clearances recently given by the Monopolies Commission for executing expansion schemes of enterprises of the bigger houses and the quick decisions taken by the government on these clearances have been responsible for a spurt in industrial activity the significance of which has not been recognised fully in stock market circles. It is not possible to quantify precisely what is exactly the volume of fresh investment on new schemes of foreign owned companies and Indian enterprises of the bigger groups. It can however be safely stated that the capital outlay may easily exceed Rs 500 crores which could have been achieved by entirely new enterprises only by raising large funds from the open market and with the help of the financial institutions. It is also necessary to remember that the capital cost would be much higher at Rs 1,000-1250 crores if wholly new projects had to be implemented under wholly new auspices.

The absence of any bust of activity in the capital market in recent years for promoting highly capital intensive projects under new auspices has given rise to the misleading impression in certain quarters that no worthwhile progress has been recorded in the private sector of the industrial economy. Only it is regrettable that the government did not realise much earlier the desirability of giving permission to profitable expansion schemes to the dominant or the monopolistic undertakings with certain safeguards and encouraging industrial activity on a defined and ambitious basis. It is only now recognised that in a period of fast rise in prices and with scarcity of entrepreneurial and management skill immediate results can be achieved only by permitting the bigger groups to grow in stature after satisfying some conditions.

Thus after a prolonged controversy Hindustan Lever will be undertaking its project in an industrially backward area in West Bengal for producing industrial phosphates with the installation of sulphuric acid plants. While the initial investment will be around Rs 10 crores it is hoped that the new base will enable a further diversification of activities with fresh capital outlay. There will be issue

of fresh capital in equity shares which will be taken up by the resident shareholders at a premium and perhaps also by financial institutions and the Indian investing public. Already, Philips India, Indian Aluminium, German Remedies and many other foreign owned companies have diluted the ownership of foreign interests in equity capital and are busily implementing expansion schemes.

The amendments to the Foreign Exchange Regulation Act, which became effective from the beginning of this year, are also having a far-reaching effect and many completely owned subsidiaries of foreign companies have been busy making the necessary changes in the equity capital structure in order to enable them to carry on business in this country as "Indian companies". Many changes have already been made in respect of enterprises whose equity shares are not listed in the stock exchanges. In these instances the government has directed the managements concerned to sell on a negotiated basis stipulated blocks of equity shares. There will of course be repatriation in terms of foreign exchange of the proceeds of sale where there has been only a reshuffling of equity shareholdings without issuing additional capital.

This approach has been considered desirable as the return on investment will be quite attractive and the repatriation also will be effected on a staggered basis. There are also cases of public limited companies which are closely held but whose equities are not listed in the stock exchanges. As it was also found that additional capital was not required on a large scale for implementing expansion schemes and it was not necessary to issue new equity shares, the government suggested that there should be readjustments in the equity structure. Thus, TVS-Lucas has been permitted to undertake specified expansion on the understanding that the percentage of equity holdings of foreign interests would be reduced to 51 per cent from 60 per cent in the first stage and that of the Indian promoters to 34 per cent from 40. The released quota of 15 per cent of the existing equity capital will be taken up by financial institutions on terms mutually agreed upon. India Pistons for its part will be undertaking substantial expansion of its capacity for producing pistons, rings and pins and the equity shareholdings which are completely held by Simpsons and Associated Engineering are to be reduced from 70 per cent to 56 per cent and from 30 per cent to 24 per cent. The released proportion of 20 per cent will be taken up by designated financial institutions.

The issue of additional capital in equity

shares on an attractive basis for being absorbed by resident shareholders and the Indian investing public and the acquisition of large blocks by the financial institutions on a negotiated basis should thus result in a significant change in the pattern of ownership of shareholdings in future.

What is more important however is the opportunity afforded to bigger Indian enterprises to embark on new schemes with owned resources which would not have been otherwise speedily executed or completed at the same cost. Three units in the

Coping with costs

AT THE annual general meeting of Unilever Limited held in London recently, the chairman, Sir Ernest Woodroffe, claimed that better business methods had helped Unilever to deal successfully with changing patterns of costs of resources, both material and human. Over the last three years, for instance, when the levels of wages and salaries have risen as never before, the company has been able to absorb one-third of the increase by greater efficiency in the use of manpower. Again, that, apart from the general inflation, the rising trend of prices has been particularly prominent in the case of the raw materials handled by the enterprise. To quote Sir Ernest:

"At the peak this year, the average price of edible oils had trebled compared with 18 months earlier; rises have varied from soya oil which doubled in price, to palm oil which trebled and coconut oil which quadrupled. Raw materials for the remainder of our food businesses are up by something like a half. Even the cost of raw materials for detergents, which has been relatively stable for years, has risen steeply. The cost of the petrochemical ingredient is now well-nigh double what it was a year ago. These increases were far above the general level of inflation but, as you all know only too well, the pace of other aspects of inflation has been accelerating—for instance, in the main countries in which Unilever operates, the general level of wages and salaries rose on average by 13 per cent in 1973."

Unilever, however, has been adapting itself over the years to changing costs, "of doing things in different ways or with different materials". Its chairman believes that this approach on the part of the management to its responsibilities in terms of changing its methods, the pat-

Birla group alone will be bringing into being additional cement making capacity of nearly 2½ million tonnes in the next three years which may require a capital outlay of nearly Rs 50 crores. There are also other projects of other enterprises which will require heavy investment. As stated earlier new forces have been released which will be responsible for making the best use of the existing facilities. They will at the same time result in the fruits of new development being realised by a larger section of the community. These augur well for the future.

tern of raw materials it uses, and of products it makes and of improving the management of resources could be assumed to have resulted in a gain to the company of about £ 60 million per year averaged over the period of 1967 to 1972. He also claims that, without this saving of £ 60 million per year, the company would have been compelled to put up the prices of its products by about 10 per cent over the five-year period.

It should be of interest for the Indian public to know what has been the corresponding performance of Hindustan Lever Limited in this context, especially as this, company has planned to divest itself of its dairy operations at Etah in UP, because of their lack of profitability. Meanwhile we may reasonably assume that this enterprise too has been attempting to follow as effectively as possible the general philosophy of business response to changing costs which Sir Ernest Woodroffe has outlined. There is no gainsaying the fact that Unilever's large presence in the equity and strategic role in the management of Hindustan Lever has been and is an extremely valuable element and it should be worth evaluating the gain that may have accrued to the company and the community from Hindustan Lever's exploitation of this asset.

Although Mr T. Thomas, chairman of Hindustan Lever, has not referred to this particular aspect in his address to the annual general meeting of this company held in Bombay earlier this month, he has spoken very usefully of certain important problems arising out of the working of the company and greatly relevant to the national interest. Addressing himself to the question how the growing national deficit in vegetable oilseeds and oil could be coped with, he has emphasized that steps should be taken to increase supplies as well as exploit export/import opportunities in a rational manner. It may be that his suggestions may not be new, but since they have not been and are not being acted upon, he has certainly rendered a useful service to the country

by bringing them together in one place and underlining their urgency and importance.

Mr Thomas has pleaded for more agricultural extension work in respect of groundnut cultivation in the major producing states. He has advocated the use of sheller type rice mills to replace hullers since this would facilitate the recovery of rice bran oil. Hindustan Lever's chairman has next referred to the need for extracting oil from a major portion of the cottonseed which is now being fed directly to cattle. Of particular interest is his proposal that oil palm should be cultivated as a plantation crop in the Andamans or Kerala. He also believes that the propagation of sunflower offers the single largest opportunity for increased oilseed production in India. It is a well-known fact that the people are being put to great hardship as a result of the rising prices and growing shortages of vegetable oils which are an essential article of food. It is clearly impossible to deal with this problem successfully through *ad hoc* measures of price or distribution control. It is therefore most emphatically the case that a medium-term programme for increasing the aggregate resources of edible oils and fats should be framed and carried out vigorously. The emphasis placed by Mr Thomas on this need is quite timely and it is to be hoped that it will remind planners and policy makers in the government of their responsibilities in this area.

Mr Thomas appreciates the fact that the country has a genuine need to supplement the domestic production of edible oils and fats by marginal imports. It is obvious that an attempt should be made to procure these imports on the most advantageous terms possible and also make sure that the country has the additional foreign exchange required for financing a higher level of these imports. Apart from pointing to the gain in importing soyabean oil against exports of higher priced groundnut oil, Mr Thomas has pleaded for the promotion of exports of castor oil in the form of castor-based chemicals. Among his other recommendations is a proposal for exporting cottonseed extractions to earn the foreign exchange for paying for imports of sunflower oil. As we had noted earlier, there is perhaps nothing that is startlingly new in this body of suggestions but its merit is that it makes a coherent and fairly complete policy package for dealing with an admittedly important food and raw material problem. The fact that not much is being done effectively or on a comprehensive scale clearly enhances the value of this timely intervention on the part of Mr Thomas.

Fertilizers from coal

THE SYMPOSIUM on coal as feedstock for the production of fertilizers, which was organised here by the Fertilizer Association of India (FAI) earlier this month, has little significance for the fifth Plan because the fertilizer programme in this Plan cannot be changed materially now. This discussion, however, was clearly relevant to the medium-term problems of fertilizer expansion. In view of the fact that the time taken for putting up a fertilizer manufacturing unit is anywhere between three-and-half and five years from the date of the grant of an industrial licence, the preliminary work on the fertilizer projects of the sixth Plan period has to be taken in hand in the near future. For the developing countries as a whole, the symposium served a very useful purpose in the sense that it helped to clarify the basic ideas about the economy of coal based plants and this was urgently called for in view of the fact that the World Bank has to take decisions on a number of fertilizer projects to be assisted by it.

Coal, indeed, has been used as a feedstock for fertilizer manufacturing for a considerable time. Our own first major fertilizer unit—which was set up in Sindri—was based on this feedstock. Elsewhere in the world too, such plants do exist. In South Africa, for instance, coal is the major base for producing fertilizers. But it became an uneconomic feedstock in the fifties as a result of the low prices of oil and the advances which the technology for producing fertilizers from petroleum products and natural gas made around the turn of the fifties and thereafter. The persistent decline in oil prices in the sixties and the lack of a breakthrough in the technology for making fertilizers by using coal, which could make them competitive with the oil and natural gas based fertilizers, virtually pushed out coal as feedstock.

The last year's hike in the price of oil, however, has changed the situation dramatically. Even though there has been a general uptrend in world prices, not excluding those of coal, the rise in the prices of oil—nearly 400 per cent—has been phenomenal. At the current prices of oil, coal-based fertilizers have become an economic proposition. Even if oil prices go down to about \$ 7.5-8 a barrel and there is some further rise in the price of coal—to about Rs 80 per tonne—coal-based fertilizer plants, it is felt, would remain profitable, notwithstanding the initial higher investment in their case compared to the oil

based plants. The limitations of transporting natural gas over long distances rule out fertilizer plants based on it except in areas near the gas fields. The manufacture of liquid ammonia from natural gas and its movement to fertilizer plants at distant places involve various other problems.

The use of oil by the Arab nations as a political weapon last year has further heightened the need for diversifying the feedstock for fertilizer manufacture in the oil importing countries. This has given a fresh impetus to the research and development effort for coal-based fertilizers. An ambitious programme for the purpose is said to have already been launched in the United States and West Germany.

In view of the above, it is not surprising in the least that the FAI symposium stressed the need for making a greater use of coal as feedstock for the manufacture of fertilizers in the oil-deficient countries even with the available technology. The current research efforts in the field of coal-based fertilizers, it was felt, could not be expected to yield adequate results before three or four years. If the oil-deficient countries continued to wait for the likelihood of a breakthrough as a result of these efforts, they would be losing a good deal of time unnecessarily. Of course, provision could be made in the blueprints of the coal-based plants for modifications in them to incorporate the results of the current research efforts.

A more pertinent fact that emerged from the deliberations at the symposium, however, was that the planning for coal-based fertilizer plants had to be very thorough. Since such plants required large coal resources, they had to be put up near substantial coal reserves more or less of uniform quality. The finding of such locations in any country is not an easy task. Further, the consensus at the symposium appeared to be that coal-fields should be made captive of the fertilizer plants based on them. These plants should also have their own electricity producing units.

These two viewpoints, of course, are likely to raise many an eyebrow in our mining and power ministries for reasons which are not far to seek. Coal has been nationalised. Therefore, the Coal Mining Authority can be expected to be chary of allowing others to work mines. The union ministry of Irrigation and Power, it is well known, has been resisting the move to allow even the steel plants and heavy industry units having captive power projects on grounds of paucity of overall financial and material resources for augmenting

power generation capacity and dearth of competent technicians. But it has to be appreciated that allowing captive mines and power units to coal-based fertilizer plants has its own advantages. The plants can have full control not only over their operations but also eliminate unnecessary costs on account of taxation on input if purchased from other authorities.

While stressing the need for setting up coal-based fertilizer plants in the oil-deficient countries, the symposium, also threw up useful ideas for countries like ours which require large quantities of plant nutrients to boost their farm output in the immediate future and cannot wait for coal-based fertilizer projects coming up in five to six years. There was the suggestion, for instance, that some of the new plants could be based on furnace oil since these schemes take much less time for completion—at least two years less—than the coal-based projects. At an appropriate time, these units can be converted into coal-based units at an extra cost of just about Rs 4 to 5 crores. The output during the two years saved on the erection of the furnace oil-based projects would more than compensate the cost involved in their conversion into coal-based units.

Currently, three coal-based projects are being put up by the Fertilizer Corporation of India (FCI) at Talcher (Orissa), Ramagundam (Andhra Pradesh) and Korba (Madhya Pradesh), each with a capacity to produce 2.28 lakhs tonnes nitrogen. The first two are expected to go into production sometime next year. Three more sites have been selected by the FCI for coal-based projects. These are Gidi in Bihar, Kamptee in Maharashtra and Margheritta in Assam. The feasibility reports of these plants are said to be under preparation.

Several other locations can also be found in Bihar, Madhya Pradesh, Uttar Pradesh, Maharashtra and West Bengal. But what needs to be stressed is that the government ought not be swayed by sentiments. It should be guided primarily by economic considerations. If need be, some of the new projects should be based first on furnace oil and then converted into coal-based units so that undue loss of production can be avoided. The hopes raised by the oil strike in the Bombay High are about the availability of indigenous crude in the years to come ought not to hold up the investigation work in regard to the future coal or furnace oil-based fertilizer plants, for if naphtha is available in large quantities, it can be utilised for developing the petrochemicals industry on a much larger scale than envisaged at present.

New industries in West Bengal

MR SIDDHARTHA SHANKAR RAY, the chief minister of West Bengal, has recently drawn the attention of the government of India to the small number of industrial licences issued to his state as compared to Maharashtra, Gujarat and Tamil Nadu. In 1973 West Bengal secured only 41 industrial licences while Maharashtra got 171, Gujarat 75 and Tamil Nadu 63. Mr Ray has not said that New Delhi has been deliberately pursuing a discriminatory policy towards West Bengal in regard to the issue of industrial licences. But his speeches seem to have created such an impression. In any case, it is mainly for the West Bengal government to create suitable conditions so as to enthrone entrepreneurs to invest in this state.

The Association of Indian Engineering Industry (Eastern Region) disclosed recently that the West Bengal engineering industry was "suffering grievously" because of inadequate and irregular supply of electricity. The association revealed that the total loss in engineering production due to extensive load-shedding was valued at Rs 76 crores since January 1973, that large export orders of various kinds of engineering goods had been held up, that plant machinery, raw materials and components had been excessively damaged, and that due to the lack of work and production, there were "serious apprehensions" in regard to industrial relations.

Unless therefore the government of West Bengal takes effective measures to improve the availability of power, the state's industrial development will continue to be severely retarded. Mr Ray has been trying to evolve a scheme for rationing power among various types of consumers but his efforts hitherto have not proved successful. It is, of course, not easy to formulate and implement a rationing scheme which will be fair to all consumers. But if the present chaotic situation in regard to power supply continues to persist, it will be extremely difficult for the existing industries to maintain production even at the present level when most of them are able to work hardly up to 50 per cent of their capacity.

The Association of Indian Engineering Industry (Eastern Region) some time ago conducted a survey among its members in regard to the industrial licence applications pending with the centre for projects in West Bengal from the foreign controlled companies and the large industrial houses. This survey showed that the investment likely from the implementation of these licences would be about Rs 130 crores with a large employment potential.

The government of West Bengal has been urging the central government to expedite the issue of licences for these projects but even if New Delhi takes a quick and favourable decision, will they be able to commence production in view of the acute shortage of power? Apart from power, the severe shortage of coal, steel and other essential materials has also been a major impediment to industrial production and expansion of industries in West Bengal.

The West Bengal Industrial Development Corporation has said in a report just released that entrepreneurs are evincing interest, that resources are being made available and that there is an increasing desire to invest. But the report admits that fully developed land with requisite facilities like power, water, railway sidings and approach roads is "hard to find outside the congested industrial belt of Calcutta, Howrah and 24 Parganas". In November last year, the state government set up the Industrial Infrastructure Development Corporation. This was done through an ordinance, which gave the impression that the government was going to develop the infrastructure facilities with a sense of urgency. But the infrastructure corporation seems to be going ahead with its task in a leisurely manner. It is understood that this corporation will first take up a large area in Kalyani for infrastructure development and that it will proceed from one growth centre to another till all are covered. But unless all the growth centres are provided with the necessary infrastructure facilities, more or less simultaneously, it will not be possible to impart some momentum to the state's industrial growth.

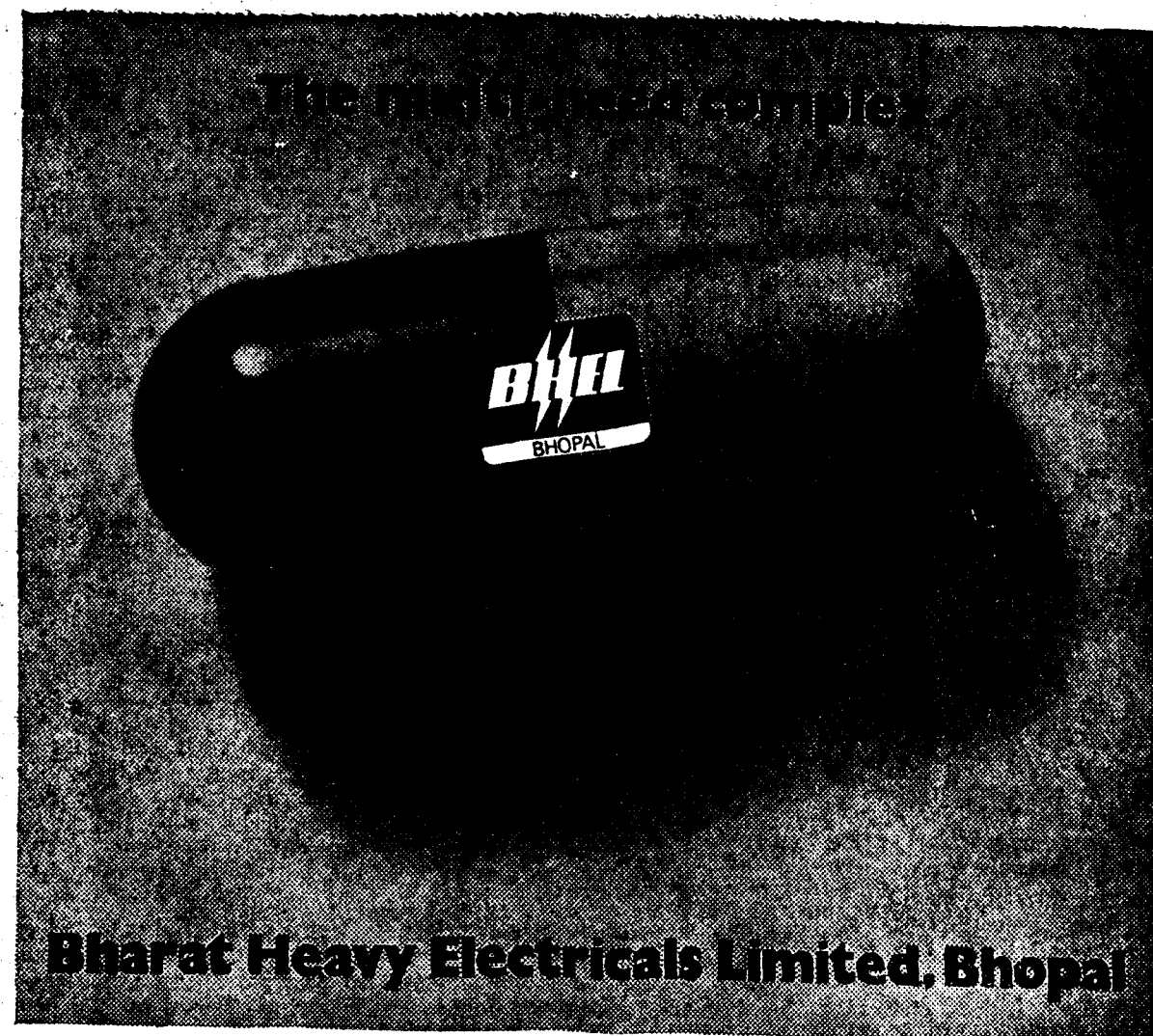
An interesting development in West Bengal has been in the field of joint sector projects. These are for the manufacture of automobile tyres and tubes, television receiving sets, cement, scooters, alloy steels, cigarettes, and tungsten filaments. Joint sector projects are also being considered for setting up spinning mills in the backward districts and a watch factory in Darjeeling. The initial expenses for these projects will be met by the West Bengal Industrial Development Corporation. The latter will also participate in their equity up to 26 per cent. The joint sector partners will contribute 25 per cent of the equity and the rest will be offered to the public. These projects are estimated to involve a total investment of about Rs 140 crores.

The government of West Bengal has been keen that the partners from the private sector for these projects should come from among the local entrepreneurs but it seems that there has been no encouraging response from them. The government, however, should not indefinitely delay action on these schemes on the ground that it has not been able to find local en-

trepreneurs. It is essential that all the projects should be expeditiously implemented, irrespective of whether the partners are Bengalis or are from other states. The early completion of these schemes of great importance to the development of West Bengal's economy from the point of view of employment and the supply of essential goods. For example, the cement project will considerably help West Bengal to augment the availability of this important building material. The original letter of intent was issued in December 1971 for 200,000 tonnes of portland cement per year. Now it is proposed to produce slag cement, and the central government has been requested to increase the capacity of the plant from 200,000 tonnes to 800,000 tonnes. In the case of other projects also valuable time is being lost on account of one reason or another.

Mr Siddhartha Shankar Ray therefore should see to it that the Industrial Development Corporation works energetically and completes these schemes as early as possible. The corporation seems to be quite optimistic about the development prospects. It says: "New avenues of investment are now opening in West Bengal ready to be explored by youthful, open-minded entrepreneurship. These are signs of regeneration, and more capital is flowing into the state. For example, in the next few years there will be 13, possibly more, mini-steel plants in the state with a capital investment of about one crore rupees each. Every day the volume of enquiries grows, and the interest entrepreneurs are evincing in West Bengal. These do not look like flashes in the pan; there are signs of a steady fire". West Bengal's industrial potential is, of course, immense but the state government has to show a great deal of initiative before it can hope to speed up its economic growth at the same rate as other states.

Meanwhile, the central government should also help West Bengal by setting up some major projects such as a shipyard and a petrochemical complex. The Association of Indian Engineering Industry has expressed concern at reports that the petrochemical complex which was to have been set up in Haldia has been abandoned. It has said that this complex would have been "a natural corollary" to the refinery that has been already established in Haldia. It has claimed that the project will generate a host of industries downstream of the petrochemical complex and make "a vital difference" to the economy of West Bengal and the eastern region. Similarly a shipyard in Haldia will also give a big boost to the state's economy. It is true that New Delhi can decide on these projects only after considering all the relevant factors from the national angle but this surely can be no justification for indefinite indecision.



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FROM THE CAPITAL CORRIDOR

R. C. Ummat

Fertilizer Imports • Mini Newsprint Plants • Paper Output • New Electronics Units

DETAILS are now available of fertilizer imports which have already been contracted for shipment during the current financial year. The total quantity arranged from as many as 16 countries is nearly 883,000 tonnes in terms of plant nutrients—approximately 428,500 tonnes nitrogen (N), 107,400 tonnes P_2O_5 , and 347,000 tonnes K_2O . The current year's indigenous production programme envisages an output of about 1.4 million tonnes N and slightly over 0.4 million tonnes P_2O_5 . The requirements of K_2O are primarily met by imports as the country does not produce more than a couple of thousand tonnes of this type of fertilisers.

The possibility of arranging some more imports is not ruled out, provided, of course, shipping space can be firmed up. Arrangements for shipping, it is understood, have been made by the Minerals and Metals Trading Corporation — the public sector organisation which imports fertilisers from the east European countries — up to the end of December only. It is understood to be making strenuous efforts to arrange sailings for the January-March quarter of 1975. The position in respect of imports from other countries is not much different. Any large additional imports, of course, may not be possible not only because of the sharp rise in prices but also due to the overall shortage of the three plant nutrients in the world markets.

types of products

The above imports have been contracted in the form of various types of products. So far as nitrogen is concerned, the imports will be in the form of 675,000 tonnes urea, 88,000 tonnes ammonium nitrophosphate, 135,000 tonnes calcium ammonium nitrate, 19,000 tonnes ammonium sulphate nitrate, 125,000 tonnes ammonium sulphate, 182,500 tonnes diammonium phosphate and 40,000 tonnes NPK complex fertilisers. The imports of P_2O_5 will

be in the form of ammonium nitrophosphate, diammonium phosphate and NPK complexes (along with those of nitrogen). The K_2O imports will be in the form of muriate of potash, sulphate of potash and NPK complexes. The imports of muriate of potash will be of the order of 700,000 tonnes and those of sulphate of potash 70,000 tonnes.

MMTC imports

The Minerals and Metals Trading Corporation will be importing 250,000 tonnes muriate of potash (2,00,000 tonnes from the German Democratic Republic and 50,000 tonnes from the Soviet Union), 4,46,000 tonnes urea (200,000 tonnes from the Soviet Union, 46,000 tonnes from Bulgaria, 20,000 tonnes from the Democratic People's Republic of Korea and 180,000 tonnes from Poland), 35,000 tonnes calcium ammonium nitrate (from Poland) and 75,000 tonnes ammonium sulphate (from the Soviet Union). The Soviet Union, thus, will be making available this year 200,000 tonnes urea, 75,000 tonnes ammonium sulphate and 50,000 tonnes muriate of potash. Poland will supply 180,000 tonnes urea and 35,000 tonnes calcium ammonium nitrate. The German Democratic Republic, Bulgaria and the Democratic People's Republic of Korea will ship to us 200,000 tonnes of muriate of potash, 46,000 tonnes urea and 20,000 tonnes urea, respectively.

Of the remaining imports, West Germany will supply 100,000 tonnes muriate of potash, 10,000 tonnes sulphate of potash, 42,250 tonnes ammonium nitrophosphate, 15,000 tonnes urea, 25,000 tonnes calcium ammonium nitrate, 9,000 tonnes ammonium sulphate nitrate and 15,000 tonnes ammonium sulphate. Italy has promised to make available 10,750 tonnes ammonium nitrophosphate, 20,000 tonnes urea, 65,000 tonnes calcium ammonium nitrate and 10,000 tonnes ammonium sulphate nitrate. Belgium

will export to us 10,000 tonnes urea and an equal quantity of calcium ammonium nitrate. About 30,000 tonnes urea and 15,000 tonnes ammonium sulphate will be coming from Holland. The imports from Japan will be 100,000 tonnes urea and 20,000 tonnes ammonium sulphate. France, Norway, Canada, Kuwait, the United States of America and Yugoslavia will make available 35,000 tonnes ammonium nitrophosphate, 15,000 tonnes urea, 350,000 tonnes muriate of potash, 39,000 tonnes urea, 182,500 tonnes diammonium phosphate and 40,000 tonnes NPK complex fertilisers, respectively.

An interesting fact about the contract imports is that whereas we will have to pay substantially higher prices for some other types of fertilisers, the imports of muriate of potash have been arranged at practically the pre-September 1973 price which ranged between \$ 42.5 and 43.4 per tonne f.o.b. bulk. The official circles, however, are reticent to disclose the prices at which some of the contracts have been entered into after November, 1973 for the import of nitrogenous and phosphatic fertilisers.

As already reported in this column, the total requirements of fertilisers during the current financial year are estimated around 4.42 million tonnes — 2.97 million tonnes nitrogen, 0.94 million tonnes P_2O_5 , and slightly over half a million tonnes K_2O .

The Bureau of Industrial Costs and Prices, the Directorate-General of Technical Development and Hindustan Paper Corporation, it is understood, are considering the prospects of setting up some mini newsprint plants. In a note submitted to the Development Council for Paper Pulp and Allied Industries, Dr J. C. Agarwala, a member of the council, has claimed that mini newsprint plants are better suited for the socio-economic conditions prevalent in the country.

According to Dr Agarwala, the mini newsprint plants would need a capital co

of just between Rs 2,500 and Rs 3,000 per tonne of installed capacity, whereas the Hindustan Paper Corporation might have to spend nearly Rs 10,000 per tonne of capacity in the large-sized projects it is contemplating. The foreign exchange requirements of the mini newsprint units are also much less—only between 500 to Rs 750 per tonne of capacity, as against between Rs 2,000 and Rs 2,500 in the case of large-sized plants.

Another major advantage of setting up mini projects would be reduction in dependence for the manufacture of newsprint on forest resources. Dr Agarwala thinks these resources could be utilised more profitably for the production of writing, printing and other industrial papers which too are in acute shortage in the country. The mini newsprint plants can be based on agricultural residues and re-cycled fibres and they would require only small quantities of chemical grade virgin pulp. Dr Agarwala has deplored the proposal for the manufacture of newsprint in the public sector using Beta reeds in Kerala. He feels that this raw material is perhaps the only material available in the country for making high strength papers.

The establishment of mini newsprint plants, it is further claimed, would help the dispersal of industry in various parts of the country and create more employment than the large-sized projects can. The gestation period of the mini plants too is very much smaller than that of the large units. The mini plants can be put up by even small-scale entrepreneurs.

The profitability of mini plants, according to Dr Agarwala, however, depends on the extent of assistance that can be offered by the government for setting up these plants. If second-hand equipment allowed to be imported, the mini plants, Agarwala feels, can be set up very quickly at a very small cost and newsprint made available to the consumer at competitive prices. The planning for each mini plant, of course points out, has to be customised. So the cost would vary from unit to unit. If second-hand equipment is made of, the mini plants, Dr Agarwala estimates, can yield a return of about 15 per cent on capital employed.

The quality of the newsprint made out of agricultural residues like straw and sticks and re-cycled fibres, of course, will not be as good as that of the newsprint imported from Canada and the Scandinavian countries. But, it is felt that it will serve the purposes of our newspaper industry.

The figures of the last year's output of

paper and paper board, which are now available, confirm the general belief that the sharp rise in their prices after August-September, was not wholly due to the fall in production. The total output in 1973—796,093 tonnes—was only marginally short of the previous year's production—803,543 tonnes. Category-wise, it was as follows.

	(In tonnes)	
	1972	1973
1. Printing paper	2,85,553	2,82,146
2. Writing paper	1,58,709	1,58,023
3. Packing and wrapping paper	1,98,418	1,94,914
4. Miscellaneous varieties of paper	28,050	29,702
5. Paper Board	1,32,813	1,30,808
Total	8,03,543	7,96,093

The output of all the three major categories of paper namely, printing paper, writing paper and packing and wrapping paper, and of paper board somewhat declined, but that of miscellaneous varieties—the superior ones—showed a small increase. This apparently was due to the fact that the miscellaneous varieties could fetch very fancy prices and it was considered more profitable to produce these varieties than the other categories. The sharp rise in prices, which according to some paper magnates themselves was "unconscionable", could also not be justified on the grounds of the growth in demand and the general inflationary tendencies in the economy. The game of nomenclature indulged in by a majority of paper manufacturers and the government's shutting its eyes to it helped the industry as well as the trade to jack up prices, particularly of printing and writing papers. Although the industry had agreed early this year to standardise the varieties of writing and printing papers to a much smaller number than was the case last year, the situation in regard to these papers has not eased very significantly.

The utilisation of capacity in the paper industry last year was to the extent of about 82 per cent. The marginal setback to production in most cases was caused not by technical reasons but by the difficulties of coal, power, raw materials and labour unrest. If these difficulties are removed, the output this year, it is claimed, can be raised to 8,50,000 tonnes which would adequately meet the demand.

During the current financial year, it is also expected that an additional production to the extent of at least 30,000 tonnes will be available from the new schemes which will be completed in all respects either this year or in 1975-76. These include:

(1) New Ventures: Ashok Paper Mills—Assam unit—27,000 tonnes capacity;

Ashok Paper Mills—Bihar unit—13,000 tonnes; Laxmi Board 22,500 tonnes; Central Paper Mills 17,500 tonnes (Part completion upto 7,000 tonnes).

(2) Substantial Expansions: Star Paper Mills 6,000 tonnes; Titagarh Paper Mills 6,500 tonnes; West Coast Paper Mills 15,000 tonnes; Andhra Pradesh Paper Mills 15,000 tonnes.

The additional capacity approved for establishment in the paper industry aggregates to 17,60,600 tonnes. Its break-up is as follows:

	No.	Capacity (tonnes/Yr)
1. Schemes covered by industrial licences (new units)	7	1,18,760
2. Schemes covered by industrial licences (substantial expansions)	23	1,42,450
3. Schemes covered by letters of intent (new units)	55	12,29,010
4. Schemes covered by letters of intent (substantial expansions)	13	2,09,600
5. Registration cases	19	60,780
Total		17,60,600

Currently, we have a total capacity to produce 9,66,520 tonnes of paper and paper board per annum. It is targeted to have 1.4 million tonnes capacity by 1978-79. The production target for that year is 1.2 million tonnes.

Three new public sector undertakings under the administrative control of the Department of Electronics are envisaged to be set up this year. These are:

- an electronics trade and technology development corporation—it will concern itself with certain aspects of the import/export trade in electronics as well as assessment and transfer of advanced technologies in electronics;
- a semi-conductor complex for production and research and development in the areas of medium and large-scale integrated circuits and display devices; and
- a computer maintenance unit to provide capability for the maintenance and servicing of computers imported from abroad and also to assist user agencies in systems engineering.

The exact locations of these units have not yet been decided. They will be selected on the basis of techno-economic considerations which are said to be under examination by the Department of Electronics.

POINTS OF VIEW

Pharmaceuticals and the public interest

V. Balasubramanian

THE PHARMACEUTICAL industry is having a hard time in the British press which is recalling with relish Voltaire's comment that medical treatment consists of pouring drugs of which we know nothing into a patient of whom we know less. A report in *The Guardian* quotes Dr Andrew Herxheimer, editor of 'Drug and Therapeutic Bulletin', an independent drug review sponsored by the Consumers' Association, as saying that he estimated that between 20 and 40 per cent of National Health Service prescriptions were placebos. "Everyone is happy," says Dr Herxheimer, "because everyone is collecting. The doctor thinks it might do some good, the patient thinks it might do some good, and the manufacturer, of course, is happy."

More specifically *The Guardian* claims that a comparative study of international drug standards conducted by it shows that nearly a quarter of the 400 drugs ruled by the Food and Drug Administration to be lacking evidence of effectiveness and thus subject to mandatory withdrawal from the US market, are still on sale in Britain. Accusing American and Swiss pharmaceutical companies of selling in Britain "ineffective" prescription drugs which they have withdrawn from the United States market, this newspaper mentions in this connection Ciba's Bradasol lozenges, Parke Davis's Benylin expectorant (this drug, however, is still on sale in the US because the firm has appealed against the adverse FDA ruling), Armour's Sinaxar, Sandoz's Hydergine and Searle Laboratories' Pro-Bantane (they continue to be sold in the United States but the FDA has asked for further evidence of the efficacy claimed for them).

lacking efficacy

Analyzing FDA-rated drugs on the British market *The Guardian* suggests that nearly 14 per cent lack evidence of efficacy for all conditions which they claim to treat, while more than half have been declared to be lacking evidence of efficacy for some claims. Barely 18 per cent have been ruled fully effective.

The Guardian report mentions the view expressed by the Association of British Pharmaceutical Industries that the FDA ratings are controversial. It also notes that there is an impression in the pharmaceutical industry that the FDA nurses a prejudice against combination drugs. *The Guardian*, however, proceeds to point out that the correlation between drugs rated poorly by the FDA in the United States and the Standing Joint Committee on the Classification of Proprietary Drugs (now defunct) in Britain is quite close, thus casting doubt on the argument that the FDA's rulings have been unfair and capricious. For example, the drugs Cordex (Upjohn), Cremomycin (Merck, Sharp and Dohme), Rauvax (Squibb), Rauwiloil-Veriloid (Riker) and Co-Hydeltra (Merck) were rated in Britain as having "an unacceptable lesser degree of efficacy or are of unacceptably greater toxicity". The same drugs have been rated by the FDA as "lacking substantial evidence of efficacy" for all conditions they claim to treat.

typical explanation

Typical of the explanation given by pharmaceutical firms continuing to sell in the British market drugs on which an adverse ruling has been given by the FDA in the United States is the argument of Merck, Sharp and Dohme, whose anti-diarrhoea drugs Cremosuxidine, Sulfasuxidine and Cremomycin have been withdrawn in the United States: "British doctors continue to prescribe these drugs, and they certainly regard them as efficacious. None of these drugs is actively promoted, but we have no intention of withdrawing them. We don't share the view that the FDA is always right." Pfizer is more soft-spoken but equally firm. Declaring that it has no intention of stopping sales of its antibiotic drug Sigamycin in Britain, a Pfizer spokesman in the UK is reported to have said: "We try to oblige our customers, and they swear by it. There is no reason to discontinue so long as there is sufficient demand."

Now may I express a personal wish that some energetic team of reporters (perhaps from the stables of *The Times India*) would make a nationwide survey of drug marketing to find out which drugs withdrawn from the US market following adverse FDA rating are being retailed in our country? The central government Drug Controller, I suppose, should have this information, but I doubt that his office is making use of it. As a matter of fact, a great deal more needs to be known about the functioning of the drug control machinery, whether at the centre or the states, than the public is aware of.

political dividends

Effective drug control administration unfortunately, is not among the priorities of the central Health ministry or the Health departments in the states. One reason is that, because of the political mileage it can get out of it, the government of India, aided and abetted by certain politicians in Parliament, has been lavishly spending its energy and time on largely pointless scheme for controlling drug prices.

While prices and profits in the drug industry certainly need to be supervised by the government, it is doubtful that the attempts made in this direction have substantially succeeded in their avowed object. On the contrary, there is reason to believe that the drug control structure is not sufficiently scientific or flexible with the result that the rapid growth of the pharmaceutical industry, so essential for the progress of public health and medical care, is being deterred to some extent. There is also room for the specific apprehension that low, or lack of, profitability is encouraging pharmaceutical companies to go slow with the manufacture of quality essential drugs. Meanwhile, the government's preoccupation with drug prices or profits in the organized sector of the industry goes ill with its criminal neglect of the task of policing the small scale sector which, in many parts of the country, is becoming synonymous with the traffic in sub-standards.

various products. In the same manner, to a lesser extent, the government may have been remiss also in ensuring that the highest available international standards are enforced on the marketing of drugs by pharmaceutical companies in the organized sector. A study similar to that

conducted by *The Guardian* in Britain may quite possibly force New Delhi to recognize at least the need for putting first things first. The Kanpur tragedy of 'glucose deaths'—this, incidentally, was not the first of its kind nor is it likely to be the last—should of course have alerted the

government to this issue of priorities, but there has been nothing subsequently in Dr Karan Singh's public statements or in the known actions of his ministry to reassure the public that its life and health have become the primary concern of the government's policy for pharmaceuticals.

POINTS OF VIEW

Evolving a national wage policy

M. R. Meher

HERE HAS recently been much talk about evolving an integrated national wages and incomes policy. At a recent seminar, the Union Minister of Commerce, Mr D. P. Battopadhyaya, spoke in favour of a "national and national" wage policy and also a ceiling on incomes. During the debate in the Lok Sabha on the budget demands for the Ministry of Labour, the Union Labour Minister, Mr K. V. Aghuhatha Reddy, said that the government was seized of the problem of weeding out the anomalies and irrationalities of the existing wage structure, and evolving a national wage structure consistent with the objectives of growth with equity.

Reasonable balance

Some time back a committee under the chairmanship of a member of the Planning Commission brought out a blueprint urging a national wage policy within the framework of an appropriate incomes policy. It stressed the necessity of a reasonable balance between wages, salaries and entrepreneurial incomes in the organized and unorganised sectors. The committee opposed unlimited increases in wages and salaries in the organised sector. It felt that the emoluments for the high skilled labour are often disproportionate. Salaries in the private sector should not be out of line with those in the public sector and a greater balance should be restored between them. The committee pointed out that the whole nation had made sacrifices in building up the key and basic industries, not only by way of payment of internal taxes through savings and high prices but also by shouldering the burden of external loans and the fruits of this effort cannot be allowed to be appropriated only by the workers and employers in these sectors.

Speaking at the annual meeting of the Employers' Federation of India, its President, Mr Naval Tata, urged that wage disputes should be decided according to some guidelines. These guidelines which may be evolved by the government after tripartite consultation and based on the national objective of economic growth with social service should be declared to be the state policy. All parties including conciliators, tribunals and courts or arbitrators should adhere to these guidelines. After these guidelines are laid down, a high power wage commission should look into the major agreements and awards and ensure that these conform to the accepted guidelines and are not mere ad hoc decisions. He listed by way of illustration the following objectives as desirable in formulating wage guidelines: (i) It should reduce inter-industry and inter-regional disparities in wages, (ii) maintain reasonable balance between wages and non-wage incomes in all sectors of the economy, (iii) ensure improvement in wages of poorly paid and unorganised workers, (iv) promote employment and making it economically attractive for industries to expand and to discourage indiscriminate labour-saving devices, and (v) help to curb inflationary pressures.

Price stability

The draft of the fifth five year Plan has highlighted the need to maintain price stability to secure non-inflationary development. As regards wage policy it says that the wage and non-wage benefits must be related to performance in industrial enterprises. In fixing wages, attempts should be made to narrow down non-functional disparities as well as take into account the wage levels prevailing in the unorganised sector. It is also necessary to build up over a period of time a national

wage structure. An important beginning can be made through attempts to narrow down disparities within the organised sector itself, including both private and public sectors. The Draft does not clearly indicate the practical steps and machinery for securing these objectives.

In the context of the continuous inflation in the economy a national wage policy can only be thought of as part of an integrated wages, incomes and prices policy. So far as incomes are concerned there is to some extent a limit on excessive incomes in the shape of income tax and wealth tax, but there are great disparities in incomes because of the parallel economy of black money. If this evil can be curbed and an appropriate incomes policy is extended to the prosperous agricultural sector also, there would be no great difficulty in implementing an appropriate incomes policy.

Necessary policy

So far as wages are concerned, trade unions have always been urging that there can be no restrictions on wages unless stability in prices is secured. But it is precisely in a period of continuous inflation that an integrated wages, incomes and prices policy is very necessary. Prices can be controlled to a limited extent by government as they depend on factors like cost of production and demand and supply of goods. The opposition from trade unions might be more easily overcome if cooperation from all parties is secured in a concerted effort in all directions to contain inflation and also to evolve and implement an equitable national wages and incomes policy. Some time back the Union Finance Minister, Mr Y.B. Chavan, speaking at the Asian Trade Union seminar organised by the AITUC, observed that claims of wage increases

and other amenities must bear some relation to the national paying capacity and also to the need for faster accumulation of capital. Such an attitude would also help the speedy growth of employment opportunities.

It has been recognised that there are many anomalies and irrationalities in wage structures. For example in recent years certain sectors in industry have emerged as very high wages/salary islands. The employees therein have, by using pressures, pushed up wages (including dearness allowances) which are very much out of line with those in similar occupations in other industries, e. g. in the nationalised banks, the LIC and the large pharmaceutical concerns having foreign collaboration. In such industries the bonuses and fringe

benefits are also high. It is not that in these sectors the employees work harder than in other industries, but they are in the fortunate position of being employed in these prosperous industries. Furthermore, industries having the highest wages are precisely those in which employment increases are the smallest. More of the unemployed and underemployed and those engaged in unproductive activities would be employed in such industries if the wages were not set very high in relation to the traditional sector.

Very high wages and dearness allowances provoke demands for higher wages from employees in other industries. An appropriate wages and incomes policy must aim at reducing excessive disparities and anomalies in wages and incomes. While

it should pay attention to the task of raising incomes to a minimum level in the unorganised sector and the non-industrial sector of the economy. It should not interfere with rises in wages linked to productivity. It should control any further rises in emoluments in very high wage islands. The entire wage and incomes policy has to be functionally useful. For giving effect to an appropriate wages and incomes policy it would be necessary to have a high power wages and incomes board with powers to lay down guidelines which should be laid before Parliament and subject to its review. The guidelines should be made binding on industrial tribunals, wage boards and arbitrators, and required to be observed in tripartite settlements between employers and unions.

POINTS OF VIEW

Impact of green revolution on farm labour

A. C. Gangwar & Parmatma Singh

WITH THE introduction of high yielding varieties of wheat, paddy, maize, bajra and jowar which are highly responsive to heavier doses of fertilizers, irrigation and plant protection measures, the demand for the mechanization of some of the farm operations has increased rapidly. This has shifted emphasis from labour intensive to capital intensive farming. Mechanization is thus one of the major aspects of capital intensive farming. In Haryana, for example, pumpsets, threshers, tractors and other mechanical devices have rapidly gained popularity among the farmers. The demand for such mechanization emerged from the inadequate supply of labour at peak periods of work and high labour charges.

It has often been contended that mechanization of farm operations would reduce labour requirements in agriculture. This would in turn increase the number of surplus labour in the countryside. Lower demand for labour would force wages to remain constant even though productivity of labour increased. Since farm labour was unorganised, it was unable to get its due share of increased productivity. This line of argument has necessitated an examination of the factual position in this regard. It needed to be investigated if due

to the introduction of mechanization, per acre labour requirement had come down to a lower level than per technology period. It also needed to be seen if wages moved at a lower rate than the consumer price index for agricultural labour. The specific objectives of this study thus were:

- To examine the impact of the green revolution on the employment of agricultural labour.
- To work out the trend in agricultural wage rates and the consumer price index.

For this study, Haryana was considered a suitable area, as it has experienced a faster mechanization rate in the field of agriculture. The study is based on the secondary data collected from published and unpublished sources. Data regarding the use of agricultural labour were collected at two time periods, i.e. 1961-62 and 1971-72. The first represents the use of labour before the inception of the new technology and the second after the inception of new technology of agricultural production. The data regarding wages for different farm operations were obtained from the statistical abstract of

Haryana from 1960 to 1970 at current prices. Similarly the data on consumer price index (current prices) of agricultural labour were obtained from the statistical abstract of the state. The index numbers of these data were constructed considering 1960 as the base period. To find out the rate of growth of agricultural wages for major farm operations regression equation of the following form was fitted:

$$Y = a + bt$$

where,

Y = wage rate

a = constant

b = regression coefficient and

t = time period.

To eliminate the effect of money illusion in the wages, the money value of wages was converted into its purchasable capacity for different commodities. The wages were evaluated in terms of these commodities at two time periods, i.e. 1961-62 and 1971-72. The commodities considered for this purpose were wheat, gram, bajra and sugarcane (gur).

To examine the impact of the green revolution on the employment of agricultural labour, data from the two studies

POINTS OF VIEW

conducted in the same region are presented in Table I.

TABLE I

Haryana: Labour Employment in Crop Production

Crop	(Man-days per acre)	
	1961-62*	1971-72†
Bajra	9.72	20.00
Wheat	19.83	31.50
Gram	14.75	15.25
Sugarcane	74.00	68.20

*The Studies in the Economics of Farm Management in Punjab; 1961-62: Publication No. 54, Economic and Statistical Organisation, Govt. of Punjab.

†Singh P. and Ram Kanwar: "Prospects and Problems of Multiple Cropping in Haryana", Department of Economics, HAU, Hissar, (unpublished).

Table I indicates that in crops like bajra and wheat where a breakthrough has been experienced, the per acre use of labour increased from 9.72 days and 19.83 days in 1960-61 to 20.00 days and 31.50 days in 1971-72, respectively. As against this, in the case of gram and sugarcane where no significant technological change has taken place, there is not much change in the use of labour either. In the case of sugarcane, the decline in the labour use was slightly more than in gram. It reflects the fact that in all those crops where technological breakthrough has taken place, even with the present level of mechanization, labour use per acre has increased. Against this, in crops where technological changes have not taken place, per acre labour employed shows a declining trend. This is due to the fact that the crops which have not been affected by the green revolution have also been affected by the process of mechanization besides bajra and wheat. These findings thus reveal that the green revolution has increased human labour employment. These findings are in conformity with the findings of I.J. Singh¹ and Shastri and Mukerjee.²

To study the impact of the green revolution on agricultural wages, data on daily agricultural wages and consumer price index for agricultural labourers were used in the Statistical Abstract of Haryana. The index numbers of the daily agricultural wages were calculated by taking 1960 as base year.

TABLE II
Index Number of Wages Paid to Agricultural Labourers

Year	Agricultural labour used for						Skilled		Consumer price index for agricultural labour (Base 1960-61)
	Ploughing	Sowing	Weeding	Harvesting	Picking	Other operations	Blacksmith	Carpenter	
1961	93	104	80	107	114	87	128	113	104
1962	108	112	95	118	157	108	135	122	106
1963	110	115	101	134	137	114	143	123	106
1964	116	122	103	131	129	122	138	122	138
1965	113	112	98	115	143	113	146	126	138
1966	125	129	113	133	181	132	158	135	148
1967	142	161	133	181	183	146	170	156	194
1968	167	175	142	191	195	172	211	183	191
1969	196	205	163	211	212	185	236	207	193
1970	218	232	183	239	218	213	256	223	196

Table II shows that farm labour wages increased by 118, 132, 83, 139, 118 and 113 per cent for ploughing, sowing, weeding, harvesting, picking and other agricultural operations respectively in 1970 over 1960. The maximum increase was observed in harvesting followed by sowing operations. This reflects that by increasing yield and cropping intensity, the new farm technology has made these operations labour intensive. In fact harvesting and ploughing are two major farm operations in which farm mechanization has been predominant. Some workers have called this selective farm mechanization. Increase in wages was lowest for weeding operations. This seems mainly due to the use of weedicides which forms a package of the new farm technology. In the case of skilled labour the increase in the wages of blacksmiths was more prominent than that of carpenters. The wages of blacksmiths increased 156 per cent in 1970 over 1960 while the increase was 123 per cent in the case of carpenters. This indicates that due to mechanization, the demand for blacksmiths has increased relatively more than that for carpenters and this has resulted in a shift in the demand-supply equilibrium at the higher level in regard to wages.

