

eastern ECONOMIST

Vol. 67

November 5, 1976

No. 19

COM ISSUES OF EAGLE HADU
ARCHIVES AND HISTORICAL RESEARCH
11th ed 1976
ECONOMIST, INDIAN.



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Peanut farmer wins

THE DEMOCRATIC candidate Jimmy Carter who was once a peanut farmer has won the US presidential election. President Ford has failed to produce the biggest surprise of the current century as promised by him during the election campaign though it goes to his credit that on the eve of the election he recovered so much lost ground that the pollsters were obliged to acknowledge that it was a neck-and-neck race between the two candidates.

It was rare that an incumbent President in the USA lost the presidential election, especially if the economy was showing signs of revival or was booming. Mr Ford had both these points in his favour but it seemed that the shadows of the Watergate scandal and the CIA disclosures proved to be his undoing. His pardoning Mr Nixon, the former US President, for Watergate disgrace was perhaps something which the Americans failed to stomach.

During the campaign, Mr Carter asked two basic questions: (a) Can the US government be honest, decent, open, fair and compassionate? (b) Can the US government be competent? And he asked these questions in the context of the tragedies of Cambodia and Vietnam, the shame of Watergate, and the confusion and doubt caused by inflation and rising unemployment in the USA. Throughout his campaign, he hammered the point that under President Ford the US economy had no chance of getting out of the mire. What was more, under Mr Ford the officials betrayed the US public, he added. To all intents and purposes, Mr Ford had no convincing arguments to counter these points.

Again, even though the TV debates between the two candidates had been described by critics as dull, the fact remained that they put Mr Ford in the dock. His lifeless delivery, absence of deep knowledge about many important issues, and bungling over his views on eastern Europe were serious drawbacks. When Mr Carter said that President Ford was almost hiding himself in Washington and that the foreign policy of the USA was the handmaid of Dr Kissinger who was virtually the President of the country, Mr Ford produced no evidence to the contrary. It seems that Mr Carter's plea for a strong leadership in the White House, business, industry and labour was something which appealed to the heart of the American masses.

After having burnt their fingers in Vietnam, the Americans by and large are no longer keen to participate in military operations anywhere in the world. Mr Carter, it seemed, had correctly gauged the mood of the American people. That was why he made the emphatic statement that if the Soviet Union invaded Yugoslavia after Mr Tito's death, the USA would not move in. He made it abundantly clear that if he were elected President, he would never go to war or become militarily involved in the internal affairs of another country unless US security was directly threatened. It was obvious that this viewpoint had not cost him any votes though some commentators had felt that it would hurt him grievously. Similarly, Mr Carter's interview which appeared in *Playboy*—a pornographic magazine—did not cause him any damage as he openly and clearly acknowledged his mistake in doing so.

Before the election day, there was the general impression that the voters had been turned off by the campaign which had been uninspiring and that only half the number of voters on the electoral rolls would turn out for casting their votes. Fortunately for Mr Carter, the weather throughout the USA on November 2, was congenial with bright sunshine smiling on the vast continent. The increased turnout of voters was not a mean factor which boosted the number of votes cast in Mr Carter's favour.

The developing countries including ours have shown keen interest in the US presidential election because of the unfriendly attitude of the Nixon and Ford administrations. Mr Carter held out his hand of friendship to the poor countries of the world when he said at the national convention of the Democratic party: "To the nations that seek to lift themselves from poverty, I say that America shares your aspirations and extends its hand to you". Now that Mr Carter has the presidential crown on his head, let us hope that he lives up to his protestations.

Taxes as businessmen see them

THE ELEVENTH all-India conference of tax executives, organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi last week, made it abundantly clear that notwithstanding the general tendency of the authorities to resist, to the extent possible, scaling down of the burden of taxation, there was a general consensus on the need for the rate of savings in the country to be stepped up in the interest of keeping up the tempo of economic development and for minimising deficit financing for developmental purposes. Deficit financing, of course, is nothing but forced saving. But its inequitous incidence on the less affluent and the weaker sections of society obviously cannot be ignored.

Given the above postulate, what the business and industry representatives assembled at the above conference primarily stressed was that there was not an insignificant scope for a reduction in taxes even without sacrificing the overall revenue from them. This was particularly true of the corporate taxes in the case of which a number of concessions and reliefs had to be granted for various purposes in view of the high tax rates. The cumulative effect of our corporate taxes, it was pointed out, was the highest in the world.

increased production

A simple and low corporate tax which would not need, to any great extent, the present trappings of reliefs and concessions, it was suggested, could yield the same revenue, as it would help in the creation of further production capacity through ploughing back of the retained profits as well as saving of a good deal of the time and energy of business and industry executives as also of the authorities. It may be difficult to do away with all the concessions and reliefs in the present circumstances because of the special needs of some industries. But as the FICCI president, Mr M.V. Arunachalam, observed, while summing up the deliberations of the conference,

the above, surely, is a good ideal to work for.

The union minister for Finance, Mr C. Subramaniam, however, ruled out, in his inaugural address to the conference, any reduction in corporate taxes. On the contrary, he urged the protagonists of reduction in these taxes to not only examine their plea against the background of the urgent need to enlarge the flow of public savings for financing public investment but also bearing in mind that any stimulus to private investment by a reduction in corporate taxes must be balanced against the negative stimulus to the same investment flowing from a reduction in public investment.

adverse effect

Ostensibly, Mr Subramaniam's exhortation cannot be objected to. The past experience has shown that the slowing down of investment in the public sector has had an adverse effect on the entire economy. It has led to a dwindling of demand for the products of a wide range of industries. The immediate impact has been on the basic industries. In course of time, this impact has percolated to others. But a closer scrutiny of Mr Subramaniam's contention would suggest that it is not as impeccable as it sounds.

It cannot be denied that as a sequel to governmental policies—inadvertently or designedly—the growth of the private sector in our country has also come to rely in a very great measure on the availability of institutional finance, as for a considerable period, the capital market has been in a bad shape for various reasons. Despite improvement in the tempo of economic activity in the past few months, the outlook for the capital market has not brightened up for the reason that return on equities leaves much to be desired vis-a-vis the attractive interest available, without any risk involved, on deposits with banks. The capital market obviously cannot

not revive till the yield on equities is made attractive enough. The other important allurements for investing in risk capital of industrial units—appreciation in the value of investment—cannot be expected to be there for quite some time. But that too is dependent on two things—equity yields and ploughing back of retained profits in further growth of the industrial units concerned. The confidence of small and medium investors in the capital market undoubtedly has been shaken a great deal in the recent past. The restoration of this confidence is not going to be an easy task.

generating funds

This implies that if the burden on financial institutions arising out of the growth needs of the private sector has to be reduced, the industry has to be allowed to generate sufficient funds from internal resources for future growth as well as for some increase in dividends to make investment in equities a feasible proposition. It was apparently against this background that those assembled at the above conference pleaded not only for a direct reduction in the rate of corporate tax but also for modifications in the other direct taxes on companies, including the surtax on company profits, inter-corporate investments, capital gains tax, etc. Surtax on company profits, it was stressed amounted to a tax on efficiency. The capital gains tax, it was pointed out, needed modifications to allow exemption from this tax to all capital gains if reinvested within a reasonable period in productive pursuits as well as in the light of the period of time over which such gains accrued. Inter-corporate investments, it was emphasised, could encourage new floatations.

These pleas of the industry cannot be just brushed aside if it is recognised that the private sector has some role to play in our economy. It may be stressed in this regard that the growth of the two sectors—public and private—is inter-dependent in a mixed economy. The where-withal for growth, therefore, has to be provided for both the sectors. Milching of one sector for the benefit of the other would amount to denying prospects of growth to the former. Further, the public

sector too has to generate funds for its growth through efficient functioning. If the emphasis is there on the expansion of the existing production facilities, to the extent possible, the funds required for the expansion of the public sector would not be of very large magnitude. Concerted efforts at economy in governmental expenditure and rationalisation of not only the working of the public sector units but also of their pricing policies too can throw up sizeable resources for investment.

In respect of indirect taxes, many useful suggestions were made by the conference, although all of them were not novel. These included replacement of such indirect taxes as excises, sales tax, octroi and various cesses by a single tax to be shared by the concerned authorities so that not only could the various distortions brought about in the economy because of varying rates of particularly sales tax and octroi in the various parts of the country be corrected but also malpractices in their administration eliminated. It is, indeed, regrettable that the successful experiment of centralising the sales tax on tobacco, textiles and sugar has not been extended to other commodities owing

to the opposition from states on the ground that they would lose the leeway for raising revenue on their own. The contention of the state governments does not hold much water if note is taken of the fact that the sharing of central revenues with the states is periodically reviewed by the finance commissions along with adjustments required in central assistance to states. Incidentally, a single-point tax on commodities and services should make abundantly easier the grant of drawbacks of these taxes for export. The cascading effect of a wide range of *ad valorem* excise levies and other indirect taxes is another point to be considered seriously in any attempt at the rationalisation of indirect taxes, currently being looked into by the Jha Committee. On value added tax (VAT), it was felt that while this form of taxation had several advantages, particularly because of the fact that it did not spill over into industrial costs, its drawbacks for an economy such as ours, arising out of physical administration and maintenance of complete and detailed accounts in a sophisticated manner, could not be ignored. The scheme, it was, therefore, felt needed detailed thought.

sharp increase

Our exports to the USA jumped sharply from Rs 374.9 crores in 1974-75 to Rs 507.7 crores in 1975-76. In fact, the USA emerged as the largest importer of Indian goods in the last fiscal year. But exports to Canada fell from Rs 44.2 crores to Rs 42.4 crores in this period. What is even more significant is that exports to Argentina fell from Rs 10.1 crores in 1974-75 to four crores of rupee in 1975-76 and to Brazil from Rs 3.1 crores to Rs 2.3 crores. The government of India has been giving greater importance to the promotion of trade with Latin America in recent years. But it is not clear in what items Indian goods have received a setback in Latin America.

Our exports to many countries of West Asia showed a sharp increase in 1975-76 as compared to the preceding year as was the case in 1973-74. This trend is gratifying. But are Indian exporters as well as the trading organisations doing their best to promote exports to the countries of West Asia? Their imports have increased

Direction of India's exports

THOUGH INDIA'S total exports in 1975-76 recorded an impressive increase to Rs 3941.6 crores from Rs 3328.8 crores in the previous year—a rise of Rs 612.8 crores—the fact that our goods received a setback in many important markets in the last year should be a matter of concern. For example, our exports to several countries of eastern Europe were much lower in 1975-76 than in the preceding year. Exports to the USSR declined from Rs 421.4 crores in 1974-75 to Rs 412.8 crores in the next year, to Yugoslavia from Rs 29.7 crores to Rs 28.5 crores, to Czechoslovakia from Rs 60.4 crores to Rs 34.4 crores and to Hungary from Rs 19.5 crores to Rs 14.4 crores. In eastern Europe, an increase in exports was recorded only in respect of Bulgaria, Poland and Rumania. Details are not available about the commodities in respect of which

there was a fall in exports to the countries of this region. The union Commerce ministry should look into the causes for this decline and take appropriate steps to promote exports.

Among the European Economic Community (EEC) countries, our exports rose substantially to the UK, the Netherlands, Italy, Ireland, West Germany and Denmark but declined in respect of Belgium and France. Of particular significance is the increase in exports to the UK from Rs 312.3 crores in 1974-75 to Rs 403.6 crores in 1975-76. In 1973-74, these exports had amounted only to Rs 263.1 crores. The introduction of the generalised system of preferences (GSP) seems to have helped to some extent the promotion of our exports to the EEC. Although the concessions under the GSP are not as liberal as they should be, con-

steeply and are expected to rise further in the coming years. According to a study by the Economic and Scientific Research Foundation, New Delhi, OPEC's imports of goods and services are likely to increase from \$37 billion in 1973 to \$186 billion in 1980 and \$216 billion in 1985. Therefore, both Indian industry and the state trading agencies should give special attention to west Asia not only for promoting exports but also joint ventures. The Economic and Scientific Research Foundation has said that India has taken some "rather late and half-hearted steps to establish new contacts and explore possibilities of industrial ventures" and that "many opportunities were missed and initiatives were misguided".

In the ESCAP* region, our exports to Japan which had declined from Rs 359.8 crores in 1973-74 to Rs 296.7 crores in 1974-75 went up sharply to Rs 426.9 crores in the next year. Exports to Afghanistan, Hong Kong, Indonesia, Iran, Malaysia, Bangladesh and Singapore also increased. But there was a fall in exports to Sri Lanka, Australia and New Zealand. Among the African countries, a notable development was the big decline in exports to the Sudan from Rs 66.5 crores in 1974-75 to Rs 36.5 crores in 1975-76 and a steep increase to the Arab Republic of Egypt from Rs 52.5 crores to Rs 100.3 crores. The union Commerce ministry should give a detailed analysis of our exports in terms of important countries and regions and explain what steps it proposes to take in respect of those whose offtake of Indian goods has received a setback.

pragmatic policies

Meanwhile, export policies and procedures which have become more pragmatic in recent months, should be reviewed from time to time so as to improve the competitive capacity of our industries. For instance, export finance needs to be made available more liberally. As Mr Raunaq Singh said at the annual meeting of the Federation of Indian Export Organisations, held in New Delhi in September this year, "unfortunately our interest rates are the highest. They

*Economic and Social Commission for Asia and the Pacific.

should be on par, if not lower, with our competitors and should be periodically reviewed in this perspective. Fixed periods should go and periods determined on merits of each case. Side by side, the

deferred payment terms available to bids up to Rs 50 lakhs should also be applicable to high value contracts. In fact, export finance should be treated as a promotional tool".

Rupee and its rising external value

CONTRARY TO general expectations, the upvaluation of the Deutsche mark against all other currencies at varying rates, particularly in relation to the currencies of the members of the European 'Snake', has not had any adverse effect on the external value of the Indian rupee. The modest upvaluation of the West German currency has ended speculation about its immediate future and interest has now shifted to the Japanese yen. The selling of the Deutsche mark after its revaluation has led to a modest strengthening of the US dollar and even the British pound has been hovering around the low levels touched at the end of September. With the protracted negotiations for securing a loan from the International Monetary Fund (IMF) and the serious differences of opinion over the measures that should be adopted for reviving the British economy it is apprehended that the pound might touch new low levels necessitating a fresh upvaluation of the rupee in terms of its currency.

Already the rupee has been revalued on nine occasions since the government of India took the decision to delink it from the pound. Before the delinking decision was taken the rupee had a middle rate of Rs 18.60 per £. The rate appreciated to Rs 14.70 per £ on September 29, 1976 resulting in a net rise in the exchange value by 21 per cent. The refixation of the middle rate periodically has not only enabled the Reserve Bank to neutralise fully the depreciation in the value of the British currency in the past year and more but also enabled it to secure a marginal appreciation against the US dollar. The spot rate on October 21, 1976 was dollars 11.24 per Rs 100 for purchases by Reserve Bank against dollars 11.1925 per Rs 100

on September 25, 1975. There was, however, depreciation in relation to the West German currency and only 27.20 marks could be secured for every Rs 100 on October 16, 1976 against 29.8350 marks on September 25, 1975. During the same period there was a similar movement in the value of the yen, only 3273 yen being available for Rs 100 against 3395 yen on the earlier date. After the revaluation of the mark however the rupee has surprisingly gained in strength with the rate being more favourable at 27.23 (October 21, 1976) though the rate was even higher at 27.44 marks on October 20, 1976. The yen too could be secured more advantageously with the rate at 3284 per Rs 100 against 3273 on October 15, 1976.

insignificant changes

The changes in the rates for West German currency and Japanese yen after the upvaluation of the former may not be considered significant. But even a marginal rise in the external parity of the rupee in relation to these two strong currencies can be taken as an indication of the gathering strength of the Indian currency against other currencies. This gives rise to the question whether further refixation of the middle rate in terms of the British pound, in the event of the further depreciation in the value of the latter, will lead to a definite cheapening of imports from several sources barring perhaps West Germany and Japan. There are of course the complications arising out of the adjustments in export prices by the concerned countries. Even so the balance of advantage is definitely in favour of our country as the export prices for many staple items, tea, coffee, textiles, iron ore and hides and skins, are quite attractive and the Indian

shippers are not worried about lower realisations in terms of rupee, as they were some time back when revaluations took place and the middle rates in terms of the pound were substantially reduced.

The force of this argument will be recognised if it is pointed out that the average prices realised for tea of different grades at the auctions at Calcutta and Cochin have been higher and the sterling quotations too have risen sharply in the past year. There has of course been an unprecedented boom in coffee while higher prices have been secured for iron ore shipments. The export of hides and skins and textiles also are being effected on a remunerative basis. Only in respect of raw jute and sugar there has been a setback for special reasons. But the ground lost by these two commodities has been more than recovered by a big rise in engineering exports and it is now confidently expected that the aggregate rupee value of exports will be easily Rs 4,400 crores, a rise of over 14 per cent on top of the brilliant performance in 1975-76. The increase in the form of foreign exchange earnings may actually be higher as the rupee has been fetching more of other currencies in the past year and the cumulative effect of the revaluations must be more fully felt in the later half of 1976-77.

sizable decline

On the import front too the unit value of several items might decline sizably due to lower prices and smaller quantum as in the case of fertilisers. There has also been a drop in the cost of steel import though machinery, intermediate products and other items may require a larger outlay in foreign exchange. But a significant reduction in food imports and an effective neutralisation of the depreciation in pound along with a marginal appreciation in terms of the dollar should even secure a marginal reduction in the cost of crude and petroleum products. The situation however may change if oil exporting countries decide to increase their selling prices towards the end of the year by 10 to 15 per cent. Even here, the net increase in the oil bill can be prevented from assuming inconvenient proportions if the output of oil within the country can be stepped up substantially through vigorous exploita-

tion of the new reserves in Bombay High and the oilfields in north-east India.

The outlook for foreign trade in 1977-78 too can thus be regarded as encouraging especially as it is expected that a high level of agricultural production will again be achieved in the current agricultural season. The government and the Reserve Bank naturally feel confident of managing any situation that may arise in the international scene in the coming months. The upward trend in foreign exchange reserves has remained in evidence and even after the repayment of 260 million SDRs (Rs 270 crores) to the IMF against its obligations, on behalf of the government, the Reserve Bank has been able to report an increase in balances held abroad in the Banking Department.

The total of foreign balances in the Issue and Banking Department stood at Rs 1936 crores on October 15, 1976. If the repayments to the IMF aggregating to Rs 335 crores are taken into consideration, the total of foreign balances would have risen to Rs 2272 crores (in the absence of these repayments), a level which has not been touched at any time in the past. It

is also noteworthy that the recent rise in the rupee value of the balances has been less pronounced as a result of a higher external parity for rupee. It is not known in what form the foreign exchange reserves are held by the Reserve Bank though it must be a tough job for the officials concerned with the management of the foreign balances to effect a reshuffling of these reserves held in various currencies and prevent a net depreciation in terms of effective purchasing power.

It remains to be seen whether a liberalisation of imports will be reflected in smaller net additions to reserves in the coming months and even net declines in particular stages. But the secular trend is in favour of a continuing rise in foreign balances and the recent improvement in the external value of rupee could be sustained with even more vigorous efforts for checking inflationary pressures within the country and stabilising prices for agricultural products and manufactured goods, at reasonable levels. In that event the rupee can turn out to be really one of the world's strong currencies.

Eastern Economist 30 Years Ago

NOV. 8, 1946

The Indian Roads Congress, a representative organisation of government road engineers and non-official road interests, at a recent session of its Council held at Karachi, did well to focus attention on some outstanding problems of road development such as planning and rationalisation, road finance, research and technical issues. Mr. L.A. Freak, President of the Roads Congress, expressed satisfaction at the increasing awareness among the public for more and better roads in the interest of a general levelling up of rural life and advancement of trade, industry, agriculture, education, health and social services. The administrator is no less interested in the development of communications than the public for, as the Governor of Sind who opened the session emphasized, the efficiency of the police force is increased manifold by good roads whose existence is absolutely essential to the maintenance of law and order. And yet can there be two opinions

on the inadequacy of roads in this country in general and their utter insufficiency in the rural areas in particular? In 1943 the total mileage of roads in India was 296,438. The length of unmetalled roads was 201,384 miles, of which approximately 16 per cent only had all-weather motorable surfaces. The mileage of metalled roads was 95,504 miles, only 15,121 of them having modern surfaces. The total length represent 0.18 mile per square mile of the country's area and 76 miles per 100,000 of population. In contrast, the corresponding ratio in the USA is 1.01 mile per square mile and 2,499 miles for 100,000 of population. The existing roads serve mostly the urban and semi-urban areas to the grave neglect of rural regions. Bombay province is supposed to be comparatively a very advanced part of the country, but a survey held in 1940 revealed that in some districts 40 to 75 per cent of the area was not served by any roads at all.

CAPITAL'S CORRIDORS

R. C. Ummat

Steel prices • Indo-Danish economic cooperation

CLOSE ON the heels of the indication given in the recently finalised fifth Plan document that some rationalisation of the pricing policies of public sector undertakings would be necessary in order to bring prices in better alignment with costs, the new chairman of the Steel Authority of India (SAIL), Mr R.P. Billimoria, revealed in a talk with pressmen last week that an upward revision in the prices of certain categories of steel, particularly those manufactured at the Durgapur steel plant, was likely to be effected soon, even though at the current efficiency of the steel industry and the overall structure of steel prices, a reasonable return on capital could be expected. He did not indicate any particular items the prices of which were envisaged to be raised, but apparently he had uppermost in his mind the supplies of wheels and axels and other equipment to the railways which are produced solely at the Durgapur steelworks.

The increase in the prices of some steel products, Mr Billimoria stressed, was warranted due to their uneconomic production and in the case of some others owing to rise in costs of material inputs; the increased labour costs following the last wage agreement with workers, he revealed, had been more or less absorbed by the steelworks through increase in labour productivity. No small achievement, indeed!

inexplicable situation

Admittedly, there cannot be any objection to the stepping up of the prices of products owing to factors beyond the control of steelworks, which include escalation in costs of inputs. This is because even though the steel industry belongs to the category of basic industries supplying raw materials for the consumer industries, it cannot be expected to incur

losses or subsidise the consumer industries. But it passes comprehension how uneconomic scale of production, which in the case of the wheels and axels manufacture has resulted primarily from very low utilisation of the installed capacity and that too not owing to lack of orders but due to the acute labour indiscipline which bedeviled the operations of the Durgapur steelworks for quite some time before the emergency, could be put forth as a reason for pushing up their prices. It, indeed, will amount to setting up a bad precedent if the consumers, whether in the public or in the private sector, are to be burdened with inflated prices because the manufacturers' production costs are unduly high owing to gross under-utilisation of capacity. Negotiations with the railways on the issue of the pricing of products purchased by them from the Durgapur steelworks, Mr Billimoria disclosed, had already been initiated.

difficult task

The revision of the prices of steel products in the present circumstances, surely, is not going to be an easy exercise, as the industry has sizeable stocks even after stepping up exports, which during the April-September period aggregated to 1.25 million tonnes, valued at Rs 167 crores. These exports were nearly 64 per cent more compared to the total exports in 1975-76. There can be no single criterion for pricing. Of course, the production costs of as many items as possible, which are being manufactured on an economic scale of production, obviously have to be met fully along with a reasonable return on capital. In the case of several items the demand for which is commensurate and which form the base for the production of products for the affluent sections, the prices can be fixed according to the principle "what the

market can bear". This can provide for the losses the steel plants may be obliged to incur on items which are not fast-moving or where there are physical capacity constraints resulting in uneconomic scale of production. At least part of the rehabilitation and modernisation programmes of the steel plants too should be met from the surpluses available from the pricing of the fast-moving items. Some element of the rehabilitation and modernisation costs, in fact, should be there in the prices of all products, the scale of production of which is economic, at reasonably efficiently running of plants so that they can be self-generating propositions.

improved viability

Mr Billimoria also indicated that the economic viability of the alloy steel plant at Durgapur was proposed to be improved through installation of some balancing equipment in the stainless steel manufacturing section so that the high cost of production of stainless steel at this plant vis-a-vis the other manufacturers in the country as well as the imported material could be brought down. This, however, is not the only solution to the problems of the Durgapur alloy steel plant which has been experiencing difficulties in the disposal of some of its products because of the significantly increased availability of alloy steels from indigenous sources and lack of commensurate increase in demand. The unrealistic import policy too has added to the difficulties of the indigenous manufacturers of alloy steels, both in the public and the private sectors, even though it was designed to spur them to efficient operations through competition. It is not suggested that the domestic market should be made a sheltered one for the indigenous manufacturers. But surely care has to be taken that imports are not allowed to undue detriment to domestic producers.

Mr Billimoria outlined a four-point strategy to further improve the working of the various integrated steelworks in the country. This strategy includes raising of production to meet the market demand, rationalisation of product-mix to suit market conditions, enlarging of the market demand by stimulating demand particularly in the rural areas and maximisation of both production and profitability. One

method of stimulating demand for steel in the rural areas, Mr Billimoria felt, was making available, even on deferred payment basis, grain storage bins to agriculturists so that besides increasing demand for steel, better storage could reduce grain losses, which according to some estimates, range up to 30 per cent.

The saleable steel production from all the integrated steel plants during the six months to September, Mr Billimoria said, had been a record at 3,311,000 tonnes—25.4 per cent or 671,000 tonnes more than the output during this period last year. The total production of saleable steel during the above six months was 109 per cent of the half-yearly output during 1975-76. The public sector steel plants under SAIL have done even better by showing a growth of 36.7 per cent in production compared to the output during the corresponding period last year. In terms of the target set for them, their output was higher by 12.6 per cent. Excluding Bokaro, where some units are still passing through the gestation period, the overall capacity utilisation in the manufacture of saleable steel at the integrated works has been 88.2 per cent, as against 76.5 per cent in the six months to September 1975.

growing demand

The domestic demand for steel, Mr Billimoria said, has started showing a definite growth. The total domestic sales during the first half of the current financial year were 2,666,900 tonnes, as against 2,194,300 tonnes during the corresponding period last year. Including exports, the total offtake was 3,235,700 tonnes, as against 2,275,800 tonnes. This has helped in the obviation of further accumulation to stocks recently despite upswing in production.

Several technological improvements, Mr Billimoria said, were carried out during the first half of the current year to develop new products to suit market demand. Some of the items like niobium steel (HSLA) plates produced at Rourkela, high tensile plates and deep drawing quality steel at Bokaro and angles of critical sizes at Bhilai and Durgapur helped in minimising imports. The items include: (1) 1.9 mm narrow strip (Durgapur); (2) OTSC quality tinplates (Rourkela); (3) 0.24 and 0.2 mm tinplates (Rourkela); (4) niobium steel (HSLA) plates (Rourkela); (5) high

tensile plates (Bokaro); (6) deep drawing quality steel (Bokaro); (7) angles 100x100x8 mm (Durgapur); (8) angles 90x90x6 mm (Bhilai).

Imports of the several items were reduced by (1) increasing the availability of skilled quality steel from Rourkela and Bokaro; (2) increasing the availability of 19 gauge and 24 gauge CR coils for refineries; (3) stepping up of availability of Lloyds grade-A plates; and (4) production of rimming quality ingots at Bokaro for rolling into wire rods at Bhilai.

The appointment of MECON—a subsidiary of SAIL—as consultant for Nigeria's largest industrial complex, which includes two, one million tonnes each, direct reduction-based integrated steel plants, Mr Billimoria said, was another major event this year. The MECON would be responsible for total consultancy services concerning tender evaluation, award of contracts and projects supervision up to the commissioning of the plants scheduled towards the end of 1980. These integrated plants will have gaseous reduction sponge iron making facilities, electric arc furnaces, continuous casting units and rolling mills. This consultancy contract, Mr Billimoria added, had been won by MECON in the face of stiff international competition. A team of MECON experts is already in Nigeria preparing detailed plan of work along with the Nigerian engineers and other specialists. The capital cost of both the steel plants, including the infrastructure, is expected to be around 1.6 billion US dollars.

Eight lines of manufacture have been identified during the recent visit here by Mr Irv Norgaard, the minister of Foreign Economic Affairs in the government of Denmark, for joint ventures by Indian and Danish entrepreneurs. These include fishery development, feed mill machinery, food and meat processing, coal-based boilers, foundry equipment, liquid ammonia plants, furniture manufacture and machinery for garment industry. The contacts established with the representatives of Danish trade associations and companies who accompanied Mr Norgaard are proposed to be followed up by the trade associations of the two countries. The Danish representatives gave an idea to the Indian businessmen of the financing facilities available to investors for setting up joint

ventures through the Danish Industrialisation Fund for Developing Countries.

During the discussions between the Danish minister and the union minister for Commerce, Prof D.P. Chattopadhyaya, it was agreed that the Indo-Danish trade and economic cooperation at present was not commensurate with the potentials of the two economies. It was, therefore, proposed that both the sides should take active measures to expand and diversify trade and economic cooperation.

Mr Norgaard told newsmen last week at the conclusion of his visit that he also had discussions with the government of India on the slow utilisation of the 50 million kroner credit made available by his country two years ago (till now, only 18 million kroner out of this credit have been spent). If the utilisation of this credit to 50 per cent was not speeded up the Danish government, he said, would not be able to release another 70 million kroner credit which had already been agreed to. It was felt that the government of India should consider the possibility of tying up Danish credit with some large value projects, as against the small value projects which had been responsible for the slow utilisation of this credit.

new economic order

Mr Norgaard also had discussions with the Indian authorities, including the prime minister, on the new international economic order which aims at reducing disparities between countries. Mr Norgaard expressed the view that aid should not have any political strings attached to it. But he believed that the donors should try to ensure that aid went towards reducing disparities in developing nations.

Denmark, Mr Norgaard further stated, was in favour of a common fund for raw materials which would help in improving the export prices of third world. Experience, he said, had shown that financial and technical aid alone would not bridge the gap between the rich and the poor nations. Besides the tax-payers in the western countries felt that they were already paying too much by way of taxes. Mr Norgaard, therefore, pointed out that it would be difficult for the western countries to reach the official aid targets. Hence, it was desirable that aid flow should be supplemented with trade concessions.

Fund flow analysis of IDBI

The author has analysed the sources of finance and their utilisation by the Industrial Development Bank of India in the eleven-year period ending in 1974-75, and has come to the conclusion that it has used the available funds efficiently. Among the various modes of raising new financial resources, he has recommended increased recourse to the tapping of the bonds market and borrowings from well-settled industrial units assisted by it in the past besides improved control over administrative overheads and elimination of unproductive expenses.

THE INDUSTRIAL Development Bank of India (IDBI), a wholly-owned subsidiary of the Reserve Bank of India (RBI), was established in 1964 to furnish term finance to industry and to co-ordinate the activities of financial institutions.

The IDBI is the most important agency for planning, financing, promoting and developing industries in India. The main services rendered by it are: (i) indirect assistance—to assist financial institutions and banks through re-finance to guarantee their obligations, to subscribe to or purchase their securities; (ii) Direct assistance—to assist industrial units by granting loans and advances; by subscribing to, purchasing or underwriting their securities; by discounting or re-discounting of their bills; by guaranteeing their loans or deferred payments; and by rendering technical assistance; and, (iii) Promotional activities—marketing and investment research, surveys, technoeconomic studies, etc.

central agency

The role of the IDBI has been conceived not merely as an instrument for enlarging the usefulness of the existing financial institutions by supplementing their resources and widening the scope of their assistance for financing industrial development but also as a central agency, which ultimately is concerned, directly or indirectly, with all problems relating to the medium and long-term financing of industry with special responsibility to fill the gaps in the industrial structure and to develop certain vital and strategic sectors. The IDBI, thus, emerges as a pivotal financial institution which has been assigned an important

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heavy investment involved or low anticipated rate of return on capital or long gestation period.

The bank may also raise resources by selling bonds, with or without government guarantee, and by accepting deposits from the public for a period of not less than twelve months, on terms approved by the RBI.

The IDBI may also acquire resources by borrowings from other sources with government approval, including amounts in foreign currencies from institutions in foreign countries.

total funds

Table I sets out inflows of IDBI's funds from various sources during the eleven years of its operations—1964-65 to 1974-75—as well as since inception up to the end of 1974-75. The total funds of the IDBI during the eleven years amounted to Rs 1212.5 crores. The funds of the IDBI have been increasing continuously during the last eleven years except for the year 1967-68. During 1974-75 total funds at the disposal of the IDBI were Rs 272.8 crores as compared to Rs 43.1 crores for the year 1964-65 showing a six-fold increase. Due to investment in industries at a fast rate throughout the country, the IDBI continuously strove for augmenting the resources during the last 11 years to meet growing needs for funds except for 1967-68 in which the climate of recession affected the demand for funds in certain sectors of the economy.

The growth of IDBI's funds was 36 per cent in 1974-75 and 41.9 per cent (highest since inception) in 1973-74. The annual growth in the IDBI's funds shows wide fluctuations during the last 11 years. However, in recent years the funds of the IDBI have increased at a fast rate. In 1974-75 the value of funds had doubled compared to 1972-73.

The most important source of IDBI's funds has been repayment of past assistance granted by it, the contribution of which has been increasing continuously during the last eleven years except for the slight fall in 1968-69. Since inception up

role in the task of planned development of industry in India.

The sources of IDBI's finance with restrictions imposed on their quantum, purpose and term have been laid down in the IDBI Act, 1964.

The authorised share capital of the IDBI was fixed at Rs 50 crores which has already been issued and fully subscribed and paid. The share capital of the IDBI can be increased to Rs 100 crores with the prior approval of the central government.

The IDBI may take loan from the RBI for periods up to 90 days against trustees' securities and up to five years on the security of bona fide commercial bills or

POINT OF VIEW

promissory notes and may also borrow on a long-term basis from the National Industrial Credit (Long-term Operations) Fund, set up by the RBI.

The bank may borrow from the central government from time to time on such terms as may be agreed upon. Under the IDBI Act, 1964, a special fund—Development Assistance Fund—has also been set up to augment the bank's resources (financed mainly by central government) which is intended to assist, with the prior approval of the central government, such industrial projects which are of strategic importance to the economy but involve more than ordinary risk in financing owing to

Rs 20 crores (10 per cent of total funds) in 1973-74 and Rs 42.8 crores (15.7 per cent of total funds) in 1974-75.

Since inception up to 1974-75, the share of the borrowings from the RBI and repayment of past assistance was 62.3 per cent of total funds. The share of these sources in total funds for the last six years has been shown in Table II which reveals that not only in absolute terms but also as percentage of total funds the contribution from these sources has been increasing continuously and in 1974-75 it was the highest—at the figure of Rs 184.8 crores constituting 83.4 per cent of the total funds of the year. It is therefore clear that the funds of the IDBI have been mainly coming from "repayment" and "borrowings from the RBI."

In order to meet the increased requirements of funds, the IDBI has also been resorting to borrowings from the market through flotation of bonds. During the last four years (1971-72 to 1974-75) it has issued bonds worth Rs 60 crores.

In its initial years, the IDBI depended largely upon borrowings from the government. During the first five years of its operations, the IDBI borrowed Rs 145 crores from the government forming nearly 50 per cent of total funds for these five years. Since 1969-70, in view of the

TABLE I
Sources of IDBI's Funds—1964-65 to 1974-75

Sources of funds	Since inception up to the end of										
	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
1. Increase in paid-up capital and Reserves	10.8	1.3	12.1	2.8	3.3	4.3	13.6	13.2	3.6	14.5	2.8
2. Borrowings from government	22.5	37.9	34.6	25.0	25.0	—	—	—	—	—	1.2
3. Borrowings from RBI	—	—	—	—	—	—	—	—	—	—	—
(i) NIC (LTO) fund	2.2	1.7	1.4	0.8	0.2	20.0	28.8	37.8	36.3	49.6	86.0
(ii) Against lodgement of usance bills	—	—	—	—	—	—	—	12.7	16.0	15.2	16.5
4. Borrowings by way of bonds	—	—	—	—	—	—	—	—	—	—	—
5. Repayment of assistance	5.5	8.6	11.7	24.8	21.6	27.9	36.9	51.9	63.3	75.9	98.8
6. Others*	2.1	11.3	8.7	8.9	16.7	19.6	17.3	12.6	22.0	25.2	24.7
Total	43.1	60.8	68.5	62.3	66.8	71.8	96.6	128.2	141.2	200.4	272.8

*Including sale of investments and cash and other liquid resources

Source: Annual Reports of IDBI

stringent budgetary position of the government, the flow of government funds had been discontinued and, it had been replaced by the borrowings from the RBI, as indicated earlier.

TABLE II
Principal Sources of IDBI's Funds

Year	Contribution of borrowings from RBI and repayment of past assistance (in Rs crores)	% of total funds
1969-70	47.9	66.7
1970-71	65.7	68.0
1971-72	89.7	70.0
1972-73	99.6	70.6
1973-74	145.5	72.8
1974-75	184.8	83.4

The share capital of the IDBI has increased from Rs 10 crores in 1964-65 to Rs 50 crores in 1973-74 (equal to authorised capital) showing a five-fold increase in ten years. The funds from reserves (created out of profits) were very small and they formed a negligible part of total funds.

The uses of IDBI's funds for the 11 years under reference have been shown in Table III. It will be noticed that the

main use of IDBI's funds has been disbursement of assistance through refinance to financial institutions and direct assistance to industrial units. The financial assistance disbursed during the year 1974-75 amounted to Rs 235.6 crores as compared to Rs 28 crores in 1964-65 showing an increase of more than eight times. The use of funds has been showing continuous increase during the last 11 years except for a fall in 1967-68. Except for the first year of IDBI's operations, the amount of disbursement of assistance has been 75 per cent or more of total fund and during the last five years it has not been less than 80 per cent of total funds. In 1966-67, the IDBI utilised 88 per cent of its funds in distributing financial assistance to its borrowers.

The bulk of IDBI's assistance has gone to financial institutions in the form of refinance. Out of total assistance of Rs 1003.3 crores (since inception up to 1974-75) disbursed by the IDBI, Rs 712.8 crores were utilised for the purpose of refinance to financial institutions constituting 71.3 per cent of total disbursements. In all years of IDBI's operations the indirect assistance has been greater than direct assistance. In the past five years the amount of refinance increased from Rs 39.8 crores in 1969-70 to Rs 184.1 crores in 1974-75 showing an increase of more than four times. It is, therefore, clear that the IDBI has been helping financial institutions in performing their

functions effectively by giving great importance to refinance.

In order to measure whether the IDBI has been using its funds efficiently, the percentage change in disbursement of financial assistance has been studied in relation to percentage change in total funds and for this purpose chain base index numbers have been computed for total funds and disbursement of financial assistance for eleven years of IDBI's operations (shown in Table IV). It can be seen that except for the years 1967-68 and 1971-72, the amount of financial assistance increased faster than total funds. In 1965-66, total funds increased

by 41 per cent while the amount of financial assistance rose by 84 per cent (as compared to previous year). The study of chain base index numbers for total funds and for disbursement of financial assistance reveals that increases in financial assistance have been greater than proportionate increases in total funds and thus, increases in funds have been utilised efficiently to meet larger demand of assistance from the IDBI.

The IDBI has also utilised its funds to repay borrowings from government and the RBI. The borrowings from government, which were a source of finance up to 1968-69, are being repaid since

TABLE IV
Chain Base Index Numbers of Total Funds and Disbursement of Financial Assistance.

Year	Total funds (in crore Rs.)	Chain base index No.	Disbursement of financial assistance (in crore Rs.)	Chain base index No.
1964-65	43.1	100	28.0	100
1965-66	60.8	141	51.4	184
1966-67	68.5	113	60.3	118
1967-68	62.3	91	46.5	77
1968-69	66.8	107	51.0	110
1969-70	71.8	108	55.8	109
1970-71	96.6	135	84.0	150
1971-72	128.2	133	101.0	120
1972-73	141.2	110	113.9	113
1973-74	200.4	142	175.8	155
1974-75	272.8	136	235.6	137

TABLE III
Uses of IDBI's Funds—1964-65 to 1974-75

(Amount in Rs. crores)

Uses of funds	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
1. Disbursement of assistance by way of											
(i) Loans to industrial units	0.4	25.2	25.9	19.1	16.9	16.0	20.6	21.6	34.1	58.2	51.5
(ii) Refinance	27.6	26.2	34.4	27.4	34.1	39.8	63.4	79.4	79.8	116.6	184.1
2. Repayment of borrowings from											
(i) Government	—	—	—	—	—	0.7	3.7	6.6	8.9	11.9	12.4
(ii) RPI	—	—	—	—	—	—	—	—	—	—	20.0
3. Others*	15.1	9.4	8.2	15.8	15.8	15.3	8.9	20.6	18.4	13.7	4.8
Total	43.1	60.8	68.5	62.3	66.8	71.8	96.6	128.2	141.2	200.4	272.8

*Including cash and other liquid resources

Source: Annual Reports of IDBI

1969-70, the amount of repayment increasing continuously. In 1974-75 the short-term borrowings from the RBI (against lodgement of usance bills) have also been repaid to the extent of Rs 20 crores.

Since the IDBI has assumed the character of normal source of finance for industrial units as well as financial institutions and since their need for funds is likely to grow with expansion in industry, the operations of the IDBI are likely to assume considerable dimensions and, therefore, it seems that a stage has been reach-

ed when it is desirable to create new sources of finance. It could, for instance, raise resources from the private sector either in the form of deposits from the public or borrowings by issue of bonds/debentures. So far the IDBI has arranged very small amounts by issue of bonds while in the financial structure of other financial institutions, this source has contributed very significant amounts.

Some of the other potential sources of funds which could be explored are: (i) rediscounting of machinery bills with the RBI and of export bills with RBI/foreign

banks; (ii) borrowings from international institutions such as the World Bank; (iii) increase in the share capital; (iv) long-term loans from developed states; (v) Special loans for long periods from central government; (vi) loans from well-settled industrial units assisted by it in the past; and (vii) better control over administrative overheads and unproductive expenses. In the years to come IDBI has to play a big role in the industrial development of the country and, therefore, it is necessary to tap new and diverse sources for mobilising adequate resources for its operations.

Small-scale farming in tribal areas

J. P. Bhati

This is a study of tribal agricultural farms in Uttar Pradesh. On the basis of a sample survey, the author has concluded that the use of the new farm inputs is meagre irrespective of the size of the farm. Agriculture of both small and large farmers is of subsistence nature and is not market-oriented. The part played by the mass media such as the radio and the newspapers in the dissemination of new ideas is negligible.

THEORETICAL CONCEPTS pertinent to a discussion of the 'economics of scale and farm size' problem are so familiar that elaboration seems unnecessary. However, a look at some of the important studies concerned particularly with farm size (scale) would be worthwhile to have an idea of the phenomenon. As regards productivity, some doubts were raised about the validity and statistical basis of the inverse relationship between farm size and output per unit of land^(1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100). But it was very well established that, by and large, productivity per acre decreases with the increase in the size of holding^(3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100). This inverse relation, obtained by analysing the data pertaining to pre-green revolution period and specially from farm management studies, has been widely accepted and attributed, among other factors, to higher intensity of cropping on small farms.

Revolutionary changes have taken place in the field of agriculture during post-green revolution period. The diffusion of new farm technology into Indian agriculture has added a new dimension to the validity of the hypothesis of inverse relation between farm size and productivity

and returns to scale. Recent studies conducted in this direction have indicated that inverse relationship does not hold true under new agricultural technology^(24, 30). In spite of the preponderance of the small farmers and highly divisible nature of new farm technology which can be used equally profitably on large and small farms, their participation in the process of agricultural development has not been commendable for various reasons. Positive relationship between farm size and adoption of green revolution technologies was generally noticed^(1, 17, 18, 26, 29, 33). Their meagre physical resources have stood in the way of benefiting appreciably from the new technology, which favours better endowed farmers^(2, 4, 14, 18, 33). Institutional credit facilities, both short and long-term, were not available in adequate amounts to small landowners^(8, 9, 15, 26, 28). Powerful vested interests tend to monopolise credit and other facilities even when these are meant for small farmers and other weaker sections^(5, 18, 33). Thus, skewed distribution of resources creates relatively greater imbalances in the factors of production on small farms^(28, 31, 32). To solve the problem of inadequate sup-

plies of current production resources available to the small farmer on the one hand, and under-utilisation of farm equipment on the other and taking advantage of bulk buying of farm inputs and bulk selling of farm products, cooperative farming is advocated as the most suitable remedy^(12, 16, 26).

crucial problems

Keeping in mind the above views expressed about small farmers in general, an attempt has been made in this article to highlight the crucial problems of Tharu tribal agriculture with reference to size of holdings. Due to comparative isolation and entirely different social and institutional systems of the tribal communities, the development of agriculture is of a different dimension. In case such knowledge is available, it will be easy for the agricultural extension workers and development agencies to plan their strategies and communicate the desired innovations to tribal areas.

Tharu is the main scheduled tribe of Uttar Pradesh. The members of this tribe are found in large numbers in Himalayan Tarai, all along the Nepal border from Nainital to Gorakhpur district. For this study information was obtained from 40 farmers of four villages of Khatima block in Nainital district. Farmers of each village were divided into small and large categories in accordance with their owned land holdings, and a 15 per cent sam-

om sample was drawn from each category. Thus, the sample consists of 18 small farmers who were holding less than three hectares each and 22 large farmers, each having a holding of more than three hectares. Data were collected by the survey method pertaining to the agricultural year 1970-71.

Results of the comparative analysis of small and large tribal farms regarding the structure and functioning of their agriculture and physical, economic and institutional problems encountered are presented in eight tables and are discussed here.

Improved inputs

A study of the extent of adoption of improved farm inputs gives an idea about the dimension of progressiveness of agriculture. Table I reveals that a majority of the farms are unirrigated. Although the proportion of total farmers using irrigation facilities was higher in the large size group, but the proportion of sown area irrigated was not much different on small and large size groups of farms. High-Yielding Varieties (HYV) of wheat and rice had penetrated into this tribal belt but still they were in the 'trial stage' as only three to four per cent area under these crops had been devoted to them. About one-fourth of sampled farmers were using inorganic fertilizers and that too not in sufficient quantity. The per hectare fertilizer expenditure was more on small farms as compared with large farms where fertilizers were spread thinly. Per capita agricultural income was higher on large farms while agricultural gross income per hectare of operated area was higher on small farms. It was surprising to note that relatively higher proportion of large farms reported problems in the adoption of HYV seeds than small ones. The main problems pointed out were (a) high cost to grow HYV, and (b) inadequate and untimely supply of required inputs (see Table II).

Both short and long-term investment per hectare of operated land was higher on large farms (Table III). However, per farm borrowings were higher on large farms but per hectare borrowed amount was higher on small farms. Borrowed funds accounted for 46.6 per cent of total investment on small farms, and

20.9 per cent on large farms. Cooperative societies were quite active in the area under study and provided about 40 per cent of credit to both types of farms. However, the government is providing help in the form of grants and loans to the small farms and has one-fourth share in the total credit supply, though the farmers were under substantial hold of local money-lenders. Commercial banks

TABLE I

New Farm Technology on Tribal Farms

Particulars	Small	Large	Average
1. Holding size (hectares)	2.24	6.99	4.85
2. % of sown area irrigated:			
(a) Kharif	8.57	9.75	9.46
(b) Rabi	4.97	6.83	6.38
Total	6.97	8.44	8.08
3. % of farmers using irrigation facilities			
(a) Owned source	5.5	22.7	15.0
(b) Govt. canal	16.7	18.2	17.5
Total	22.2	40.7	32.5
4. % of crop area under HYV			
(a) Paddy	14.02	0.99	4.22
(b) Wheat	7.82	1.15	3.23
5. % of farmers using HYV			
(a) Paddy	11.11	13.64	12.50
(b) Wheat	11.11	9.09	10.00
6. % of farmers using fertilisers	27.7	27.3	27.5
7. Expenditure on fertilisers (Rs/ha)	58.93	16.28	21.94
8. Agricultural gross income (Rs)			
(a) Per farm	2,092	5,679	4,062
(b) Per hectare	934	813	838
(c) Per capita	317	536	462

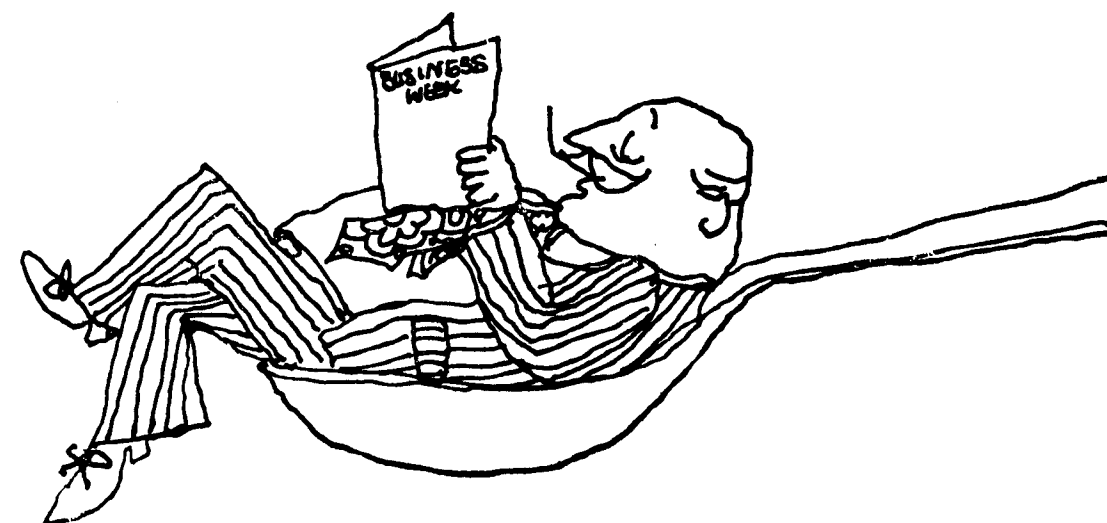
TABLE II

Problems in Adoption of HYV Seeds

Problems	Small	Large	Average
Too costly to grow	61	68	65
Inadequate and untimely supply of inputs	50	60	55
Needs too much detailed knowledge	27	28	28
Susceptible to diseases	16	18	18
Total farmers finding problems	61	73	68

Note: Some farmers indicated more than one problem.

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were concentrating on large farms only, because small tribal farms were considered uncreditworthy.

Table IV reveals that non-farm income was obtained on large farms only and it constituted a very meagre proportion of total income. Per capita net income (disposable income) was Rs 272 on small farms and Rs 474 on large farms. Dis-savings were observed on small farms, while saving of Rs 1,259 per household was estimated on large-size farms.

main crop

Paddy was the main crop in kharif season as more than 60 per cent of land (mainly unirrigated and under local varieties) was put to it on both sizes of farms (see Table V). Wheat was the most important rabi crop which was also dominated by local varieties under unirrigated conditions. A very small proportion of land was devoted to such commercial crops as sugarcane and lahi (oilseeds), reflecting the subsistence nature of their agriculture. Due to lack of irrigation facilities the proportion of rabi fallow was twice of the kharif fallow on both types of farms, the figure for rabi fallow being 19.14 per cent of operated area on small farms and 35.18 per cent on large farms. Since the proportion of fallow land was substantially higher on large farms, this resulted in relatively low crop intensity on large farms.

In general yield rates were very low on both types of farms. Except for wheat (local), gram and sugarcane, large farms were obtaining slightly higher yields as compared to small farms.

The total value of marketed surplus was Rs 2,119 on large farms and Rs 389 on small farms (see table VI). At least some part of every crop produced on both types of farms was sold. But when the proportion of each crop in the total surplus was taken into account, it was revealed that paddy accounted for more than 60 per cent. It was followed by lahi (10.98 per cent) on small farms and gram (14.35 per cent) on large-size farms, and the rest of the crops accounted for a small proportion. Hence, for most crops the advantages of bulk selling were not available. This was more rele-

vant to small farms where except for paddy no other crop sold accounted for more than Rs 45.

As regards disposal of farm produce, it is evident from Table VII that only 10 per cent of marketed surplus was sold in

mandi (market—where reasonable prices could be obtained) by small farmers and 34 per cent by large farmers. Rest of the surplus was sold in the village itself. A substantial part of the farm produce was exchanged for consumer goods in the

TABLE III
Investment Pattern, Savings and Sources of Finance (1970-71)
(Rupees)

Particulars	Small		Large		Average	
	Per farm	Per hectare	Per farm	Per hectare	Per farm	Per hectare
(i) Short term investment	295	131.70	989	141.49	677	139.58
(ii) Long term investment	286	127.67	1,207	172.67	793	163.51
Total	581	259.37	2,196	314.16	1,470	303.09
(iii) Investment from:						
(a) Owned funds (savings)	310	138.39	1,736	248.35	1,095	225.77
(b) Borrowed funds (credit)	271	120.98	460	65.81	375	77.32
(iv) Amount & sources of credit:						
(a) Co-operative societies	116	51.78	184	26.32	154	31.75
	(43)		(40)		(41)	
(b) Commercial banks	—	—	179	25.61	97	20.00
	(—)		(39)		(26)	
(c) Local money lenders	87	38.84	65	9.30	75	15.46
	(32)		(14)		(20)	
(d) Grants & loans from govt.	68	30.36	23	3.29	45	9.30
	(25)		(5)		(12)	
(e) Friends & Relatives	—	—	9	1.29	4	0.83
	(—)		(2)		(1)	

Notes: 1. Short term investment means expenditure on HYV seeds, fertilizers, water etc. 2. Long term investment includes such expenditures as purchase of farm animals, machinery and equipments, etc. 3. Figures in parenthesis denote percentage to the total borrowings i.e. (iii) (b).

TABLE IV
Per Household Net Income and Consumption Expenditure

Particulars	Small		Large		Average	
	Per H.H.	Per Capita	Per H.H.	Per Capita	Per H.H.	Per Capita
Farm net income*	1,797	272.27	4,690	442.45	3,388	385.00
Non-farm income	—	—	336	31.70	185	21.02
Total net income*	1,797	272.27	5,026	474.15	3,573	407.02
Consumption expenditure	1,978	299.70	3,767	355.38	2,962	336.59
(+) Savings or (—) Dis-savings	—181	—27.43	1,259	118.77	611	69.43

*Net over paid-out cost. H.H. means household

village itself through the hawkers. (Here they do not buy and sell goods but exchange them in barter.) Both types of farmers sold a major proportion to the village traders who come to the villages to purchase and carry it to the market. These traders take dual advantage. First, they lend their money at exorbitant rate of interest (ranging from 50 to 100 per cent) and second they recover it by purchasing the farm produce at much lower prices than the prevailing market prices. Hence, there is need to protect the farmers (specially small ones) of this area from the clutches of the middleman and ensure fair return for their produce.

Due to the absence of proper roads and adequate transport facilities the flow of

information into this tribal community was considerably hampered. It was observed that in Tharu tribal community the role of rural elite (local leaders) as a source of agricultural knowledge was most significant irrespective of farm size (Table VIII). Mass media such as the radio had very little share in disseminating new ideas. Only 25 per cent farmers were in touch with extension staff.

From the above discussion it can be concluded that the adoption of new farm inputs was, in general, very low but small farmers were doing equally well as their counterpart large farmers. Per hectare investment was higher on large farms but borrowings per unit of land were higher on small farms. Commercial banks,

which reluctantly extended their credit facilities to the Tharu tribal belt, were concentrating on larger farms only and did not consider small farmers credit-worthy. Agriculture of both small and large farmers was of subsistence nature and not market-oriented. A large proportion of whatever they sold went through village traders/hawkers and hence received lower prices than the prevailing market prices.

Mass media such as the radio, newspapers, etc. had very little share in disseminating new ideas. The government extension agency was not much active and hence these tribal farmers, irrespective of farm size, were mainly dependent on their local leaders for agricultural information and innovations.

TABLE V
Crop Pattern and Productivity

Crops	Proportional Area* (%)			Yields Per Hectare		
	Small	Large	Average	Small	Large	Average
Kharif Season						
Paddy local (IR)	3.36	7.60	6.70	14.83	15.91	15.82
Paddy local (UIR)	52.16	58.83	58.27	10.06	10.77	10.63
Paddy HYV (IR)	8.34	0.22	1.08	21.72	27.50	22.66
Paddy HYV (UIR)	5.36	0.44	1.46	11.09	11.12	11.10
Maize local	12.12	5.62	7.00	5.34	7.27	6.57
Other crops	3.60	3.00	3.12	NA	NA	NA
Fallow	10.20	19.90	17.88			
Rabi Season						
Wheat local (IR)	1.50	4.16	3.62	10.13	10.45	10.43
Wheat local (UIR)	28.16	18.26	20.32	7.41	6.45	6.72
Wheat HYV (IR)	2.52	0.26	0.72	19.99	24.74	24.22
Gram	4.52	22.18	18.52	6.92	5.04	5.14
Lahi	12.06	1.66	3.83	5.26	7.14	5.38
Barley	8.22	2.33	3.59	5.14	6.13	6.66
Masoor	15.84	8.88	10.32	3.53	3.83	3.81
Wheat+Gram	2.52	1.80	1.96	3.95	9.28	7.81
Surarcane**	4.86	4.39	4.49	222.40	217.46	218.45
Other crops	0.66	0.90	0.84	NA	NA	NA
Fallow	19.14	35.18	31.80			
Total operated area	100.00	100.00	100.00			
	(2.24)	(6.99)	(4.85)			
Intensity of cropping	170.66	144.92	150.32			

Note: NA, IR, UIR and HYV denotes Not available, Irrigated, Unirrigated and High Yielding Varieties respectively. Figures in parenthesis denote operated area in hectares.

* Proportion of each crop area to the operated area has been computed to find the seasonal land use pattern. Hence total of each season will be one hundred.

** Since sugarcane is an annual crop and spans over both Kharif and Rabi seasons, its area has been accounted in both the seasons.

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TABLE VI

Proportion of Each Crop's Production Marketed and Its Share in Total Marketed Surplus on Farms

Crops	Proportion of each Crop's Production Marketed			Share of Different Crops in Total Marketed Surplus		
	Small	Large	Average	Small	Large	Average
Maize	22.91	16.14	18.12	5.24	1.08	1.62
Paddy	22.66	43.89	39.61	61.14	65.69	65.10
Wheat	6.93	9.72	8.86	8.15	3.26	3.90
Gram	22.71	59.18	56.69	4.08	14.35	13.01
Barley	6.38	14.00	10.69	0.80	0.26	0.33
Wheat+Gram	—	38.79	33.59	—	1.23	1.07
Lahi	22.53	21.21	22.06	10.98	0.69	2.03
Masoor	40.00	58.89	53.17	5.24	4.29	4.41
Sugarcane	9.26	28.44	23.54	4.37	9.15	8.53
Total	NA	NA	NA	100.00 (389)	100.00 (2119)	100.00 (1342)

Note: Figures in parenthesis denotes value of marketed surplus (Rs.) over which percentages have been computed for that column.

TABLE VII
Disposal of Farm Produce Through Different Agencies

Agency	Small	Large	Average
Village traders	56.30	47.19	48.38
Haat	20.57	14.16	15.00
Hawkers	12.85	4.72	5.78
Mandi	10.28	33.93	30.84
Total	100.00	100.00	100.00

TABLE VIII
Proportion of Total Farmers Receiving Agricultural Information from Different Sources

Source of information*	Small	Large	Average
Local leaders	78	73	75
Relatives	39	54	48
Extension staff	24	25	25
Radio	17	23	20
Other	11	9	10

*Many farmers were receiving information from more than one source.

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Is it time for introspection?

E. B. Brook, London

The World Bank has not succeeded so far in obtaining funds for the fifth replenishment of its "soft affiliate", the International Development Association (IDA). Mr Brook is of the view that the future of the IDA will be decided at Kyoto, Japan, where 20 developed countries including the USA and West Germany will be meeting soon. The economic plight of some of the European countries and the slow growth rates in others are making the rich nations introspective, adds Mr Brook.

THE MANILA annual meeting of the International Monetary Fund has come and gone: everyone knows that the US Treasury is much more anxious to promote private investment through an international resources bank to exploit resources in developing areas with guarantees against expropriation than to assist with either welfare programmes or financing loans to enable industrially developing states to improve their position in the world of industrial commerce. In other words, after a period of apparent realisation of developing nations' difficulties the world seeks to turn back to the developing-exploiting activities that

to the neediest of the developing states on concessional terms, have become two predominant and contentious issues recently. A new injection of cash to the IDA is essential if it is to be able to continue operations after next summer. Everyone except the USA and Federal Republic of Germany has agreed to a fifth replenishment which would carry the IDA over the next three years to 1980 and that the sum should be about \$9,000 million (£5,300 million), about twice as much as was injected to make up the last and fourth replenishment. The increase is needed to keep up with the rise in inflation.

So far, the USA has been unwilling to

functions. The issue brings up in sharp relief and in some conflict the positions of the developing states which seek financial help but insist on independence in handling it and those of some of the financing states, especially the USA, which wish the extra money made available to be spent on the development of world resources, many of which lay in the developing states' areas.

presidential election

Partly for this reason the outcome of the US presidential election, which largely settles the political complexion of the US Administration for several years, is of unusually great interest to the industrially developing countries directly affected and to the newer industrial states generally. The US Treasury under Mr Simon has turned a harder face to the less well-off states than has been seen for some time. Whether a Carter Administration would be much better in this respect than a continuation of the Ford Administration is scarcely predictable. Americans' interest in the wearisome election campaign is much slighter than usual; the issue appears to be one of almost equal chances. What matters to those outside, especially those who turn to the World Bank or to the IDA for assistance, is that the mood of the USA, which has nearly seven million workless and an economy expanding much more slowly than before, is inward-looking and the reverse of liberal. Its international attitude generally is one of steady stone-walling. As the US trade with west Europe diminishes under the Common Market's fiscal rules Europe, from West Germany westwards, finds the Americans more grouchy, less open and free-handed and with a distinct sentiment to withdraw across the Atlantic.

The west European states themselves are growing more introspective. Everyone knows of the British misfortunes. But deficits and an urgent need to borrow again internationally fail to make the British at the present time any more inward-looking than the French or the Germans. The French, whose President

WINDOW ON THE WORLD

characterized most of the 19th and some of the 20th centuries.

The idea of an international resources bank had already been rejected at the fourth United Nations Conference on Trade and Development at Nairobi. That the United States raised it again at Manila after the rebuff in June suggests that the wealthy areas once again feel themselves to be sufficiently strong to suggest this idea as a bargaining counter in negotiations over raising World Bank capital. The issue of the bank's capital, together with the replenishment of its 'soft arm' affiliate, the International Development Association, which provides money

increase its contribution over the last level; its attitude and that of West Germany will be crucial at the meeting to be held soon at Kyoto, Japan, where about 20 countries will make clear their attitude and the amount of their contribution. Without some increase in the IDA's lending—which depends on increased contributions from the 20 fully-developed industrial states—the bank will become less valuable as a support to the world's poorest states in their commercial affairs. Since the bank itself has already made its terms of repayment rougher, a lending capacity not less than \$ 60,000 million is necessary to enable it to continue its

has just published a political treatise which gives them little guidance, are more concerned for their relatively healthy franc than are the British for their pound. The strong individualism of the Frenchman makes him a narrow thinker when times happen to be difficult. The Germans, whose vital foreign trade does not now grow to their satisfaction, are disgruntled by the slow development of west European unity, by the fact that their steel workers are moving over to short time and by the near political stalemate revealed by the election. Over all, there is an air of disenchantment which drives the European back on to himself and makes him a more difficult cooperator in seeking well-being beyond his own frontiers.

There is some consolation in the latest international economists' finding that the world is, at least, not steadily moving towards exhaustion through economic growth. The dismal conclusions of the Club of Rome, which published 'The Limits of Growth' in 1972, arguing that economic growth would exhaust world resources, are now contradicted by a UN resources study which claims to be

based on a huge body of data showing that world resources will be sufficient to support a growing population and higher trading and living standards well beyond the year 2000. More importantly, the study gives strong support to the demands of industrially developing countries for "a new economic order", for reform of relations between industrially developed and developing countries to encourage economic growth. The study, financed by contributions from the UN Secretariat, the Ford Foundation and the Netherlands government, was conducted by an international team of economists. Some 15 economists from west and east Europe, from the USA, Japan and from leading industrially developing countries, are meeting in New York to plan specific measures to utilise the newly codified data. Whether it will remain just another intellectual exercise or find ultimately some place in governments' planning remains uncertain but it is an advance that at least economists' thinking has become a little less depressive.

Meantime, there are intense problems to solve soon. Foremost in west Europe

is the problem of fisheries. All the western fisheries are imperilled by the vast-scale fishing by the east European states—as is Asia's by the vast fishing of Japan and China. The Market wishes to see a 200-mile zone around each member state into which this purely destructive fishing cannot come. Britain seeks a 50-mile zone for its own fishing just as Iceland has won its case for a 200-mile domestic zone for its fishing. Not only is it a matter for the survival of national fishing industries but for the survival of many species of fish and of fish in sufficient quantities.

In Brussels the British seek to keep the Common Market from reducing food subsidies, a major factor in keeping British domestic prices still relatively low despite recent inflationary increases. Embattled to defend its currency and embattled to preserve its fishing industry, Britain pins its hopes on its North Sea oilfields from which a million tons of oil are already flowing every month. The effect of this oil production could be dramatic over the next few years if its 100 million tons of offshore oil by 1980 becomes a reality.

British policy towards immigrants

Harold Hutchinson

The author discusses the British government's policy towards immigrants who number about two million at present and emphasises the fact that the immigrants and their children have been treated in the same way as the native British, and that they are equal and welcome members of British society. He goes on to state that a country has a limited capacity to absorb newcomers and that Britain is anxious not to go beyond that limit.

WHATEVER ELSE can be said about Britain, it is usually full of good intentions, and in the case of immigration into this country from the West Indies, Africa and Asia, the good intentions have been translated into practice.

Until about 20 years ago it never even occurred to the British that they would receive thousands of immigrants. We have a very long history of giving a home to political or religious refugees, and they have come over the centuries from all parts of Europe. They were welcome and so they gained, and we gained from them because they brought new ideas. They

were absorbed into the communities they settled in within weeks.

But now we have about two million coloured citizens from the Commonwealth countries, and roughly 40 per cent of them have been born in Britain. It is all rather sudden, and the surprising thing is not that there have been some problems, but that there have been so few.

All of these immigrants and their children have from the first been treated at work, at school, by the social services and by the law in precisely the same way as the native British. The children, of course, speak with the British accents of

the areas in which they were born. They are in every trade and profession, and some are distinguished in sport and in the theatre.

Prejudice has always existed for or against this or that particular belief, area of birth, accent, or whatever the human mind can invent. But the law is specifically designed to prevent discrimination based on colour, religion or sex, and to provide remedies if the letter or spirit of the law is violated. What the law can do, it does.

The fact that people who have never seen this country may be entitled to British passports and to enter the country as residents is a relic of the days of empire. For example, what about citizens of a former colony who were rejected when that colony became independent? Uganda is an example. President Amin decided to expel the Asians, who had been allowed, or encouraged, to settle there by the British because they could bring skills

Africa then needed. Some, certainly, could go back to India or Pakistan, but we had a moral obligation to provide a home for others. They had been British colonial citizens. We flew them in, cared for them, and they are now settled in Britain. That is just one example of either moral or legal obligations arising out of the past.

Our problem now is that Britain has about reached the limit of the numbers she can absorb—it is a general view, shared by immigrants themselves. Yet we do not really know just how many people might in the future have a claim to British citizenship. Indeed, the transformation of the empire into the Commonwealth has left so much confusion that new definitions of citizenship will have to be made, within the strictest sense of legal obligation.

We ourselves in the past have encouraged English-speaking immigrants, notably from the West Indies, to come to Britain because we had more jobs than people for many years. They came because there was work—at trade union rates of pay and conditions identical with the British—and because there were opportunities that did not exist at home. They have identical rights to vote, to apply for housing and to everything else. They also have

the right—a most elementary human right—to bring their wives, fiancées, children, or close dependent relatives.

The West Indians were followed by the Asians, who came because they had to do so—as in cases like that of Uganda—and, in other cases, because they sought the opportunities they could not find at home.

But the flow of immigrants became such a flood that the country had to impose quotas. The schools were finding themselves with large numbers of children who could not speak English. They could deal with smaller numbers. Housing authorities could not find enough homes, in conditions acceptable to Britain. For this is about the most densely populated country in Europe. Nothing about it bears the slightest resemblance to life in Asia or Africa. This is not a country of subsistence life, on the land or anywhere else.

So it is apparent that we shall have to know with reasonable certainty how many dependants of those already here are still to come. They may have to be regulated.

The commitment to total equality in a multiracial society is absolute. Both the government and the opposition insist that "immigrants in Britain are equal and welcome members of our society". But

plainly even the most angelic country simply could not absorb even a small proportion of the population of Asia. It is just not possible. What is more, all experience says that a country has a limited capacity to absorb newcomers in harmony. Beyond that limit harmony is imperilled. That is true anywhere.

We are anxious not to go beyond that limit. The overwhelming majority of people, politicians, unions, local authorities and schools have done everything within their power to ensure the integration of immigrants and their families in British society.

On the whole it has been successful. Britain recognised that some could not adapt to British life or to the demands of an industrial world, or would become so homesick that they would become ill. For these reasons, the International Social Services of Britain—operated on behalf of the government—are authorised to give financial help to immigrants to return home, if that is what they really want, and they lack the means. In the last year only 76 families have sought this help.

Perhaps that shows better than anything else that Britain has been reasonably successful in making these immigrants feel at home.

Foundations of growth in Philippines

In this review of the economy of the Philippines prepared by the Asian Department of the International Monetary Fund, it is shown that the monetary and fiscal reforms introduced after the payments crisis of 1970 gave a push to economic growth. The real gross national product increased from an average of about five per cent in 1960s to about 6.5 per cent in the first half of the current decade. Perhaps the martial law declared by President Ferdinand Marcos four years ago has also resulted in improved management of the economy.

IN THE recent economic history of the Philippines, 1970 represents a turning point. For several years prior to 1970, the Philippines experienced slow and uneven development, largely associated with both domestic and external financial imbalance. Problems relating to development policy in the late 1950s and 1960s were exacerbated by excess demand in the domestic economy and an overvalued exchange rate. Deficits in the government budget that were financed through domestic credit expansion were the main cause

of domestic imbalance. Attempts to halt the deterioration in the external position, such as the substantial devaluation of the peso in 1962, were soon frustrated by the failure to control domestic demand effectively. These developments culminated in an acute balance of payments crisis at the beginning of 1970, which served as a springboard for the adoption of a comprehensive stabilization programme coupled with a reform of the exchange system.

The programme included a substantial

tightening of fiscal policy and restraints on domestic credit expansion to eliminate excess demand. To restore external balance, the Peso was allowed to float and subsequently depreciated substantially; export incentives were also introduced. In the following years, steps to liberalize import restrictions and interest rate ceilings were taken, as well as measures to increase tax revenues and infrastructure investment by the public sector.

Early in 1976, a three-year programme was introduced under the extended Fund facility, with the principal objective of reducing inflation to an annual rate of seven per cent while maintaining a growth rate of seven per cent and achieving external balance by 1978.

The growth of real gross national product (GNP) rose from an average of about five per cent a year in the 1960s to

about 6.5 per cent in the first half of the 1970s. During the latter period, development accelerated in the industrial sector, and the share of mining, manufacturing, and construction in net domestic product increased from 24 per cent in 1970 to over 27 per cent in 1975. At the same time, the share of fixed investment in overall expenditure rose from about 18 per cent to an estimated 24 per cent. The growth of agricultural output had been lagging, and the share of agriculture in net domestic product had fallen to about 28.5 per cent in 1975. Nevertheless, the economy remains heavily dependent on the agricultural sector both for employment and for foreign exchange earnings. In 1974, 56 per cent of the work force was in agriculture, and the two major export crops (sugar and coconut products) accounted for about 27 and 20 per cent, respectively, of total exports.

price rise

Consumer prices rose at an annual rate of between 10 and 15 per cent during 1970-73. The rate of inflation accelerated to 34 per cent in 1974, owing to both domestic shortages and rising import prices, but was cut to 8 per cent in 1975.

The Philippines is a relatively open economy, with imports constituting more than 25 per cent of GNP. Consequently, it is sensitive to cyclical demand and price developments in industrial countries. Exports benefited strongly from rising international demand and high commodity prices until mid-1974, but their growth then dropped substantially. Import payments nearly doubled in 1974, partly because of increased payments for oil. They rose further in 1975, and the balance of payments deteriorated sharply. External debt outstanding (excluding short-term debt of the banking system) rose from \$2,019 million in 1970 to \$3,357 million in 1975. The ratio of debt service payments to goods and services export receipts in 1975 was about 15 per cent. From the early 1950s until the end of the 1960s, the authorities focussed their development strategy on import substituting industrialization, to the relative neglect of the agricultural sector. Controls were imposed on imports, relatively low tariffs were levied on capital goods and other industrial inputs, fiscal incentives were

provided for industrial activities, and domestic interest rates were kept low. The exchange rate was maintained at an overvalued level. The ensuing price distortions and structural maladjustments tended to depress overall growth and aggravate unemployment and unequal income distribution.

The import substitution strategy in the era before 1970 favoured a trend toward the production of non-essential consumer goods. At the same time, manufacturing production became more capital intensive and increasingly dependent on imported producer goods. Once the limits of the domestic market were reached, the industries established within this protective framework were unable to sustain a significant expansion of output; coupled with the inadequate emphasis on agriculture, this slowdown in output contributed significantly to the balance of payments difficulties. By the end of the 1960s, a major balance of payments crisis had necessitated a shift of priorities toward the promotion of export industries.

The measures to encourage exports included a variety of fiscal incentives and preferential credit arrangements to exporters. The abandonment of the overvalued exchange rate was fundamental to this strategy. Under the managed floating exchange rate system introduced in February 1970, the exchange rate of the Philippine peso in terms of the US

dollar moved from an initial value of P3.90 to the dollar to P6.8 to the dollar by April 1972, a devaluation of 43 per cent. During 1975, the peso depreciated by a further 6.5 per cent to P7.50 per dollar. Since then, the peso has remained relatively stable at P7.4 to P7.5 per dollar.

While traditional agricultural-based exports have continued to dominate export earnings, promotional policies have led to considerable growth in non-traditional exports, such as labour-intensive manufactured and semi-processed goods. Simultaneously, with the policy of export promotion, import restrictions were liberalized and tariff reform was begun.

Between 1948 and 1970, the population of the Philippines grew at an average rate of over 3 per cent a year. The Philippine labour force grew at an average annual rate of 3.4 per cent in the first half of the 1970s. Statistics indicate that real wage rates have declined significantly during the past five years. High population growth and full employment goals have thus tended to depress real wage rates. Policies to render the trade-off between real wages and employment more palatable have approached the issue by both increasing productivity and, in the longer term, decreasing the rate of population growth.

Various measures to increase productivity have been taken. Tax and credit

Philippines : Monetary Aggregates

(End of period : million pesos and annual percentage change)

Year	Money	% Change	Quasi- Money	% Change	Deposit Substitutes ¹	% Change	Total Liquidity	% Change
1970	4,660	9	4,691	14	—	—	9,351	11
1971	5,399	16	5,415	15	992	—	11,806	26
1972	6,797	26	5,401	0	1,300	31	13,498	14
1973	8,152	20	6,754	25	4,246	326	19,152	42
1974	9,007	10	7,765	15	7,470	76	24,242	27
1975	10,315	14	8,939	15	9,632	29	28,886	19
1976 ²	10,715	8	11,065	53	10,531	19	32,312	25

¹Prior to 1971, deposit substitutes were included in "other liabilities".