The increase in the consumer price index of agricultural labour for the corresponding period was only 96 per cent. This shows that money wages increased at a faster rate than the consumer price index of agricultural labourers. In a labour deficit state such as Haryana, this finding seems plausible. However, real wages in terms of farm commodities remained almost the same during 1961-62 to 1971-72 (Table III).

TABLE III
Wages of Farm Labour in Terms of Commodities

Crop	1961-62		1971-72	
	Wages/Day (Kg)	Price/Qt. (Rs)	Wages/Day (Kg)	Price/Qt. (Rs)
Wheat	6	38.82	6	80.00
Gram	7	35.44	6	82.00
Bajra	6	36.24	8	60.00
Sugarcane (Gur)	6	38.29	6	80.00

To compare the increase in wages and increase in consumer price index for agricultural labour, a more refined test was applied. For this linear equations were fitted considering increase in index of wages and prices as dependent and time as independent variables. This was done to eliminate fluctuation effect from the wages and consumer price index in between the years. These results are presented in Table IV.

TABLE IV

Linear Trend of Wages Paid to Agricultural Labourers and Consumer Price Index

Operation	Equation
A—Agricultural labour	a b (constant) (regression coefficient)
Ploughing	$Y = 67.86 + 12.88t$ (1.74)
Sowing	$Y = 72.12 + 13.56t$ (2.01)
Weeding	$Y = 64.01 + 10.38t$ (1.21)
Harvesting	$Y = 79.61 + 13.89t$ (2.13)
Picking	$Y = 106.57 + 10.97t$ (1.63)
Other agricultural operations	$Y = 70.73 + 12.45t$ (1.37)
B—Skilled Blacksmith	$Y = 95.21 + 13.98t$ (2.03)
Carpenter	$Y = 84.45 + 12.10t$ (1.77)
C—Consumer Price Index for Agricultural labour	$Y = 82.50 + 12.54t$ (1.36)

It is observed from Table IV that over this period the money wages of agricultural labour in the state grew at an annual rate of 10.38 per cent for weeding to 13.89 per cent for harvesting. The highest growth rate in the wages was experienced for harvesting, sowing and ploughing with 13.89, 13.56, and 12.88 per cent increases per annum, respectively. In the corresponding

period the wages of skilled labour i.e. blacksmiths and carpenters increased by 13.98 and 12.10 per cent per annum respectively. During the same period consumer price index for agricultural labourers attained an annual growth rate of 12.54 per cent. This reflects that the real wage rates in the state remained more or less constant over this period. The increase in wages experienced by the farmers is mainly a monetary phenomenon and labourers have not gained due to the increase in wages. The policy implication of this finding is that there was no change in the economic position of agricultural labourers from 1960 to 1970 and they have remained where they were. The increase in money wages was neutralised by the increase in the consumer price index.

The data on wages were obtained from the two studies mentioned in Table I to know the real wages of agricultural labour in 1961-62 and 1971-72. Money wages were expressed in terms of commodities which can be purchased from these wages. The data has already been presented in Table III. (Page 1026).

Table III reveals that there was no change in real wages in 1971-72 over 1961-62 measured in terms of wheat and sugarcane (gur) quantity paid as wages. As against this it increased for bajra and decreased for gram in 1971-72 over 1961-62. This was mainly due to the price

factor for these commodities. This substantiates the findings of Table IV and suggests that the increase in money wages of labour is simply a money illusion. There is no change in real wages from 1961-62 to 1971-72.

The data presented in this study reveals two facts. First that due to the green revolution the employment opportunities on farms has increased even when there has been a rapid growth in mechanization. Second, that in terms of real wages agricultural labourers in 1971-72 remained at the level of 1961-62. The increase in wages is nothing but money illusion. The wages have increased in the same proportion as the consumer price index of the agricultural labourers. On the whole it can be concluded from this study that agricultural labour has not gained anything from the green revolution so far as the standard of living is concerned.

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Eastern Economist 30 Years Ago

MAY 26, 1944

The Foodgrains Policy Committee, it would be recalled had recommended that India must import for current consumption a minimum amount of foodgrains which could not be put at less than at the average of net imports for the preceding quinquennium, viz., 1,000,000 tons a year in round figures. In addition, the Committee recommended that the Central Government must forthwith build up a Central Foodgrains Reserve of 500,000 tons in order that it might possess sufficient manoeuvring power to break defeatism and to curb

the monopolist who is prepared, for his own profit-making motives, to hold the Government to ransom. Consequently, the Committee pressed for a minimum import of 1½ million tons in the first year and of at least one million tons thereafter. The government had fully accepted the recommendations of the Committee and had given assurance that it would approach the British Government and press energetically for the necessary shipping and other facilities. However the figures which are now available reveal a very disappointing picture.

Are you thinking of emigrating to Europe?

London

Josselyn Hennessy

Europe's Immigrant Workers

THERE ARE ten million immigrants in the European Economic Community alone, excluding intra-EEC migrants. Gathered together, they would be a nation the size of the Netherlands or Assam. According to a UN forecast (pre-oil crisis), the immigrant labour force will be 22 million by 1980. That would be nearly half as many as emigrated from Europe to the New World in the great 19th century migrations. Those migrations to America produced enormous turbulence and suffering, but, compared with what is happening today, they were socially and racially homogeneous. The overwhelming majority were of European stock and Judeo-Christian culture. Today, the EEC has Turks, Moroccans, Jamaicans, Algerians, Pakistanis, Indians, Surinamese, Antilleans, South Koreans and Filipinos moving into the bottom rungs of a society very different from their homelands. Alienation, antagonism, withdrawal, hostility and reaction feed

have come to do jobs that Europeans no longer care to do is an article of faith among intellectuals and company personnel officers. On the other hand, for many, perhaps most, Europeans, the immigrants have come to take advantage of Europe's success in creating wealth, to compete for scarce housing, and to benefit highly by developed social services. When the facts and prejudice are so far apart, and when the "culprit" is so easily identifiable, the scope for social disturbance is great.

That the outbreak of violence have so far been localised and relatively small is probably fairly easily explained. First, there is the social stability of the European post-war system, strengthened by the economic advances from which most people have benefited. Secondly, immigration has helped European job mobility; the native workers have been able to move up a rung or two: they may not acknowledge why this has happened but that does not detract from their sense of achievement. Thirdly, first generation newcomers have been reluctant to inte-

changing. The first is the deep economic insecurity which has overtaken Europe. This does not mean that Europe will suddenly send all its immigrants home. Something more complex and in its own way damaging will happen. The immigrants do jobs that many native Europeans would rather be unemployed than do. In 1967, West Germany's economic growth dropped to 0.3 per cent. Yet although immigrant recruitment fell, 152,000 new workers were engaged during 1967. The return flow was only slightly larger than it would have been if there had been a boom. The net decrease of 200,000 (out of 1,300,000 foreign workers) was not due to dismissals by employers, but almost wholly to the fall in the number of new immigrants. Unless there is a long-lasting recession of unprecedented post-war proportions leading to major changes of work habits, the vast majority of immigrants will stay. The Commonwealth immigrants, who arrived in the UK before 1972, and Surinamese and Dutch Antilleans, are in an unusual position because they cannot be evicted without major changes in the law.

easy scapegoats

In these circumstances the immigrants are easy targets for those seeking scapegoats for society's ill. Passive tolerance could quickly become active animosity.

The second major change is the age structure of the immigrant population. It could not because of the foregoing probabilities, be happening at a worse time. Many migrants who came in the early 1960s now have teen-age children who have spent most of their lives in Europe. They feel no reason to be grateful for the opportunity to work in Europe rather than starve in Jamaica or India. It is not important whether or not they have the nationality of the European host-country (as, e.g. Commonwealth immigrants have); they still feel that they have a right to employment, to social mobility, and to a due measure of human dignity and self-respect. In their present situation, however, they tend to be sensitive of slights, real or imagined, and if things get worse they could cause serious social troubles.

It is not only lack of job opportunities in their own countries that has driven

At least two of these factors are

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MAY 24, 1974

most of the immigrants to west Europe. West Europe has itself exerted a pull through the miraculous economic growth of the past twenty years. Although this growth has been based on advanced technology and to that extent on capital intensive industry, the parallel growth in services has kept up the demand for labour.

Put another way, the availability of additional labour has been a main ingredient in sustaining growth. The plentiful supply of relatively undemanding workers, young and hard-working, has favoured a degree of economic development impossible without them. They have increased productivity by removing labour bottlenecks and have encouraged capital investment by being readier than others to work at night. They have kept wage levels realistic, preventing them from rising too fast, and at the same time have enabled European workers to move into higher skilled jobs. They have been less demanding on the social services because of their age-group and have been prepared, because of their mobility, to move in and out of short-life jobs. The massive post-war migrations of Turks to West Germany, Italians to Switzerland, Finns to Sweden, Algerians to France, Surinamese to the Netherlands and Moroccans to Belgium have one factor in common, they are all closely correlated with the economic growth of the recipient countries.

Flight from Agriculture

The mass immigration into west Europe from developing countries not only reflects the poverty of those countries but is a world-wide fact: the mass exodus from the countryside to industrial centres. Not only do the cities offer more chances of better paid work, but an industrial job, once obtained, does not depend on the weather or on day to day shifts in market prices. This process has been studied in many parts of the world, but Italy shows that it is also a European problem. In the past century, agricultural workers in Italy have dropped by 7.6 million even though the population has doubled. Since 1958, agricultural workers have dropped by more than one half. There are about three million Italians working outside Italy, but hundreds of thousands have left the land to flock to Italy's own industrial centres.

Algeria is typical of many poor countries in the European orbit. In 1930 Algeria's urban population was 300,000 five per cent of the total. By 1960, however, it had risen to 25 per cent, by 1963 to 33 per cent, by 1966 to 38 per cent.

The rural population in these years doubled. Under-employment in 1963 was 49 per cent for Algeria as a whole and 64 per cent among the active urban population. The Algerian Plan Directorate, although allowing for the continuation of 300,000 jobs overseas, calculates that it needs between now and 1980 to create 70,000 jobs a year outside agriculture just to stay abreast.

Algerian farm workers and small urban tradesmen began migrating to France in 1871. In 1912, there were 5,000 Algerians in France "engaged in labourious tasks in soap works and the docks, especially in Marseilles". Since 1945 immigration has grown rapidly. Between 1948 and 1958, some 200,000 Algerians entered France. Including families there are now 800,000. About a quarter of the active Algerian population in permanent employment was absent in Europe in 1966.

bad image

Today the Algerians seek work in the larger industrial firms. At the Billancourt works of Renault in 1965 all applicants for the thousands of jobs available were foreigners. "The French worker," explained the Secretary General of Renault, "has a bad image of industry. He prefers a white collar job, even if less well paid." Of the 95,000 Renault workers in France, 21,000 are immigrants.

Increasingly, Algerians are moving up the economic ladder. The proportion of skilled Algerians has more than doubled in eighteen years. Between 1953 and 1968 the number rose from 5.2 per cent of the total to 11.1 per cent.

Some might expect that after a period in France these increasingly skilled industrial workers would return home to help the expansion of Algerian industry. Certainly, their links with the homeland are stronger than those of Commonwealth immigrants in the UK, not least because there is the difficulty of having to live five years in France before they can apply for French nationality. Surveys of the Algerians in France show that most would rather have a job in Algeria than in France even if that means lower wages. The reality of the situation is more complicated. There is a gross imbalance between the kind of jobs Algerians do in France and the kind that are being opened in Algeria. Two thirds of Algerians in Europe work in building and construction. Assuming that Algeria achieves its planned vocational training of local workers in building, metal-working and transport, about 70 per cent of the Algerians trained in Europe may be unable to

finds jobs at home unless they change their trade or obtain higher skills. Yet the jobs likely to have vacancies in Algeria—chemicals, hydrocarbons and textiles—are not the industries in which many Algerians work in France.

The foregoing situation is repeated in all the sending countries, so that inevitably immigrants are prolonging their stays in Europe, bringing their children up in France and although always talking of going home, they rarely do, except for holidays. "The migrant then, is constantly torn," says the ILO expert on migration, "between his desire to overcome his deprivations and his desire to return home to a social structure in which he must feel the deprivations even more keenly than when he left. The result is that again and again he extends his stay abroad, and re-emigrates repeatedly after returning home on short visits. The process will finally lead to significant numbers of workers settling down in the receiving country—if not forever, at least until retirement age."

The former West German Chancellor Ludwig Erhard, once suggested that if Europeans were willing to work longer and harder they could do without most of the foreign workers. But the fact is that many Europeans are reluctant to sweep the streets, work on conveyor belts or wait on tables. There is no easy solution by substituting capital for labour in the sectors in which immigrants are typically employed. The Swiss government, fearful of the increasing percentage of immigrants (now 30 per cent — the highest in Europe) has been putting the squeeze on industry for some years now. Even so, it has been unable to reduce Swiss dependence on foreign workers to any extent. Moreover, increased capital investment must offset the effects of lower birth rates, earlier retirements, shorter working hours, longer holidays and increased years at school before it can make an impact on the demand for immigrant workers.

III

Capital in Search of Workers?

There is an alternative: to take European capital to countries where labour is plentiful. Albert Coppe, who was until last year the EEC Commissioner for Social Affairs, supported this view. The Dutch government has recently begun to consider it. Indeed, there was great interest in the Netherlands last year when a major textile firm announced that it was moving lock, stock and barrel to a developing country. One has, however, only to consider the textile example to see the weakness of this alternative. Once a protected

WINDOW ON THE WORLD

on each other. The anti-Turkish riots in Rotterdam in 1973 shook a society that thought—because of its success in integrating 300,000 Indonesians in the fifties—that it knew how to overcome racism. The race riots in Marseilles in 1973 damaged the picture of France as Europe's least racially-conscious society.

Opinion polls in all European countries confirm mounting discontent with the foreigners in their midst. That they

European textile firm moves to where its comparative advantage dictates, approximately 95 per cent of European industry will still be left behind. Certainly, the hospitals, subways, road sweeper, building sites and coal mines are not going to emigrate and they are the biggest recruiters of immigrants. It is also doubtful that Renault, Mercedes, Vredestein and MAN will move. It is not that they are reluctant to go abroad when the occasion demands! Renault already has several factories in developing countries. But Renault will only migrate when it pays, when local demands are high and production runs long. After all, European industry is loth to invest in its own underdeveloped regions, much less therefore in uncertain and unstable conditions overseas. It is, moreover, doubtful if European governments with their new balance of payments oil deficits will encourage large scale overseas investment.

But if economics dictates that Europe must fuel its growth with increasing immigrant workers, will European electors

stand for it? Can one even conceive of a Europe with 22 million immigrants by 1980? Labour migration that began to solve a real need is now in danger of becoming counter-productive.

At the moment, the situation in Europe is that there are industrialists who need labour, but Europeans electors who have benefited from immigrants, now feel that enough is enough. By contrast there are immigrant workers who feel forced by economic pressure and raised expectations to leave their homelands. The answer to this problem must take both sides of the equation into account. European industrialists will have to find ways of reducing their labour needs even if that means a zero growth system.

Secondly, developing countries will have to reorientate their development policies more towards rural developments and away from the cities and industries which feed the processes of emigration both in its domestic and foreign manifestations to the point where it has become

counter-productive. On this front at least progress is being made. In the last four years, the World Bank and other international development agencies have switched their interest towards rural development.

Finally, there ought to be a vast programme of education of the European electors to make them realise that there can be no soft rise to prosperity on the backs of immigrant workers, and that it is unrealistic to expect that emigrants, who are already here with their children, can go home. They must be decently integrated.

Sources and acknowledgements: The foregoing summarises, by special arrangement, a report in the latest issue of *Economic Trends*, published quarterly to subscribers only, by the "Economist" Intelligence Unit, 27 St James's Place, London S.W. 1a: INT, but the EIU is responsible neither for the emphasis of my summary nor for my interspersed comments, based on a variety of sources.

Western Europe--a bad case of nerves

E.B. Brook

Vienna

WEST EUROPE is not the place it was a year ago. The crowds of tourist holiday-makers are no longer blocking the continental streets and their cars the roads. The number of Americans coming over for their holidays has fallen off by at least a quarter, visitors from Britain have about halved and even the West Germans are spending their holidays at home a little more. More sparing people, like the French and Austrians, are travelling abroad very little. The so-called "holiday lands" are either catering more for their own citizens or gloomily accepting the fact that 1974 will be a thin year for them. Italy, with heavy import duties and frequent disorders, has all but resigned temporarily as a leading caterer and the Yugoslavs are hoping that the sun-seeking northerners who avoid Italy this year will travel a trifle farther east.

Dearer petrol and the weaker exchange rates for the dollar and pound are two of the compellants to this fall-off in west—and particularly south—Europe's holiday-providing prosperity. Uncertainty about politics, from the USA across west Europe, is a secondary cause and; above all, inflation persuades Americans and

Europeans alike to take less risk in travelling to share other peoples' expensive living. Not least, increasing unemployment and the prospect of worklessness becoming worse, are persuading people to stay at home and keep money in their pockets, even if it is worth less. This factor may significantly reduce West German holiday travels. The people affected most acutely are the skilled worker class—those most likely to take their car on holiday to a southern beach. The automobile industry has been standing workers off this year in growing numbers as sales fall and the consumption of petrol for travel drops by nearly one-tenth. Volkswagen has laid off many thousand workers and Opel about 20,000 in West Germany while the once-booming French car industry is going through its worst crisis in 20 years. New car registrations in France are down by over 20 per cent and the car industry labour force of about one million is threatened with sharp reduction. A similar malaise affects the whole west European car industry; the only areas safe are manufacturers of essentials.

West Europe is in a depressed mood:

there is feeling abroad that an era has closed—the era of relatively steady growth towards economic unity, of easier relations between west and east in Europe and of easy-going comfort based on secure work and good earning. The European is not sure what is coming but senses that it will be less pleasant and less safe than anything he has known for a generation.

He is unsure of his job, unsure of his money's worth and not a little concerned that the period of Europe working together may not be passing away. Uncertainty about leadership in France, scandals about US high places and, almost above all, the disappearance of Willy Brandt as a leader because he had an East German spy in his immediate entourage are deeply depressing developments and the growing tendency of governments—led by Italy and Denmark—to go it alone economically in difficult situations leads to irritated uncertainty. Not least unsettling has been the Common Market's show of uncertainty and unwillingness to be effective in handling Italy's decision to impose an import deposit scheme (as Britain did some years ago while still a member of

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but is it good for your suit?

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FTA) which is a double blow to free trade.

The Common Market has, with uncertainty about British membership, difficult relations with the USA and a continuing wrangle over farm prices, already enough troubles to deal with. The Italian and Danish actions call into question the basic concept of a common market in industrial goods without tariffs between member states. Trade, instead of continuing to grow, has been checked: there is a risk that the European Community has been given another push in the direction of being a loose grouping of over-riding states which act in concert only when it is in the interest of every single one of them to do so. The Italian measures might also result in a postponement of the effective date of completing any real progress in the current round of world trade talks under GATT auspices in Geneva. Some have spoken of a relapse into protectionism; this seems to be an over-reaction but is itself evidence of the nervous uncertainty which makes west Europe liable to this form of excessive assessment of any action out of the accustomed line of policy.

The Common Market, being a close association of very unequal members, needs to ready itself to react without alarm or indecision to nervous self-protective action by its weaker members. Any organisation which includes as equal members west Europe's most prosperous state, Federal Republic of Germany, and its weakest, the Irish Republic, must be prepared for very dissimilar actions in an individual

crisis. In a sense, it is fortunate it is Italy, a founder member, which has made clear that, in a situation of extreme economic crisis, a government will take strong self-protective action and find justification legally within the rules of the Treaty of Rome. The best news out of Brussels was that the Market's ministers nerved themselves to realize that Italy was determined to be protective for a time, even at the risk of creating a "mountain of beef" in West Germany and Austria, put the situation in order by formally empowering the Italian government to do so and that, above all, they proposed that Italy and her partners should jointly work out a programme for Italy's economic recovery without delay. The Market has now three, if not four, economically weak members: if it is still to be able to work towards unity in Europe it must be prepared for occasional rescue actions as well as handling mounting prosperity.

While west Europe uses the May sunshine to recover its nerve the prospects for the world trade discussions in Geneva need all the cheer they can muster. The more cynical have already concluded that the trade talks, as planned at present, will not get off the ground. The optimists have to accept that there are many difficulties. But it is well to remember that when the Kennedy Round was in process nearly ten years ago Britain was maintaining an import surcharge much of the time just as Italy is now. The difficulties facing the General Agreement on Tariffs and Trade (GATT) in getting the talks going lie not so much in Italy's

temporary action as in the exceptionally high level of inflation in Japan, uncertainty within the Common Market arising from Britain's effort to renegotiate its treaty of accession, President Nixon's difficulty in forcing his Trade Reform Bill through Congress and the rise in commodity prices which causes difficulties in world industry's free access to raw materials.

The problem for GATT, as for the Market, is one of adjustment to rather than trying to reduce difficulties. There are favourable as well as threatening circumstances. The high Japanese inflation rate will help to take the keen edge off its international trade competitiveness; the Market seems to be beginning to adjust to problems of a different character more concerned with fundamental differences between its members than with regional hegemony and, in the USA, if Nixon has his difficulties, so has the Congress protectionist lobby which has been more noisy than effective. The Common Market's troubles may make it more conciliatory to the GATT discussions and, if an acceptable Trade Bill emerges from the US Congress, there seems no reason why world trade talks should not begin this autumn with the aim of being completed by the end of next year. One asset will be the fact that the expensive commodity situation over raw materials has given developing countries a stronger bargaining position and provides the better-off with sound reasons to be more forthcoming in sizeable long-term investment where support is needed most urgently.

Wherever else it had

succeeded or not, the so-called *Bharat Bandh* announced for May 15 in support of the railway strike seemed to have been quite effective in the nationalized banks and newspaper offices in the capital. Bank employees went to their places of work, duly registered their attendance, thereby qualifying to draw their wages for the day and then simply abstained from working. In the case of newspaper offices, again, the staff put in an appearance but newspapers did not come out. *The Times of India* attempted to salve its uneasy conscience by pleading "circumstances beyond our control", but other newspapers simply pretended that nothing had happened. *The Indian Express*, however, had played it safe or, as some would have it, played it cagey. It was officially closed on May 15 even as it had taken a holiday, also officially, on 3rd May when a *Delhi Bandh* was staged. It is being suggested that *The Indian Express* was not too unhappy about these stoppages since newsprint shortage may be making it more profitable for newspapers to skip publication rather than publish regularly and be damned. I confess, however, that I am not very sure of my arithmetic of profit and loss here but I have a suspicion that current newspaper economics does encourage irregularity rather than regularity in the publication of the daily issues.

Take for instance the case of *The Statesman*. For quite some months now it has been most erratic in its publication. I do not remember a day in all the period since the beginning of this year when I got *The Statesman* along with the other newspapers. It is generally being delivered a couple of hours late—when it is delivered at all. This, I am told, is due to some kind of a go-slow in the press. Now I wonder what the management might be thinking of. Surely, whoever may be running the paper should either try to settle whatever dispute there may be or stop publishing it until the paper could be got out in time and regularly. As it is, it is not fair to the readers or the advertisers or, let me add, those members of the staff who are doing their work properly, that the publication of this newspaper should have remained so much of a hit-or-miss affair.

fair for so long a period. This drifting, and indeed this evasion of responsibility ill becomes an institution such as the press, which takes it upon itself to preach to one and all on how to function or behave.

Talking of the state of the press, a veteran journalist working in one of the local dailies was telling me the other day that much of the deterioration in the 'readability' of newspapers could be attributed to what he held to be the downgrading and indeed the debasing of the desk. According to him very few editors these days have any awareness of the significance of the role which the desk, meaning—sub-editors and particularly chief sub-editors—has to play in producing a readable and otherwise worthwhile newspaper. He complained that most editors now-a-days seemed to regard subbing as easily dispensable. The result is that even the front pages of the so-called national dailies are disfigured by very poorly written news stories or reports. The prestigious categories in a newspaper office are only the leader-writers and the special representatives.

Recently there has also been a trend towards permitting bylines to reporters and even junior reporters. The intention no doubt is commendable and the belief apparently is that this kind of encouragement could prove an effective incentive particularly to new entrants to the profession to make good and grow rapidly. In actual practice, however, there has been some very considerable cheapening of bylines in the process and the young reporter, who has secured a byline after perhaps a year or even less of reporting, is liable to feel that he has arrived and can take it easy. This results in much slipshod reporting and writing which, in the absence of a strong desk, freely finds its way into print. Simultaneously the journalists working as subs or even chief subs are tempted by the glamour attached to the special correspondent or even reporter category, with the better qualified or more resourceful among them managing to move away from the desk and into reporting. This naturally lowers the standard of subbing with the result that poor story writing by a reporter

soon comes to be matched by equally poor subbing at the desk. It is not generally recognized how very rag-ridden newspaper hierarchies are with caste distinctions and how much these distinctions are to be blamed for the pitiful quality of the reading material or writing which newspapers generally purvey these days.

The year 1974 is hardly

half way through yet and still it may have already qualified for going down in history as a year which saw most political head-rolls or otherwise bite the dust. In the UK, for instance, the Conservative prime minister, Mr Edward Heath, gambled on a mid-term election and lost. Mr Harold Wilson, succeeding him as the head of a Labour minority government, has only a precarious hold on power and may well have to face the electorate again before this year runs out. In France President Pompidou surrendered to the terminal illness he had been struggling with for so long. In West Germany Herr Willy Brandt had to quit under circumstances not of his choosing. In Portugal a military coup upset a dictatorship and took premier Cactano into custody. In Israel prime minister Golda Meir has resigned but is carrying on with a caretaker administration pending the formation of a new government by the prime minister-designate, General Yitzhak Rabin.

In Libya strong man Gaddafi has been stripped of effective authority, while in the rest of Africa quite a few political fortunes have either waned or are waning. In Australia the Labour prime minister, Mr Whitlam, is seeking a renewal of his mandate at the polls, and in Canada a no-confidence vote has been successfully pressed against the Trudeau government and made a federal election necessary. In Japan the prime minister, Mr Tanaka, has no doubt been having a few political ups, but he has also been having more political downs. In China the aging Chairman Mao is perhaps even now fighting the last phase of his long and dour battle with an antagonist whom no human flesh or will has ever ultimately defeated, viz, Time. It is possible, however, that his ailing prime minister may go before he does. In Sri Lanka, Mrs Bandaranaike is not only besieged and beleaguered but she is also bedraggled. In New Delhi and, indeed, throughout India, more and more men and women are losing interest in the question "After Mrs Gandhi, who?" They are now getting more interested in the "when" angle rather than the "who". In the United States Mr Richard Nixon no doubt seems determined to soldier on—if that is the word—but 1974 could prove too strong even for him.



RECORDS AND STATISTICS

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TRADE WINDS

Indo-Bangladesh Economic Understanding

TWO CREDIT agreements were signed recently in New Delhi by the government of India and the government of Bangladesh. The first agreement for Rs 6 crores is intended to finance the supply of Indian made textile machinery to Bangladesh for the establishment of modern textile mills in that country. The credit carries an interest rate of four per cent and is repayable over 20 years including a grace period of five years. The second credit is for an amount of Rs 10 crores and will be available to Bangladesh for the import of a variety of goods produced in India including engineering products, spares urgently required for the maintenance of jute mills, and various other commodities. This loan carries an interest rate of five per cent and will be repayable over a period of 15 years including a grace period of three years.

The Industrial Development Bank of India (IDBI) also signed agreements for special bank credits totalling Rs 25 crores to three financial institutions in Bangladesh, namely, the Janata Bank, the Bangladesh Shilpa Bank and the Bangladesh Shilpa Rin Sangstha. The 15-year credits, inclusive of grace periods, which will carry interest at five per cent, will be utilised to finance 87.5 per cent of the c&f cost of the imports from India into Bangladesh of specified capital goods including railway wagons and coaches, railway equipment, power transmission and distribution equipment, agricultural machinery, and tea, jute and cement mill machinery. The remaining

12½ per cent comprises the advance and down payments to be made by the importers in Bangladesh. The credits will enable the Indian exporters to get the full contract value of shipments soon after they are effected. All contracts to be financed out of the credits will need prior clearance of the Planning Commission of Bangladesh and, where their value exceeds Rs 15 lakhs, of IDBI also.

The joint Indo-Bangladesh declaration revealed that the two countries took the following decisions: (a) In recognition of the vital importance of jute in the economies of the two countries and the need for closer cooperation between them in the field of production, trade, technical development, manufacture and promotion of this sector, a Joint Commission at the level of ministers will be set up. (b) Noting that unauthorised transactions still continue, a high powered Joint Committee will be set up at ministers' level to take further immediate measures to effectively control illegal transactions. (c) With regard to the current balanced trade and payments arrangement, the two governments will step up exports to ensure the fulfilment of targets.

The two governments will establish the following four industrial projects based on the supply of raw materials and products from one country to the other and a guaranteed off-take of the exportable surplus of these projects on mutually acceptable terms and conditions: (i) A cement plant at Chatak in Bangladesh based on limestone from Meghalaya in India. (ii) A clinker plant in Meghalaya for supplying clinker

to Bangladesh. (iii) A fertiliser plant in Bangladesh for the supply of urea to India. (iv) A sponge iron plant in Bangladesh based on the supply of iron ore from India.

India will extend credits to Bangladesh on mutually acceptable terms and conditions to finance the procurement of equipment, goods and services as may be available from India for these projects.

Other areas of Industrial Cooperation might also be examined by the two governments with a view to identifying further specific projects. Agreement was reached between the two governments to carry out a joint survey for the provision of a rail link from Akhaura-Singarbil to Agartala to facilitate the movement of cross traffic from Calcutta to Agartala via Chandpur-Akhaura and vice versa. The two prime ministers took note of the fact that the Farakka Barrage project would be commissioned before the end of 1974. They recognised that during the periods of minimum flow in the Ganga, there might not be enough water to meet the needs of the Calcutta port and the full requirements of Bangladesh and, therefore, the fair weather flow of the Ganga in the lean months would have to be augmented to meet the requirements of the two countries.

Overhaul in Financial Administration

The union government has decided to effect major institutional changes in the system of financial administration at the centre. These will streamline and modernise procedures governing the working of various ministries and departments of government. One of the basic changes to be effected is aimed at integrating the financial scrutiny, now being performed by the ministry of Finance, with respective administrative ministries. This will mean that financial advice will be available to the ministries at all levels of decision making and will replace the present system of referring the major decisions to the ministry

of Finance. With this integration, it will be possible to achieve better project formulation, investment decisions and implementation with assured flow of funds. This reform will also ensure that there is no rush of expenditure towards the end of financial year and will enable increased delegation of financial powers to subordinate organisations. The overall aim of these measures is to ensure development of increased capabilities in financial management on the part of different departments of government.

Another objective of the reform is to achieve complete switch-over to performance, budgeting as early as possible. This will shift emphasis from financial to physical targets and ensure long-term planning and review of policies. Another major change to be brought about will involve codification of administrative and financial rules and regulations afresh in simple and precise language. New procedures will be laid down to simplify arrangements for prompt settlement of the claims of the employees. Another important objective of this change is to streamline procedures in the public sector banks to transact government business for the convenience of the citizens. These changes are being brought about to remove bottlenecks and improve administrative performance in relation to the needs of the fifth Plan. These decisions have been taken following the recommendations of the Special Group of senior officers and management experts in the public sector which was set up to suggest measures to gear up financial administration. Considerable preparatory work and detailed processing will have to be done to give effect to these changes.

New Form for Foreign Collaborations

With a view to streamlining procedures for effecting expeditious industrial approvals, the union government has prepared a new application form for seeking foreign collaboration sanction. Called "FC", the new simplified form has been so

designed that complete information is available at one place avoiding the need for repeated references to entrepreneurs. The existing form will continue to be in force till September 30 along with the new form. But after that date only new forms will be entertained.

Prices of Heavy Vehicles

The union government has permitted a price rise ranging from 3.5 per cent to 7.5 per cent for different manufacturers of commercial vehicles. The price increase has been made effective from May 15. Taking into consideration the escalation in the prices of raw materials and other inputs during the past few months, the price structure for commercial vehicles was examined by the union ministry of heavy industry in consultation with the Bureau of Industrial Costs and Prices. Consequent to this, a price increase ranging from 3.5 per cent to 7.5 per cent for different manufacturers was considered justified. The manufacturers will also be entitled to bill separately for the increase in prices of tyres because of decontrol recently announced by the union government. The following price rise has been permitted manufacturer-wise: TELCO 7.5 per cent, Ashok Leyland 3.25 per cent, Hindustan Motors 3.5 per cent, Premier Automobiles 7 per cent plus the actual incremental value of the engines, Simpsons for two models of engines 7.5 per cent. However, the industry has been asked to subject itself to cost examination in respect of raw materials purchased and direct costs once a year. The manufacturers will be allowed to increase their prices by not more than 7.5 per cent on the condition that this price should be worked out on the basis of 90 per cent utilisation. Prior approval of the government will also be necessary where the increase asked for exceeds the limit of 7.5 per cent or if the increases are sought more than once in a year. The government also proposes to keep a surveillance on unwarranted increase in the price of ancillary equipment and ask

the manufacturers of commercial vehicles to notify them in cases where unjustifiable price increases have been effected by the ancillary manufacturers.

Aluminium Price Hike

The government has decided to increase the controlled price of aluminium by Rs 1,000 per tonne. This matter came up before the Economic Policy Committee of the union cabinet recently. The prices of EC and CG grades of aluminium, which were Rs 3,991 and Rs 3,970 per tonne, have been revised in view of the increase in the price of raw materials. The Bureau of Industrial Cost and Prices had gone into the cost of production of aluminium and made recommendations in the light of which decision regarding price revision has been taken. Uniform prices for aluminium and some of its products were notified under the Aluminium (Control) Order 1970 with effect from May 24, 1971. The prices had not been revised since then.

IDBI

Both sanctions and disbursements of assistance by the Industrial Development Bank of India touched record levels during 1973-74. The total assistance (excluding guarantees) sanctioned during the year was Rs 220.1 crores, an increase of 80 per cent over Rs 122.0 crores in 1972-73. The number of sanctions also showed a substantial rise from 2,738 to 3,420. The assistance actually utilised by industrial concerns amounted to Rs 144.3 crores, against Rs 89.8 crores, representing an increase of about 61 per cent. The project loan assistance actually utilised at Rs 44.7 crores showed a three-fold increase compared to Rs 11.7 crores.

The bulk of the improvement in sanctions during 1973-74 was accounted for by project assistance totalling Rs 183.1 crores against Rs 104.5 crores in 1972-73. The rise in project assistance was mainly in direct assistance to industry, refinance of industrial loans and rediscounting of machinery bills.

The direct assistance sanctioned to industrial concerns (other than for exports) totalled Rs 74.7 crores covering 64 projects, against Rs 27.4 crores covering 45 projects. Of these 64 projects, 22 were located/to be located in specified backward districts, of which 15 units were sanctioned assistance on concessional terms. The amount of bills rediscounted by the IDBI during 1973-74 was higher by 56 per cent at Rs 69.9 crores covering 787 purchasers, against Rs 44.7 crores covering 639 purchasers. Sanctions under refinance of industrial loans at Rs 3.53 crores were 24 per cent higher compared to Rs 28.5 crores in 1972-73, the number of applications rising from 2,007 to 2,525. About three-fourths of refinance assistance was in respect of small-scale industries and small road transport operators. The total effective sanctions since the IDBI started functioning in July 1964 and up to the end of March 1974 amount to Rs 909.5 crores, excluding guarantees for Rs 28.5 crores, and the assistance actually utilised comes to Rs 672.0 crores.

Indo-UAE Cooperation

The United Arab Emirates, a major oil producer from the gulf area, has offered to supply crude to India on deferred payment basis. Indicating this at a press conference, the petroleum and mineral resources minister of UAE, Mr Mana Saeed Al Otaiba, stated that his country would be inclined to enter into collaboration agreement on a number of projects with India. Mr Otaiba had wide-ranging talks with senior ministers of the central government on the prospects of expanding economic cooperation between the two countries. While offering to sell crude to India on credit, the UAE minister pointed out that he had sought larger imports from India, of items like rice, sugar, fruits, cement, meat and manufactured steel. According to reliable indications, a team of technical experts would shortly leave for UAE for further discussion on the setting up of a fertiliser and sponge-iron plant. Later a

joint team would be constituted to prepare the feasibility report.

Names in the News

The appointment of J.J.G.C. van Tilburg as Chairman and Managing Director of Philips India Limited was approved by the shareholders of the company at annual general meeting held in Calcutta recently. Mr van Tilburg succeeds Mr J. I. Ink who is going to take an assignment with Philips in the Netherlands.

Mr. M. K. Mohita and Bishamber Dass Kapur have been elected Chairman and Deputy Chairman respectively of Punjab, Haryana and Delhi Chamber of Commerce and Industry.

The All-India Manufacturers' Organisation elected Shantilal K. Somaiya as President recently. Other office bearers elected at the conference were: Mr Firoz S. Bawala, Mr I. P. Podar, Manubhai Parikh, Mr S. Modi and Mr G. Sivappa (Vice Presidents). Mr S.P. Mandlik (Honorary Treasurer) and Anwar Divenchia (Honorary General Secretary). Mr E. Thakkar and Mr N. S. (Honorary Secretaries).

Readers' Roundtable

RBI's Accountability

Sir,
The article entitled "Parliamentary Accountability" by Mr. A. Ramani which appeared in April 1974 issue of *Eastern Economist* is an eye opener for all concerned with the economic health of the country, which is not the sole concern of the Finance minister, especially in view of the serious economic crisis the country is passing through.
The Comptroller and Auditor General or the Public Accounts Committee should be allowed to go in to the working of the RBI as in the case of nationalised banks, statutory corporations and other public sector undertakings. Visakhapatnam, Yours faithfully, 1.5.1974. An Accountant

COMPANY AFFAIRS

South India Viscose

SPITE of a lower turnover profit South India Viscose Ltd has enhanced the equity dividend by five per cent to per cent for the year ended December 31, 1973. The turnover during the year was down by about a crore of rupees to Rs 11.12 crores while profit before depreciation was lower at Rs 371.47 lakhs compared to Rs 421.72 lakh in 1972. After appropriating Rs 203.73 lakhs to depreciation, the balance of profit amounted to Rs 167.73 lakhs compared to Rs 267.35 lakhs in 1972. The amount allocated to development rebate reserve was reduced by Rs 100 lakhs to Rs 75 lakhs while a sum of Rs 8.31 lakhs is earmarked for gratuity against Rs 5 lakhs in 1972. No provision has been made for taxation as against Rs 3 lakhs allotted in 1972. The transfer to general reserve amounted to Rs 84.42 lakhs. The recommended dividend will absorb Rs 122.50 lakhs and will be paid out of the general reserve. The company has commissioned its new 20-tonne per day capacity staple re plant costing Rs 7 crores in December 1973 and it reached the rated capacity during the same month. The company has entered into an agreement with its Italian Collaborators for the supply of technical know how, assistance and machinery for setting up a 20-tonne per day capacity viscose fibre plant for which letter of intent was received earlier. It has also on hand a letter of intent for doubling capacity of the wood pulp unit to 120 tonnes per day.

India

The Board of Directors of India Limited have

recommended an equity dividend of 22.5 per cent. The dividend will be paid in accordance with assurance given to the shareholders and it will be for the full year 1973 even though shares were allotted in August, 1973. Power supply situation in the second half of 1973 deteriorated considerably resulting in a loss of production of about five million pairs of foot-wear. During the same period there was an unprecedented and sudden rise in the distribution costs, arising out of fuel shortages and steep rise in the cost of raw materials. The company's exports also suffered due to production constraints, non-availability of shipping space and labour agitations at the docks. All these adverse circumstances affected profitability of the company. To overcome the power shortages and restrictions, the company is installing captive power plants at its factories at Faridabad and Batanagar, in order to maintain production. The company's turnover during the year was of the order of Rs 57.2 crores while exports totalled Rs 3.25 crores. The profit for the year before taxation amounted to Rs 109.80 lakhs. After transferring from statutory reserve for Development rebate Rs 4.50 lakhs, a sum of Rs 4.85 lakhs was appropriated to the same reserve. After earmarking Rs 75.00 lakhs to meet the estimated tax liability the net profit after tax worked out to Rs 34.45 lakhs.

Raymond

The Raymond Woollen Mills has maintained the equity dividend at 12 per cent for 1973 on the enlarged capital resulting from the one-for-five bonus issue. Although sales spurred by about 20 per cent

from Rs 14.61 crores to Rs 17.49 crores, gross profit dropped by about 16.3 per cent from Rs 123.25 lakhs to Rs 103.12 lakhs. The margins were under pressure because of the sharp rise in the prices of raw wool which were 400 per cent higher in the first quarter of the year and 250 to 300 per cent higher during the rest of the year compared to the 1972 levels. Out of the gross profit the directors have allocated Rs 57.36 lakhs to depreciation reserve, Rs 10 lakhs to development rebate reserve and Rs 7.32 lakhs for capital expenditure on scientific research, as against Rs 51.17 lakhs, Rs 13.00 lakhs and Rs 35.01 lakhs provided respectively in 1972. This leaves a disposable surplus of Rs 28.44 lakhs which has been transferred to the general reserve No. 2 out of which the dividends aggregating Rs 19.77 lakhs will be paid.

Vijaya Bank

Vijaya Bank Ltd has maintained its tempo of all-around progress during 1973. Considering the unprecedented economic situation that prevailed during the whole of last year and the new challenges it had to face in the banking field as a result of the enormous increase in price rise and the credit curb, the performance of Vijaya Bank was indeed exceptionally good during 1973. Its deposits pierced the Rs 80-crore mark and touched the new peak of Rs 81.13 crores in 1973, recording a handsome improvement of about 38 per cent over the preceding year. This was appreciably higher than the average rate of increase of 22.17 per cent in the banking system as a whole. In case of advances the rise was spectacular. It went up by 45 per

cent where as the average rate of increase in the banking system was only 27.16 per cent. Its record in the field of opening of branches too was magnificent. In fact it really created a history in its own way by opening as many as 63 new branches in one year, or at an average rate of one branch every six days.

With the expansion of its branch net work functionally and geographically, offices were opened for the first time in the states of Rajasthan, Uttar Pradesh, Gujarat and West Bengal and in union territory of Goa. The bank continued to follow a dynamic and pragmatic credit policy. Its advances during the year increased by 45 per cent, with the credit-deposit ratio moving up from 63.5 per cent to 66.85 per cent. The bank continued to provide credit on a liberal scale for the development of agriculture. Apart from the usual schemes, the Bank launched in 1973 new programmes in the field of agriculture, notable among them being the adoption of seven villages for intensive development under the 'Village Adoption Programme'. The minor irrigation programme was also taken up with the assistance of the Agricultural Refinance Corporation and the World Bank. Its advances to priority sectors excluding exports accounted for about 30 per cent of its total advances out of which more than 30 per cent went to agricultural sector.

The bank which started transacting foreign exchange business just two and half years ago has reported continuous increase the volume of business. A five-fold rise was recorded in export finance during the year. Three more branches, Calcutta, Quilon and Calicut were added to the list of branches which have been authorised to deal directly in foreign exchange, thus bringing the total to 11. As a result of step-up in operations and allround improvement in performance, the bank's gross earnings recorded a smart rise of 44 per cent over the preceding

all the year 1973 proved to be yet another successful year for Vijaya Bank Ltd. These were highlighted by the Chairman, Mr Mulki Sunder Ram Shetty while addressing the annual general meeting of the Bank held recently at Mangalore.

Bank of Rajasthan Ltd.

Bank of Rajasthan has reported further impressive progress during 1973, recording substantial gains over the previous year's encouraging performance. Its deposits during 1973 registered a growth of 18.4 per cent and touched the hand some figure of Rs 34.69 crores. In absolute terms the deposit accretion in 1973 at Rs 5.38 crores was higher than Rs 4.65 crores in the preceding year. Total advances, including bills purchased and discounted as on December 31, 1973 amounted to Rs 24.40 crores and it accounted for 70.02 per cent of the total deposits as compared to 61.5 per cent in 1972. In absolute terms, advances increased about three-fold, the rise in 1973 being Rs 6.3 crores as against Rs 2.38 crores in 1972. The bank's aggregate advances to priority sectors such as agriculture, small scale industries and exports and other neglected sectors in 1973 were to the tune of Rs 2.80 crores as compared to Rs 1.29 crores a year ago, its share in total advances being 11.5 per cent as against 7.1 per cent in 1972. Total earnings of the Bank in 1973 increased by Rs 66.46 lakhs to the record figure of Rs 318.36 lakhs, registering an improvement of more than 26 per cent over 1972. The income from interest and discount went up by Rs 61.42 lakhs to Rs 266.82 lakhs while the revenue from commission exchange and brokerage were higher by Rs 3.31 lakhs to Rs 41.64 lakhs. But the sizable increase in establishment expenses due to the revision of officers' salary and allowances, substantial rise in the dearness allowance to staff and sanctioning of special increments due to upgradation of the bank from 'B' to 'A' class along with the lower credit-deposit ratio during

major part of the year, by and large neutralised the smart rise in income. With the result, the net profit of the bank declined by Rs 2.05 lakhs to Rs 16.00 lakhs. The profit ability is, however, anticipated to look up during the current year.

The bank continued with vigour its branch expansion programme. During the year under review eight more branches were opened out of which six were opened in rural and semi-urban centres at Barmer, Balotra, Chinch, Mahapura-Kookerkhera, khairthal and Nokha, one in urban centre at Janta Colony, Jaipur and one in New Delhi at New Rohtak Road. Of the six branches opened in rural and semi-urban areas two

were opened in unbanked centres. The bank has now in hand licences to open 19 branches during the current year.

Simon Carves

The plans of Simon-carves India Ltd for disinvestment of 34 per cent of the shares held by Simon-Carves Ltd of the UK has been completed as per schedule and as on January 1, 1974, Simon Carves Ltd has become a fully Indianised company in every respect. A provision of the disinvestment was that 10 per cent of the share capital would be held by the directors and workers with no individual holding more than 300 shares out of this block release. It is indeed a

credit to the employees of the company that 60,000 shares offered to them were over subscribed by over 50 per cent. The proposals for disinvestment which were finally approved by the government also ensured that the existing shareholders, most of whom stayed with the company since its inception, would derive some benefits for their loyal support. As a result two rights shares for every five held by the members were offered and these too have now been fully taken up. The significance of the reduction in the UK shareholding to 26 per cent is that the company can now look forward to an expansion of its traditional roles which upto now have been limited to col-

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collaboration with Simon Carves Ltd of the UK. The company in future will be permitted to expand these activities to long-term collaboration agreements in technologies not available within Simon-Carves Ltd of UK. Moreover the company will have freedom to consider possible diversification in manufacture and sale in India of specialised technical products.

Sourashtra Cement

Sourashtra Cement's application to issue bonus shares in the ratio of one-for-two has been rejected by the Controller of Capital Issues as the company does not satisfy the relevant guidelines prescribed by the government.

News and Notes

(expansion and diversification)

Amar Dye Chem Ltd. has started 1974 with shortages all-round, especially in furnace oil and other essential basic raw materials such as toluene, benzene, aniline, naphthalene, methanol nitric acid, acetic acid, etc. The directors are, however, trying to produce the maximum. The Board decided to set up a vat dyes plant at the existing factory at Shahad instead of at Roha and work on it has already started. The company has been licensed to manufacture dimethylaniline an important intermediate for basic dyes and the work on the project has started. The government has approved, in principle, the company's terms of collaboration with Uniroyal Inc.

New Issues

Centron Industrial Alliance, manufactures of well-known Swish and Platinex blades and many other popular brands of stainless steel razor blades, will be going public shortly. It will be raising soon equity capital to the tune of Rs 60 lakhs in 600,000 equity shares of Rs 10 each. A sum of Rs 2.50 per share is payable on application and an equal amount on allotment. The balance of Rs 5 is payable in one or two calls as may be determined by

the Board of Directors. Application for shares must be for a minimum of 50 shares or multiples thereof. The management Consultation Division of the first National City Bank will be the managers to the issue. The company is now producing the maximum possible on its existing capacity of 100 million blades a year. It is now stepping up its annual Capacity to 250 million blades, to meet the accelerated growth in demand for its products. It has received the letter of intent for the expansion and the licence is expected to be received shortly.

The company which was one of the first to move to Aurangabad in 1971 has made rapid progress since then. But during these two years its sales efforts have been constrained due to lack of adequate production capacity. In spite of this, as a result of its aggressive marketing, Centron's coverage of the market, in terms of the number of outlets is comparable to that of its competitors. Once the increased capacity goes on stream, the company's sales is expected to go up significantly. The company has an advantage in this expansion project in that its major competitor has attracted the attention of the MRTP. The expansion scheme is estimated to cost two crores of rupees and it will be financed out of the equity capital of Rs 69.6 lakhs, term loans of Rs 54.0 lakhs, central subsidy of Rs 15.0 lakhs, sales tax refund loans of Rs 12 lakhs through internal resources of Rs 49.4 lakhs. According to the company's projection profits before tax is expected to multiply nearly three times, rising from Rs 26.02 lakhs in 1974 to Rs 73.75 lakhs in 1979 while sales during the same period are anticipated to be doubled to Rs 5.4 crores. The dividend is expected to be maintained at 10 per cent during 1974 and 1975, at 12 per cent in the following two years and 15 per cent in the subsequent two years.

Ceekey Automotive Products is expected to enter the capital market for raising Rs 24 lakhs in July 1974. The project

involves the manufacture of 1,00,000 carburettors, 1,00,000 clutches plates and 50,000 clutches cover assemblies which can generally be classified as as automobile ancillaries. The total project cost is estimated at Rs 116 lakhs and it is proposed to be met by equity capital of Rs 40 lakhs cash subsidy of Rs 15 lakhs and long term loans of Rs 61 lakhs. The land for the project has already been acquired at MIDC Industrial area at Aurangabad and it expects to commence commercial production by middle of 1975.

Sree Vig Chemicals proposes to put up a stearic acid distillation and glycerine recovery plant with a total capacity of 10 tonnes a day at Ranipet Industrial Complex at Tamil Nadu. The total cost of the

project is 104,00 lakhs and it is proposed to be partly met by equity capital of Rs 26,00 lakhs. The company hopes to commence production before the end of 1974. Further, the company has also made an application for a licence and for allotment of oxygen cylinders for collecting and selling the oxygen, which is a by-product. The issue of Rs. 16 lakhs will be made some time in the third week of June, 1974.

Interim Dividend

Carborundum Universal Ltd has declared an interim equity dividend of seven per cent for the year ending August, 31, 1974.

Pfizer Ltd has declared an interim equity dividend of 11 per cent for the year ending November 30, 1974.