²Data are from end-June 1976; rates of change are on an annual basis.

Data : Philippine authorities and Fund staff estimates.

incentives have been provided to stimulate investment in smaller-scale industry. Improvements are also being made in the rural infrastructure—in particular, road construction, electrification, and irrigation. A programme of land reform is also expected to spur productivity.

Policies to match education with development needs have been initiated, with an increase in vocational training. Included are manpower training programmes now under way in the rural areas under the administration of the National Manpower and Youth Council. Since 1970, the government has been actively involved in population control. By 1974, over 2,000 clinics offered family planning services, and the programme coverage had increased to one-fifth of the eligible population.

After an unambitious agricultural policy in the 1960s and a slow growth of the

agricultural sector in the period 1970-73, a number of schemes to increase agricultural output were introduced. The Masagana 99 programme for rice production, launched in May 1973, requires farmers in the areas covered to use a recommended production technology based on modern agricultural inputs, such as high-yielding seeds, fertilizers, and pesticides, under the supervision of an agricultural extension worker. The purchase of the inputs is financed through the Central Bank's supervised credit scheme. The Palayan ng Bayan project was set up to encourage the cultivation of staple crops on idle lots and virgin land. Subsidies of between 40 and 50 per cent of the market price are available for fertilizers used in the production of food crops. Support prices for producers, set by the National Grain Authority, encourage production.

The land reform comprises two types of

programmes. Under Operation Land Transfer, land holdings of more than seven hectares used for rice and corn production are being broken up and transferred to tenant farmers. By December 1976—the target completion date—about 390,000 hectares are scheduled to be transferred to some 184,000 tenant families. Under the leasehold programme, tenants on land holdings of seven hectares and less are given leasehold tenure. Completion of this programme, involving almost 600,000 tenants and some 800,000 hectares of land, was initially projected for 1980 but is now expected by the end of 1978.

Within the seven per cent average GNP growth target, the industrial sectors—mining, manufacturing and construction—are expected to grow much faster than other sectors. The government will play a relatively more important role in the substantial increase of the ratio of fixed

Philippines : Balance of Payments

(million U.S. dollars)

	1970	1971	1972	1973	1974	1975	1976 ¹
A. Merchandise trade (net)	-7	-38	-122	275	-449	-1,196	-532
Exports f.o.b.	1,083	1,148	1,108	1,871	2,694	2,263	939
Imports f.o.b.	-1,090	-1,186	-1,230	-1,596	-3,143	-3,459	-1,471
B. Services and transfers (net)	-23	47	133	246	242	273	20
C. Current Account (net) (A+B)	-30	9	11	521	-207	-923	-512
D. Non-monetary capital (net)	34	-20	67	143	317	402	291
Medium-term and long-term loans	133	35	140	71	145	357	267
Direct investments	-28	-4	-22	64	28	125	22
Short-term capital (including errors and omissions)	-71	-51	-51	8	144	-80	2
E. Allocations of SDRs	19	17	16	—	—	—	—
F. Overall balance (A through D)	23	6	94	664	110	-521	-221

¹January through May 1976; preliminary data.

investment to gross national expenditure. Public sector investment will be dominated by projects in the power sector, involving the exploitation of hydroelectric and geothermal resources as well as the construction of two nuclear power plants. This reflects a new priority, set after the oil crisis, for reducing the dependence of domestic industry on imported oil. Private investment will include a number of large, capital-intensive projects (in particular, a steel plant, a petro-chemical complex, and an aluminium plant), together with numerous smaller-scale, export-oriented investments. These projects, along with faster growth of output in the agricultural sector—based on the completion of the land reform programme, irrigation and rural infrastructure projects—will absorb most of the increase in the labour force. To support the financing of the planned increase in public investment for infrastructure, fiscal policy reforms will be necessary. These would include a gradual rise in the ratio of tax revenue to GNP, a decline in the proportion of revenue absorbed by operating expenditures, and substantially greater financing of investment from foreign and domestic non-bank sources, thereby limiting recourse to bank credit by the public sector.

increased revenue

Most of the tax reforms for 1976 were introduced at the end of 1975 or early in 1976. Excise tax increases on luxury items and petroleum products and a package of additional energy-oriented taxes are expected to result in significantly increased revenue during 1976. Action commenced early in 1976 toward a restructuring of fiscal investment incentives for export-oriented and labour-intensive industries and toward removing some market distortions in administered prices.

Monetary policy also has an important role in the current development programme for use in overall demand management, mobilization of domestic savings through the banking system and allocation of credit to priority sectors. Principal instruments of demand management are the issue of and secondary operations in central bank certificates of indebtedness, rediscount and repurchase agreement operations, and changes in reserve requirements.

Improvement in mobilization of domestic savings is to be encouraged by the spread of rural banking, the liberalization of interest rate ceilings on deposits, and improvements in the structure of money and capital markets in the Philippines. In addition, measures to encourage the growth of financial instruments of longer maturity should ease financing for private enterprises. The allocative role of the monetary authorities is generally conducted by concessional central bank rediscounting, but more stress will be placed on supervised agricultural credit and subsidized loans through the Development Bank of Philippines.

encouraging performance

Price performance in 1976 has been encouraging. Consumer price inflation, targeted to remain within a seven per cent annual limit in the period 1976-78, has stayed well below 6 per cent a year in the first half of 1976. Import prices have been lower than expected and have offset the temporary increase in food prices caused by typhoon D'ang. Lower price inflation has brought relief to wage earners who suffered considerably real wage declines in the high inflation period of 1973-74. Further redress of the inequities caused by inflation was introduced in May 1976 when the authorities both expanded the coverage and increased the levels of minimum wage rates.

Despite the fact that sugar exports in the first part of 1976 were less than had been expected, projections by Fund staff and by the Philippine authorities indicate a decline in the overall balance of payments deficit from \$521 million in 1975 to within \$370 million in 1976. This improvement is expected to continue through 1978, by which time overall external payments and receipts would be in modest surplus. Financing of the development programme, however, will require both domestic and foreign savings; consequently, current account deficits are expected to persist through 1978. Developments in the manufacturing sector should result in accelerated and more diversified export growth. Exports of non-traditional

manufactures, in particular, are projected to grow at close to 25 per cent annually. In the first half of 1976, this target was easily surpassed. The ratio of debt service payments to receipts from export of goods and services is expected to remain at around its 1975 level of 15 per cent.

oil resources

Looking further ahead, the prospect of large oil resources in the Philippines must be taken into account. Last March, oil was discovered west of Palawan, and in August a second strike was made in the Reed Bank. Should the next few months prove these finds to be large enough for profitable extraction, all longer-term projections of output, growth and investment would need to be raised.

The offshore banking facility, planned for later this year, will enhance the growth of Manila as a financial centre in south-east Asia, and this could draw increased attention of foreign investors.

Total World Bank lending to the Philippines through June 1976 totalled about \$950 million of which \$35 million had been International Development Association credits in 1972-74. During the 1960s, World Bank assistance averaged about \$30 million a year, but in response to the greatly improved economy of the Philippines it has increased substantially during the 1970s and has averaged more than \$200 million a year in 1974-75. Lending commitments in the 1976 fiscal year totalled \$268 million, including \$35 million under the Third Window.

The Philippines has had several annual stand-by arrangements with the Fund and has also obtained financing from the compensatory financing facility for export fluctuations and from the oil facility. Since the beginning of 1970, the country has drawn a total of SDR 435 million. To the end of July 1976, outstanding drawings for the Philippines amounted to SDR 68 million under regular facilities, SDR 78 million under the compensatory financing facility, and SDR 152 million under the oil facility. Under the extended Fund facility the Philippines is entitled to draw up to SDR 217 million.

Problems of plan administration

Reviewed by
Academicus

Economics, Planning and Public Administration : P.R. Dubhashi; Somaiya Publications Pvt Ltd; Pp 153; Price Rs 35.
An Introduction to Labour Laws : F.L. Berarwalla; Vora & Co Pvt Ltd, Bombay; Pp 265; Price Rs. 25.
Government Systems and Development : V.A. Pai Pahandiker; Popular Prakashan, Bombay; Pp 124, Price Rs 20.
Management by Objectives : S.K. Chakraborty; Macmillan Co of India Ltd; Pp 335; Price Rs 45.
Essays in Contemporary Economics : Edited by P.C. Jain and D.N. Chaturvedi; Vikas Publishing House Pvt Ltd; Pp 292; Price Rs 45.
Key Areas in Materials Management : Edited by S.L. Sen and A. Rath; Management Development Institute, New Delhi; Pp 104; Price Rs 20.

P. R. Dubhashi is an academically-cum-administrator of extraordinary ability. Though engrossed with heavy administrative duties, he has been managing to keep in touch with the latest developments in the field of academics as is evident from his book *Economics, Planning and Public Administration*, which is a collection of 14 articles on various problems and aspects of economic administration published from time to time in various journals in India. The articles continue to be of great significance to administrators and will continue to hold their attention for years to come and therefore the author has done well to present them in a book form.

The articles in this volume deal with problems such as relationship between economics and public administration, decentralisation, economic systems, problems of management of economic systems, the role of bureaucracy in socialism, management in implementation of the plan schemes, district planning, development agency for small and marginal farmers, various recommendations of the Administrative Reforms Commission to bring about improvements in the administrative systems in India and so on.

The author begins by pointing out that "The recognition of Public Administration as a social science in its own right is a matter of recent growth." While the

doctrine of neutrality of public administration is analogous to that in economics, he has, however, pointed out that "as in Economics, in Public Administration also, political neutrality should not mean neutrality towards ends and objectives of, say, welfare state or the socialist pattern of society." The concept of civil service neutrality needs, therefore, to be reformulated in the context of political and

BOOKS BRIEFLY

social conditions. The author believes that a civil servant can be enjoined to be faithful to the objectives as laid down in the constitution and to the legislation, policies and programmes derived therefrom in whose formulation he would have his share as an advisor to the political executive. This is, according to the author, "his professional neutrality which does not take away anything from the doctrine of political neutrality."

The author has analysed the subject of decentralisation in great detail and at a high academic level. According to him, the concept of decentralisation lies at the heart of major controversies between

planning and price mechanism, between collectivism and individualism, between federal and unitary constitutions, between state control and local autonomy, between 'the small community' and 'the great society'. Having analysed the various issues involved in decentralisation, he has come to the conclusion that when democracy and planning are combined in a country such as India which has accepted a mixed type of economy, that would require a federal constitution with unitary features, central state-partnership, state-local partnership, central policy direction with local implementation, planning from above combined with planning from below, and mixed economy with both public and private sectors. It would be difficult to quarrel with the author's prescriptions for India where central planning will have to be combined with a certain amount of decentralisation.

essential attributes

According to the author, the essential attributes of democratic socialism which has been accepted by India are : government based on free and fair elections, liberty to citizens of thought, expression, association and voting, social control and ownership of the means of production through nationalisation, co-operativisation and workers' councils, and preservation of the liberty of consumers and workers, though not the freedom of private enterprise.

The author has also analysed the concept of mixed economy as the one which has side by side the private, public and cooperative sectors. What about the line of demarcation of spheres? According to the author, "It is of the highest importance to the management of the mixed economy that we get rid of purely ideological or doctrinaire considerations and evolve a systematic base of productivity criteria for a comparative assessment of public-private

and cooperative sectors of the economy, so that decisions regarding the earmarking of the economy as among the three sectors are not taken with eyes blood-shot and minds fogged with passion but with deliberate, clear and conscious awareness of the alternatives involved."

Writing on planning and discussing as to whether planning is a political choice or economic arithmetic, the author has defined planning in the widest sense as "orderly arrangement of the future." He has emphasised that it is important for the success of a planned economy that a detailed attempt is made to distinguish issues of political decision from those of an objective and rational economic analysis. This means in other terms planning is or should be a combination of both political choice and economic arithmetic.

scientific management

The articles in part III should be read by all public servants. The author has pointed out that the importance of scientific management and its relevance to public administration have of late started receiving special attention in India. Thus almost all the techniques of scientific management like budgeting, reviewing, reporting, controlling, delegating and supervising find useful application in the management of public administration. He has also emphasised the importance of developing management outlook and innovative abilities in public servants. The greatest obstacle to the transformation of public administration is psychological. This will have to be overcome and public administration will have to be made development oriented. The best way to do this, according to the author, is to develop in it the motivation for identification with the goals of public administration. He has emphasised that in a democratic socialist state, the incentive to bureaucracy should not depend upon its seeking political favour but on the fulfilment of plans.

Dubhashi's articles on the implementation of Plan schemes are admirable and worth a careful perusal especially by those who are concerned with the task of transforming the traditional bureaucratic machinery into an effective developmental instrument.

The author has, for example, shown

how "a big gap exists between planning at the centre and plan implementation in the field". He believes that "vast efforts are needed to gear up the machinery at all levels so that it functions like a single line of command and obedience." Apart from arbitrary targets and absence of preparatory work ahead of actual implementation of schemes, and absence of a regular system of reviewing and reporting, the author has shown how at the operational level "the plan scheme is fragmented and its implementation is ad-hoc and not through a series of regulated, well-measured sustained activities geared to common activities."

district planning

Also, while there is talk of district planning, the author believes that the necessary technique of district planning is not yet adequately appreciated. "Concepts like a market and demand analysis, factors governing size and location of enterprises, an income and expenditure budget, a break-even analysis, a cost-benefit analysis, time-scheduling and scientific organisation and professional management relating to each enterprise have not yet found place to an adequate extent in district planning." No wonder in the absence of a proper 'design of development' for the district, its implementation is tardy!

P.R. Dubhashi writes with ease, aplomb and authority born out of actual administrative experience at different levels. This distinguishes his writing from mere bookish treatises of pure academicians and dry as dust analysis of administrative structure by mere bureaucrats. The reviewer can however make one or two suggestions. While the large number of quotations from various authors certainly show his scholarship and his attempts at continually up-to-dating it, instead of embellishing his writing, they appear like shackles in his otherwise easy and smooth analysis. If Dubhashi's writing must be flawed this is what a critical reader would feel.

It would be a tremendous service, if the author can write a complete book on the subject of plan implementation and public administration. He certainly has the experience, analytical ability and style. If

he can do that, he will be rendering a great service to the cause of planning, plan-implementation, and bureaucracy itself which has failed so far to brace itself up to the new and challenging situation created by the adoption in India of economic planning to achieve the goal of democratic socialism.

LABOUR LAWS

Labour legislation has made great strides in India after Independence. The underlying theme of all the labour legislation in India appears to be to promote better employer-employee relations, to bring about industrial peace, to promote job security and social insurance and to improve working conditions and living standards of the working classes in India.

F.L. Berarwalla, in his *An Introduction to Labour Laws*, has attempted to explain the Industrial Disputes Act, 1947, the Workmen's Compensation Act, 1923, the Payment of Wages Act, 1936, and the Bombay Industrial Relations Act, 1946. The above acts form the backbone of the labour legislation in India. The reading of the book gives a fairly clear picture of the existing labour legislation in India and the trends in which such legislation is moving. It must however be understood that the book is written entirely from the legal point of view and the author has not at all aimed at working out the economic implications of the various labour laws.

The policy of the state for securing the directive principles in article 39 for distribution of the material resources of the community so as to best subserve the common good and avoiding the concentration of wealth and means of production to the common detriment has become more purposeful. Naturally this has resulted not only in an increase in legislative measures but new concepts of industrial adjudication have also been evolved. As the National Commission on Labour has stated, "a rational synthesis between conflicting claims of employers and employees is being gradually evolved."

In the case of modern industrial laws, it is the security which is the keystone, namely security of job, of the minimum standard of living, and of the worker's future and that of his children. The claim of the industrial workers to association

and collective bargaining has been admitted essentially as ancillary to their claim of social security and minimum amenities of life. The process of collective bargaining and collective agreements have come to be encouraged by modern democratic states. As Prof Kahn Freund has pointed out, the two aspects of collective industrial law are "the law of industrial peace and the law of industrial welfare".

According to the author, the Industrial Disputes Act, 1947, is the nucleus which along with other analogous state statutes, provides "the machinery for regulating the rights of employers and of the employees to lock-outs and strikes and foster the investigation and settlement of industrial disputes in peaceful and harmonious atmosphere by providing scope for collective bargaining by negotiation and mediation, and failing that by voluntary arbitration or compulsory adjudication by the adjudicatory authorities created under them with the active participation of the unions." While adjudicating, the adjudicators and courts have, it is found, ordered wage and gratuity schemes, awarded bonuses and dearness allowance, introduced other fringe benefits, regulated hours of work, overtime payments, and also introduced various other welfare and security schemes. But according to the author, while industrial adjudication has managed to keep away from doctrinaire concepts and has based its decisions on mostly practical considerations, it has become difficult to evolve uniform and settled legal principles.

important result

The author has rightly pointed out that one important result of the state intervention in the settlement of industrial disputes has been the failure of the collective bargaining process as the normal method of settling industrial disputes. This is rather unfortunate because collective bargaining is the best method of solving industrial disputes and promoting industrial peace.

It is also obvious that for effective collective bargaining, the trade unions in the country must be properly organised and they must be self-reliant. According to the author, though the Trade Unions Act, 1926, gave formal recognition to

workers' right to organise and also encouragement to their further development, the 1947 amendment for compulsory recognition of trade unions has yet not been enforced due to strong opposition from within the government itself. It should be remembered that the power of a trade union depends upon proper organisation, right leadership, adequate financial resources and adherence to genuine trade union principles and methods, rather than on mere lengthy list of membership. There appears to be no doubt that compulsory government adjudication of industrial disputes which has replaced collective bargaining which could have strengthened healthy trade union movement in the country has actually led to its weakening. The author has opined that "A healthy trade unionism will not only benefit the workers but it will equally benefit the industry, the employers and the society at large as well."

The author has analysed in great detail and section by section the four important labour laws referred to above. Very often the legal implications of some of the important sections and even clauses have been made explicit by detailed references to various case studies and the views that were taken by the adjudicating authorities.

While for legal practitioners the purely technical aspects of the various labour laws which are analysed here would be of interest, for a layman these cases appear very interesting and illuminating. All in all, though the author has not worked out the economic, political and social implications of the various labour laws, the reading of the book definitely gives to the students of economics an idea regarding the direction in which labour legislation in India is moving.

DEVELOPMENT ADMINISTRATION

The Indian Council of Social Science Research requested V.A. Pai Panandiker "to prepare a proposal for the sponsored research programme on governmental system and development." The idea behind this was to launch a broad programme consisting of a series of projects during the fifth Plan period centring around key academic and policy issues in the field. It was presumed by the sponsoring authority that such work would help the development of public administration in specific areas of importance and at the same time help solution of some of the real life-problems. *Government System.*

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and Development is the outcome of this effort.

There is no doubt that in the post-planning period, the field of governmental systems has attained a great deal of attention. The importance which the government attached to this field is evident from the appointment of the Administrative Reforms Commission which was asked to suggest ways and means to make "the public administration of the country a fit instrument for carrying out the social and economic policies of the government and achieving social and economic goals of development."

According to the author, literature on various aspects of governmental activities in the developmental sphere is fairly voluminous. But, according to him, there are many difficulties in the way of substantive development of the field. One reason is the vastness of the field of research. Except for law and a few traditional functions like tax collection, almost all other functions performed by the government are generally subsumed under developmental functions of the government. These are as vast as the government itself ranging all the way from relationship of the executive with legislative and judicial institutions to policy-making in the substantive areas of the government, implementation, public sector administration, state administration, urban administration, rural development, administration and so on.

fixing priorities

According to the author, there is a good case for studying all the above areas of administration in detail. And yet because of constraint of resources, both financial and of research personnel, some fixation of priorities for research work becomes necessary. According to him, the criteria for the selection of priorities of areas of research should be factors such as social relevance of the area, criticality of the area of research to administrative performance, likely benefits to people, and possible expenditure involved.

On the basis of the above criteria for determining research areas in the field of developmental administration, the author

has decided the following areas as fit for prioritization during the period of the fifth Plan: (1) policy making in development; (2) bureaucracy and development; (3) public sector as an instrument of development; (4) citizen participation in development; and (5) rural development administration.

Having chalked out the main areas of research in the administrative field, the author has pointed out various aspects of each field that need attention of social science researchers. For example, in respect of policy making in development, following aspects assume significance: What are the overall development goals of society? How are the goals and objectives set? Who are the parties that set the goals and objectives and through what process? What is the institutional structure for policy making at various levels—central, state, local?

critical aspects

As regards bureaucracy and development, since bureaucracy retains a central place in development administration, several rather critical aspects of bureaucracy need to be studied in detail. Some of these aspects are: How is the bureaucracy organised for development tasks? Who are the people manning development bureaucracy? What is their level of skill and competence? What is the attitude of the bureaucracy towards the tasks of development, entrusted to it and towards the citizens? Can bureaucracy become an instrument of change and development?

As regards public sector as an instrument of development, the author has pointed out the following areas of research: Policy, governing public sector in the Indian economy, development programmes and growth of the public sector, personnel policies in the public sector, extent to which public sector has become an instrument of development, and citizen participation in development.

As already stated, citizen participation in development should be an important area of social science research. Of development, is in the ultimate analysis, a process of social change, then the entire process of citizen participation in the process of development administration becomes

a matter of basic policy concern. Of the several aspects of research, the following have been pointed out by the author as needing immediate attention of researchers: Role assigned to citizens in development, citizen preparation for participation, modalities of participation, institutional structure for citizen participation and administration's attitude to citizen participation.

rural development

As regards the area of rural development administration, the author has rightly pointed out that in a country where eighty per cent of the population lives in the rural areas, rural development administration assumes prominent place in the governmental system. The following aspects assume importance: Rural development policy, political and bureaucratic interference in rural administration, especially panchayati raj institutions, relationship between rural and state administration, and financial powers and resources of rural administration.

An extremely useful part of the book is a fairly exhaustive cataloguing of the research work done by Indian scholars in the above areas of public administration. This would be found extremely useful a reference work by prospective research workers. But the author is of the opinion that most of the research work done so far by Indian researchers in these areas is of descriptive nature and not research in depth.

The author has done well to point out specific areas for research. It is possible to disagree with him on priorities and it is also possible to add several aspects for research not pointed out by him. Also the author should have included in separate list research book done in some of the above areas by foreign authors (such as by Guy Hund, whose excellent works were reviewed in these columns long back) — as that would have been extremely useful to the Indian researchers.

With all the possible and inevitable shortcomings in a book of this nature, Par Panandiker has rendered a great service to the cause of social science research by publishing this work which will undoubtedly be handy to all the budding

as well as experienced social science research workers in India.

MANAGEMENT

S.K. Chakraborty has made an attempt in this book *Management by Objectives* to help the people concerned with managing of any organised activity "to acquire an intelligent understanding and some working knowledge of the basic tenets of Management by Objectives (MBO)". The author had however emphasised at the very outset that MBO is not an open sesame leading automatically to managerial millennium. It is certainly not a neat formula. On the other hand, MBO is a whole process with all its implications for all the parts of an organisation, including of course the ubiquitous human element which is the basis of all organisations.

The author has made an attempt to place MBO in an integrated framework along with several other existing management approaches and functions such as performance appraisal, corporate planning, budgetary control, organisational development and so on. Since practically no empirical data about MBO exists in India at present, a large part of analysis in this book is *a priori* in character, using the postulates of MBO and placing these alongside some prominent features of the Indian socio-cultural milieu and the needs of Indian industrial management in the immediate future.

MBO is defined as a result-oriented, non-specialist operational managerial process for the effective utilisation of the material, physical and human resources of the organisation, by integrating the individual with the organisation and the organisation with the environment.

Considering the factors underlying the emergence of MBO, it represents a stage in the dialectical process which management thinking seems to have undergone from the early 20th century to the present times. The scientific management school (of Taylor), the classical organisation theory (of Fayol) and the economic theories of perfect market all left out of consideration the human element and the individual in management of the economic activities. It was all organisation and its goals and objectives.

In the second stage, with the human

relations school (1930s), the pendulum seems to have swung to the other extreme. Now it was all individual and his goals and objectives. From these stages, the next stage, by the dialectical process, was the stage of synthesis between the organisation and the individual. Organisation tasks have got to be executed and its goals have to be attained; but at the same time the individual has to be afforded opportunities of improving himself and fulfilling his aspirations within the organisation. MBO approach to management is "an operational methodology for realising this synthesis in the dialectical progression of management thinking."

Thus in a dynamic business enterprise, the purpose and objectives of the enterprise are widely known in the organisation and these are accepted by all the members who man the organisation. At the same time the members of the organisation have individual goals which harmonise with the goals of the organisation.

cogent reasons

According to the author, there is great need of MBO in India. The reasons for this are the recession which set in since 1966 and which is still haunting some industries, gradual disappearance of sellers' markets, the gradual emergence in India of what Galbraith called the 'techno-structure', the need of having direction during the period of uncertainty and change which characterise the Indian industrial scene, and finally the qualitative change which has come over the industrial management in the country.

The author has made an attempt to deal with some of the practical problems when preparing to launch MBO and its detailed implementation down the line. He has discussed in detail attitude survey which is one of the popular techniques of MBO.

Systematic efforts should be made in the organisation for disseminating the concepts and philosophy underlying MBO. Effective team-work is a basic requisite of MBO. Since this approach entails a lot of intra-group, inter-group and inter-personnel communication, certain amount of group dynamics or sensitivity training is absolutely essential. Only thus can

receptive ground be prepared for the launching of MBO.

According to the author, the impetus for MBO in Indian organisations could arise from the following organisational needs: need for rational performance appraisal, for sounder basis of management development, for higher productivity and production, for integrated long-range planning within the enterprise, and for clearer understanding of one's job within the organisation and how these relate with those of others.

Business management is a new subject attracting considerable attention in India at present. Attempts are therefore being made to build management science in the country. Two rather unfortunate trends are visible in this respect. Extremely sophisticated techniques developed and found useful in the highly developed countries of the west are being copied indiscriminately in the country without much regard to their applicability and usefulness. Secondly, management science makes an attempt to take in its one sweep a subject which is too vast and with variegated aspects. The result generally is that mostly you get something nebulous, indefinite and vague. MBO will have to aim at objectives that are definite and within reach and build up a scientific apparatus that would really help entrepreneurs in India to attain the objectives. One is afraid the book under review has failed to give something tangible and useful to business entrepreneurs in the country.

CONTEMPORARY ECONOMICS

Essays in Contemporary Economics is a commemorative volume in honour of J.K. Mehta one of the senior and eminent professors of economics in India. Prof Mehta served for long in the university of Allahabad from where he retired in 1963. Though most original among the Indian economists, he did not attract the attention he deserved. Possibly this was the price he paid for being non-traditional and for refusing to blindly follow the western economists who have always dominated the Indian economic thinking on the theoretical side.

J.K. Mehta's greatest contribution has been his theory of 'wantlessness'. This

does not mean that a man should try to obliterate his wants to the maximum possible extent. What Mehta means is that everyone should satisfy his minimum wants, but additional wants should be satisfied only after additional resources become available. It is no use multiplying wants indefinitely as that would make man only miserable. This is the essence of the theory of wantlessness (a rather unfortunate word liable to misrepresentation and give false ideas about the thinking of J.K. Mehta). Resource-use has an upper limit and no matter how busy we get, we must ultimately seek to relax more and more. And therefore why not relax through 'wantlessness'? Economists like Ragnar Frisch have come to believe in this oriental cultural point which the western countries will have to learn and adopt one day.

questions raised

Mehta has made a number of original contributions. He raised many questions, if not for the first time, at least independently. Thus "when on the same curve we compare the utility of one amount of (a combination of commodities) with that of another...we do know that the utility of such and such amount is equal to the utility of such and such other amount. It is precisely on such comparisons that Marshall's theory is built." This implies that the neglect of Marshall by the indifference curve analysis is not justified.

To Mehta want exists when the presentation of the object of want generates an agreeable feeling; this plus a desire to purchase the object makes up 'demand'. His distinction between 'conscious' and 'unconscious' wants and analysis thereof led Weekstein to formulate 'Consumption Effect' in 1962.

To Mehta cycles are endogenous phenomena, and in the final analysis all changes must be cyclical. Simultaneous operations of endogenous and exogenous factors give us a mixture of cycles—a mixture of cycles within cycles including the cause of a cycle superimposed on growth (itself a cycle) trend. According to him, we must get rid of erratic and haphazard changes and control the regular cyclical changes.

Mehta also threw light on the problem of long-period cost curves—their shapes,

and the distinction between ex-ante and ex-post cost curves. Joan Robinson has noted that Professor Mehta also independently arrived at the concept of marginal revenue. Also, it is his independent way of thinking that led to the new concept of elasticity of substitution.

important contribution

Among his various publications, Mehta's 'Philosophical Interpretation of Economics' is very important about which G.L.S. Shackle wrote: "This is a beautiful, moving and most deeply interesting book and it is superbly well written. It deserves to become a classic."

There are some very interesting essays by eminent economists in this volume. Writing on the scope and method of political economy G.L.S. Shackle writes: "The mathematisation of economics was inevitable, once the economist had perceived that economising—the use of given resources to the best effect—was a problem for which differential calculus offered a readymade method of the utmost versatility." Writing on wantlessness, P.C. Jain has emphasised that "the assumption of rationality makes it necessary for the consumer not only to satisfy his wants but also, at the same time to reduce the wants themselves." It appears that the western thought confined itself merely to choice between alternative goods and services in order to maximise satisfaction and has, by and large, ignored the possibility of rationalising the wants themselves with a view to achieving maximum happiness. It was this neglect that was made good by J.K. Mehta in his theory of wantlessness.

P.D. Hajela has emphasised that normative economics (advocated J.K. Mehta) is as much a living and challenging issue for economists as quantification. The author has justified the assumptions made by J.K. Mehta, in which case the conclusion arrived at (namely wantlessness) stands justified. In this country at any rate, for quite some time to come, the multiplication of the means of production and consumption (and not of human wants) appear to be the only proper assumption for the economic analysis and policy. What, after all, is there for millions and millions of the underfed and undernourished people? Thus the author has em-

phasised that "a few affluent individuals should minimise their wants while the vast majority of the poor should maximise them in order that the balance which Prof Mehta has in mind can be ultimately brought about. According to the author, the challenge of poverty apart, Prof Mehta's concern for the evil consequences of unbridled materialism is very genuine indeed. And since even the poor countries of today would become affluent tomorrow and might have to face the problem of imbalance J.K. Mehta has in mind, his economics is beyond doubt, a contribution of lasting value.

purpose of progress

Mehta's views are justified by Ragnar Frisch when he writes: "The ultimate purpose of progress is, in my opinion, something far beyond an increase in living standards. It is cultural, spiritual and moral and it is a training in the philosophy of helping others." Frisch ends by saying that we must find a way to abolish poverty, illiteracy, malnutrition and ill-health without losing the priceless heritage of old culture and old wisdom. This means economics does and should take into account the deeper questions and work for higher goals than for mere material development and prosperity—a point repeatedly emphasised by J.K. Mehta in his writings. Even J. Tinbergen has made a strong plea for normative economics. Happiness in this world demands that "economics works for an end composed of both materialism and spiritualism, for the common man." He has warned that "the Third World must act as a watch-dog lest a definition of economics leads to multiplicity of wants..." We must not get caught in "affluent trap" and "standard of living trap". Thus Frisch, Erhard Eppler, Herest Siebert and Jean Francois Revel all seem to support the approach of J.K. Mehta to economics which has to be based on certain moral values:

Vivian Thomas has written an excellent article on the Soviet experience. Thus the author has traced the development of the Soviet economy and has shown how the Russian economic development owes its particular pattern to the nature of the response by its political leaders to military

requirements'. The conclusion after detailed analysis of the development of the Soviet economy is worth careful observation. According to the author, the examination of the development of the Soviet economy is sufficient to raise serious doubts about the likelihood of that society producing a significantly attractive alternative to western capitalism. The author has also warned that the less developed countries currently engaged in a desperate attempt to raise living standards of their people should aim higher than the mere emulation of western capitalism. This is because "A society consists of more than mere material goods."

J.S. Mathur in his essay on new values for growth has emphasised that humanity faces great dangers because the present economic system is based upon a wrong appreciation of fundamental human instincts and emphasising wrong values. Everyone knows what grief fell to the lot of Midas!

We need individuals like Prof J.K. Mehta who can swim against the current. No society can be progressive without a leaven of rebels. J.K. Mehta has been one such in the field of economics and it was thoughtful on the part of his grateful students to have brought out this commemorative volume which will teach the blind followers of the western economic thinking the place of moral values in economic analysis.

MATERIALS MANAGEMENT

Industrialisation has brought in its wake new problems. The problem of materials management is one such. India has been going through the process of industrialisa-

tion fairly briskly since Independence and the entrepreneurs in the country have been facing the problems of materials management. Management Development Institute at New Delhi held a workshop in April 1975 and *Key Areas in Materials Management* incorporates the contributions and discussions in the workshop in which eminent academicians and high executives from the private and public sectors participated. The workshop had as its theme "the organisation and integrated management of the materials function", and was designed to identify causes, evolve strategies and consider the scope for practical applicability of such strategies to current problem-areas.

scope of the subject

The materials management consists of (1) specification of appropriate materials, choice of supplies, determination of quantities to be ordered and the frequency of ordering; (2) determination of best prices for the items; (3) inspection, adequate storage and issue arrangements; (4) documentation and control of material flows; (5) control of inprocess and finished goods inventory, and (6) distribution of finished goods. The above scope of materials management indicates the role of materials management through the entire organisation and its impact on all aspects of the organisational activity.

The need for an integrated approach to materials management is evident when it is realised that materials and material-related costs generally constitute between 30 per cent to 70 per cent of the final price. The means that materials manage-

ment is one function to an industrial enterprise where significant scope exists for cost reduction, without any adverse effect on production and sales.

Various aspects of materials management have been analysed and discussed in the book. For example, one of the key requirements for efficient materials management is long-term forecasting and planning. Without reasonably accurate forecasts of the requirements, materials management is not possible. Another point highlighted in the book is the evaluation of the materials management function. The performance of the sales manager or production manager can be measured in concrete terms. But the evaluation of the performance of the materials manager is a more complicated task as there are no fixed goals nor footrule with which to measure his achievements which are spread thinly all over the organisation. And yet the materials manager enjoys no status in the organisation at present.

obvious goals

The obvious goals of the materials manager should be getting materials at the lowest possible prices consistent with quality of the materials and to initiate use of materials and products which can lower price and improve quality of the product or achieve both. The materials manager will have to try standardisation of materials wherever possible. Also he must maintain good relationship with suppliers so that at times of crises special help can be provided by the suppliers. It was made clear in the discussion that getting materials required at lower costs

is not the whole and sole aim of materials management.

The discussion at the workshop has also made it clear that the objectives, policies and policy instruments formulated by the government have large impact on materials management. For example, the Industrial Development and Regulation Act, the Essential Commodities Act, the MRTP Act, the Companies Act, the Foreign Exchange Regulation Act, the government's import and export policies, the nature of canalised materials, and the role of major channelising agencies like the STC and MMTC, the distribution system of critical materials like oil, coal and steel, the government policies in regard to money and credit have also their impact on materials management. The materials manager will have to take note of all the above factors into account as part of materials management function.

four areas

There are four areas for materials cost reduction which were discussed at the workshop. These relate to quality control, value analysis, standardisation, and inventory control. Quite naturally inventory control received considerable attention at the workshop. Materials make up 60 to 70 per cent of the working capital needs of any unit. The capital tied up in unproductive inventory is a loss both to the organisation and to the national economy. It was stressed that "any inventory management system must be so organised both from the viewpoint of controls and information flows, that it can respond appropriately to the changes in prices, supply situation, production levels, lead items and demands on capital. Unless the dynamic aspects of the environment are kept in view, the inventory system is likely to be instabilising and the norms will lose touch with reality."

Throughout the workshop, management of spares received much attention. The problems of imported spares and their management are much complicated. It was emphasised that the ultimate solution to their problems can be found only in greater indigenous capability for both equipment and spares. Anyway this should be the long-term goal. Even in

the short-term, steps need be taken to encourage indigenous supplies of spares. It is heartening to note that many organisations in India have already been trying in this direction and have attained considerable degree of success.

The book will convince the interested parties the importance of materials management. It will also prove to entrepreneurs both in the private and public sectors in India that "much more needs to be done to make the materials manage-

ment role into a dynamic profit centre rather than a passive stock controller."

In many enterprises in India the post of materials manager is hardly to be found even at present. Posts such as works manager, sales executive and financial manager steal the limelight. From reading this book, it is clear that not only is there need to create the post of materials manager but also he needs to be given due powers, position and status in the industrial hierarchy in India.

Books Received

Design-out-Maintenance and Instrument Aids : Durgesh Chandra; published by Universal Book Corporation, Bombay & Instrument Association of India, Bombay; Pp 281; Price Rs 62.50.

Culture in the Vanity Bag : Nirad C. Chaudhuri; Jaico Publishing House, 125 Mahatma Gandhi Road, Bombay 400 023; Pp 146; Price Rs 35.00.

Women and World Development : Edited by Irene Tinker and Michele Bo Bramsen; Overseas Development Council, 1717 Massachusetts Ave, N.W., Washington D.C. 20036; Pp 228; Price \$3.50.

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Smuggling, the Inside Story: M.A. Sujana and V.D. Trivadi; Jaico Publishing House; Pp 203; Price Rs 6.00.

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Appropriate Technology, Problems and Promises : Edited by Nicolas Jequier; Development Centre of the Organisation for Economic Cooperation and Development; Pp 344; Price \$ 12.50.

Social Sciences in Professional Education : Indian Council of Social Science

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Food and Poverty : The Political Economy of Confrontation : Radha Sinha; Ambika Publications, ED 54 Tagore Gardens, New Delhi-110027; Pp 196; Price Rs 45.

New Horizons : Issued by Director, Public Relations, Punjab; Pp 1830.

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Consumer Cooperation in South East Asia: International Cooperative Alliance, Regional Office & Education Centre for South East Asia, "Bonow House", 43, Friends Colony, New Delhi-110014; Pp 226, Price Rs 25.

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TRADE WINDS

Lok Sabha Extended by a Year

THE GOVERNMENT'S decision to further extend the life of the present Lok Sabha by one year to March 1978, was announced in the Lok Sabha by Law Minister H.R. Gokhale on October 30, 1976. He said the government intended to bring forward legislation, perhaps during the current session itself, for extension of the Lok Sabha term. The decision did not mean, Mr Gokhale asserted that the government was abandoning the process of elections in the country. "We believe that elections will be the only way in which democratic will of the people will be reflected. It will continue to be our view." Mr Gokhale said the time was ripe for the Congress to go to the polls and return with bigger majority. But a postponement of the elections was necessary in the larger interest of the nation. The forces of disruption and destabilisation were still dormant and in fact, were working in a more dangerous manner than before the emergency. "I want to tell the House with all the sincerity and seriousness at my command that I do not think we have come to a situation where it is desirable in the larger interests of the country to go to the polls now," he said.

Industrial Production

The monthly index of industrial production stood at 130.4 during the month of August, 1976 as against 132.8 (revised upwards since last month) for the month of July and 119.0

for the corresponding month of the last year. Compared with the last month the August index recorded a fall of 1.8 per cent this year as against a fall of 0.3 per cent last year. A point to point comparison shows that the index for August 1976 was 9.6 per cent higher than the index for August, 1975 and that the growth rate during the first eight months of this year (over the corresponding period of 1975) was 11.9 per cent. Corresponding rates during 1975 were 5.6 per cent and 3.2 per cent respectively. The growth rate for the first five months of the current financial year 1976-77 over the corresponding period of 1975-76 was 13.6 per cent whereas the growth rate for the same period of 1975-76 over that of 1974-75 was 2.2 per cent only.

The fall in the production level during the month under review was also accounted for mainly by the decline in production in the textile manufac-

Month	1974	1975	1976
January	117.9	123.1	131.1
February	110.7	116.9	131.5
March	121.8	127.4	138.7
April	109.0	113.0	124.9
May	110.2	111.7	132.4
June	110.9	108.3	128.3
July	116.2	119.3	132.8
August	112.7	119.0	130.4
September	112.3	120.2	
October	112.6	118.3	
November	113.7	119.9	
December	123.1	133.8	
Average	111.3	119.3	

tures, electricity, and beverage industries offsetting the increasing trend in the output of the transport equipment, basic metal and electrical machinery manufacturing industries. The index of industrial production for the period between January 1974 and August, 1976 is given table below.

Standardisation of Electrical Goods

The government has decided to postpone the enforcement of the Household Electrical Appliances (Quality Control) Order, 1976 which was to come into effect on November 1, 1976. The order will now be enforced from July 1, 1977. It has also been decided to modify the list of household electrical appliances, the manufacture or storage for sale or distribution of which had been prohibited unless the products conformed to the ISI specifications. This has been done in response to a number of representations received from the manufacturers and their associations.

New items included in the list are: Rubber insulated cables with copper/aluminium conductors, PVC insulated cables (for voltage 1100 V) with copper-aluminium conductors, polyethylene insulated and PVC sheathed cables (up to and including 250 V) and Bayonet lamp holders. These items have been included as these are components of the appliances.

Twenty items, which were in the nature of electrical wiring accessories and had been included in the Household Electrical Appliances (Quality Control) Order, 1976 have now been excluded. These are: electric soldering irons, assessability test probes, electric hand lamps, safety transformer, electric call bells and buzzers

for indoor use, neon testers, laboratory electric ovens, ceiling roses, rigid steel conduits for electrical wiring, link clips for electrical wiring, rigid non-metallic conduits for electrical installations, fittings for rigid steel conduits for electrical wiring, flexible steel conduits for electrical wiring, fittings for rigid non-metallic conduits, accessories for rigid steel conduits for electrical wiring, interlocking switch socket outlet, switch socket outlets (non-interlocking type), adaptors for flexible steel conduits and flexible (pliable non-metallic) conduits for electrical installations.

It may be observed that the order does not compulsorily require manufacturers to subscribe to the ISI Marks Certification Scheme. Manufacturers are only expected to ensure that the quality of their product conforms to the various standards specified for each item by the Indian Standards Institution. The government has, however, expressed the hope that more and more manufacturers would be interested in subscribing to the ISI Certification Scheme. The ultimate intention of the government is to enforce the Quality Control Order by making use of the ISI Mark compulsory, if considered necessary.

Improved Reinforced Concrete

A liquid concentrate which on addition to water used in mixing concrete can inhibit corrosion of steel reinforcements embedded in concrete constructions has been developed by the Central Electrochemical Research Institute (CECRI), Karaikudi. The concentrate has been tried on a large scale and found to be satisfactory. It is estimated that Rs 100 crores will be invested during

the current five-year Plan period in the construction of coastal structures which need protection from corrosive environments. The product developed at CECRI worth Rs one crore would be required to protect these structures.

Import of Machinery

The ministry of Industry has announced a slight modification in the procedure for the import of machinery under the liberalised scheme introduced recently. Prior endorsement of the ministry of Industry would now be required before an import licence is issued in cases where the import of machinery results in 25 per cent higher production capacity than had been already licensed.

Application for endorsement of higher capacity will be dealt with expeditiously and decisions conveyed to the industrial undertaking within a period of one month from the date of the receipt of the application. The industrial undertaking should accordingly submit the application for enhancement of capacity to the joint secretary in-charge in the ministry. In the case of industrial undertakings which do not come within the purview of FERA or MRTP Act, the joint secretary would accord necessary approval. In the case of industrial undertakings coming within the purview of FERA and MRTP Act, a task force procedure will be adopted to accord approval expeditiously.

The ministry of Industry had earlier announced that an industrial undertaking which has been exporting more than 20 per cent of its total production during the past three years and gives an undertaking to continue to export more than 20 per cent of its total production for the next five years would be exempted from procedure

of indigenous scrutiny, including clearance from the capital goods committee, in the matter of importing machinery, provided that (a) where the industrial undertaking has been licensed with a higher initial export obligation, it would have to maintain that higher level as against 20 per cent of total production; (b) the total value of imported equipment shall not exceed Rs one crores in one year.

Forward Purchase of Currencies

The Reserve Bank of India has suspended temporarily forward purchase of sterling, US dollars, Deutsche mark and Japanese yen in view of the unsettled conditions in the exchange markets. The situation is kept under constant watch and the bank will resume forward purchases of these currencies as soon as possible. Spot purchases and sales of sterling will, however, continue to be made at the rates announced on September 29, 1976, namely Rs 14.65 and Rs 14.75 per pound, respectively.

Indo-Bulgarian Cooperation

An agreement was signed recently between the Federation of Indian Chambers of Commerce and Industry and the Bulgarian Chamber of Commerce and Industry to exchange regularly market information and other forms of cooperation "with a view to opening up further possibilities for increased exchange of trade between the two countries and for the expansion of economic and industrial cooperation between the enterprises and the organisations concerned". The agreement was signed by Mr P. Chentsal Rao, Secretary-General on behalf of FICCI

and Mr G. Dobrer, Secretary General of the Bulgarian Chamber of Commerce and Industry.

There is already an arbitration agreement signed in August 1965 between the two countries and the present agreement is in recognition of the immense possibilities for improving economic and commercial ties between India and Bulgaria. One of the articles of the agreement states that the parties will help enterprises in their respective countries to participate on joint basis in Third Countries and they will also assist each other in the participation in national exhibitions, international fairs, specialised exhibitions, economic and technical fairs, symposia and conferences aiming at the expansion of economic cooperation.

Indian Coal Abroad

Coal from this country is now finding its way into new markets in Asia and Europe. As much as 20,000 tonnes of coal is being loaded from Paradip port for Denmark, which will be the first of the two shipments of coal going to Denmark. India has also offered to supply coal to Sri Lanka Railways. About 750,000 tonnes of coal is expected to be exported during 1976-77 from Calcutta and Paradip ports and also by the overland route to Bangladesh. The exports are likely to go up further if Haldia port is commissioned before the end of the current financial year.

So far over 226,000 tonnes of coal has been supplied to Bangladesh, Burma, Taiwan, Belgium and France. The supplies to the EEC countries are on a trial basis. If the coal is found suitable, contracts for supply of 750,000 tonnes to west European countries are expected to be finalised. It is

learnt that coal sent to Belgium has already been well received there.

Pound Drops Further

A single sentence in the London "Sunday Times" dated October 24 sent sterling into a dive on the world's foreign exchanges. Sterling lost 7½ cents against the dollar—the steepest drop ever experienced in one day—plunging to a record low \$1.5730. The slump stemmed from allegations in "The Sunday Times" that the IMF and the US treasury had agreed that the £ should be devalued to \$1.50 before the IMF would agree to \$3.9 billion loan requested by the British government. Vehement denials from the IMF, the US treasury and London's Whitehall did nothing to stem the panic selling which started off in the Far East, spread to Europe when those exchanges opened and finally invaded the London exchanges. Once the Bank of England realised the scale at which selling was taking place it withdrew the support which dealers believe it had given in first trading.

UK Grant for Gujarat Project

Britain's minister for Overseas Development, Mr Reg Prentice, has approved a grant of up to £3.15m to India for the continued provision of British expertise and equipment for a naphtha steam cracking plant being built at Koyali in Gujarat. This grant will be part of the United Kingdom's existing aid allocation to India and is in addition to the original £4.1m loan made available for this project in August 1973. The naphtha cracker plant is part of a large 800-acre petro-chemical complex, sponsored and being constructed by the Indian

Petrochemicals Corporation Ltd (IPCL), a public-sector body. With a maximum throughput of 482,000 tonnes of naphtha a year, the output of the naphtha cracker plant will process and feed a number of downstream units on and off the complex which, in turn, will produce intermediate chemicals for the home market.

India Lesotho Cooperation

Mr K.D.J. Rakhetla, minister of Commerce and Industry, Kingdom of Lesotho called on Mr T.A. Pai, union minister of Industry recently. There were wide ranging discussions on friendly cooperation between the two countries. A number of areas for fruitful cooperation were indicated during the talks. These relate to road development, supply of buses, supply of tractors,

planning and setting up of small scale industries, establishment of textile manufacturing and processing centres, planning and setting up of a technical institute, assistance in the construction of buildings and low-cost housing, power generation systems and also the construction of an airport and a few hotels. Mr Pai offered training facilities in India in the various areas identified for cooperation. He also indicated that consultancy services for drawing up master plans of development for various industries and infrastructure in Lesotho could also be provided. The visiting minister, Mr Rakhetla, not only responded positively to this offer, but also expressed the hope that the sizeable Indian community in Lesotho, which had identified itself with his country, would act as an instrument of closer

cooperation between the two countries.

Sri Lanka Rupee Upvalued

The Sri Lanka Rupee was revalued recently by 46 cents to Rs 13.9572 per pound sterling in reaction to the pound's depreciation in international currency markets. The value of the US dollar went up 10 cents from Rs 8.6736 to Rs 8.7753 per dollar while the value of the Indian rupee came down from 0.9810 to Rs 0.9495 Sri Lanka rupees.

Assistance from Canada

Canada has offered to give a special commodity credit of 10 million dollars to India for the import of fertilisers from that country. The loan is interest free and has been offered on soft terms applicable to

Canadian development assistance. An agreement was signed recently by the economic affairs secretary, Mr M. G. Kaul and the Canadian high commissioner, Mr J.R. Maybee. Canada has also agreed to step up its credit for the import of rapeseed oil from six million dollars to 12 million dollars.

The 10 million dollars credit offered by Canada is the fourth such special loan. It is repayable in 50 years. It carries neither any interest nor any service charge. In accordance with the terms of the credit, the Canadian Development Agency will finance the cost of fertiliser and also pay the ocean freight. Potassic fertilisers are not produced in this country. The requirements are mostly met through imports. The annual requirements of potassic fertilizer in this country total nearly 660,000 tonnes. The

Canadian government has also promised to give an additional loan of seven million dollars for the import of sulphur to help in the production of fertilisers for which the demand is growing.

World Bank Loan for Bombay Transport

A World Bank loan of US \$25 million will help finance the development of transport in the metropolitan region of Bombay, one of India's leading industrial, financial and commercial centres. The Bombay metropolitan region covers a land area of more than 4,000 square kilometres, and includes Greater Bombay—the island city of Bombay and its immediate and extended suburbs. Greater Bombay has a population of seven million. Transport has long been a key factor in Bombay's industrial and commercial growth. About 300,000 of the 1,400,000 jobs in the island city are held by persons residing in the suburbs and areas outside Greater Bombay.

In recent years, however, mass transport capacity has lagged behind demand and the system's performance has deteriorated. Further deterioration could restrict access to the labour market for many of the work force, and constrain economic growth in the region. The World Bank loan will assist in improving the bus service in Greater Bombay and in supporting development planning and traffic management in the Bombay metropolitan region. The project is scheduled to be completed in 1980 at a total estimated cost of US \$50.5 million. The World Bank loan to the Bombay Metropolitan Region Development Authority is for 20 years, including 4½ years of grace. It will carry interest

at 8.7 per cent per annum. The loan will be guaranteed by the government of India

Reserve Bank Studies Rural Households

A Reserve Bank of India study reveals that over 11 per cent of all rural households having assets worth less than Rs. 500 per household share only about 0.23 per cent of total assets, and a little less than 20 per cent of the households each having less than Rs 1,000 of the assets share only about 0.76 per cent of the total value of assets. At the other end, less than one per cent of household each having an asset value of Rs one lakh and above account for almost 14 per cent of the total value of assets and a little less than 4 per cent in the two highest asset value brackets having an asset value of Rs 50,000 or more account for over 30 per cent of the total value of assets. The median value of the household asset is only about Rs 4,800, as against the average of Rs 11,131. Thus, 50 per cent of rural households have less than Rs 4,800 worth of assets. Their share of the asset value is only 7.8 per cent. The share of the lowest 25 per cent rural households is only 1.3, as against 74.8 per cent for the top 25 per cent. Almost three-fourths of the total assets are thus held by the top 25 per cent of the households.

Fertiliser Consumption

According to another Reserve Bank of India study there has been a tremendous growth in fertiliser consumption in the country in the last 15 years, from barely 294,000 tonnes of NPK nutrients in 1960-61 to 2.59 million tonnes in 1974-75, but a slackening has been observed in the growth rate in recent years. This growth

has been facilitated by two factors, namely, a shift in cost-price relationship favourable to farmers till about 1970-71 and a shift in fertiliser response curve indicative of technological progress. Between 1963-64 and 1970-71, Indian farmers growing wheat and paddy, the two most important crops, had increasingly favourable terms of trade so far as fertiliser use was concerned. This led to the growth of consumption which indicated a movement to a higher point along the same fertiliser response curve. Superimposed on this development was the shifting of the fertiliser response curve itself consequent to the introduction of the High Yielding Varieties Programme for five major food crops (wheat, paddy, jowar, bajra and maize). A similar experience has been observed in Japan where, during the period 1883-1937, 70 per cent of the increase in commercial fertiliser use was due to technical progress in agriculture (which resulted in a continuous shift of the fertiliser demand schedule) and 30 per cent due to technical progress in fertiliser industry (which lowered the price of fertilisers relative to the price of farm products).

Trends in Monetisation

The extent of monetisation of national income in India has remained more or less constant around 83-84 per cent during the last 12 years from 1961-62 to 1974-75, barring the occasional decline of one or two percentage points in monetisation as a result of the "subsistence drag" on declining output during the drought years of 1965-66 and 1966-67. The persistence of the size of non-monetised sector at 16-17 per cent of national income is attributed to the inherent tendency in this sector to increase

at a certain rate irrespective of exchanges in agricultural output. The growth in the subsistence sector is occasioned by two major factors, namely, increase in the number of mouths to be fed by cultivators and the desire to raise the per capita consumption levels of families. These two factors raise the absolute level of consumption demand for, and hence the level of 'retentions' of, food grains by farmers at the annual compound rate of about three per cent. Since the marketable surplus is what is left for sale after the consumption demand (including other disposals in kind) is fully met, the growing subsistence demand reduce the marketable surplus whenever production stagnates or declines. These conclusions have been drawn in a Reserve Bank of India study.

Cotton Corporation

Cotton Corporation of India is the first among public sector units to finalise the account of the head office as well as 11 branches, getting them audited and holding the annual general meeting within 14 days of the close of the year. The corporation is observing cotton year closing its accounts at the end of August 31.

In spite of being a difficult year for cotton, the Cotton Corporation had yet another successful year. The Corporation purchased cotton value at Rs 46.26 crores during the year under review out of which imported cotton accounted for Rs 19.15 crores and indigenous cotton for Rs 27.11 crores. The total sales were Rs 74.81 crores of which imported cotton accounted for Rs 33.12 crores and domestic cotton for Rs 41.69 crores. A significant achievement during the year under review is that the Corpo-

INDIAN RED CROSS SOCIETY Fund Raising & Membership Campaign

Remember that November is Red Cross month. Throughout this month a concerted nationwide drive is always on for collection of funds and enrolment of members.

The people of our country, to whom the humanitarian activities of the Red Cross are well known will now have an opportunity of associating themselves with the manifold activities of the Red Cross by becoming members and by making liberal contributions.

Apply to the nearest State or District Branch or the Indian Red Cross Headquarters, 1, Red Cross, New Delhi.

ration has succeeded in disposing off all its old stocks, reducing its inventory to 13,401 bales valued at Rs 7.37 crores. The Corporation earned during the year a net profit of Rs. 3.91 crores before taxation; and after providing Rs 2.60 crores for taxation, there is a surplus of Rs 1.31 crores. A dividend of 12 per cent has been declared and it will be paid out of the General Reserve No 1.

Canalising Exports

The Corporation has been trying to impress upon government for quite some time the need to canalise all the cotton exports through it. While the government has already canalised the export of long staple cotton through the Corporation, it has not accepted so far the Corporation's request for canalising export of Bengal Deshi cotton. It has been the experience of the corporation that private exporters of Bengal Deshi Cotton in their eagerness to cover the export quota, often sell by undercutting the prices quoted by other exporters in the country. As a result, the country is deprived of a fair price for its produce, and to that extent the foreign exchange also is lost.

The world cotton situation is also tight and the prices are ruling quite high. The country will stand to gain if the export of Bengal Deshi Cotton is also canalised through the Corporation. In this context, it may be mentioned that in countries such as ARE, Sudan, Tanzania and Pakistan, the cotton exports are already nationalised with the result that those countries are able to realise the best possible prices for their cotton in the international market.

Cooperative Consumption Credit

A meeting of State Registrars of Cooperative Societies and Chief Executives of State Cooperative Banks was held recently to discuss the guidelines issued by the Reserve Bank of India for implementation of the Experts Committee's recommendations on consumption credit. The meeting was convened by the National Cooperative Union of India. Senior representatives from the ministries of finance, civil supplies and co-operation, agriculture, planning commission and the Reserve Bank of India participated. The meeting evaluated the work of existing primary societies and made recommendations for their re-organisation with a view to making the credits effective and productive.

Names in the News

Mr D.N. Shroff has been re-elected as president of the Silk & Art Silk Mills' Research Association (SASMIRA) for the year 1976-77. Mr Shroff is a prominent businessman and industrialist and is a Director of Podar Silks & Synthetics Ltd. Mr Shroff has been connected with the man-made textile industry for the past three decades and is one of the founders of SASMIRA. He was the Indian Vice-President of the International Silk Association. He is also a member of the Development Council for Man-made Textiles and Vice-Chairman of the Textile Division Council of the Indian Standards Institution. Mr B.N. Kothary has been re-elected as the Vice-President of the Association for the year 1976-77. Shri Kothary is the Chairman of Silk & Rayon Textiles Export Promotion Council and Rayex (India) Ltd.

WIMCO LIMITED NOTICE

It is hereby notified for the information of the public that WIMCO LIMITED proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (1) of section 21 of the Monopolies and Restrictive Trade Practices Act, 1969 for a substantial expansion of its activities. Brief particulars of the proposal are as under:

- | | |
|--|---|
| (i) Name of the body corporate owning the undertaking | WIMCO LIMITED |
| (ii) Capital structure of the applicant undertaking | Authorised Rs 10,00,00,000
10,00,000 equity shares of Rs 100 each
Issued &
Subscribed Rs 6,20,00,000
6,20,000 equity shares of Rs 100 each |
| (iii) Details of the proposed substantial expansion: | |
| (a) Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered | (i) Perchloric Acid
(ii) Magnesium Perchlorate |
| (b) In the case of substantial expansion of existing activities: | |
| (i) Names of goods | Perchloric Acid & Magnesium Perchlorate |
| (ii) Capacity before expansion | Nil |
| (iii) Expansion proposed | Perchloric Acid—25 tonnes per annum
Magnesium Perchlorate—150 tonnes per annum |
| (iv) Location of the project for substantial expansion | At the Company's existing Works at Ambarnath, Maharashtra |
| (v) Brief outline of the cost of the project, the scheme and source of finance | Estimated cost of the project is Rs 55 lakhs. Financing will be from internal resources of the Company including the issue of fresh equity to Indian shareholders which will be made to bring down the percentage of foreign shareholding as required by FERA — and borrowings from Financial Institutions. |

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

WIMCO LIMITED
M. V. Hate
Director & Secretary
BOMBAY
28.10.1976

COMPANY AFFAIRS

Morarjee Goculdas

THE PERFORMANCE of Morarjee Goculdas Spinning and Weaving Co Ltd is indeed impressive during the year ended June 30, 1976. Sales during the year have gone up to Rs 27.93 crores from Rs 25.34 crores while gross profit too recorded a smart rise to Rs 222.63 lakhs from Rs 201.45 lakhs in 1974-75. After adjustments the disposable surplus amounted to Rs 226.53 lakhs. Out of this, a sum of Rs 64.56 lakhs was appropriated to depreciation reserve, Rs 116.28 lakhs to general reserve, Rs 3.50 lakhs to investment allowance reserve, Rs 6.19 lakhs for gratuity and Rs 36.00 lakhs for taxation. The directors have proposed a dividend of Rs 20 per equity share besides recommending a dividend of Rs 6.43 per preference share. The dividends will absorb Rs 116.28 lakhs and will be paid out of the general reserve.

Higher Turnover

The year under review has been a difficult one for the textile industry. Nevertheless due to the great popularity and reputation enjoyed by the company's products, Morarjee Goculdas was able to improve its sales during the year. Although the controlled cloth scheme was modified in December 1975 to exempt sick mills from the obligations to manufacture controlled cloth, Morarjee Goculdas continued to fulfil its obligation, the bur-

den on the company being over a crore of rupees.

Larsen & Toubro

Within three years of introducing to the Indian market indigenously designed and manufactured electronic controls, Larsen & Toubro Limited (L&T) is now offering third generation static control equipment. The range of L&T's third generation professional class electronic control systems covers thyristor converters, thyristor inverters, static switching logic equipment and static fault annunciation equipment.

L & T has developed the third generation electronic controls through sustained and intensive research which has enabled it to introduce many improved features in its equipment. A high degree of operational reliability, a high order of regulation and fast response characteristics are ensured through superior circuit techniques involving the use of integrated circuits and hermetically sealed industrial grade semiconductor devices. Computer-aided optimisation techniques, for heat sink and ventilation system design, permit optimum utilisation of power semiconductor capabilities.

As a result of these improvements, users and original equipment manufacturers are now offered electronic controls designed for superior performance at lesser cost than the earlier generation equipment.

L&T's third generation electronic control equipment has application in a wide range

of process industries like chemical, paper, cement and steel as also in metal working and on machine tools.

Investment Corporation

The Investment Corporation of India Ltd has declared a higher dividend of Rs 15.00 per equity share for the year ended June 30, 1976 as compared to Rs 11.00 per share paid in 1974-75. The company has earned during the year a handsome profit of Rs 42.82 lakhs as compared to Rs 27.63 lakhs in the preceding year. After providing for taxation the net profit amounted to Rs 39.85 lakhs and it exceeded the previous year's figure by as much as Rs 12.94 lakhs. Adding Rs 7.17 lakhs being the balance brought forward from last year and after writing back Rs 2.83 lakhs being the provision for taxation of earlier years, the disposable surplus came to Rs 49.86 lakhs. Out of this, a sum of Rs 2.14 lakhs was transferred to general reserve No 2, while the remaining amount of Rs 47.72 lakhs has been carried forward to next year's accounts.

Mysore Minerals

Mysore Minerals Ltd has reported all-round improvement in its working results during the year ended March 31, 1976. The company produced 519,010 tonnes of iron ore, 101,883 tonnes of manganese ore, 8785 tonnes of aluminous clay, 2391 tonnes of china clay and 2293 tonnes of chromite during 1975-76. What is more significant and striking is that the output of all minerals, except chromite, during the year has surpassed all previous levels by considerable margins. The income from sales and services too recorded a sharp rise to Rs 4.24 crores,

registering a handsome of 45 per cent over 1974-75. The company has also made considerable progress on the export front. The foreign exchange earnings from exports reached during the year an all-time record of over Rs 2.40 crores.

After providing Rs 16.76 lakhs for depreciation, Rs 7.50 lakhs towards bonus, Rs 35.00 lakhs toward purchase tax and Rs 73 lakhs for income tax, the net profit for 1975-76 amounted to Rs 28.47 lakhs. The directors have recommended an equity dividend of 15 per cent which will absorb Rs 7.87 lakhs.

Unit Trust

Sales of units of the Unit Trust of India have shown an encouraging trend. In the first quarter of the current year (July-September), the UTI sold units worth Rs 17.43 crores under Unit Scheme 1964 with 27,341 new investors joining the Trust, compared to Rs 8.89 crores under 16,186 applications in the corresponding period of the preceding year. During the period, repurchase of units were lower at Rs 1.89 crores against Rs 4.80 crores in the same period of 1975-76. As at the end of September 1976, units of the face value of Rs 174.19 crores under 1964 scheme were outstanding under more than six lakh accounts.

Sales of units to non-residents have shown a significant rise. Of the first quarter's total sales about Rs 25.32 lakhs were invested by non-residents under 222 applications against Rs 5.75 lakhs under 62 applications in the corresponding period of the previous year. Sales under the children's gift plan, which is a part of 1964 scheme, aggregated Rs 26.87 lakhs against Rs 16.81 lakhs.

The unit linked insurance

plan under unit scheme 1971 also made satisfactory progress during the period. Some 1,223 applicants joined the plan for a total business of Rs 1.12 crores against 607 applicants for Rs 51.59 lakhs in the same period of 1975-76.

News and Notes

The Directors of **Philips India Limited** have declared an interim dividend of Re 0.50 per share subject to deduction of tax. The total interim dividend will amount to Rs 6.79 mn on the paid-up share capital of Rs 135.8 mn. The company's sales and profit for the period January to June 1976 are higher than those for the same period of last year. The improvement in sales and profit witnessed in the first half of the year is expected to be maintained in the second half of the year.

Indian Aluminium Company has declared an interim dividend of seven per cent for 1976, on fully-paid equity shares, with a pro-rata dividend on the partly paid shares.

New Issues

Orient Plywood and Veneering Industries is setting up a modern plywood and veneering unit at Raipur in Madhya Pradesh. The company has been licensed to manufacture four million sq metres of plywood of all sorts including flush doors, block boards and decorative veneers per annum. At a later stage the company proposes to produce fibre board and particle board. The company proposes to install the capacity in two stages. In the first stage the unit will have an installed capacity of 2.6 million sq metres. Commercial production is expected to commence by September-October 1977. The capital outlay on the project is estimated at Rs 1.60 crores. It will be financed by

the share capital of Rs 60 lakhs, rupee term loans of Rs 67.60 lakhs, and foreign currency loans of Rs 32.40 lakhs. The company will soon be offering 2,80,000 equity shares of Rs 10 each and 5,000 (11 per cent) cumulative redeemable preference shares of Rs 100 each for cash at par to the public for subscription.

Kap Steel is setting up a Rs 145.50-lakh project for the manufacture of mildsteel ingots, sophisticated grades of carbon, special and alloy sheets. It has already received one 15/17 tonne arc furnace from the General Electric Co of India as also other machinery. Trial production is expected to begin by the end of this year or by January 1977. To raise part of the resources required for the implementation of the project the company will soon be offering 1,96,000 equity shares of Rs 10 each and 5000 (11 per cent) cumulative redeemable preference shares of Rs 100 each for cash at par to the public for subscription. The capital outlay of Rs 145.50 lakhs will be met by the share capital of Rs 50 lakhs, deferred payment under the IDBI scheme of Rs 29.67 lakhs, term loans of Rs 57.70 lakhs and unsecured loans and deposits of Rs 8.13 lakhs.

Capital and Bonus Issues

Consent has been granted to six companies to raise capital of over Rs 134.14 million.

The details are as follows :

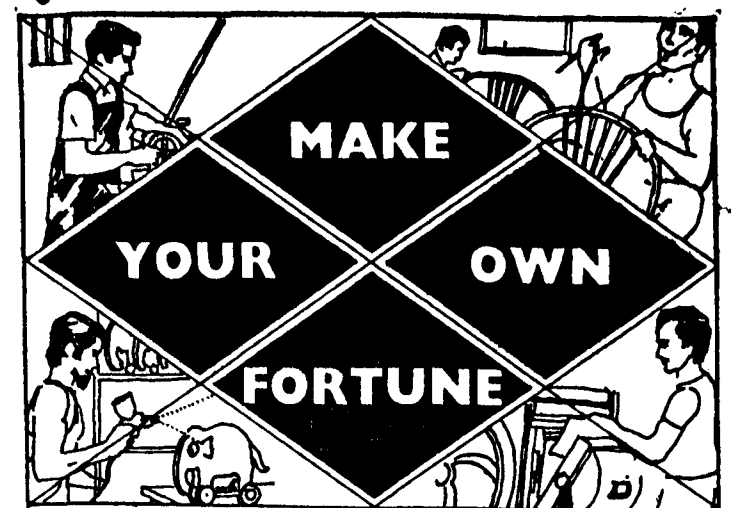
Hoechst Dyes and Chemicals Limited, Bombay, has been accorded consent, valid for six months, to capitalise Rs 5.40 million out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of two bonus

shares for every five equity shares held.

Hindustan Machine Tools Limited, Bangalore, has been granted consent, valid for 18 months, for issue of secured debentures of the value of Rs 55 million to the general

public through a prospectus. The proceeds of the issue are to be utilised to meet a part of the finance required for the lamp project being set up at Hyderabad.

Industrial Reconstruction Corporation of India Limited,



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PRATIBHA 768 B

Calcutta, has been accorded consent, valid for 18 months, for the issue of bonds for Rs 42.50 million, with a right to retain 10 per cent, of the notified amount in the event of over-subscription. The object is to augment the resources of the corporation to meet the demands of the sick and closed industrial units including industries taken over under Industrial (Development and Regulation) Act, for reconstruction.

Horstmann India Private Limited, Pune (Maharashtra) has been accorded consent, valid for six months, to capitalise Rs 1,240,940 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for each equity share held.

UP State Industrial Development Corporation Limited, a public company having a paid-up capital of Rs 86.773 million has been accorded consent for issue 200-10.25 per cent unguaranteed debentures of the value of Rs 20 million (with an option to retain additional subscription up to 10 per cent of the notified amount, in

the event of oversubscription) for cash at par, to the public by a prospectus. The debentures shall be payable to registered holders only. The proceeds will be utilised for augmenting the resources of the corporation. The consent order is valid for 18 months only.

Surat Electricity Company Limited, Bombay, a public company having a paid-up capital of Rs 14.919 million has been accorded consent for issue of Rs 10 million in 10.5 per cent redeemable convertible debentures of Rs 100 each for cash at par to the public by a prospectus. The debentures shall be payable to registered holders only. The proceeds will be utilised to meet financial needs of the power system. The consent order is valid for 18 months only.

The Pioneer Magnesia Works Limited, a public company has been rejected permission for issue of bonus shares of Rs 297,300.

The Aryodaya Ginning and Manufacturing Company Limited, Asarwa Ahmedabad, has been refused consent for issue of bonus shares worth Rs 11.55 lakhs.

Dividends

Name of the company	Year ended	Equity dividend declared for			
		Current year	Previous year		
Higher dividend					
Trichi Distilleries	May	31, 1976	10.0	7.5	
G.G. Dandekar Machine Works	June	30, 1976	10.0	Nil	
Same dividend					
Mysore Kirloskar	June	30, 1976	12.0*	12.0	
Kujagiri Rubber	June	30, 1976	9.0	9.0	
Chemo Pharma	May	31, 1976	Nil	Nil	
Travancore Chemicals & Mfg Co	June	30, 1976	14.0	14.0	
Orient Paper Mills	March	31, 1976	20.0	20.0	
Lakshmi Mills	March	31, 1976	9.0	9.0	
Reduced dividend					
Scindia Steam	June	30, 1976	15.0**	24.0	

*In addition to three-for-five bonus issue

**In addition to two-for-five bonus issue.

Licences and Letters of Intent

THE FOLLOWING licences and letters of intent were issued under the Industrial (Development and Regulation) Act 1951 during the month of July 1976. The list contains the names and addresses of the licensees, articles of manufacture, types of licences—New Undertakings (NU), New Articles (NA), Substantial Expansion (SE), Carry on Business (COB), Shifting—and Annual Installed Capacity. Details regarding licences and letters of intent revoked, cancelled or surrendered are also given.

Licences Issued

Metallurgical Industries (Ferrous)

M/s Metropolitan Springs Pvt Ltd; Antop Hill (West) Wadala, Bombay. (Wadala, Maharashtra)—Upset Forgings—200 tonnes (C.O.B.)

M/s Mishra Dhatu Nigam Ltd; P.O. Kancha Bagh, Hyderabad. (Hyderabad—Andhra Pradesh)—Nickel & Cobalt base Superalloys—200 tonnes. High Strength & High Temperature iron base alloys—515 tonnes. Nickel & Nickel Alloys—100 tonnes. Controlled expansion alloys—210 tonnes. Thermocouple Alloys—10 tonnes. Heating element & resistance alloys—200 tonnes. Bimetals—50 tonnes. Soft Magnetic Alloys—204 tonnes. High Purity Iron—1000 tonnes. Special permanent magnet alloys—50 tonnes. Tungsten & Molybdenum products—10 tonnes. Titanium & Titanium Alloys—200 tonnes. Total:—9,749 tonnes. Additional Products:—Cores & Laminations—10 tonnes. Welded Tubes (I.D.—6 to 40 mm)—20 tonnes—(NU)

Metallurgical Industries (Non-ferrous)

M/s Glad Materials Systems, 3-A, Mehar House, 15-Cowasji Patel Street, Fort, Bombay. (Dewas—Madhya Pradesh)—Clad Materials of Copper, Aluminium, Steel and Stainless Steel—1,200 tonnes—(NU)

Prime Movers (Other than Electrical Generators)

M/s Kirloskar Pneumatic Co. Ltd; Hadapsar Industrial Estate, Pune. (Poona—Maharashtra)—Fluid Couplings upto 12.2"—300 nos.—2.25 lakhs in Rs. Hydrosheaves & Hydrowynds upto 12.2" 200 nos.—2.80 lakhs in Rs. Fluid Coupling from 12.2" upto 27" 200 nos.—Rs. 8.00 lakhs. Fluid Couplings 27" and above—50 nos.—10.00 lakhs in Rs.—(NA)

Electrical Equipments

M/s Madras Wire Products Ltd; 9/6, Madras Avadi Road, Ambattur, Madras. (Ambattur, Madras, Tamil Nadu)—AAC/ACSR Conductors upto 19 Strands only—200 tonnes—(COB)

M/s Jayant Metal Mfg. Co. Pvt. Ltd; 16-Sayani Road, Bombay, (Maharashtra)—Copper/Computator Segments Strips/Profiles—600 tonnes—(SE)

M/s The Aluminium Industries Ltd; No. 1, Ceramic Factory Road, Kundara, Kerala. (Hyderabad, Andhra Pradesh)—AAC/ACSR Conductors upto 19 Strands—430 tonnes—(COB)

M/s Siemens India Limited, 134, Dr. Annie Besant Road, Worli, Bombay. (Bangalore—Karnataka)—Double Side & Powerline Carrier Communication Terminals—300 nos. p.a.—(NA)

M/s Jyoti Switchgears Ltd; P.O. Mogar, Taluka Anand, Kaira, Gujarat. (Kaira—Gujarat)—Oil Immersed Motor Starters upto 25 amps.—9,000 nos. Manually operated stardelta starters—2,000 nos. Air Break Motor Starters—7,000 nos. Auto Transformer Starters 20 HP & above—200

MINISTRY OF DEFENCE INDIAN ORDNANCE FACTORIES

General Managers of the following factories invite separate sealed tenders for supply of the following items:

High Explosives Factory: Kirkee: Poona

1. Chilled water plant to cool 50 KL of water per hour from 15° to 8°C. The plant is required for cooling industrial water at the rate of 50 KL/hr. from 15° to 8°C with suitable pump to supply chilled water to process at the rate of 150 KL/hr. and pressure 4.5 Kg/Sq. cm. The plant will be rated for continuous operation at 100% duty — 1 No.