Dividends

			(Per cent)
Equity dividend declared for			
Name of the company	Year ended	Current year	Previous year
Higher Dividend			
Podar Mills	December 31, 1973	12.0*	10.0
Bhagavathi Textile	December 31, 1973	18.0	6.0
Gaekwar Mills	December 31, 1973	20.0	16.0
Thamarapally Rubber Co.	December 31, 1973	12.5	10.0
Podar Silks and Synthetics	September 30, 1973	5.0	Nil
Bombay Oxygen	December 31, 1973	14.0	12.0
J.K. Chemicals	December 31, 1973	10.0	7.0
Industrial and Prudential Investment	December 31, 1973	15.00	14.00
Raja Bahadur Motilal Mills	December 31, 1973	10.0	8.0
Same Dividend			
Arunoday Mills	December 31, 1973	12.0	12.0
Adarsh Chemicals and Fertilizers	December 31, 1973	15.0	15.0
John Fowler (India) Ltd	December 31, 1973	15.0	15.0
Coonoor Tea Estate Co.	September 30, 1973	7.5	7.5
Beco Engineering Co.	December 31, 1973	Nil	Nil
Reduced Dividend			
Motor Industries Co.	December 31, 1973	12.0*	17.5

*On the increased capital.

Industrial Licences

The following licences were issued under the Industries (Development and Regulations) Act 1951 during the weeks ended November 3, 1973 to December 22, 1973. The list contains the names and addresses of the licensees, articles of manufacture, types of licences viz. New Undertaking (NU); New Article (NA); Substantial Expansion (SE); Carry on Business (COB); Shifting and annual installed capacity.

Licences Issued

Metallurgical Industries (Ferrous)

M/s. Metal Forgings (P) Ltd., B-1, Mayapuri, Industrial Area, New Delhi-27 (Mayapuri Ind. Area New Delhi)—Pipe Fittings namely carbon/alloy steel (including stainless steel) flanges, rings discs etc. 10,000 tonnes P.a after expansion (SE)

M/s. Echjay Industries Pvt. Ltd., Kandur Village Road Bhandup, Bombay, (Rajkot, Gujarat)—Forged Steel Flanges upto 24" in pressure ratings of 150,300,400 and 600 lbs. 3000 tonnes p.a. Forged Fittings like Elbows Tees Couplings, Reducers etc., excluding valves (upto 6") 1000 tonnes p.a. Forged rings & gaskets (suitable for flanges in sizes from 1" to 24", 200 tonnes p.a. (Total Capacity—4,200 tonnes p.a.) (NU)

M/s. Krishna Steel Industries Pvt. Ltd., 29-30, Vaswani Mansions, 120, Dinshaw Vacha Road, Bombay-20. (Thana, Mah.)—1. Mild Steel ingots; 2. Medium & high carbon steel billets; and 3. Free cutting steel billets excluding high alloy steel, billets like high speed steel, die block steel, and stainless and heat resisting steels etc. 50,000 tonnes p.a. (NA)

M/s. Power Cables Pvt. Ltd., 24, Barelvi Sayed Abdulla Road Bombay-1 (Thana Mah.)—Steel wires including 100 tonnes of copper coated wires and 100 tonnes of stainless steel wires but excluding Mild Steel Wires of thicker than 18 SWG (galvanised or otherwise) (SE) 10,000 tonnes p.a. after expn.

The Sandur Manganese & Iron Ores Ltd., "Lohadri Bhawan" Yeshwantnagar, (Via Sandur Bellary Dist.) Karnataka—Ferro Silicon 24,000 tonnes p.a. (N.A.)

M/s. Somani Steels Ltd., Somani Bhawan, 51/27, Navaghata, Kanpur, U.P. (Unnao-U.P.)—Alloy Steel Wires (other than stainless steel wires) and mild steel wires (coated or otherwise) not thicker than 18G. 15,000 tonnes p.a. (NA)

M/s. Nahan Foundry Ltd., Nahan, Himachal Pradesh, (Nahan H.P.)—G.T. Drums of 50 litres and above capacity. 500 tonnes p.a. (NA)

M/s. Multiworld Wire Co. P. Ltd., 59, Marol, Mahrashi Road, Marol, Bombay-59, (Bombay Mah.)—Hard bright wires 16SWG and thicker (coated or otherwise) 10,000 tonnes p.a. (for captive consumption only) (SE)

M/s. Sundram Fastners Ltd., 37, Mount Road, Madras-2, (Madras)—Cold Heading Steel Wires 3600 tonnes p.a. (COB).

M/s. Allief Steels Ltd, 24, R.N. Mukherjee Road, Calcutta-1—Mild Steel, Carbon Steel and Spring Steel Billets—5000 tonnes p.a.—(NU)

The Indian Rolling Mills, Deputy Ka Parao, Kanpur-(U.P.)—Mild steel and medium and high carbon steel billets. 50,000 tonnes p.a.—(NU)

Metallurgical Industries (Non-Ferrous)

Shri Sajan Kumar Pasari, A-15, West End Colony, Rao Tula Ram Marg, New Delhi-22 (Ghaziabad U.P.)—Aluminium Collapsible Tubes, Rigid Tubes, Soft Tubes and Capacitors.—18, Million nos. p.a.—(NU)

M/s. Himalika Enterprises, C-50, Defence Colony, (New

Delhi-3) (Faridabad, Haryana)—Aluminium collapsible Tubes (including soft metal tubes) 12, million nos. p.a.

M/s. Timblo & Timblo P. Ltd., Margao (Goa), (Margao Goa)—Aluminium Collapsible Tubes. 18 million nos. p.a.(NU)

M/s. Larsen and Toubro Ltd., Pawai Works, Saki Vihar Road, P.O. Box No. 8901, Bombay (Bombay-Mah.)—Aluminium Capsules 268.80 M. nos; Other Caps and Cups 192.00 M. nos RO & ROPP caps 168.00 M. nos. Total 628.80 M. nos. (NU).

Fuels

M/s. Cochin Refineries Ltd., Post Box No. 1151, Cochin-16 Kerala (Ernakulam-Kerala)—JP-5, 1350, tonnes after expn. (SE)

M/s. Indian Petrochemicals Corporation Ltd, Jawahar Nagar Distt. Baroda (Gujarat) (Bongaigaon-Assam)—Naphtha for Petrochemicals, 44,900 tonnes S. R. Naphtha, 87,800 tonnes; Mixed Naphtha 58,900 tonnes; Aviation Turbine Fuel 42,400 tonnes Superior Kerosene 63,700 tonnes; High Speed Diesel 151,900 tonnes; Light Diesel Oil 320,000 tonnes; Fuel Oil 105,000 tonnes Calcined Coke 42,000 tonnes.

M/s. Lube India Ltd., Administration Building, Corridor Road, Mahul, Bombay-74 (Bombay-Mah.)—Carbon Black feed stock 110,000 tonnes p.a. after expn. (SE)

Boilers and Steam Generating Plants

M/s. Dewrance Machill & Co. Ltd., 2, Fairlie Place, Calcutta-1 (Calcutta-W.B.)—Boilers Mounting & Fittings, 470 Metric Tonnes p.a. (COB)

Prime Movers

M/s. The Triveni Engineers Works Ltd., National Insurance Building (1st floor), 5, Parliament Street, New Delhi. (Bangalore Mysore)—36 Nos. Over hung steam turbines size 290 mm of 20 H.P. to 1000 H.P.—Over hung steam turbines size 5880 mm of 500 H.P. to 2500 H.P. 12 Nos. Direct over hung steam turbine size 455 mm of 40 H.P. to 200 H.P. 36 Nos. Single stage steam turbines size 400/500 mm of 300 H.P. to 1000 H.P. 6 Nos. Multi Stage steam turbines size 550 mm of 1000 H.P. to 350 H.P. 6 Nos. (NU)

Electrical Equipment

M/s. The Mysore Electrical Industries Ltd., Post Box No 2221, Bangalore-22 (Bangalore-Karnataka) LT Air/Oil Circuit Breakers.—5000 Nos. p.a. Bulk/Min. Oil Circuit Breakers Up to & including 33 KV 1,560 Nos. p.a. DC Circuit Breakers for up to 3,000 volts for traction purposes. 500 Nos. p.a. Flame Proof Switchgear 200 Nos. p.a. Circuit Breakers of 66 KV and above. 1:0 nos. p.a. Motor Starters 75,000 nos. p.a. H.R. Fuses. 60,000 nos. p.a. AC/DC Contractors. 50,000 nos. p.a. Fuse Switches & Isolating Switches 11/22 KV. 2,520 nos. p.a. (S.E.)

M/s. Gangappa Cables Ltd., Uppal Road, Hyderabad-50003 (Hyderabad-A.P.)—Enamelled Winding Wires upto 41 SWG 52 p.a. Enamelled Winding wires of finer gauges 42 SWG thinner 50 tonnes p.a.

M/s. Usha Electronics (India) Pvt. Ltd., B-27, Greater Kailash-1, New Delhi-48 (Faridabad, Haryana)—Styrofoam Capacitors (Plastic Film Capacitors) 10,000,000 nos. p.a. (NU)

Shri R. K. Jhunjhunwala, Vijay Mahal, 12, Walkeshwar Road, Bombay-400006 (Faizbad-U.P.)—Transistors Header To-5 to To-18 and other similar types) 6 million p.a. (NU)

M/s. Electronics Corporation of India Ltd., Industrial Development Area, Cherlapalli, Hyderabad-40 (A.P.) (Hyderabad A.P.)—Nickel Cadmium Cells—20,000 nos. p.a. (NA)

M/s. Siemens India Ltd., B 4-A, Dr. Annie Besant Road Worli Bombay-18 (Bombay-Mah.)—H.T. and L.T. Switch board

ontrol Boards and miscellaneous accessories for power ations, H.T. substations and for electrification of factories etc. 340 nos. p.a. (COB)

M/s. Jyoti Ltd., Industrial Area, P.O. Chemical Industries, aroda (Gujarat). Baroda-Gujarat) Static Power converters and latic Invertors with rating up to 200 KV 400 nos. p.a. (NA)

M/s. Sur Iron & Steel Co. Pvt. Ltd., 15, Convent Road, alcutta-14 (Calcutta-14 (Calcutt W.B.) Arc Welding Transfor- ers 3600 nos. p.a. after expn. (SE)

M/s. Bharat Electronics Ltd., Jalahalli P.O. Bangalore (arnataka State)—Deflection Coil 20,000 nos. EHT Transfor- ers. 20,000 nos. (NA)

M/s. Kirloskar Electric Co., Malleswaram, Bangalore-55, angalore, Karnataka)—Control Equipment—3000 units. after pansion. (SE)

Telecommunications

M/s. Power Cables (P) Ltd., 24, Brelvi Sayyad Abdulla Road, P. No. 1522, Bombay-1 (Nadiad-Gujarat)—Carbon Resistors 20 nos. Potentiometers; Loudspeaker and Paper cones 3 nos. Ferrite Roads and Cores 1.5 nos. Electrolytic capacitors 0 nos. Mylar film capacitors 5.0 nos. (all in millions) (NA)

Transportation

M/s. Usha Telehoist Ltd, 14, Princep Street, Calcutta-13 aridabad—Haryana) Automatic Chassis Lubricating System 00 units p.a. (NA).

M/s. Universal Radiators Pvt. Ltd. Mettupalayam Road, oimbatore 21 (Coimbatore T.N.)—Radiators—36,000 nos. p.a. ter expn. (SE)

M/s. Swastik Rubber Products Ltd, Swastik House, Behind irkee Rly—Station, Poona (Poona Mah.) Oil seals 63 lakh nos. a. after expn. (SE)

Industrial Machinery

M/s. Larsen & Toubro Ltd., INT House, P.O. Box No. 278, allard Estate, Bombay-1 (BR) (Bombay-Maharashtra) Beet reparation and Beet Pulp Dehydration/Procassing Plants Sugar ane and Beet Diffusion Plants of capacities ranging from 1000 , 6000 tonnes per day. Plants within the existing licensed apacity of plants of 1500/2000 tonnes per day cap. (NA)

M/s. Textile Machinery Corporation Ltd, P.O. Belgharia, alcutta-56 (Belgharia Calcutta W. B.)—Cop Winding Machines 0 nos. p.a. (NA)

M/s. Giovanola Binny Ltd., Penstock Factory Road, Post ox No. 901 Pallurthy, Cochin (Karala) (Cochin Karala) Pres- ure Vessels tanks Chemicals, Petroleum and Fertilizers etc. 00 tonnes p.a. (NA)

M/s. Larsen & Toubro Ltd., Gulal Bhavan (2nd floor) 6, ahadur Shah Zafar Marg, New Delhi-1 (Bombay-Mah.)—Com- ete High speed Bottling Plants comprising. Bottle washers to 36,000 BPH Bottle fillers upto 24,000 BPH Plastic case was- ers Conveyors. six nos. Valued Rs. 60 lakhs approximately a. (NA)

M/s. Star Textile Engg. Works Ltd., Dhanraj Mahal, Apollo undar Road, Bombay-1 (Thana-Mah.)—High Temperature igh Pressure Dyeing machines 22 Units. p.a. (NA)

M/s. Bharat Heavy Plates & Vessels Ltd., Visakhapatnam .P. (Visakhapatnam, A.P.)—Finned tube air coolers for process ants 50 nos. worth Rs. 150 lakhs (NA)

Water Treatment Plants

M/s. The Indian Sugar & General Engg. Corp. (Prop, the raswati Industrial Syndicate Ltd.,) Yamunanagar, Ambala

Yamunanagar Dist. Ambala (Haryana) Water Treatment Plants Rs. 160.00 lakhs p.a. (NA)

M/s. National Machinery Manufacturers Ltd., Stadium House, 81-83, Veer Nariman Road, Bombay-20 (BR) (Thana Maharashtra)—Fly-Frames 120 numbers p.a. (NA)

Miscellaneous Industry

M/s. Carborandum Universal Ltd., 11/12, North Beach Road, Madras-600019 (Tirunottiy-Madras) Bonded Abrasive (Grind- ing Wheels)—4020 tonnes p.a. after expn. (SE)

M/s. Platewel Process and Chemicals Ltd., 507, Kakad Chambers, Dr. A. Besant Road, Worli, Bombay. (Atladra Distt. Baroda Gujarat) Polishing Wheels 50,000 nos. p.a. (NA)

Machine Tools

M/s. Praga Tools Ltd., Kavadiguda Road, Secunderabad ((A P) (Secunderabad AP.—Thread rolling machines 120 nos. p.a. after expansion (S.E.).

M/s. Mukand Iron & Steel Works Ltd, Balapur Road, Kalwa. Thana (Maharashtra) (Thana Mah.)—Rolling Mill Equipment having rolls smaller than 16" in diameter. 7 nos. p.a. (NA)

Hydraulic Presses

M/s. New Bamco Engg. Products (P) Ltd, Khanapur Indus- trial Estate, P.O. Ydyambag, Belgaum (Karnataka) (Karnataka)— Hydraulic press upto 10,000 tonne cap. Rs 1.50 croress p.a. (SE)

Earth Moving Machinery

M/s. Bharat Earth Movers Ltd, Unity Buildings, J.C. Road, Bangalore (Kolargold fields Karnataka)—Tractor shovels of 1.15 to 2.40 cubic metres (1.5 to 3.0 Cubic Yards) 125 nos. p.a.

Mechanical Engineering

M/s Timblo Industries P. Ltd, Kadar Manzil, P.B. No. 34, Margao-Goa—P.V.C. Sandals and chappals—7 lakh pairs p.a. (GOB).

M/s. The Raymond Wollen Mills Ltd, (Divislan: J.K. Engi- neers' Files) J.K. Building, Dougall Road, Ballard Estate. Bombay (India), Thana (Maharashtra)—Engineers Steel Files— 6,00,000 dozens 2) Rasps 12,000 dozens after expn. (SE).

M/s Macneill & Barry Ltd, 2, Fairlie Place, Calcutta-1 Calcutta W.B.)—i) Diamond Industrial Tools 25,680 nos. p.a. ii) Diamond Mining Tools 13,200 nos. p.a. (COB).

Commercial Office and Household Equipment

M/s. Cutler Hammer India Ltd, 20/4, Mathura Road, Farida- bad-11 (Ballabgarh—Haryana)—Thermostats—50,000 nos. p.a. (SE)

Shri Ram A. Gupta, Director, M/s. Computch P. Ltd., G-2, Maharani Bagh, New Delhi-110014 (Jhansi—UP).—Electronic Desk Calculators 2,000 Sets p.a. (NU)

Medical and Surgical Appliances

M/s. Siemens India Ltd., B 4-A, Dr. Annie Besant Road, Worli, Bombay-400018 Bombay (Mah.)—Dental Units 100 units per annum (NA)

Industrial Instruments

M/s Mahindra & Mahindra Ltd, Gateway Building, Apollo Bunder, Bombay. (Calcutta WB)—Variable Area Flow Matters 301 nos. p.a. Pressure Switches 342 nos. p.a. (C.OB).

Chemicals Other than Fertilizers

M/s. Meena Air Products Ltd., 21-B, Mehar Apartments, Altamount Road, Bombay-26 Thana (Mah.)—i) Oxygen Gas—

0.90M. Cubic meter p.a. ii) Dissolved Acetylene Gas 0.15 M.Cubic meter p.a. (NU)

M/s. Haryana Oxygen P. Ltd. Village Sheikpura, P.O. Hansi, Distt. Hissar (Haryana)—Oxygen Gas 0.40 M. Cubic Metres (NU)

M/s. Enamaled Wires Ltd., Khanna Construction House, 44-A, Gaffar Khan Road, Worli, Bombay. (Taraporeindie Estate, Distt. Thara Mah.)—1) Wire Eamels (SE) 720 tonnes p.a. 2) Varnishes (New Article) 160 tonnes p.a. 3) Synthetic Resins (New Article) Like Polyesters, phenolic, Amino, Maleic and Terephthalate resins (SE/NA)

M/s. Bharat Pulverising Mills (P) Ltd., Hexamar House, 28, Sayani Road, Bombay-25—Zinc Phosphide 72 tonnes p.a. (NA)

Shri K. Rama Rao Manay, 399-Avenue Road, Bangalore-2 M/s. Electro Chemical Industries Ltd., Bangalore. (Bangalore Karnataka)—Electrolytic Manganese Dioxide. 4000 tonnes p.a. (NU).

M/s. Meena Gases Ltd., Somani Bhawan, Bazar Sitaram, Delhi-110006 (Ballabgarh—Haryana)—Oxygen Gas—0.72 M. Cubic metres. Dissolved Acetylene Gas 0.12 M. Cubic Metres.

M/s. The National Rayon Corporation Ltd., Post Box No. 11118, Eros Theatre Building, 1 Jamshedji Tata Road, Bombay-20 BR (Mohonehar Kalyan Mah.)—Hydrogen Gas (Bye-Product) 5,90,000 cubic metres.

M/s. Tata Chemicals Ltd., Bombay House, Bruce Street, Fort, Bombay-1 (Mithapur Gujarat)—Soda Ash 5,00,000 p.a. after expn. (SE)

M/s. The National paper Mills Ltd., Nepanagar (MP) (Nepanagar MP)—Newsprint and Caustic Soda 8,928 tonnes p.a. after expn, Chlorine—7,910 tonnes p.a. after expn. (SE)

M/s. Garware Nylons Ltd., Chapauty Chambers, Sandhurst Bridge, Bombay-7 (Pimpri Poona Mah.)—Polyester Filament Yarn 360 tonnes p.a. (NA).

M/s. Asian Chemical Works. 124-126, Princess Street, Bombay. (Bombay Mah.)—Aniasyl Alcohol 100 kgs; Butyl Butyrates 1,000 kgs; Cinnamyl Alcohol 1,500 kgs; Ethyl Cinnamate 100 kgs; Ethyl Anthrainlate 700 kgs; Goranyl Acetate 1,000 kgs; Goranyl Formate 1,000 kgs; Linalyl Propionate 500 kgs; Haliotropin 5,000 kgs; Phenyl acetic aldehyde dimethyl acetate 300 kgs; Total 11,700 kgs-

M/s. New Chemi Mineral Mills (P) Ltd., Rohit Chambers, 2nd floor, Ghoga Street, Fort Bombay-1 (Bombay Mah.)—Endrin, Carbaryl' Heptechlor, Chloridane Lindane dust 1600 tonnes waterable powders; DLVP Malathion Endosulphan, 15.0 tonnes Emulsifiable BHC DDT Zinc and Copper Oxychloride. 620 Kgs. Granules, 480 Tonnes.—Capacity in terms of Tech. material Annual 555 tonnes (COB).

Drugs and Pharmaceuticals

M/s. East India Pharmaceutical Works Ltd., 6, Little Russell Street, Calcutta-16 Calcutta (WB)—i) Di-Iodoxyhydroxy quinoline 12 tonnes after expn. p.a.; ii) Iodochlorophydroxy quinoline 100 tonnes (after expn.) p.a. (SE).

M/s. Chemical Industrial and Pharmaceutical Labs. Ltd., 289, Bellessis Road, Byculla, Bombay-8 (Bombay-Mah.)—i) Norgosic; 40 lakh p.a. tablets ii) Cipioric tablets 50 lakh p.a. iii) Ciplactin tablets 100 lakh p.a. (NA).

M/s. Tata Fison Industries Ltd., 21, Raveline Street, For Bombay-1 (Thana Mah.)—Fenitrothion 100 tonnes (NA).

M/s. Chemicals, Industrial and Pharmaceutical Lab. Ltd 289, Bellasis Road, Byculla, Bombay-8 (Bombay-Mah.)—Trimethoprim 500 kgs. p.a., ii) Sulphamethonazole 2.5. tonn p.a. (SE).

M/s. Chemical Industrial and Pharmaceutical Laboratori Ltd, 289, Ballasis Road, Byculla, Bombay-8 (Bombay-Mah.)—Ciplin tablets (80 mg. Trimethoprim and 400 m.g. sulphameth- xezole) 50 lakh tablets p.a. (NA)

M/s. Indian Drugs & Pharmaceuticals Ltd., N-12, Sou Extension, Part I, New Delhi-49 (Hyderabad A. P.)—Diazap (5 mg. to 10 Mg. 250 lakhs; Metronidazole (200 Mg.) tablet 250 lakhs Trimethoprim & Sulpha-mg. methexazole (80 mg 400 tablets 60 lakhs Chloyoguini Phosphate (250 Mg.) tablet 2400 lakhs (NA).

M/s. Smith Kline and French (India) Ltd., Devanahalli Roa Off Old Madras Road, Post Box 2504, Dooravaninagar, Bang- lor-16 (Bangalore Mysore)—Tablets 918 lakhs, Liquids 34,00 litres, Ointments 155,300 Kgs Capsules 145 lakhs, Powde 43,310 Kgs, Inhalers 21,600 Nos, Injectables 3 lakhs no (COB).

Textiles

M/s. Monegram Mills Co. Ltd., Rakhial Road, Ahmedabd-2 Ahmedabad Gujarat)—100 looms of indigenous make for th manufacture of cotton cloth (SE)

M/s. Marsden Spinning and Mfg. Co. Ltd., Rakhial Roa Ahmedabad-23 (Ahmedabad Gujarat)—150 looms of indigenoi make for the manufacture of eotton cloth. (SE)

M/s Gokak Mills Ltd., Forbes Building, Home Stee Bombay-1 (Gokak, Distt Belgaum in Mysore)—Cotton Canva Ducks 100 automatic imported looms) (SE).

M/s. The Tata Mills Ltd., Bombay House, 24, Bruce Stree Fort, Bombay-1 (Bombay Maharashtra)—Cotton yarn 9,24 spindles for the manufacture of cotton yarn. (SE)

M/s. Oswal Woollen Mills Ltd., Miller Ganj Ludhian (Miller Ganj Ludhiana Punjab)—Woollen Textiles 56 power looms (after expn) (SE).

M/s. The Saragpur Cotton Manufacturing Co. Ltd Amariwadi Road, Ahmedabad-8 (Ahmedabad Gujarat)— 12,250 spindles for the manufacture of cottonyarn. (SE)

M/s. The Sarangpur Cotton Manufacturing Co. Ltd Amariwadi Road, Ahmedabad-8 Ahmedabad Gujarat)—48 loom of imported make for the manufacture of cotton cloth. (SE)

M/s. Reliance Textile Industrias (P) Ltd., Court House, 5t Floor, Tilak Marg, Dhobi Talao, Bombay (BR) (Bombay Mah.)—Art silk/synthetic yarn woven fabrics 450 power loom; after expn. Knitted fabrics 4 warp knitting machines (Exisi ing) (SE).

M/s. Shri Ramalings Mills (P) Ltd., Aruppukottai Ramana thapuram Distt., (Tamil Nadu State) (Aruppukottai TN)—30 looms of indigenous make for the manufacture of cotton cloth (SE)

M/s. Delhi Cloth & General Mills Co. Ltd., Textile Div sion, Bara Hindu Rao, Delhi-6—Cotton Yarn 49,224 spindle after expn. (SE)

Today Germany is looking back.



Back 25 years.
To when the fathers of the German
Constitution signed the Basic Law. May 23, 1949.
Solemnly, the First Article proclaimed:
"The dignity of man shall be inviolable.
To respect and protect it shall be the duty of all
State Authority".

25 years back
The Federal Republic of Germany was born.
A social, democratic republic.
With a will to work, re-create and live again.
Rising from the ruins and rubble of war.
Seizing the "advantage of the defeated",
Germans rebuilt Germany.
Divided but not disheartened.

25 years.
Challenges. Achievements.
Rising standards of living.
Flourishing industry
and commerce.
Social justice and,
above all, freedom.

25 years
of cooperation,
dialogue and sharing.
With countries and people.
With India. Fruitful. Encouraging.

25 years.
Looking back, every minute,
every mile has been covered usefully.
And Germany looks forward;
forward to a promising future.
Based on hard work,
friendship and understanding.
And Peace based on justice and co-operation.

Today Germany is looking forward.

Issued by the Federal Republic of Germany on the 25th Constitution Day.



FRG 34/75

M/s. South India Viscose Ltd., S-133, Panch Shila Park,
New Delhi-110017 (Coimbatore-TN)—Viscose Staple Fibre
11,000 tonnes after expn. (SE)

M/s. Amausi Textile Mills Ltd., 176, Hazrat Ganj, Lucknow
(UP) (Lucknow UP)—Cotton Cloth annual cap. 300 looms
of indigenous make after expn. (SE)

M/s. UP State Textile Corporation Ltd., 7-B Sarvodaya
Nagar, Kanpur (UP) (Jhansi Distt.)—Cotton Yarn—annual cap.
25,000 spindles. (NU)

M/s. U.P. State Textile Corporation Ltd., 7-B, Sarvodaya
Nagar, Kanpur (U.P.) Bijnore Distt. U.P.)—Cotton Yarn 25,000
spindles (NU)

M/s. UP State Textile Corporation Ltd., 7-B, Sarvodaya-
nagar, Kanpur (UP) (Hardoi Distt. UP)—Cotton Yarn 25,000
spindles (NU)

M/s. UP State Textile Corporation Ltd., 7-B, Sarvodayanagar,
Kanpur (UP) (Faizabad UP)—Cotton Yarn 25,000 spindles (NU)

Shri V.N. Prasad, UP State Handloom & Powerloom Fin-
ance and Development Corporation Ltd., B-25 Sarvodayanagar,
Kanpur (UP) (Azamgarh UP)—Cotton Yarn 25,000 spindles
(NU)

Shri V. N. Prasad, UP State Handloom & Powerloom Fin-
ance and Development Corporation Ltd., B-25, Sarvodayanagar,
Kanpur (UP) (Basti Distt. UP)—Cotton Yarn 25,000 spindles
(NU)

M/s. UP State Textile Corporation Ltd., 7-B, Sarvodayanagar,
Kanpur, (UP) (Barabanki Distt. UP)—Cotton Yarn 25,000
spindles (NU)

M/s. UP State Textile Corporation Ltd., 7-B, Sarvodaya
Nagar, Kanpur (UP) (Rai Bareilly UP)—Cotton Yarn 25,000
spindles (NU)

M/s. Wood Craft Products Ltd., P-461, C.I.T. Scheme RLV
Radha Bazar Lane, Calcutta (West Bengal) (Thana Maharash-
tra)—Embroidered Cloth 7.20 lakh metres p.a. (COB)

M/s. Premier Mills (Pvt.) Ltd., Pulankhar P.O. Udomabpot,
Coimbatore (T.N.) (Coimbatore T.N.)—Cotton Cloth 300 looms
of indigenous make. annual cap. (SE)

M/s. Madhya Pradesh State Textile Corporation Ltd., Bho-
pal, Madhya Pradesh, (Bengal Nagpur Cotton Mills Ltd., Raj-
nandgaon M.P.)—Cotton Yarn 15,000 spindles, Cotton piece
goods 252 automatic looms of indigenous make annual cap. p.a.
(SE)

M/s. Annanaliar Mills (P) Ltd., Begampur (P.O.) Dindigul
(Tamil Nadu) Begampur T.N.)—Cotton Cloth 300 looms of in-
digenous make (SE)

M/s. Rohit Mills Ltd., Khokra Mehmedabad-8, (Ahmeda-
bad-8 (Gujarat)—Cotton Cloth 96 indigenous looms (SE)

M/s. Modella Textile Industries Pvt. Ltd., 4-C, Vulcan Insu-
rance Building, Veer Nariman Road, Bombay-20 (Thana Mah./
Amritsar Punjab)—(1) Modern Woollen Mills, Thana—Worsted
Yarn 4532; Worsted spindles; Shoddy Yarn 884; Shoddy spindles
Wollen Worsted powerlooms 52; (2) Modella P. Ltd., Amritsar,
Worsted Yarn 804; worsted spindles; Wollen worsted power-
looms 36; wollen worsted powerlooms; (3) Brij Textiles (P)
Ltd., Thana; Art silk power looms (COB)

M/s. Swadeshi Cotton Mills Co. Ltd., Post Box No. 19
Pondicherry—Cotton yarn annual cap. 25,000 spindles for the
manufacture of cotton yarn. (SE)

M/s. Salem Textiles Ltd., Selloampalayam, Narasingapuram
Post, At/tur Tk: Salem Distt. Tamil Nadu (Salem Distt. T.N.)—
Cotton Cloth annual cap. 300 looms of indigenous make. (SE)

M/s. Usha Spinning & Wvg. Mills Ltd., "Jeevan Tara" 5,
Parliament Street, New Delhi. (Ballabgarh—Haryana)—Cot-
ton Cloth annual cap. —300 looms of indigenous make. (after
expn.) (SE)

M/s. Ramkumar Mills (P) Ltd., Sudhama House, Chickoat
P.B. No. 7524, Bangalore -53—(Bangalore Karnataka)—Cotton
Cloth - annual cap. 300 looms of indigenous make. (after expn.)

M/s. Shree Saraswathi Mills Ltd., Post Box No. 34. Madurai
-2 (T.N.) — (Madurai T.N.)—Cotton Cloth annual cap. 300
looms of indigenous make (SE)

M/s. Kwaliti Spinning Mills (P) Ltd., Post Box No. 27
Udamapet Road, Pollachi, Tamil Nadu, —Pollachi T.N., —Cot-
ton Cloth annual cap. 300 looms of indigenous make (after expn.)
(SE)

M/s. Visnagar Cooperative Spinning Mills Ltd., P.B.No. 1
Visnagar Khoralu Road, Visnagar, Mehsana Distt. (North Guja-
rat) — Cotton Cloth annual cap. 300 looms of indigenous mak-
(N.A)

M/s. Bhaskar Textile Mills Ltd., 2, Brabourne Road, Cal-
cutta-1 — Cotton Cloth annual cap. 300 looms of indigenou
make. (NA)

Paper and Pulp

M/s. Sun Coated Paper Company, Dr. Annie Besant Road
Worli, Bombay -18 from Wagle Ind. Estate Thana to NIDC
Ind. Estate Satpur, (Distt. Nasik) (Maharashtra) —Clay Coater
Paper 2,500 tonnes (Shifting)

Sugar

M/s. Purna Sehakari Sakhar Karkhana Ltd., Fasmathnagar
Distt. Parbhani, Mah. — (Parbhani distt. Mah.)— Sugar Crush-
ing capacity of 1,250 tonnes of sugarcane per day.

Shri Chitrnanjan Singh, Promoter, M/s. Harduaganj Coopera-
tive Sugar Factory Ltd., Harduaganj, Distt. Aligarh U.P.—Ali-
garh U.P.)— Sugar 1,250 tonnes Cane Crushing capacity pe
day.

Shri Ganpatrao Anandrao Sarnerao Chairman, Shri Datt
Sahakari Sakhar Karkhana Ltd., Asurle Parle Tehsil Pahhal
Distt. Kolhapur Mah. — Sugar 1250 tonnes Crushing capacit
per day. (after expansion) (SE)

M/s. The Shankar Sugar Mills Ltd., 9, Brabourne Road, Cal-
cutta - 1 Deoria U.P.) — Sugar 2230 tonnes cane Crushing capa-
city per day. (after expn.) (SE)

M/s. Shri Sarvaraya Sugars Ltd., Chelluru, Ramchandra
puram Taluk, West Godavari Distt (Andhra Pradesh) — Sugar
22500 tonnes Cane Crushing capacity per day. (after expn.) (SE)

M/s. Shri Ratnappa Brahmappa Kumbhar, Chairman, Shre
Panchanganga Sahakari, Sakhar Karkhana Ltd., Ganganaga
Ichalkaranji, Distt. Kolhapur, Mah. (Kolhapur Mah.)—Sugar-
500 tonnes Cane Crushing capacity per day after expansion. (SE)

M/s. Andhra Sugars Ltd., Post Box No. 2, Vankatarayapuram, Tanuku (A.P.)—(Tanuku A.P.)—Sugar—5000 tonnes Crushing capacity per day after expansion (SE)

M/s. The Mysore Sugar Co. Ltd., P.B. No. 564, Shri Jaychamarja, Wadayar Road, Bangalore-2—(Mandya, Karnataka)—Sugar—5000 tonnes Cane crushing capacity per day after expansion (SE)

Shri Hiranpakshi Sahakari Sakhara Karkhana, Niyamin, Sankeshwar, Distt. Belgaum Karnataka—(Belgaum—Karnataka)—Sugar—3500 tonnes Cane crushing capacity per day after expansion (SE)

Shri A. R. Panchagavi, Chief Promotor, The Ghataprabha Sahakari Sakhara Karkhana, Niyamin Gokak, Distt. Belgaum, Karnataka, Belgaum, Karnataka—Sugar—1250 tonnes Cane Crushing capacity per day (NU)

M/s. Shree Mukesh Textile Mills Pvt. Ltd., Shimoga, Karnataka (Shimoga—Karnataka)—Sugar—2,500 tonnes Cane Crushing capacity per day after expansion (SE)

Shri R. D. Patil, Chairman, Balganga Sahakari Sakhar Karkhana Ltd., (Bhoras) Taluka Chalisgaon, Distt. Jalgaon, Maharashtra State, (Distt. Jalgaon Mah.)—Sugar—1250, tonnes Cane crushing capacity per day (NU)

M/s. U.P. State Sugar Corporation Ltd., 25-B, Ashok Marg, Lucknow U.P. (Mathura-U.P.)—Sugar—1250 tonnes Cane Crushing capacity per day. (NU)

M/s. U.P. State Sugar Corporation Ltd., 25-B, Ashok Marg, Lucknow U.P. (Bijnor U.P.)—Sugar—1250 tonnes Cane Crushing capacity per day. (NU)

M/s. The Kirlampudi Sugar Mills Ltd., Pithapuram, East Godavari Distt. Andhra Pradesh (East Godavari-A.P.)—Sugar—2,500 tonnes Cane Crushing capacity per day after expn. (SE)

M/s. Yeshwant Sahakari Sakhar Karkhana Ltd., Akluj, Tala-Malshires, Distt. Sholapur Maharashtra, (Sholapur-Mah.)—Sugar—3,000 tonnes Cane Crushing capacity per day (SE)

M/s. Shri A. K. Patel, C/o Chief Promoter Vithal Co-operative Sugar Factory Ltd., Pandharpur, New Poth, Distt. Sholapur Mah.—(Sholapur Mah.)—Sugar—1250 tonnes Cane crushing capacity per day (NU)

M/s. Lakshmiji Sugar Mills Co., Pvt. Ltd., Maholi, Distt. Sitapur (U.P.) (Sitapur U.P.)—Sugar—2000 tonnes Cane Crushing capacity per day. (NU)

M/s. Shri Mallala Padmanabha Rao, Ibrahim Patnam, Distt. Krishna (A.P.) (Ibrahimpattam Cooperative Agricultural & Industrial Cooperative Society Ltd.) (Distt. Krishna A.P.)—Sugar—1,250 tonnes Cane crushing capacity per day (NU)

Food Processing Industries

M/s. Jagatjit Industries Ltd., 54, Ring Road, Lajpat Nagar III, New Delhi-24 (Bahadurgarh Patiala Punjab) — (1) Infant food 1000 tonnes (2) Weaning foods 1000 tonnes (3) Milk Powder 1500 tonnes (4) Condensed Milk 1200 tonnes (5) Cheese 500 tonnes

M/s. Mohan Meakin Breweries Ltd., Ghaziabad U.P.—(Ghaziabad U.P.) — (1) Maize and Corn Flakes 700 tonnes (2) White Oats 200 tonnes (3) Wheat Flakes 350 tonnes (4) Pearl Barley 200 tonnes

Leather, Leather Goods and Pickers:

Bhiwandi Factory M/s. Godhwani Brothers, 38, Shaffi Building, Dharavi, Bombay-17 (Bhiwandi & Dhond—Mah.)—(1) Wet blue chrome tanned and crust goat & sheep skins 10.56 lakh nos; Wet Blue Chrometanned hides and Calf skins. 6,000 nos; Finished leather from hides and calf skins. 75,000 nos. Finished leather from hides and calf skins. 2,000 nos.

Dhond Factory E.I. Tanned goat and sheep skins. 9.72 lakh nos. (C.O.B)

M/s. Nava Bharat Enterprises P. Ltd., 920, Dinabad Estate, Tilak Road, Hyderabad - 500001 (Hyderabad A.P.)—Finished chrome and Hides and calf upper Leather for shoes. 1.2 lakh nos. p.a. E. I. Tanned Kips 0.3 lakhs nos. (NU)

M/s. Abdul Razak & Sons, 15/3, Vepery High Road, Periamet, Madras-3 (Ambattur T.N.)—Wet blue tanned goat skins 12.84 lakh nos. p.a. after expn. (SE); Finished leather from hides 50,000 nos p.a. (NA); Finished leather from skins - 1,25,000 nos. p.a. (NA)

M/s. M.A. Khizar Hussain & Sons, 10, Kumarappa Chetty Street Pariamet, Madras -3 (Ranipet T.N.)—Finished leather from hides and calf skins 4,23,000 nos. p.a. after expn. (SE) Finished leather from skins; 86,000 nos. (SE/NA)

M/s. Shafeeq Shamed & Co., Solur, Ambur (North Arcot Distt, Tamil Nadu). (North Arcot Distt. T.N.) — E.I.Tanned sheep skins 4.8 lakh nos. p.a. (COB)

M/s. A. Mohamed Khasim & Co., 13-B, Sydenhams Road, Madras. (Ambur N.A.D.T.T.N.)—(i) E.I.Tanned Goat Skins—15 lakh nos. p.a. (ii) Wet blue chrome goat skins. 7.5 lakh nos. p.a. (C.O.B)

M/s. C. Rasheed Ahmed & Co., 40, Sydenhams Road, Madras-3 (North Arcot Distt. T.N.) — Tanned hides and calf skins wet blue chrome tanned hides and finished leather—300 lakh nos. p.a. (C.O.B)

M/s. Sreenivas & Co., 10, Sydenhams Road, Madras-3, (Madras)—(i) Finished leather from hides—1,95,000 nos. p.a. after expn. (ii) Finished leather from skins 700,000 nos. p.a. after expansion (SE)

M/s. E. K. Leather Mfg. Co., Paris Agraharam, S.O. Erode-5 Tamil Nadu (Erode T. N.)—(i) Finished leather from hides—17,000 pieces p.a. (ii) E.I. and wet blue chrome tanned hides—15,000 pieces p.a. (COB)

M/s. V. K. Matheen & Co., 39, Sydenhams Road, Periamet, Madras. (North Arcot Distt. Madras)—E.I. Tanned hides and skins 2,45,000 nos. p.a. (COB)

M/s. Shalimar Tannery Co., 12-E, Vepery High Road, Madras. (North Arcot Distt. T.N.)—E.I. Tanned skins/wet blue chrome tanned skins—3.0 lakhs nos. p.a. (COB)

Cement and Gypsum Products

M/s. Cement Corporation of India Ltd., 5-A, Bahadur Shah Zafar Marg, New Delhi-1 (Nahan, H.P.)—Portland Cement—2,00,000 tonnes p.a.

Shri D. M. Dahanukar, Industrial Assurance Building 3rd Floor, Churchgate, Bombay-20, (Chewa Mah.)—Portland Cement—3.30 lakh tonnes.

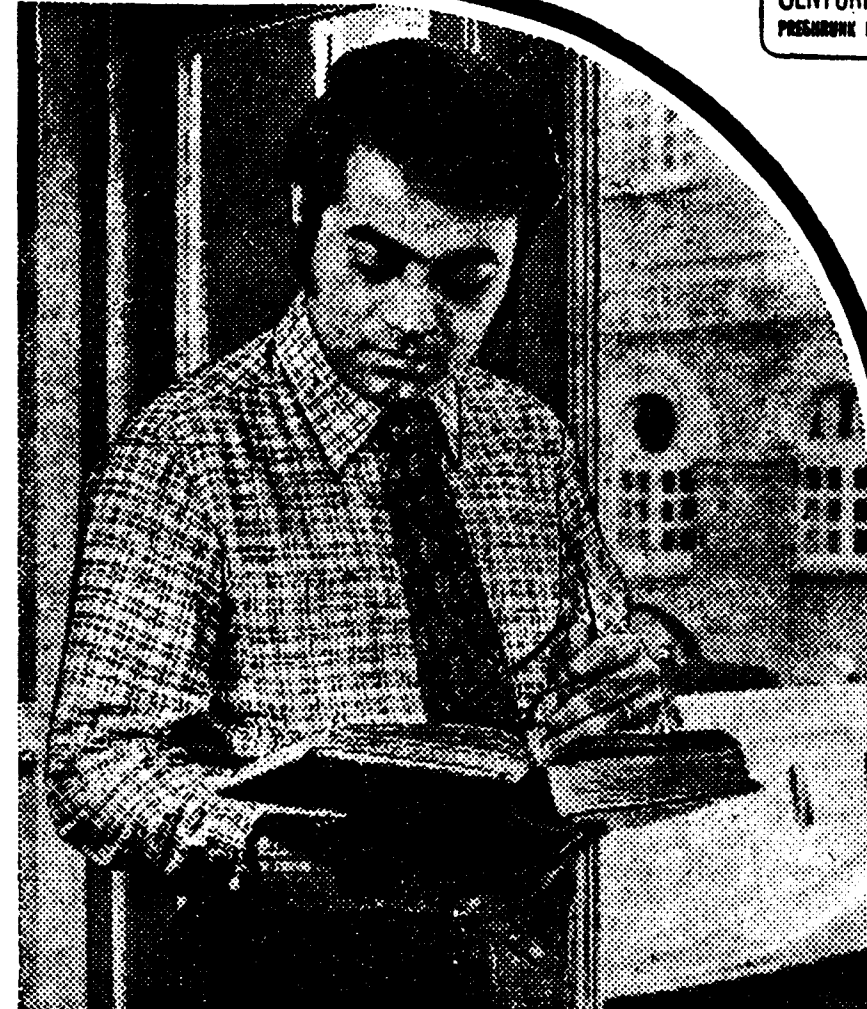
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RECORDS AND STATISTICS

Petroleum and chemicals

THE ANNUAL report of the ministry of Petroleum and Chemicals for 1973-74 highlights the impact of the rising prices of imported crude oil on this country's import bill. In 1973, 13.39 million tonnes of crude oil costing Rs 242.40 crores and 3.83 million tonnes of refined products of the value of Rs 99.10 crores were imported. It is now estimated that the import bill for crude and refined products for 1974-75 will be of the order of Rs 1,300 crores. The report also gives details regarding the efforts being made by this country in regard to exploration, production and refining of oil and laying of pipelines. In addition, various developments relating to petrochemicals, fertilizers, drugs and pharmaceuticals have also been reviewed. Excerpts from the report are giving below.

Petroleum

Crude Oil: The year 1973 witnessed climacteric changes in the supply position of crude and oil prices. Though the posted price of crude oil had been increasing steadily all through the early months of 1973, it increased sharply from \$ 3.011/bbl to \$ 5.119/bbl (for Saudi Arabian light crude oil) with effect from October 16, 1973. The corresponding posted price of Light Iranian crude (which accounts for the bulk of imports into India) increased from \$2.995/bbl to \$ 5.341/bbl. For the first time the market prices and the posted prices were established by the OPEC (Organi-

sation of Petroleum Exporting Countries) countries.

In the wake of hostilities in West Asia in October, 1973 the OPEC countries placed an embargo on the export of crude oil to certain countries and at the same time reduced their production. This effected supplies to India though after mutual discussions supplies were restarted at the levels prevailing before the cutback in production. However, the prices continued to increase. In their declaration of December 23, 1973, the OPEC countries announced a very steep increase in the posted price of all crude oils. The posted price of light Arabian crude (Marker crude increased from \$ 5.036/bbl to \$11.651/bbl. This increase took effect from January 1, 1974. Correspondingly, the posted price of Light Iranian crude oil also increased from \$ 5.254/bbl to \$ 11.875/bbl. The overall effect of these developments is that the average FOB price of crude oil imported in January, 1974 is now about \$ 10/bbl as against \$ 2/bbl prevailing in the beginning of the year 1973.

During the year 1973, the domestic production of crude was 7.20 million tonnes. The import of crude oil and products in 1973 was 13.39 million tonnes of crude costing Rs 242.40 crores and 3.83 million tonnes of refined products costing Rs 99.01 crores. The import bill for crude and refined products for 1974-75 is now estimated to be of the order of Rs 1,300 crores.

The Oil Exploration and Production: The indigenous production accounts for a third of India's need for crude oil and the remaining 2/3rds are imported. In the context of the world oil crisis, there is the pa-

ramount need to intensify the indigenous oil exploration. The two principal agencies for indigenous oil exploration are the ONGC, which is a wholly-owned undertaking of the government of India and the Oil India Limited, which is a joint sector undertaking of the government of India (50 per cent) and the Burmah Oil Company (50 per cent). ONGC has been producing a little over 4.0 million tonnes of crude per annum, while Oil India production has continued to be at a steady rate of three million tonnes per annum. Oil India operates in a limited area in Assam and in Arunachal Pradesh, whereas ONGC has been operating practically in all the sedimentary areas of the country. The two oil exploring agencies have so far discovered a total of about 175 million tonnes of recoverable oil reserves and have already given a cumulative production of about 60 million tonnes leaving a balance of about 115 million tonnes, yet to be recovered. The available oil reserves are thus very insufficient in consideration of the fact that in another five years' time, India's requirements of crude oil may be of the order of 40-43 million tonnes per annum.

Even before the present oil crisis, a joint techno-economic plan was prepared by the Indian experts with the assistance of Russian experts, for increasing ONGC's oil production. This techno-economic plan has since been integrated with the fifth five-year Plan and at the end of the fifth Plan period, the production of ONGC is expected to go up to 8.42 million tonnes per annum (which together with OIL's production of three million tonnes would take the indigenous production to 11.42 million tonnes per annum). Further, at least 70 million tonnes of additional recoverable reserves would also be located during the fifth Plan period.

The intensification of exploratory effort has been extended to the Continental Shelf areas as well. ONGC has acquired a self-elevating, self-propelled mobile drilling platform — "Sa-

gar Samrat" — and has commenced drilling operations in the Arabian Sea area, adjoining Bombay. Although the first well drilled with Saga Samrat on the Tarapur structure encountered high pressure problems, which led to the temporary abandonment of the well, the second well drilled on the Bombay High structure has proved successful. At the shallow depth of 692 to 989 metres, there has been a significant oil discovery. During the Drill Stem Test, oil flowed with under pressure — the pressure at the surface being 500 psi. The horizon is full of vugular (highly porous) limestone of the miocene age, which has been known to be a prolific oil producer in the Middle East. Two more oil bearing limestone horizons have been discovered at depths of 1350 and 1612 metres. Drilling is being continued to the projected depth of 2,000 metres. After production testing of this well it is proposed to take up further drilling operations with a view to establishing the potential of the field.

A proposal to acquire a second drilling vessel for off-shore exploration is under consideration with the ONGC and a decision is likely to be taken soon. Government proposes strengthening offshore production capabilities within the country steadily. ONGC has already placed orders for a fully equipped seismic survey ship which is expected to be delivered some time in January, 1975. The seismic survey vessel would help intensify and speed up detailed seismic survey of the rest of the off-shore areas and facilitate quicker exploitation of these areas.

Apart from ONGC's off-shore venture in Iran, ONGC has, during 1973-74, signed an exploration contract for an area of 4175 Sq. Kms. in Iraq. The contract was signed on August 22, 1973 but is effective from November 20, 1973, on which date, the contract was published in the Iraq National Gazette.

Government is also considering collaboration with foreign Oil Companies for explo-

ring some of the off-shore areas. This is expected to speed up discovery and development of new oil fields.

Performance of Refineries During the year: The refineries in operation in the country processed 20.52 million tonnes of crude during 1973. Of this quantity 11.49 million tonnes were processed in five public sector refineries and 9.03 million tonnes in the four private sector refineries. The 9.03 million tonnes of crude processed in the four private sector refineries include 1.1 million tonnes of crude supplied by IOC to the three coastal refineries for processing on process margin basis.

Refining capacity — Increase in the fourth Plan: At the beginning of the fourth Plan, there were eight refineries in operation with a total capacity of 16.25 million tonnes per annum. In the last year of the fourth Plan with the Madras Refinery also going on stream, the Cochin Refinery expansion etc., the capacity had increased to 24 million tonnes including the spare capacity available with the private sector refineries.

When the Haldia Refinery with a capacity of 2.5 million tonnes also goes on stream by the middle of 1974, the total refining capacity in the country would increase to 26.5 million tonnes.

Fifth Plan Refinery Projects: Plans for expanding the refinery capacity in the fifth Plan include a million tonne refinery at Bongaigaon in Assam, expansion of the Koyali Refinery by three million tonnes and the Mathura Refinery with a capacity of six million tonnes; thus adding a total of 10 million tonnes per year to the total capacity which would then increase to 36.5 million tonnes a year.

Lube Oil production in fourth Plan: At the beginning of the fourth Plan only the Digboi Refinery of the AOC and the Bongauni Refinery produced lube oil base stocks. The total production from these two

plants was 69,000 tonnes only. During the fourth Plan period, two major lube plants—Lube India Ltd and MRL—went on stream and reached full capacity production. The total production of lubricating oil base stocks in 1973-74 was 470,000 tonnes against a total consumption of approximately 601,000 tonnes of lubes and greases. Therefore, the indigenous production of lube base stocks very nearly met the requirements for these important and strategic products, barring imports of special products such as turbine oil, axle oil, cylinder oil, bright stocks. The demand for bright stocks would be met when the Haldia Refinery lube plant goes on stream at the end of 1974.

Lube production in fifth Plan: To meet increasing requirements of lube base stocks during the fifth Plan, the debottlenecking and expansion of the capacity of Lube India and MRL lube plants is envisaged. Lube India is planning to raise the capacity from 164,000 tonnes to 240,000 tonnes. Similarly MRL is arranging to raise the capacity from 200,000 to 270,000 tonnes per year. A provision has been made for an additional lubricating oil plant to be established.

Reduction in consumption of lubes: In view of the disproportionately large consumption of lubricating oils in India, efforts are being made to reduce the consumption. Reduction in consumption of lube oils is sought to be achieved by (i) fiscal means; (ii) reclamation of used lubricating oils and (iii) marketing of higher quality lubricating oils which would reduce the total consumption by increasing the period of change of lubes (drain period).

In the context of the steep increase in prices of crude oil and petroleum products in the world market and resultant crippling burden on our foreign exchange resources, the need to curb the consumption of petroleum products in the country was considered imperative. Except for motor spirit and kerosene oil, all the other petroleum

product are essential inputs for the major industrial and agricultural activities in the country. Government have, therefore, taken steps to curb the consumption of these two products immediately and to encourage development of alternative sources of energy to economise the use of other products.

With this end in view price of motor spirit was substantially increased in November, 1973. As a result, consumption of motor spirit registered a fall ranging from 15 to 23 per cent over the previous year instead of an anticipated growth of five per cent.

To reduce the consumption of kerosene oil, and to prevent its adulteration with high speed diesel oil, prices of both these products were also brought almost at par from November 1973. Due to the steep increase in diesel oil demand in the priority sectors of economy production of kerosene was reduced in the refineries by curtailing kerosene quotas to the states.

Government have also reconstituted a Standing Committee under the Chairmanship of the Director-General, Technical Development for regulated supply of furnace oil to industries. The committee will also take steps to ensure that as many industries as can technologically do so, change their boilers and provide other facilities, to use coal instead of furnace oil. The committee will also encourage efficiency and economy in the use of fuel oil. Technical bodies like the National Productivity Council and the Fuel experts of the oil companies will be associated in formulating concrete measures for bringing about a better efficiency and economy in the use of furnace oil. A Furnace Oil Price Control Order has also promulgated in order to curb malpractices in its sale.

Petrochemicals: The year 1973 saw stresses and strains in the petrochemicals field and in fact, for the chemical industry as a whole not only in India but the world over. This was due to difficulties in the

supplies of critical raw materials to this sector which did not permit the utilisation of full capacities to satisfy the rapidly growing demand for petrochemicals, and the unprecedented increase in price of petrochemicals and intermediates. However, the production of major petrochemical products during the year, by and large, did not decline. The production of thermoplastics increased to about 1,14,000 tonnes, an increase of seven per cent over the production in 1972. Production of thermosets increased by 13 per cent and of non-cellulosic synthetic fibres by 21 per cent. The production of synthetic rubber in the only plant operating in the country based on the traditional raw materials i.e. alcohol, registered a fall due to difficulties in procurement of alcohol and labour unrest. The increase in production in respect of certain major organic chemicals (aromatic hydrocarbons, intermediates for plastics, glycol, methanol and phenol) were between 6 to 70 per cent. In some cases, for example, polyester staple fibre and nylon filament yarn, the increase in production resulted partly from commissioning of new capacity in late 1972 and 1973, but the production has been relatively far below the capacity due to paucity of raw materials in the international market.

The production of DMT, the main raw material for polyester fibre yarn etc. was started in March, 1973 for the first time in the Aromatics plant of Indian Petrochemicals Corporation. This project comprises of DMT and Xylenes units. The DMT unit was commissioned in March 1973, on the basis of imported paraxylene which is the feedstock for the DMT unit; the other units in the complex, particularly the paraxylene unit were mechanically completed in the month of July, 1973 and the paraxylene unit was commissioned in September, 1973. The functioning of the paraxylene units has been hampered due to the malfunctioning of one component of the equipment, namely, the pro-

pane refrigeration compressor. This compressor has failed repeatedly. The production of DMT from March, 1973 till February, 1974, was about 4700 tonnes inclusive of the production from imported paraxylene.

Currently the Indian Petrochemicals Corporation Ltd., Baroda is implementing the first petrochemical complex in the public sector. The complex comprises of (i) Aromatics projects; and (ii) Olefins project and its downstream units viz., acrylonitrile plant, synthetic rubber plant, LD polyethylene plant, polypropylene plant, ethylene glycol plant, detergent alkylate plant and acrylic fibre plant.

The Aromatics plant is expected to work at 60 per cent capacity during the year 1974-75 and produce 14,400 tonnes of DMT. It is estimated that the total sales revenue will be 21 crores.

The products of the olefins complex and of its downstream units, mostly gaseous, cannot be started and, therefore, start up of the olefins project and downstream units has to be synchronised. In view of the need for dovetailing the progress of the various projects downstream the Naphtha Cracker and on the basis of the presently indicated foreign and Indian equipment deliveries, the commissioning of the complex may be expected in 1976.

The availability of large quantities of plastic resins and synthetic rubber from this complex would enable the plastic and rubber fabricators, largely in the small scale sector to utilise their capacities better. Other main products flowing from the complex would be acrylonitrile, the main raw material for acrylic fibre, and detergent alkylate used in the manufacture of synthetic detergents. Both these commodities viz. acrylic fibre and synthetic detergents have assumed a special significance in view of their import substitution character in so far as wool and animal and vegetable fats are concerned.

The Indian Petrochemicals

Corporation Ltd. had also been looking after the polyester filament yarn project and the second petrochemical complex in the public sector to be set up at Bongaigaon in Assam. Separate companies are to be formed shortly to implement and run these two projects. The Company for the Bongaigaon Complex has already been registered.

The polyester filament yarn project with an initial capacity of 3,500 tonnes/annum expandable to 7,000 tonnes/annum is being set up as a joint venture in collaboration with the cooperative societies of weavers throughout the country. The government of India will directly participate in the equity capital on 60:40 basis with the cooperative sector.

The petrochemical complex at Bongaigaon in Assam would be an adjunct to a one million tonne refinery. The complex envisages manufacture of 33,000 tonnes/annum of polyester intermediates of which about 20,000 tonnes/annum will be converted into polyester staple fibre, the balance to be sold to existing polyester units and about 8,000 tonnes/annum of ortho-xylene. The refinery is expected to be commissioned in 1976-77 and the petrochemical complex a year later. In this complex a plant to manufacture 2000 tonnes/annum of polyester film may also be set up.

Another important project for the manufacture of caprolactam by the Gujarat State Fertilizer Company is an advanced stage of implementation. This unit is expected to be commissioned during 1974 and will partially meet the requirements of the approved nylon filament yarn, staple and tyre cord units. The company is also implementing a scheme for the manufacture of 4320 tonnes of nylon chips from caprolactam. In addition, approval has been granted to the Company for manufacture of 30,000 tonnes of styrene and 10,000 tonnes of polystyrene.

The noteworthy projects under implementation in the private sector are for the manufacture of acrylic fibre, nylon

tyre cord and for expansion of capacity for manufacture of high density polyethylene. The two projects for nylon tyre cord and the expansion scheme for HD Polyethylene are expected to be completed in 1974-75. The other important scheme being under-taken are for the manufacture of ABS, SAN and MMA. The production of these items would be established for the first time in the country.

During the fifth Plan period, the programme for petrochemicals in the public sector is proposed to be limited to the completion of the petrochemical complex at Baroda and the Bongaigaon Refinery and petrochemical complex in Assam. In addition there is provision in the plan for the establishment of manufacturing facilities for PVC a second Detergent Alkylate plant, and a new Aromatics project.

fertilizers

During the year 1973-74, the Fertilizer Plant at Goa with an installed capacity of 170,000 tonnes of nitrogen and 42,000 tonnes of P_2O_5 , went into production. The two public sector fertilizer plants at Durgapur and Cochin were also under commissioning, with the commissioning of these three units, the total installed capacity, which stood at 1,464,000 tonnes of nitrogen and 500,000 tonnes of P_2O_5 , during 1972-73, has risen to 1,938,000 tonnes of nitrogen and 500,000 tonnes of P_2O_5 over all production of nitrogen during the years 1973-74 is expected to be around 1,050,000 tonnes, as compared to 1,060,000 tonnes in the previous years. Production would have been more but for certain constraints like lack of adequate and stable power supply, technical problems and labour situation etc. Widespread power cuts were imposed by the various state electricity boards. There was also a sharp increase in the prices of certain essential inputs for the industry, such as naphtha, phosphoric acid, rock phosphate, sulphur etc., and these inevitably created several problems for the

industry in terms of both the availability of the requisite raw materials, and the operating costs. An increase of Rs 94 per tonne in the price of Urea, Rs 41 for ammonium sulphate and Rs 50 for calcium ammonium nitrate was allowed from October 11, 1973 to neutralise the increases in the prices of naphtha and of fuel oil during June-August 1973. Naphtha when used as fertiliser feed-stock has at present been pegged at the August 1973 prices to avoid violent fluctuation in the prices of the three nitrogenous fertilizers which are statutorily controlled,

The loss of production on account of the constraints on power and labour alone was 1,00,000 tonnes of Nitrogen.

The fifth Plan envisages a production target of 4 million tonnes of nitrogen by 1978-79. To achieve this, a minimum capacity of at least 6 million tonnes of nitrogen would have to be developed by the terminal year of the fifth Plan. An allocation of Rs 1150 crores has been included in the fifth Plan to cater to both the continuing schemes which are under different stages of implementation, and new projects. With the implementation of the schemes which are either under consideration or which have been approved for implementation, the total capacity developed would be 4,160,000 tonnes of Nitrogen and 1,230,000 tonnes of P_2O_5 . In addition, government have approved in principle the setting up of live project in the public sector and the sites chosen are Bhatinda, Panipat, Mathura, Pradeep and Trombay. The three inland fertilizer plants would have a capacity of 900 tonnes of ammonia per day each; these would be set up and operated by a new public sector company which is in the process of being formed. The two coastal fertilizer plants at Paradeep and Trombay would be implemented by the Fertilizer Corporation of India.

In addition to the aforesaid projects, a letter of intent has been issued to Messrs Shriram Chemicals Ltd, for expansion

of their plant at Kota to a capacity of 1350 tonnes of ammonia per day. Another letter of intent has also been issued to Messrs Nagarjuna Fertilizers for setting up a fertilizer plant at Kakinada, a grass root site in Andhra Pradesh, with a capacity of 900 tonnes of ammonia per day. Government have also approved a project sponsored by the Maharashtra Cooperative Fertilizer Co. for production of 66,000 tonnes of ammonia near Bombay.

Over the years, the fertilizer industry has achieved a substantial measure of self-reliance and on an average, the foreign exchange component of a fertilizer plant of standard size (i.e. 900 tonnes of ammonia per day, with ancillary facilities for production of urea) would be in the range of 25 to 30 per cent of the total project cost of the plant. To this extent, external assistance in the form of process know-how, equipment and services, etc., not available in the country becomes necessary.

In addition to the above-mentioned fertilizer plants in the country, discussions are also under way with neighbouring countries about the feasibility of setting up joint venture fertilizer projects in association with India.

Presently, most of the capacity developed in the fertilizer field is based on naphtha but in view of the increasing pressure on naphtha, government has, as a matter of policy, decided that the plants to be set up hereafter should be based either on coal or fuel oil/heavy petroleum fractions depending on the suitability of the locations, availability of raw materials, demand considerations, etc. In pursuance of this policy, three large sized coal based plants are under implementation at Talcher, Ramagundam and Korba; each of these plants would be consuming about one million tonnes of coal per annum.

As far as the production of phosphatic fertilizers is concerned, production is still based mainly on imported rock phosphate and sulphur. In the context of the increasing prices

of these imported raw-materials, steps are being taken to step up the production of rock phosphate at Udaipur and Maldeota in UP. An expert committee has been appointed to evaluate the technical aspects of developing the deposits at Udaipur and for suggesting a suitable organisation for exploiting the mines expeditiously. Pyrites, Phosphates & Chemicals Ltd., an undertaking under this ministry, is also taking action to increase the production of rock phosphate in Maldeota and for locating and exploiting other mineable deposits in the country in addition to its continued mining of pyrites at Amjhore in Bihar for the production of sulphuric acid at Sindri.

drugs & chemicals

The value of production likely to be achieved for formulations during 1973-74 is estimated at about Rs 350 crores, and of bulk production at Rs 50 crores. Of the above, the share of the public sector is estimated at Rs 18 crores of bulk drugs and Rs 20 crores of formulations. The public sector will thus account for about 40 per cent of production of bulk drugs and about 6 per cent of formulations in the country during 1973-74. The share of public sector in the field of formulations and bulk drugs is expected to increase substantially during the fifth Plan period. As a result of the outlays of Rs 40 crores and 30 crores proposed for IDPL and HAL respectively in the fifth Plan the production of formulations in the public sector is expected to increase to Rs 106 crores and of bulk drugs to Rs 78 crores. The overall production of formulations would increase to Rs 500 crores by 1978-79 and of bulk drugs to Rs 200 crores. Apart from the public sector, the private sector is also expected to play its part in filling the gap between the present level of production and the likely demands in 1978-79. Measures for stepping production are under consideration.

Production: There has been an overall increase in the production of most of the essential drugs during the year 1973.

The major increase over the previous years production, has been achieved in respect of (i) Antibiotics (Penicillin, Tetracyclines, Chloramphenicol and Erythromycin base); (ii) Anti-Dysentery Drugs; (iii) Anti-Diabetic Drugs and Insulin; (iv) Anti-Leprosy Drugs DDS; (v) Anti-Pyretics/Analgesics, Phenacetin, and Analgin; (vi) Anti-TB Drugs, INH, PAS and its Salts and Thiacezone; (vii) Alkaloids and Phytocchemicals, Caffeine, Emetine HCL, Strychnine and Brucine; (viii) Sulpha Drugs, and (ix) Vitamins, Vitamin C, Nicotinic Acid/Amide, Vitamin B₁, Folic Acid. The installed capacities, production during 1972 and estimated production for 1973 for these drugs is given in the Annexure at the end.

During the year, industrial licences have been granted for the manufacture of Erythromycin and its salts, Xanthinol, Nicotinate, Pipazathate HCL, Nikethamide, PAS and its salts, INH, Clofibrate and other cardio vascular drugs, etc.

Canalisation: Imports of more bulk drugs have been canalised through STC. Whereas the number of items canalised from imports was 15 in 1970-71, it increased to 18 in

1971-72, 24 in 1972-73 and 36 in 1973-74. The value of the canalised imports has correspondingly increased from Rs 6.30 crores in 1970-71 to Rs 8.80 crores in 1971-72 Rs further to Rs 10.50 crores in 1972-73 and to about Rs 17 crores in 1973-74.

Price Control: The control on prices of drugs continued to operate during the period under report. The effect of the Prices Control Order on the profitability of the drug units is under review. Based upon a profitability study of 61 manufacturing concerns of formulations for which reports have been received, it is found that their gross profits on sales turn-over which stood at 15.75 per cent in 1969/1969-70 have come down to 10.11 per cent in 1971/1971-72. The work relating to fixation of prices of drugs and pharmaceuticals under the Drugs (Price Control) Order which was earlier being done by the Drug Price Review Board constituted by the ministry of Petroleum & Chemicals, has been transferred to the Bureau of Industrial Costs and Prices from January 1, 1974.

A plantwise breakup of capacities is given in the Appendix at the end.

CENSUS OF SMALL SCALE INDUSTRIAL UNITS IS IN FULL SWING

Give accurate and full information to enumerators. This will help better planning and ensure better deal for you.

Development Commissioner,
Small Scale Industries
Government of India

davp 74/45

Appendix

Name of the company	Installed capacity in (tonnes)	Projects under Implementation	
		Capacity in '000' of tonnes of nutrient	
A— Nitrogenous Fertilizers			
Public Sector			
1. Sindri	90,000		
2. Nangal	80,000		
3. Rourkela	120,000		
4. FACT (Alwaye)	82,000		
5. Trombay	81,000		
6. Neyveli	70,000		
7. Gorakhpur	80,000		
8. Namrup	45,000		
9. Madras	1,64,000		
10. Durgapur	1,52,000		
11. Cochin	1,52,000		
12. By-product from public sector Coke/Oven plants	12,000		
	11,28,000		
Private Sector			
13. Gujarat	2,16,000		
14. Ennore	16,000		
15. Vizag	80,000		
16. Kota	1,10,000		
17. Varanasi	10,000		
18. Kanpur	2,00,000		
19. Goa	1,70,000		
20. By product from private sector Coke/Oven plants	8,000		
	8,10,000		
Total installed capacity (N)	19,38,000		
B. Phosphate Fertilizers			
Public Sector			
1. Single Superphosphate	44,500		
2. FACT (Alwaye)	36,500		
3. FCI (Trombay)	36,000		
4. Madras	85,000		
	2,02,000		
Private Sector			
5. Single Superphosphate	1,71,500		
6. Ennore	10,300		
7. GSFC (Baroda)	50,000		
8. Vizag	73,000		
9. Goa	42,000		
10. DMCC (Triple Super)	11,200		
	3,58,000		
Total installed capacity (P₂ O₅)	5,60,000		
I Projects expected to be completed during 1974-75			
Public Sector		N	P ₂ O ₅
1. Barauni	152	—	—
2. Namrup II	152	—	—
3. Khetri	—	—	90
Private Sector			
4. Kota II	42	—	—
5. Vizag	3	—	31
6. Tuticorin	258	—	51
Cooperative Sector			
7. IFFCO	215	—	127
	822	—	299
II. Projects expected to be completed after 1974-75			
Public Sector			
1. Trombay Debottlenecking	32	—	18
2. Talcher	228	—	—
3. Ramagundam	228	—	—
4. Haldia	152	—	75
5. Gorakhpur Expansion	51	—	—
6. Cochin II	40	—	114
7. Korba	228	—	—
8. Sindri Rationalisation	—	—	156
9. Nangal Expansion	152	—	—
10. Sindri Modernisation	129	—	—
Private Sector			
11. Mangalore	160	—	—
Total	1,400	—	363
III. Projects approved/approved in principle			
Public Sector			
1. Mathura	235	—	—
2. Bhatinda	235	—	—
3. Panipat	235	—	—
4. Paradeep	345	—	300
5. Trombay IV	75	—	75
6. Trombay V	130	—	—
Private Sector			
7. Kota Expansion	345	—	—
8. Kakinada	228	—	82
Cooperative Sector			
9. Maharashtra Cooperative	51	—	—
10. Phulpur	228	—	—
Total	2,107	—	457
Grand total (I+II+III)	4,329	—	1,119

Production of Crude Oil

All India Consumption of Petroleum Products

Production of Crude Oil				('000 tonnes)			
(000 tonnes)				Products	1971	1972	1973*
Year	1971	1972	1973*				
Quantity	7,185	7,373	7,198	1. Total	20,640	22,613	23,497
Percentage increase over previous year	+5.5	+2.6	-2.4	2. Light Distillates	2,994	3,280	3,469
				3. Middle Distillates	9,757	10,517	11,022
				4. Heavy Ends	6,739	7,606	7,861
				Furnace Oil	3,760	4,163	4,491
				LSHS	1,028	1,092	1,136
				HHS	186	295	241
				Total Fuel Oils	4,974	5,550	5,868
				Lubes & Greases	563	588	601
				Bitumen	948	1,144	1,122
				Petroleum Coke	151	171	125
				Wax	51	54	46
				Others	52	99	99
				5. RBF	1,150	1,210	1,145
				Percentage over previous year of all India consumption	+10.2	+9.6	+3.9

Refinery Crude Throughout				(000 tonnes)			
Item	1971	1972	1973*				
Quantity	19,588	19,672	20,518				
Percentage increase over previous year	+6.1	+6.0	+4.3				

*Provisional			
*Provisional			

Exports of Petroleum Products

		[Q: Qty. : '000' tonnes] [V: Value : Rs crores.]					
		1971		1972		1973*	
Product Group		Q	V	Q	V	Q	V
1. Light Distillates		141	2.12	4	0.84	14	0.55
2. Middle Distillates		7	0.17	89	6.73	141	4.67
3. Others†		4	0.26	16	1.37	Neg.	0.06
Total		152	2.55	109	8.94	145	5.82

†Includes Re-exports *Provisional

Imports of Crude Oil and Petroleum Products

	[Quantity: '000' tonnes] [Value: Rs crores]					
Product Group	1971		1972		1973*	
	Q	V	Q	V	Q	V
1. Light Distillates	72	3.73	68	2.04	218	8.05
2. Middle Distillates	877	21.05	1,303	28.45	1,561	54.43
3. Others	983	18.71	1,886	26.20	2,054	36.53
Total (Products)	1,932	43.49	3,257	56.69	3,833	99.01
4. Crude Oil	12,688	139.88	12,310	144.25	13,386	242.40
Grand total	14,620	183.37	15,567	200.94	17,219	341.41

***Provisional**

INSTALLED CAPACITY AND PRODUCTION IN THE CHEMICAL INDUSTRIES IN INDIA DURING 1972 AND 1973

o. Name of the industry/item	Unit	1972			1973		
		No of units	Installed capacity	Production	No of units	Installed capacity	Production
Organic Heavy Chemicals							
Acetone	Tonnes	3	18,500	16,684	3	18,500	19,564
Benzene	KL	10	94,000	69,103	10	94,000	70,035*
Butyl Acetate	Tonnes	1	7,200	6,337	1	94,000	6,117
Butyl Acetate	"	4	7,230	3,097	4	7,230	3,670*
Butyl Alcohol	"	4	14,250	6,474	4	14,250	6,584*
Diacetone Alcohol	"	2	4,800	3,634	2	4,800	3,714
Diethylene Glycol	"	1	600	675	1	600	818
Dichloro Ethane	"	1	50,000	63,638	1	50,000	66,505
Dipolene A & B	"	1	5,000	5,396	1	5,900	5,566
Ethylene	"	2	75,000	64,976	2	75,000	73,821
Ethylene Oxide	"	1	12,000	7,397	1	12,000	10,713
Monoethylene Glycol	"	1	10,000	6,223	1	10,000	8,383
2-Ethyl Hexanol	"	2	11,600	7,484	2	11,600	7,916
Methanol	"	1	30,000	23,141	1	30,000	23,265
Methyl Isobutyl Ketone	"	1	3,700	1,229	1	3,700	1,344
Isopropanol	"	1	1,500	1,459	1	1,500	1,541
Phenol	"	2	16,600	7,561	2	16,600	13,072
Phthalic Anhydride	"	3	12,300	5,249	3	12,300	4,197
Polyethylene Glycol	"	1	1,000	606	1	1,000	780
Propylene	"	2	25,000	35,145	2	25,000	39,207
Styrene	"	2	14,000	12,111	2	14,000	15,052
Toluene	KL	9	25,755	11,821	9	25,755	14,439*
DMT	Tonnes	—	—	—	1	24,000	3,863
Ortho-Xylene	"	—	—	—	1	21,000	3,920
Mixed Xylene	"	—	—	—	1	2,500	874
Vinyl Chloride	"	—	—	—	1	30,000	22,321
Plastics							
I. Thermosets							
MF Moulding Powder	"	2	250	140	2	250	198
P-F Moulding Powder	"	3	5,800	4,405	3	5,800	4,952*
UF Moulding Powder	"	2	2,280	1,837	3	2,280	1,977*
CA Moulding Powder	"	2	7,200	1,358	2	7,200	1,567*
II. Thermoplastics							
Polyethylene L.D.	"	2	19,100	72,941	2	19,100	28,127
Polyethylene H.D.	"	1	20,000	19,098	1	20,000	23,001
Polystyrene	"	3	19,900	13,399	3	19,900	13,759
PVC Resin	"	5	63,200	46,835	5	63,200	48,651*
Synthetic Fibres							
Acrylic Staple Fibre	"	1	540	—	1	540	—
Nylon Staple Fibre	"	1	1,350	31	1	1,800	50
Nylon 6-Filament Yarn	"	5	8,985	11,923	6	10,085	11,329
Nylon industrial yarn/yarn cord/yarn	"	2	2,440	2,444	2	2,440	1,817
Polyester Filament Yarn	"	2	720	686	4	1,350	1,808
Polyester Staple Fibre	"	2	6,450	746	4	18,250	12,950

—Contd.

Installed Capacity and Production in the Chemical Industries in India during 1972 and 1973—Contd.

1	2	3	4	5	6	7	8	9
Synthetic Rubber								
1. Synthetic Rubber	Tonnes	1	30,000	27,653	1	30,000	20,866	
Drugs and Pharmaceuticals								
I. Antibiotics								
1. Anphotericin	Kgs.	1	1,000	555.00	1	1,000	397.13	
2. Chloramphenicol and its esters	Tonnes	4	68.4	43.79	4	79.7	57.50*	
3. Penicillin	MMJU	4	334	223.12	4	334	200.16	
4. Streptomycin	Tonnes	4	224	190.71	4	247	176.29	
5. Tetracyclin & its derivatives	"	5	101.00	74.89	5	101.00	84.72	
II. Antidiabetics								
1. Chlorpropamide	Tonnes	3	16.00	13.37	3	16.00	10.70	
2. Insulin	MU	1	1,500	631.80	1	1,500	898.17	
3. Tolbutamide	Tonnes	3	41.40	58.07	5	78.00	57.64	
III. Anaesthetics								
1. Procaine	"	2	104.50	67.39	2	104.50	42.74	
2. Xylocaine	Tonnes	2	7.00	3.96	2	7.00	4.27	
IV. Antimalarials								
1. Amodiaquin	"	2	36.60	25.74	2	36.60	9.89	
2. Chloroquin	"	2	8.00	23.93	2	16.00	12.97	
V. Sulphadugs								
1. Sulphacetamide/Sodium	"	1		41.37	4		9.90	
2. Sulphadiazine	"	3		59.78	3		78.54	
3. Sulphadimidine	"	4	1,320	319.36	4	2,004	360.02	
4. Sulphaguanidine	"	1	(Combined capacity for all sulpha-drugs from SN 1 to 11)	208.05	1	(Combined capacity for all sulpha-drugs from SN 1 to 11)	265.96	
5. Sulphamoxole	"	1		15.52	1		38.03	
6. Sulphanilamide	"	1		133.90	1		78.81	
7. Sulphaphenazole	"	2		85.03	2		51.28	
8. Sulphaphyridine	"	1		8.13	1		11.30	
9. Sulphasomidine	"	2		161.68	2		83.47	
10. Sulphathiazole	"	2		218.16	2		316.53	
11. Other Sulpha Drugs	"	—		4.46	—		3.29	
VI. Vitamins								
1. Nicotinic Acid	"	6	90.00	10.85	8	255.26	14.99	
2. Nicotinamide	"	2	90.00	20.00	2	66.60	59.16	
3. Vitamin 'A'	"	1	64.20	49.53	1	30.00	48.30	
4. Vitamin 'B' 1	Tonnes	1	30.00	24.32	1	5.00	27.57	
5. Vitamin 'B' 2	"	1	5.00	1.63	1		1.23	
6. Vitamin 'B' 12 (Cyanocobalamin)	Kgs.	4	201.70	154.36	4	275.20	133.06	
7. Vit. B12 (Hydroxocobalamin)	"	3		7.69	3		3.17	
8. Vitamin 'C'	Tonnes	1	240.00	204.78	1	240.00	217.57	

—Contd.

Installed Capacity and Production in the Chemical Industries in India during 1972 and 1973—Contd.							
2	3	4	5	6	7	8	9
Vitamin D-2	Kgs.	1	1000.0	82.05	1	1000.00	67.12
Vitamin D-3	"	1		6.34	1		8 86
Acid and Alkalies							
Caustic Soda	Tonnes	29	4,28,200	3,88,164†	29	4,39,198	4,04,892†
Liquid Chlorine	"	22	2,22,000	1,45,384	22	2,67,661	1,50,000*
Soda Ash	"	4	4,70,800	4,86,572	4	5,08,000	4,73,132
Sulphuric Acid	"	67	19,68,600	14,17,814†	68	21,12,225	14,30,865†
Dyestuffs							
Naph-hol	"	5	1,285	1,234	5	1,285	1,236*
Vat Dyes	"	7	1,441	1,217	7	1,441	1,247*
Pesticides (Technical)							
BHC	"	7	23,800	17,210	7	25,900	20 156
DDT	"	2	4,200	3,739	2	4,200	3,832
Malathion	"	3	1,475	1,134	3	1,700	1,129
Organo-mercurials	"	1	86	76	1	86	84
Zinc Phosphide	"	3	300	57	3	300	141
Zineb, Maneh, Ziram and Dithane	"	4	4,300	1,553	4	4,300	1 598
2,4-D	"	3	1,860	195	3	1,860	120*
Thiuram	"	3	850	118	3	850	140
Methyl Bromide	"	2	400	51	2	400	45
Ethylene Dibromide	"	2	208	33	2	208	17
Nickel Chloride	"	1	150	32	1	150	20*
Parathion	"	1	1,200**	939	1	1,200**	927
Aluminium Phosphide	"	2	250	235	2	250	87*
Dimethoate	"	1	220	231	1	220	397
Metasystox	"	1	**	49	1	**	79
Ratafin	"	1	50	4	1	50	1
Fenitrothion	"	1	**	42	1	**	88
Toxaphene	"	1	250	1	1	250	4
Phosphamidon	"	1	636	220	1	636	460
D.D.V.P.	"	1	276	3	1	276	72
Total Tech. Pesticides	"	21	42,870	26,879	21	45,195	30,667
Soaps & Synthetic Detergents							
Soaps	"	43	2,17,678	2,71,914	46	2,18,878	2,35,000*
Synthetic Detergents	"	5	55,700	62,029	5	88,700	70,000*
Fertilizers@							
Nitrogenous	'00c'0 tonns,,	20	1,464	1,060	23	1,939	1,050
Phosphatic		34	500	325	34	500	315

†In terms of 100 per cent concentration. @Data pertains to financial 1972-73 and 1973-74
 *Provisional **Combined capacity

Capacity going waste

THE NATION'S farms are crying out for every bit of fertilizer that could be produced in its factories or imported from abroad. Nevertheless, the government of India is shipping naphtha to Japan as the country's fertilizer plants are working below capacity for various reasons and are therefore not able to utilize this feedstock themselves. The government of India, gain, will be exporting to the Soviet Union alumina produced by the public sector's alumina plant at Korba partly because the installation or commissioning of reduction facilities at this plant has fallen much behind schedule and partly because a proposal or having the alumina processed into aluminium by Hindustan Aluminium in Renukot had come to nought, thanks to the political war of attrition which has been and is being waged against that aluminium unit in the private sector. These aberrations highlight the failure of our country to make the fullest possible use of installed capacities in industry even at a time when this course promises the most practical means of early mitigation of inflationary pressures. No wonder, then, that both the All India Manufacturers Organization and the Punjab, Haryana and Delhi Chamber of Commerce and Industry, which held their annual general meetings in New Delhi earlier this month, devoted their respective sessions to a discussion of how industrial production could be revived and promoted in the near future.

Mr S. K. Somaiya, president of the AIMO, as well as Mr Raunaq Singh, in his chairman's speech at the session of the PHD Chamber, spoke sombrely of the menace of inflation and the threat it posed to the survival of democratic institutions and urged the government to act in time and assist the national economy to raise the level of production particularly of mass consumption goods. They pointed out that everything depended on early improvement in certain critical areas of the economy, namely, power, transport, coal, steel and industrial raw materials. They also took due note of the havoc disturbed industrial relations were wreaking on the production apparatus and while Mr Raunaq Singh made a special reference to the disruption caused in the coal and railway sectors in this manner, the AIMO devoted part of its discussions specifically to the theme of improving industrial relations.

The minister of Steel and Mines, Mr K. D. Malaviya, who was the chief guest at the annual meeting of the PHD Chamber, found that a great deal of what Mr Raunaq Singh had to say in his speech was related directly to the two portfolios of which he (Mr K.D. Malaviya) was in charge. Although the minister recognized the gravity of the energy situation, he seemed to have come resolved to administer a large dose of reassurance, even if only verbally. Mr Malaviya argued that the high world prices of oil need not necessarily break the back of the Indian economy since the country possessed the technical know-how to take up schemes of coal gasification in a big way. He even said that he could foresee about 20 to 30 coal gasification plants being set up all over the country in the next six months but he did not specify the steps that the government might actually be taking to implement such a programme. Continuing in this expansive mood he referred to the abundant bauxite reserves which the country possessed and said that by converting bauxite into aluminium India could provide itself with a substitute for steel. As Mr Malaviya let fall this pearl of wisdom, it almost seemed as if he was not aware of what was happening in his own state to one of the main producers of aluminium in the country. It must however be said to his credit that his confident view of the country's economic prospects even in the immediate future may have a tonic effect on the counsels of a government which currently seems to be reacting to the economic problems of the country in a mood more or less of sullen submission.

About the labour situation in the country Mr Malaviya has lately been expressing himself in a sternly realistic manner, thanks to his own experiences in Ranchi. He seems to have recognized that there can be no worthwhile progress in coal or steel or on the railways until and unless the government could deal with the problem of corruption of the trade union movement by politics. His colleague in the central government, Mr C. Subramaniam, however, seems still reluctant to face this problem squarely. Addressing the AIMO he merely underlined the obvious when he said that industry and government had an "abiding stake in seeking to establish and sustain a harmonious relationship with the working classes." Nobody would surely question such a highly ethical and otherwise excellent proposition, but the point is that the specific elements which may have a vested interest in obstructing the quest for this harmonious relationship will first have to be identified and dealt with. The minister, however, allowed the need for "irresponsible claims and anti-social practices" being firmly resisted. Unfortunately, it is the government which has been slow to recognize this truth, and if it is

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t last reviewing its attitudes, it is clearly because it has been driven by the force of circumstances to do so.

Mr Somaiya, in the printed text of his speech, had a passage on "Savings and Fiscal Incentives." While delivering his speech at the AIMO meeting, he decided to skip this section in order to save time. This was rather unfortunate because the points made in this part of his speech did deserve to be put forward prominently. Although here has been much discussion of the effects of inflation, not enough attention is being given to the fact that a steeply progressive or rising level of income taxation aggravates in a particularly harsh manner the impact of inflation on the tax-payers concerned. This is because the tax takes a larger cut out of incomes which are already diluted by the rise in the price level. It can readily be imagined that the resultant hardship could be particularly onerous in the cases of those with fixed incomes. This must necessarily depress savings in a section of the community which should normally be able to generate a substantial part of the national aggregate of voluntary savings.

Mr Somaiya has suggested that a tax deduction of up to 20 per cent of the gross taxable income of the assessee may be granted as an "investment allowance" subject to the condition that this amount is invested in approved assets during the financial year. He has also proposed that the corporate sector should similarly be allowed a tax deduction of up to 20 per cent of the gross profits of the year subject to the proviso that the amount is held separately in liquid form for expenditure on replacement of worn-out assets or modernization and expansion of plant capacity within the following five years. In his view, by including government securities as well as equity and debenture shares of selected public sector and private sector industrial units and companies in the list of approved assets eligible for this tax deduction, it could be ensured that some of these savings found their way into the government coffers by being invested in gilt-edgeds. These proposals, besides forming a simplified scheme for stimulating individual and corporate savings, could also afford some relief to the income-tax assessee whose saving potential is being eroded by inflation.

Finally, lest it should be thought that businessmen are professional critics of the government and are only interested in dwelling on its failings or blunders, we would draw attention to the appreciation liberally expressed by Mr Raunaq Singh of the measures recently taken by the government to improve the investment climate. Although he said that procedural delays on

the part of the government were still hampering business activity, he noted that the unified Secretariat for Industrial Approvals set up in November 1973 in the ministry of Industrial Development had already proved its worth by reducing the time-lag in the processing of applications for industrial licences. He also welcomed the statement made by the minister for Industrial Development some time ago that it was not the time to quibble over ideology or radicalism and that the purpose of the government and the community should be to ensure that available production resources were suitably harnessed in the national interest to national purposes. Mr Raunaq Singh urged that this sentiment should be given practical

Cobwebs of licensing

THE DECLINE in industrial output in 1973 has pointed to the urgency of taking such measures as would assist in accelerating the pace of industry. The shortages of power and industrial raw materials were largely responsible for this slowdown in industrial production, but blame must also fall on the ministry of Industrial Development whose tardy policy in regard to industrial licensing had put brakes in the expansion of industrial capacity. It takes nearly four to five years for a manufacturing unit to go into production after the receipt of an industrial licence from the government. The slackness in industrial production which was witnessed last year was therefore partly due to the failure of the ministry of Industrial Development in past years to clear applications for industrial licences expeditiously. The Estimates Committee of the Lok Sabha in its 50th report relating to industrial licensing has come to the conclusion that government's policy in this regard is still weak and that "concerted measures" need to be taken to remove all impediments.

The ministry of Industrial Development made an attempt to streamline the industrial approval procedures with effect from November 1, 1973, when no less than 3,848 applications awaited disposal by the government. An inter-ministerial committee of secretaries (known as the Project Approval Board) was charged with the responsibility to clear each application within 90 days of its receipt. The time limit was increased to 150 days for cases which needed clearance under the MRTP Act, 1969. Mr C. Subramaniam, minister for Industrial Development, stated in the Lok Sabha on March 28, that during the five months ending in March this year, the

effect by the government following a pragmatic policy in such matters as the regulation of large business houses, export promotion and development of backward areas. He felt that exports and the development of backward areas particularly could be promoted more successfully if no artificial constraints were placed on business activity in the organized industrial sector. This meant, among other things, that Mr Subramaniam could have gone back to his ministry with the cheerful feeling that, while virtue might be its own reward, positive initiatives on the part of the government would be honoured and their praises sung by businessmen who are only too eager to respond to such moves or even gestures.

new system "had been keeping to its target and about 95 per cent of the total applications have been disposed of before 90 days' time-limit". Of the applications received till the end of October last year, nearly half (1977 out of 3,848) had already been disposed of. The old applications thus had been cleared at the rate of 300 to 350 a month while the new applications were being dealt with according to the time-table set for them. The Estimates Committee in its latest report, has expressed the hope that the new licensing procedures would result in expeditious disposal of licence applications requiring clearance under the MRTP Act and has suggested that "the new procedures should be made applicable to all pending cases, irrespective of the date of receipt of the application."

The Estimates Committee was rightly distressed over the "long delays which were taking place in the disposal of applications for issue of carrying-on-business (COB) licences in respect of industrial undertakings which had been brought under licence under the new Industrial Licensing Policy announced in February, 1970." Earlier, the government had given an assurance to the Estimates Committee that an effort would be made to speed up the clearance of such applications and that all of them would be cleared by April 1972. In point of fact, as many as 274 applications awaited disposal as on September 1, 1973. Those which had been pending for more than one year numbered 131. The committee has therefore urged that these applications should be cleared early without which the running enterprises are not able to get raw materials at controlled prices. The committee has also suggested that "the new streamlined licensing procedures should be made applicable to all applications for COB licences pending with the government irrespective of the date of receipt of the application."

The streamlining of industrial licensing

policy involves not only the issuance of licences but also an elaborate follow-up procedure. In recent years the government has been keen to ensure the development of backward areas for which special incentives have been provided. Earlier, the government had been planning to set up a computer-based information system for assessing the impact of its policies on the process of industrialisation but the government has now changed its mind as it has come to the conclusion that "instead of computerisation of the information system, the card-indexing system would be adequate." In the absence of the availability of detailed information it is hard to say if the government had taken the right decision in going over to the card-indexing system which was hardly different from the earlier "file and register" system. These days when computers perform such functions in minutes as took months and years in the past, it does not seem to be wise to stick to an outmoded method. What is necessary is that the policy-makers should have the vital information needed by them within minutes so that they might take the essential policy decisions without loss of much time. It seems that the government will have to change its decision in this regard at an early date.

That the policy in regard to the industrialisation of backward areas was making steady progress was conceded by Mr C. Subramaniam in his speech in the Lok Sabha on March 28 this year. Said Mr Subramaniam: "Even though over the years I find that the number of licences or letters of intent with reference to backward areas has been increasing, it has only creepingly increased, not in a dynamic manner. Therefore we have to take into account the factors which contribute to the hesitancy of industry to go to these backward areas". When it was suggested to Mr Subramaniam that licensing procedure should be used as a leverage, he said: "You can take the horse to the water but cannot force it to drink. Unless some facilities are available, you cannot expect them to just go there and establish industry on virgin land." Mr Subramaniam then explained the evolution of the concept of growth-centres in backward areas. Even though government had taken a decision to develop the backward areas more than a decade ago, no progress was made till the growth-centres were identified. And now the next step of preparing blue prints of industrial projects needed to be taken. Here again, progress is likely to be bogged down if the government does not take clear-cut decisions regarding the spheres to be allocated to public and private sectors. The Estimates Committee had therefore appropriately urged the government to "bring out concrete and detailed

schemes for the development of backward areas and give them publicity so as to dispel the prevailing mood of pessimism obtaining in these areas."

Piecemeal amendments to the Industries (Development and Regulation) Act have been severely criticised by the Estimates Committee. All industrial development in the country is governed by this Act and frequent changes in it tend to create uncertainty. The committee made a sensible suggestion, that all the amendments

Good for coffee and rubber too

TWO PLANTATION products, coffee and rubber, have assumed new importance for different reasons. There is currently a boom in coffee prices in the international markets and with a worldwide scarcity and the suspension of the quota system under the international agreement, the Coffee Board is in a position to export unlimited quantities to all destinations at attractive prices. It has been indicated by the chairman of the Coffee Board, Mr H.G.V. Reddy, that a record quantity of 52057 tonnes was exported in 1973-74 fetching foreign exchange earnings of Rs 45.58 crores against Rs 32.93 crores in the previous year. The boom is continuing to be in evidence and particularly Arabica varieties are in greater favour than Robusta or other coffee in western Europe and elsewhere. The non-quota countries also are large buyers. Even out of the 1973-74 crop exports in the first four months of this year amounted to 29,321 tonnes and a target of 56,000 tonnes has been fixed. The actual export performance will depend upon the size of the current crop which is estimated at between 85,000 to 90,000 tonnes. The home market requires a minimum of 40,000 tonnes and with only a small carry over from earlier crops it will be creating scarcity in the internal market if shipments were not properly regulated.

After two static crops of around 90,000 tonnes it can be reasonably expected that the 1974-75 crop will be 1.10 lakh tonnes assuming that all the inputs required for improving productivity will be available. As the next crop will begin to arrive in volume early in 1975 it may still be possible to achieve the target of 56,000 tonnes referred to above in the current financial year. The value of exports however will be much higher than in 1973-74 as there has been further rise in international prices particularly for Robusta and Arabica

should have been effected before the commencement of the fifth five-year Plan and it should have remained unchanged throughout the period of the Plan. Even though the draft of the fifth Plan stated that "the industrial licensing policy for the fifth Plan was set out in February, 1973", a group of officers continues to examine various suggested amendments. The ministry expected to take a final view of things at the end of last month but it is not known if it has been able to keep to this dead line.

cherry. Even without an increase in the quantum of exports, the value secured can easily be Rs 60 crores if not more. Not long ago foreign exchange earnings were only around Rs 20 crores. With the scope for raising exports to over 60,000 tonnes annually, and rising internal consumption, a situation has now emerged where the export effort is likely to be impeded if a significant increase in internal production cannot be achieved in the coming years.

Until recently, it was even feared that the coffee industry would have a problem of marketing, if internal consumption did not grow at a faster rate and barter deals were not concluded for handling large quantities for export. The latest developments have come in an entirely unexpected manner and export prices are higher than internal prices by over 30 per cent. The Coffee Board has no doubt a programme of extending the area under the crop in different states and the Planning Commission has even formulated a scheme for growing coffee in Orissa, Andhra Pradesh, Kerala and Maharashtra; with an expenditure of Rs 25 crores. It has been claimed that the experiment in Andhra Pradesh has been quite successful and coffee can be cultivated in new areas advantageously though the cost of cultivation may be higher than in Karnataka or Tamil Nadu. Already the Coffee Board has raised the minimum bid price in order to compensate the estate owner for an increase in cultivation expenses. But the immediate need is to increase the yield per hectare in the small estates by providing the necessary guidance and administering larger doses of inputs.

The replantation and modernisation programmes have also to be carried out vigorously. As the central government and the Coffee Board do not have required resources at their disposal, institutional arrangements are being finalised with the help of the agricultural refinancing corporation for securing the required funds. It is imperative that the programme of replantation should be carried out vigorously

while the disabilities endured by the small growers should be removed. The output of coffee may have to be raised to over 1.5 lakh tonnes in the next two or three years.

As for rubber, the out look for the industry has completely changed following a sharp rise in synthetic rubber prices due to the oil crisis. There is now a scramble for available stocks of indigenous natural rubber as the output of synthetic rubber, based on alcohol has been affected by the operational problems encountered by the producer in the country. Not long ago there was loud complaint that stocks of natural rubber had accumulated and there was compulsion to export specific quantities in order to relieve the glut in the internal market. The spurt in world prices was also cited as a favourable factor. In the past three months however Indian prices have risen by over 20 per cent and are currently even above the parity of world prices.

With the decontrol over prices of automotive tyres and tubes and expectations of a better use of the installed capacity of the tyre units in the latter half of the year, the rubber trade has been quick to utilise the opportunity for pushing up prices for the natural products. The 1973-74 crop is expected to be quite good at over 1.15 lakh tonnes. Even so, in the absence of any increase in the output of synthetic

rubber there cannot be an improvement in overall availability. With the satisfactory prices being realised by the rubber growers the yield can be expected to rise steadily. However the area under the crop will have to be extended besides bringing a speedier implementation of the replantation scheme.

Quicker results can of course be secured if the capacity of the existing synthetic rubber units is expanded and special efforts are also made to increase the availability of alcohol with a higher level of sugar production in the current season and the likelihood of a new record being established in 1974-75. The capacity of the existing distilleries can be utilised more effectively. The price policy of the government should be helpful as industrial alcohol and synthetic rubber, if made available in larger volume can be helpful in displacing imports. The tyre industry too can hope to build up a bigger trade in exports as it is now felt that there will be a continuing shortage in the world markets with persisting difficulties relating to supplies of petroleum based synthetic rubber. The two plantation products, coffee and rubber, have therefore a vital role to play in boosting export earnings and displacing foreign exchange expenditure on imports. The new opportunities should therefore be fully exploited.

government said that workers were often laid off several times during the day and that employers were doing so in order to avoid payment of full wages during periods of load-shedding. It was pointed out that this practice was causing hardship to workers and that it was necessary to have a specific statutory provision to stop this practice. The Bill therefore sought to amend the Industrial Disputes Act, 1947, in its application to West Bengal with a view to prohibiting intermittent lay-off

It is, of course, true that workers in West Bengal have been put to hardship on account of the lay-off during periods of load shedding. In recent months the power situation has sharply deteriorated and the efforts of the government to introduce a scheme of rationing have not succeeded. But employers maintain that they are not responsible for load-shedding and that therefore it is unfair on the part of the government to blame them for any loss or hardship caused to workers. Employers also have resented the suggestion that they are deliberately laying off workers merely in order to save 50 per cent of wage bill. On the other hand, they say that they have been always anxious

to maximise production provided adequate power is available.

As the power scarcity in West Bengal has been persisting more or less in an acute form for the past three years, it seems strange that the state government is yet to realise the gravity of the situation especially from the point of view of its impact on industry. Even major industries like, jute, engineering, and paper have been hit hard and the losses, in terms of production and exports, have been substantial. The government's anxiety to protect labour is understandable but should it not be equally concerned with the interests of industry? In the last few months industrial associations have made several constructive suggestions to the government to ensure an equitable distribution of whatever power is available but these have been not implemented with the result that the situation continues to remain highly chaotic.

The Labour department of the government of West Bengal seems to have done practically nothing to enlist the active co-operation of the trade unions in evolving a scheme of power rationing. A meeting of the Labour Advisory Committee took place on the May 8 under the chairmanship of Dr Gopal Das Nag, the Labour minister, to consider the government's proposal to introduce rationing. But the meeting was reported to have ended in confusion since the Labour department could not provide the members with adequate data on all aspects of the power shortage. They wanted to know specifically how much power was being generated by the different agencies and what exactly were the factors responsible for the shortage. The meeting felt that there was no point in introducing rationing unless the DVC and the plants of the state electricity board were able to assure a definite quantity of power to the Calcutta Electric Supply Corporation.

Another meeting of the Labour Advisory Board was held on the May 14 but it also did not arrive at any consensus. Dr Gopal Das Nag disclosed that under the rationing scheme proposed by the state government, the working hours per week would be 40 in some cases and 45 in others. But the trade union leaders demanded protection of 48 hours' wages per week. They also urged the nationalisation of the Calcutta Electric Supply Corporation. All this seems show that the attitude of the labour leaders to the problem of power rationing has not been realistic. Some of them have been trying to exploit it for embarrassing the government and employers and for deriving political advantage for their parties. Employ-

ers have expressed the fear that if the power situation continues to be as acute as at present, it may lead to the closure of many factories in the near future. Between January, 1973 and the end of November in the same year, 107 industrial units were closed and of them 22 small ones were closed permanently. Besides, a large number of industries of all categories continue to be sick due to various reasons. The percentage of unutilised capacity has been quite substantial in most industries mainly due to the power scarcity.

The West Bengal Workmen's House Rent Allowance Bill 1974, also does not seem to have been conceived realistically. It lays down that every employer shall pay to every workman house-rent allowance which shall be equivalent to three and a half per cent of the wages earned by him for his continuous service in the industry during a month, or Rs 10, whichever is higher. But a workman whose period of continuous service is less than fifteen days a month shall not be entitled to such house-rent allowance. Employers have pointed out that the dearness allowance given to workers on the basis of the cost of living indices does take care of the house rent paid to them. Moreover, in recent months workers have received substantial increases in their wages and other benefits as a result of industry-wise agreements. Besides, plantations have already been implementing a Labour housing scheme.

According to the Figures released by the government of West Bengal, under the plantation labour housing scheme, the total number of houses sanctioned for construction till 1972-73 was 2765 with an estimated cost of Rs 109.81 lakhs, of which the construction of 1374 houses had been completed with the sanctioned financial assistance of Rs 87.85 lakhs. Employers therefore have stated that the House Rent Allowance Bill is unnecessary.