2. Saunders diaphragm valve having a glass lined body with flanges to BSTD fitted with diaphragm and arranged for standard hand wheel operation:

- (i) Size: C 100G 1000B — 101.6 mm. 4 Nos.
- (ii) Size: C 100G 1000B — 50.80 mm. 3 Nos.
- (iii) Cast iron hypalon lined diaphragm valve size 40 mm:
- 3. Spare for S.A. Pot concentration Unit:
- C.I. Bend for rigid vapour inlet pipe as per Drg. No. SAC/07/09

5 Nos.

4. Thermocouple platinum/platinum + 13% rhodium 25 SWG wire with ceramic insulators and protective sheath length of thermocouple 1045 mm. 12 Nos.

Opening date 30-11-76 for item 1 and 17-12-76 for others. Tender forms available on application @ Rs. 2/- each item upto 15-11-76 for item 1 and 30-11-76 for others.

Ordnance Factory: Moradnagar (U.P.)

1.1 K.V. grade PVC insulated Aluminium conductor Armoured Cable 3 core size 300 mm² conforming to IS 2554 (Pt. I) 1964 with upto date amendments = 600 Metres. Closing date 7-12-76. Tender forms available on application @Rs. 10/- by Bank Draft or Postal Order or M.O. upto 24-11-76

Rifle Factory: Ishapore (W.B.)

Supply of Casting for CRADLE—as per RFI Sketch No. 2710/3/1, Mat. Specn: Steel BS 592: 1957 GRADE—A or B or IS: 1030: 1974 GRADE 20-40 or GRADE 23-45 No. 6120 Closing date 21-12-76. Tender forms available on application @ Rs 5 by crossed Postal Order upto 6-12-76.

Ordnance Factory: Katni

(i) Prefabricated Tubular Steel Structure set of purlins (Roof & Bottom) with end connections for portal frame one bay (suitable for single span 15.5 M, bay length 5.00 M, T.T.L. height 5.00 M) including all bolts, nuts Jhooks, G.I. and bitumen washers for A.C. Sheets. Quantity. 5 sets.

(ii) Prefabricated Tubular Steel Structure Portal frames (suitable for single span 15.50 M Span, bay length 5.00 M and 5.00 M high upto T.T.L. comprising of frame columns base plate and holding down bolts complete set. Quantity. 7 sets.

Closing date 14-12-76. Tender forms available on application @ Rs. 2/- in cash or by Postal Order upto 26-11-76.

Ammunition Factory: Kirkee: Poona

1. Supply of 350 Nos. of CHARGE HE EMERGENCY ECS Nos. MK 3 EMPTY CONSISTING OF:

- (a) Charge collar (upper section) (1 No. each) Drg. No. ARM 1210 B 4 dt. 30-10-72.
- (b) Charge collar (lower section) (1 No. each) Drg. No. ARM 1210-A 3 dt. 30-10-72.
- (c) Nut securing detonators (1 No. each) Drg. No. ARM 1210-A 5 dt. 30-10-72.
- (d) Spring (1 No. each) Drg. No. ARM 1210 A 6 dt. 4-3-66.
- (e) B.S.F. Bolt and self locking nut (2 Nos. each) Drg. No. ARM 1210 Schedule SI. No. 7 & 8 dt. 30-10-72.

2. Supply of 1830 kgs. of Potassium Chlorate Technical Grade I crystals for defence requirements Specn I.S. 708-1956 (with amendment No. 1 & 2).

3. Supply of 2420 Litres of Oil shell micron 27.

4. Supply of 1700 kgs. of Brass strip 2.03 ± 0.025 mm thick × 19.05 ± 0.25 mm wide harness above 145 VPN to specification BS 2870 — 1968 — CZ 108.

5. Supply of (1) Box Storing & Carrying components Drg. No. KF/SK-400 dt. 24-4-73. Nos. 800.

(2) Box wood packing cartridges SA, 22 Drg. No. KF 974 dt. 24-11-71. Nos. 4000.

Opening date 26-11-76 for item 1, 30-11-76 for item 2, 7-12-76 for item 3, 14-12-76 for item 4 and 17-12-76 for item 5. Tender forms available on application @ Rs. 2/- by money order upto 12-11-76 for item 1, 16-11-76 for

item 2, 19-11-76 for item 3 and 26-11-76 for items 4 and 5. M.O. receipt should accompany application.

Ordnance Factory: Chanda

1. Securing Ring for Container 4 B Drg. No. CIA/AMN/1298 Det. No. 9, Part No. ISV-1141. — 22, 400 Nos.

2. Polythene Tubing 292 mm (11.5") Lay Flat × 800 gauge Type II Low or medium density to Specn. 1213A. 17000 Metres.

3. Mild Steel Over Head Water Tank Made of 5 mm thick M.S. Plates And As per Drg. No. M/644 — Nos. 25.

4. Pallet Cup Adaptor To Drg. No. FQ/LX/006 Nos. 1000.

5. Mask Canister with Filter for Protection Against Organic Vapour — No. 67.

Closing date 8-12-76. Tender forms available @ Rs. 10/- for each item by crossed Postal Orders. Postal Orders will be received upto 11-11-76.

Ordnance Factory: Ambajhari, Nagpur

1. Tender No. 4063/M3/76-77/331: Fusion welded liquid gas (Chlorine) Transport container 760 mm I/DX 2083 mm length overall of specification to BS: 1500-1958 Part 1, class I, D.P. 283 PSIG DT 65°C HYD, TEST 500 PSIG to Drawing No. BS/GC/1151 Rev. B. 4 Nos.

2. Tender No. 4063/M3/76-77/3312: Crucible as per drg. No. DC-34 — 8 Nos.

3. Tender No. 4063/M-1/76-77/1267: Pole to drawing No. FS-441 or IQX. 1743, DC (I) 30967-A — 85,000 Nos.

Tender forms available @ Rs. 5/- for each item by crossed Postal Order upto 20-11-76 for item 1 and 2 and 27-11-76 for item 3. Request for tender forms will not be entertained from firms who are not either registered with this factory or with DGS&D or NSIC. Request for tender forms from firms registered with DGS&D or NSIC should be accompanied with photostat copy of proof of registration issued by the DGS&D or NSIC.

Gun Carriage Factory: Jabalpur (M.P.)

1. T.E. NO. 76/298/56 B: Canvases Cotton 24 Ozs OG-WP 0.91 Metre wide to Specn: IND/TC/0221 (e) — 1122 Mtrs.

2. T.E. NO. 76/494/56 B: Throwaway square Inserts for R.H. Face Mill to size 12.7 × 12.7 × 3.2 mm thick × (1.4 × 1 mm corner length) to grade P. 30 to ISO SPKN 1203 EPR — 1800 Nos.

3. T.E. No. 76/321/56 B: H2/4020-000024 Rope Sisal H/L 3 Strand Non Rot proof and U/W 38 mm to specn IND/TC/2144 (i) or H/2 4020-000144 Rope Hemp H/L to specn: IS-5176-1969 Grade—1 12 mm dia Qty. 75905. Mtrs.

4. T.E. No. 76/509/56 B: Bearing Roller Tapered (SR) 77.788 Bore × 121.442 no/S dia × 24.608 M Width (3.0625" Bore × 4.7812" O/S dia × 0.9688" width) Timkin Cone No. 34306 R Cup No. 34478. Qty. 91 Nos.

Closing date 15-12-76 for item 1 and 2 and 30-12-76 for 3 and 4. Tender forms available @ Rs 5/- each item by postal order upto 14-12-76 form item 1 and 2 & 27-12-76 for items 3 and 4.

Ordnance Factory: Khamaria: Jabalpur

1. External Micrometer 35 to 50 mm Reading 0.001 mm. Qty. 50 Nos.

2. Pole Steel Tubular B.C.D. 6.53 metres height Complete with base plate and Pole Cap. Unit 50 Nos.

3. Tank Mastic Bituminous Paint Unit 200 Litres. Closing date 28-12-76. Tender forms available free on application upto 28-11-76. Separate application required for each item.

Ordnance Equipment Factory: Kanpur

1. Tender No. PV/610. (i) Granodine starter (62-7) I.C.I. Brand Litres, 5638.

(ii) Granodine Solution (62-40) I.C.I. Brand Litres, 16216.

2. Tender No. PV/619 WEB Cotton statichute 45 mm undyed-specn. No. IS: 3244-1965. 16700 Metres.

3. Tender No. PV/632. Duck cotton 612 GMS scoured 91 cms wide Cat. No. H2/8305-000073. — 7450 Metres. (specn. no. IND/TC/0125(f).

4. Tender No. PV/668. Kapok Indian (Semul) GR 'B' (IHB-0332) — Specn. No. IS: 3040-1965 & CI & C Schedule No. CI&C/TC-6/1. 11800 kgs.

5. Tender No. PV/669. Fabric rubberised black 91 cms wide specification no. IND/TC/4013 (d) appendix 'A' — 1200 Metres.

Closing dates 2-12-76 for items 1 and 2, 9-12-76 for item 3, 16-12-76 for items 4 and 5. Tender from available @ Rs 5/- for each item.

Note: Specification, Drg. and other details will be supplied along with tender form. Tender fees are non-refundable. Further details can also be seen in Indian Trade Journal, Calcutta.

davp 685(180) 76.

nos, Iron Clad Switches & Switch-fuse Units 500-V above 30 amps.—8,000 nos, Triple Pole 500-V & Switches above 30 amps.—2,500 nos, Current Transformers—3,000 nos. Potential Transformers—360 nos.—(NA)

M/s Electra (India) Ltd; Industrial Area, Partapur Meerut. (Meerut—Uttar Pradesh)—Laminations for Power Distribution and Instrument Transformers—2,000 tonnes. Laminations for communication Transformers, Electricity Meters & Switchgear Equipment and Stamping for Electrical Rotating Machinery—750 tonnes. Total: 2,750 tonnes—(NU)

M/s Keltron Magnetics Ltd; Keltron House, Trivandrum. (Cannanore—Kerala)—Electromagnetic Components and Electronic Sub-Assemblies (including colour TV delay lines pulse, Transformers general purpose delay lines—2.75 mill. nos. p.a. —(NU)

Industrial Machinery

M/s Cement Distributors Ltd; 4-Scindia House, New Delhi. (Raj Gangpur Engg. Works) (Sundergarh—Orissa)—Heavy Duty Hydraulic Toggle Press, upto 1,200 tonnes pressing capacity —10 nos.—(NU)

M/s Central Industrial Workshop, Mysore Road, Bangalore. (Bangalore—Karnataka)—Heavy Duty Trailers—100 nos. (NA)

M/s Deepak Industries Ltd; 92, Kazara Road, Calcutta (Calcutta—West Bengal)—Speed Regulating Pulleys—3,000 nos. worth Rs. 9 lakhs a year—(NA)

Fertilizers

M/s Gujarat Aromatics Ltd; Natraj Chambers, Ashram Road, Navrangpura, Ahmedabad. (Baroda—Gujarat)—Cresols —3,000 tonnes. Sodium Sulphite—5,800 tonnes (Bye-product) —(NU)

Chemicals (Other than Fertilizers)

M/s Asian Paints (India) Ltd; 5th Floor, Nariman Point, Bombay. (Maharashtra)—Acrylic Resins—250 tonnes—(SE)

Shri Mohan Govindram Mukhi, 112, Vallabh Apartments 87, B. Desai Road, Bombay. (Maharashtra)—Oxygen Gas—1.00 MCM. D/Acetylene—0.20 MCM. Nitrogen Gas—0.50 MCM. —(SE)

M/s Sri Ramakrishna Oxygen Ltd, 1/8, Ramakrishna Nilayam, Pappanaickenpalayam, Coimbatore. (Coimbatore—Tamil Nadu)—Oxygen Gas—1 MCM. D/Acetylene Gas—0.25 MCM—(NU)

M/s Rallis India Limited, United India Life Building, P-Block, Connaught Place, New Delhi-1. (Maharashtra)—Dimethoate Technical—1,000 tonnes—(SE)

M/s Cyamid India Ltd; Nyloc House, 254-D2, Dr. A.B. Road, Bombay. (Atul—Gujarat)—Fenitrothion Technical—100 tonnes.—(N.A.)

M/s Kerala Chlorates & Chemicals Ltd; 108, Giri Nagar, Cochin. (Alleppy—Kerala)—Potassium Chlorate—1,000 tonnes. Sodium Chlorate—1,000 tonnes—(NU)

M/s Sudarshan Chemical Industries Ltd; 162, Wellesley Road, Sangam Bridge, Poona. (Colaba—Maharashtra)—Hydrogen Gas—0.5 MCM. Oxygen Gas—0.25 MCM—(NA)

Drugs & Pharmaceuticals

M/s Unichem Laboratories Ltd; 'Unichem Bhavan', S.V. Road, Bombay. (Ghaziabad—Uttar Pradesh)—Various Oint-

ments & Tubes Containing; Iodochlorohydroxyquinoline, Iodochlorohydroxyquinoline with Triamcin Ione Acetonide. Neomycin Triamcinolone. The capacities of the above ointments tubes in terms of Bulk Drugs required will be as under: Triamcinolone Acetonide—7.56 Kgs. p.a. Neomycin Sulphate—20.7 Kgs. p.a. Iodo-Chloro-Hydroxyquinoline.—230 Kgs. p.a.—(NA)

M/s J.K. Soap Mills, Dhab Vasti Ram, Amritsar. (Delhi)—Fatty Acids—3,000 tonnes. Glycerine—300 tonnes—(NU)

M/s Indian Drugs & Pharmaceuticals Ltd; N-12, South Extension-I, New Delhi. (Hyderabad—A.P.)—Thiacetazone —5 tonnes. Vitamin B-6 and its derivatives—50 tonnes. Sulphadimethoxine—30 tonnes—(SE)

Textiles

M/s Parvathi Mills, Quilon, (Kerala) C/o N.T.O. Ltd; New Delhi. (Quilon—Kerala)—Cotton Cloth—Installation of 45 looms—(SE)

M/s Saraswati Woollen Mills (P) Ltd; Radha Orchards, P.O. Chilianaula, Raikhet, (U.P.) (Almora, Uttar Pradesh)—Shoddy Yarn—600 Shoddy Spindles.—(NU)

M/s E. Sefton & Co. (P) Ltd; Jabalpur Road, Mirzapur—(Mirzapur—Uttar Pradesh)—Shoddy Yarn—600 spindles—(NU)

M/s Madhya Pradesh Woollen Mills, 16-Horizon-View, Foreshore Road, Bombay-1. (Dewas—Madhya Pradesh)—Shoddy Yarn—600 spindles —(NU)

M/s Swastik Woollen Industries (P) Ltd; Johari Mansion, 259, Kalbadevi Road, Bombay. (Alwar—Rajasthan)—Shoddy Yarn—600 spindles—(NU)

Paper & Pulp including Paper Products

M/s PNB Finance Ltd; (Project Division), B/45-47, Cannau-ght Place, New Delhi. (Karnal—Haryana)—Corrugating Medium —7,260 tonns—(NU)

M/s IPCO Paper Mills Ltd; Elphinstone Mills (Leather Division), Compound, Delisle Road, Bombay. (Maharashtra)—Industrial Papers—10,000 tonnes. Paper Board—2,000 tonnes. White Printing Paper—3,000 tonnes—(NU)

M/s Andhra Pradesh Rayons Ltd; 12-597/15, Gagan Mahal, Hyderabad. (Warangal—Andhra Pradesh)—Rayon Grade Pulp —26,250 tonnes—(NU)

M/s Cellulose Products of India Ltd; P.O. Kathwada, Ahmedabad. (Ramol—Gujarat)—Moulded Corrugated Boards—2,500 tonnes. Straw Board & Mill Boards—2,500 tonnes. Duplex Board—4,000 tonnes. Kraft Paper—2,000 tonnes—(NU)

Sugar

M/s The Chodavaram Co-operative Sugars Ltd; Govada, Chodavaram Taluk, Visakhapatnam. (Visakhapatnam—Andhra Pradesh)—Sugar—1,600 tonnes—(SE)

Fermentation Industries

M/s Terna Shetkari Sahakari Sakhar Karkhana Ltd; Dholi, Ozmanabad, Post Ternanagar. Maharashtra. (Dhoki—Maharashtra)—Industrial Alcohol—4.5 Mill. Liters.—(NA)

Glass

M/s Western India Plywood Ltd; P.O. Baliapatam, Cannanore, Kerala. (Cannanore—Kerala)—Glass Reinforced Plastic

Pre-impregnated Glass Fibre of various moulded shapes for industrial & commercial applications—800 tonnes—(NU)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Usha Martin Black (Wire Ropes) Ltd; 14, Princep Street, Calcutta. (Jamshedpur—Bihar)—High Carbon, High Tensile and Free Cutting Steel wire rods (with minimum coil weight of 400 kgs.)—50,000 tonnes—(NA)

Metallurgical Industries (Non-Ferrous)

M/s Electromelt Orissa (P.) Ltd; P.O. Box No. 69, Sutahat, Cuttack. (Mayurbhanj—Orissa)—Zinc Ingots—1,000 tonnes—(NU)

Fuels

M/s Oil India Limited, P.O. Duliajan, Dibrugarh, Assam, (Dibrugarh—Assam)—Liquefied Petroleum Gas—50,000 tonnes (after expansion)—(NA)

M/s Nagpal Petro-Chem Ltd; Jolly Maker Chambers No. 1, Office No. 16, 1st Floor, Plot No. 227, Nariman Point, Bombay. (Chingleput—Tamil Nadu)—Transformer Oil—17,000 tonnes. White Oil, Buffer Oil & Refrigeration Oil—12,000 tonnes. Rubber Extenders—5,500 tonnes. Petroleum Jelly—1,300 tonnes. Aluminium Rolling Oil—3,000 tonnes. Oleum/Sulphuric Acid—6,000 tonnes. Total:- 44,800 Tonnes (Feed Stock)—(SE)

Electrical Equipments

M/s Anoop Kumar, 75, C—Park Street, Calcutta, (Kandla Free Trade Zone—Gujarat)—Integrated Mica Paper (Electrical Grade)—500 tonnes. Mica Paper based Electrical insulating products—300 tonnes—(NU)

M/s Jyoti Switchgears Ltd; P.O. Mogal, Anand, Kaira. (Kaira, Anand, Gujarat)—L.T. Air Circuit Breakers, 415V, 50 C/s with hand or motor drive incorporating under voltage and/or shunt-trip together with overload and short circuit protection trip. 250 Amp., 400 Amp., 630 Amp (12 KA to 35 KA—3,700 nos. and 1250 Amp., 1600 Amp. (upto 45 KA)—300 nos.—(SE)

M/s Electronics Corpn of India Ltd; Industrial Development Area, Cherlapalli, Hyderabad. (Hyderabad—A. Pradesh)—Ferrite Core Memory—100 million bits.—(NA)

Shri Kumar Harve, 10, Jainiketan, 53/16th Road, Khar, Bombay. (Maharashtra)—Medium Frequency, High Frequency Radio Frequency, Solid State Induction Melting Furnaces—20 power units and 50 Furnaces. Induction Billet Heaters—3 Multi Station Unit. Induction Hardening Plants—5 plants.—(NU)

M/s Punjab State Industrial Development Corpn. Ltd; SCO 54-56, Sector-17A, Chandigarh. (Ropar—Punjab)—Gas Filled Tubes—50,000 nos. Fluorescent Display Devices—300,000 nos.—(NA)

M/s J & K State Industrial Development Corpn. Ltd; Haft Chinari, Srinagar. (Srinagar, J & K State)—Oscilloscopes—100 nos. Digital Voltmeters and Ammeters—250 nos.—(NA)

Transportations

M/s Micro Pistons & Rings Ltd; 76-B/8, Erandavana, Poona. (Haveli, Poona, Maharashtra)—Pistons—6 lakh nos. Piston Pins—6 lakh nos.—(NA)

M/s Jay Engg. Works Ltd; 23, Kasturba Gandhi Marg, New Delhi. (Hyderabad—Andhra Pradesh)—Press Tools—Rs. 40

lakhs. Dies & Moulds—Rs. 40 lakhs. Jigs & Fixtures—Rs. 15 lakhs. Special gauges including receiver gauges, etc.—Rs. 5 lakhs—(NA)

M/s Balmer Lawrie & Co. Ltd; 5, Graham Road, Ballard Estate, Bombay. (Aroor, Alleppey, Kerala)—Marine Freight Containers—5000 nos.—(NA)

Shri M.P. Taparia, 17/18, Shah Industrial Estate, Meerda Desai Road, Bombay. (Dharmapuri—Tamil Nadu)—Pistons—4 lakh nos.—(NU)

Industrial Machinery

M/s Govt. Central Industrial Workshop, Mysore Road, Bangalore. (Bangalore—Karnataka)—Detergent Plant—4 units valued at Rs. 3 crores. Continuous Soap making plant—4 units valued at Rs. 1 crore. Finishing Machinery Soap and Detergents—Rs. 1 crore—(NA)

M/s Rampur Engg. Co. Ltd; 4634, Ajmere Gate, Delhi. (Shahdara—Delhi)—Belt Conveyors, Bucket Elevators and Screw Conveyors and others 1,200 tonnes—(SE)

M/s Mysore Kirloskar Ltd; P.O. Yantrapur, Harihar, Karnataka (Harihar, Chitradurga, Karnataka)—Cylindrical Roller Bearings, Angular contact ball bearings, Taper Roller bearings upto 16" outside dia)—15,000 nos.—(NA)

Agricultural Machinery

M/s Punjab State Industrial Development Corpn., S.C.O., 54, 55, 55, Sector-17-A, Chandigarh. (Punjab)—Self-propelled Combine Harvesters—500 nos.—(NU)

M/s Escorts Tractors Ltd; Escorts House, Roshanara Road, Delhi-7. (Ballabgarh, Gurgaon—Haryana)—Ford 4600 (62.3 HP) type Tractors—2,000 nos. within the licensed capacity of 6,000 nos of tractors—(NA)

Miscellaneous, Mechanical & Engg. Industries

M/s Larsen & Toubro Ltd; L & T House, Ballard Estate, Bombay. (Bombay, Maharashtra)—Specialised Tools—Rs. 100 lakhs—(SE)

Shri M.M. Lal, Expanded Plastics, 605, Rohit House, Tolstoy Marg, New Delhi. (Backward Distt; U.P.)—Synthetic Wood Profiles (Polystyrene) from Non-Petrochemical route—600 tonnes.—(NU)

Commercial, Office & Household Equipment

M/s Godrej & Boyce Mfg. Co. (P) Ltd., Godrej Bhavan, Home Street, Bombay. (Vikhroli, Bombay—Maharashtra)—Domestic Refrigerators—1 lakh nos. Compressors—3,500 nos.—(SE)

Industrial Instruments

M/s Bestobell India Ltd; 311-312, Ansal Bhavan, 16-Kasturba Gandhi Marg, New Delhi. (Calcutta—West Bengal)—Bourdon—10,000 nos.—(NA)

Chemicals (Other than Fertilizers)

M/s Bihar Oxygen Corpn., Neory Vikas, Ranchi. (Ranchi—Bihar)—Oxygen Gas—1 MCM, D/Acetylene Gas—0.20 MCM.—(SE)

M/s H. Mumtaz & Co., 1-Colootola Street, Calcutta. (Bokaro, Dhanbad, Bihar)—Anthraquinone—660 M. tonnes. Anthracene

Residue-3761" Effluent Gases mainly Co. 2 manufacturing for Carbonate (Magnesium) or ppt Silica.—190 M. tonnes—(NU)

M/s Nuchem Plastics Ltd; 20/6, Mathura Road, Faridabad. (Broach—Gujarat)—Polycarbonate Resins—1,000 tonnes. Phosgene—750 tonnes—(NU)

M/s Hindustan Paper Corpn. Ltd; D-44, NDSE Pt. II, New Delhi. (Cachar—Assam)—Caustic Soda—20,000 tonnes. Fused Caustic Soda Chlorine—17,600 tonnes. Chlorine Liquid—10,000 tonnes H.C.L.—6,000 tonnes. Calcium Chloride—10,000 tonnes—(NU)

M/s Hindustan Paper Corporation Ltd; D-44, N.D.S.E. Part. II, New Delhi. (Morigaon, Nowgong—Assam)—Caustic Soda—20,000 tonnes. Fused Caustic Soda Chlorine—17,600 tonnes. Chlorine Liquid—10,000 tonnes. H.C.L.—6,000 tonnes Calcium Chloride—10,000 tonnes—(NU)

M/s Durgapur Chemicals Ltd; 6-Little Russel Street, Calcutta-16. (Durgapur, Burdwan—West Bengal)—Caustic Soda—33,000 tonnes—(SE)

M/s U.P. State Industrial Development Corpn. Ltd; 117/130, Sarvodaya Nagar, Post Box 413, Kanpur. (Backward Distt—U.P.)—Citric Acid—1,500 tonnes—(NU)

Shri Abbay S. Bharaktiya, C-101, Greater Kailash, New Delhi. (Matura—U.P.)—Fenitrothion Technical.—250 M. tonnes. Ethion Technical—75 M.T. Thiameton Technical—75 M.T. Phorate Technical—100 M.T.—(N.U.)

M/s S.M.P. Pvt. Ltd; Subhash Road, Jogeshwari (E), Bombay. (Kolaba—Maharashtra)—Fenitrothion Technical.—300 tonnes—(NU)

Shri Narendra I. Bhuva, C/o M/s Indo-Nippon Chemical Co. Ltd; Maker Bhavan, No. 2, 18-New Marine Lines, Bombay. (Anreli—Gujarat)—Caustic Soda—33,000 tonnes. Chlorine—29,800 tonnes—(NU)

M/s Industrial Oxygen Co. Pvt. Ltd; Majithia Industrial Estate, Sunderbaug, Deonar, Bombay. (Belgaum—Karnataka)—Dissolved Acetylene Gas—0.20 MCM.—(SE)

M/s Rallis India Ltd; 21, Raveline Street, Fort, Bombay—1. (Roha—Maharashtra)—Chemical Auxiliaries and Intermediates (Guar Gum Derivatives) namely Oxydates, Oxyethylates, Carboxymethylates, Sulphonates, Alkylates, Methylates and Chlorates, based on natural Polysaccharides and Starches—3,000 tonnes—(NU)

M/s Asian Paints (India) Ltd; 5th Floor, Nariman Point, Bombay. (Maharashtra)—Acrylic Automotive Refinishing Lacquers—1,375 tonnes. Alkyd based Automotive Refinishing Enamels—225 tonnes—(SE)

M/s Rasoi Vanaspati & Industries Ltd; 20, Sir R.N. Mukherjee Road, Calcutta. (Nadia—West Bengal)—Furfural—6,000 tonnes—(NU)

M/s Hindustan Organic Chemicals Ltd; (A Govt. of India Enterprise), P.O. Rasayani, Kolaba. (Rasayani, Kolaba, Maharashtra)—Nitrobenzene—22,000 tonnes. Acetanilide—4,000 tonnes. Aniline—12,000 tonnes—(SE)

M/s Hindustan Organic Chemicals Ltd; P.O. Rasayani, Kolaba. (Panvel, Kolaba, Maharashtra)—Acetaldehyde—5,500 tonnes. Acetic Acid—3,000 tonnes. Acetic Anhydride—2,000 tonnes—(NA)

M/s Synthetics & Chemicals Limited, 7-Jamshedji Tata Toad, Bombay. (Barcilly—U.P.)—Butadiene Catalyst—60 M.T.—(NA)

M/s Cyanamid India Ltd; Nyloc House, 254-D2, Dr. Annie Besant Road, B. mbay. (Atul, Bulsar, Gujarat)—Thiotepa—328.7 grams. Methotrexate—3820.5 grams. Calcium Leucovorin—596 grams—(NA)

M/s Chemical Industrial & Pharmacuticals Laboratories Ltd; 239, Bellasis Road, Byculla, Bombay Central, Bombay. (Bombay—Maharashtra)—Ulcenil Tablets (50 mg.)—corresponding to 500 kg. of Corbonoxolons—(NA)

Textiles

M/s Modi Spinning & Wvg. Mills Co. Ltd; Modinagar. Distt: Meerut, U.P. (Aurangabad—Maharashtra)—Terry Towels—16,030 spindles and 226 looms—(NU)

M/s The Arvind Mills Ltd; P.O. Box No. 56, Naroda Road, Ahmedabad-2. (Ahmedabad—Gujarat)—Cotton Yarn—96,274 spindles—(SE)

M/s The Delhi Cloth & General Mills Co. Ltd; Akash Deep, Barakhamba Road, New Delhi. (Kota—Rajasthan)—Viscose Rayon Tyre Cord Yarn—2,000 tonnes—(SE)

M/s Bhilwara Processors Ltd; 24, Community Centre, East of Kailash, N-Delhi. (Bhilwara, Rajasthan)—Processing of Synthetic Fabrics—15 lakh metres—(NU)

M/s Shanti Textile Mills Pvt Ltd; L.B. Shastri Marg, Ghatkopar, Bombay. (Maharashtra)—Synthetic Knitted Fabrics. Warp Knitting Machines—2 nos. Raschel Knitting Machines—2 nos. (Corresponding to a total consumption of 80 tonnes of Caprolactum/DMT)—(NA)

M/s Dharampal Brothers (P) Ltd; Kurla-Andheri Road, Sakinaka, Bombay—(Bombay, Maharashtra)—Wrap Knitting Machines for the manufacture of Synthetic Knitted Fabrics—3 nos.—(NU)

M/s Ramkumar Mills Pvt. Ltd; 'Sudhama House', Chickpet, Bangalore—(Bangalore—Karnataka)—For processing of only Cotton and purchased Art Silk and Synthetic Fabrics—90 lakh metres—(NU)

Paper and Pulp including Paper Products

M/s The K.C.P. Limited, 38, Mount Road, Madras.—(Krishna-Tamil Nadu)—Paper (Writing and Printing, Packing and Wrapping)—10,000 tonnes—(NU)

Shri Indar Singh Gill and his Nominees, H-1, Datta Guru Co-operative Housing Society, Devnar, Bambay—(Hoshiarpur—Punjab)—Pulp—15,000 tonnes. Cultural Paper—7,500 tonnes. Kraft Paper—7,500 tonnes—(NU)

M/s Orient Paper Mills Ltd; P.O. Brajranjnagar, Distt. Sambalpur—(Sambalpur—Orissa)—Pulp and Paper—91,000 tonnes—(SE)

M/s Bilaspur Spinning Mills & Industries Ltd; 12-Government Place East, Calcutta—(Backward Distt: MP)—Speciality Paper from Hard Wood and Bamboo—5,4000 tonnes—(ND)

Shri G. Narasimha Reddy, 1-2-66, Domaluda, Hyderabad—(Bastar, Madhya Pradesh)—Tissue Paper White—1,500 tonnes.

Tissue Paper Coloured—1,500 tonnes, Poster Paper White—2000 tonnes. Poster Paper Coloured—1,600 tonnes—(NU)

Fermentation Industries

M/s Sarabhai Chemicals Ltd; Wadi Wadi, Baroda—(Baroda—Gujarat)—Bacterial Amylase— 315×10^7 units, Amylo—Gluco-sidase— 525×10^8 units—(NA)

Vegetable Oil & Vanaspati

M/s The Tamil Nodu Co-operative Marketing Federation Ltd; 40-A, St. Mary's Road, Madras-18—(South Arcot—Tamil Nadu)—Vegetable Oil—10,000 tonnes in terms of Sunflower/Minor Oilseeds—(NU)

Rubber Goods

M/s Meghalaya Industrial Dev. Corpn. Ltd; Room No. 413, Meghalaya Addl. Sectt. Bldg; Shillong-1—(Khasi Hills, Meghalaya)—Conveyor Belting—600 tonnes, Automotive Fan & Industrial 'V' Belts—5 lakhs nos.—(NU)

Leather, Leather Goods & Pickers

M/s Tannery & Footwear Corpn. of India Ltd; 13/400, Civil Lines, Hazari Bungalow, (Kanpur—Kanpur—U.P.)—Shoe Uppers—5 lakhs pairs—(NA)

M/s South East Tanning Co., 4-5, Vepery High Road, Periamet, Madras—(North Arcot—Tamil Nadu)—Shoe Uppers—5 lakh pairs—(NA)

M/s Benil Leather Corpn., 51, Vepery High Road, Madras—(Chinglept—Tamil Nadu)—Shoe Uppers—5 lakh pairs—(NA)

Cement and Gypsum Products

M/s Sonar Paper Products (P) Ltd; E-2/4, Vasant Vihar, New Delhi—(Paonta, Kalka, Himachal Pradesh)—Asbestos Cement Products—36,000 tonnes—(NU)

M/s Hyderabad Asbestos Cement Products Ltd; Sanatnagar, Hyderabad—(Bhagalpur, Bihar)—Compressed Asbestos Cement Sheets—24,000 tonnes—(NU)

Timber Products

M/s The Western India Plywood Ltd; Mill Road, P.O. Balipatam, Cannanore—(Cannanore—Kerala)—Fibre Board (Hard Board, Semi-Hard Board and Soft Board)—20,000 tonnes—(SE)

Change in the Names (Owners or Undertakings)

(Information pertains to particular licences only)

From Shri K.R. Dadyburjor; Promoter, M/s Alasson Pulp & Paper Ltd; Fort, Bombay to M/s Alasson Pulp & Paper Ltd; Bombay.

From M/s UP State Sugar Corpn. Ltd; Lucknow to M/s Chandpur Sugar Co. Ltd; Chandpur, Bijnor, UP.

From M/s South India Flour Mills Pvt. Ltd; Madras to M/s Hindustan Flour Mills, Madras.

From M/s Punj Sons Pvt. Ltd; New Delhi to M/s Fedders Lloyd Corporation (P) Ltd; New Delhi.

From M/s Burmah Shell Refineries Ltd; Bombay to M/s Bharat Refineries Ltd; New Delhi.

From M/s Mysore Chemicals & Fertilisers Ltd to M/s

Gammon India Limited (Enterprise) viz. M/s Gammon Fer-Chems, Bombay.

From M/s Nav Bharat Enterprises (P) Ltd; Hyderabad to M/s Avanti Leathers Ltd; Hyderabad.

From M/s K.G. Khosla & Co. Pvt. Ltd; New Delhi to M/s K.G. Khosla Compressors Pvt. Ltd; New Delhi.

From M/s UP State Industrial Dev. Corpn. Ltd; Kanpur. (M/s UP Magnesite Ltd.) to M/s Almora Magnesite Ltd.

From M/s Chowgule & Co. (Hind) Pvt. Ltd; New Delhi to M/s Chowgule & Co. (Hind) Ltd; New Delhi.