In any case, there is no reason why the government of West Bengal should not have consulted industry before introducing these bills. Neither of them was circulated among employers nor discussed at the Labour Advisory Board. Incidentally, it may be pointed out that the annual per capita earnings of factory workers in West Bengal rose from Rs 1,328 in 1968 to Rs 3,333 in 1972 and there has been a further increase in the subsequent years. The state government should ensure that while it tries to provide more benefits to workers in various forms, it should also take care that industries are not handicapped in operating profitably.

Kerala has more to spend

THE FINANCES of Kerala attracted considerable attention recently when the Reserve Bank refused to allow overdrafts beyond the sanctioned limit. The Finance minister, Dr K.G. Adiyodi, had to make a dash to New Delhi to seek the assistance of the union government for the revival of financial accommodation. The fiscal operations projected, for 1974-75, as revealed in the year's budget, however, could be so planned as to avoid similar embarrassment again, thanks to the fact that grants-in-aid from the centre, including miscellaneous adjustments, have increased by nearly 70 per cent in one year from Rs 36.96 crores in 1973-74 to Rs 61.69 crores in the proposed budget for 1974-75.

The state expected a deficit of nearly five crore rupees on revenue account. A surplus of three crore rupees on capital account proposed to cover the revenue deficit partly, leaving an uncovered gap of little less than two crore rupees. Income on revenue account for 1974-75 estimated to be around Rs 253.4 crores would be nearly 20 per cent higher than that in 1973-74. It would be made up of Rs 47.17 crores as the state's share of central taxes, Rs 102.91 crores as receipts from the state taxes and duties and Rs 105.32 crores being non-tax revenue. The share of tax revenue during the year would work out to 58 per cent of the total income on revenue account, showing a reduced reliance on taxes as against 1973-74, when tax revenue was 66 per cent of the total. However, the amount of tax revenue during 1974-75 was expected to be higher by eight per cent over 1973-74, while total revenue was expected to increase by nearly 20 per cent during the year.

Expenditure for 1974-75 under the revenue account was expected to be Rs 258.87 crores, which would be Rs 31.90 crores or 14 per cent more than the revised estimate for 1973-74. Out of the total proposed expenditure during 1974-75, the state has earmarked Rs 179.79 crores or around 69 per cent for developmental purposes. This figure is roughly 15 per cent higher than the development expenditure incurred during 1973-74. It is significant that the development expenditure of the state on revenue account has a high content of social welfare as against purely economic programmes. For instance education alone claimed nearly 50 per cent of the total development expenditure on revenue account. The state has a history of high level of literacy and has therefore to sustain a correspondingly high level of ex-

penditure on education. The share of medical facilities, public health as well as family planning was also expected to be nearly 14 per cent of the total development expenditure. For instance, the state has been planning to establish a dispensary in every village with a panchayat. The hard core of development in the fields of agriculture, industry and irrigation together claimed roughly 13 per cent of this expenditure, which was low when compared with other states.

Non-developmental expenditure under revenue account was around Rs 79.18 crores during 1974-75 which was only marginally higher than the previous year's figure of Rs 71.9 crores. In other words the state tried to keep the non-developmental expenditure under control. Non-developmental expenditure on debt services during 1974-75 revealed an increase of seven per cent over 1973-74. Expenditure on interest charges was expected to be around 33 per cent of the total non-developmental expenditure. Expenditure on police formed 56 per cent of the total expenditure on administrative services during 1974-75, an increase of one per cent over 1973-74. Expenditure on collection of taxes and duties during 1974-75 was also kept under control and was just one per cent more than that in 1973-74.

The state of Kerala has claimed that in terms of per capita developmental expenditure under revenue account, it was among the three leading states in the country. During 1973-74 per capita expenditure was Rs 71.94 for Kerala, while the highest for two other states was Rs 91.5 for Jammu and Kashmir and Rs 83.74 for Punjab. Per capita development expenditure for Andhra Pradesh, Uttar Pradesh and Bihar, for instance, was Rs 39.83, Rs 38.15 and Rs 33.60 respectively.

On capital account the state expected receipts of Rs 458.65 crores. Out of this an amount of Rs 38.47 crores has been proposed to be spent as capital expenditure. Capital outlay on irrigation has been placed at around Rs 10.95 crores, or nearly 28 per cent of the total. During 1974-75 agriculture claimed around 13 per cent of this outlay, which was substantially larger than the expenditure on agriculture during 1972-73, when it was seven per cent of the total. It may be added that agriculture gained importance in this state only recently. It has claimed less than one per cent of the total capital outlay during 1971-72. There has been steady decline in the budgetary outlay on road and water transport schemes since 1965-66 because of the formation of the Road Transport Corporation early in 1965.

Labour scene in West Bengal

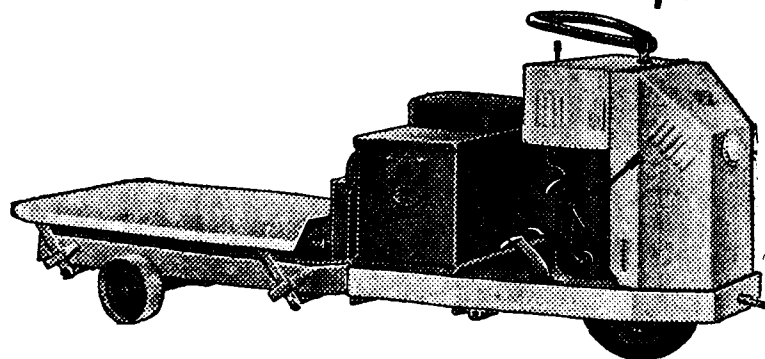
THE WEST Bengal Assembly recently passed two bills with a view to safeguarding the interests of workers and improving their standard of living but the manner in which the state government has enacted this legislation has evoked opposition and resentment from employers. The Industrial Disputes (West Bengal Amendment) Bill, 1974, was passed on the May 4 in order to protect workers from the hardship arising from intermittent lay-off due to load-shedding. On the same day the assembly also passed the Workmen's House-rent Allowance Bill, making it obligatory on employers to pay house rent allowance to workers.

The statement of objects and reasons of the Industrial Disputes (West Bengal Amendment) Bill said that the incidence of lay-off in the state was increasing and that, of late, employers were resorting to this practice not for the whole day but off and on, for short periods, in the course of a single shift of working hours. The

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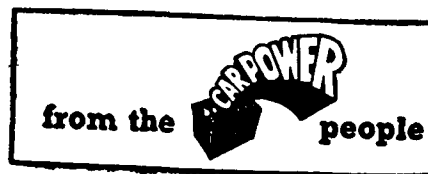
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R. C. Ummat

Offshore Oil Exploration • Sick Textile Mills • Nuclear Explosion

OUR OFFSHORE oil exploration programme should gather sizeable momentum as a result of the signing of two contracts on Friday last. The contracts were entered into with two groups of US oil companies —(i) the Carlsberg group comprising the Carlsberg Petroleum Corporation, Natomas Company, Lone Star Producing Company and Crown Central Petroleum Corporation; and (ii) the Reading and Bates group consisting of the Reading and Bates Oil and Gas Company, Mapco Incorporated and Terra Resources Incorporated. The former group will explore for oil offshore Bengal basin and the latter offshore Kutch basin.

selected groups

The two groups have been selected for the award of contracts out of nearly 40 foreign parties which had shown interest in offshore oil exploration in our country, following invitation about two years ago to foreigners to participate in the task on the Indonesian model. None of majors in the oil industry have evinced interest in coming to India, except one which in the initial stages desired to take up this activity in waters deeper than 600 feet. Both the Bengal and Kutch basin do not fall in this category; the water depth in them ranges upto 600 feet. The two contractors selected are medium-sized explorers.

The contracts are of the production sharing pattern with a limitation on the profits of contractors after a certain stage in operations. They will remain in force for 24 to 27 years.

To begin with, both the contractors will be given the entire areas of the two basins (approximately 28,000 sq. kms. in each case) for seismic surveys. Within a maximum period of 24 months each will, however, have to select 5,000 sq. kms. area for exploration operations. The remaining area will have to be surrendered to the Oil and Natural Gas Commission (ONGC) along with all the data collected

and interpreted upto that point of time. By the end of the third year, the area of the contract will be reduced to 2,500 sq. kms. The contractors will be left with only the producing areas at the end of the seventh year.

The contracts envisage that the contractors will commit themselves to a work programme and a minimum expenditure programme for each of the three phases of the job in the first seven years: (i) phase one—three years, (ii) phase two—two years, and (iii) phase three—two years. Their commitments will be backed by bank guarantees. The title to all fixed assets and all movable assets required permanently for petroleum operations shall vest in the ONGC from the point of their first use.

The entire exploration and development expenditure will have to be incurred by the contractors. There will, however, be a joint committee of management in each area with three representatives of the ONGC and three of the contractor concerned, which will supervise the operations and approve of the annual budget and work programme.

sharing procedure

The contractors will not be entitled to any compensation for the exploration cost if the basins fail to yield oil. In case oil is found in commercially exploitable quantities, the contractor concerned will be entitled to a share in the oil produced. The cost of exploration and development will be recovered by the contracting party up to a maximum of 40 per cent of the production subject to the stipulation that the amortisation will in any case spread over not less than four years. Amortisation will be the first charge on the oil produced. The remaining oil will be shared by the contractor and the ONGC on 35:65 basis at the lowest production slab. The share of the ONGC will be raised in stages to 80 per cent of the oil produced.

It is specifically mentioned in the two

contracts that the ONGC shall acquire payment of fair market value not or all the cost oil (accruing to contractor under amortisation programme) but all the profit oil (the excess oil after meeting the amortisation charge, which is shared by the contractors with ONGC for consumption in India so long the country is not self-sufficient in oil supplies. The fair market value is to be determined on the basis of the price of oil of equivalent quality in the Persian Gulf countries.

After the contractor has recovered the cost of exploration and development through cost oil and upto twice that cost by way of profit oil, the contractor's share in profit oil will get reduced sharply to around 25 per cent of what it would be upto that point. This provision in the contracts has been made to safeguard against excessive profits accruing to contractors.

equity participation

The ONGC, it has been provided in the contracts, can participate in the equities of the ventures upto 10 per cent. This participation can be opted for at the time of discovery of oil in commercial quantities. In case the ONGC decides to exercise this option, it will, however, have to share pro-rata the exploration and development cost. The ONGC has also been given the right to take over the 10 per cent operations 11 years after the signing of the contracts, of course, by agreement with the contractors.

The contracts provide for the maximum use of Indian personal and their training the maximum use of Indian goods and services, subject to competitive price quality and delivery schedules.

In the matter of gas production, the contracts provide that the first preference will be for the utilisation of gas in the Indian market. Exports will be permitted only if the supply is in excess of the requirements of the domestic market or there is no scope for absorbing the entire gas in India. The sharing of gas will also on the same basis as of oil.

The contractors will have the choice

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Tea: sympathy alone cannot cure sickness

V. Balasubramanian

RECENTLY concern was expressed in Parliament for what were described as "sick tea estates." The Commerce minister, duly responding, was equally solicitous. We wish Prof. Chattopadhyaya godspeed in the attempts he has promised to make to restore these estates to health, but we may also point out the irony of a situation in which not much worthwhile effort is being made by the government to prevent the sickness in the tea industry from spreading. While ailing tea estates should no doubt be helped to their feet, it is vastly more important that the tea industry as a whole should be assisted in maintaining wholesome conditions of stability and progress.

Shortage of fertilizers

The question is whether the government is properly discharging this larger responsibility to one of the nation's major industries which is also one of its leading export industries. There is, for instance, an acute shortage of fertilizers on the plantations. The tea industry has been suffering this deprivation for quite some time in a greater or less degree but currently, thanks to the sharp curtailment of the aggregate availability of fertilizers in the country, tea plantations are receiving only very limited quantities of this essential input. In these circumstances it is all the more necessary that the supply of fertilizers released to the tea industry, taking into view its substantial rank in the order of priorities, should be properly distributed so that optimum use of fertilizers could be made in the industry.

The government is no doubt seized of this problem, but the ministry of Agriculture, which comes into the picture at one stage, seems to have a rather curious sense of proportion; it is evidently showing more interest in who should handle distribution rather than how best the fertilizer could be distributed. In particular, the ministry of Agriculture seems to be excessively influenced by what it apparently considers to be its political commitment to encourage cooperative societies in this area. Unfortunately,

apart from the fact that there are very few effectively functioning cooperative societies in this field, the kind of expert knowledge or the organization needed for making the best possible disposition of supplies of fertilizers released to the plantation industry, is simply not available to cooperative societies. It is important to appreciate the fact that no rule-of-thumb method could properly be followed in the distribution of fertilizers among tea estates. Given the differences in soil and other conditions, different tea estates, and indeed different parts of even the same estate, may need different mixes and different dosages of fertilizer application. Fortunately, the tea industry is a well-organized one, with its own representative associations which are fully aware of the specific requirements of individual plantations. Quite clearly, these institutions should be the natural channels for the distribution of fertilizers for use in the tea industry. It is desirable that the government should realize this and not let itself be prompted by extraneous considerations which may be irrelevant to the main issue of the tea industry being able to make the most of the limited quantities of fertilizers which may be made available to it.

constructive approach

In the same manner government needs to adopt a constructive approach to the problems of excise duty and export incentives. The excise duty on tea was last revised in the course of 1970 and subsequently the industry has come under continuous pressure due to sharp increases in the cost of production in the face of stagnant prices for tea in world markets. Tea companies, particularly in northern India, were especially perturbed by the zonal classification adopted for the imposition of differential rates of excise duty. The legality of the classification was questioned in the courts but some time ago the Calcutta High Court discharged the rule obtained by the tea companies and upheld the imposition of the zonal excise duty. The Consultative Committee

of Plantation Associations (CCPA) and its constituents representing the organized sector have decided not to challenge further the government's right to impose a differential rate of duty by appealing against the judgment of the Calcutta High Court. However, taking note of the statement by the minister of Commerce at the annual general meeting of the Indian Tea Association held in March this year that the government was prepared to review the excise duty situation in a completely new perspective and in the light of the nation's need to encourage export-oriented industries, the tea industry has made certain proposals for the rationalization of the existing structure of the excise duty and the strengthening of export incentives by way of full rebate of excise duty at the point of export.

high excise duty

It has been pointed out in the course of these representations that in introducing the existing levels of excise duty, the Finance Act of 1970 had erroneously assumed that the incidence of the duty could be shifted to the consumer. In practice this has not happened. The pattern of marketing of tea is such that excise duty charged at source of production becomes part of the cost of production, while the prices realized at the auctions are determined by the market conditions which, in turn, are subject to and dependent upon the world supply and demand position of tea. The excise duty therefore becomes an actual burden on the producer. This is a serious handicap at all times and it becomes all the more onerous when, as has been the case, the tea industry has to struggle with at weak demand-and-price situation in international trade. As a matter of fact over the last 15 years or so the incidence of the excise duty on the industry is reported to have increased by 431 per cent while over the same period the profitability of tea estates has been generally declining. The industry has therefore been pleading that at least the situation existing prior to the revision of the rates of excise duty by

delivering oil at an offshore or onshore terminal. In either case they will have to erect the facilities and get compensated for them by way of cost oil.

No royalties or taxes will be paid by contractors. They will be payable entirely by the ONGC.

improved model

The two contracts signed by the union ministry of Petroleum and Chemicals, it is learnt, are a considerable improvement not only over the Indonesian model but also over the proposal of Tennico which was turned down by the union cabinet about six years ago. The three salient improvements over the Indonesian model are: (i) the contracts are for a shorter period—24 to 27 years—as compared with 40 years in the case of Indonesia; (ii) they contain a significant safeguard in the shape of reduction in the share of the contractors in profit oil after they have received payment thrice as much as the exploration and development cost, against excessive profits by the contractors; and (iii) they provide for an effective say for the ONGC in the operations of the contractors right from the start of operations through the joint management committee.

As compared with the Tennico proposal, the two major improvements are: (i) higher share for the ONGC in profit oil—65 to 80 per cent, as against only 60 per cent under the Tennico proposal, and (ii) the compulsory sale of the cost oil as well as the contractors' share in profit oil to ONGC at fair market value till the country is self-sufficient in oil supplies. Under Tennico's proposal, if we failed to match the world price of oil, Tennico was to have the right to take away not only cost oil but also its share in profit oil.

The seismic survey ship of one contractor, it is understood, will start operating in September. This contractor will start actual drilling by March-April next year. The programme of the other contractor is also expected to be similar.

The recent oil strike by Ceylon, offshore north-west, it is learnt, has evoked optimism in the union ministry of Petroleum and Chemicals about the prospects of offshore oil exploration in the Cauvery basin. This area is now likely to be granted priority in the offshore exploration programme.

A tussle is understood to be going on between the central government and some state governments over the question of the management of the 103 sick textile mills which have been taken over by the centre during the past few years—after

they are nationalised. In pursuance of its policy of not handing over the sick mills after they are nursed back to health under government management, the union government intends to bring before Parliament during the next session a bill seeking to nationalise them.

The state governments are proposed to be provided a secondary role in the management of these mills on participation by them in their equity. The main role in management is envisaged to be kept by the centre for the National Textile Corporation which at present is managing directly nearly 40 sick mills and shares responsibility with state governments for running the remaining sick units. Now all the states want to have an effective say in the management of the sick mills in their jurisdiction, but some states do not want either to participate at all in their equity or want to participate only to a limited extent.

The union minister for Industrial Development, Mr C. Subramaniam, has had talks in the past few weeks in this regard with the chief ministers/Finance ministers of Uttar Pradesh, Gujarat and Tamil Nadu. He will be having discussions in the near future with the chief ministers/Finance ministers of the other concerned states so that an amicable settlement can be achieved expeditiously.

The preliminary analysis of the materials collected from the site of the recent underground implosion of a nuclear device by our scientists is said to have revealed that these materials are not radioactive. This shows how successful this explosion has been. Ours has been the only country which has conducted its very first atomic explosion underground. All the other members of the nuclear club—the United States, the Soviet Union, Britain, France and China—had conducted their first nuclear explosions in the atmosphere.

The Chairman of the Atomic Energy Commission (AEC), Dr. H.N. Sethna, has announced that it will take about six months to complete the analysis of the data collected after the first explosion which is stated to have been conducted in the Pokhran range in the Rajasthan desert. If more data are required, the AEC would consider further explosions.

Notwithstanding the fact that the explosion was conducted purely for peaceful uses of atomic energy—it is understood to have wide import for the operations of the Oil and Natural Gas Commission, the Geological Survey of India, the power sector, etc.—the world reaction to it has been mixed. The effort of our scientists has been hailed in many countries, including France, Yugoslavia, Bangladesh and

a number of other countries in Africa and south-east Asia. It has however been assailed by Canada, Japan, Australia and Pakistan. Britain and China have so far kept quiet. The Soviet Union has accepted it with good grace. Although the United States Administration has raised no hue and cry, the press in that country has been vehemently criticising the explosion and has accused India of wasting scarce resources on atomic research when it has many other priorities of development.

surprising reaction

While the sharp reaction of Pakistan and Japan is not considered unexpected, that of Canada and Australia, indeed, has surprised many. Pakistan was expected to oppose any breakthrough by us in atomic field for it views every such development in our country in military terms. Japan, it is well known, abhors all nuclear explosions because it has been the only target as yet of atomic attack. Australia too has been objecting to nuclear explosions, but has had to put up with French tests in its neighbourhood. Canada has been assisting us in atomic research for peaceful purposes. Its objection to the exploding of a nuclear device for peaceful purposes, therefore, is not comprehensible. Surely, research in atomic energy for peaceful uses does not rule out underground explosions.

Incidentally, the fears of Canada that we might have misused its assistance by exploding a nuclear device should be laid to rest after the reported observations of sources close to the International Atomic Energy Agency. These sources have said that India has always been "absolutely correct" with the inspectors of the Agency visiting those parts of its nuclear operations that are subjected to international inspection.

It is difficult to say what impact the Pokhran range explosion will have on the financial assistance being provided to us by the Aid-India Consortium. Japan has clarified that notwithstanding the explosion, it will abide by the commitments made by it so far. The issue, of course, is bound to be raised at the consortium meeting in June.

The Canadian threat to stop assistance for the Kalpakkam atomic power station, near Madras, if carried out, can be expected to delay the completion of this project. It is, however, pointed out here that our scientists have the requisite know-how to execute the project. Most of the required equipment will also be available from indigenous sources, though it might take some time to fully develop the facilities for making it.

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the Finance Act of 1970 should be restored and that the rates for the various zones should return to the levels current in 1969.

Besides the reduction in the burden of the excise duty the tea industry is also asking for full rebate of the excise duty at the point of export. It is pointed out that this relief is available to other export commodities but not to tea. Even tea chests and linings used as containers for tea are entitled to a 100 per cent drawback but their contents, which are after all the primary products being exported, do not attract this incentive. This anomaly results from the fact that, while the maximum export rebate on the basis of an *ad valorem* formula has been limited to 75 paise per kg., the bulk of the exports has not in fact been qualifying for this amount since the estimated average of rebate received on teas exported is about 40/45 paise per kg. Moreover, with tea prices declining in world markets in recent times, and frequent and substantial increases taking place in freight rates, the government's assumptions about the possible rebates earned by exporters are becoming unrealistic.

harsh practice

The present system of export rebate is that a rebate is allowed at 30 per cent on F.A.S. value in excess of Rs 5.25 per kg subject to a maximum of 75 paise per kg in the case of loose teas exported. Where loose tea is exported on consignment account, the rebate is on the sale price (in the London auction) in excess of Rs 6.70 per kg. This export rebate is based on the excise duty in various zones levied at a fixed rate per kg and uniformly applied to all gardens in the respective zones for the crops produced throughout the year. Since the teas produced by various gardens differ in quality and since the bulk of the quantity produced in a garden in any area is during "non-quality periods," the *ad valorem* basis of export rebate has in practice acted harshly against the marginal units of the industry for which the government and Parliament have both shown so much concern. In addition, this *ad valorem* basis, as has been pointed out, has significantly reduced the benefit of the rebate to the industry in comparison with what is claimed or intended by the government. Incidentally,—or, perhaps, not so incidentally—under the present system the rebate goes in the first instance to the exporters, most of whom are merchant exporters as distinct from garden exporters. This further cuts into

the actual benefit accruing to the producer. It is for these reasons that the Consultative Committee of Plantation Associations has emphasized the need for the rationalization of the excise duty structure by a return to the rates existing in 1969 and a 100 per cent rebate of the duty at the point of export. In the case of blended teas, which form a separate category for rates of export rebate, it has been suggested that since these teas are processed within the country, they should be treated as value added exports and be allowed export rebate equivalent to the excise duty rates for the next higher zone.

plea for relief

In a matter of this kind it is no doubt necessary for government to consider carefully to what extent the plea for relief or concessions is supported by reasonable assumptions of gain accruing to the national economy. It is therefore relevant to point out that the country has not been able to avail itself fully of the export quota fixed for tea. This *prima facie* argues the desirability of liberal fiscal treatment or other encouragement to exports. It has to be borne in mind in this connection that if the tea industry were to take full advantage of the international regulation of the tea trade, it should be able to utilize its export quota rising at three per cent progressively every year. This aspect gains added significance from the fact that the government of India and the tea industry in the country are jointly taking an active part in promoting action for the maintenance of the price of tea in international trade.

It has been a discouraging aspect of this trade that the world consumption of tea is not growing fast enough. On the contrary, there are distinct signs that, in a traditional market such as the UK, the *per capita* consumption of tea is showing a declining trend. In other countries too the consumption of soft drinks and coffee is not only growing much faster than the consumption of tea but to some extent even at the expense of the tea habit. As a result, although commodity prices generally have been going up, the tea exporting countries have not been able to benefit from this trend. Some part of this weakness in the international commerce in tea is due to the excess of supply moving into the trade stream. This excess has tended to vary between 15 and 20 million kg at any one time and it is believed that, if the four main producing areas, namely, India, Sri Lanka, East Africa and Indonesia could jointly exercise

the necessary control over the flow of tea and thus regulate this excess of supply substantially, progress could be made in securing an improvement in the price of tea in world markets.

In any scheme for the control of excess stocks in the world tea trade at current levels of consumption, the regulation of the stock levels in the UK, it is believed, would be of considerable strategic importance. The stock levels in that country serve as the crude supply indicators for the world tea market and prices tend to be sensitive to them. Since a number of countries supply to the UK market, the control over the stock in that market could be made effective only if the flow of tea is regulated at the point of the source countries. In other words, unless the shipment of tea of each exporting country is sighted at one point and the flow regulated within a carefully balanced control system, the excessive build-up of stock in the terminal market cannot be avoided. This means that the main tea exporting countries will have to come together and cooperate among themselves in operating the control levers with skill and the necessary sophistication. While the participating countries would naturally be free to devise their own internal controls in the light of their local situations or needs, it is being suggested that they should agree on a scheme and machinery for compensating producers or exporters who may have to be asked to hold back the flow of tea from the estates or hold them in warehouses at the assembling markets. These operations involve certain financial liabilities for which producers or exporters, it is felt, may reasonably be expected to be compensated.

constructive cooperation

Pending detailed discussion of an agreement on these or other technical details, the Commodities Division of the FAO, through the Inter-Governmental Group on Tea, has extended its assistance to India and other countries interested in the project to explore possibilities of constructive cooperation among themselves. Already discussions between Sri Lanka and India have made some progress and recent talks were held between Kenyan and Indian representatives. Naturally a good deal of these discussions have concerned themselves with the issue of price management. Where prices are stagnant and they relate to a wide variety of grades and are quoted from different terminal markets, the fixing of prices in relation to one another of the grades or the growths of different countries might well become an

impossible task. It is therefore being proposed that, at the present time, with the over-supply of tea in international trade, the only practical means of preventing exporting countries from competing in a buyers' market by under-selling one another would be the prescription of an effective minimum price. While the tea industry in each country should advise its government on a desirable and practical minimum according to its judgment, the various exporting countries will have to agree among themselves on an international minimum c.i.f. or f.o.b. price below which none of the participating countries would allow exports.

Once a minimum price becomes established for all export teas, the various grades of tea, it is argued, will find their own levels on a differential scale which would

emerge above the floor price. Since the grades are used in a blend in the pack, a lowering of the prices of different quality grades to neutralize the effect of the increase resulting from the fixation of a floor price could defeat the whole purpose. It would therefore be necessary to devise an indicator price system in conjunction with which the floor price scheme could be operated so that an upper grade, which is well-known and has an established differential, could be used for the application of the regulatory mechanism. Simultaneously the number of grades of tea recognized in international trade for purpose of identification and valuation will have to be reduced. Far too many grades would tend to make administration of any regulatory machinery difficult. For instance, there are some 18 grades in India and it is believed that

this number should be capable of being brought down to eight or even less.

In associating itself with proposals for action for price maintenance of tea in international trade, the FAO has made it clear that the producing countries should simultaneously take steps to lay the foundations for a long-term promotional and marketing effort to stimulate the consumption of tea in various importing countries. This is an approach with which both the Indian tea industry and the government of India seems to be in full sympathy. The ability of both to take a bold lead in this direction will be greatly strengthened if, to start with, they would consult with each other in a positive way to strengthen the Indian tea industry and enable it to avail itself fully of its export quota or possibilities.

Oil crisis and development of our roads

P. C. Bhasin

THE WORLD oil-crisis has generated problems of immediate concern to developing countries who have to import substantial quantities of oil to maintain and improve their present level of economic development. Ever since the advent of the internal combustion engine, oil has occupied an unenviable position as a vital force that keeps our civilization on the move. The ubiquitous motor vehicle has become a symbol of progress and achievement, and, if not in the developing countries so far at least in the developed countries, has enchaind a the large proportion of mankind to a way of life that can be enjoyed only if quick mobility is assured. To the developing countries too, oil is vital for providing the energy for the transportation needs. In fact, the problem is more serious for the developing countries because in the coming years the rate of growth of demand for oil is likely to be much higher than in the developed countries who have already reached a satisfactory level. The per capita annual consumption of oil in India is only one hundredth of that in USA. It will be staggering to note that the projected demand for oil in India in 1980-81 will be about 31.7 m tonnes which is nearly double of the consumption in 1970-71. If

This article by the Secretary, Indian Roads Congress is reproduced from the Special Number of *Indian Highways*, brought out on the occasion of the 82nd Council meeting of the Congress held in New Delhi earlier this month.

this demand is not fulfilled, there will be likelihood of the repercussions being felt on a serious scale on the entire economy.

Highway engineers are vitally concerned with the oil crisis as the very motor vehicles which voraciously consume a bulk of the oil and sustain the economy must move on roads. In fact, the oil industry and the roads are so intertwined with each other that it is really difficult to say which one of them serves the other. The current crisis is thus a fit occasion for the Highway Engineers to take stock of the whole situation, to make minor adjustments wherever necessary and to plan viable strategy for the future.

There are signs of continued and

intensive research into alternative sources of energy for driving the motor vehicles. Many alternatives hold good promise and a major break-through is possible in the near future. This will ensure that road transport will have a permanent place in the world transportation system, oil or no oil. There is no foreseeable chance of the importance of roads dwindling in any way. On the other hand, in an underdeveloped country like ours, faced with an already large population and an irrepressible population growth rate, there is simply no alternative but to fortify our road network.

The flexibility offered by the highway transport has made it an inalienable part of any planning system. Neglect of the road infrastructure will be against the immediate as well as the future public interest. The role of roads in helping to absorb the large force of the unemployed is too well known. Equally well appreciated is the function fulfilled by roads in ensuring that the basic medical and educational facilities reach even the remotest villages of the country. All these factors make it inevitable that highway will continue to get due recognition by the government in future. Temporary set-

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backs due to economic constraints notwithstanding, in the long run it can be said that the importance of roads is not eroded by oil crisis.

Since we will have to live by the oil crisis for many years to come till the indigenous production is able to meet the demands, ways and means will have to be found for saving every drop of oil. It is in this regard that highway engineers have a vital role to play. It is well-known that most of our roads have unsatisfactory surfaces. The trucks and cars plying on them consume a lot more of diesel, petrol and lubricants than they would on good surfaces. A saving anything up to 25 per cent in fuel consumption can easily be brought about if the most essential improvements in roads are taken up immediately. Single lane roads cause traffic speeds to drop and force the vehicles to travel on unsatisfactory shoulders for a good portion of travel. If they are widened, the speeds can pick up and the vehicles will move on better quality surfaces. Improvements in geometrics can similarly yield good savings in fuel consumption. It is well known that steep grades cause the fuel consumption to shoot up. Maintenance of road surfaces in a traffic worthy state assumes supreme importance.

improving roads

One single area where considerable work is possible is in improving the urban streets. The motor vehicles of our country are concentrated to a certain extent in our cities and towns, which unfortunately have primitive road networks totally unsuited to the needs of traffic. The traffic is of a mixed type, the streets are narrow, the intersections cause delay and congestion and the vehicles parked haphazardly on the streets aggravate the congestion further. All these factors result in a rather high rate of fuel consumption, apart from discomfort, high accident rate, unhealthy environmental condition, quick wear and tear of vehicles and so on. Application of traffic engineering and traffic management techniques can save our city streets from the unfortunate and moribund state to which they have degenerated and in the process yield rich returns in the shape of large savings in fuel, better environmental conditions, lesser accidents and general welfare. The opportunities awaiting are challenging and the oil-crisis should be a

shot in the arm to activate the improvements in the right direction.

Trailerization of commercial trucks has been offered as a commendable prospect for many years in the past. The advantages claimed are economy in fuel to a considerable extent and enhanced traffic output. The protagonists claim a 40 per cent reduction in fuel consumption, and if this is proved, the plan of trailerization needs to be pursued vigorously, at least on trunk routes. The adequacy of the bridges, culverts and the highway pavement itself to meet any extra stresses imposed by trailerization should be assessed and steps taken to overcome them. But not much work might really be needed, since the axle loads and axle spacings which govern the design of pavements and structures are not likely to be infringed by trailerization. In any case, the problem has to be approached with an open mind in view of the assured benefits.

conserving fuel

When dealing with the need to conserve fuel, one cannot help dealing with the transport of road making aggregates and other materials. Though our country is endowed with a good supply of these materials, yet there are areas where certain materials are scarce and involve long haulage. The need to conserve fuel has made it almost obligatory for us to innovate locally than to bring in materials from long distances. The use of hard stone aggregates, wherever alternative softer varieties like kankar are available, should be disfavoured, at least in bottom layers of the pavement of all highway types and in top layers of pavements of secondary roads. Emphasis should also be to adopt soil-stabilization techniques to the maximum extent so as to bring in overall economy as well as decreased haulage needs.

It must be candidly admitted that Highway Engineers in India have complacently taken for granted adequate supply of bitumen needed for their road works. Local shortages of bitumen were felt in the past, but by and large the Highway Engineer was assured of his supply. The oil crisis has given a rude jolt and one finds that bitumen is priced at nearly Rs 700—900 per tonne as against half this price two years ago—some thing which could not be imagined a few months back. The import of this price-rise is brought home when it is seen that the country

consumes nearly 11 lakh tonnes of bitumen annually. The erosion in the annual expenditure on roads caused by rise in the price of bitumen is thus about Rs 50 crores. This cold and harsh reality has thrown a challenge and presented opportunities that never existed before. While on the one hand specifications must be tailored for using less and less quantity of bitumen, the need for careful handling and processing of this precious commodity with minimum loss has become supreme. Equally paramount is the need for relentless research into alternative binders.

new strategy

Dealing with specifications first, an entirely new strategy has to be charted by us, in view of the high cost of bitumen. The existing specifications will have to be critically examined and wherever alternatives are available, the one involving less quantity of bitumen for serving the same function should be favoured. For example, it is accepted that two coats of surface dressing and 20 mm premixed chipping carpet with seal coat are two of the commonly used specifications for light surfacings. Whereas the former consumes about 11 tonnes of bitumen for one kilometre length of single-lane road, the latter consumes about 13 tonnes (including, tack coat and liquid seal coat). A saving of nearly 15 per cent bitumen is thus possible if we go in more for surface dressing than premix carpet. In fact for lighter traffic, one could be satisfied with only one coat of surface dressing and effect further savings.

There is yet another type of surfacing, commonly known as the mix seal, which consumes almost the same quantity of bitumen (including tack coat) as two coats of surface dressing. Where suitably graded stone aggregates are available, this specification also could be preferred to 20 mm premix carpet with resultant saving in bitumen. The use of built-up-spray grout involves minimal quantity of bitumen and even though it is nowhere equal in strength to a bituminous macadam layer, yet this specification can be structurally equated to bituminous macadam if an equivalency factor of 1 : 1.1 or so is applied. This implies that whereas the quantity of bitumen required for a 50 mm bituminous macadam course is about 19 tonnes per one kilometre length of single lane road, the quantity of bitumen required for a structurally equi-

valent layer of 75 mm built-up-spray grout layer is only 13 tonnes. The saving in bitumen quantity is nearly 50 per cent. It appears logical that for less trafficked road, both bituminous macadam and built-up spray grout can be dispensed with, and only water-bound macadam specified.

A time has now come when the inherent weakness of the type of water-bound macadam work being done in the country needs to be gone into and specifications evolved to overcome them, for in the ultimate analysis it would be desirable to adopt water-bound macadam specifications on a large scale and minimise bituminous specifications. In this context, there is a need to experiment specifications such as the crusher run wet mix macadam which is free from many of the deficiencies in our water-bound macadam specifications. This specification has been in use extensively abroad, and large trials should be undertaken in this country with a view to studying its applicability and economics.

saving on link roads

Low-cost low-volume roads like village roads, market link roads and other district roads need not be surfaced with a bituminous surfacing at all, if the traffic is predominantly iron-tired bullock carts and the water-bound macadam surface is constructed properly. This brings us to the need to revive that old art of constructing and maintaining water-bound macadam surfaces. In the recent past, this art has unfortunately fallen into disuse, mainly because bituminous surfacings applied immediately used to cover up the deficiencies in workmanship and practically no maintenance was ever done. Asphaltic concrete surfaces are no doubt the most superior and are needed for arterial trunk routes in the country. But in many cases, we can make good for the present with lesser type of specifications such as semi-dense carpet, and achieve about 15 per cent saving in bitumen.

The processing and handling of bitumen inevitably involves certain losses, but these losses can be minimised if greater attention is paid. In this context, switching on to bulk-bitumen supply deserves immediate attention, at least for main highways along which suitable bulk handling depots can be conveniently located. This method can also result in considerable savings in foreign exchange needed for the steel drums for packed bitumen. The railways and the highway

authorities need to work in close liaison to assure bulk supply in requisite quantity since an adequate number of bitumen rail tankers need to be inducted. The present crisis should serve to catalyse the forces that were already at work in the desired direction so as to bring early relief.

a versatile material

Bitumen is such a versatile material with highly desirable properties that it will be extremely difficult to find a substitute. Yet, countries like the United Kingdom construct a large proportion of their roads with road tar. In fact, UK alone consumes over half a million tonnes of road tar products per annum. Tar is a product of carbonization of materials such as coal or wood. Luckily our country is endowed with vast resources of coal and allied materials such as lignite. Due to various reasons, the use of tar has not received adequate attention in the past but with the bitumen shortage a time has come when, in all earnestness, research has to be applied to this field. First and foremost, the technology for obtaining road tar has to be developed. Tar obtained from high temperature carbonization of coal needed for metallurgical coke is a proven source. With a number of steel plants already in existence, and more being planned, this source could be counted upon. However, the present practice of using the crude tar as a fuel for burning the coke ovens themselves needs to be discouraged, faced as the country is with acute shortage of bitumen and wasteful as this practice is. At least a good proportion of the tar should be made available for road making purposes.

Another source of tar that holds much promise is that obtained by low temperature carbonization of inferior grades of coal such as lignite. Lignite is available in good quantity at Neyveli. During the process of low temperature carbonization of this material to obtain a smokeless domestic fuel, vapours are let off, and when condensed, tar is obtained. Research abroad has proved that this low-temperature carbonization tar, which was in earlier years condemned as unsuitable, is really not so, and if formulated carefully, can match the performance of high-temperature carbonization tars. Even in our own country, the CRRI had nearly ten years ago conducted research on the usability of this tar and had concluded that it had comparable physical and chemical behaviour characteristics. What now remains

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to be done is to evolve suitable technology to successfully utilise this tar and establish the requisite plants. The R&D should rise to the occasion and force a breakthrough.

Road Tar by itself has certain properties that need further improvement if its use is to be favoured in our country for situations involving high temperature variations and heavy traffic conditions. Research abroad in this direction has registered extremely satisfactory results. A blend of tar and bitumen has, in fact, demonstrated that the favourable properties of both the binders could be combined into one material whilst minimizing their undesirable characteristics. About 20 to 40 per cent tar can thus be blended with bitumen with attendant profit. This will incidentally save bitumen consumption. The Department of Environment, United Kingdom, have already recognised this development and have issued provisional specifications for tar-bitumen blends. Modified tar such as PVC-tar, rubberised tar and rubberised pitch-bitumen blends have been investigated and have proved to possess various promising qualities. The research in our country has a challenging job to catch up with the world-wide developments that have taken place in the use of tar and shape them to suit our special conditions and needs.

a fresh look

The substitution of flexible pavements by cement concrete road surfacings has always been a hotly debated subject, not only in this country but also abroad, and the arguments in favour of and against each of the type are too well known to be repeated. The oil crisis demands a fresh look on the entire question. The present astronomical price of bitumen has made untenable the earlier economic comparison between the two types on the basis of initial cost and maintenance. Added to this is the portending shortage of bitumen. Notwithstanding the none-too-happy position of cement supply in the country at present, it cannot be denied that cement can be manufactured in the country out of its own raw materials and indigenous know-how. What now remains to be done is to step up the production of cement to a degree that the country's planners can with confidence recommend its use in roads without causing shortage in other essential sectors of development.

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Anyhow, the whole chapter needs to be reopened and the issues examined *de novo* with a fresh mind.

The shortage of bitumen should make our maintenance engineers more vigilant and concerned about timely attention to patch repairs, making up of frayed edges, rut renewals and so on, in order to stretch the life of the bituminous surfacings to the maximum possible extent. The nation's costly assets are in their hands and they should spare no efforts to maintain them economically and adequately, keeping a watchful eye on bitumen consumption.

shift to public transport

The car has endeared itself to those who could afford it because of its quickness, flexibility, possibility of door to door travel, sheer enjoyment of driving and more often being a status symbol. The steep rise in the petrol prices has inevitably had its effect on the use of the car. A significant drop in travel by car is already visible with a consequent shift to the public transport system. In a way, this shift will be welcome and should give adequate time to the traffic engineers to solve the problems of the chaotic urban streets. But this will be only a short respite and any spurt in the economy in future will again bring in the same problems, and at that time the problems may be much more acute. So it is incumbent that a complete stock of the urban street facilities be taken right now and measures activated to decongest and achieve better transportation. It is also necessary for the government and municipal authorities to reinforce the public transport system, which is almost at the crumbling point in most of the cities. A well organised public transport system will attract most of the commuters using the personalised transport, and decongest our streets. The bus is an admirable vehicle when moving and occupies less road area per person carried than the private car. At the same time, the traffic engineers should plan street improvements to take cognizance of the shift in emphasis towards the public transportation system. When a bus stops to pick-up passengers or unload them, it virtually blocks precious street width, not only for the length of the bus but for a much longer distance and this constitutes a significant factor in street congestion. Almost one street lane is reduced if bus stops are frequent and no bus-bays are set apart. This

brings to the forefront the need for adequately planned bus-bays recessed into the pedestrian footways. When adequate footway width is not available for a full-width bus-bay, at least partial width bus-bays can alleviate the problem to a great extent. The junction and intersection layouts need careful investigation so that avoidable impediments to the smooth flow of buses are removed.

The whole routing system of the public transport in many cities might need to be gone into and rationalised with the present shift from cars to buses. Cyclists have always got a raw deal on our city streets and in spite of good number of cyclists on the streets their safety and convenience have often been ignored. It is very rare that separate cycle tracks are provided even when a concentrated cycle traffic warrants their provision. Rarer still that the tracks already constructed are maintained attractively to invite comfortable travel over them. A poor economy like ours where most of the people can afford cycles alone, can ill afford to continue this sad state of affairs. On the other hand, in the perspective of the present oil shortage, every thing should be done to foster and encourage cycle travel. These are some of the aspects where the traffic engineer has to play his role adequately.

The oil crisis has served to focus the attention of the highway engineers to improve the road and traffic conditions so that every drop of fuel and lubricants be saved. It has also exposed the folly of depending on bitumen alone as a pavement making binder. It has necessitated a rethinking among engineers concerned with road planning to readjust their priorities so that optimum benefits could be reaped with the allocation set part for road development. This signifies that schemes which ultimately yield a saving in fuel consumption of vehicles and those that require a lesser quantity of bitumen shall have to be given priority.

The strategy should be so formulated that the erosion in the quantum of allocation due to higher bitumen cost should not really affect the core schemes catering to traffic arterial roads and congested urban streets. At the same time, the low-volume roads should be built at low-cost, making use of the most appropriate technology and locally abundant materials. Research into alternative binders such as road tar should be relentlessly pursued to yield quick results which can be immediately applied. To sum up, the oil crisis has presented challenging opportunities to the highway engineer to experiment and innovate for service to the Nation.

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Issues involved in the railway strike

Naval H. Tata

THE NATION-WIDE railway strike, deplorable as it is, an event which has highlighted a few crucial issues involving our basic policy of industrial relations. In the charter presented by the railwaymen, figure two main demands which the Railway minister has turned down as non-negotiable, viz., bonus and parity of wages with other public sector undertakings.

The concept of bonus, unfortunately has had a tragic origin. In enacting the Bonus Act of 1965, our government unconsciously committed a blunder by giving its blessings to a provision for a minimum bonus of four per cent unrelated to profit or productivity, to be paid even when an industrial unit has incurred losses. In fact, it was nothing short of a direct wage boost. Yet strangely enough it was enshrined in the Bonus Act, where it has no place. The tragic part of the story is that, although one of the important terms of reference of the Bonus Commission was to define the "concept of Bonus", the Commission ignored it, by failing to define it or clarify its meaning or connotation. Surprising still was the fact that over a period of time, our tribunals, politicians and responsible ministers through their frequent utterances have encouraged the belief of the trade unions that bonus is a supplemental or a deferred wage. Under commonsense connotation of the term, it should be nothing more than a share in the profit of a commercial or industrial unit, in earning of which the employee is presumed to have contributed. If the government had accepted this interpretation, perhaps, its task of excluding national service organisations would have been rendered somewhat easier.

unfortunate interpretation

Under the unfortunate interpretation of bonus as a deferred wage, logically any employee, whether employed in industry, commerce, agriculture or any service sector—is legitimately entitled to claim it, on the plea that it is intended to bridge the gap between the wage earned and a living wage. Living wage is a term which for years has remained undefined due to complexities of criteria, in the

context of our poor per capita income and as such at its best, it is an abstract term incapable of practical cause. To make matters worse, despite the dubious concept of the term bonus, our government, as a pre-election gesture, unilaterally increased the quantum of minimum bonus from four per cent to 8.33 per cent which inclusive of DA proved a windfall for a vast body of organised industrial workers. At the same time, following the prevalent application of the act, our government denied this additional benefit to a much larger body of workers in Railways, Post and Telegraph, government and municipal services, teachers, nurses, police, defence services, etc. who felt that they were discriminated against. They felt that they had every right to such supplemental wage. It is a great pity that, despite several warnings from responsible employers, pointing out the anomalous position, government did not feel inclined to take corrective action.

relation to profits

After a countrywide unrest following the hadilkar's declaration on bonus culminating into the appointment of a Bonus Review Committee, I respectfully pointed out to the government through the chairman of the Bonus Review Committee and the central Labour minister that the best way out of this baffling situation would be to let the employers absorb the original four per cent bonus as a permanent part of the wage and whatever additional bonus which the Bonus Review Committee may choose to grant, should only be related to profit or productivity. Such corrective action even at that stage would have resulted in de-linking the wage from the concept of bonus. With such rectification, the government could have faced the railway workers with a clean conscience that bonus is related to profit or productivity and had nothing to do with wages. Alas, such constructive suggestion met with no response from either the Bonus Review Committee or government. Even now, I frankly feel this suggestion is worth considering before the Bonus Review Committee comes out with its final recommendation, in order to prevent our Bonus Act being contami-

nated by a feature which is extraneous to the concept of bonus.

deserves sympathy

The claim of the railwaymen on this score is understandable and deserves sympathy. However, when viewed from the totality of our national wage structure, it is difficult to concede their claim, however justified it may be. It is apparent that during the last two decades, the organised industrial worker has secured a modest bonanza in wages, in comparison with the wages of the unorganised non-industrial worker. For example, in some industries like engineering, cotton textiles, electricity undertakings and a few other units, the wages of an unskilled worker now range between Rs 300 to Rs 500 exclusive of fringe benefits. Stenographers in industrial houses receive earnings ranging from Rs 700 to Rs 2,000; motor car drivers from Rs 450 to Rs 1,200 and peons from Rs 350 to Rs 500 exclusive of fringe benefits. In comparison, an IAS collector gets Rs 900, whereas a double graduate after spending substantially his parents' hard-earned money can claim a starting salary ranging between Rs 350 to Rs 500.

In such a lopsided wage structure which is a product of the whims of tribunals, on sheer plea of social justice without specific guidelines, a grave injustice has been done to more than 85 million unorganised non-industrial workers in rural and even urban areas. They have not even enjoyed a morsel of social security in the form of a variety of fringe benefits such as provident fund, gratuity, sickness insurance, dearness allowance, bonus, nor do they enjoy an iota of job security. Our trade union leaders who roar like lions in support of industrial workers have seldom spared a thought for this unfortunate section of our country's working population, who are ruthlessly exploited by rural employers in sweated industries, without the protection of even a Minimum Wages Act.

With such background of injustice to millions of unorganised workers, it does not lie in the mouth of our trade union

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leaders to claim parity with public industrial undertakings, however justifiable their plea may be. In fact, our country has never talked wage-fixation on scientific basis to reduce inter-industry or inter-regional disparities. Nor have we endeavoured to maintain a balance between wage and non-wage income or attempted to improve the lot of poorly paid unorganised worker before securing further embellishment in favour of the organised industrial workers. Moreover, our wage structure is neither employment oriented nor do we attempt after years of collective bargaining to relate our wages to productivity. Consequently, I have often pleaded for formulating wage guidelines, and for establishing a high power wage commission to evolve a rational wage structure after tripartite consultation, based on our national objective of economic growth with social justice.

With such imperfections as exist in our approach to wage structure, is there any wonder that our moderately rich organised industrial worker is becoming progressively richer? On the other hand, the languishing non-industrial rural worker has become progressively poorer. In such context, the claim of the railway worker to secure parity is to relate their claim to a mythical yardstick which simply does not exist.

ultimate weapon

Another issue that has been highlighted by the current railway strike is the workers' right to the ultimate weapon of strike in a process of collective bargaining which pre-supposes a reciprocal right of the employer to a lock-out as his ultimate weapon. Incidentally, "the right to strike" unlike "the right to work" is not a fundamental right but merely flows from a Human Rights Convention.

The National Labour Commission advocated, as a general rule, collective bargaining with a right to strike. However, the commission realising that in certain essential services, on failure of negotiations, the employer was not in a position to exercise the corresponding right to lockout against a possible threat of strike, recommended that a short list of essential services should be laid down by Parliament, where the right to strike should be withheld. Unfortunately, the government has not so far thought it fit to implement this recommendation of the NCL. Under such a provision the two sides could have by mutual agreement voluntarily forgone their respective right to resort to their ultimate sanction and to reconcile their differences through a proce-

cedure of negotiations culminating into voluntary arbitration or compulsory adjudication. If this philosophy which has a lot of logic behind it had it been accepted then there would have been no need to resort to DIR and MISA which are frankly safeguards against breach of law and order and has no legitimate place in the sphere of industrial relations normally. Under the NCL proposal, as a natural consequence, all employees in essential services by an act of Parliament are *ipso facto*, presumed to be recruited on a contractual obligation. As such they cannot go on strike, which would endanger their job. However, they can raise a charter of demands, negotiate and bargain collectively, subject to arbitration or adjudication. Our government which has in its wisdom amended our constitution 33 times can certainly put through an amendment to this effect even now to avoid a nation-wide coercive action by an important section of workers.

extreme measures

One more issue raised by the railway strike is the suspension of labour laws and Payment of Wages Act. I presume that the government had to resort to these extreme measures on the basis that railway having been declared an essential service, the strike by the workers is considered illegal. No one can blame government for taking effective steps to prevent paralysis of our entire economic life. To that extent, all right-thinking sections of the public should support government in its stand. However, such actions of the government are in strange contrast with government's normal attitude during illegal

strikes within the private sector. Scores of them have gone unpunished. What is stranger still is that several Labour ministers in the states and in the centre have often frowned on dismissals or on disciplinary actions of the management and it is not uncommon on the part of ministers to plead personally for re-instatement of workers held guilty of violence and gross indiscipline after investigations and tribunal hearings. I would appeal to government after their present experience with railways and other public undertakings, not to ignore the plight of the private employers in similar situations. I, however, definitely feel that suspension of Payment of Wages Act is an extreme step; it should have no place in the present struggle and should not be used as a weapon for breaking the strike.

Finally, employers in private sector receive endless sermons from the government and trade unions preaching us to resort to arbitration to settle expeditiously industrial disputes, in preference to adjudication or trial of strength through collective bargaining. Strangely enough in railway dispute involving 1.3 million workers we have not heard even a whisper in support of arbitration from either the trade unions, or the employing ministry or Labour minister. Could it be a case of "easy to preach but difficult to practice." It would be a feather in the cap of both trade unions and government if the current dispute affecting our railways could be settled through a process of arbitration. It would be an object lesson to many reluctant employers in the private sector who fight shy of arbitration.

Eastern Economist 30 Years Ago

JUNE 2, 1944

It is understood that the Government of India have sanctioned a scheme under which Government servants will be eligible for railway fares both for themselves and their wives, to and from their homes or places where they would spend their leave, subject to a maximum of Rs 300. That the government could contemplate, apparently with levity, such a scheme so soon after it had fought so desperately and gracelessly over its proposals to increase passenger fares in the last session of the Assembly, would leave the public flabbergasted. The government had fought for the proposals

tooth and nail and agreed to drop them only when confronted with a formidable array of public opinion. It would be recalled that the War Transport Member adduced three "good reasons" in favour of the proposals, viz., (1) necessity to reduce travel by passenger "on pleasure bent," (2) to supplement anti-inflationary measures, and (3) to build up post-war reconstruction funds. After detailed investigations with the help of sample surveys and graphs, he asserted: "The more I study the implications, the more I am certain the action is right".

Indian ocean, western security & Sino-Soviet relations

Josselyn Hennessy

London

Strategic Effects of Reopening of Suez Canal

THE SUEZ Canal, by Egyptian estimates, could be open by August 5 this year. This is likely to have far-reaching implications for the west, not least because of the easy access the Canal will give the Russian navy to the Indian Ocean.

When cleared of silting and war-damage, the Suez Canal is some 37 feet deep, allowing passage to ships of only 70,000 tons dead weight. However, the Egyptians plan to deepen the Canal to 67 feet, allowing passage to the average tankers in service today (some 250,000 tons) and, if the schedule is maintained, the deepened

Josselyn Hennessy is going on a holiday. He will resume his weekly column from London in our issue dated July 5.

—Editor

regain its former economic importance as a channel for trade, its potential significance as a route for naval traffic has grown while it has been closed. The rapid growth since 1967 in the size of the Soviet navy and the deployment of Soviet naval power in both the Mediterranean and the Indian Ocean are the outstanding factors.

There is no reason to suppose that the

of 70 per day), of which over a half was shipping registered in NATO countries.

There have been visits by Russian navy ships to the Indian Ocean since March, 1968 (following closely upon the Labour government's declared intention of withdrawing the British presence from East of Suez by 1971). From nine ships in 1968, the presence has built up over the years to a normal average of 18 to 20 separate Soviet naval units recorded in the Indian Ocean in any one year. In 1971, for example, there were 10 surface combat vessels, one submarine and several auxiliaries. On April 11, 1974, there were five Russian surface combat vessels, four submarines, one assault ship and 19 auxiliaries in the Indian Ocean. In 1968 Soviet vessels spent 2,000 ship-days in area. The estimate for 1974 is 8,000.

time saver

The Soviet ships come, at present from Vladivostok and spend six to eight months in the area: hence the large number of auxiliaries for re-supply. The general pattern is to spend the maximum amount of time in ports around the Indian Ocean. In 1973, Russian vessels in the area spent four times more hours in port than the United States navy. The ports most commonly used are Aden, Mogadisco and Berbera (Somalia), Hodeida (in Yemen) though units continue to call at Singapore, Bombay, Karachi, Umm Qasar (in Iraq) and Zanzibar, amongst others. Mooring facilities are extensively used off the Seychelles, Mauritius and the Malagasy Republic. At present, there is no base for the Soviet navy in the Indian Ocean in the way that for instance, Singapore was for the Royal Navy, though there are plenty of ports where the Soviet navy is welcome. Major repairs still have to be done at Vladivostok.

Allowing for some difficulty in collating intelligence over such a wide area, the facts on the Soviet naval presence in the Indian Ocean are clear enough.

Their intentions in the Indian Ocean while not so clear, are probably two-fold first, to spread political influence, and second, to obtain the military option presented by sea-power.

The first of these cannot be seen in

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canal could be complete in about two years. It is foreseeable—and the Egyptians certainly hope—that a lot of shipping which has had to use the Cape route will now revert to the shorter route through Suez. However, the importance of the Canal for the shipment of oil is bound to be affected by the emergence of the super-tanker as a means of transporting oil from the Gulf to western Europe. Even when deepened the Canal will not be able to take the largest tankers afloat today. In addition the laying of a pipeline—the SUMED line—from the Red Sea to the Mediterranean also promises to diminish the importance of the Canal as a route for oil traffic.

If, therefore, the Canal is unlikely to

use of the Canal for naval traffic will be allowed to the Soviets alone. Western navies are likely to be given equal rights of use. But there is no doubt that the Soviets stand to benefit most. With 11,000 miles taken off the route from the Black Sea to the Indian Ocean, their ability to deploy their warships will be vastly enhanced.

The Indian Ocean is one of those areas of the world where the major trading ties are external rather than between the littoral states. For western Europe the ocean provides trade routes of great importance. One indicator is the amount of traffic that passes around the Cape route. It is estimated that in 1972 some 25,000 ships used the route (an average

olation from the overall political strategy of the Soviet Union in Asia, an important feature of which in recent years has been the proposal for an Asian collective security system. Although repeatedly pressed by the Soviet leaders, the concept remains nebulous. It has been interpreted—and not only by Peking—as having an anti-Chinese motive, which is the reason why the Soviets have not found great deal of readiness on the part of even some of their closest allies in Asia to subscribe to it. It was significant, for example, that at the time of Mr Brezhnev's visit to New Delhi last November, mention of the collective security idea was noticeably absent in the joint declaration which was signed.

However, even if the collective security proposal has not advanced a great deal, the tactical position of the Soviet Union in a number of the littoral states of the Indian Ocean is strong, and her naval presence doubtfully helps to bolster this in the traditional manner of "showing the flag". An ambassador has been known to say that a visit by a ship is worth five years of his own work in the same country.

It is also true that her naval presence provides the Soviet Union with certain military options which it did not have in the past.

These might be summarised as: invasion (or at least raids, perhaps, on oil fields); interference with foreign trade routes, for example by selective sinkings; protection of Soviet trade routes; and, in the latter, for all the persistence of the Soviet fishing fleet in the Indian Ocean, comparatively unimportant to the USSR. The first two options, if exercised could be an economic disaster for the west, but the temptation to exercise them is that much less if, and only if, western powers are in a position to counter the Soviet strength locally. A capability for flexible local response is as much a guarantee of western security in the Indian Ocean as it is on the North German Plain.

II

Other Navies in the Indian Ocean

Other naval forces in the Indian Ocean are provided by Britain, France, the USA and, locally, by Iran and India.

Britain planned under the Conservative government to have a naval task-force in the Suez for most of the year. This, the Labour government maintains it, should consist of six major surface combat ships and an attack submarine. However, this total must be deducted ships

permanently on station at Singapore (under the ANZUK Agreement) and Hong Kong and on the Beira Patrol. There are also two British staging posts at Masirah, off the coast of the Oman and Gan in the Maldive islands.

France has a small squadron based at Reunion, though she has docking facilities available in her former headquarters at Diego Suarez in the Malagasy Republic. She can also make use of her small base at Djibuti.

The United States normally has a small task-force in and around the Persian Gulf, which it augments from time to time from the Seventh Fleet in the Pacific. For instance, at the time of the Indo-Pakistan war of 1971, a task-force of light vessels, including the strike-carrier 'Enterprise', was sent to the Bay of Bengal. The United States has plans to develop further naval and aid facilities at Diego Garcia, an island in the British Indian Ocean Territory (See below).

littoral states

In addition to these navies, two littoral states, Iran and India, have sizeable naval forces and an apparent readiness to display them beyond the immediate confines of their own waters. The Iranian navy has 11 major surface combat ships and some 20 smaller vessels. She is expanding her hovercraft and 202 naval armed helicopters on order. It is not yet known from which ships these armed helicopters are to be flown, though it is rumoured in some circles that Iran plans to buy one or more through-deck command cruisers or United States "sea control" ships. Though the Persian Gulf is obviously the priority area for Iran's navy, the Shah has indicated clearly enough that his strategic interest extends beyond the Straits of Hormuz into the Indian Ocean.

The Indian Navy has some 20 major surface combat ships (including a small aircraft-carrier), 4 submarines and some 40 smaller vessels, including eight Russian-designed patrol boats carrying the famous Styx missile. India's role in any naval confrontation in the Indian Ocean is, I fancy, likely to be ambivalent, since she is much indebted to the Soviet for economic, and indeed naval assistance. India has in recent months become a strong advocate of the view that the Indian Ocean should be recognised as a "neutral" zone at least as regards the navies of non-littoral states. I would, however, be interested to have Mrs Gandhi's definition of "neutrality". Is it dependent on the goodwill of the USSR and/or the USA? Or can India enforce it? What does India do if

another power violates the "neutrality" of the Indian Ocean? Complain to the UNO? What does the UNO do? And how quickly?

The British Indian Ocean territory was established in November, 1965, and comprises a number of islands formerly administered by Mauritius and the Seychelles. The islands are widely scattered over 1,000 miles between the Chagos Archipelago and Mahe (the main island of the Seychelles group) with other islands, for instance Desroches, Farquhar and Aldabra, lying between 100 and 600 miles to the south-west of Mahe. Diego Garcia is the largest and most southerly of the Chagos Archipelago and has a land area of approximately 17 square miles.

Defence has always been intended as part of the territory's purpose, and this was formalised in an agreement between the United States and Britain under a Labour government in December, 1966, (Cmnd. 3231). Originally the island of Aldabra was proposed for a joint British-United States naval base, but plans for this were abandoned following the devaluation of the Pound in November, 1967, and concerted protests from ecological pressure groups. On December 15, 1970, the British and the United States governments announced their plans for the development of communications facilities on Diego Garcia. These were formalised in the Diego Garcia Agreement on October, 24, 1972 (Cmnd. 5160). The facilities would include an air-strip and a communications centre, primarily to close the gap in the United States naval communications systems.

Diego Garcia base

The current Diego Garcia programme is designed to give the USA and Britain an increased capacity for monitoring, and when necessary countering, Soviet naval activity in the Indian Ocean. The runway will be lengthened, the anchorage deepened, and the communications facilities extended. At present, \$32 million for this expansion are being delayed in the US Senate, but this obstacle is likely to prove temporary rather than permanent on present showing.

The expansion was agreed to by the British Conservative government: "Her Majesty's government have long felt it desirable in the general Western interest to balance increased Soviet activity in the Indian Ocean. Accordingly, they welcome the expansion of the United States facilities, which will also be available for British use". (Mr Julian Amery, February 5, 1974).

The Russians, predictably, have begun

a major world-wide campaign against the Diego Garcia expansion, the aim of which is to get Britain to repudiate the 1972 agreement.

The approach to Diego Garcia of the British Labour government has yet to be made clear. The government is, I believe, considering the following factors: Diego Garcia offends the Russians, and Harold Wilson wants a detente with the Russians; and the government will recall its decision to abandon East of Suez. But there are other considerations which the government should not overlook: the cost of the expansion is being borne entirely by the USA; the security of the Indian Ocean is essential to the west; security will be further jeopardised by the reopening of the Suez Canal; and Diego Garcia will be the lynch-pin of the west's security system in the Indian Ocean. Should the plans for the expansion of the Diego Garcia facilities not go ahead because of a Labour government veto, the Russians will be left the undisputed masters of the Indian Ocean. That should be a sobering thought in London, Washington DC and New Delhi.

III

Soviet Union and China

The build-up of Soviet naval power in the Indian Ocean has provided yet another platform for the bitter war of words between the Soviet Union and China, which has now been raging for some years.

The Chinese see this naval presence as the military support for the Soviet diplomatic offensive in favour of an Asian security pact. They believe that such a pact is a cover for plans for the establishment of a Soviet hegemony in Asia and the encirclement of China. The Soviet Union naturally repudiates this interpretation and claims that its proposal is merely aimed at strengthening peace and co-operation in Asia and at banishing wars and armed conflicts from the life of the Asian peoples.

This dispute is an extension in the Indian sub-continent of the long-standing rivalry between the two communist giants in which China has consistently supported Pakistan in its differences, with India, which has received the backing of Russia. This rivalry itself is but one of the many strands of the Sino-Soviet quarrel.

Suspicion existed between the Russian and Chinese communists from the earliest days of the Chinese communist movement.

This suspicion began to ripen into hostility in the late fifties with the adop-

tion in the Soviet Union by the Khrushchev leadership of policies which the Chinese considered to be "revisionist" and contrary to true Leninist principles. The split widened with the withdrawal of Soviet aid from China, especially in connection with the development of a Chinese nuclear weapon.

Gradually the Chinese communist party became alienated from the main stream of the international communist movement. Albania was the only communist state to fully support China in the ideological struggle which developed on a world scale, taking the form sometime of rivalry between competing communist parties, sometimes of support for rival guerilla movements, and sometimes of competition in the supply of military and technical aid to emerging third world nations.

From 1966 diplomatic links were reduced to a low level, trade fell off sharply and in the atmosphere of isolationism engendered by the Cultural Revolution in China, relations reached their nadir. The culmination came in 1967 with violent armed clashes on the borders of the two states along the Ussuri river.

Since then the intensity of the quarrel has slightly lessened. Relations are now correct, if distant, and a trade agreement was signed in 1970. However, each country has continued to aim a ceaseless barrage of hostile propaganda at the other. It is obvious that mutual fears have been in no way abated.

Chinese hostility

Both China and Russia are afraid of being outflanked and encircled by the other through diplomatic means. As I have already said, China is hostile to the close relationship which has existed between Russia and India in recent years and has consequently given support to Pakistan. Her fears increased when India intervened in East Pakistan and enabled the state of Bangladesh to be established under Indian patronage and with strong Soviet support.

In order to counter Soviet policy China rejoices at the enlargement of the European Community and undoubtedly hopes that a strong and united western Europe will develop into a political and economic challenge to the Soviet bloc on its western borders.

The Soviet Union fears any possibility of closer links between western Europe and China. In the course of a lengthy attack on Chinese foreign policy in *Pravda* on August 26, 1973, a Soviet commentator quoted a recent statement by the French

communist party, which sums up the fear of the Russians and their supporters:

"Anti-Sovietism, a reckless desire to promote great-power nationalistic aims has been, and continues to be, the basic motive behind the policy of the present leaders of the Communist party of China in the international arena. For example, they proclaim themselves ardent supporters of the economic, political and military integration of the west European capitalist states, the 'Little Europe' of the monopolies, being well aware of the fact that with things as they are, it is an element of the overall strategy of imperialism directed, as hitherto, against the Soviet Union".

ideologically flexible

The Chinese have indeed shown themselves ideologically flexible in their recent foreign policy. One example of this was when their Foreign minister, Chi Pen Fei, visited Iran last June and gave strong support to the policies pursued by the decidedly pro-western country. According to the *Times* of June, 18, 1973, the Foreign minister described the massive Iranian military build-up as "necessary and understandable." Nevertheless the Russians can hardly lay their hands on the hearts to lecture the Chinese on the virtues of Marxist purity, when one remembers the massive economic deal the Russians have been attempting to make with America in the light of Mr Brezhnev's visit to the United States last year.

The USSR and China have each accused the other of betraying the principles of Marxist-Leninism.

The Chinese allege that by the 'revisionist' policies pursued since 1956, the Russians have introduced a policy of state capitalism at home and collusion with western capitalism abroad. They further assert that, by virtue of its hegemony in eastern Europe, the Soviet Union is an imperialist power. Chinese spokesmen have even on occasion described the Soviet Union as a 'fascist dictatorship'. How the Communist comrades love each other!

But what the Chinese detest before all else is the way the Soviet Union has become a super-power and, in Chinese eyes, seeks to decide the future of the world in collaboration with the United States.

The Chinese vehemently deny that they have any intention of becoming a super power and it is a cardinal point of their foreign policy to oppose 'super power policies' whatever the context. On the pa-

el, Mao Tse Tung is equally implacably posed to the Soviet communist party's plicit claim to a *primus inter pares* role the world communist movement.

The Russians, for their part, consider at the Chinese communists have betrayed arxism by developing a personality cult ound Mao Tse Tung, by dividing the ernational communist movement, and specially during the Cultural Revolution) sabotaging the leading role of the party the state.

Apart from the ideological divide, ere is a long history of xenophobia and tionalist fears in Chinese/Russian lations, stretching back long before the munist takeover in either country. ese feelings owe little to the clashes of al Marxist ideologies, which have how- er accentuated them, and a great deal instinctive racial aversion especially a the part of the Russians, who have come greatly worried by the ever more ormous Chinese population. Further- ore, recent statistics show that the non-ussian proportion of the Soviet popu- tion is steadily increasing, a tendency rich can only worry the Russian-domi- tated Soviet leadership.

Rival claims

The border clashes on the Amur-Ussuri ver in March, 1969, and on the Sinkiang/oviet Central Asia border in August, 1969, though on the face of them manifes- ons of the rival territorial claims of the vo powers, were in fact more a physical xpression of this heritage of xenophobia an mutual fear.

Under the terms of the Treaties of igun (1858) and Peking (1860), Imperial hina ceded all territories north of the mur river and east of Ussuri river. The resent Chinese government claims that hese 'unequal' treaties were imposed un- airly by Tsarist imperialism on the decay- d Manchu government of China, and that he Soviet government should recognise his in principle. However the Chinese lo not insist that the Soviet Union should n fact return these disputed territories; hey merely want an admission that they re in the right. This step could be ollowed by 'necessary territorial adjust- ments', by common consent.

The object of the clashes in March, 1969, was a small island called Chenpao (Damansky in Russian) in the middle of he Ussuri river, which the Chinese laimed to be theirs even according to the 'unequal' treaties. It seems likely that he Chinese initiated the first clash to test oviets reactions, and that the second lash was a Soviet riposte. There were

also clashes during the summer of 1969 along the Sino-Soviet border in central Asia. After some months of exceptionally vicious propaganda exchanges, negotia- tions began and have continued intermit- tently ever since without making real progress. Chou En-Lai and Mr Kosygin came to a provisional agreement on paper as early as the end of 1969, which stipu- lated that both sides should withdraw their forces from disputed areas and that a *status quo* should be maintained in such areas until the territorial disputes were solved. However this agreement never came into effect.

Chinese nuclear capability is still primitive compared with that of the Soviet Union, but the gap will gradually narrow. At present, according to the International Institute for Strategic Studies, the Chinese armed forces have about 100-150 Tu-16 medium bombers, which could be used for missions within a range of about 1,600 miles, and about 300 tactical nuclear strike aircraft. They possess about 50 medium range ballistic missiles (MRBM), and 15-20 intermediate range ballistic missiles (IRBM). A multi-stage IRBM, which would be able to reach Moscow, has been developed but may not yet be operational.

These figures are puny compared with the nuclear might of the Soviet Union, but nonetheless Ch'na will probably soon be able to inflict unacceptable damage on the Soviet Union, should the latter ever

decide to make a pre-emptive nuclear attack. There has been much speculation in recent years on the possibility of such a 'surgical strike' with the aim of 'taking out' Chinese nuclear capability while it was still possible to do so.

It is hard to believe that the Russians would decide that such an action was in their best interests. In exchange for receiving nuclear security on one flank, they would have ensured the permanent hatred of the vast Chinese population, the probable dependence of the Chinese government on the United States, and an incalculable loss of support in the third world.

Although one must hope that the Sino-Soviet quarrel will never attain the huge and terrible proportions of nuclear war, at present, I can see no end to the Sino-Soviet quarrel. It has developed too many different aspects which could only be sorted out with extreme difficulty. For the time being, it is likely that the torrents of abuse will continue to flow unabated, interspersed by spectacular incidents, such as the mutual expulsion of 'spies' in January and the disappearance of a Soviet helicopter which strayed over the Chinese border in March. The global rivalry of the two great communist powers will continue to be a vital factor in world diplomacy. So keep your powder dry in New Delhi and your ships afloat in the Indian Ocean!

RECORDS AND STATISTICS

A Quarterly Bulletin of "Eastern Economist" this publication surveys important developments in each quarter in the various fields of the national economy as well as in the world economy, organizes its material in a convenient form and illustrates it with diagrams, graphs and charts. Its features are a business roundup, an analysis of markets and an investment supplement.

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'The Times of India', New

Delhi, in its city edition of May 25, carried on its front page a very entertaining picture of Mrs Gandhi being greeted by her colleagues on the Working Committee on her arrival for the meeting held the previous day. Whether by accident or design the photographer had so angled his shot that Dr S. D. Sharma and company looked like circus dwarfs besides Mrs Gandhi in a commanding pose. Particularly amusing were the figures of Syed Mir Qasim, Mr V. P. Naik and Mr D.P. Dhar. With sloping shoulders and arms dangling below the knees, Maharashtra's chief minister, bent at the waist, looked like some performing ape. The Planning minister, for variety's sake, was on slightly bended knees, and if his face was sickly, it was not perhaps entirely "with the pale cast of thought" although his enterprises, whether "of great pith and movement" or not, have certainly been turning "awry" and losing "the name of action." As for Kashmir's chief minister, his was the posture of a man self-consciously posing for the camera, like some VIP receiving an honorary doctorate from some university or the other in Agra, Sagar or his own Srinagar. Dr S. D. Sharma and Mr H. N. Bahuguna were duly and safely nondescript. Mr Rajni Patel sported a countenance which looked as if it were etched with the ancient sins of his race, while Mr Chandra Shekhar, flanked by Mr Naik and Mr Dhar, looked for all the world as if he was these two gentlemen's guilty conscience about *garibi hatao*.

One of the sensible acts for which this meeting of the Working Committee could claim credit was its endorsement of the handling of the railway strike by the central government. It may be argued that, after the resolute attitude adopted by the prime minister, Dr S. D. Sharma and company could have hardly acted otherwise even if any of them had wanted to. But this would have been reckoning without the unpredictable Mr Chandra Shekhar. It is true that his Young Turkish sorrows and angers have lately been losing edge, partly because aspirations to respectability, as well as age, must tell. Even so, it was still very much open to him to have worked up a rage over the

government coming down heavily on the railwaymen, while doing nothing, as he might put it, to curb the profits and earnings of big business or discourage conspicuous consumption by the affluent sections of the community. That, in the event, no voice was raised at the Working Committee against the government's policy towards the railway strike suggests that the instinct of self-preservation is strong among Congressmen as it is among all men. There are two senses in which this self-preservation principle applies here. The first is that, since the prime minister had made the breaking of the strike an issue of her personal authority in the political life of the country as well as of the right of her government to govern, she would surely have given short shrift to any congressman who might have dared to try to queer the pitch for the railway administration. Secondly, virtually all the opposition parties having decided for reasons of self-interest to range themselves against the government on this occasion, individual congressmen had been left with no choice and had necessarily to rally round the government which had staked its prestige, or perhaps much more than its prestige, on the effective suppression of this strike. It is obvious after all that opposition politicians were out to embarrass the government as much as possible on this issue. Mr M. L. Sondhi, for instance, blandly told me at a 'party' that the Jana Sangh attitude must be judged by what he described in a choice phrase as "the perspective of short-term considerations."

Among the reactions in

the world's press to the test explosion of a nuclear device in this country I find the London *Guardian's* editorial "A Bomb in a China Shop" particularly interesting. Writing on May 20 this newspaper says:

"There are many reasons why the Indian nuclear device is—or could be—a special danger to peace. The first is that no one can have lasting faith in the Indian government's assurance that the purpose of Saturday's 10 to 15 kiloton explosion was peaceful. You do not detonate underground nuclear explosions in order to prove that you can build nuclear power stations, especially if you have three in service already. An underground explosion of this size is designed to show that, if necessary, you can destroy a city. In any case the present

Indian government is not immortal. No one knows who Mrs Gandhi's successor may be or what he would do with a bomb. One (easily foreseeable) temptation for any Indian Prime Minister would be to embark on a foreign adventure which, with a bomb, would be bound to succeed in order to distract attention from the problems crowding in at home, of which India has more than her share.

"Another reason why an Indian bomb is o would be a special danger to peace is the India's two main international disputes—with Pakistan and China—still are unfinished business. Potentially, also, they are conflicts which could produce powerful incentives to use nuclear bomb—incentives which do not affect the main nuclear confrontation between the Soviet Union and the United States.

"Nor need the Indians perfect a vastly expensive and sophisticated delivery system. Unlike the advanced countries, they would not have to contend with highly developed air defences. If they wanted to use a nuclear bomb to block the passes into China, the only delivery system necessary would be a three-ton truck. If they wanted to bomb Karachi it would only be necessary for one bomber to get through. In relation to their immediately potential enemies the Indians now are in the position the President Truman was in 1945. They can use their bomb if they want to, and if they use it against Pakistan they need not fear retaliation. It does not matter what Mrs Gandhi says. She is now a nuclear Prime Minister in an otherwise non-nuclear sub-continent. Which is now a more dangerous place than it was on Friday."

If *The Guardian* wants to give M Bhutto ulcers, it is its business and his funeral. As for that intriguing and possibly useful suggestion that India could use nuclear bomb to block the passes into China, I would ask: "So what?" If the necessity arises and India is able to use nuclear bomb this way and does so, would it not be one of the most sensible uses to which a nuclear bomb could be put? Throughout history national governments when arming, have always claimed that they are doing so only for purposes of defence. If it so happens that India does use a nuclear bomb to seal the passes into China, I would ask: "So what?" If the necessity arises and India is able to use nuclear bomb this way and does so, would it not be one of the most sensible uses to which a nuclear bomb could be put? Throughout history national governments when arming, have always claimed that they are doing so only for purposes of defence. 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TRADE WINDS

Resource Mobilisation by States

THE CENTRE has asked the states to avoid large budgetary deficits in view of the current inflationary situation and to curtail their non-essential and low priority expenditures. They have also been advised to raise additional resources necessary for financing their Plan outlays, particularly by tapping affluent sections of the agricultural sector, revising irrigation rates and electricity tariffs. The states have been urged to give high priority to those schemes which would yield tangible returns in a short term.

This follows an analysis of the state budgets which shows substantial opening negative cash balances and the prospects of the current financial year ending with massive deficits. The union Finance minister Mr. Y. B. Chavan, has written to several states urging them to launch a vigorous drive to mobilise additional resources and to take steps to balance their budgets. It has been made clear that the centre is not in a position to provide any special assistance for covering their budgetary gaps.

The states' opening balance this year shows an overall deficit of Rs 267.15 crores. In addition their budgets for 1974-75 show deficits of about Rs 175 crores. Most of the states have presented deficit budgets and many have not tapped any new avenues of resource mobilisation.

The union government has asked the states to take the following steps. (1) In view of the need for price stabilisation as well as for fulfilling resource requirements in the fifth Plan, it is necessary that

concrete steps are taken to mobilise additional resources by states. Among areas which need immediate action are: agricultural taxation; revision of irrigation rates; and revision of electricity tariffs; (2) In order to raise more revenue from the agricultural sector, the state should adopt a time-bound programme to implement the recommendations of the Raj Committee and/or raise more revenue through a combination of measures like withdrawal of concessions on land revenue at graduated rates, greater use of cesses on commercial crops and imposition of a betterment levy; (3) The state governments should revise irrigation rates suitably before the end of the current financial year with a view to recovering the full working expenses on the irrigation projects through irrigation receipts. In addition to revision of rates, efforts have to be made to effect economy on maintenance expenditure; and (4) State governments should take steps to earn an adequate rate of return on investment in the electricity projects by suitable revision in the rates levied for electricity. In addition, effective measures should be initiated for preventing high transmission losses that now take place.

IFC

The Industrial Finance Corporation of India (IFC) is expected to issue shortly 6 per cent bonds 1986 for Rs 7.25 crores at par to augment its resources which are deployed by it to meet the demands of the various industries or implementing their projects. These bonds will be guaranteed by the central government as to

the repayment of principals and the payment of interest.

IMF

This country has drawn from the International Monetary Fund \$282 million or Rs 211.50 crores. The drawings during May from IMF credit tranche have boosted India's foreign exchange reserves substantially. India had drawn on the balance of its gold tranche in mid-April. It brought the gold tranche balance to nil by drawing upon \$91.8 million or about Rs 69 crores. In early 1974, India received from the IMF compensatory export finance of \$74.4 million or Rs 53.9 crores. Receipts of foreign exchange during the last five months have thus amounted to about \$450 million or Rs 338 crores.

Canada Suspends Nuclear Aid

Canada has announced the suspension of all nuclear aid to India as a result of the underground test that made India the world's sixth nuclear power. The Foreign Secretary, Mr Mitchell Sharp, stated that the Canadian government was suspending all shipments of nuclear equipment and material and ending all exchanges with India on nuclear technology. Mr Sharp pointed out after a cabinet meeting that the suspension of shipments would continue at least until Canada and India had discussed the implications of the nuclear test, and until future relations between the two countries are reviewed. Mr Sharp added that Canada wished to know the source of the plutonium used in the explosion. Mr Sharp also stated that the government might stop shipments of other industrial commodities, however, there would be no interruption of food and agricultural aid to India.

Cement Prices

The union government has announced a price increase of Rs 50 per tonne for cement produced with the use of furnace oil. The decision has been taken by the minister of Industrial Development to help cement units in south and in Gujarat to step up production

by using furnace oil. As part of this announcement, the government has also allowed a general increase of Rs 4 per tonne in cement prices to meet the additional freight cost necessitated by this year's railway budget. The increase will be effective from May 17 though the higher rail freight has come into force from April 1. The additional freight cost, incurred by the cement industry during April 1 and May 17 would be met with from the Cement Price Regulation Fund, which is also a freight equalisation fund.

Price Hike for Aluminium

The union government has approved an increase in the price of aluminium and its products by Rs 1,090 per tonne (excluding excise duties) with effect from May 23. Including the element of excise duties, the revised price of EC Grade aluminium ingots will be Rs 7,122 per tonne and that of commercial grade ingots Rs 7,084 per tonne. The prices of aluminium products will also undergo a revision accordingly.

Petroleum Consumption

Petrol consumption in the country has gone down by 20 per cent since November last when prices increased sharply. The chairman of Indian Oil Corporation Mr. C. R. Das Gupta pointed out recently that the consumption before the price increase was 1.8 million tonnes per year. IOC markets about 60 per cent of the total requirements. It marketed 16 million kilolitres in 1972-73 worth Rs 996 crores, including Rs 454 crores as excise duty.

Wheat Prices

The union Food minister, Mr Fakhruddin Ali Ahmed stated recently that traders and co-operatives that were allowed to sell non-levy wheat to the deficit states had been clearly told that they could not charge more than Rs 150 a quintal. Mr Ahmed admitted that the maximum ceiling price of Rs 150 was not laid under any law but this was one of the conditions, stipulated in the permits regarding the inter-state mo-

vement of wheat. Mr Ahmed added that under a formula drawn up by the ministry, the ceiling was decided by the price paid by the trader to the farmer plus the expenditure incurred by the trader on procurement, transportation, sales tax, "a small margin of profit" is permitted to him. The ceiling price would be determined from time to time based on the actual price that a farmer received.

Export of Naphtha

This country has begun export of naphtha, the essential feedstock for producing fertilizers because of low capacity utilisation by the country's fertiliser plants due to power cuts, technological and mechanical problems. The country recently shipped 18,000 tonnes of naphtha from Cochin to Japan. According to official sources, the country may have to continue with exports of surplus naphtha at least for some more months until the fertiliser plants improve their capacity utilisation after setting right the operational problems.

Indo-Senegal Trade Pact

India and Senegal recently signed a five-year agreement for economic, technical and scientific cooperation and a separate one-year trade agreement for stimulating imports and exports between the two countries. Under the trade agreement, which is renewable every year, India will export to Senegal textiles, chemical products, engineering and electrical goods, rubber manufactures, tobacco and food and beverages. At present Indian exports to Senegal are worth Rs one crore of rupees annually. In turn India will import from Senegal petroleum products, rock phosphate, hides and skins, chemical fertilisers and raw cashewnut. The agreement on economic cooperation envisages exchange of technical experts for starting new ventures.

Indo-Malaysian Air Accord

India and Malaysia recently signed an air agreement enabling their designated airlines to operate a bi-weekly service to and through each other's territory. At present Air India

mission to promote trade and economic cooperation between the two countries. The commission will sort out problems relating to free flow of trade between the two countries and consider Indian desire for continued Finnish liberal treatment to Indian products. The decision to set up the commission was reached at the end of the five-day official visit to Finland by the union Commerce minister, Prof. D. P. Chattopadhyaya. Finland has assured the Indian minister that it will continue to accord liberal treatment to Indian textiles, including handloom products. Though there is a global shortage, Finland has agreed that the concerned organisations in the two countries should initiate talks on the scope for India importing newsprint on continued long-term basis.

Aid from Netherlands

An official delegation held discussions in the Hague on May 9 and 10 with a Netherlands government delegation on the implementation of financial assistance of 82 million Dutch guilders (Rs 25 crores approximately at the current rate of exchange) extended by the Netherlands government for 1974-75. This assistance is being extended as a general purpose loan on usual soft terms, namely, repayment over a period of 30 years, including a grace period of eight years, with an interest rate of two and a half per cent per annum. It has also been agreed that the government of India may allocate up to an amount of 45 million guilders (Rs 13.5 crores) for large value contracts in which disbursements will occur over a period of two or three subsequent years, the amounts allocated being debitable to credits to be actually provided for the respective years.

operates only one weekly service through the Malaysian capital of Kuala Lumpur. The Malaysian Airlines system is yet to begin its operations in India.

Torsteel for Economy

Torsteel production in the country has crossed the one-million tonne mark. Hindustan Steel, a public sector undertaking is stated to have contributed half of this production. The saving in steel attained by the use of the quality reinforced

steels is claimed to be more than 400,000 tonnes worth nearly Rs 100 crores.

Torsteel which is a high yield strength deformed bar, is used as reinforcement in concrete construction. A torsteel bar is much stronger than the mild steel round. On an average, only 100 tonnes of torsteel bars are required where 150 tons were needed earlier. The production of these bars started in our country in 1967.

Industrial Finance Corporation of India

6% BONDS 1986

PAYMENT OF INTEREST AND REPAYMENT OF PRINCIPAL GUARANTEED BY THE GOVERNMENT OF INDIA

AMOUNT OF ISSUE	Rs. 7,25,00,000
ISSUE PRICE	Rs. 100.00 PERCENT
REDEEMABLE AT PAR ON THE 10TH JUNE 1986	

The Bonds are approved securities under the Indian Trusts Act, the Insurance Act and the Banking Regulation Act, and are also eligible for grant of advances to scheduled banks by the Reserve Bank of India. These are on the approved list of securities of the State Bank of India and are also eligible for investment of the accumulations of the Provident Funds, exempted as well as non-exempted.

Subscription will be received in cash/cheque at the Branches of the Reserve Bank of India at Ahmedabad, Bangalore, Bombay, Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna from Monday, the 10th June 1974. The list will be closed without notice as soon as the total subscriptions amount to Rs. 7.25 crores, and in any case, not later than the close of business on Friday, the 14th June 1974. The Corporation reserves the right to retain subscription received upto 10% in excess of the sum of Rs. 7.25 crores.

The Bonds will have a currency of 12 years, and will be repaid at par on the 10th June 1986. These will bear interest at the rate of 6% per annum from the 10th June 1974. Interest will be payable half yearly on the 10th December and 10th June and will be subject to tax under the Income Tax Act 1961.

Copies of the Prospectus and application forms can be had from the offices of the Reserve Bank of India as also from the Head Office of the Corporation at Bank of Baroda Building, 16-Parliament Street, P.B. No. 363, New Delhi-1, its regional/branch/sub offices at (i) Mehta Mahal (5th Floor), 15, Mathew Road, P.B. No. 3928, Bombay-400014 (ii) 4, Mangoe Lane, (2nd Floor), P.B. No. 2483, Calcutta-700011 (iii) Raji Building (3rd Floor), 147, Mount Road, P.B. No. 1030, Madras-600005 (iv) Jivabhai Chambers, Ashram Road, Ahmedabad-380009 (v) 22, Mahatma Gandhi Road, P.B. No. 5091, Bangalore-560011 (vi) 6-3-631, Zilla Parishad Road, Khairatabad, P.B. No. 11, Hyderabad-500014 (vii) Jeevan Tara Building, First Floor, Gate No. 3, 5-Parliament Street, P.B. No. 182, New Delhi-110031 (viii) E-1/23, Aera Colony, Bhopal-(ix) 20, Forest Park Area, Bhubaneswar-751009 (x) Bangalore No. 216, Sector 11-A, Chandigarh 160011 (xi) 'Karuna' (2nd Floor), XXIII/1311-D, Mahatma Gandhi Road, Ernakulam, Cochin 682011 (xii) Kanram Medhi Road, (Ranibari Lane), P.B. No. 30, Panbazar, Gauhati-781001 (xiii) S.B. 38/A, Bhawani Singh Marg, Bapunagar, Jaipur (xiv) Aggarwal Building, Canal Crossing, The Mall, P.B. No. 319, Kanpur-203004 (xv) 43, Pataliputra Colony, Patna-800013.

Arrangements will be made for listing of these Bonds at the Bombay, Calcutta and Madras Stock Exchanges.

Brokerage will be paid at the rate of six paise per Rs. 100/- to recognised banks and brokers on allotments made in respect of applications for the Bonds tendered by them and bearing their stamps.

NEW DELHI
Dated the 15th May 1974.

C.D. Khanna,
Chairman.

Today all the major steel producers and a number of large re-rolling mills and mini steel plants produce them. Present production is said to be more than 300,000 tons a year.

A committee on economy in consumption of steel in the country set up by the Steel ministry recently recommended increased production and use of these bars as the most effective and successful method of saving steel.

Torsteel was produced in the country under licence from a company called Tor-Isteg Steel Corporation, Luxembourg. Tor-Isteg had set up a technical organisation in India staffed with well-trained engineers and metallurgists to help the mills develop production and adequate quality control and market promotion. This organization has now been converted into non-profit Indian trust called "Torsteel Research Foundation in India." The aim of the foundation is to continue working closely with the steel industry and the engineers of the country to develop new products, and encourage their rapid and scientific utilization.

The foundation recently organised a seminar on "Iron and Steel Savings Through Product Development" in the capital where it presented reports on a number of new products. It was claimed at the seminar that the use of these products would lead to substantial savings in iron and steel.

Steel for Exporting Units

Steel requirements of export oriented industries will be met in full either from indigenous sources or through imports. This assurance was given by the Secretary to Department of Steel and chairman of Steel Authority of India, Mr M. A. Wadud Khan, while presiding over the Steel Priority Committee meeting recently. The newly set up Department of Export Production would coordinate action in this regard and also ensure that the stipulation relating to 25 per cent value added on international prices of steel was

fulfilled for categories of steel sponsored by them.

Diversification of Electric Furnaces

There are a number of electric furnace units in the country which are presently permitted to produce mainly mild steel ingots or billets. There are also composite units having melting as well as rolling facilities which have to confine their production to mild steel ingots or billets only and rolled sections/profiles thereof. The union government has considered the desirability of permitting these units to produce higher grades of steel for which some of them may be suited, while others may require only some minor balancing facilities to be added. Such diversification providing flexibility to produce other grades of steel has been considered desirable in view of the following; (i) Better utilisation of scarce inputs/resources, viz. scrap and power (ii) Stepping up production of higher grades of steel to achieve import substitution and to meet growing indigenous demand. The government has accordingly decided that units which hold licences or registration certificates under the Industries (Development and regulation) Act for the manufacture of mild steel ingots without captive rolling facilities, will be free to diversify their production to include certain grades of carbon, special and low alloy steels. In view of the special fields of application and strict specification to which these steels should conform, it has been considered that the diversification can be availed of only by those units which have the requisite production and testing facilities and technical competence to undertake the production of the grades of steels permitted under the present relaxation.

National Buildings Corporation

The National Buildings Construction Corporation under the ministry of Works and Housing achieved a record turnover of Rs 8.5 crores in 1973-74. This is 40 per cent more than its previous years

turnover of about Rs 6 crores. This year's turnover is almost three times the average turnover of three crores of rupees a year upto 1971. The corporation has drawn up a five year plan of its construction activities. Under the plan, the corporation envisages to execute works to the tune of Rs 10 crores during 1974-75, progressively increasing it to Rs 20

crores by 1978-79.

The corporation recently secured several prestigious jobs in open competition. These included construction of a fly-over at Rabindra Setu, Calcutta; the construction of a 100 MGD water treatment plant (part) at Hyderabad, Delhi and the construction of a new railway station building at Varanasi.

Readers' Roundtable

Red Signal on Bank Deposits

SIR—The present trend of decline in bank deposits is a red signal to the authorities to review basic policies, and particularly their attitude towards depositors.

The union Finance minister, Y.B. Chavan's statement in Parliament that the decline is due to public's decreased capacity to save because of a rise in the cost of living is a partial explanation of a long-term trend occasioned by the following factors:

1. The very low rate of interest to genuine savers: banks pay 6.75 per cent on a one-year deposit, after the recent increase, while sound investments elsewhere fetch at least 10 to 12 per cent.

2. Discriminatory treatment: LIC and Unit Trust have been improperly allowed to enter the inter-bank call money market and walk off with 15 per cent interest on what are virtually long-term fixed deposits in the guise of daily loans! This market is a mechanism meant only for banks to help out each other on a day-to-day basis with regard to their temporary needs. Likewise, in violation of RBI's interest rate structure, these institutions are allowed to get a higher rate of interest on short-term fixed deposits in the guise of "Participation Certificates" with banks.

3. The serious deterioration in services, which now even the government has acknowledged, is another reason.

4. What has alarmed depositors most is the causal attitude of some nationalised banks towards public funds. For instance, in the

Road branch of the Canara Bank in Bombay about Rs 40,000 were found missing, but no immediate action was taken against the employee in charge. After a prolonged inquiry which held the employee guilty an order of termination of his services was issued, but hastily suspended by the Chief Executive (who himself had issued it earlier) when union members threatened the regional chief! In UCO Bank's Bombay Office, Rs 1,07,000 were stolen from the cash section and although only six employees were working at the time and there were no outsiders, the bank has closed the chapter with no action against the remiss staff! Such instances can be multiplied.

5. The directors nominated on behalf of depositors do not represent the Association but are patronage appointees. As such, their performance does not inspire any confidence. The suggestion of our association to appoint eminent men who are specialists in finance law etc., to represent the depositors had been brushed aside by the government.

In coming months, contrary to seasonal trends, there is likely to be a steady outflow of funds from the banking system if the RBI, the union Finance ministry, bank managements and unions do not accept as working basis the primary lesson in banking viz., depositors constitute the heart of the banking system.

(M.R. PAI)

Hon. Secretary
All India Bank Depositors' Assn
(Bombay Branch)
Bombay

COMPANY AFFAIRS

SECALS

SECALS LTD has received the necessary sanction from the government in regard to change of location of the project from Ambattur (Madras) to Ranipet (North Arcot District) and also for registering the company as manufacturer of 350 tons of alloy steel castings per annum with the Directorate General of Technical Development. This is in addition to the industrial licence which the company already holds for the manufacture of 144 tonnes of cast tools per annum. To raise part of the resources required for the implementation of the project the company entered the capital market in July 1973 with a public issue of Rs 12 lakhs. The issue was heavily oversubscribed. Meanwhile project cost has gone up by Rs 6.43 lakhs to Rs 56.43 lakhs, the increase being due to enhanced customs duty and cost of imported machinery. The revised project outlay was financed by the equity capital of Rs 17 lakhs, a term loan of Rs 22 lakhs from the Tamilnadu Industrial Investment Corporation, another term loan of Rs 11 lakhs and a subsidy of Rs 6.43 lakhs from the State Industries Promotion Corporation of Tamil Nadu Ltd.

The project implementation has so far been on schedule and the plant is expected to be commissioned soon. The start up of manufacture of cast toolings has been delayed due to delay in obtaining imported raw materials and the production is now expected to commence in early September 1974. In the meantime it is proposed to establish at the earliest, production capacity of 10 tons per month comprising heat resistant steels and stainless steel castings.

Orders are also being finalised for these castings.

SPIC

It may be recalled that SPIC's urea facility, claimed to be the largest in the world, having a capacity of 1,600 tonnes per day was mechanically completed on April 14, 1974, in a record time of 23 months. SPIC has completed the production of secondary urea by the simulation method. About 500 tonnes of urea for these trials were fraternally provided by Madras Fertilizers Ltd., a public sector concern. The urea product is melted and brought to the composition of the secondary intermediate, i.e. the Ammonium Carbamate solution which is incidentally chemically made through ammonia and carbon-di-oxide. This ammonium carbamate solution is then processed in the urea plant to reproduce urea prills usable in the soil. The objective of this is to test and prove that all parts of the plant react properly to the production requirements including characteristics of chemical process flow. The prills made by SPIC in the prill tower successfully corresponded to the required specifications and all the equipment including the transport by belt conveyors to the urea silo have been successfully tested for three days. The urea plant now is ready for production from ammonia and carbon-di-oxide on a regular basis.

Blow Plast

Blow Plast Ltd is well known at home and abroad for its VIP brand of ultramodern luggage. The company was recently converted into a public limited company and with that came the takeover of the

company's management by the house of Piramals who run the century old textile mill-Morarjee Goculdas Spg & Wvg Co. Ltd., Bombay. As a result of its aggressive drive for stimulating exports, VIP luggage is being exported to 52 sophisticated countries including West and East European countries. VIP has also established a firm foothold in the midst of tough competition in Singapore and Hong Kong. It is now penetrating the highly potential areas of middle east with additional vigour. To crown all came the signing of a contract with a very large export-import house of Jeddah (Saudi Arabia) namely—M/s. Gazzali Basheikh Stores. They will be buying VIP luggage worth stg. £100,000 during 1974-75. The minimum off take as per contract will be 10,000 pieces of VIP luggage. Both the parties are optimistic about exceeding these figures. This is the first time that a non-traditional product such as VIP suitcases have been exported from India in such large quantities. Within a brief span of three years since the commencement of production, VIP has made a successful thrust into the export market. Since exports started two years ago the company has been exporting VIP luggage worth Rs 60 lakhs per year and it hopes to reach the Rs one-crore mark next year.

Ceat Tyres

The demand for the products of Ceat Tyres of India Ltd continues to be strong and it is confidently felt that the entire production will be sold out completely. The production of bicycle tyres at Nasik is picking up gradually. Although it is working on three full shifts the productivity yet

has to reach its maximum. There is a keen demand for the company bicycle tyres abroad and the company has in hand substantial orders for export of cycle tyres. Its products are now being sold to over 30 countries including sophisticated markets such as the UK, the USA and Italy. There has been a commendable expansion in the company's installed capacity, increasing from four lakh units at the start of the fourth Plan to 8.50 lakhs units at the end of the Plan. A further expansion is in hand. Besides the company holds a letter of intent to install a new plant in the Telengana but has not made any headway due to the enormous difficulties the industry is faced with at present.

Meanwhile there is a continuous escalation in manufacturing costs due to steep increases in the price of every material used, continuous rise in labour costs with no corresponding increase in productivity and additional burdens due to hike in excise and customs duties. The industry has impressed this aspect of alarming rise in manufacturing costs to the government from time to time. These observations are contained in the Chairman, Mr P.A. Narielwala's annual statement circulated to the shareholders of the company. The chairman also called for urgent remedial measures and radical change in the government's policy for attainment of the targets fixed for the fifth Plan. The country, no doubt, has abundant economic resources, managerial talents and skilled and unskilled labour. But the government still obsessed with empty slogans and outmoded dogma

While social equality and economic justice are worthwhile goals, the need of the hour for fuller utilization of the existing capacity and creation of new units to provide a plethora of consumer goods. Hence what is needed, in short, is philosophy of abundance and not of shortage. It is pertinent to note here that whatever increase has been achieved in capacity during 1

fourth Plan, it has been only in the existing tyre plants which have the resources and the technical knowhow for implementing the increase. Although the government had issued a large number of letters of intent to various state industrial development corporations, today, except for one plant which, by the way, is in the private sector there has been no sign of establishment of any type manufacturing unit in the state corporations. Hence the chairman made a strong plea to the government for adopting pragmatic and dynamic policies in the creation and expansion of capacities in the years ahead.

Dunlop India

Dunlop India is planning to establish an integrated research centre covering the entire product range of the company. Addressing the annual general meeting of Dunlop India Limited at Calcutta on May 17, Mr R.G.S. Nairn Chairman, said that the new Dunlop Research Centre, to be set up at Sahaganj, West Bengal, would also assist in providing technical facilities under agreements to other organisations. At the same time, Mr Nairn expressed the hope that it will be possible to renew in the near future, Dunlop India's technical aid agreement with its associates, Dunlop, U.K., "in the interest of local technology, keeping abreast of fast moving international technological developments". Mr Nairn told shareholders that the central government had approved in principle the two technical collaboration agreements signed last November by the Andhra Pradesh and West Bengal Industrial Development Corporations with Dunlop Limited, U.K. and Dunlop India Limited for setting up automotive tyres and tubes factories in those two states. Detailed agreements are expected to be signed in the near future. Mr Nairn said that the industrial development corporations, who are responsible for the execution of these projects, had expressed their desire to appoint Dunlop India as technical consultants,

"in view of the unique expertise we have developed to undertake this work." Dunlop India has also offered to supply know-how for scooter, cycle tyres and tubes to two small manufacturers and government's approval is awaited.

Expressing his anxiety over soaring raw material costs for automotive tyres and tubes, Mr Nairn disclosed that between July, 1973 and the beginning of April, raw material costs escalated by 46.88 per cent, making a total of 58.85 per cent since November, 1968. In this connection, Mr Nairn welcomed the pragmatic decision of the government to de-control automotive tyre and tube prices, which will provide the incentive for increased pro-

duction. Mr Nairn added, "the cost increases that we have had to absorb, particularly over the last 12 months, and the production losses due to power shortages, have had a very adverse effect on our internal cash generation. The credit control measures recently introduced by the Reserve Bank of India have further added to our financing problems. Consequently, this may necessitate a review of the implementation and timing of our expansion and modernisation projects." A new record was set up in 1973 by exporting to 87 countries and earning Rs 3.33 crores, the highest achieved by any tyre company in India. Mr Nairn told shareholders that a special feature in 1973 was the development

of exports of products such as sports goods produced by small scale enterprises. An order for nearly 100,000 tennis rackets was secured from the United Kingdom.