Licences/Registration Certificates, Revoked, Surrendered and Lapsed

(Information pertains to particular licences only)

M/s Apar Pvt. Ltd; Nadiad, Gujarat—Electronic Components, (Cancelled)

Shri Kashi Nath Rajgarhia, D-7/6, Vasant Vihar, New Delhi.—Pulp and Writing & Printing Paper. (Revoked)

M/s Shree Hanuman Sugar & Industries Ltd; Calcutta—Pulp & White Printing Paper. (Revoked)

M/s Dulichand Omraolall, 4-Chittaranjan Avenue, Calcutta-72—Cottonseed Oil. (Revoked)

M/s Ferro Alloys Corpn. Ltd; Tumsar, Maharashtra—Fused Alumina, etc. (Cancelled)

M/s Southern Cables Corpn. Ltd; Madras—Rubber Insulated Cables, LT & HT Cables, Railway Signalling Cables, etc. (Revoked)

M/s Bagalkot Udyog Ltd; Bagalkot, Bijapur, Karnataka State—Portland Cement. (Revoked)

Shri Ramesh R. Gupta, 87, Nagdevi Cross Lane, Bombay—Paper & Paper Boards. (Revoked)

Shri Arjun Singh, 8713, Aram Ganj, Delhi—Pulp & Paper. (Revoked)

M/s Himachal Preserved Foods Pvt. Ltd; New Delhi—Apple Juices & Cider, Pectin, etc. (Revoked)

M/s Textile Machinery Corpn. Ltd; Calcutta—Diesel Road Rollers (8-10 tons). (Revoked)

M/s Mahindra & Mahindra Ltd; Apollo Bunder, Bombay—Wire Wound Resistors (Professional Grade). (Cancelled)

Shri Shashi V. Mansata, M/s V.B. Semiconductors Ltd; Bangalore—Semiconductor Devices (Transistor/Diodes). (Cancelled)

M/s Standard N. Traditional Products Pvt. Ltd; c/o Mr. S.N. Tavaria, Bombay—Glass Fibre Reinforced Plastic Products. (Cancelled)

M/s Marshal Industries of India, New Delhi—Bicycle Steel Balls. (Cancelled)

Letters of Intent Rejected and Surrendered

(Information pertains to particular letters of intent only)

M/s Haryana State Industrial Dev. Corpn. Ltd; Chandigarh—Caustic Soda. (Cancelled)

M/s Suraj Industrial Packing Ltd; Lucknow—Caustic Soda. (Cancelled)

M/s Epsilon Electronics Pvt. Ltd; Bombay—Malleable Iron Pipe Fittings. (Cancelled)

M/s Geep Flashlight Industries Ltd; New Delhi—GLS Lamps & Fluorescent Tubes. (Surrendered)

M/s K.G. Khosla & Co. (P) Ltd; New Delhi—Wagon Drills. (Expired)

M/s New Chemi Industries Pvt. Ltd; Bombay—Malathion Tech. (Closed)

M/s The Kerala State Industrial Corpn., Trivandrum—Soda Ash/Ammonium Chloride. (Cancelled)

M/s Rajasthan State Indl. & Mineral Development Corporation Ltd; Jaipur—Caustic Soda. (Surrendered)

Shri M.C. Lalla, M/s Automotive Corpn. of India, Poona—Scooters. (Closed)

M/s Northern Enterprises Corporation Pvt. Ltd; New Delhi—High Protein Nutro Biscuits, etc. (Lapsed)

M/s Suraj Industrial Packing Ltd; Lucknow—Caustic Soda. (Cancelled)

M/s Indian Rayon Corpn. Ltd; Veraval-2—Trichloroethylene and Perchloroethylene. (Cancelled)

Shri S.S. Sankaralingam, Sivakasi—Red Phosphorous. (Cancelled)

M/s Kerala State Indl. Development Corpn. Ltd; Trivandrum—HDPE Sacks. (Cancelled)

Shri G.P. Goyal, 3/5, Asaf Ali Road, New Delhi—Paper. (Cancelled)

Shri R.L. Jain, c/o Paragon Industries, Fatehpuri, Delhi—Maize Products. (Cancelled)

M/s Siemens India Ltd; Worli, Bombay—Cobalt Radio Therapy Units. (Cancelled)

Mrs. A.M.P.A. Valliammai Achi, 5, Raman Street, Madras-17—Freon Gas. (Lapsed)

M/s Poddar Estates Ltd; Hongkong House, Calcutta—Paper. (Cancelled)

Shri Suresh Shantilal Patel, 'Sanskar', Ahmedabad—Chloromethenes. (Cancelled)

M/s Aruna Sugars Ltd; 11-A/I, Mount Road, Madras-2—Paper. (Cancelled)

Shri O.P. Goel, 35, Nizamuddin (E), New Delhi—Paper. (Cancelled)

Shri Parmod Bhal, 76, New Okhla Indl. Complex, Phase-I, New Delhi—Paper. (Cancelled)

Shri Vivek N. Bhaskar, New Delhi—Refractory Monolithics and Bonds. (Cancelled)

Shri Om Prakash Nevatia, 4540, Bhabhi Bazar, Bhatinda—Paper. (Cancelled)

Shri H.S. Mahashwari, Prospect House, Bombay-1—Paper. (Cancelled)

Shri Raj I. Garg, New Delhi—Paper. (Cancelled)

Shri H.S. Grewal, Chandigarh—Paper. (Cancelled)

Shri Ramesh Chander G. Shah, Bombay-7—Aluminium Foils. (Cancelled)

M/s Travancore Chemicals & Mfg. Co. Ltd; Kalamassery, Alwaye, Kerala—Barium Carbonate, etc. (Cancelled)

Shri Arun K. Jain, 32, Hanuman Road, New Delhi—Refrigerant Gases. (Lapsed)

Shri Ashok K. Kajaria, Calcutta-19—H.T. Bolts & Nuts. (Cancelled)

Shri J.K. Saraf, Bombay—Paper. (Cancelled)

M/s Hindusthan Development Corpn. Ltd; Calcutta—Caustic Soda. (Surrendered)

Shri Anil Kumar, Delhi—Gears for Automobiles & Tractors. (Cancelled)

M/s National Floated Glass Mfg. Co., Ahmedabad—Polished Plate Glass, Float Glass. (Cancelled)

Shri O.P. Kajaria, Calcutta—Castallated Beam & Broad Flanged Beam, etc. (Cancelled)

Shri K.S. Taneja, New Delhi—Semi-conductor Devices. (Cancelled)

Shri R.P. Kapur, Herald House, 2nd Floor, New Delhi—Electrolytic Capacitors. (Revoked)

Shri K.K. Verma, Madras—Textile Spindles & Bolster Insert Combination. (Lapsed)

Shri D.N. Khandke, Pedder Road, Bombay—Hard Rubber Containers for Storage Batteries. (Lapsed)

Smt. Sushila Aggarwal, Bungalow No. 10, Puna—Hard Ferrites; Substrates. (Lapsed)

M/s Kores (India) Ltd; Off: Dr. Moses Road, Worli, Bombay—Paper. (Cancelled)

Shri D.R. Sondhi, Panch Shila Park, New Delhi—Hand & Cutting Tools. (Cancelled)

Shri Harsh Kumar Chopra, B-258, Greater Kailash-I, New Delhi—Forged Steel Pipe Fittings. (Cancelled)

M/s Vijay Mills Co. Ltd; Naroda Road, Ahmedabad-2—Borax & Boric Acid. (Lapsed)

M/s Poddar Services Ltd; Hong Kong House, Calcutta-1—Mica Paper, etc. (Lapsed)

Shri J.M. Deb, c/o Frontier Engg., Panbazar, Gauhati—G.L.S. Lamps. (Lapsed)

Shri Ramesh Kumar Maheshwari, c/o M/s Bharat Enterprises, 42, Frazer Road, Patna-1—G.L.S. Lamps. (Lapsed)

M/s R. Sundararaman, M.I.E. (India) Madras—Current & Potential Transformers. (Cancelled)

The Managing Director, M.P. Audyogik Vikas Nigam Ltd; Bhopal—Caustic Soda/Chlorine. (Cancelled)

M/s Ganga Paper Mills, Jagdalpur—Paper. (Cancelled)

Shri Vidya Sagar, E-15, Bali Nagar, New Delhi—Paper. (Lapsed)

M/s Colour Cartons Ltd; Tiecicon House, Bombay—Packing Materials. (Cancelled)

Shri S.V. Balasubramaniam, 'Ram Niwas', Coimbatore—Writing and Printing Paper. (Cancelled)

M/s Titagarh Paper Mills Co. Ltd; Calcutta-1—Paper Making Machinery. (Lapsed)

FICCI background paper on indirect taxation

The Federation of Indian Chambers of Commerce & Industry (FICCI) held its 11th all-India conference of tax executives in the capital on October 29 and 30, 1976. The background paper presented by the FICCI on this occasion dealt with, among other things, the issues before the Indirect Taxation Inquiry Committee (Jha Committee). Given below is the full text of that part of the background paper which discusses the questions which need to be examined by the Jha Committee, particularly those dealing with excise duty, customs duty, sales tax, octroi and the value added tax (VAT).

THE POWER to levy indirect taxes vests in the central government, the state governments and the local bodies such as municipalities, notified area boards, panchayats, etc. Customs and central excise levies are the main indirect taxes imposed by the centre, whereas sales tax is the most important single source of revenue for the states. The local body collects various types of taxes such as octroi and the entry tax, mandi tax, etc. The tax base for indirect taxation is the amount of commodities, either in terms of value or volume that are produced, exchanged or transported.

Important Objectives

Indirect taxation is aimed to achieve, *inter alia*, the following important objectives:

- to provide revenue to the government to meet its expenditure;
- to provide development finance;
- to mop up excess profits;
- to reduce the inequality in real income distribution; and
- to bring about optimum

and most efficient resource allocation.

More than 75 per cent of the tax revenue in India has been accounted for by indirect taxes. Total receipts from indirect taxation rose from Rs. 1040 crores in 1960-61 to an estimated figure of Rs. 8121 crores in 1975-76 or by 681 per cent. During the same period the national income at current prices increased by 370 per cent. As such, the ratio of indirect taxation to national income was up from eight per cent in 1960-61 to 13 per cent in 1975-76. In the case of the centre, during the year 1975-76, indirect taxes constituted 69 per cent of the total tax revenue; in the states' consolidated tax revenue, yield from indirect taxes ranged up to 86 per cent.

The growth of indirect taxation over the years has been haphazard and the decisions have been ad-hoc. An overall scientific approach has been missing. Government has, therefore, appointed a committee under the chairmanship of Mr. L.K. Jha, Governor, Jammu and Kashmir, to examine the whole system of indirect taxation. The terms of reference

are wide-ranging and include a review of the existing structure of indirect taxes, its impact on economic use of resources, costs and prices, the feasibility of adopting value added tax, the conditions for grant of concessions, the necessity of import duties as a means to aid import trade control, etc. The committee is expected to submit its report by the end of July, 1977.

Against the general background outlined above it may be relevant to examine certain specific issues relating to individual taxes like excise and customs duties, sales-tax and octroi. What is important, the structure of taxation must be national and consistent. In

devising such a tax structure, considerations of revenue are not so important. For, once an appropriate and simplified structure is adopted, necessary revenue can always be raised by fixing the rates at the requisite levels.

At the time of independence, excise duties were levied on a few commodities and the revenue netted was only about Rs 51 crores. Today excise duties are levied on more than 124 commodities. Any commodity which has not been specifically mentioned among these 124 commodities bears tax at one per cent *ad valorem*. Most of the taxes are *ad valorem*, but there are some which are specific, and a few a combination of both. In addition to the

Collection of Indirect Taxes by Centre, the States and the Local Bodies (Rs crores)

Year	Centre	States & local bodies	Total
1960-61	586	454	1040
1961-62	702	488	1190
1962-63	845	563	1408
1963-64	1064	650	1714
1964-65	1199	732	1931
1965-66	1437	836	2273
1966-67	1619	975	2594
1967-68	1662	1117	2779
1968-69	1767	1246	3013
1969-70	1948	1405	3353
1970-71	2283	1581	3864
1971-72	2757	1758	4515
1972-73	3181	1994	5175
1973-74	3599	2277	5876
1974-75	4563	2704	7267
(Estimated)			
1975-76	5180	2941	8121
(Estimated)			

RECORDS AND STATISTICS

basic excise duties, additional excise duties in lieu of sales tax are levied on sugar, tobacco and textiles. Auxiliary duty is leviable on 25 commodities. The maximum rate of basic duty as well as auxiliary duty is prescribed by Parliament. However, the executive has the power to reduce or increase the rate within the upper-limit sanctioned by the Parliament. This upper-limit is known as the tariff rate while the rate in force is known as the effective rate. Excise duties fill the major part of the tax revenue of the Central Government. The yield has shot up from Rs. 51 crores in 1948-49 to Rs. 4085 crores in 1976-77 (BE). The latter would be 52 per cent of the total tax revenue as compared to 13 per cent in 1948-49. In point of fact, customs and central excise duties together would contribute about 71 per cent of the total tax revenue in 1976-77.

States' share

Excise duty is being shared between the union and state Governments according to the recommendations of the Finance Commission. So far it was only the basic excise duty which was shared. However, from the financial year 1976-77, auxiliary duties are also being shared. The share of the State Governments, as recommended by the Sixth Finance Commission is 20 per cent of the net proceeds of excise duties on all commodities other than duties and cesses earmarked for specific purposes, and is distributed among the States in accordance with the percentages suggested by the Commission.

Until 1960s excise duties were mainly specific. A gradual shift over to *ad valorem* rates was made to take advantage of the price rise. This has in fact tended to enhance the inflatio-

nary potential of the economy. Excise duty is levied on goods at different stages of production viz raw materials, intermediates components and finished goods. The result is that the cumulative tax is much more than the rate on the final product. In the case of automobiles for example excise duty is paid on steel sheets, various parts and components, as also on the final product. This cascading effect makes planning of tax incidence difficult, raises prices unduly and distorts resource allocation. The cascading effect has been pretty strong in the case of engineering products, consumer durables, automobiles, etc. Moreover, despite the elaborate formula devised for working out duty drawbacks the full incidence of various taxes is not rebated in the event of exports.

Excise duties are subject to concessions which are given fully or partially to manufacturers, based on the quantum of production, value of production, manpower employed, process of production, use of power, type of raw materials, end use of the products, etc. This scheme has its own merits and demerits.

Ad Hoc Policy

As stated earlier, the history of taxation in our country is marked by *ad hocism* rather than influenced by long terms policy objectives.

Would it not, therefore, be more rational to devise a tax mix which would result in more than proportionate increase in tax revenue with the increase in the national income? If so, would it be possible to identify the commodities which have a higher tax potential?

Industrial capacity and capi-

tal investment already committed to production of goods should not be left idle by curbing demand through higher tax rates.

If production of some items or future investment in certain directions needs to be restrained, should it not be done through licensing policy itself rather than taxation? How can the two be co-ordinated?

Multiplicity of Taxation

The most important point with regard to commodity taxation would be to avoid multiplicity of taxation and eliminate its cascading effect.

Would it not, therefore, be better to levy tax on final product only rather than taxing raw materials, intermediates, etc.? Further,

(a) while choosing commodities for taxation, how far would it be possible to give preferential treatment to commodities which encourage labour intensive technology?

(b) would it be desirable to give tax concession to industries set up in backward areas and help transfer of technology to the rural sector where the masses actually live?

(c) it is for consideration whether the existing system of the tax exemptions, full or partial, enjoyed by various group of assesseees, and in particular by the small enterprises, which have led to undesirable aberrations, should not be replaced by graduated subsidies.

The main components of cus-

toms duty are the import and export duties and the principle objectives are protection to domestic industries and revenue to government. The collection from customs duty was Rs. 171 crores in 1960-61 and this has gone up to Rs 1,417 crores in 1976-77. Import duties are levied at the rate of 40 per cent, 60 per cent and 100 per cent depending upon the type of goods. Certain goods enjoy full or partial exemption. In addition to the above rates, auxiliary duties at the rate of 5, 15 and 20 per cent are also levied. Over and above these, countervailing duty equal to the existing rate of excise duty for a like commodity, is charged on most of the imported goods. Only a few exemptions have been permitted through specific notifications.

Export Duties

Exports duties are levied on a number of items such as hides, skins and leather, unmanufactured tobacco, mica, manganese ore, iron ore, black pepper, coffee, groundnut, etc. The main consideration in levying export duties has been the competitive position of goods in the international markets. The revenue from export duty has been gradually declining because the traditional commodities of export have met with strong competitions abroad.

Government have powers to vary the level of export duties within the maximum limit approved by Parliament. They have been making use of these powers fairly frequently, but the complaint of export trade, borne out of repeated experience is that Government usually takes an inordinately long time in reducing or abolishing export duties, with the result that by the time the relief is an-

nounced, damage has already been done.

The main difficulties the importers find with regard to customs duties are about classification and approval of value for assessment, and the interpretation of the import licence by the Customs authorities. The principle of 'predominant use' which has been accepted for classifying the items should be implemented as speedily as possible. There is also a lot of difference between the B.T.N. classification and the central excise classification. This creates difficulties in estimating the appropriate countervailing duty. The problem with regard to approval of assessable value is that often the customs authorities do not give credence to the importer who is in a position to import at a lower price. For example instances have been reported where importers who import in bulk are facing problems with regard to approval of price because their import price is lower than the price of other importers.

Dual Method

The objective of giving protection to domestic industry is achieved through import tariff on the one hand and import control on the other. This dual method of control mechanism is apt to lead to contradictions and undesired disruptions in economic activity.

It is, therefore, relevant to ask whether instead of the multiplicity of regulatory measures it would not be more appropriate to exercise control through a single measure.

In the context it may be questioned whether a restructuring of import tariff is not called for? If so in what manner?

(a) How far it would be desirable to burden capital

goods and raw materials with countervailing duties in lieu of excise duties in the country?

(b) What should be the optimum level of the countervailing duties?

New investment has become sluggish because the capital cost of projects has increased significantly in the last 2-3 years.

Would it not be desirable to reduce import duty on capital goods, particularly when such capital goods are not indigenously available?

Drawbacks and Rebates

The present mechanism of drawbacks and rebates on export has not fully counterbalanced the impact of excise duties, sales tax, etc. on raw materials, intermediates and components, which enter into production process prior to the final manufacturing stage.

Would it not, therefore, be desirable to introduce a system of tax credit certificates which would indicate the taxes paid at each stage and thus enable the authorities to assess the cumulative effect of indirect taxation and grant full rebate of these levies in the case of exports?

Revenue from sales tax has gone up from Rs. 163 crores in 1960-61 to Rs. 1606 crores in 1975-76. Sales tax revenue constituted 62 per cent of the total commodity taxes, and 54 per cent of the total tax revenue of the States. Sales tax is thus the back-bone of the states' tax system. The importance of sales tax varies from state to state. It is relatively more important in states such as Kerala, Gujarat, Maharashtra, Orissa, West Bengal, etc.

Broadly, the system of sales

tax can be divided into three categories; single stage tax, multi-stage tax and a combination of two. The single stage tax can be levied at the point of manufacture, wholesale trade or retail trade. Multi-point tax is levied at all the points. Multi-point taxes are levied in states such as Andhra Pradesh, Bihar, Kerala, etc. while single point levies are imposed in states such as Assam, Haryana, Jammu & Kashmir.

Sales tax is essentially a tax paid by the consumer. According to the Central excise Reorganisation committee, in 1963-64 the percentage of sales tax to consumer expenditure in the states varied from 3.8 per cent in Maharashtra to 0.6 per cent in Jammu & Kashmir. On an average, it was 1.9 per cent.

Considerable Difficulties

The rules and regulations, exemptions, rates etc. regarding sales tax differ from state to state. This has led to considerable difficulties for the business community. Apart from the states' sales tax, the sales are also subject to the central sales tax to the extent that they are inter-state in nature. While central government is empowered to enact legislation for central sales tax, its administration is looked after by individual states.

Would it not be desirable to completely abolish sales tax and merge it with excise duties in the form of additional excise duty as in the case of tobacco, textiles and sugar? Would it not save a lot of difficulties being faced by the traders at present?

If not, considering the diversities of sales tax in respect of rules and regulations, tax rates, etc., would it not be desirable to aim

at some kind of uniformity in the sales tax structure throughout the country?

All expert bodies which have examined octroi and other local taxes came to the conclusion that octroi levy interferes with the free-flow of goods within the country. The Keskar Committee stated that octroi duty was a source of corrupt practices. The Taxation Enquiry Commission noted that it violates all canons of taxation. Nevertheless, octroi has not been removed, replaced or reformed. One reason for this is that no satisfactory alternative, compatible with the autonomy of local authorities, has been devised.

Acute Problems

The problems caused by octroi are acute. The Report of Road Transport Taxation Enquiry Committee has stated; that detention time of trucks at octroi and other check-posts varied from 20 to 80 per cent of the vehicles' journey time. In certain cases trucks took 4-5 hours to cross the barriers. There are about 5000 such barriers throughout the country. On a rough estimate, the time lost by the trucks at these check-posts gives a figure of 50000 truck hours per day. The turnaround of trucks and lorries will considerably improve with the abolition of octroi and the check-posts and this will help the movement of goods by Road Transport which roughly accounts for 35 per cent of the total haulage. This means the country will be able to get 10 per cent additional transport capacity.

The improvement in turnaround of trucks and lorries, saving of diesel oil which has become scarce, and much costlier, and reduction in incidental expenses involved in the process will, in turn, facilitate

reduction in cost of operation of road transport.

All the efforts to abolish octroi or replace it with any other suitable form of taxation have not met with success so far, except in the case of Madhya Pradesh where recently some measures to replace octroi by entry tax were introduced. However, these have also reportedly created many other problems and difficulties for trade and industry. What is surprising is, that in spite of the severe criticism, the number of local bodies which are levying octroi duty is increasing.

Since octroi and the entry taxes are obnoxious forms of taxation, leading to a great deal of waste of time and resources of both administration and assesses, as also large scale evasion, would it not be desirable to completely abolish the system of octroi and entry tax and compensate the local bodies such as municipalities and panchayats for the losses on this account by devising some

other method of taxation which does away with the present abuses of octroi and the check-posts.

It has been felt in certain quarters that it may be better if the existing system of cumulative levies by centre, states and local bodies is replaced by a value added tax (VAT). This is a single multipoint tax on the value of goods and services. The term 'value added' refers to the method of tax collection rather than to the eventual base of the tax. Tax is collected at every stage of production and distribution on the value added by each firm. The value added is the difference between the price (net of tax) at which the firm sells its products or services and the prices (net of tax) which it paid for the inputs and services of other firms. The element of tax in the price of inputs is known as input tax and the element of tax in the price of the products it sells is the output tax. While the total output tax is paid by each assessee, he is allowed to set-off

the input taxes and hence he pays the difference between the output and input tax, or, in other words, tax on the value added by him in the production and distribution process. Thus, while the cumulative impact on a particular commodity or services is borne by the consumer, the tax is collected fragment by fragment at each stage of production and distribution.

The merit of VAT is that the tax does not spill over into industrial cost. VAT paid on all component goods or services brought in by the firm is automatically deducted from the tax it has to pay. This avoids the cascading effect of taxes which is otherwise existing in our present system. If goods are for export and no VAT is charged on sale, the exporter can claim back the tax, he has paid on his purchase. Hence the drawback of indirect taxes in export sales is full. Another merit of VAT arises from its broad based and relatively low uniform rates. It provides a

large base for future tax increase.

However, the disadvantages of VAT are also many. Its introduction as a substitute for indirect taxes like excise duties and sales tax is largely a question of physical administration and maintenance of complete and detailed accounts. VAT requires basic training and education in the new principles of taxation. In the VAT system accounting will be more sophisticated and hence the assessee has to keep an accurate record of his inputs and outputs. In a country where literacy is low and where maintenance of systematic accounting is confined only to a small section of the business community, VAT is likely to create problems and confusion.

While accepting the theoretical merits of the VAT, is such a tax feasible at the present stage of development? If not, what modifications are recommended?

In India, since various au-

TABLE I
Distribution of Tax Revenue: Union Government

(Rs crores)

Year (1)	Direct Taxes (2)	Customs (3)	Central Excise (4)	Total of 3 and 4 (5)	Grand Total (6)	5 as percentage of 2 (7)
60-61	322.54	170.03	416.35	586.38	908.92	182
61-62	352.19	212.25	489.31	701.58	1053.75	199
62-63	440.25	245.96	598.83	844.79	1285.04	192
63-64	569.48	334.75	729.58	1064.33	1633.82	187
64-65	621.67	397.50	801.51	1199.01	1820.68	193
65-66	623.78	538.97	897.92	1436.89	2060.67	230
66-67	687.36	585.37	1033.37	1619.14	2306.50	235
67-68	691.08	513.35	1148.25	1661.60	2352.68	240
68-69	742.67	446.50	1320.67	1767.17	2509.84	238
69-70	875.45	423.31	1758.55	2282.57	3206.80	247
70-71	924.23	524.02	2061.10	2756.77	3872.44	247
71-72	1115.67	695.67	2324.25	3180.89	4509.70	239
72-73	1328.92	856.64	2602.13	3598.56	5073.38	244
73-74	1474.82	996.43	3230.52	4563.42	6321.75	259
74-75	1758.83	1332.90	3823.62	5180.62	7469.54	226
75-76(RE)	2288.92	1357.00	4085.00	5555.00	7836.87	243
76-77(BE)	2281.87	1470.00				

thorities have been vested with powers of taxation, in order to bring out rationalisation, amendment to the Constitution would be required. Further, apart from amending the Constitution, some method would

have to be devised to reimburse the loss of revenue to other authorities which would be deprived of the existing source of revenue. *How can such rationalization be achieved?* There have been complaints

from the state governments and local bodies that buoyancy of taxes, which they have been empowered to collect, is poor. In the circumstances the states may have to be assured that reimbursement by the central

taxing authority will be flexible enough to meet their requirements. *How can a compromise between autonomy in taxation and buoyancy of tax revenue be achieved in respect of different authorities?*

TABLE II
Finances of the State Governments

(Rs. crores)

Year	Total Tax Revenue (States of own)	Total indirect Taxes (total of col 4 to 10)	State Excise	Sales Tax	Motor Vehicle Tax	Entertainment Tax	Electricity Duty	Taxes on Passengers and goods	Other Taxes and Duties	Share of Union Excise	Indirect Tax as % of total tax revenue	Sales tax as % of indirect taxes
1	2	3	4	5	6	7	8	9	10	11	12	13
51-52	218.1	147.9	49.4	58.9	10.1	6.4	3.4	—	19.7	0.7	68	40
61-62	662.6	328.9	58.6	181.4	37.9	15.1	14.9	—	21.0	80.7	50	55
71-72	1695.3	1438.7	233.8	826.4	113.2	62.8	72.0	84.0	46.5	474.6	85	57
72-73	1928.5	1671.1	279.1	976.5	126.5	76.6	73.2	53.8	86.4	566.1	87	58
73-74	2305.4	1957.7	353.7	1142.8	148.4	99.6	81.3	114.2	17.7	628.4	85	58
74-75	2742.4	2371.9	378.3	1454.0	167.9	120.0	97.5	134.3	19.9	708.2	86	61
75-76	3000.6	2587.6	386.3	1605.8	184.0	132.4	101.1	152.9	25.1	770.1	86	62

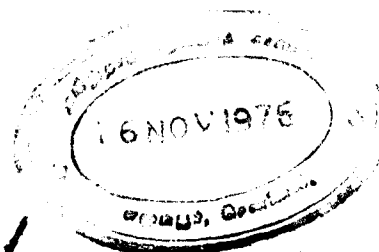
TABLE III
National Income, Total Indirect Taxes & its Components

(Rs. crores)

Year	National Income	Total Indirect Taxes	Customs Duty	Excise Duty*	Sales Tax	Stamps	Other Taxes and duties	4 as % of 3	5 as % of 3	6 as % of 3
1	2	3	4	5	6	7	8	9	10	11
60-61	13263	1040	171	468	163	40	198	16	45	16
61-62	13987	1190	213	541	186	44	206	18	45	16
62-63	14795	1408	247	660	214	46	241	18	47	15
63-64	16977	1714	335	781	275	55	218	20	46	16
64-65	20001	1931	398	873	321	61	278	21	45	17
65-66	20637	2273	539	992	378	66	298	24	44	17
66-67	23883	2594	586	1095	457	71	385	23	42	17
67-68	28102	2779	513	1269	526	85	386	18	46	19
68-69	28729	3013	446	1409	589	86	483	15	47	20
69-70	31770	3353	423	1604	679	98	546	13	48	20
70-71	34476	3864	524	1798	782	101	655	14	47	20
71-72	36535	4515	696	2278	854	123	564	15	50	19
72-73	39573	5175	857	2579	999	137	603	17	50	19
73-74	49148	5876	996	2906	1172	163	639	17	49	20
74-75	60120	7267	1333	3609	1454	194	677	18	50	20
(Estimated)										
75-76 (Estimated)	62380	8121	1357	4209	1606	231	718	17	52	20

*Includes State Excises

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eastern ECONOMIST

Vol. 67

November 12, 1976

No. 20



Kerry

WILL AVAILABILITY OF EDIBLE OILS IMPROVE WITH
A PEANUT FARMER AS PRESIDENT?

First, the sizeable food stock available at present, along with the comfortable foreign exchange situation, can help in the undertaking of some public works programmes — road building, minor and major irrigation, etc. — the people deployed on which can be paid their wages partly in foodgrains and partly in cash. Besides helping in the creation of employment, this will assist in enlarging the sphere of economic activity as the public works programmes obviously have to be taken up in the backward areas. Whereas the payment of wages in grains will not pose any problem, the cash component of the wages will undoubtedly raise the demand for various necessities of life.

import of raw materials

To meet this demand, imports of some raw materials can be arranged which will indirectly create additional resources with the government for developmental purposes as not only the yields from indirect taxes—import duties as well as excise levies, sales tax, etc.—would get enhanced but also the receipts from corporate taxation. Imports of equipment and machinery of balancing nature to increase the installed capacity in the wage goods manufacturing sector can also yield wholesome results in a similar manner. To some extent, exports of foodgrains can assist in releasing the bank credit locked up in the accumulated stocks. But this will only add to the lendable resources with the banking system which will then have to be used elsewhere.

The second method of stimulating demand is the lowering of the prices of industrial products in particular. But can the manufacturers be expected to incur losses? Price reductions are feasible only over some period during which concerted efforts have to be made to bring down production costs. Over the short term, some downward revision in excise levies, of course, can be thought of—not necessarily at the expense of the overall revenue of the government as stimulated demand will enlarge the scale of production and, consequently, the base for excise levies.

It is significant to note that the most important factor that helped in bringing down the wholesale prices index between

August 23 last year and March 20 this year was the pronounced decline in the prices of agricultural products, particularly foodgrains. The prices of industrial products did not show any substantial fall except in the case of a couple of industries such as jute goods and chemicals. On the contrary, in a number of cases, they somewhat went up. Apart from this, the uptrend in the wholesale prices index after March 20 has been caused by the reversal of the downtrend in the prices of most agricultural products, barring of course raw jute and mesta, and rise in the prices of such manufactured products as cloth, vanaspati and sugar. It will be a travesty to assume that banking credit to these industries has been responsible for the uptrend in the prices of their products or there has been a pronounced tendency on the part of manufacturers to withhold stocks.

No doubt credit expansion this year has been at nearly double the rate last year, but this has been caused not only by unprecedented procurement of foodgrains but also due to the factors mentioned above. Buffer-stocking of foodgrains, encouraging export trends, increased remittances from abroad as well as the stepping up of Plan outlays admittedly are inflationary in character in the short-term, howsoever desirable and essential they may be from the

long-term interests. Their inflationary impact has to be mitigated through increasing the supply of goods in the domestic market, whether through increased production or imports. Unless some balance is kept between the supply of goods in the market and the overall money supply with the public, price distortions are bound to occur.

The provision of funds for buffer-stocking, of course, is not something which can be taken into consideration in planning for credit on a short-term basis. It is not a recurring phenomenon. Obviously once sufficient buffer stocks are built up, it then becomes primarily a process of recycling of funds. Seen in this light, the credit expansion that has taken place during the last 12 months for financing procurement of foodgrains for building up the impressive stock of nearly 17 million tonnes, should not bother us henceforth, though as suggested above this can be used for undertaking public works programmes in backward areas. Further, the funds used up in this process can provide a good lever for imparting flexibility to credit planning in the coming years. The credit policy, at present, thus, ought to be designed to meet the other requirements of the economy. Care has to be taken that it does not affect production. If it does, it will be a self-defeating policy.

Funds for farmers

IN VIEW of the recent increased activity in the agricultural sector in this country, the need for credit has expanded considerably. The cooperatives, which have been an important source of agricultural credit, have, therefore, come under scrutiny. Broadly, there are two wings of the cooperatives engaged in the distribution of agricultural credit. One wing (agricultural credit societies) is for short-term and medium-term credit for current cultivation and the other is for long-term credit (cooperative land development banks) for debt redemption as well as for agricultural investment. Recently a fifteen-member committee under the chairmanship of Dr R.K. Hazari, deputy governor of Reserve Bank and chairman of Agri-

cultural Refinance and Development Corporation has reported on the feasibility of integrating these two wings of co-operative credit.

The committee in its report has expressed the opinion that the dichotomy in the cooperative credit structure is wasteful since all the financial requirements of the agriculturist should be made available at one contact point and he should be spared the necessity of visiting different institutions for his financial needs. Various programmes of investment demand a package deal in which short-term and long-term credit must go hand in hand, but the present system does not allow a farmer to receive the benefit of both kinds

of credit, thereby resulting in low investment and low returns.

While the unification of the functions of the two wings of cooperatives will improve the prospects of agriculturists, it will also strengthen the cooperatives because they will attain viability, thereby improving the capacity to provide integrated credit, services and guidance. An important argument in favour of integration put forward by the committee is that sufficient staff could not be employed by the cooperatives to maintain proper contact with the borrowers to guide them in the implementation of the projects financed by the cooperatives. Moreover, the cooperatives offering credit did not have enough technical staff to exercise the required supervision of investment. For instance, the Central Banking Enquiry Committee had also pointed out that land mortgage banks could not have that amount of work year in and year out which will justify engaging superior staff. However, the unification of the two wings of credit cooperatives will eliminate this weakness and lead to economy and efficiency.

changed situation

The proposed integration would assist the credit institutions in another way too. Long-term resources for land development banks were raised through the issue of debentures guaranteed by the government. After the establishment of the Agricultural Refinance and Development Corporation (ARDC) the situation has changed because the cooperative credit societies also derive the funds from the ARDC by way of subscription to special development debentures. Moreover, the Reserve Bank of India could provide loans to the cooperative units at the apex level on the same basis as was provided to the commercial banks, thereby eliminating the time consuming procedure for the issue of debentures.

A majority of the borrowers who were interviewed by a sub-committee also expressed the view that it was advantageous if the loans were advanced by one and the same agency. This introduced the human factor in the procedures of giving loans, which was so essential for the follow-up action. This also revealed the limitation of remote control and the con-

sensus was that the primary cooperative society would be in an improved position to assist the credit need of cultivators, ascertain the capacity of individual borrowers to introduce modern techniques and provide guidance in matters such as the cropping pattern and of the improved agricultural practices.

It has been observed by the committee that mutual credit support between the existing short term and long term co-operative credit institutions has not been sufficient. For instance, the proportion of borrowing members of primary societies who had availed themselves of credit from the land development banks for long term investment was less than one per cent in Kerala. In other states, it varied with three per cent in Maharashtra, four per cent in Uttar Pradesh, seven per cent in Orissa and ten per cent in Haryana. Only in Bhavnagar district of Gujarat it was as high as 32 per cent. Although inadequate support from long-

term credit institutions to the short-term borrowers did not by itself show a serious lacuna, apparently it was essential to ensure that the investment credit was available along with production credit so that advanced agricultural techniques could be adopted to improve the repaying capacity of the borrowers. Without such support, full benefit of investment could not be derived by the farmers.

It has been established by the committee that restrictive features of mortgage security were also an important factor for inadequate loans given to the agriculturists. Consequently, simplified procedures for the creation of security have been suggested. The committee has proposed that a mere declaration by the borrowers would have all the characteristics of a valid mortgage without its cumbersome formalities. This indeed is a timely step in the right direction and is likely to save considerable time in the distribution of agricultural credit.

Export scene in eastern India

THE SPEECH of Mr Sanjoy Sen, chairman of the Export and Import Advisory Committee (Eastern Zone), set up by the government of India, at its third meeting held in Calcutta on October 27, deserves wider publicity and closer attention from the union Commerce ministry as well as the other economic ministries. India's export performance in recent months has been appreciated both in India and abroad and therefore it may seem rather odd that Mr Sen should describe the export scene in the eastern region as "gloomy". But the fact remains that export industries in this part of the country continue to face many difficulties and much uncertainty.

The jute industry, for instance, suffers from — to quote Mr Sen — "prolonged uneconomic working, staggering fall in export, and a critical liquidity position". He also said that the decline in the export of jute manufactures had produced "a chain of adverse effects on the economy of this region". This aspect however does not seem to have received adequate atten-

tion from the government. Mr Sen's remarks therefore deserve to be quoted: "It has accounted for a fall in traffic passing through Calcutta port leading to a general decline in shipping opportunities and consequently also adversely affecting shipments of other commodities, jute products hitherto being the traditional base cargo which provided the most economic cargo mix to the shipping lines. The shipping lines have been slow to react to the new situation and in many cases, the decline in the volume of this high freighted cargo has resulted in increased freight rates as a whole. Mercifully exports of tea have shown a welcome growth both in terms of quantity and value. However, one must recognise that there can but be only a limited growth in the export of tea. The share of engineering exports from eastern region as compared to our total exports of engineering goods continues to be on the decline."

Mr Sen said that the differential shipping freight rates from Bombay and Calcutta to the west Asian ports had affected

the competitiveness of engineering exports from the eastern region. In his view, such disparity in freight rates between two regions of the same country was "unhealthy and not conducive to a balanced development of all the regions". He however conceded that because of the long voyage time, the cost of operating a ship from Calcutta to west Asia was more than that from Bombay. He therefore said that the solution would not lie in rationalisation of freight structure as that would render shipping services from Calcutta even more uneconomic. He observed: "Here is a problem for which there is apparently no commercial solution. But then since we cannot allow the freight differential to continue to hamper exports from the eastern region it is felt that the government of India should step in and there should be some sort of a freight equalisation scheme. If we can have a freight equalisation scheme for internal movement of commodities like steel, there is no reason why there cannot be a similar fund which can take care of the freight differential between the east coast of India and the west coast of India".

the implications

But what are the implications of the freight equalisation scheme? How much will it cost the government of India to implement it? To what extent will it enable the engineering industries in the eastern region to promote exports to west Asia? Are there not other ways to strengthen the competitive capacity of these industries? The Export and Import Advisory Committee of the Eastern Region should examine these and other relevant issues so that it will be easier for New Delhi to examine the feasibility of this suggestion.

Mr Sen referred to the export prospects for leather and said that they remained bright despite the fact that the international hide markets had been falling in recent weeks. Exports in the first five months of 1976-77 had been of the order of Rs 135 crores and he said that there was every possibility of reaching the target of Rs 300 crores. He made the following suggestions to augment these exports: All leather auxiliaries especially finished materials like nitro-cellulose lacquer and resin binders should be classified as raw

material for use in the leather industry so that they would qualify for 63 per cent import duty as compared to over 200 per cent payable on certain items at present. Air-freight subsidy paid from 1971 onwards should not be recalled because exporters had formulated their price structure based on the subsidy each year from 1971 onwards in good faith. Besides, all exporters had closed their books of accounts annually and the "very spirit of providing a freight subsidy to bring India closer to the rest of the world will be defeated especially since what constitutes an FOB contract in this particular instance is debatable". The government of India should sympathetically consider these suggestions since heavy investment is involved in the leather industry and some stability in export policies is highly desirable.

Problems of Calcutta port came up for discussion at the meeting and the need for modernisation was strongly emphasised. Now that the government of India has an abundance of foreign exchange reserves, it should be possible to carry out expeditiously the schemes of modernisation of the Calcutta port by importing the necessary equipment. But it remains to be seen to what extent the port authorities will be able to get adequate cooperation from

labour in implementing this programme. The Calcutta port has far more workers than is actually required and attempts to rationalise the labour force have met with little success. In any case, the government cannot afford to go slow with the modernisation of this port which plays a vital role in the country's export and import trade.

It is encouraging to be told that the office of the Joint Chief Controller of Imports and Exports in Calcutta is now working with greater efficiency. During the period April to March 1975, the office disposed of 9118 applications, including those for cash assistance, out of 10,782 that were received. In the same period, the office received 76,959 export applications and all were disposed of. Besides, cash assistance amounting to Rs 15.50 crores was disbursed. In the current financial year, up to September 30 1976, the office received 6168 import applications and 11,136 export applications, of which 4203 and 11,136 were disposed of, respectively, and cash assistance amounting to Rs 13.65 crores was disbursed. It is hoped that in the other regions as well as at the centre also, the disposal of import and export applications and cash assistance has been equally prompt as in Calcutta.