Recalling the achievements of Dunlop, which completed 75 years in India last year, Mr Nairn claimed with pride that the company's policy of developing manufacturing facilities and skills often at high developmental costs has made a major contribution "towards achieving the national objective of self-reliance and served the country well in war and peace." On the threshold of the fourth quarter of a century, Dunlop India looks forward to making a still greater contribution towards the nation's transport, industry,

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agriculture, defence and exports. Mr Nairn expressed the hope that the recent restrictive provisions of the Foreign Exchange Regulation Act will not be allowed to affect the Company's operations and future development plans.

Bank of Tokyo

In spite of the rapidly changing financial and economic conditions both at home and abroad, Bank of Tokyo Ltd continued its strenuous efforts in broadening further its business activities, besides making earnest attempts to tone up its management and administration. As a result, its volume of foreign exchange and other international banking business continued to expand steadily while its deposits, debenture issues and lending maintained its unique record of progress even in the stern environment of its activities. This is fully reflected in the fine performance of the Bank during the half-year period ended September 30, 1973. Its gross income during April to September 1973, amounted to 154.6 billion yen while expenses incurred on payment of interest on deposits, debentures and borrowings, including administrative and other expenses and transfers to reserve for price fluctuations and other reserves, consumed 141.1 billion yen, leaving a pre-tax profit of 13.5 billion yen. After providing for taxation the net profit worked out to 7.10 billion yen. Adding 1.49 billion yen being the profit brought forward from the previous year to the net profit, the disposable surplus comes to 8.59 billion yen. Out of this, a sum of 4.60 billion yen was transferred to voluntary earned reserves, and 0.4 billion yen to legal earned reserve.

Bank of Tokyo (Holland)

The continuation of the uncertainty of the international currency situation did not hinder Bank of Tokyo (Holland) N.V. from furthering its developmental activities. The balance sheet total reached the figure of 552 million guilders at the end of last year as compared to 237 million guilders as on December 31, 1972. The considerable increase of its share in the trade between the Netherlands and Japan, the transactions of the Bank of Tokyo group channelled to it and its increasing participations in international syndicated loans with borrowers widely spread all over the world, resulted in a sharp rise of its short and medium loan balance to 376 million guilders as compared to 201 million guilders in the preceding year. As a result of these developments, expansion in capital became necessary. Consequently the authorised capital was increased by 70 million guilders to 100 million guilders and the paid-up capital from 16 million guilders to 30 million guilders on June 29, 1973 and doubled to 60 million guilders on August 29, 1973.

The remuneration for the members of the Board claimed 0.029 billion yen while the dividend at the rate 10 per cent per annum absorbed 2.00 billion yen. The balance of 1.56 billion yen was carried forward to the next term's accounts. By the end of September 30, 1973, the bank's deposits have touch-

ed the peak figure of 2321.88 billion yen while debentures stood at 324.01 billion yen. As regards its office network, the Tokyo Finance (Asia) Ltd was set up in Hong Kong in April as an institution engaged primarily in long and medium term financing activities. In May yet another office was opened in Panama thereby building a base for expanding its operations in central America. Besides, the bank subscribed capital to leading institutions such as Financilar—Banco de Investimento, SA and Financilar-Credito, Financiamiento e Inwestimentos, SA, which together come under the group of an influential investment bank in Brazil. The bank has thus expanded its overseas network so as to provide its financial services to customers at home and abroad more extensively and promptly as the sole specialized foreign exchange bank in Japan.

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As a result of its significant increase in its operations the bank's revenue from interest and commission touched the handsome figure of 6.436 million guilders while expenses, including provision for depreciation and reserve for general risks, consumed 4.320 million guilders. This leaves a profit before taxation of 2.116 million guilders. After providing for taxation the net profit amounted to 1,100,249 guilders out of which 1,100 million guilders was transferred to the reserve leaving a balance of 249,16 guilders to be added to the unappropriated profit for the year of 1972. The bank, it is significant to note has already made a mark in the field of underwriting of Eurobond issues. The bank was invited as a co-manager for the issues of the Corporation of the city of Glasgow and the Curacao Tokyo Holding N.V., notwithstanding the fact that the activity for new issues in the Eurobond market remained generally stagnant during 1973.

Amex International

Amex International Limited, a London-based company formerly called American Express International Development Company Limited, will now operate as a full service merchant bank. Organized in June 1973, the company has been providing financial advisory services to governments and corporations embarking on major projects in Brazil, Greece, Indonesia, Korea, Saudi Arabia and Zaire. Transactions and funding operations in which the company has been or is currently so involved total more than one billion dollars. As a merchant bank, Amex International now plans to expand its activities to include arrangement and provision of large scale financings at the same time continuing to offer advisory services of a technical nature to assist in bringing undertakings forward from inception to completion.

Amex International, is a subsidiary of American Express International Development Company Inc. headquartered in New York, which is wholly

owned by American Express Company, the well known financial services organization. In undertaking a board range of merchant banking services, Amex International expects over the next few years to develop a considerable amount of diversified, internationally-oriented business and to play an important role in the worldwide expansion of financial services offered by American Express Company and its subsidiaries.

News and Notes

(Expansion and Diversification)

Shri Ambica Mills Ltd: has received a letter of intent for manufacturing malleable pipe fittings and sockets in Indonesia in joint sector collaboration with two Indonesian companies. For setting up this project, a company, under the name of "Shri Ambica Viguna Malleables" will be formed with a capital of seven lakh US dollars. Ambica Mills will invest about \$2.80 lakhs, equivalent to Rs 23 lakhs, by exporting indigenous machinery. The tube division of the company has been permitted to increase its annual production capacity from 50,000m. tonnes to 74,000m tonnes. The division is experiencing shortage of basic raw materials and the sharp rise in the prices of raw materials has adversely affected the cost of production. The company has already entered into agreement with APIDC, which is to set up a 2,100-tonne nylon project in Andhra Pradesh, to invest up to Rs 1.25 crores in the share capital of this joint sector project. However, the clearance for the extension of letter of intent is keenly awaited.

New Issues

Searle (India) is issuing 90,000 equity shares of Rs 10 each for cash at par, and also offer for sale, as constituted attorneys for Messrs Rallis India Limited, 1,40,000 equity shares of 10 each, out of 3,15,250 equity shares of Rs 10 each at present held by Rallis India Limited. The subscription list opens on June 19 and will close on June 28 or earlier

but not before June 21. The entire amount of Rs 10 per equity share is payable on application. With the proposed issue and offer for sale the foreign holding in the share capital of the company will be brought down to less than 40 per cent. The company was incorporated on May 12, 1967 pursuant to an agreement between Rallis India Limited and G. D. Searle & Co. (incorporated in USA) as a subsidiary of Rallis India Limited. Rallis India subscribed to 55 per cent and G.D. Searle & Co., USA subscribed to 45 per cent of the Rs 60 lakhs paid-up equity capital of the company.

The company build an industrial complex at Thana-Belapur Road, Thana, in 1968, and commenced production in 1969. The company now manufactures wide range of pharmaceutical specialities based on original reasearch of its foreign collaborators. The company also manufactures basic drugs and chemicals. The company set up its own Research & Development Centre in 1973. There has been an impressive improvement in the working results of the company during the past few years, with sales increasing substantially to Rs 185.33 lakhs, gross profit to Rs 32.26 lakhs and net profit to Rs 24.00 lakhs in 1973 from Rs 107.53 lakhs, Rs 27.81 lakhs and Rs 21.47 lakhs respectively in 1971. The company is planning for further utilisation of capacities and growth in sales. The company has declared a dividend of 10 per cent for 1973 and hopes to declare a reasonable dividend in future. The new shareholders also will be entitled to dividends that may be declared or the year ending December 1, 1974, for the full financial year.

Nalanda Ceramics and Industries proposes to enter the capital market shortly with a public issue of Rs 61.75 lakhs comprising 437,500 equity shares of Rs 10 each and 18,000 cumulative redeemable preference shares of Rs 100 each at par. The company is setting up a plant capable of producing 3,000 tonnes of decorated

porcelain tablewares per annum in technical collaboration with Takasago Industry Co. Ltd. of Japan. The plant will be located at Getalsud, Ranchi adjacent to the Getalsud dam. Trial runs of the plant are expected to commence from September/October 1974 and commercial production is expected to start by January 1975. The cost of the project is placed at Rs 254.94 lakhs, which will be met by share capital (Rs one crore), and term loans (Rs 1.55 crores).

Capital and Bonus Issues

The government of India has granted its consent to 15 companies to raise capital amounting to over Rs 4.30 crores. The following are the details:

Kirloskar Electric Co. Ltd., Bangalore, has been granted consent, valid for three months, for the issue of bonus shares worth Rs 59,44,760, and consent valid for 12 months for the issue of tight shares worth Rs 44,58,570 to augment the company's financial resources.

Nitin Castings Pvt. Ltd., has been granted consent, valid for three months, for the issue of bonus shares worth Rs 10 lakhs.

New Textiles Pvt. Ltd., has been granted consent, valid for three months, for the issue of bonus shares worth Rs 1.25 lakhs.

Dura-tex Laboratories Pvt. Ltd., Bombay, has been granted consent, valid for three months, for the issue of bonus shares worth Rs 3 lakhs.

Buildwell Assam Pvt. Ltd., Assam, has been granted consent, valid for three months, for the issue of bonus shares worth Rs 1,33,500.

Tanjavur Textiles Ltd., has been granted consent, valid for three months, for the issue of bonus shares for Rs 15 lakhs.

Parle Products Pvt. Ltd., Bombay, has been accorded consent, valid for three months, to capitalise Rs 97.02 lakhs out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share

for everyone equity share held.

Southern Sea Foods Pvt. Ltd., Madras, has been accorded consent, valid for three months, to capitalise Rs 1.80 lakhs out of its profit and loss account and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for every two equity shares held.

Shree Vig Chemicals Ltd., Madras, has been given an acknowledgement valid for 12 months for issue of equity capital of Rs 26 lakhs (inclusive of Rs 8,000 already raised) for meeting a part of the finance required for their project for manufacture of stearic acid and lycerine at Rampet, Tamil Nadu.

Nilhat Shipping Co. Ltd., Calcutta, has been granted consent valid for 12 months for issue of equity shares worth Rs 10 lakhs, in addition to Rs 160 lakhs worth of equity shares already permitted to be issued.

Janta Machine Tools Ltd., Bombay, has been granted consent, valid for 12 months, for the issue of shares worth Rs 5 lakhs comprising 2,000 equity shares of Rs 100 each and 3,000—9.5 per cent per

annum tax at source) cumulative redeemable preference shares of Rs 100 each to be issued to the existing equity shareholders on a rights basis.

Searle (India) Ltd., Bombay, has been accorded consent for the issue of additional capital of Rs 9 lakhs in equity shares of Rs 10 each, for cash at par, to the Indian public by a prospectus.

Tata Exports Ltd., Bombay, has communicated to the government of its proposal to issue capital under Clause 5 of the Capital Issues (Exemption) Order, 1969, to the value of Rs 75 lakhs divided into 7,500 equity shares of Rs 1,000 each for cash at par as right shares.

Gujarat Ministeel Ltd., has been granted consent valid for 12 months, for the issue of equity capital of Rs 40 lakhs (inclusive of capital already raised) to finance a ministeel project to be set up in Gujarat.

Agrocargo Transport Ltd., Madras, has been given an acknowledgement to its statement of proposals, valid for 12 months, for the issue of equity shares worth Rs 30 lakhs to finance the operation of a fleet of trucks.

Dividends

Name of the company.	Year ended	(Per cent)	
		Equity dividend	declared for
		Current year	Previous year
Higher Dividend			
Arvind Mills	Dec. 31, 1974	22.0	20.0
Ashok Mills	Dec. 31, 1973	20.0	16.0
Aruna Mills	Dec. 31, 1973	20.0	16.0
Saraspur Mills	Dec. 31, 1973	24.0	18.0
Ahmedabad New Cotton	Dec. 31, 1973	18.0	14.0
Raipur Mills	Dec. 31, 1973	20.0	18.0
Radhakrishna Mills	Dec. 31, 1973	12.0	10.0
Ganges Rope Co.	Dec. 31, 1973	20.0	7.5
Same Dividend			
Nutan Mills	Dec. 31, 1973	18.0	18.0
W. S. Insulators of India	Sept. 30, 1973	10.0	10.0
Duncan Brothers	Dec. 31, 1973	12.0	12.0

Letters of Intent

The following letters of intent were issued under the Industries (Development and Regulation) Act 1951 during the weeks ended November 3 to December 22, 1973. The list contains the names and addresses of the applicants, articles of manufacture, the types of letters of intent viz. New Undertaking (NU); New Article (NA); Substantial Expansion (SE); Carry on Business (COB) shifting — and annual installed capacity.

Metallurgical Industries (Ferrous)

M/s Gujarat Industrial Investment Corpn. Ltd; Natraj Chambers, Ashram Road, Ahmedabad-9. (Gujarat) — Sponge Iron — 1,80,000 tonnes. (NU); Shri S.P. Kedia, c/o Nitin Castings Pvt. Ltd; Post Box No. 74, Eastern Express Highway, Thana. (Maharashtra) — Machined Automotive Castings including Cylinder Head Castings — 5,000 tonnes. (NU); M/s Ajdco-India Ltd; Larsen & Toubro House, Ballard Estate, Bombay. (Chinglepet-Tamil Nadu) — Stainless Steel Castings — 600 tonnes. Carbon & Alloy Steel Castings — 4,800 tonnes. (NU); M/s Repetition Parts Pvt. Ltd; L.B. Shastri Marg, Bhandup, Bombay-78. (Maharashtra) — Extrusion Dies — Rs. 40 lakhs. (NU); M/s Trackparts of India (P) Ltd; 4, Industrial Area, Govind Nagar, P.O. Udyog Nagar, Kanpur. (Uttar Pradesh) — Steel Forgings — 5,000 tonnes. (NU); M/s Punjab State Industrial Dev. Corpn. Ltd; S.C.O. 54, 55, 56, Sector-17-A, Chandigarh. (Punjab) — High Duty Alloy Iron Lighting — 15,000 tonnes. (NU); M/s Samco Metals & Alloys (P) Ltd; 31, Gangaikondan Mandapam, Chinglepet Dist. (Tamil Nadu) — Steel Castings — 1250 tonnes, Alloy Steel Castings — 380 tonnes, Heavy Duty Iron Castings — 1200 tonnes. (NU); M/s Samco Metals & Alloys (P) Ltd; 31, Gangaikondan Mandapam, Chinglepet Dist. (Tamil Nadu) — Grinding Media — 250 tonnes. (NU); M/s Precision Fasteners Ltd; New India Centre, 12th Floor, 17-Coopage Road, Bombay. (Kalyan-Thana-Maharashtra) — Expansion: Specialised types of Machine Screws — 870 tonnes, High Tensile Bolts & Nuts, and High Tensile Studs — 1230 tonnes; New Articles: Stainless Steel Bolts, Nuts & Studs (including friction grip Bolts & Track show bolts — 300 tonnes. Total — 2400 tonnes. (SE/NA); M/s M.V. Veerappa & sons. 190, 6th Cross Gandhi Nagar Bangalore. (Karnataka) — High Tensile Specialised type precision machine screws — 1800 tonnes. (NU); M/s Usha Diecastings (P) Ltd; C-20, Friends Colony, New Delhi. (Haryana) — Steel Alloy Castings — 1200 tonnes., Stainless Steel Castings — 120 tonnes. (NU).

Metallurgical Industries (Non-ferrous)

M/s N. Chandappa & N. Devaraj, 11-Archbishop Mathias Avenue, Advent Club Gate Road, Madras. (Kerala) — Silicon Metal of 98% purity — 1,000 tonnes, Calcium Carbide (for captive use) — 2,000 tonnes. (NU).

Fuels

The Managing Director, Madras Refineries Ltd; Manali, Madras. (Manali-Tamil Nadu) — Asphalt — 2,40,000 tonnes. Gasoline — 1,60,000 tonnes. (SE).

Electrical Equipments

Shri Kisto Kumar Saha, 233/5, Jagdish Bose Road, Calcutta. (EPZ-Maharashtra) — Mica Capacitors & Parts 72 mill pieces. (NU); M/s Kirloskar Oil Engines Ltd; 13, Laxmanrao Kirloskar Road, Kirkee, Poona. (Maharashtra) — Stationery Diesel Engines for power Generation, capable of developing 500-3550 HP at 100 rpm. — 1500 nos. (SE); M/s Kirloskar Electric Co. Ltd; Malleswaram, Bangalore. (Karnataka) — Control Equipment

—3000 units. (SE); M/s W.S. Insulators of India Ltd; Dhu Building, 175/1, Mount Road, Madras-2. (Tamil Nadu) — H.I Insulators, including Bushings upto 400 KV. — 6,000 tonnes (SE); M/s Satellite Engg. Ltd; P.O. Maize Products Kathwar Ahmedabad. (Kathwar-Gujarat) — Ceramic Capacitors — 100 Milli. Nos. (NU) Shri R. Sundararaman, Dhun Building 175/1, Mount Road, Madras. (Bangalore-Karnataka) — Current Transformers: 11 KV—1800 nos, 22 KV—600 nos, 33 KV—500 nos, 66 KV—600 nos; Potential Transformers: 11 KV—1800 nos, 22 KV—600 nos, 33 KV—500 nos, 66 KV—400 nos (NU); M/s Andhra Mechanical & Electrical Industries Ltd; 17: 2nd Floor, Fateh Maidan, North Road, Hyderabad. (Andhra Pradesh) — Current Transformers — 66 KV—60 nos, Potential Transformers — 66KV—30 nos. (SE); M/s Transformer & Switch gear Ltd; 40-2nd, Main Road, Gandhinagar, Adyar, Madras (Tamil Nadu) — Current Transformers: 11 KV—3,000 no 33 KV — 500 nos, Potential Transformers: 11 KV—250 nos, 33 KV — 300 nos. (NA); M/s Applied Electronics (P) Ltd; Afta House, A-5/6, Wagle Estate, Thana. (EPZ-Bombay Maharashtra) — Various types of Electronic test & measuring equipments. (NU); M/s Bharat Electronics Ltd; Jalahalli P.O. Bangalore. (Karnataka) — Ceramic Capacitors — 40 million nos (SE); M/s Brentford Electrical. (India) Ltd; P-25, Transport Depot Road, Calcutta-27. (UP) — Power Voltage Regulator (Upto 33 KV—7500 KVA), — 400 nos. (30,000 KVA) Rectifier Units (Upto 1000 KV — 20,000 amps) — 30 nos. (2,000 KW), Transducers (Upto 1000 KVA. — 30 nos. (2,000 KVA) (NU); The Bombay Burmah Trading Corpn. Ltd; Wallac Street, Fort, Bombay. (Maharashtra) — Electric un-intermittible power systems—1100 KVA. Electronic Voltage Control Systems — 600 KVA, Electronic Frequency Conversion System — 2600 KVA. (NA); Crompton Greaves Ltd; Kanpur Bhandup, Bombay. (Bombay Maharashtra) — Electric Fan — 3 lakh nos. (SE); Shri Dilawar Singh Arora, 16, Gol Links, Union Park, Bombay. (EPZ-Maharashtra) — Integrated Circuits — 2 million nos. (NU); Shri Damodar Rath; 49, Shivaji Housing Society, Poona-16. (EPZ-Maharashtra) — Wire Wound Resistors — 3 million pieces. (NU); Shri D.N. Khandke, No. 1, Grosvenor House, Poddar Road, Bombay (Barapur-Maharashtra) — Hard Rubber Containers for Storage Batteries — 3 lakh nos. (NU); Shri Deepak Raj Narayan, 3, Cavalry Lines, Delhi—Printed Circuits — 50 tonnes. (NU).

Electronic Equipment Co., Amin Estate, Sonawal Cross Road, Goregaon East, Bombay. (Maharashtra)—Diffusion Furnace 30 nos. Conveyor Type Alloy Furnace—12 nos. Special Type of high temperature furnace & special furnace die bonder — 12 nos. Die Bonder—140 nos. Wire Bonder—30 nos. Photo Resistance Spinner—12 nos. Mas Alignment—10 nos. Controlled Air Heed & Chemical Heater—20 nos. Dry Boxes—20 nos. Air & Gas Drier—40 nos. Quartz system set, 50 nos. Deaping system for diffusion—2 nos. Epitaxial system & Rectite—1 nos. R.F. Induction Heater—12 nos. S.C.R. Power & Motor Control Temperature Controller—100 nos. Vacuum system with pump for various equipment like vacuum even leak detector, evaporator, etc.—20 no (NU).

Electronic Corpn. of India Ltd; Industrial Development Area, Cherlapalli, Hyderabad. (Andhra Pradesh)—Power Line Carrier equipment — 300 nos. Frequency Shift Equipment—300 nos. (NA).

Engineering Project (India) Ltd; Himalaya House, Kastur Gandhi Marg, New Delhi. (Delhi-Union Territory)—Electric Arc Meeting Furnaces — 10 nos. Electric Reduction Furnace — 5 nos. (NA).

Hackbridge Howitt & Easun Ltd; 5/7, Second Line Beach Madras—1. (Tamil Nadu)—Current Transformers up to 66 KV and Potential Transformers up to 66 KV—Total 300 no

Power & Distributions transformers 220 KV-2.5 million KVA Indo American Electricals Ltd; D-146, Defence Colony, New Delhi-4.—Super Enamelled Winding Wires of Thinner gauges 2 SWG & above —100 tonnes. (NA).

The Miniature Bulb Industries of India, 15-a, Amrit Kaur Road, Dehra Dun. (Dehra Dun—UP)—Halogen Lamps for automobiles—2 lakh nos. Halgen Lamps for studies, Film projectors, etc.—40,000 nos. (NA).

Mulchandani Electrical & Radio Industries Ltd; Thana Bombay. (Thana-Maharashtra)—Cardiac Pace Makers—100 nos (NU).

The National Radio & Electronic Co. Ltd; Unity House, Mama Paremanand Marg, Bombay. (Bombay-Maharashtra)—Solid State indicators (10VA-1KVA)—5000 units. Facial Annunciators—9,000 units. Electronic Relays for Power Line Systems—125 units. (NA)

Polytronic Corporational, Sainath Industrial Estate, Building No. 2 Babasahib, Kotkar Road, Goregaon (E) Bombay. (Thana-Maharashtra)—Battery Chargers, Electronic test instruments, electronic regulated power supplies, Nuclear electronic equipment and industrial control instruments. (NU).

Shri P.S. Navlakha, A. 5, Greater Kailash, New Delhi. (Bhopal-Madhya Pradesh)—Metal Jackets for dry battery cells —120 milli n nos. (NU).

T.R. Choudhary, 108/27, Mulund Colony, Malbar Hill Road, Bombay. (Bombay-Maharashtra)—Fibre optics—50 M. tonnes, (NU).

Dr. V.B. Gbate, Maldon House, 29 New Marine Lines, Bombay. (Thana-Maharashtra)—Epitaxial Reactors with F. Generators. 3 nos. (Vertical for Horizontal). Diffusion Doping system. Diffusion Furnaces with Control etc. 25 nos. Silicon Oxidisers. 4 nos. Wire Bonders. 25 nos. Die Attachers. 25 nos. Flip Chip Bonders (for I.C's) 12 nos. Wafer Fractures—25 nos. Test Computers — 3 nos. Vacuum Evaporators—5 nos. Slicing machine — 3 nos. Lapping Machines—3 nos. (NU).

M/s Zenith Electronics, 220, Walkeshwar Road, Bombay-6. (EPZ-Maharashtra)—Integrated Circuits — 15 million nos. (NU).

M/s Hine Rectifiers Ltd; Lake Road, Bhandup, Bombay. (Bombay-Maharashtra)—Silicon Power Transistors (5 amps and above)—1,00,000 nos. (NA).

Shri A.K. Jain, N-96, Greater Kailash, New Delhi. (Alwar-Rajasthan)—Magnetic Heads—1 lakh nos. Tape/Deck Mechanism—1 lakh nos. (NU).

M/s Rao Insulating Co. (P) Ltd; P.O. Whitefield, Distt: Bangalore. (Karnataka)—Printed Circuits—12.5 lakh nos. (SE).

Transportation

M/s Ambitious Gold Nib Mfg. Co. (P) Ltd; 27/7, Nangia Park, Shakti Nagar, Delhi. (Delhi-Union Territory)—Spark Plugs — 30 lakhs Nos. (NU).

M/s Chromomatic Industries (P) Ltd; Vinod Sanghi, Prakash Mills Compound, Bombay. (Nasik/Aurangabad-Maharashtra)—Valves & Cores Automobile Type & Tubes—52 lakh nos. (NU).

The Madras Aluminium Co. Ltd; Jayalakshmi Race Course, Coimbatore. (Mettur Dam-Tamil Nadu)—Crush Braker, Alumina Powder Charger trucks, Paste material charger trucks & metal tapping trucks—80 nos. Anode Lifting Winches—200 nos. Pot Room Aluminium alloy accessories—250 Metric

tonnes. Bauxite Hydrate Slurry Pumps—500 nos. Continuous Casting & Read Rolling Mill for aluminium—2 nos.(NA).

M/s J. Stone & Co. (India) Pvt. Ltd; Calcutta. (Maharashtra)—Electrically operated Door Gears for Railway Coaches & Road Buses—3000 nos. (NU).

Mace Private Ltd; Kundan Mansion, 2A/3, Asaf Ali Road, New Delhi. (Sonepat-Haryana)—Pistons—4 lakh nos. Piston Rings—24 lakhs nos. Cylinder Liners — 1 lakh nos. (NA).

Shri Sudhir Sareen; B-28 Maharani Bagh, New Delhi-14. (Gurgaon-Haryana)—Roller Chairs for Automobiles & Industrial uses—1 million meters. (NU).

Shri Shyam B. Ghia, Industrial Insurance Building Opposite Church Gate Station; Fort, Bombay-20. —Diesel Trawler Yachts (38' and 42' long)—50 nos. (NU).

Shri Vinod Ahuja, 147, Jor Bagh, New Delhi. (Haryana)—Industrial & Automatic Roller Chain of Pitch—size 8/8 and above — 6 lakh meters. (NU).

Shri V. Srihari Rao, 275/3RT, Sanhiyareddy Nagar, Hyderabad. (Ranipet, N-Arcot-T-Nadu)—Valve Seals—3 lakh pieces. (NU).

Industrial Machinery

Shri Ashok Kumar, 47, Kennedy Avenue, Amritsar, (Ludhiana/Amritsar-Punjab)—Hosiery Needles—60 mil. nos. (NU).

Shri R.K. Rekhi, S-215, Greater Kailash, New Delhi. (Haryana)—Pulp & Paper Making Plant upto 20 MT p. day capacity one unit per annum valued at Rs 15 crores. Paper converting machinery — Plants upto 50 MT per day coated papers—500 MT p.a. valued at Rs. 2.5 crores. (NU).

M/s Heinz Lehmann (India) Ltd; 14/7, Mathura Road, Faridabad. (Faridabad-Haryana)—Pure Nickel Liners Rs 40 lakhs. (NA).

R.K. Gupta, 5/7, Sidhpura Industrial estate, S. V. Road, Goregaon (W) Bombay. (Thana. Maharashtra)—Hosiery & Knitting machine Needles—20 million nos. (NU).

National Machinery Manufacturers Ltd; Stadium House, 81-83, Veer Nariman Road, Bombay. (Thana Maharashtra)—Fly Frames—120 nos. (NA).

Lakshmi Machine Works Ltd; 348, Avanashi Road, Coimbatore-18. (Coimbatore-Tamil Nadu)—Ruti High Speed Auto-Weaving Machine Type-C—1800 Nos. (NA).

Shri H.M. Dinshaw, c/o M/s Dinkey Motors, Ruby Mansion, 3rd Floor, Forjett Street, Cross Lane, Bombay. (Maharashtra)—Special Filtration Media for Beverage, Wine, Chemical, Drugs & Pharmaceuticals etc—750 tonnes. (NA).

Pennwalt India Ltd; Signal Hill Avenue, Tank Road, Sewri, Bombay. (Maharashtra)—Solid Bowl Centrifuges with Helical screw which discharges solids continuously—24 nos.

Orient Steel & Industries Ltd; 803, Akashdeep, Barakhamba Road, New Delhi. (Haryana)—Complete-Pulp & Paper Plant upto 50 tonnes per day capacity, including stock preparation equipment —1 complete plant, valued — 150 lakhs. (NU).

M/s R.N. Engineering Industries c/o Agra Roller Flour Mills, Belanganj, Agra. (Agra-UP)—Flour Milling Plants—10 nos. Roller Mills—200 nos. Plansifters—20 nos. Bran Finishers—50 nos. Separators — 100 nos. Brush Machins —20 nos. Secure Machines—20 nos. Coogle Cylinders—20 nos. Washer Whizzers—30 nos. (NU).

Dalal Engg. Pvt. Ltd., 314, Jolly Bhavan No. 1, 10, New Ma-

rine Lines, Bombay. (Thana-Mah.)—Freeze Drying Plants —Rs 25,00,000. (NA).

Peareylal & Sons Pvt. Ltd; 42, Janpath, New Delhi, (Sikenderabad-UP)—Refrigeration & Air-conditioning Units for buses, trucks and trains (including compressors and magnetic clutches). (NU).

Guest Keen Williams Ltd., 3-A, Shakespeare Sarani, Calcutta—16. (Howrah—W.B.) (Bangalore—Mysore)—Pressed Metal Components and Assemblies—1000 tonnes in each factory. (NA).

Elecon Engg. Co. Ltd. Wallabh Vidyanagar Gujarat. (Wallabh Vidyanagar-Gujarat)—Barnay type Buffalo type Wagon Marshalling Equipment such as :—Winch type wagon marshalling equipment, Coupling charger, Pan Wagon Axle Mule, Pig type/Wagon Marshalling equipment traversers, etc. valued worth Rs. 50 lakhs. (NA).

Khandelwal Udyog Ltd., Kurle Kiral Road, Near Vidya Vihar Rly. Station Ghatkopar West Bombay. (Ghatkopar-Maharashtra)—Anode Stud Puller Cranes for Aluminium Plants—6 nos. (NA).

Southern Structurals Ltd; 29-A, Chamiers Road, Madras-28. (Pattabhiram-Tamil Nadu)—Wharf Cranes upto 50 tonnes lifting cap.—2 nos. Harbour Cranes (Dock side cranes upto 50 tonnes lifting capacity—1 nos. (NA).

M/s Punjab National Bank Ltd., Connaught Place, New Delhi. (Haryana)—Corrugating Medium 7260 tonnes. (NU).

Shri Balram K. Mahendra, 15-Okhla Industrial Estate, New Delhi. (Haryana)—Bonded Abrasives—2000 tonnes. Coated Abrasives — 50 000 Silicon Carbide Abrasive Grains—2,500 tonnes. (NU).

Shri Vivek N. Bhaskar, C-95, Maharani Bagh, New Delhi. (UP/Haryana)—Grinding Wheels—1500 tonnes. (NU).

Millard Industrial Corpn. 2, Brabourne Road, Calcutta-1. (West Bengal)—M.S. & Alloy Steel Balls 20 MM to 55 MM dia (Grinding media steel balls) by rolling press—6,300 tonnes (NU).

B.R. Harman & Mohatta (India) Pvt. Ltd; Mustafa Building, Sir P.M. Road, Fort, Bombay. (Ulhasnagar-Mu.)—Steel Grinding Media (MR & Alloy Steel balls 20 mm to 55 mm. process —6,300 tonnes. (NA).

Machine Tools

M/s Textile Machinery Corpn. Ltd., Belgharia, Calcutta-56. (24-Parganas-W.B.)—Flash Taper upto ½ dia capacity—25 nos. Hydraulic Copying Lathes — 2½ between Centre/Max. dia. 5" —50 nos. (NA).

Shri B.C. Sinha, C/o Shri S. Banerjee, No. 7, Nanjappa Road, Shantinagar, Bangalore. (Bangalore-Karnataka)—Pneumatic Rock Drills—3,500 nos. Deep Role Boring Tools — 3,500 nos. Rifling Tools —3,500 nos. Tools Bits — 30,000 nos. Special Reamers — 7,000 nos. Standard Tools & Milling Cutters 1" to 4" dia.—1,500 nos. Standard Reamers & End Mills ½" to 1" dia—12,000 nos. Broaches 6" to 48" 80 nos. (NU).

M/s Guest Keen Williams Ltd., Andul Road, Howrah. (Howrah-W.B.)—Rotor & Stator Siething Machines (for electrical stamping); Centreless Bar Turning Machines with Automatic loading unloading mechanism; Thread Rolling Machines, Nut Tapping Screw Machines, (for Bolt & nut industry); Grinding Machines for Razor Blade industry. Total worth Rs 75 lakhs. (NA).

M/s Mysore Kirlosker Ltd., P.O. Yantrapur, Harihar. (Satur-Karnataka)—Tooling Equipment—Rs 22 lakhs. (NA).

Shri V.P. Kanoria, Kanoria Bhavan, Ghat Road, Nagpur-2 (Nagpur-Mah.)—Cold. Segmental Saws—50,000 nos. Cold Segmental Disc—2,000 nos. Hot Saws—5,000 nos. Die Heads—3,000 nos. (NU).

M/s Animate Affiliates Pvt. Ltd., S-304, L.B. Shastri Marg Muland, Bombay-80. (Nasik-Mah.) — Seam Welding Rolls— 70 tonnes. Spot Welding tips—45 tonnes. Buti Welding—5 tonnes Special Electrodes — 20 tonnes. (NU).

M/s Shri S. Sinha, C/o Technology Syndicate (I) Pvt. Ltd. 58:6, Fancy Lanes Calcutta. (Bangalore-Karnataka)—Hydraulic Equipment such as Geer Pumps, Control Valves Cylinders—Rs 1 Crores. (NU).

Agricultural Machinery

The Bihar State Agro Industrial Development Corporation Ltd; Boring Road, Patna-1. (Fatwah-Bihar)—Agricultural Tractors (20-50 HP) — Zetor 2511—10,000 nos.(NU).

Earth Moving Machinery

M/s Geometrical Tools Mfg. Co. India, 105, Apollo Street, 1st Floor, Bombay. (Bombay-Maharashtra)—Road Rollers (4 to 5) tonnes—50 nos. Road Rollers (8-10) tonnes — 250 nos. (SE).

Mechanical & Engineering Industries

M/s Gedore Tools (India) Pvt. Ltd.; Golf Links, New Delhi-3. (Aurangabad-Maharashtra)—Forged Hand Tools — 5,100 tonnes. (NU).

The Indian Tool Manufacturers Ltd. 1st Pekhran Road Thana, Maharashtra). (Thana-Maharashtra)—Forged Hand Tool —3000 tonnes. (NA).

Shri Raj Kumar Jain, 14, Alipur Road, Delhi. (Ghaziabad UP)—Forged Hand tools—3000 tonnes. (NU).

Commercial, Office & Household Equipment

M/s Hindustan Teleprinters Ltd; Guindy, Madras. (Saidapet-Tamil Nadu)—Electric Typewriters—4,000 nos. (SE).

M/s Facit Asia Ltd., Perungudi, Madras. (Saidapet-Tami Nadu)—Standard Typewriters—20,000 nos. (NA).

Industrial Instruments

The Associated Cement Companies Ltd; Cement House 121, Maharishi Karve Road, Bombay-20. (Madukharai-Tami Nadu)—Belt Weighers—Rs 25 lakhs. Bin Level Indicators—Rs 5 lakhs (NA).

Chemicals (other than Fertilizers)

Shri Anil K. Gupta, S-361, Panch Shila Park, New Delhi-17 (Haryana)—Polypropylene Box Strappings — 600 tonnes. (NU).

The Ahmedabad Manufacturing & Calico Printing Co. Ltd. Outside Jamalpur Gate, Ahmedabad. (Bombay-Maharashtra)—Caustic Soda—61,950 tonnes. (SE).

The Ahmedabad Manufacturing & Calico Printing Co. Ltd. Calico Mills Chemicals Divisions, P.B. No. 12, Ahmedabad-22 (Ahmedabad-Gujarat)—Caustic Soda—3958 tonnes. (SE).

Basant Plasto Chemicals (P) Ltd. C-142, Industrial Area No 1, Bulandshahar Road, Ghaziabad. (Ghaziabad-UP). Lead Stabiliser—200. Liquid Barium Cadmium—400. Barium Cadmium Zinc Complex—300. Stabiliser Solid Barium Cadmiur Complex—100. Stabilisers Organo. Tin Stabilisers—

50 tonnes. Other Stabilisers—50 tonnes. Total:—1200 tonnes. (NU).

Bihar State Industrial Development Corpn. Ltd., Punaichak, Patna. (Bihar)—Biaxially Oriented Polystyrene Film—1000 tonnes. (NU).

Ballarpur Paper & Straw Board Mills Ltd., Thapar House, 24, Janpath, New Delhi. (Ballarshah-Maharashtra)—Caustic Soda—9900 tonnes. (SE).

Chinubhai Kilachand, 7-B, Bhaktavar, Opp: Colaba Post Office, Bombay. (Maharashtra)—Polypropylene Box Strapping—1000 tonnes. (NU).

Cyanamid India Ltd., 254-D2, Dr A.B. Road, Bombay-25, Atul-Gujarat)—Malathion Technical—500 tonnes. (SE).

M/s Dharangadhra Chemicals Works Ltd., Nirmal, 3rd Floor, Nariman Point, Bombay-1. (Gujarat).—Sodium Bicarbonate—7200 tonnes p.a. (SE).

Himachal Pradesh Mineral & Ind. Dev. Corpn. Ltd., Kishore Bhavan, The Mall Simla. (Solan-Himachal Pradesh)—Biaxially Oriented Polystyrene Film—1000 tonnes. (NU).

Shri H.P. Bagri, C/o Bagrees Cereals (P) Ltd., 207, Maharshi Devendra Road Room No. 66/67, Calcutta-7. (Ahmedabad-Gujarat)—Polypropylene Box Strappings—600 tonnes. (NU).

Hindustan Insecticides Ltd., C-255, Defence Colony, New Delhi. (Alwaye-Kerala)—HHC Granules—5,600 tonnes.

Jayashree Chemicals Ltd., 14, Netaji Subhas Road, Calcutta-1. (Ganjan-Orissa)—Caustic Soda—42,000 tonnes. (SE).

Shri Jagdish Chandra Changanlal, 2-A, Ronaldsay Road, Khatau Bhavan, Alipore, Calcutta-27)—Nitrous Oxide—120 Million Litres. (NU).

Khimji Visram & Sons, 92, Dr Dadabhoi Naoraji Rd. Fort, Bombay-11. (Vapi-Gujarat)—Ossein—1,200 tonnes. by-product Dicalcium Phosphate—2,160 tonnes. (NU).

Shri Khuba Ray, K. 60, Jangpura Extension, New Delhi. (Mathura-UP)—Beta Naphthol—2,000 tonnes. (NU).

M/s Krishi Supplies, Gadag, S.C. Rly, Distt. Dharwar, Karnataka, & (Gadag/Kopal-Karnataka)—Oxygen—8,00,000 c.m. Acetylene Gas—2,00,000 c.m. (NU).

Kothari (Madras) Ltd., 'Kothari' Buildings, 20, Nungambakkam High Road, Madras-34. (Tamil Nadu)—Caustic Soda—33,000 tonnes. (NU).

Shri Ravindra Nath Seth, Chartered Engineer, 10, Bakery Road, Hastings, Calcutta-22. (Faridabad/Gurgaon-Haryana)—Argon attachments—1 no. Cryogenic Transport Tankers—6 nos. Cryogenic Customer Service Stations with vaporisers—12 nos. Acetylene Plant—4 nos. (NU).

Saurashtra Chemicals, (Prop. Jiyajeerao Cotton Mills Ltd.) Porbandar-2. (Porbandar-Gujarat)—Soda Ash—2,68,000 tonnes. (SE).

M/s Saurashtra Chemicals, (Prop. M/s. Jiyajeerao Cotton Mills Ltd.), Birlanagar, Gwalior. (Porbandar-Gujarat)—Promine—60 tonnes p.a. (NA).

Sanghi Motors (Bombay) Pvt. Ltd., 39-A, N.S. Pathak Road, Bombay-7. (Maharashtra)—Polypropylene Box Strappings—600 tonnes. (NU).

Tata Chemicals Ltd., Bombay House, 24, Bruce Street, Fort, Bombay-1. (Gujarat)—Sodium Bicarbonate I.P. Grade—3,600 tonnes. (NA).

Mahindra Mahindra Ltd., Gateway Building, Apollo Bundar, Bombay-1. (Poona-Maharashtra)—Glass Reinforced Plastic Products—115 tonnes. (NU).

Shri Modu Timblo, Post Box 31, Margao, Goa. (Margao, Salcete, Goa)—Polypropylene Box Strappings—400 tonnes. (NU).

Shri M.M. Chopra, B-258, Greater Kailash-I, New Delhi-48. (Uttar Pradesh)—Polypropylene Box Strappings—500 tonnes. (NU).

The National Rayon Corpn. Ltd., Ewart House, Bruce Street, Fort, Bombay-1. (Mohana-Kalyaan-Maharashtra)—Caustic Soda—59,400 tonnes. (SE).

M/s Union Carbide India Ltd., United Commercial Bank Bldg., 5, Parliament Street, New Delhi. L.D. Polyethylene—20,000 tonnes. Benzene—10,000 tonnes. (SE).

Universal Oxygen Co., 27-10-21, Governorpet, Vijayawada-2. (Kurnool-Andhra Pradesh)—Acetylene Gas—2,00,000 c.m. (NA).

Shri Ved Prakash Agarwal, 169, Golf Links, New Delhi-3. (Haryana)—Polypropylene Box Strappings—600 tonnes. (NU).

Shri V.T. Sangani, c/o Bharat Steel Rolling Mills, Garadia Kuwa Road, Rajkot. (Ketharia-Gujarat)—Compressed Oxygen—4,50,000 c. meters. Compressed Acetylene—1,00,000 c. metres. (NU).

Drugs & Pharmaceuticals

M/s Power Cables Pvt. Ltd., Bombay-1. (Gujarat)—Aswagandha Extract—5 tonnes. Bael Extract—5 tonnes p.a. Ashoka Extract—5 tonnes p.a. Picrorhiza Extract—5 tonnes. Brahmi Extract—5 tonnes. Chirata Extract—5 tonnes. Jambul Extract—5 tonnes. Lodhra Extract—5 tonnes. Puranara Extract—5 tonnes. Shatavari Extract—5 tonnes. Tulsi Extract—5 tonnes. Vasaka Extract—5 tonnes. Kalmegh Extract—5 tonnes. Henna Extract—20 tonnes. Belladonna Extract—5 tonnes. Hyosoyamus Extract—4 tonnes. I peacac Extract—1 ton. Kurchi Extract—5 tonnes. Nux Vomica Extract—5 tonnes. Rauwolffia Extract—10 tonnes. Dhatura Extract—5 tonnes. Glycyrrhize Extract—30 tonnes.

Ranbaxy Laboratories Pvt. Ltd., New Delhi-20. (Delhi-Union Territory)—Nitrazapm Tablets—12.5 million nos. (NA).

Sarabhai Chemicals, Wadi Wadi, Baroda. (Baroda-Gujarat)—Hydrexyl Urea Formulation—10 lakh nos. capsules. (NA).

Burroughs Jallcome & Co. (I) Ltd., Bombay-1. (Maharashtra)—Trimethoprim—3600 Kgs. Tablets (adult dosage) (80 mg. trimethoprim & 400 Kgs. sulphamethaxazole) Paediatric (20 mg. Trimethoprim and 100 mg. sulphamethaxazole) (Septam)—260 lakh tablets. Liquid preparations (suspension/syrup)—(40 mg. Trimethoprim & 200 mg. Sulphamethaxazole per 5 ml.)—65 Kilo Litres. (NA).

Roche Products Ltd; Bombay-34. (Maharashtra)—Sulphamethaxazole 18 tonnes. Tablets (adult dosage) (80 mgs. Trimethoprim & 400 mg. sulphamethazole). Paediatric (20 mg. trimethoprim) & 100 mg. sulphamethaxazole (Bactrim). Liquid preparations 65 kilo litres (Suspension/syrup) 40 mg. trimethoprim and 200 mg. sulphamethaxazole per 5 ml. (NA).

Sandoz (I) Ltd; Worli, Bombay-18. (Bombay-Maharashtra) Brinordin Tablets—50 lakhs nos. Intestipan Formulations 20,000. Phonipan Tablets—169 lakhs Kgs. Sandocycline Paediatric Suspension—50,000 litres. (NA).

The Boots Company (I) Ltd; Bombay-1. (Bombay-Maharashtra)—Drufen Tablets—30 Mill. nos. Ibuprofen—6 tonnes. (NA).

Ranbaxy Laboratories (P) Ltd; New Delhi. (Delhi-Union Territory)—L-Dopa—2 tonnes. (NA).

Ranbaxy Laboratoris (P) Ltd; New Delhi. (Delhi-Union

Territory)—Rifampicin Capsules—150 mg.—10 lakhs. —300 mg.—4 lakhs. Rifampioin syrup—100/mg. 5, ml-750 litres. (NA).

Sudarshan Chemical Industries Pvt. Ltd; Poona. (Maharashtra)—3:3 Dichlorebiazidine Dihydrochloride—300 tonnes (NA).

Hindustan Lever Ltd; Bombay-20. (Maharashtra)—Champakal—5 tonnes. Fatty Aldehydes—5 tonnes. Benzaldehydes 25 tonnes. Carveno 5 its derivatives —3 tonnes. Cinnamic Alcohol—3 tonnes Citrol Acetal—3 tonnes. Cyclemachant—5 tonnes. Kastrone—5 tonnes. P-Crool (perfumary grade)—5 tonnes. Total—60 tonnes. (NA).

Themis Pharmaceuticals, Bombay-60. (Andheri-Maharashtra)—Tablets—250 mill. nos. Liquids—78,000 litres. Injections—129 lakh nos. (SE).

Indian Drugs & Pharmaceuticals New Delhi-49. (Hyderabad-Andhra Pradesh)—Diazepam (5mg. & 10 mg.) tablets—250 lakhs. Metronidazole (200 mg.) tablets—250 lakhs. Trimethoprim & Sulphamethoxazole (80 mg. 400 mg.) tablets—60 lakhs. Chloroquin Phosphate (250 mg.) tablets—2400 lakhs. (NA).

Textiles

Shri Ramalinga Choodambikai Mills. Ltd; Tirupur. (Tamil Nadu)—Cotton Cloth-96 looms Terry Towels—12 looms. (SE).

Bihar State Industrial Dev. Corp. Ltd; Patna—(Bihar)—Jute Products (Cement bags, Jute Twine & sacking clothing bags)—16,000 tonnes. (NU).

Sree Siddeswar Textile Mills (P) Ltd; Mandipet, Devengere. (Karnataka).—Cotton Cloth-85 looms (indigenous) make & —215 looms of import make. (NA).

Jaipur Spg. & Weaving Mills Ltd; Bombay. (Jaipur-Rajasthan).—Cotton Cloth—150 looms (indigenous) Wide Width cloth-50 looms (imported) Corduroy—50 looms (imported). Canvas—50 looms (imported). (SE).

Sundaram Spinning Mills, Komarapalayama (Via. Erode) Tamil Nadu. (Tamil Nadu).—Cotton Cloth—250 looms of indigenous. make. Terry Towels—50 imported looms. (SE).

Rajasthan Spg. & Wvg. Mills Ltd; M-104, New Delhi. (Rajasthan)—Heavy Canvas Cloth—36 imported canvas looms. Terry-towelling cloth-24 imported terry towel looms). (SE).

Asbestos Packing & Manufacturing Co. Pvt. Ltd; Bombay. (Bombay-Maharashtra)—Textile Yarns, Packings, Mattresses & Mantle twine—800 tonnes. (SE).

The Dhanalakshmi Mills Lt; Tirupur-1 Coimbatore. (Tamil Nadu)—Cotton Cloth—144 automatic looms of Indigenous Terry. Towels—12 imported looms. (SE).

M/s Shree Gopal Industries Ltd; Rangpur Road, Kota-2. (Kota-Rajasthan)—Cotton Fabrics—300 indigenous looms. (SE).

Paper & Pulp

M/s Kores (India) Ltd; Plot No. 10 Off. Meses Road Worli Bombay-18. (Maharashtra)—High Grade Carbonising Tissue Paper, Airmail & other kinds of light weight speciality Papers—3,500 tonnes. (NU).

The Central India Spg. Wvg. & Mfg. Co. Ltd; 24, Bruce Street, Fort, Bombay. (Nagpur-Maharashtra)—Tissue Paper—200 tonnes. Kraft Liner—500 tonnes. Carrugating medium—500"

Pester paper—300" (with an ultimate capacity of 3000 tonnes per annum of all varieties). (NA).

M/s Bhanu Paper Mills Ltd; Tiruchirapalli. (Pettavaithalai-Tamil-Nadu)—Pulp—4,000 tonnes. Paper & Paper board including draft & wrapping paper, writing & Printing paper. (NU).

M/s IPCO Packaging (P) Ltd; Tarapur, Distt: Thane (Tarapur-Maharashtra)—Industrial paper—10,000 tonnes. Paper board—2,000 tonnes, White printing paper—3,000 tonnes (NU).

M/s Drupa Agencies, 12-A, Chakrabaria Road, North, Calcutta-20. (West Bengal).—Presspan paper & Beards 700 tonnes Leatheriod boards—300 tonnes, Fibre Boards—400" Transform boards—100. tonnes (NU).

M/s Nuchem Plastics Ltd 54, Industrial Area, Faridabad (Faridabad—Haryana)—High Purity Cellulose Pulp (Fille grade)—3,300 tonnes. (NA).

Shri Bhabatosh Das, C/o M/s W.S. Atkins Pvt. Ltd., 21-A Shakespeare Sarani, Calcutta-17. (24-Parganas-West Bengal)—Air Mail Onion—Skin—600 Tonnes. Base paper for lamination & Allied Absorbent type—1200". Delux quality heavy weight Bond—2,400 tonnes. High Tensile Atlas paper—900 tonnes. Punching paper board (for computer)—900. tonnes (NU).

Food Processing Industries

M/s Flour & Food Ltd; 27, Mahatma Gandhi Road, Indore (Dewas-Madhy Pradesh)—Protein Isolate—1,500 tonnes. (NA).

M/s Vegetable Industries & Products (India) Pvt. Ltd; 52 Janpath, New Delhi. (Delhi-Union Territory)—Food & Vegetable Protein Products—3,000 tonnes. (NU).

Shri K.T. Mohan, 15, S.P. Koil Street, Mannady, Madras (Coimbatore-Tamil Nadu).—Starch—12,000 tonnes. Glucos—6,000 tonnes. Maize Oil, Maize Oil Cake, Maize Gluter Tapioca Gluten, etc.—3,000 tonnes. (NU).

Rubber Goods

M/s Auto Mughals Pvt. Ltd; Maker Bhavan, 18, New Marine Lines, Bombay-20. Aurangabad-Maharashtra)—High Pressur Rubber Hoses—4,00,000 metres. (NU).

M/s Radhu Industries, Radhu Cinema Building, G.T. Road P.B. No. 9001 Shahdara, Delhi-32. (Ghaziabad-UP).—Automobile Fan & V-Belts—15 lakhs nos. (NU).

Synthetics & Chemicals Ltd; New Great Insurance Bldg 7-Jamshedji Tata Road, Churchgate Reclamation, Bombay-20 (Bareilly-UP). Steel Cord Rubber Conveyor Belting, Textile Reinforced Rubber Conveyor Belting—20,000 metres (70 tonnes); 1 lakh metres (1400 tonnes) 25,000 metres (40 tonnes). (NA).

Shri H.D. Patel; 7-A, Atul Park, Near Naranpura Chaurasta, Ahmedabad-13. (Gujarat).—Rubber Conveyor Belting—500 tonnes. Fan & V-Belts—6 lakh nos. (NU).

Friends Beltings (P) Ltd; 66-Khurshid Market, Sadar Bazar Delhi-6. (Sonapat-Haryana)—Rubber Conveyor Belting—100 tonnes. Fan & V-Belts—6 lakhs nos. (NU).

Shri Rajesh Wadhwa, A-7, Meerut Road, Ghaziabad (Ghaziabad-UP)—Conveyor Belting—1000 tonnes. Steel Cord Belting—500 tonnes. (NU).

Nirlon Synthetic Fibres & Chemicals Ltd; 115, Mahatma Gandhi Road, P.B. No. 870, Bombay. (Maharashtra)—Conveyor Belting—1200 tonnes. Fan & V-Belts — 12 lakh nos. (NU).

Leather, Leather Goods & Pickers

Sri Krishnarajendra Mills Ltd; A-14, West End Colony, New Delhi-1. (Uttar Pradesh)—Finished Leather from Goat & Sheep Skins (such as upper leather lining leather)—6 lakh nos. Finished Leather from hides — 150,000 nos. (NU).

M/s Lal Gopal Ghatau, 30, Mohani Mansion, 163, S.P. Mukherjee Rd; Calcutta. (Tangra-Calcutta-(West Bengal)—Finished Leather from Hides—5 lakh nos. Finished leather from skins—15 lakh nos. (NU).

M.M. Khalilullah & Co., 45, Vepery High Road, Periamet, Madras. (North Arcott—Tamil Nadu)—E 1 Tanned Goat & Sheep Skins—25 lakh pieces. Finished Leather—6 lakh pieces. (SE/NA).

Glass

The Shimbhaoli Industries Pvt. Ltd; P.O. Shimbhaoli, Distt: Meerut. (Hapur-UP)—Glass Bottles—18,000 tonnes. (NA).

Ceramics

M/s Belpur Refractories Ltd; P.O. Belpahar, Sambalpur. (Belpahar-Orissa)—Fire Bricks—20,000 tonnes. (Zircon-Bricks—5,000 tonnes. & Low Grog & Plastic varieties —15,000 tonnes) i.e.—60,000 tonnes after expansion. (SE).

Cement & Gypsum Products

Mysore Iron & Steel Ltd; Bhadravati Post, Distt: Shimoga. (Bhadravati-Karnataka)—Portland Blast Furnace Slag Cement—70,000 tonnes. (SE).

M/s Rohtas Industries Ltd; Times House, 4th Floor, 7, Bahadur Shah Zafar Marg, New Delhi. (Dalmianagar-Bihar).—Portland Blast Furnace Slag Cement—2.22 lakh tonnes p.a. (SE).

M/s Mysore Cements Ltd; UCO Bank Buildings, 4th Floor, Parliament Street, New Delhi-1. (Narsingarh-Damoh-MP)—Portland Cement—4 lakh tonnes p.a. (NU).

Timber Products

Shri J.N. Bawri, Bara Bazar Road, Shillong. (Khasi & Jantia Hills in Meghalaya)—Commercial Plywood including black boards & Flush doors (4 mm basis)—2 million square metres. (NU).

Shri N. Venkaiya, Timber Technologist, G-2, 44/3, A.C. Guards, Hyderabad-4. (East Godavari-Andhra Pradesh)—Commercial Plywood (4 mm equivalent)—1 million Sq. metres. Decorative Veneers & Plywood (4 mm equivalent)—5 lakh sq. metres. (NU).

The Indian Plywood Manufacturing Co. Ltd; 9-Wallace Street, Bombay-1. (Maharashtra)—Integrated Plywood, Veneers and other wood panel products—18 lakhs square metres. (NU).

Letters of Intents, Cancelled, Lapsed, Treated as Withdrawn

(Information pertains to particular letters of intent only).

M/s Kant & Co. (P) Ltd; 15, Clive Row, Calcutta-1.

Shri P.K. Badlani, c/o M/s Sadhana Textile Mills Pvt. Ltd; Off: Globe Mills Passage, Worli, Bombay-18.—Gears for Automobiles.

Shri Virinder Singh, 5/9, Kirti Nagar, Industrial Area, New Delhi—Propeller Shafts, etc.

Shri M.S. Mani, 10, Rupak Society, St. Xavier High School Road, Ahmedabad.—Fuel Injection Equipment.

Mrs. Vijayaraje P. Rane Sardesai, Sanquelim, Goa—Baby Food, etc.

The Secretary, Department of Commerce & Industry, Govt. of M.P., Bhopal.—Biscuits.

M/s Janta Sahakari Samiti, P.B. No. 131, B-5 & 6, Industrial Estate, Jodhpur.—Scooters.

Shri R.P. Medy, 14, Judges Court Road, Alipore, Calcutta-27—Various Fluorides.

Shri V.A. Kumar, 401, Akash Deep, Barakhamba Road, New Delhi.—Agricultural Tractors.



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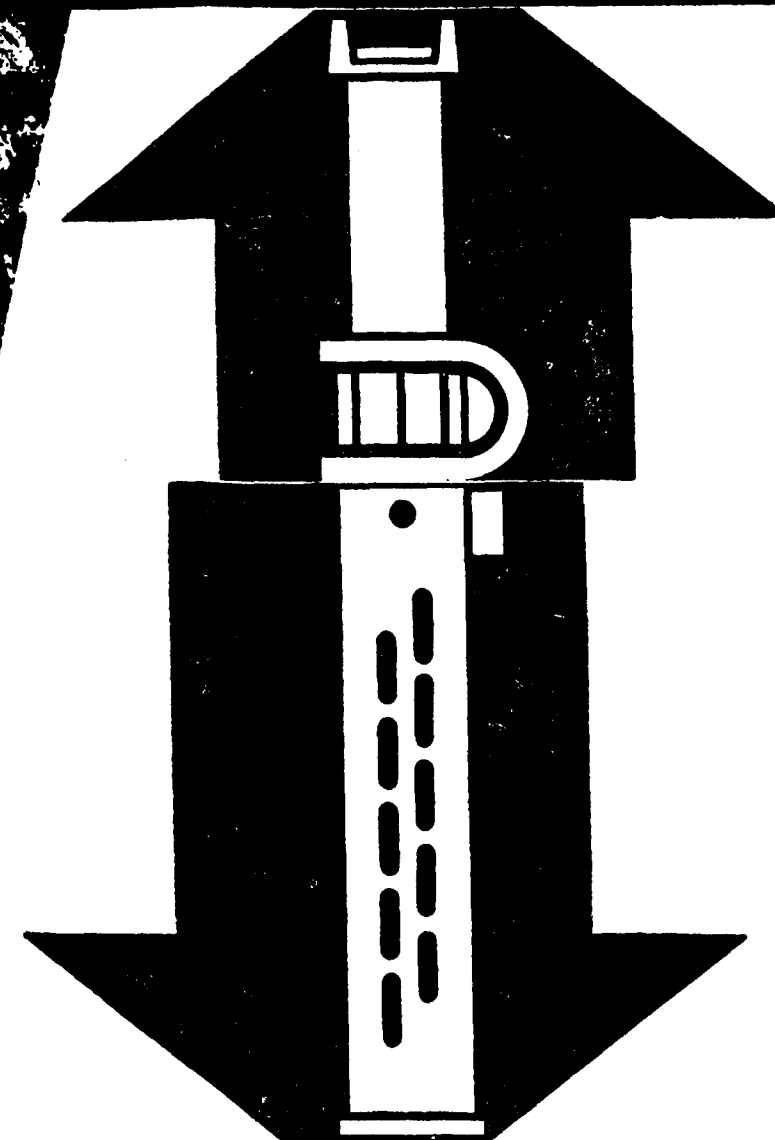
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Chairman's Speech

➤ DUNLOP INDIA IN 1973 Creditable Performance in a Difficult Year

The following is the address by the Chairman, Mr. R. G. S. Nairn, at the 48th Annual General Meeting held on May 17, 1974, at Calcutta.

I have pleasure in welcoming you to the 48th Annual General Meeting of the Company.

As the Directors' Report and Accounts for the year ended 31st December, 1973, have been in your hands for some time, I should like, with your permission, to take them as read.

THE AUTOMOTIVE TYRE INDUSTRY

Industry production in 1973 totalled approximately 50 lakhs automotive tyres, about the same as in 1972. The continued power shortage, difficulties in obtaining raw materials, frequent dislocation in transport facilities and labour problems in some units affected the production of the Automotive Tyre Industry in 1973. As a result, the gap between demand and availability of important product groups such as truck, rear tractor and earth-mover tyres has been further widened.

The Fifth Five Year Plan target is 100 lakhs automotive tyres, which is to be achieved in 1978-79. It has been planned by the Government that the major part of this expansion programme will be achieved by new manufacturing units and letters of intent have been issued to about 15 new units. In this context, it should be remembered that the gestation period for new units can be three to four years, particularly due to extended deliveries for machinery. Consequently, the main burden of meeting the increasing market requirements will continue to rest on the existing manufacturers in the next few years.

Following on the decontrol of selling prices for automotive tyres and tubes, the industry increased prices with effect from 29th April, 1974, in order to cover a part of the cost increases which have taken place since November, 1968, when the prices were last fixed.

In order to ensure that those tyres

which are in short supply are available to genuine consumers at the recommended retail prices, the Industry, with the assistance of the Central and State Governments, is now in the process of implementing a revised distribution system.

THE COMPANY OPERATIONS IN 1973

Sales

Total sales of your Company increased by 6.1% over 1972 to Rs. 101.65 crores. This is the first time that our turnover has exceeded Rs. 100 crores.

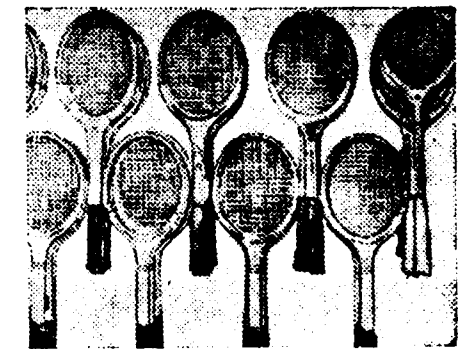
The demand for all our products continued to rise. However, in spite of the increased production, we were not able to meet the demand, particularly for truck tyres where a shortage continues due to insufficient capacity. Your Company, therefore, took special steps to try to ensure equitable distribution throughout the country. As in the past, we have maintained priority of supplies to vehicle manufacturers, State Transport undertakings and Defence.

Sales of non-tyre products, particularly industrial rubber products such as conveyor and transmission belting, hoses and vee belts, increased by 11.2% by maximum utilisation of capacity. However, the availability of bicycle rims was badly affected by a shortage of rim strip.

Exports

Dunlop India set up a new record in 1973 by exporting to 87 countries and earning Rs. 3.33 crores, the highest achieved by any tyre company in India.

Amongst the products exported were a variety of automotive tyres, including tyres for aeroplanes, cycle tyres and tubes, cycle rims, vee belts, transmission



An order for nearly 100,000 tennis rackets was secured from the U.K.

belting and rubber solution. The range of cycle tyres developed exclusively for export continued to perform well in the sophisticated U.S.A. market.

A special feature in 1973 was the development of exports of products such as sports goods, particularly tennis and squash rackets, produced by small scale enterprises, as also bicycles, bicycle components and slotted angles. An order for nearly 100,000 tennis rackets was secured from the U.K.

The Company took the initiative of inviting a select number of potential overseas buyers to visit Dunlop factories in India and, as a result, large export orders were booked.

In recognition of the Company's creditable achievements as an export house, Dunlop India has received a Certificate of Eligibility from the Government of India.

We are fully aware of our responsibility to help the country to increase its foreign exchange earnings. We are therefore, making increasing efforts to expand our exports.

Production

Although there were continuous power cuts throughout the year at the Sahaganj factory, production was higher than in 1972.

At the Ambattur factory, even though the severe power cuts in Tamil Nadu continued until the middle of July, the additional number of days worked during the year together with the full impact of the factory's expanded capacity partially offset the effect of power shortages during the first half of the year and output was considerably higher than in 1972.

At both factories, special emphasis was given to the production of those

types of tyres in short supply, particularly ruck and rear tractor tyres.

Personnel

Despite the difficult labour situation in the country, I am happy to report that since the reopening of the Ambattur factory on 29th January, 1973, industrial relations throughout the Company have remained satisfactory. The long-term agreements which govern the terms and conditions of employment of our unionised staff have gone a long way to maintain the stability in industrial relations in your Company.

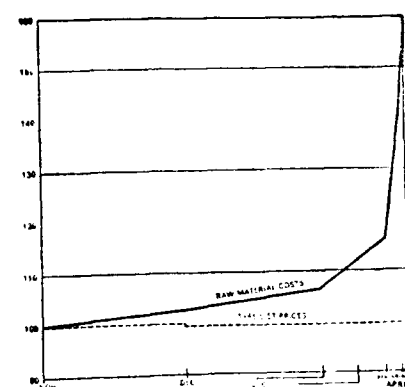
A tripartite settlement signed on 19th September, 1973, as a supplementary to the long-term agreement of 17th May, 1972, has resolved all outstanding issues at the Ambattur factory and restored a proper climate for productivity.

I take this opportunity of expressing my appreciation of the commendable efforts made by the Company's employees during a difficult year, and conveying to all of them my sincere thanks.

Profit and Loss Account

Your Company is constantly endeavouring to improve profitability by maximising production and achieving all possible economies. In the case of purchasing, we were able to effect substantial economies by buying critical raw materials before the sharp price increases in the second half of 1973. On the operating side, in spite of rapid inflation, we have been able to contain cost increases to a reasonable level. One example is that, on an increased sales volume, transport and delivery expenses in 1973 were considerably lower than in the previous year. Furthermore, as a result of tighter controls, we were able to reduce our working capital, and interest charges were Rs. 42 lakhs lower than in 1972.

It was these measures that contributed



Index of raw material costs and tyre prices

to the increase of Rs. 2.52 crores in the profit before tax for 1973. However, the total pre-tax profit at 4.9% of turnover was not satisfactory. After maintaining the dividend at the same level of the last four years, we have only been able to transfer Rs. 57.78 lakhs to Revenue Reserves, which is, of course, insufficient for continued development and growth of this Company.

COSTS AND SELLING PRICES

The decontrol of selling prices of automotive tyres and tubes is particularly welcome because, since November, 1968, selling prices have not been increased and, during this period, your Company has had to absorb the ever-increasing costs.

To give you an idea of the magnitude of these cost increases, our raw material costs of automotive tyres and tubes increased by 11.97% between November, 1968 and the end of June, 1973. Between July, 1973 and February, 1974, these costs have increased by a further 29.74%. Between February and the beginning of April, 1974, raw material costs have escalated by a further 17.14% making a total of 58.85%.

I consider that the pragmatic decision by Government to decontrol automotive tyre and tube prices will provide the incentive for increased production. This decision will also help your Company to operate economically and to generate funds to finance the R&D programmes, to provide for modernisation and growth, and to give shareholders a reasonable return on their investment.

COLLABORATION AGREEMENTS

Two State Industrial Development Corporations, Andhra Pradesh and West Bengal, signed Technical Collaboration Agreements in November, 1973 with Dunlop Limited, U.K., and Dunlop India Limited for setting up automotive tyres and tubes factories in these two States.



Documents being exchanged after the signing of the technical collaboration agreement with the West Bengal Industrial Development Corporation Ltd.

The Agreements have been approved in principle by the Central Government and we expect to sign detailed Agreements with the two Industrial Development Corporations in the near future.

Briefly, the Agreements conceive of Dunlop U.K. preparing and providing project data in the U.K. and continued technical assistance being provided by Dunlop U.K. and Dunlop India for a period of five years after the commencement of production.

A special feature of these Agreements is that part of the fees will be paid locally in Rupees, which will result in foreign exchange savings.

The Industrial Development Corporations are responsible for execution of the projects and both have expressed their desire to appoint Dunlop India as technical consultants in view of the unique expertise we have developed to undertake this work.

Dunlop India is proud to be associated with these projects, which will help to reduce the present tyre shortage, provide employment and give momentum to industrial growth.

We have also offered to supply know-how for scooter and cycle tyres and tubes to two small scale manufacturers and Government's approval is awaited.

RESEARCH AND DEVELOPMENT

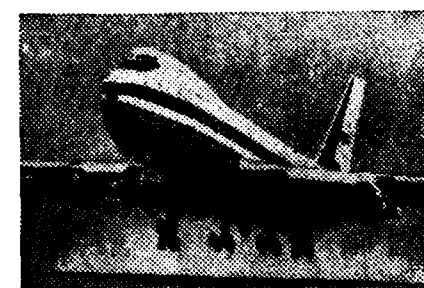
I mentioned last year our intention to establish an R&D unit for cycle tyres and tubes. During the year, we have enlarged our objective and now plan to establish an integrated R&D Centre at Sahaganj, covering our entire product range. Our intention is to consolidate all R&D efforts now spread around the organisation for better co-ordination and control, and thereby improve effectiveness of R&D expenditure. The new Dunlop Research Centre will also assist in providing technical facilities under agreements to other organisations.

The greatest benefit from this new Research Centre will be derived if it has access to the basic know-how already available and being continually developed by our associates, Dunlop U.K. in association with Pirelli, Italy. This know-how, developed at a very high cost, has been provided to us in the past against a nominal technical aid fee. I, however, regret to inform you that our discussions with Government for renewal of our Technical Aid Agreement with

Dunlop have not yet been fruitful. I earnestly hope that it shall be possible to renew this Agreement in the near future in the interest of local technology keeping abreast of fast moving international technological developments.

FUTURE OUTLOOK

As I have mentioned earlier, the decontrol of automotive tyre and tube prices will help us to generate funds for modernisation and expansion. However, the cost increases that we have had to absorb, particularly over the last twelve months, and the production losses due to power shortages, have had a very adverse effect on our internal cash generation. The credit control measures recently introduced by the Reserve Bank of India have further added to our financing problems. Consequently, this may necessitate a review of the implementa-



A Jumbo jet fitted with Dunlop India tyres. Dunlop is the country's only manufacturer of aircraft tyres.

tion and timing of our expansion and modernisation projects.

The Energy Crisis has also created serious problems for us. Many of our major raw materials, such as nylon tyre cord, carbon black, some synthetic rubbers and rubber chemicals, are derived from oil, and apart from the problems created by the increases in the cost of these raw materials, their availability in sufficient quantities is uncertain. We also face continuing power cuts, restricted supplies of furnace oil for the Ambattur factory and problems in obtaining the required quality and quantity of coal for the Sahaganj factory. In addition, wood pulp for manufacturing rayon tyre cord may be in short supply in the second half of 1974. Nevertheless, I am confident that these problems will be overcome in the longterm, and I view the future with optimism.

75 YEARS IN INDIA

In 1973, your Company completed 75 years. This is, therefore, an appropriate occasion to recall the achievements of

your Company during these eventful years. The first pneumatic tyres to come to India were imported by Dunlop in 1898 and this event marked the beginning of a revolution in road transport. In 1936, your Company set up India's first automotive tyre factory at Sahaganj, West Bengal and thus enabled the country to take the first step towards self-sufficiency of a vital product.

Over the years, your Company has identified itself with the nation's aspirations, anticipated the country's needs and has very often been the first to manufacture new products such as aircraft tyres for the Indian Air Force, Air-India and Indian Airlines; tyres for Vijayanta tanks and other Defence vehicles; rubber conveyor belting for major projects; tractor tyres and hoses for agriculture; tyres for animal drawn vehicles and special tyres for export. Even today, Dunlop is the country's only manufacturer of aircraft tyres.

I can claim with pride that Dunlop has developed its manufacturing facilities and skills to meet the needs of the country often at high developmental costs. This policy of your Company has made a major contribution towards achieving the national objective of self-reliance and served the country well in war and peace.

Dunlop India is also at the forefront of the Tyre Industry's drive for exports. Over the last five years (1969-73) we exported to nearly 100 countries including

the U.S.A., the U.K. and the U.S.S.R. and earned Rs. 15.74 crores, which constituted a substantial part of Industry's exports.

Looking from every point of view Dunlop India can be proud of its pioneering role over the last 75 years

On the threshold of the fourth quarter of a century, we look forward to making a still greater contribution towards the nation's transport, industry, agriculture, Defence and exports. At the same time, our own creative abilities strengthened and supported by the latest international technology, will ensure that India does not lag behind world standards.

The long record of Dunlop's service to India and its contribution towards technological development and self-reliance places the Company in a special position and I hope that recent restrictive provisions of Foreign Exchange Regulation Act will not be allowed to affect the Company's operations and future development plans.

It is my sincere belief that in years ahead Dunlop India will be able to play its part fully in meeting the country's increasing needs in many areas and thus contribute to national development.

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

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DIRECTORS' REPORT FOR THE YEAR 1973

The Board of Directors have pleasure in presenting the audited Balance sheet and Profit and Loss Account for the year ended 31st December, 1973.

IMPACT OF MONETARY POLICY:

The working of the banking system during the year was conditioned more than ever before by the culmination of a series of credit control measures clamped down by the monetary authorities "with a view to influencing the cost and availability of commercial bank credit". In the wake of deepening stresses and strains in the economy, interest rates on certain classes of deposits were put up — though fractionally — Bank Rate itself was raised from 6% to 7%, a part of the lendable resources of the banking system was mopped up by enhancing the statutory cash reserve ratio from 3% to 7% in three stages accompanied by stepping up the statutory liquidity ratio itself to 32% from 30%. The impact of these ratio revisions was to limit the lending capability of the banking system to about 61% of the deposit resources, as against 67% at end of 1972. Recourse to refinance from the Reserve Bank was curtailed by the imposition of quantitative ceiling apart from raising the cost of borrowing as well. The net liquidity ratio (NLR) that governs the rate of interest payable or certain types of borrowings from the Reserve Bank was marked up from 36% to 40% in three stages, and the maximum rate of interest so payable was hoisted back to 15% from 12% prevailing earlier in the year. The cost of bank credit was directly marked up by the imposition, in two stages, of a minimum interest rate

of 11% on lendings by the banking system, — except on certain exempted categories of bank credit. The maximum permissible interest rate on export credit was taken upto 8%* (from 7%) and the minimum rate on bills under the New Bill Market Scheme was raised in two stages, from 8% to 9.5%.

The impact of these successive monetary restraints was a serious depletion of the liquidity position of the banking system, — as indeed the measures were intended to be. But coming on the heels of excess liquidity so temptingly prevailing only some months before, the sudden evaporation of liquidity had an unsettling effect both on the banking system as well as borrowers from the banking system, public and private sector borrowers alike. Despite some possible moderate fluctuations in liquidity in the coming months and years, any return to conditions of excess liquidity seems to be a far cry for quite a time to come. Indeed the banking system and the borrowers may have to gear themselves to conditions of credit stringency, maybe of increasing rigour, if the banking system is to continue to support fresh investment in the productive segment of the economy. This poses an exciting challenge to the banking system to accelerate the pace of deposit mobilisation by winning over the most marginal of depositors through efficient and inexpensive customer service, rationalisation of internal procedure, and extension of branch network. The banking system should also ensure that the genuine credit requirements of the productive sector are not starved. The borrower has likewise to reckon with paucity of credit and foster financial

discipline of the highest order in the management of the business enterprise.

Thanks perhaps to the moderate size of its operations, Indian Bank has sought to bring about a flexible approach by examining the credit requirements of its borrowers in the productive sector on the merits of each case, and has endeavoured to reduce the hardship arising from the overall constraint in its lendable resources. Drawals against sanctioned limits were not frozen by any rule of thumb method. The flow of credit to the priority sectors in particular was allowed unrestrained as presented in greater detail elsewhere in this report.

A YEAR OF SPECTACULAR GROWTH DEPOSITS RISE 34.31%

For Indian Bank, 1973 was a year of spectacular growth. Total deposits including Colombo and Singapore branches rose smartly from Rs 164.86 crores at end of 1972 to Rs. 216.74 crores at end of 1973. Deposits in India (excluding deposits by other banks) increased from Rs. 154.25 crores to Rs. 207.17 crores, or 34.31%, among the highest growth rates in public sector banks, if not the highest. The deposits of all scheduled commercial banks in India (other than inter-bank deposits) rose however by 22.18% only, between last Friday of December

End of the year	Deposits of Indian Bank in India (excluding deposits by other banks) (in crores of Rupees)	% increase of Indian Bank's deposits over the previous year	% increase of deposits of scheduled commercial banks in India over the last Friday of the previous year
1969	82.20	13.20	15.00
1970	93.20	13.40	17.00
1971	116.10	24.60	20.80
1972	154.24	32.85	17.43
1973	207.17	34.31	22.18

*The maximum interest rate on export credit has since been further raised to 9% from 1st April, 1974.

1972 and 1973. Hereunder the comparative position of the Bank's deposits as at the end of the last five years.

ADVANCES RISE 32.26%

The growth rate of India Bank's advances again surpassed the average for scheduled commercial banks. The bank's total advances including those at Colombo and Singapore branches rose smartly from Rs. 114.96 crores at the end of 1972 to Rs. 152.49 crores at the end of 1973. Advances at Indian branches alone rose from Rs. 110.94 crores to Rs. 145.62 crores, or by 31.26% against 27.15% for the scheduled commercial banks in India between last Friday, December 1972 and 1973. The Bank credit deposit ratio in India stood at 70.29% as against 68.97% for the scheduled commercial banks on the last Friday, December 1973. The was considerable diversification in the Bank's advance sector-wise and region-wise. The Bank's foreign exchange business also continued to expand.

PRIORITY SECTOR CREDIT

A reference was made in the earlier paragraphs to the unrestrained flow of credit to priority sectors despite the credit squeeze. Indeed the growth in the priority sector credit during 1973 was as high as 57.65%, surpassing even the 1972 increase of 41.58% and as against 31.26% growth

the aggregate advances of the Bank during the year 1973. At the end of 1973, credit to priority sector made 35.58% of our total bank credit in India as against 30.31% at the end of 1972. The thrust in agriculture credit was far more.

ENTREPRENEUR ADVISORY SERVICE:

In the sphere of small scale industry assistance, the Bank launched during the year a package of free consultancy services to prospective entrepreneurs, particularly unemployed engineers, diploma holders, University graduates and the business executives, to set themselves up in self-employment. This scheme known as the Entrepreneur Advisory Service was inaugurated by the Hon'ble Union Minister of Finance Shri Y.B. Chavan on 1st October 1973. This is a new dimension in the pre-setting up assistance to technocrats who have the capacity but are not conversant with the innumerable preliminaries to the setting up of a project including:

- identification of project
- market for the product
- location of the project
- sources of machinery and raw material
- power, water, sheds and other infrastructure
- procedural requirements
- raising financial resources

One of the special services under the scheme is to enable the new entrepreneur to meet established industries which may be interested in buying the product proposed to be manufactured and also arrange for special consultancy with business executives of standing in the line of manufacture. The scheme initially operative for unemployed technocrats in and around Madras has made a good progress. Since its in-

auguration in October 1973, 26 projects have been set up through the Bank's Entrepreneur Advisory Service, 15 units are promoted by engineering graduates, 2 units by diploma holders in engineering, 8 units by University graduates and one unit by a housewife. The range of products manufactured includes magnetos, alternators and ignition coil for automobiles, furnace equipments, foundry die casting items, spiral wound metallic gaskets used in chemical processing industries, sodium bichromate, industrial gloves and educational aids. The 26 units have provided employment opportunities for about 150 people, most of them skilled.

BRANCH EXPANSION:

Our programme of branch expansion was pressed forward with greater vigour in 1973. 67 new branches were opened, against 43 in 1972. The Bank has opened 208 new branches in the last five years taking the total number of branches in India to 427 at end of 1973. Of the 208 new branches 118 were in rural centres, 38 semi-urban, 17 urban and 35 metropolitan. Again, 113 out of the 208 new branches were opened in the lead districts allocated to Indian Bank. The new branches have been actively developed to become an instrument of credit assistance, particularly rural and semi-urban branches. They have contributed substantially to the growth of advances to priority sectors. They have also helped direct employment opportunity. Of the total 6221 staff members on the Bank's rolls at end of 1973, 1348 members are working in the branches opened in the last five years. 654 members are at our newly opened rural and semi-urban branches, the number of staff at the new branches has progressively risen from 102 at end of 1969 to 1348 at end of 1973.

The Bank has drawn up a more ambitious programme of branch expansion for the year 1974. In consultation with the Reserve Bank of India and the Government of India the Bank has taken up a special programme of branch expansion in the under-banked State of Orissa and the under-banked Telengana area in Andhra Pradesh. The Bank also contemplates opening a chain of branches in important centres in Uttar Pradesh, Madhya Pradesh, Punjab, Haryana, Rajasthan and Gujarat in order that the Bank will be able to handle its growing volume of business.

STAFF TRAINING:

The Directors have always set great store by staff training as the very basis of the Bank's development. A reference was made in the earlier reports to the special steps taken to attune the vision of managers to the larger purposes of banking, as an instrument of socioeconomic change. The range and depth of training was further accelerated during 1973. It was noticed that apart from the attitudinal reorientation, credit officers required lot more technical skill to handle the variety of credit requests from the priority sectors, as also the highly specialised technique of financing the large scale and petro-chemical industries. A specially designed course, with particular reference to term lending, foreign exchange operations, etc., was therefore initiated during the year. These courses were conducted in Bombay and Delhi also so as to integrate the environmental aspects into the technical skills of credit management. As many as 1689 staff members of different cadre went through one or other type of training in the college during the year 1973.

BANK'S PATRONS:

The number of deposit accounts in the Bank's books in

India rose from 8,97,794 at the end of 1972 to 11,78,416 at end of 1973 and lending accounts from 1,62,252 to 2,40,158. The Board of Directors are grateful to the Bank's patrons in India and abroad for their goodwill and wholehearted support to the Bank.

STAFF:

The Bank's staff strength in India was considerably augmented to handle the increasing volume of the Bank's business. As many as 1,231 clerical cadre staff were recruited during 1973, as against 393 only in the year 1972. 364 members of the clerical cadre were promoted to the officer cadre as against 197 in the previous year. Promotions from subordinate staff to clerical cadre were 31 against 25 in the previous year. 113 members were directly recruited as officers against 73 in the previous year. 247 members were recruited to the subordinate staff cadre against 175 in the previous year. As at the end of 1973 the Bank has the privilege of being served by 6,221 staff members in India — 1,590 officers, 3,289 clerical cadre staff and 1,342 subordinate cadre staff — against 4,797 at the end of 1972 and 4,288 at the end of 1971. The Board of Directors place on record their deepest appreciation of the team work and dedication to duty of the staff of all cadre of the Bank which accounted for the Bank's spectacular progress in the year 1973. The Directors are confident that the staff will continue to enhance the image of the Indian Bank in the comity of Indian Banking.

For and on behalf of the Board

G. LAKSHMINARAYANAN
Chairman & Managing Director

Madras: 17th May, 1974.

RECORDS AND STATISTICS

Wholesale prices

THE OFFICIAL Wholesale Prices Index for All Commodities (with the year ended March 1962 as 100) increased by 1.4 per cent to 274.9 during February, 1974 when compared to 271.1 for January, 1974. All the constituent groups contributed to this increase. The increase in different groups was as follows:—food articles (+0.8 per cent to 315.9), liquor & tobacco (+3.5 per cent to 261.8), fuel, power, light & lubricants (+0.7 per cent to 237.3), industrial raw materials (+1.3 per cent to 325.5), chemicals (+4.2 per cent to 238.0), machinery & transport equipment (+0.7 per cent to 197.1) and manufactures (+2.6 per cent to 227.3).

Food Articles

The sub-group indices for "cereals" and "pulses" rose by 2.6 and 1.2 per cent to 293.1 and 442.5 respectively due to an increase in the prices of almost all the cereals and pulses (except jowar and ragi which fell). The rise in both the above sub-groups resulted in pushing up the index for "foodgrains" by 2.3 per cent to 320.3. At this level the index for "Foodgrains" was also higher by 22.5 per cent when compared to that of a year ago.

The sub-group index for "fruits & vegetables" moved up by 1.5 per cent to 302.8 due to a rise in the prices of onions, bananas and cashewnuts. The prices of

potatoes and oranges, however, declined. The sub-group index for "milk & milk products" registered a rise of 2.0 per cent to 309.9 on account of an increase in the prices of both milk & ghee. The sub-group index for "edible oils" recorded by 0.5 per cent to 380.4 owing to a fall in the prices of coconut oil and mustard oil. The prices of groundnut oil, gingelly oil and vanaspathi, however, moved up.

The sub-group index for "fish, eggs & meat" went up by 2.0 per cent to 478.3

due to higher prices of fish. The prices of eggs and meat, however, recorded a fall. Lower prices of sugar, gur and khandasari brought down the sub-group index for "sugar & allied products" by 4.2 per cent to 277.0. The sub-group index for "other food articles" went up by 3.2 per cent to 26.4 due to a rise in the prices of spices and condiments, coffee, salt and processed food.

Liquor & Tobacco

The index for "liquor &

Index Numbers of Wholesale Prices by Groups and Sub-Groups

(Base 1961-62=100)

Groups & Sub-Groups	Feb. 1974	Jan. 1974	Feb. 1973	Percentage rise (+) or fall (—) in Feb 1974	
				over Jan 1974	over Feb. 1973
Food Articles	315.9	313.3	251.1	+0.8	+25.8
(a) Foodgrains	320.3	313.2	261.4	+2.3	+22.5
Cereals	293.1	285.7	242.9	+2.6	+20.7
Pulses	442.5	437.2	345.1	+1.2	+28.2
Fruits & vegetables	302.8	298.3	221.9	+1.5	+36.5
Milk & milk products	309.9	303.5	231.5	+2.0	+33.9
Edible oils	380.4	382.4	269.7	—0.5	+41.0
Fish, eggs & meat	478.3	469.0	315.4	+2.0	+51.6
Sugar & allied products	277.0	289.1	474.5	—4.2	—41.6
Others	216.4	209.7	168.7	+3.2	+28.3
Liquor & Tobacco	261.8	253.0	241.8	+3.5	+8.3
Fuel, Power, Light & Lubricants	237.3	235.7	184.7	+0.7	+28.5
Industrial Raw Materials	325.5	321.2	235.5	+1.3	+38.2
Fibres	245.6	234.9	188.2	+4.6	+30.5
Oilseeds	417.1	416.9	282.2	+0.4	+47.8
Minerals	145.0	145.0	138.4	—	+4.8
Others	288.7	285.8	228.7	+1.0	+26.2
Chemicals	238.0	228.5	202.4	+4.2	+17.6
Machinery & Transport Equipment	197.1	195.8	170.3	+0.7	+15.7
Electrical machinery	188.4E	188.4	171.7	—	+9.7
Non-electrical machinery	219.3	218.4	180.9	+0.4	+21.2
Transport equipment	164.6	164.1	149.9	+2.0	+9.8
Manufactures	227.3	221.5	181.3	+2.6	+25.4
Intermediate Products	306.9	299.7	222.1	+2.4	+38.2
Finished Products	208.0	202.5	171.4	+2.7	+21.4
Textiles	205.8	198.9	170.6	+3.5	+20.6
Cotton manufactures	192.8	191.8	168.0	+0.5	+14.8
Jute manufactures	246.8	219.9	187.7	+12.2	+23.5
Silk & rayon manufactures	170.9	163.1	127.1	+4.8	+34.5
Woollen manufactures	324.7	324.7	212.0	Nil	+53.2
Coir mats & matting	201.4	201.4	201.4	Nil	Nil
Metal products	255.9	249.5	199.3	+2.6	+28.4
Non-metallic products	199.1	197.4	161.2	+0.9	+23.5
Chemical products	186.4	182.3	157.0	+2.2	+18.7
Leather products	120.0	111.5	100.1	+7.6	+19.9
Rubber products	168.2	163.5	159.3	+2.9	+5.6
Paper products	159.3	151.8	137.3	+4.9	+16.0
Oilcakes	369.3	384.3	288.2	—3.9	+23.8
Miscellaneous products	141.7	133.8	124.5	+5.9	+13.8
All Commodities	274.9	271.1	217.7	+1.4	+26.3

E: Estimated

Source: Ministry of Industrial Development, Office of the Economic Adviser to the Govt. of India.

tobacco" moved up by 3.5 per cent to 26.8 due to an increase in the prices of raw tobacco and tobacco manufactures.

Fuel, Power, light & Lubricants

The index for this group moved up by 0.7 per cent to 237.3 due to an advance in the prices of lubricating oil. However, the prices of castor oil showed a fall.

Industrial Raw Materials

The sub-group index for "fibres" went up by 4.6 per cent to 245.6 owing to an increase in the prices of cotton raw, jute raw, mesta, wool raw and coir fibre. However, the prices of hemp raw and silk raw declined.

Higher prices of groundnuts, linseed, gingellyseed and rapeseed raised the sub-group index for "oilseeds" by 0.4 per cent to 417.1 although the prices of castor seed, cotton seed and copra declined. The sub-group index for "minerals" stood stationary at its previous month's level of 145.0. Enhanced prices of raw hides, raw skins, tanning materials and lac pushed up the index for "other industrial raw materials" by 1.0 per cent to 288.7.

Chemicals

The index for "chemicals" group rose by 4.2 per cent to 238.0 due to an increase in the prices of caustic soda, sulphuric acid, nitric acid, bleaching powder, sodium hydrosulphite and copper sulphate.

Machinery & Transport Equipment

The sub-group index for "electrical machinery" stood stationary at its last month's level of 188.4. The index for non-electrical machinery advanced by 0.4 per cent to 219.3 due to a rise in the prices of machinery other than electric. The index for "transport equipment" went up by 2.0 per cent to 164.6 on account of a rise

in the prices of vehicles and cycles.

Manufactures

Manufactures group comprising of (a) Intermediate products and finished products" advanced by 2.6 per cent to 227.3.

Intermediate Products

The index for "intermediate products" went up by 2.4 per cent to 306.9 due to a rise in the prices of cotton yarn, rayon coir yarn, leather zinc brass sheets, copper sheets, tin and lead. The prices of linseed oil, however, fell.

Finished Products

Higher prices of cotton manufactures (+0.5 per cent to 192.8) jute manufactures (12.2 per cent to 246.8) and

silk & rayon manufactures (+4.8 per cent to 170.9) raised the sub-group index for "textiles" by 3.5 per cent to 205.8.

The indices for woollen manufactures and coir mats & matings remained unchanged at their earlier month's level of 324.7 and 201.4 respectively. Metal products rose by 2.6 per cent to 255.9 due to an increase in the prices of iron & steel manufactures, cutlery & hardware and aluminium utensils. Enhanced prices of bricks & tiles, glass manufactures, pottery goods and lime pushed up the sub-group index for "non-metallic products" by 0.9 per cent to 199.1. Higher prices of paints & varnishes, toilet requisites, essential oils and insecticides raised the index for "chemical products" by 2.2 per cent to 186.4.

The sub-group index for

"leather products" advanced by 7.6 per cent to 120.0 due to an increase in the prices of leather (shoes). The index for "rubber products" advanced by 2.9 per cent to 168.2 owing to a rise in the prices of other rubber products. The prices of rubber tyres & tubes, however, registered a fall. The sub-group index for "paper products" moved up by 4.9 per cent to 159.3.

The index for "oil cakes" drifted lower by 3.9 per cent to 369.3. The sub-group index for "miscellaneous products" moved up by 5.9 per cent to 141.7 due to an increase in the prices of plastic materials, lamps & lanterns, plywood, teacheast and clocks & watches. On the whole the index for "finished products" advanced by 2.7 per cent to 208.0 during the month under review.

Index Numbers of Security Prices

(Base: 1970-71=100)

Week ended	1973		1974			
	April 28	Mar. 30	April 7	April 13	April 20	April 27
Government and semi-government securities	98.8	98.8	98.4	98.3	98.2	98.1
Govt. of India	98.4	98.4	97.8	97.8	97.6	97.5
State governments	99.9	99.8	99.8	99.7	99.7	99.7
Semi-government institutions	100.7	100.8	100.8	100.8	100.8	100.8
Debentures	97.4	97.0	97.0	97.0	96.9	96.9
Preference shares	93.7	94.0	93.9	93.9	93.9	93.7
Ordinary shares	101.5	125.5	126.4	126.2	127.3	128.5
Tea plantations	95.4	113.2	113.3	113.4	113.3	113.2
Cotton textiles	102.9	151.8	152.1	152.3	156.0	157.6
Jute textiles	103.3	181.8	178.5	177.7	177.0	177.0
Silk, woollen and rayon textiles	118.1	145.5	146.5	146.1	146.3	148.4
Iron & steel	57.2	67.7	67.3	66.5	67.8	68.7
Aluminium	70.2	78.5	77.9	75.9	75.5	75.6
Transport equipment	84.3	94.4	97.4	95.7	98.4	101.3
Electrical machinery, apparatus appliances, etc.	109.6	127.9	129.5	129.8	129.6	130.5
Chemical fertilisers	137.9	190.0	191.3	189.4	189.8	189.5
Other basic industrial chemicals	107.1	124.5	125.5	125.4	127.3	128.6
Cement	97.3	105.8	106.6	109.1	108.6	107.9
Paper and paper products	108.1	156.9	158.2	157.7	157.2	158.8
Rubber and rubber products	89.5	117.7	117.7	117.1	117.1	120.3
Electricity generation and supply	79.5	85.4	85.9	86.1	86.2	85.4
Shipping	110.0	146.7	150.9	150.6	153.8	154.9

Source: Reserve Bank of India

	Reserve Bank of India (Rs lakhs)			
	May 3, 1974	A week ago	A month ago	A year ago
Issue Department				
Notes held in banking department	9,46	50,76	2,76	13,78
Notes in circulation	6,420,49	6,373,73	6,268,38	5,598,95
Total notes issued	6,429,95	6,424,49	6,271,14	5,612,73
Gold coin and bullion	182,53	182,53	182,53	182,53
Foreign securities	141,74	141,74	141,74	171,65
Rupee coin	1,55	5,53	1,79	9,19
Government of India rupee securities	6,104,14	6,094,69	5,945,08	2,49,36
Banking Department				
Deposits of central govt.	54,18	65,48	66,00	52,01
Deposits of state govt.	21,44	17,69	21,87	28,82
Deposits of banks	530,79	539,90	666,47	318,87
Other deposits	349,76	180,14	123,28	78,74
Other liabilities	1,467,33	1,423,12	1,394,57	1,122,70
Total liabilities or assets	2,423,50	2,226,32	2,272,19	1,601,13
Notes and coins	9,52	50,83	2,83	13,86
Balances held abroad	591,63	443,59	366,35	213,95
Loans and advances to:				
State governments	236,76	284,38	244,78	135,77
Scheduled commercial banks	384,45	335,18	378,16	25,44
State co-operative banks	257,80	292,81	292,81	273,11
Other loans and advances	206,22	204,19	197,01	128,96
Bills purchased and discounted: Internal	278,11	278,71	262,43	18,46
Govt. treasury bills	145,88	159,18	102,30	308,68
Investments	167,43	131,83	335,96	425,51
Others assets	146,47	85,63	89,55	57,39

Scheduled Commercial Banks (Rs lakhs)

1. Demand deposits	4,381,55	4,443,69	4,327,69	3,738,24
2. Time deposits	5,914,39	5,895,17	5,772,70	5,043,83
3. Aggregate deposits	10,295,94	10,338,86	10,100,07	8,782,07
4. Borrowings from Reserve Bank	384,45	335,18	378,17	25,44
5. Cash	258,93	258,36	247,08	235,88
6. Balances with Reserve Bank	509,55	522,63	647,47	302,58
7. Cash and Balances with Reserve Bank	768,48	780,99	894,55	536,46
8. Investments in government securities	2,405,50	2,400,06	2,374,02	2,131,32
9. Advances	6,084,25	6,050,57	5,988,06	5,040,34
10. Inland bills purchased & discounted	1,079,34	1,071,68	1,032,17	888,41
11. Foreign bills purchased & discounted	390,14	385,91	369,24	254,20
12. Total bank credit	7,553,73	7,508,16	7,389,48	6,182,94
13. Percentage of:				
(7) to (3)	7.46	7.55	8.86	6.11
(8) to (3)	23.36	23.21	23.50	24.27
(12) to (3)	73.37	72.62	73.16	70.40

Sources: Reserve Bank of India

Money Supply with the Public (Rs crores)

Week ended	1973		1974*			
	April 27	Mar 29	April 5	April 12	April 19	April 26
Money Supply with the Public	9,607	10,750	10,971	11,159	11,170	11,159
Currency with the Public	5,694	6,323	6,469	6,567	6,581	6,553
Others Deposits with the Reserve Bank	45	46	40	42	40	38
Bank Money	3,867	4,381	4,462	4,550	4,549	4,568
Factors affecting Money Supply						
(1+2+3+4-5)						
1. Net Bank Credit to Government Sector (a+b)	8,108	8,695	8,899	9,052	8,998	8,975
(a) Reserve Bank's net Credit to Govt. Sector	5,879	6,240	6,434	6,579	6,501	6,484
(b) Other Bank's Credit to Govt. Sector	2,229	2,455	2,465	2,473	2,497	2,491
2. Bank Credit to Commercial Sector (a+b)	7,605	9,058	9,155	9,168	9,197	9,347
(a) Reserve Bank's Credit to Commercial Sector	247	562	568	577	586	591
(b) Other Bank's Credit to Commercial Sector	7,358	8,496	8,587	8,591	8,611	8,756
3. Net Foreign Exchange Assets of Banking Sector	588	678	656	642	651	667
4. Government's Net Currency Liabilities to the Public	464	491	494	490	490	484
5. Non-Monetary Liabilities of Banking Sector (a+b+c)	7,158	8,172	8,233	8,193	8,166	8,314
(a) Time Deposits with banks	5,285	6,129	6,082	6,176	6,187	6,223
(b) Net Non-Monetary liabilities of R.P.I.	1,146	1,429	1,387	1,354	1,377	1,412
(c) Residual	727	614	773	663	602	679

*Provisional

Source: Reserve Bank of India

Consumer Price Index Numbers for Industrial Workers

Centre	1965- 66	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973							1974
								Jan.	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
(Base: 1949=100)															
All-India	169	213	212	215	226	233	251	255	295	300	301	309	315	316	321
(Base: 1960=100)															
All-India	—	—	174	177	186	192	207	210	243	247	248	254	259	260	264
Ahmedabad	130	168	165	176	151	198	211	236	233	233	241	257	257	262	264
Alwaye	145	183	198	197	198	202	215	211	275	287	273	273	275	246	265
Asansol	140	168	176	187	189	194	206	205	234	244	244	255	256	—	—
Bangalore	144	172	180	183	186	194	212	223	250	258	275	275	273	274	280
Bhavnagar	132	173	176	178	186	194	217	232	266	265	266	277	285	289	293
Bombay	130	162	167	175	182	190	203	205	235	227	228	228	236	238	241
Calcutta	131	163	170	172	182	187	197	195	217	220	222	240	237	238	240
Coimbatore	132	151	147	154	163	177	189	193	210	211	212	214	223	226	232
Delhi	136	172	178	185	199	211	222	226	256	259	264	272	274	271	278
Digboi	138	198	185	180	189	188	198	198	232	232	230	230	242	252	249
Gwalior	139	191	179	184	191	197	214	220	264	265	258	272	275	280	290
Howrah	137	178	181	176	186	191	206	205	229	225	234	249	251	252	256
Hyderabad	140	167	173	185	189	195	211	215	255	253	247	249	249	257	257
Jamshedpur	136	183	171	190	183	187	202	200	258	249	244	254	254	259	268
Madras	134	151	150	160	170	182	203	211	226	226	224	226	231	233	238
Madurai	128	146	148	162	183	193	206	219	228	231	237	237	247	248	254
Monghyr	151	215	185	188	203	204	225	223	264	264	278	298	305	—	—
Mundkayam	138	173	186	191	197	199	210	210	267	279	269	266	274	266	271
Nagpur	138	164	166	176	187	192	203	204	259	260	261	260	279	278	275
Saharanpur	141	188	176	181	186	196	213	220	241	246	243	256	263	—	—
Sholapur	128	165	167	176	185	198	216	229	281	276	281	279	283	298	293

Source: Labour Bureau, Govt. of India

Consumer Price Index Numbers for Urban Non-Manual Employees

(Base: 1960=100)

Centre	1965- 66	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1972- Nov.	1973					
									June	July	Aug.	Sept.	Oct.	Nov.
All-India	132	159	161	167	174	180	192	194	211	216	218	219	223	226
Bombay	132	153	156	162	168	172	183	184	206	208	202	200	202	205
Delhi-New Delhi	131	154	162	168	174	180	190	189	205	208	215	217	219	223
Calcutta	126	152	156	162	170	174	180	180	193	197	199	202	210	211
Madras	133	154	154	161	175	188	204	207	222	224	228	226	229	235
Hyderabad-Secunderabad	133	155	159	167	174	180	195	198	216	220	222	221	223	228
Bangalore	133	156	160	164	172	180	194	195	215	220	223	232	233	235
Lucknow	132	159	156	161	166	174	185	185	202	207	215	214	220	221
Ahmedabad	131	160	162	168	171	173	188	190	218	221	215	220	224	225
Jaipur	133	162	168	176	183	188	205	205	227	233	246	244	252	253
Patna	139	170	174	180	191	190	199	203	216	219	224	224	229	230
Srinagar	134	160	167	174	184	191	191	202	206	209	213	211	215	219
Trivandrum	131	165	168	172	178	183	198	201	218	225	230	228	230	241
Cuttack-Bhubaneswar	142	164	167	169	176	184	196	201	208	214	216	218	228	231
Bhopal	133	166	166	172	180	188	204	208	224	233	237	242	243	244
Chandigarh	129	155	164	171	178	183	194	193	203	209	217	219	221	221
Shillong	123	155	163	164	166	175	183	186	196	202	208	205	208	214

Source: CSO

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