Planning for power

THE COMMISSIONING of the third unit of 115 MW at the Lower Sileru Hydel Project in Andhra Pradesh and the prospect of putting into operation the third unit of 130 MW in the Idduki Hydel Project in Kerala mark an important stage in power development in the southern region. The difficulties arising out of the slowing down in progress of implementation of new projects in Tamilnadu and Karnataka in the past few years, which have resulted in a cut of 30 per cent in power consumption in Tamilnadu for HT consumers other than continuous process industries which have to restrict their requirements by 25 per cent, and a cut off of 40 per cent in Karnataka, may be overcome to a certain extent by the additional capacity created in Andhra Pradesh and Kerala. In the

former region, particularly, there has been a bunching of completion of new projects and it has been proudly claimed by the state's chief minister, Mr J. Vengal Rao, that the substantial additions to new capacity will be helpful in meeting not only the growing needs but also the deficits of Karnataka and Tamilnadu to a certain extent.

The predominance of thermal capacity in Andhra Pradesh and the relatively assured rainfall in the catchment areas in the hydel reservoirs have enabled the state electricity board to increase daily consumption to 16.5 million units. With the energisation of pumpsets in many areas where underground water resources are available and the commissioning of power intensive projects, it may even happen

that the daily consumption in Andhra Pradesh will reach the level of Tamilnadu in the next five years.

These developments clearly emphasise the importance of perspective planning for the creation of new generating capacity and corresponding transmission facilities. In the earlier years economic progress in Andhra Pradesh was seriously handicapped by the shortage of power. In fact, there was a false sense of complacency when the Machkund Project, a joint undertaking with Orissa, came into being, and large blocks of power could be generated. The Sileru River had immense potentialities. But improper understanding of the role of power projects in planning and the failure to conclude arrangements for exploiting hydel potential of this river have resulted in needless increase in capital expenditure on new schemes.

It has taken over 17 years to create hydel capacity of 750 MW in four hydel projects, Machkund, Balimela, Upper Sileru and Lower Sileru, on the same river. The fourth unit of Lower Sileru project may go on stream in the next six months with equipment provided by Bharat Heavy Electricals. The first two units were supplied under Russian aid. There are also proposals for installing additionally two units of 60 MW in Upper Sileru and two units of 115 MW in Lower Sileru for increasing generation during peak hours.

export possibility

The expansion of capacity of Kothagudem Thermal Station by 220 MW by March next year and the commissioning of a 110 MW unit in the Nagarjunasagar Project some time next year may enable Andhra Pradesh to export even 1500 million units in 1977 even after meeting its own increasing needs. Kerala is already exporting to Tamilnadu three million units daily of which one million units are made available to Karnataka. After the third unit is in operation in Idduki, it may be possible to increase export especially as it is stated that there is adequate storage in the main reservoirs till the middle of next year. If all goes well Kerala may be in a position to supply to the neighbouring states even

1500 million units in 1977 or 700 million units more than in 1976.

The current deficit of Tamilnadu and Karnataka is 2000 million units due to inadequate generating capacity and the failure of the monsoon in both the regions resulting in a sharp decline in hydel reserves as compared to this time last year. The loss of hydel power availability due to this cause is estimated at 1500 million units. With satisfactory rainfall in all four regions the cuts in Tamilnadu and Karnataka may not have to be so severe as they are now. But there is an unsatisfied demand for agricultural and industrial purposes particularly in Karnataka and it should also be expected that there will be a shortfall in rainfall in some region or the other.

prudent course

It will, therefore, be prudent to proceed on the assumption that the present situation is "normal" and hydel power availability from the existing sources cannot be augmented to any great extent, though there will be "bonuses" when there is bounteous rainfall.

It has therefore become imperative to hasten the tempo of construction of the on-going schemes in Andhra Pradesh, Kerala and Tamilnadu. The Kalinadhi project is already being executed expeditiously and Karnataka should be enabled to undertake the hydel schemes in the other river systems apart from locating a thermal station in Mangalore with a capacity of 400 MW, for balancing purposes. It is also equally important that new thermal capacity should be created in Andhra Pradesh with location of stations at pitheads in Ramagundam and Kothagudem and the opening of the second mine cut at Neyveli. The construction of new thermal stations in Andhra Pradesh is quite easy as coal is already available. The opening of the second mine cut also cannot be delayed as the second super-thermal station at Neyveli may be in operation only at the end of the sixth Plan, three or four years being required for the preparation of the open cast lignite mine.

There cannot be a surfeit of power at any stage as Maharashtra is in the grip of a famine even with the full functioning

of the hydel station and the commissioning of new thermal units. The difficulty has arisen on account of unexpected increase in agricultural and industrial loads. The expectation that there may even be problems in regard to the utilisation of electricity as a result of the commissioning of new capacity has not, therefore, materialised and it has become quite clear that even an annual addition of 3000 MW capacity for the country as a whole will not suffice.

Tamilnadu particularly is in an awkward plight as no major projects will take shape in next two years. It has, therefore, become necessary to expedite construction of the Tuticorin thermal project and existing hydel schemes. At the same time the potential of the Cauvery System should be exploited jointly with Karnataka. The master plan for Cauvery prepared by Karnataka government underlines the scope for establishing three hydel stations, two in Karnataka and one at Hogenekal having an aggregate capacity of 700 MW at 60 per cent load factor. As there can also be power stations in the upper regions capable of generating 400 million units annually, the aggregate additional power generation can be 4000 million units yearly, or equal to the hydel power generation in Tamilnadu at present. As these projects can be easily completed in five or seven years by undertaking work on joint basis, no time should be lost in completing the preliminary work and getting the financial allocations.

proper balance

Any delay in executing hydel schemes will involve waste of power and the mistakes of earlier years should be avoided. It is also imperative that there should be a proper balance between thermal and hydel capacity. With no shortage of generating equipment and technical personnel, the opportunity should be utilised for achieving ambitious targets in the next five years. The chief ministers of Andhra Pradesh and Karnataka have also indicated the possibility of getting aid from the oil exporting countries for implementing hydel projects. There should, therefore, be effective regional planning and power shortage should not be allowed to impede economic growth in the coming years.



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Options in tubewell irrigation

B. D. Dhawan

The apparent conflict between social justice and agricultural growth, posed by the question of choice between public and private tubewells, disappears if a policy of promoting public tubewell irrigation is pursued for the states of Bihar, West Bengal and east Uttar Pradesh in the east Gangetic plains. Likewise, a policy of private tubewell irrigation achieves a similar goal for the north-west Indian region, except that serious problems in groundwater management may crop up in the wake of intensive cropping in this region.

Earlier two articles by the author on tubewell irrigation appeared in issues of *Eastern Economist* dated September 10, 1976 and October 15, 1976.

THE DISTRIBUTIVE aspect of economic growth is receiving the increasing attention of planners. Lately, some donors of development aid, especially the World Bank, have shown intense interest in the question of sharing gains of growth. It is now being increasingly realised that the institution of participatory democracy has little chance of survival if social justice to the poor is neglected while pushing simply the rate of growth of a developing economy.

The question that has now arisen is: is there any basic conflict between growth and social justice? Some planners and politicians at the helms of affairs feel that there need be no such conflict. They believe that strategies and tactics can be so chosen as to harmonize the growth objective of social justice. Do such strategies exist? Do the decision makers have the will to adopt tactics which redistribute the gains of growth through suitable fiscal and other measures? Many feel unoptimistic about these questions, with the result that they subscribe to the view of an inherent trade off between growth and justice. That is, more of one, say social justice is attainable at the expense of the other viz economic growth. Notwithstanding the fact that such persons can draw some sustenance from historical experience and some simplistic theory of growth based on saving and investment, their position is more in the nature of a belief rather than a well-established thesis.

This imperfect state of our knowledge about the nature of relationship between growth and social justice is mainly due to the fact that, despite the plethora of literature on theories and experiences of

development, our basic understanding of what brings about development is deficient. Here, there is urgent need for an interdisciplinary theory of development that would integrate economic forces of development (e.g. investment and technology) with psychic and social forces of development. After all, the economist's paradigm of development is radically different from that of a statesman's or a scientist of Vikram Sarabhai's calibre, who try to fire the minds and imagination of the people and thus enthuse sense of confidence in the future among the people.

This essay is a collection of some ideas

POINT OF VIEW

on the nature of relationship between growth and equity in the particular context of promoting tubewell irrigation in India. Tubewell irrigation is the most rapidly moving segment of Indian irrigation system. Here, one comes face to face with the dilemma of growth and equity. Since contribution of a private tubewell to agricultural output is more than that of a government-owned or public tubewell, fostering tubewell irrigation within private enterprise appears to accelerate the much-needed farm output, whereas confining it to public enterprise would promote the much-needed equity. For, benefits from private tubewells would be restricted to relatively bigger farmers who

alone would find it economic to undertake an indivisible or lumpy investment, while all public sources of irrigation provide water to all farmers, big and small. In point of fact, the state, if it so desires, can distribute water from its own sources more equitably than is being done presently; instead of allocating water from a public source on *pro rata* basis of farm holding it can encourage greater allocation in favour of smaller farmers. Such an egalitarian distribution policy, if implemented effectively, would essentially be tantamount to land redistribution in areas where water is scarce in relation to land resource e.g. the western Gangetic plains and the Indus plains. In areas where water is relatively abundant in relation to land factor, the suggested policy of redistribution of water from public works can still yield handsome results in the initial stage of development.

differential contribution

Let us, at this stage, size up the differential contribution of public and private tubewells. Since more recent statistics are lacking, we would have to use statistics of the late sixties. Using benefit-cost (BC) approach, T.V. Moorti and John W. Mellor have found a BC ratio of 4.4 for private tubewells and 1.8 for public tubewells. Likewise, S.M. Patel and K.M. Patel report a BC ratio of 4.1 for private tubewells and 1.4 for public tubewells. This rather large differential between private and public tubewells is valid for the western Gangetic plains region because it is derived from survey data for two districts of western UP, namely, Meerut and Aligarh.

Though this author has serious reservations about the above differential in BC ratios between private and public tubewells, there is no denying that a unit of water from a private tubewell has a greater potential to add to farm output than the same quantum of water from a public tubewell. For, the main source of this differential emanates from the fact that farmers are able to achieve timeliness of irrigation from their own source of water

supply, whereas the same degree of timeliness can never be attained from a public source of irrigation. Timeliness being the essence of farm activity based on HYV seeds, *ex post* BC ratio for farms with private tubewells is bound to be higher than that of farms served by public tubewells. This comparative picture can be altered to the extent the state enables farmers with public irrigation to use more of associated inputs of irrigation (e.g. fertilizers) than the farmers with their own sources of irrigation. Or, the public source of irrigation turns out to be relatively less costly than private irrigation. Both these conditions are at present tilted against the users of public tubewell water, with the result that the differential in farm contribution becomes much bigger than it need to be.

Given the logic of the Indian situation, there would appear to be a definite trade-off between agricultural growth and social justice. That is, exclusive promotion of tubewell irrigation under private auspices would contribute to enhanced farm growth but with less social justice among the members of the farm community. Similarly, exclusive reliance on public tubewell irrigation would slow down farm growth but with gain in equity in the farm community. In what follows an attempt has been made to show the transient and regional character of this conflict; in the very long run public tubewell irrigation may produce both greater growth in farm output and more equity in the farm sector, especially in the eastern Gangetic plains.

an assumption

Let us proceed on the assumption that the cost of tubewell irrigation per unit of irrigated land is the same for both public and private tubewells. Deferring the question of validity of this assumption for the time being, I may point out that here a social or macro view of cost of tubewell irrigation is being taken, that is, capital and operational costs are inclusive of private and public costs. Those who have argued that unit cost of irrigation of private tubewells is less than that of public tubewells have not fully reckoned with costs borne by the rest of the society in

their assessment of unit cost of private tubewell irrigation.

Let us next visualize two distinct segments of farm area: (1) uneconomic acreage for which individual small owners find it uneconomic to invest in their individual tubewells and (2) economic acreage whose individual owners find it worthwhile to invest in privately-held tubewells. Given the funds earmarked for tubewell irrigation, the policy of private tubewells would add to farm output so long as the economic acreage is not exhausted, whereas a policy of public tubewells would bring increments to farm output both from uneconomic as well as economic acreage. Which of these two additions would be bigger in the long run would be determined both by the comparative BC ratios of the two categories of tubewells and the relative proportion of economic acreage to total acreage in a region.

maximum increment

More precisely, let 'B' be annual incremental benefits from an acre of irrigated land. Let 'A' be the total farm acreage, of which 'a' units are economic for private tubewell investment. Then, the maximum increment to farm output possible through a programme of private tubewells is 'a.B₁' as compared to 'A.B₂' from public tubewells only. One can end up at a higher level of farm output through public tubewells if $A.B_2 > a.B_1$ or $\frac{B_2}{B_1} > \frac{a}{A}$

That is, the fractional ratio of benefits from public and private tubewells per unit of land is greater than the proportional fraction of economic acreage in total cultivable acreage. Such a condition is likely to be fulfilled in the eastern Gangetic plains (east UP, Bihar, and Bengal) where the fraction $\frac{a}{A}$ is very small because of a variety of reasons, such as, (1) high population density, (2) high fragmentation of holdings, (3) low agricultural extension service and, above all, (4) very inadequate credit facilities for meeting the high expenditure on associated inputs of irrigation.

In the north-western India—the area of

private tubewell explosion—the fraction of economic to total acreage (i.e. $\frac{a}{A}$) is

very high. Consequently, development of tubewell irrigation under private aegis only does not pose serious problems of social justice. Here, two points need to be kept in mind. First, those who cannot afford to own tubewells are doomed unless they get water from public sources or their brethren owning tubewells. Failing this, they cannot stay in agriculture. For, they cannot get adequate water with traditional groundwater sources (e.g. persian wheel and rope-and-bucket lifts) because of short-run externalities imposed by tubewell owners in their vicinity. These externalities arise due to temporary depression in water table when tubewells around a farm work at the same time.

Second, north-west India is a semi-arid area, whose rainfall is inadequate to support intensive cropping. Given this fundamental scarcity of water for multiple cropping and the high value of water for farm incomes, tubewell owners in this region are likely to overextract groundwater by their joint action. Consequently, water table in this region is in danger of being lowered continuously as has already happened in some pockets in this region and also in other semi-arid regions in India (Mehsana in Gujarat and South Arcot in Tamil Nadu) and abroad (south-western United States and Mexico).

equilibrium level

An economist may not be alarmed by this prospect of a lowered water table; for him an equilibrium level of water table would be soon reached, whereby marginal cost of pumping water is just equal to marginal value of crop raised from that unit of water. However, the movement towards such a 'golden equilibrium' may prove very painful. Before long, saline and brackish waters, which lie in proximity to sweet water of the semi-arid tracts, may move in the space vacated by the sweet water. Pumpage from such mixed-up waters may soon bring us face to face with the ruinous problem of salinity of soils, and finally, cessation of agriculture itself.

Attitude towards marriage age

This article attempts to measure the attitude of heads of households in Udaipur city towards the recent enactment stipulating a rise in the marriage age. Out of a sample of 857 respondents, as many as 621 were in favour of this step. The opposition to it came mostly from such heads of households as were too religious and who felt that it was binding upon them to get their children married as soon as possible. However, the survey showed that an environment conducive to the enactment of this law existed much before the government moved in.

THE SUCCESS of any policy or programme, particularly that involving socio-economic considerations depends much on the people's participation and their positive attitude towards it. National population policy deserves special mention in this context. The government's recent legislation regarding enhancement of the minimum age of marriage from 15 years to 18 years for girls and from 18 years to 21 years for boys is a follow-up step towards putting into operation the policy of bringing population explosion under control.

This article examines the attitude of the urban population along with socio-cultural and economic variables with regard to raising the age at marriage. The data was collected in the context of measuring the trends of urbanisation. A structured schedule was canvassed on a total of 1,680 heads of households (40 each from all the 42 city wards) selected at random. This article is based on a sub-sample of 857 heads of the households from the total sample. The rationale of having a sub-sample was the age of the respondents. All these 857 persons were above 40 years of age. Most of them had marriageable sons and daughters. In fact a few of them already got their children married. As such it was thought proper to know the attitude of this group of persons. The locale of the study was Udaipur city in Rajasthan.

main characteristics

Table I gives the socio-economic characteristics of the heads of the households. Over 50 per cent of the total sample was above the age of 50 years; 37.6 per cent were illiterate; and 60.4 per cent had income below Rs 250 per month per household. Looking to their own age at

marriage we found that 22.4 per cent married before reaching 15 years but significantly 70.2 per cent married between the ages of 16 years and 20 years.

Our analysis of the data reveals that 72.4 per cent of the total sample had positive attitude. They (621 in number) were in favour of raising the age at marriage. There were only 193 or 22.4 per cent heads of the households against this proposition. However, 43 respondents were indifferent.

catalytic factor

Table II shows the attitude of the heads of the households along socio-economic variables. The age of respondents influenced the attitude of the individual. The respondents in the younger age group, rather than older group, favoured raising the age at marriage considerably. Education was found to be the most effective and catalytic factor in moulding the attitude of the respondent. Though about 60 per cent of the respondents in each educational group favoured raising the marriage age, the proportion of the favourable responses increased with increase in levels of education.

That education motivates a person towards change and innovation was found true in this context also. A large number of persons from clerical and artisan category as against people engaged in trade and business, unskilled workers and professionals were in favour of raising the age at marriage. The income factor was found associated with favourable attitude. Likewise respondents who married at a later age wanted marriage age to be raised by legislation. (Table II).

A host of reasons were advanced in favour of raising the age at marriage. Table III

**B. L. Tripathi and
K. R. Pichholiya**

shows that the respondents mentioned more than one reason in support of their answer. About 44 per cent of the 621 respondents indicated that it will foster better parenthood. Their children would,

TABLE I
Socio-economic Characteristics of the Heads of the Households

Socio-economic characteristics	Number	Percentage
1. Age		
41-45 yrs	241	28.12
46-50 yrs	184	21.47
51-55 yrs	238	27.77
56 & above	194	22.64
Total	857	100.0
2. Age at Marriage		
upto 15 yrs	190	22.17
16-20 yrs	602	70.25
21-25 yrs	62	7.23
25 & above	3	0.35
Total	857	100.0
3. Education		
Illiterate	322	37.57
Upto Primary	291	33.96
Upto middle school	106	12.37
Upto matriculation	95	1.08
Post matriculation	43	5.02
Total	857	100.0
4. Occupation		
Professional	131	15.29
Trade & business	135	15.75
Clerical	204	23.80
Artisan	136	15.87
Unskilled workers	89	10.39
Others	162	18.90
Total	857	100.0
5. Income		
Upto Rs 100	127	14.82
Rs 101-250	391	45.63
Rs 251-550	253	29.52
Rs 551-1000	54	6.30
Rs 1000 & above	6	0.70
No response	26	3.03
Total	857	100.0

by then be mature, and consequently in a position to better manage their affairs. A significant number (48 per cent) of heads of households mentioned that by then children would be self-supporting. There were about 39 per cent respondents who favoured this idea on grounds of health, particularly mother and the child. According to 216 respondents, an enhancement in the marriage age leads to lower fertility rate and would help in population control. Strikingly only about six per cent heads of the households mentioned so because of marriage act forbidding

child marriage. Economic consideration was not found to be an important factor in this regard.

On the other hand about 84 per cent of those who were against raising the marriage age, opposed it on religious grounds. To them religious preaching and sacraments (Vedas etc.) are binding upon them to get their children married as soon as possible. Fortyseven said that early marriage would mean socialisation of the incoming person.

Since the objective of the study was limited to the process of urbanisation in

the city, the issue of ideal marriage age was not taken up. However, it was made known by an another sub-sample of 80 heads of the households that there should be a difference in age between the marriage partners. A minimum of three years difference (girls being lower) was suggested. The ideal age for boys according to this sample was 20 years and that of girls 16 years. The rationale was that by this time a boy would get a graduate degree, and would be able to earn his bread; and a girl would pass matriculation examination and would be capable of managing domestic chores.

The findings of the study thus are encouraging. It is clear that an environment conducive to the enactment of a law enhancing the age at marriage existed much before the government moved in.

TABLE II

Attitudes of the Heads of the Households Towards Raising Age at Marriage

Socio-economic characteristics	Attitude			Total
	Favourable	Not favourable	Indifferent	
Age				
41-45	194	38	9	241
45-50	128	47	9	184
51-55	175	56	7	238
56 & above	124	52	18	194
Total	521	193	43	857
Age at Marriage				
Upto 15 yrs	138	39	13	190
16-20	424	149	29	602
21-25	56	5	1	62
25 & above	3	—	—	3
Total	621	193	43	857
Education				
Illiterate	219	92	11	322
Up to primary	210	66	15	291
Up to middle school	81	12	13	106
Up to matriculation	78	15	2	95
Post matriculation	34	7	2	43
Total	621	193	43	857
Occupation				
Professional	85	37	9	131
Trade & business	78	49	8	135
Clerical	172	28	4	204
Artisan	101	31	4	137
Unskilled workers	59	19	11	89
Others	126	29	6	162
Total	621	193	43	857
Income				
Up to 100 Rs	92	31	4	127
101-250	297	87	7	391
251-550	182	66	5	253
551-1000	44	9	1	59
1000 & above	6	—	—	6
No response	—	—	26	26
Total	621	193	43	857

TABLE III

Reasons in Favour of/Against Raising Age at Marriage

Reasons	Number	Percentages
Favour: (N=621)		
Health consideration	241	38.81
Economic consideration	132	21.3
Check on population	216	34.7
Better parenthood	273	43.9
Self supporting	296	47.6
Government legislation	37	5.9
Against: (N=193)		
Religious consideration	162	83.9
Socialisation	47	24.3
Others	33	17.1

Also that such a legislation should have come much earlier. It is, however, ironical that in practice even Sarda Act (1930) and Hindu Marriage Act (1956) were not faithfully followed. But then this should not act as a deterrent. The economic, social and cultural environment in the country has undergone a significant change during the past two decades in particular and one can safely be optimistic in this regard. However, raising the age at marriage cannot help reduction in fertility; certain other programmes covering education, rural health etc. would have to be intensified simultaneously on a large scale if the desired fall in birth rate is to be achieved.

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The precarious pound

E. B. Brook, London

Discussing the plight of the British pound, Mr Brook has pointed out that Britain ceased to be a world reserve banker long ago. Also, the IMF loan of about \$3.9 billion which Britain is currently seeking will not be found adequate to bail it out of its troubles. The irony was that even if Britain resigned its role of a reserve currency banker, Germany had given no indication of taking on this responsibility.

THE ECONOMIC plight of Britain remains the foremost point of interest and concern in western Europe and far beyond. Even the safety of the west European seas from east Europe's mass fishing takes second place. The 'British disease' is seen as an indication of some rot wider within west Europe, as the beginning—if not a later development—of a collapse within the Common Market and within non-communist Europe as a whole. The point has passed when its continental neighbours wavered between amusement and angry scorn at Britain's stiff-necked refusal to acknowledge that it had long ceased to be a world reserve banker, that it accepted as a matter of

come to the country to shop cheaply because of appalling pound exchange rate, to live and share in the monetary benefits of the generous special system—the fact of the continent's generosity through the Common Market in subsidising farm prices to keep shopping cheap in Britain is either overlooked or taken as a matter of course. Nor is this only a middle class attitude. The most demanding are the majority white collar unions within the trade union movement. The days are passed when dockers, engineers or miners—with the excuse of heavy or dangerous labour to justify them—were in the forefront of the union movement. This leadership has passed to the public service

the Rhine to what is regarded as European safety.

The latest demand is that Britain should end its formerly proud role as a world banker, ignoring the fact that sterling cannot be withdrawn as a reserve currency if others are not willing to take on the responsibility and burden. It is a burden to Britain now only because that pound is so thoroughly distrusted. The union's demands for import controls is a dangerous double-edged weapon for a country which relies so heavily on imports and further control of industrial investment would rouse foreign distrust as well as drive individual initiative in Britain finally out of existence. Only a revival of individual industrial investment activity in Britain can help British industries sharpen their bids, even in a failing currency, for a bigger share of world markets.

fund loan

The current week will see the IMF investigators in Britain to find facts to place before the Fund—in effect before the USA, Japan and West Germany—in order to enable them to make up their minds finally about a \$3.9 billion loan to Britain, the last it will be entitled to draw from the Fund. There has been much angry controversy whether the Fund will not insist on as low rate for the £ as \$1.50. The US government has been annoyed because no one will believe that this is actually the case. Now that the presidential election is over and for some time afterwards, the US administration is very anxious that no boats should be roughly rocked.

The USA is one among several areas where it is realized that an IMF loan by itself will not be enough to help Britain. It realizes also that the West German Chancellor speaks in a much more friendly tone about helping Britain than does the German Federal Bank, and that the Federal Bank has the power to veto not only any bilateral loan offers which the Bonn government may have in mind but also any West German participation in

multilateral financial operations. Both the Germans and the French are irritated that Britain has not voluntarily resigned its role as a reserve currency banker since it has for long not possessed the resources for that purpose. The British should have taken this step several years ago. At the same time, West Germany has given no sign of willingness to shoulder the responsibility which it says Britain should give up. It is unfortunate for Britain that its worst financial crisis should come at a time when there is no one in Washington able to commit the US government and when a basically conservative West German Federal Bank is unwilling to go all the way with a politically weakened socialist government in Bonn.

The tragic weakness of the £ is no joy to either the French franc or the Italian lira, both of which feel themselves at risk by the disturbance caused to international exchange rates by the near disappearance of the British currency as a worthwhile unit. Many also feel that the German mark could be revalued further and many

even in West Germany would like to see the west European exchange device known as the 'snake', which limits movements of exchange values of its member currencies, abolished and currencies once again allowed to rise or fall to their competitive value.

It may be some consolation to the disconcerted British that the Swiss—whose franc they irritably describe as 'gold encrusted and copper bottomed'—are going to have a budget deficit of over £500 millions. This surprising fact, announced by the Swiss government, is due to trade recession slashing the government's tax income. The Swiss Federal Railways, like all other railways, is running at a loss of some £299 millions a year. And the Swiss, usually almost irritatingly correct, cheat their government of more than £300 million a year in taxes. Insignificant compared with Britain's troubles, but almost a ray of sunshine to the more heavily afflicted.

And after so much woe it is pleasant to end with a European success story from

a not altogether expected source—Yugoslavia. This large Balkan state, half in and half out of communist Europe, has had a good year. An unusually fine summer boosted its large tourist earnings to record figures; it had an almost record wheat crop of nearly six million tonnes, well above the 1971-1975 average and about 1½ million tonnes better than last year. Its import needs in grain this year will not be more than about 200,000 tonnes. In tobacco and cigarette production Yugoslavia is almost zooming ahead. Its biggest cigarette factory at Nish will sell over 11 million cigarettes by the end of this year and will be up to a profitable production of well over 14 million annually by 1980. In cigarettes and fermented tobacco Yugoslavia does a thriving trade with the USSR and Czechoslovakia in east Europe, with the USA, with Austria and in middle east, especially with Egypt. For a country that has devalued its currency some six times since 1960 these facts make a welcome splash of cheer in an unusually worried Europe.

WINDOW ON THE WORLD

course that other nations and international funds would regularly lend it money and, more recently, that the other members of the Common Market would cheerfully spend of their money nearly £2 million a day to support the Market's 'green pound' and thus keep shopping for food in Britain cheaper than on the continent. The plain fact is that Britain is and has for some time been a borrowing client of continental west Europe, and the latter is growing extremely tired of this situation.

Within Britain itself—where complaints are widespread of the ease with which continental Europeans, and others, can

unions, whose members consider themselves to be middle—not working—class and who have the most to lose through a squeeze on social spending which makes British domestic life so pleasant. It is the British middle class, whether of the 'capitalist' or 'white collar worker' variety, which expected the former empire and now the rest of the world to ensure it a comfortable life and which squeals most loudly when circumstances become unavoidably less easy. Members of the big trade unions, fortunately for the British government, do not share this view and do not agitate to end Britain's small contribution through its military unit on

Economic cooperation in south Asia

S. Venu

Regional economic cooperation has been advocated from many platforms for bettering the lot of the poor countries particularly of south Asia but it has made little progress during the past two decades. The author discusses the implications of integrating the economies of the countries of this region and also spells out the changes needed in their taxation structure if the desired objective is to be achieved. The path to regional progress and prosperity is beset with disappointments, says the author but he is in favour of trying alternative ways of cooperation instead of withdrawing into a shell.

AT ALL UNCTAD meets, the less developed countries (LDCs) have pledged themselves to work for increased mutual trade expansion and economic cooperation. There was a ceaseless quest in the '60s for regional economic cooperation among the LDC's emanating from various factors. Our first task is, therefore, to explain briefly the rationale of "development regionalism."

The first development decade was a disappointment and the standard of living 'gap' between the haves and the have-nots widened. By 1970 the per capita gross product of the developed countries was \$ 2364 against \$205 for the

LDCs taken as a whole. The poorest 25 of the LDCs had a per capita product of \$82. Trade between the haves increased by nearly twice as much as trade between the haves and the havenots in the '60s. Over the same period the exports of the LDCs increased by 90 per cent as compared to 160 per cent for the rich countries. Neither the trade nor the aid policies of the rich nations appear to be capable of assisting economic development of the Third World.

Many LDCs including India have attempted to diversify the range of exports into a wide variety of manufactured products. Many other than India, have

small domestic markets which cannot support new industries with economies of scale unless they are assured of export markets. Others like India need to increase exports on balance of payments grounds to provide inputs for their growing activities and pay for their oil import bills. Despite the generalized system of preferences and other gestures towards trade liberalization, the developed countries have shown a definite hostility to the imports of late-stage processed goods into their domain for fear of upsetting domestic 'sensitivity' and business interests. The effective rate of tariff for a processed article is far higher than the nominal rate and the difference in tariff rates between those on raw materials and finished goods is greater than the value-added in processing.

Intra-area trade among the LDCs is negligible, mainly for historical reasons, but also due to the tied-aid policy of many donors. Table I gives details for 1974 for some nations. This has meant avoidable cost overruns, lack of exploitation of

comparative advantage for the group (when coupled with the fact that the developed countries are trading more with each other) and greater strains on the balance of payments. It has also meant more economic dependence. Japan used to buy large quantities of manganese ores from India; it has switched to Australia as a primary source since the latter also receives a substantial inflow of Japanese capital.

Against the above scenario regional economic cooperation is now advocated and practised by groups of LDCs with a number of objectives:

1. Increasing intra-area trade so as to raise production and incomes in the countries of the grouping taking into account the "net balance" of the trade-diversion versus trade creation effect.

2. Reducing trade barriers so as to reduce prices to consumers.

factor endowment

3. Greater specialization based on factor endowments thus avoiding duplication of investments and reducing production costs and pressures on scarce capital resource. Such links can be furthered in various sectors even if they are developed simultaneously in the member nations.

4. Realizing economies of scale through larger plants, reduction of product varieties (horizontal specialization) and manufacturing various parts, components and accessories in separate spatially separated units (vertical specialisation).

5. Stabilising export earnings and reducing the volatility resulting from the buying whims and fancies of the haves or

from political upheavals and conflicting ideologies. This applies with particular force to countries with a high ratio of export trade to gross national product such as Malaysia and Sri Lanka.

Obviously, regionalism has some prerequisites such as common regional investment policies, more mobility of capital, 'similar' monetary and fiscal policies, regional transportation and the like. A certain degree of *supra-nationalism* is indicated whatever be the nature of the regional union.

key question

This brings us to a key question. What is the structure of economic cooperation visualised by us and among which nations? Economic cooperation of the 'integration vintage' could basically be divided into: (a) a free trade union which implies removal of tariff and non-tariff barriers within a community but member nations preserving their separate barriers for trade outside the area; (b) a common area where a *common external tariff* prevails and economic policies are harmonised to a greater extent. Our analysis will lean more towards (b) as talk of an Asian Common Market has been more pronounced than that of a free trade area although there have been proposals for a Pacific Free Trade Area covering Japan, Australia and south-east Asia. Among the developing countries there have been various unions with differing degrees of success—Latin America Free Trade Area (LAFTA), Central American Common Market (CACM), East African Common Market (EACM), the Central African Customs and Economic Union (CACEU) and the like.

This article will analyse the effects of cooperation between a number of developing ESCAP countries excluding the developed members and Iran which have higher per capita GNP than most other members of ESCAP. Broadly, the countries covered in this analysis are: Afghanistan, Malaysia, Pakistan, Singapore, India, Indonesia, Bangla Desh, the Philippines, Burma and Thailand. Mainland China is now an ESCAP member but whether it will play according to 'the rules of the game' remains to be seen.

Salient economic features of the south-east Asian countries are:

1. India, Pakistan, Indonesia and to a

lesser extent the Philippines and Bangla Desh are countries with domestic import substituting industrial bases and in India and Pakistan excise taxes occupy a pride of place in the revenue system.

2. Malaysia, Sri Lanka and Thailand are mono-culture export-oriented economies dependent on exports of such raw materials as rubber and tin.

3. Afghanistan has the highest import ratio and practically no domestic industries.

4. Singapore is a low-duty city-state relying on entrepot trade, invisible receipts and direct taxation.

5. The tax: GNP ratio is the highest in Ceylon and Burma followed by India.

6. The foreign trade: GNP ratio is the higher for most countries compared to India, Pakistan and Burma. Burma needs to come out of its 'isolationist' existence if it is to participate fruitfully in the activities of a regional unit.

social welfare

7. Malaysia, Sri Lanka and Singapore each has a higher ratio of social welfare expenditure than the other countries. This has a real income demand generating effect particularly since the infrastructure facilities in the shape of roads and hospitals are superior.

A detailed formulation of policy cannot be attempted within the limited confines of this article. What is attempted is a basic outline of the issues likely to emerge and their probable first or 'second best' solution.

First of all, comparative advantage has to be balanced with location of production units in the context of Viner's trade

TABLE II
Per capita incomes of some countries in US dollars — 1973

Afghanistan	65
Sri Lanka	138
India	73
Indonesia	70
Pakistan (whole)	130
Malaysia	330
Singapore	280
Philippines	263

creation versus trade diversion effect. Viner defined trade creation as a shift from a high cost to a low-cost producer, trade diversion as a move in the opposite direction.

Take the production of automobiles and trucks. India alone is an important producer although its units are of an uneconomic size and prices are high relative to the developed countries. If, however, Stefan Linder's theory is accepted in that the rank of *manufactured exportables* is determined to a great extent by domestic demand and a large home market, regional cooperation would indicate that the production of automobiles should be concentrated in India who will export them to the other nations. This pre-supposes three elements—first, that optimum units will be allowed to be set up in India, second that quality will be improved and third that large orders will ensure a fall in average costs and Indian prices. The 'Viner' effect is reversed. Initially, there will be a trade diversion effect to the biggest producer. Subsequently, the trade creation effect takes place.

ancillary industries

And now on to an allied factor. The production of trucks and automobiles involves a vast chain of ancillary industries producing spare parts and accessories. Such countries as Singapore and Bangla Desh may have a comparative advantage in relation to the ratio of value added to labour costs. Thus, these may partly have to be imported for re-export, to that extent causing a displacement effect to Indian suppliers who will have to export *outside the area*. Thus, trade outside the area would also be promoted.

Indonesia, Pakistan and Bangla Desh are also countries with potentially large domestic markets. Optimally, their production structure would also have to be altered so as to sell crude oil, natural gas and jute to the other countries of the region after meeting their own requirements. In Indonesia's case, this would mean direct sales to consuming countries rather than through the major oil companies, a position that would need careful examination. Thailand and Bangla Desh could form a 'pooled price structure' for raw jute, selling it at different prices

within and without the area; would this be permissible under the rules of GATT? If not, price or income subsidies from a common finance pool could be the answer. The basic refrain is that the heavy industries will be concentrated in the high population (HP) nations exporting surpluses to the low population (LP) countries such as Ceylon and the Philippines.

What will the latter do? Their concentration will have to be on assembly line labour intensive items like electronic parts, radios and light consumer goods. Many HP countries manufacture these items; these may have to be curtailed and imports of finished products allowed from the LP countries. Alternatively, a large part of the ancillaries could be imported. Once again, a displacement effect in the HP countries is inevitable.

primary products

It must not be forgotten that LP countries like Ceylon and Malaysia are large exporters of primary products such as rubber and tin. Exports will have to be diverted to the HP countries of the area at prices comparable to or even better than those offered on the international market or by the Chinese.

Trade is more intense among countries with similar demand patterns. This condition applies with force to the south-east Asian countries. With low per capita products, there is a rising income elasticity of demand for consumer goods. Fertilizers and other key inputs are needed to improve agricultural productivity and aid industrial and tertiary activities. Thus, prerequisite for successful cooperation exists given a pragmatic bent of mind.

The location of key private sector and public sector industries will have to be controlled by a Regional Investment Board. It has been suggested that member countries should finance the investment of a regional industry and share the profit in proportion to their consumption of the product, whether it is water utilisation or fertilizer. A Regional Investment Bank on the lines of the Asian Development Bank is, of course, a necessity. But there is little evidence either in market or centrally-planned economies that this is a workable proposition for industry as opposed to public utility projects. Gene-

rally, the country in which the plant is located is responsible for the bulk of the investment finance, the other participating countries contributing only a relatively small portion. But even this small equity participation would promote regional solidarity.

Free mobility of capital would prevail both in a free trade and common market grouping. This would encourage joint ventures by say Indian entrepreneurs in Malaysia to the exclusion of entrepreneurs from outside the area. Tri-country and multi-country ventures are an interesting possibility. India could collaborate with Indonesia in oil exploration of the latter's shores; similarly, Indonesia could participate in drilling expeditions like the 'Bombay High'. Intra-area collaborators like Japan would then have to deal jointly with more than one country to negotiate deals on profit-splitting which may lessen the total flow of payments away from the area.

interesting suggestion

IMD Little* has put forward an interesting suggestion for *regional international companies* which might well be worth investigation:

- (a) Participating governments and a consortium of companies would be the initial shareholders. No single party would have more than 49 per cent of control.

- (b) If necessary, governments could sell their shares to their nationals.

- (c) Part of the subscriptions would emanate from aid funds.

- (d) There would be no quantitative restrictions of tariffs for the product of the company.

- (e) Inputs would be tax-free and external tariffs of the participating countries would be equalised for its products.

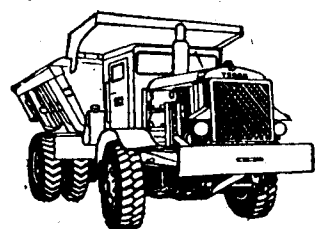
- (f) Guidelines will be provided for dividend distribution, rate of return and internal retentions.

Basically, international aid would be used to provide compensation for the "excess cost" of local production in the preliminary stages. Hence the compensation fund represents "true" interest

* "Regional International Companies as a Approach to Economic Integration" Journal of Common Market Studies, 1966.

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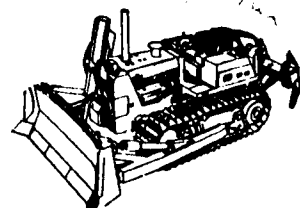
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Symbolically, the effect of the scheme is:

(1) $dbC - (p - O) bO$ is the benefit for the non-host country.

(2) if earnings are fully paid out, then

$$d = \frac{(p-x)O}{C}$$

Substituting (2) into (1) it follows that

(3) benefit = $bO(p-x)$

The argument ignores transportation costs. Hence (1) overstates the benefit to the non-host country by the excess of transport costs from the factory to consumer, compared with normal transportation charges. A significant excess would have to be compensated; otherwise, absorbed into company costs.

tax harmonisation

Quantitative restrictions and import tariffs (QR-IT) characterise the tariff systems of India, Pakistan, Bangla Desh and Ceylon. The Philippines has always floated the peso and is relatively 'liberal' on QRS. Singapore is a quasi-duty free port with emphasis on free trade. Malaysia and Thailand are export-duty oriented. It is thus obvious that ratio of domestic to world prices is considerably different from country to country; the transformation-substitution mix varies greatly. Table III shows that the claim of manufacturing on domestic expenditure and its contributions to the import tariff varies considerably. Tax harmonisation is thus of primary importance.

In a free trade grouping, the major type of tax harmonisation is of a sporadic rather than a structural nature. If there is an external diseconomy associated with the consumption of refrigerators in India, as postulated by the 'radical school' an excess tax should be levied domestically to curb consumption but India must have border tax adjustments on the *destination principles* to promote production for exports to partner countries. This

will be of great importance if Sri Lanka or the Philippines changed source of supply from third countries or previously protected domestic producers to a partner country. With perfect supply inelasticity in India, the supply price of refrigerators would be reduced to the extent of the tax and the tax on domestic consumers in Ceylon would become a tax on Indian suppliers. In a free trade area, where member countries, preserve their tariff against third countries adjusted for preferential imports from within the area, tax harmonisation is an *ad hoc* programme rather than a comprehensive 'master plan'.

complicated dimensions

In a common market grouping tax harmonisation assumes more complicated dimensions.

Horizontal equity demands that people in equal economic positions should be treated equally. The individual's total tax bill adjusted by country of primary tax allegiance (c.p.t.a.) is the *same* as that paid by someone from one country. Direct taxes should be levied on the *origin* principle with crediting rules as in the ECM and CACM. As tax structures and rates vary in the member states, differentials could be preserved by allowing exchange rates to take care of differential incidence.

Some element of non-neutrality is bound to arise because of the real income effect generated by a higher degree of social welfare expenditure in some of the partner countries. Again, difference in the *concept* of taxable income will nullify

part of the neutralising effect of tax crediting.

In the field of corporate taxation, India and Burma with the highest rates are at a disadvantage. Capital may migrate to say, Malaysia where post-tax returns are higher. A pronounced reduction in the high tax countries will be necessitated particularly if, as seems likely from empirical evidence, the profits tax is shifted forward. The crediting approach will discriminate against a high tax country such as India. Any additional Indian tax cannot be shifted. Foreign income within the area should be exempt from corporations tax and the profits tax treated as a commodity tax.

To attract capital from outside the area, there must be some uniformity of tax holidays, investment allowances, initial allowances and the like. Competitive bidding in an imperfect market distorts resource allocation.

import duties

Afghanistan relies wholly on import duties; Singapore not at all. India and Pakistan derive over 50 per cent of revenue from customs and excise levies. Ceylon and the Philippines are similarly placed but at a lower scale. As said earlier, Ceylon, Malaysia and Thailand get large revenues from export duties.

Unless complicated fiscal frontiers are to be created, India, Pakistan and Bangla Desh will have to scale down their rates to increase economic welfare. So too, Afghanistan. The other countries will increase their taxes and reduce the "differentials" to the minimum. Some form of

'weighting' in regard to the tax ratio and foreign trade ratio in respect of GNP will have to be adopted.

The application of the origin principle within the area will not ensure efficient location of production within the area. A high-cost low-tax country will invade the market of a low-cost high-tax country and high-cost production will be at a premium. Hence the destination principle based on the competition argument is the better alternative. Disparate ratios have to be maintained with export rebates and equalising import levies. But border tax adjustments will also have to take into account difference in government expenditure. The use of the destination principle can thus be rationalised on the supposition that governments are more sensitive to the production as opposed to the consumption inefficiencies created by non-uniform commodity taxation.

complexities involved

It would be useful to stress the complexities involved in export rebating or import compensating policies. First, the importance of a product varies in each country. Second, if processes become diffused over countries of a given area, more transactions will be involved. Rebates will have to be given on weighted averages. They may be hidden export subsidies, or preferential duties. Third, the multi-point sales tax prevalent in India is incompatible with regional economic cooperation at a fiscal level. The average scale applied and tax incorporated in prices may differ: concealed subsidies and duties become effective.

To overcome the 'drawback' problem, it has been suggested that the value-added tax (VAT) should replace sales taxes and Singapore is toying with this idea. The VAT is regarded as neutral as it has the world GNP as its base. Its suitability for the LDCs is a matter of controversy. But it is carefully structured to be passed along in the accounting sense and is the only tax which can lead to a dismantling of fiscal frontiers, if imposed at uniform rates. Its *origin* principle treats consumers of a particular area alike wherever they live.

Fiscal compensation will be necessary to offset the excess cost of imports which

a member country buys from its partners at higher than world prices, less the excess cost of its exports to the partners. Apart from a straight inter-treasury transfer based on nominal versus effective tariffs, additional opportunity cost transfers will be necessitated to compensate for the 'spillover' and 'backwash' effects of changed production patterns. Export subsidies in relation to excess costs constitute another means. A third possibility is the subsidisation of the exports of the *least developed* countries among the partners.

Customs revenue could be allotted to member countries in proportion to their exports to the rest of the world. This would provide a much-needed incentive to develop exports and reduce conflict of interests over tariff policy.

Spillover effects of government expenditure create complex issues of allocating tax burdens. Non-export of local tax burden is a prerequisite for a system of fiscal regionalism. Let region A undertake services involving a benefit spillover to B, but not vice-versa. A will equate marginal costs with marginal costs but benefits to the community (A+B) are larger. Efficiency demands that A reduces its output and pays for increased services to B. A+B factor inputs move into the service and aggregate consumption will rise. Cooperation will again be advantageous if the benefit spills both ways; but total factor inputs may fall although overall benefit shows a rise. Hence, either India or Pakistan would have to harness the waters of the Indus with the "non-spending" party paying for services. Competitive expenditure wastes resources without proportionately raising the benefits level.

The charges for subsidised services in Malaysia and Sri Lanka will have to be raised on the origin basis to achieve optimal allocation. Otherwise foreign buyers will be subsidised by consumers of imports in the 'high' social welfare countries who, under the destination principle, make up for the loss in exports. In other words, the fiscal package must be such that consumers are indifferent between the residuum offered in the domestic as compared with other regions. The combination of taxes and expenditures will have to lie on the same indifference curve. Compensation arrangements thus assume a wide tapestry of forms and will usually entail some kind of "packing deal" as a condition.

The chief obstacle to regional cooperation is the array of problems in being underdeveloped. A spiralling population growth, increasing group conflict and high illiteracy percentages are hardly conducive to convincing the populace that regionalism is the best course of action. A second hurdle is that it demands increasing commitment from each member, the capacity to indulge in short-term sacrifice for long-term gain.

The success of developmental regionalism will hinge on several factors; better regional planning, the ability to restructure economies, the ability to bargain skilfully and avoid 'throat-cutting' in third-country markets and the ability to pool and effectively use the aid of developed nations. Economic cooperation is time-consuming and bound to be beset with disappointments. The response must be to rise to the challenge and offer alternative forms rather than withdraw into a shell.

Eastern Economist 30 Years Ago

NOV. 15, 1946

In any policy of the post-war transition period which aims to bringing about an orderly stepping down of our inflationary price level, the height at which the prices of agricultural commodities are to be stabilized will be a determining consideration. Speaking recently in the Legislative Assembly on the food situation Dr Rajendra Prasad, Food minister, expressed the government's opposition to an increase in the prices of food-grains and denied that any case had been made out for it. And this has been followed up by a Press Note, which states that the existing statutory or ceiling prices will continue for another twelve months. The minister for Food also promised early consideration by the government of the report of the sub-committee on agricultural prices. All this is good, so far as it goes, especially the decision not to raise food prices, since any other decision would only be a further impetus to inflation. But surely it does not go far enough.

Old continent is getting older Jan Vitek

A recent study has revealed that at the end of the current century, the proportion of the aged people in Europe will increase sizeably changing it into a continent of aged misfits. It has also been shown in this study that whatever the economic or political system, the number of elderly people will automatically increase in any country where fertility has been curtailed for a long time. The author has pleaded that the attitude of society toward the elderly must change both for humanitarian and social considerations.

AGE is creeping up on all the peoples of Europe and the trend is irreversible in most places, according to a report* on 25 countries, just published by the International Social Security Association (ISSA).

It cautions that Europe in the year 2000 may become a continent of aged misfits, unless something is done to change the attitudes of modern society towards its elderly citizens — and fast.

The ILO wants to put the problem of old workers and their place in society on the agenda of its 1978 International Labour Conference.

The threshold of ageing — or the seniority at which a population can be considered as old — is reached when seven or eight per cent of inhabitants are aged 65 or over.

Practically all European nations have passed that mark. Most of them will have doubled and some even tripled the proportion by the turn of the century.

spectacular phenomenon

Population ageing is most spectacular in the Soviet Union where the number of people aged 60 or over is expected to rise from 8.5 in every 100 at the beginning of this decade to 17.4 in 2000 AD.

During the same period, the proportion of the elderly in Greece will increase from 16.4 to 23.9, in Switzerland from 18.8 to 23.5; in the Federal Republic of Germany from 19.4 to 21.5; in Italy

from 15.7 to 20.2; and in Belgium from 18.9 to 19.8.

Population ageing will remain at a relatively stable level in France, where there will be some 18 senior citizens per 100 inhabitants in the year 2000, followed by Denmark, 17.7; Norway, 17.5; Spain, 15.7; and Portugal, 14.7.

The German Democratic Republic, which today leads the ageing league with more than 22 persons aged 60 or over in every 100, will experience a slight slowdown by 1.7 at the end of the century.

dropping ratio

Four other countries will also record a drop; Ireland, by 3.1; Austria, 1.8; the United Kingdom, 1.5; and Czechoslovakia, 0.9. But the proportion of senior citizens in all these countries will remain high — between 13 to 18 per cent.

Europe's youngest country is Albania, with only 6.5 "oldsters" per 100 inhabitants. This ratio will increase by a mere 1.5 by the year 2000.

The report points out that whatever the economic or political system, the number of elderly people automatically increases in any country where fertility has been curtailed for a long enough period.

In France the past ten years have seen the return of ageing which the relatively high post-war birth rates had almost managed to stop.

Population ageing will be high and stable in the United States, which will experience a slight increase from today's 14.1 per cent to 14.7 per cent in 2000 AD.

The same goes for Australia where the corresponding figures are 12.5 per cent and 12.9 per cent.

Life expectancy is on the increase. As

a result the group of the very old — 75 and over — will double between now and the end of the century in a number of countries, including the USSR, Bulgaria, Poland and Greece.

Higher life expectancy is an area in which women are clearly ahead of men practically everywhere. When they reach 65, most European men may live for 13 more years and women for about 16 on average.

medical facilities

People tend to live longer in polluted cities rather than in the countryside with its sun and fresh air. It is the access to medical facilities which makes all the difference.

All this means that modern societies face a crucial choice; grow or age. Since most of them are afraid of demographic expansion they should be ready to cope with the consequences. Among them:

— The increasing social bill for pensions, medical care and hospitals. What proportion of the national budget is to be earmarked for this purpose? Can the amount go on growing or should a ceiling be fixed? These are some of the questions policy makers will have to decide.

— Reduced competitiveness because of the ageing of working populations can be an obstacle to technological progress and to the phasing out of certain activities which have outlined their usefulness.

— Social discontent among senior citizens whose incomes in most cases decline sharply after retirement.

In this situation it may become necessary to encourage men aged 60 to 70 and younger women to work in certain countries which have a great ageing problem.

There is also a need to ensure all workers minimum pensions that would be inflation proof.

Above all, the attitude of society toward the elderly must change both for humanitarian and social considerations. Today's scale of values tends to reject elderly people who, in turn, tend to reject society, even if only because they feel the world is changing too fast.

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*Here they are — the children from Northern region who've won first prizes in the recent draw. Other winners will be notified by post. Remember, those who haven't got a prize this year, still have many more chances to win!

Sister's UTI-735-A176 N

TRADE WINDS

Monetary Policy Tightened

THE RESERVE Bank of India has impounded further bank resources to the tune of Rs 150 crores to check the pressure of fast monetary expansion on commodity prices. This has been achieved by raising further the cash reserves required to be maintained by every scheduled commercial bank from five per cent to six per cent of the total demand and time liabilities with effect from November 13.

Liquidity Requirements

The cash reserves ratio was stepped up from four per cent to five per cent on September 4, which resulted in freezing off bank deposits of about Rs 155 crores. Thus, in less than 10 weeks, bank resources to the tune of over Rs 300 crores are being impounded. Following the enhancement of the cash reserves ratio, the minimum cash and liquidity requirements of banks will stand raised from 38 per cent to 39 per cent of demand and time liabilities. Banks will be paid interest on additionally impounded reserves at the rate of 5.5 per cent per annum.

The governor of the Reserve Bank, Mr K.R. Puri, has indicated to commercial banks that "with a view to further regulating the lendable resources of commercial banks, the cash reserves ratio has been stepped up." In his letter, he has asked the banks to observe a greater measure of credit

discipline and to ensure that draws of credit from them "strictly aligns to the minimum inescapable production requirements". In planning their lending operations, banks should reckon with the fact that rediscount and refinance assistance from Reserve Bank "will be extremely limited and selective."

The governor states that an assessment of the recent monetary and credit situation and the trends in commodity prices made by the Reserve Bank reveals that there has been a faster monetary expansion during the current financial year so far (up to October 22, 1976). According to him money supply with the public has increased during the current year by Rs 1,224 crores or 9.7 per cent compared with an increase of Rs 538 crores or 4.6 per cent in the corresponding period of the preceding financial year. The governor has pointed out that the monetary and price trends have thus become "a matter of concern." "It is of the utmost importance that we exercise greater caution in permitting further monetary expansion," he observed. At the current level of bank deposits of over Rs 16,100 crores, a one per cent increase in cash reserves ratio will mean the impounding of nearly Rs 161 crores of bank resources.

Stable Prices

The union Finance minister, Mr Subramaniam, stated in the Lok Sabha recently that the government was drawing up a plan to hold the price line with

regard to five or six essential consumer commodities such as cereals, pulses, sugar, standard cloth and edible oils. He added the government would, if the need arose, import these commodities to ensure their ready availability at fixed prices since, in his view, it was the psychology of scarcity which was responsible for the erratic behaviour of prices.

Mr Subramaniam, who was speaking on the withdrawal of the fifth instalment of additional dearness allowance of central government employees, stated that personally he was not satisfied with the method of computing the cost of living index. He hoped the Labour ministry which was presently looking into this matter, would evolve a new formula for the purpose.

Soft Loans

The Federation of Indian Chambers of Commerce and Industry (FICCI) president, Mr M.A. Arunachalam, pointed out in a press statement recently that the scheme for modernisation of traditional industries—textiles, jute, sugar, cement and engineering—announced by government was a welcome move. Due to the inadequacy of depreciation reserves to replace capital assets the prices of which had increased in a phenomenal way due to inflation, industry was not able to find adequate financial resources to undertake modernisation. The scheme for opening a soft window by the IDBI initially with Rs 200 crores a year would largely make good this lacuna, he stated. He added that the concessional element in interest is not sufficient enough to overcome the handicap, particularly for industries like cotton textiles and jute which are passing through rather severe difficulties. He

hoped that after an initial trial the scheme will be revised in the light of experience and further allocations made.

Management Information System

A high level advisory committee under the chairmanship of the Finance minister, Mr C. Subramaniam has been appointed to chalk out a comprehensive Management Information and Accounting System (MIAS). The system will be introduced shortly by the government to explore the potential of the new departmental accounting units. The committee includes Finance Secretary, Secretary, (Expenditure), Secretary (Industrial Development) and Chief Consultant, Planning Commission. Mr P.M. Narielwala, president of the Institute of Chartered Accountants of India; Mr A.K. Biswas, president of the Institute of Cost and Works Accountants of India; Prof. V.S. Murty of the University of Bombay; Prof S.K. Bhattacharya of the Institute of Management, Ahmedabad and Mr V.A. Pai Panandikar, Director, Centre for Policy Research, New Delhi have also been nominated on this committee.

Administrative Reforms

As part of major administrative reforms, the ministries of central government have taken over the responsibility for payment and accounting, in a phased manner between April and October 1976. In order to exploit in full the potential of these new departmental accounting units, the central government proposes to introduce very soon a comprehensive Management Information and Accounting System. The Advisory Committee has been formed to ad-

vising such a system. The committee will consider and recommend concepts of management accountancy suitable for the ministries and installation of Integrated Management Information System for policy formulation and control; evaluate the present status of performance budgeting and assess the scope for improvement and also advise training programmes suitable for senior and middle level government officers dealing with administration and accounts.

Tariff Value of Sugar

The government has increased the tariff value of free sale sugar from Rs 310 per quintal to Rs 335 per quintal with effect from November 1, 1976. In accordance with the objective of holding the price line, and to avoid an increase in the incidence of duty, the government has made a proportionate reduction in the rate of basic duty of excise from 37½ per cent *ad valorem* to 34 per cent *ad valorem* with effect from the same date i.e. November 1, 1976. The reduced rate of duty applies to the clearance of free sale sugar effected on or after November 1, 1976 to November 30, 1976 (both days inclusive).

Shipping to Assist Exports

The government has constituted a Standing Committee for Promotion of Exports by Shipping (SCOPE SHIPPING). The committee will examine various shipping and port problems relating to export cargo moving by maritime transport and suggest appropriate measures to solve them. SCOPE SHIPPING will function under the chairmanship of Mr P.K. Kaul, additional secretary in the ministry of Commerce, and will include re-

presentatives of the ministry of Shipping and Transport, Customs, State Trading Corporation, Shipping Corporation of India, various shipping companies, All India Shippers' Council, Tea Board, Jute Commissioner, Port Trusts of Bombay, Calcutta and Madras, Federation of Indian Exporters' Organisation and Federation of Custom House Agents' Association in India. The terms of reference of the committee include consideration of the question of adequacy and regularity of shipping services including introduction of promotional services, adequacy of shipping space for liner export cargoes in general and particularly for low-freighted items, adequacy of facilities in major and minor ports in respect of warehousing and handling for export shipments and adequacy of inland waterway transport for movement of cargoes from inland centres to port towns.

The SCOPE SHIPPING will also look into the questions of fixation of competitive and non-discriminatory freight rates as also reasonableness of various surcharges levied on country's exports, simplification of documents, customs and other procedures and introduction and expansion of technological innovations like containerisation, pelletisation, and lighter vessels to facilitate carriage of export cargo. Another Trading Committee for Promotion of Exports by Air (SCOPE AIR) has already been functioning for some years.

Handloom Goods Exports

The value of exports of cotton handloom fabrics have gone up to Rs 11.08 crores during April-July 1976 as compared

to Rs 8.75 crores during the corresponding period last year. However, exports of cotton handloom made-ups are slightly lower at Rs 3.3 crores during April-July 1976 as against Rs 3.35 crores during the same period of 1975. While the value of exports of real Madras handkerchiefs have slightly gone down from Rs 4.45 crores in April-July 1975 to Rs 4.40 crores during the period under review. This year, the export earnings of other fabric varieties such as furnishings, Madras cheques, crepe, casements, grey sheetings and seersuckers have gone up to Rs 5.15 crores during the period April-July 1976 from Rs 2.13 crores during April-July 1975. The export earnings of towels and napkins during April-July, 1976 have increased to Rs one crore from the level of Rs 65.7 lakhs during April-July, 1975.

Indo-Philippine Cooperation

A protocol for promoting greater cooperation between India and the Philippines in agricultural research was signed recently. According to the protocol, there will be exchange of material, information and scientists between the Indian Council of Agricultural Research and the Philippines Council of Agricultural and Resources Research in a wide range of areas of mutual interest. The areas identified for immediate collaboration include inland fish culture. India and the Philippines will collaborate in research on modern design of fish ponds, development of new fish feeds etc.

The two countries will also collaborate in research on buffalo, goat and poultry improvement. In addition,

they will exchange experience and material in dairying and development of animal feeds. The Philippines is going ahead with a major programme of planting a leguminous fodder tree. The Indian Grassland and Fodder Research Institute at Jhansi and the Philippines institutes will collaborate in exchange of fodder trees, shrubs, grass and legumes. On food crops, the two councils will collaborate on research relating to legumes, groundnut tuber crops like tapioca and sweet potato, pulses like moong, cotton and sugarcane.

India-Iran Protocol

A protocol providing for technical cooperation between India and Iran was signed recently by the president of the Iranian State Railways Dr Pakdaman and chairman of the Railway Board, Mr G.P. Warrier. The protocol concerns track maintenance, renewals and research, according to an official release. Dr Pakdaman called on the minister for Railways Mr Kamalapati Tripathi and minister of state for Railways, Mr Mohammed Shafi Qureshi and held discussions with them.

General Insurance

The General Insurance Corporation of India has contributed over Rs 7.28 crores to the national exchequer by way of payment towards Government dividends and redemption. Two cheques were presented recently to Mr C. Subramaniam, Finance minister by Mr G.V. Kapadia, Chairman, General Insurance Corporation of India. One cheque for Rs 5.23 crores represents the dividends for 1975 on the shares of the Corporation which are entirely held by the central government. The other cheque for Rs 2.05 crores is towards redemption of part

of the preference capital of the Corporation amounting to over Rs 19.05 crores, redeemable by annual instalments by the end of 1984. The total net profit of the Corporation for 1975 amounted to Rs 7.80 crores.

For 1975, the Corporation had declared dividends at 7 per cent on its preference capital and 20 per cent on equity capital. For 1974, the Corporation had declared 12 per cent on its equity capital. The dividend on preference capital for 1973 and 1974 was 7 per cent each year. The paid up capital of the GIC of over Rs 38.55 crores is divided into Rs 19.50 crores as equity capital and over Rs 19.05 crores as preference capital.

The progress of the Corporation has been spectacular. The net premium which was Rs 182 crores in 1972 increased by nearly 53 per cent in three years and touched Rs 280 crores in 1975. The premium is expected to rise by another 18 per cent this year to Rs 330 crores. The expectation for 1977 is to complete Rs 385 crores. The underwriting profit and gross income of funds have also been going up constantly. The gross profit before tax which was Rs 38.6 crores in 1973 rose to Rs 57.7 crores in 1974 and Rs 64 crores in 1975. The gross profit is expected to be around Rs 72 crores in 1976 and will go up by another eight crores to reach Rs 80 crores in 1977.

IATA Meeting

An increase in demand for air transport holds promise for the world's airlines, Mr Knut Hammarstrjoeld, Director General of the International Air Transport Association (IATA), said recently. In this report on the state of the industry of IATA's annual

general meeting at Singapore, he said "there is a growing recognition that the massive short-falls from required revenue which have accumulated since the late 60's, threaten a capital crisis for the airlines". He told executives of the 108 IATA-member airlines meeting that the orderly development of international air transport continued to rest firmly in the hands of governments. He said IATA members could expect an eight per cent annual average increase in passenger traffic during the 1976-81 period.

Coffee Export Duty

The export duty on coffee has been raised to Rs 1,300 per quintal with effect from November 6, it was officially announced recently. The duty has been raised in view of steep increase in the international prices of coffee in recent months.

New Vessel for India Steamship

India Steamship Company Limited has recently taken delivery of their vessel m.v. "Indian Explorer" constructed at Hindustan Shipyard, Visakhapatnam. Mr S.C. Roy, a director of the company took delivery of the ship, which is of 10,016 GRT and 13,894 DWT.

Steel Output

Raw steel production in September 1976 in the 29-member countries of the International Iron and Steel Institute was 38,071,000 tonnes, 11.3 per cent more than the 34,191,000 tonnes in September 1975. The cumulative total for the first nine months of 1976 was 336,098,000 tonnes against 318,473,000 tonnes for the corresponding period in 1975, an increase of 5.5 per cent. Compared with September

1975, steel production in September 1976 rose by 21.9 per cent in the UK, 16.9 per cent in the six original countries of EEC, 12.2 per cent in the USA, and by 6 per cent in Japan. In India the increase was 12.3 per cent from 689,000 tonnes to 774,000 tonnes.

Family Planning Target

Deputy minister for Finance, Mrs Sushila Rohatgi stated in the Lok Sabha recently that the target of sterilisation had been exceeded by 4.5 times, Mrs Rohatgi, who was replying to a discussion on the supplementary demands for grants, strongly defended the family planning programme and stated that population control was the only way to ensure the success of the country's development programmes and give our children a better life. Rebutting the charges that coercion was being used in the implementation of the programme, she referred to the unequivocal statements made by the prime minister and the minister of Health that no compulsion would be used in carrying out the programme.

Price of Alcohol

The Tariff Commission has recommended removal of the existing ceiling of Rs 150 on transport charges on molasses to help increase the utilisation of available molasses by distilleries for production of alcohol. This was stated in the commission's report on the price structure of industrial alcohol, presented in the Rajya Sabha recently. The commission has found that the figures of capacity given by distilleries where somewhat inflated. The demand for industrial alcohol in 1975 was 484,000 k litres, and, during the current year, it would be 532,000 k. litres.

In view of the government's

present policy of restricting crude imports, it would be safe to conclude that the demand for molasses-based alcohol was likely to continue and its replacement by naphtha-based alcohol was not likely to be feasible in the near future, the report stated. Since alcohol availability would fall short of the estimated demand, ways and means to augment its production would have to be found, the commission said. One of the ways for augmenting alcohol production would be to ensure adequate supply of molasses to the various distilleries in time.

Names in the News

Mr M.G. Kaul has taken over as executive director of the International Monetary Fund. Mr Kaul who has been secretary, department of economic affairs since December 1, 1972, belongs to the Indian Civil Service. He has been India's alternative governor both on the World Bank and the Asian Development Bank.

Chief economic advisor, Mr Man Mohan Singh, has been appointed secretary in the department of economic affairs in place of Mr M.G. Kaul.

Mr Saran Singh has been appointed as secretary of the union department of steel. Mr Saran Singh belongs to the Bihar IAS cadre. The post of the secretary of the steel department goes back to the administrative cadre after the brief experiment of a non-cadre official holding the post.

Additional secretary in the economic affairs department of the union Finance ministry, Mr M Narasimhan has been appointed secretary to the department of banking. Mr Narasimhan brings with him experience of 20 years with the Reserve Bank of India.

COMPANY AFFAIRS

Indian Aluminium

THE BOARD of Directors of Indian Aluminium Company Limited, at the meeting held on October 29, has declared an interim dividend of Rs 0.70 on each fully-paid ordinary share with proportionate payment in respect of partly-paid shares. The dividend will be payable to shareholders on record as on November 15, 1976 subject to deduction of taxes.

In the first six months of 1976, Indal's sales revenue, including excise duty, totalled Rs 645.6 million as against Rs 346.2 million in the comparable period of 1975. The increase in sales revenue was primarily due to increased domestic and export sales including higher sales of non-levy metal, as well as a very much higher quantum of excise duty. The company's exports totalled 13,818 tonnes of ingot during the first half of 1976 which also helped to lower its finished goods inventories. The total value of ingot and semi-fabricated products exported in 1976, to date, is around Rs 120 million.

Profit before tax increased to Rs 66.3 million compared to Rs 23.1 million in the first half of 1975, due to improved realisations on the increased shipments. Net profit was Rs 27.3 million after transfer of Rs 1.5 million to investment allowance reserve and provision of Rs 37.6 million for taxes, as compared with Rs 15.6 million in 1975, after transfer of Rs 3.4 million to develop-

ment rebate reserve and provision of Rs 4.1 million for taxes. The increase in the effective rate of tax in 1976 is due to the exhaustion of tax reliefs available up to 1975 on earlier expansions.

The company's three smelters produced a total of 43,748 tonnes of metal during the first half of 1976, which represents 75 per cent of effective capacity, compared to 33,227 tonnes in the corresponding period of last year. Production would have been higher but for power shortages and interruptions in supply. A significant development in the half-year under review was the increase in primary metal output in the country which improved to 105,470 tonnes from 69,000 tonnes produced in the first half of 1975.

The register of members and share transfer registers of the company will remain closed from November 9 to November 15, 1976, both days inclusive.

HM Earthmoving Equipment Division

The Earthmoving Equipment Division of Hindustan Motors came into formal existence at Trivellore on February 16, 1973. Under arrangement with General Motors, this division manufactures TEREX Earthmovers, the best of its kind in the world.

Construction of the plant began in October 1970. The first phase was completed by January 1973. Immediately thereafter, the factory commenced production of 22.7 ton

Rear Dump. In the following month Front End Loader with buckets ranging from 1.24 Cu. M. to 2.29 Cu. M. was added. On the heels of this, a 275 HP Crawler Tractor was introduced in 1974, and a 36.3 ton Bottom Dump Coal Hauler in early 1976. A 31.75 Ton Rear Dump is scheduled for introduction in late 1976.

This capability of introducing one new product almost every year is considered an extremely commendable achievement, even by international standards. The plant, which produced 65 units in the first year (1972-73), will reach 500 machines by the end of 1976.

Import Substitution

Right from inception HM-EED has given maximum attention to import substitution. The indigenous content of the products, even at the early stage of production, were between 60 and 70 per cent. The local contents have been progressively increased, and currently they are within the range of 65 to 86 per cent.

The priority accorded to import substitution has paid rich

dividends. In addition to conserving significant amounts of foreign exchange, the company has succeeded in giving tremendous impetus to a number of ancillary and small-scale industries, in addition to stepping up the in-house manufacture of components. In 1972, HM-EED was purchasing about 1300 parts and sub-assemblies from 90 suppliers; today this has gone up to 3400 parts from 225 vendors.

Indigenisation, however, has not been at the cost of quality. To maintain the rigid standards stipulated by General Motors and adhere to the performance rating of TEREX equipment elsewhere in the world, HM-EED has always maintained strict controls and checks at every stage. Thorough appraisal of the sources from where components are bought, rigid inspection standards and extensive checking at every manufacturing stage, followed by trials on a specially designed test track are the methods used to prove the reliability of HM TEREX machines. A measure of the quality of HM TEREX machines is their acceptance in highly developed

Factory building expansion

Mr. Reuben R. Jensen, Director and Executive Vice-President of General Motors Corporation of USA, dedicated the factory building expansion of earthmoving equipment division of Hindustan Motors Ltd on November 8, 1976. The earthmoving equipment division has expanded its floor space by 50 per cent in a little over three years.

Speaking on the occasion, Mr B.M. Birla, Chairman, Hindustan Motors, pointed out that the country was poised for a tremendous industrial growth and the increase in the availability of basic raw materials such as steel and power coupled with the government's successful efforts at containing inflation made it possible for this country to offer engineering goods at competitive prices. He added that industries of developed countries could now look forward to using this industrial capacity in India to sustain their own industrial expansion.

countries such as the U.K. and New Zealand.

HM-EED's most significant step is a programme of manpower development which provides for the accumulation of knowledge and experience through extensive training of its technical personnel at GM FIEREX plants in Scotland and the USA.

To provide for greater volume of production and to manufacture machines of larger productive capacity, HM-EED is increasing its assembly space and installing a heavy structural processing shop programmed for bending, burning, shearing, and welding various special steels. As a result, the plant will soon be equipped to produce up to 150 ton Dumpers, 5.34-6.1 cu. m. Loaders and 400 HP Crawlers.

This present extension is only a part of the total expansion envisaged by the division. Future plans portend production of 630 machines of various types, leading to expanding of the factory area and a rise in the number of employees. The fully-expanded plant is scheduled to cover 40,000 sq metres and employ 1,200 men. Overall investment in the programme is around Rs 60 crores.

J.K. Tyre

The J.K. Tyre plant set up at Jaykaygram, Kankroli, a notified backward area in Udaipur District, Rajasthan was commissioned recently. The Rs 33.5-crore plant having a capacity of five lakh automobile tyres and tubes per annum has been set up by J.K. Industries Limited in technical collaboration with M/s General Tire International Company, USA. JKs have installed the latest sophisticated equipment and would also manufacture steel radial tyres for the first time in India. Radial tyres are fast replacing

the conventional tyres all over the world and give substantially higher mileage, better road grip which result in considerable fuel economy. This would place the company in an advantageous position in the export markets.

The construction was commenced at the end of June 1975 and the completion of the project of this magnitude in such a short time starting from a scratch in a backward area and involving the development of entire infrastructure including water, power, roads and a complete modern township, is perhaps a record even by international standards.

Mahindra and Mahindra

Mahindra and Mahindra Limited (M&M), has received an export order for 500 jeep hurricane engines valued at Rs 2 million from the USA. Twenty-five years ago, Willys Jeep Corporation of USA provided jeep manufacturing know-how to M&M. Willy's successors, American Motors Corporation, has now ordered 500 jeep engines and is negotiating for a further 600, a fact which amply proves the technical competence of the Indian manufacturers. The first consignment of 125 engines has been shipped and despatch of the remaining 375 is scheduled to be completed shortly.

Since 1968, M&M has exported jeep vehicles valued at over Rs 100 million, to Afghanistan, Bangladesh, Dubai, Indonesia, Jordan, Mauritius, Nigeria, Nepal, New Zealand, Sri Lanka, Tanzania, Yugoslavia, Zaire and Zambia. In addition, under the world-wide marketing programme for spare parts and major assemblies, M&M has been exporting to countries in Latin and North America, Europe, Africa,



*Your hands have spoken love.
We know.
They have smoothed wrinkled brows.
Wiped tears.
Awakened to ecstasy, a beloved.
Your hands can caress too
the implements of work
into a passion of productivity.
Work is your other love.
We respect your hands.*

Gedore respects your hands.

GEDORE
HANDTOOLS

MT-GT-3574 A-1

west and south-east Asia and to Australasia. Earnings have risen from Rs one million in 1970-71 to Rs 5.5 million in 1975-76 and current projections indicate a continuation of this growth in sales over the next two to three years.

Haryana Detergents

Haryana Detergents, a company promoted in financial collaboration with Messrs Orient Investment (P) Ltd, a renowned and well-known industrial group of Calcutta and Haryana State Industrial Development Corporation, is setting up a plant at Dharu Hera, a notified backward area in the state of Haryana. The plant will have an installed capacity of 10,000 tonnes for producing synthetic detergents both in the form of powder and cakes and will be the first of its kind in the state. The project has been conceived keeping in view the higher standard of living in this region owing to agricultural and industrial prosperity and a steady increase in the use of detergents in urban and rural areas in the country.

Technical Know-how

Messrs Sarabhai Machinery besides providing the technical know-how for the process will be supplying the major part of the equipment for the project. Barring unforeseen circumstances the company hopes to commission its plant in the third quarter of 1977.

The capital cost of the project is estimated at Rs 270 lakhs and it will be financed by long-term loan of Rs 176 lakhs (including central subsidy of Rs 15 lakhs) from financial institutions and issue of equity shares worth Rs 94 lakhs to promoters and the public.

The company has already issued equity shares worth

Rs 29,008 lakhs which have been subscribed and paid up by the promoters and their associates. The balance of equity out of 51 per cent of total capital will be taken up by the promoters as and when required. The company is taking necessary steps for issuing to the public shares amounting to Rs 46.06 lakhs.

News and Notes

The Airbus, which the Indian Airlines will shortly import from France, will be fitted with tyres manufactured by Dunlop India. In fact, the first Indian Airlines Airbus has made its maiden landing in Bombay on Dunlop India tyres on November 11. This is the first time that Indian-made aero tyres have been accepted as original equipment for a highly sophisticated aircraft manufactured abroad.

Having served the Indian Aviation sector for many years, Dunlop India is now making efforts to export Indian-made aero tyres and has succeeded in receiving initial orders from a number of countries.

There are only a few countries in the world who have the expertise and facilities for manufacturing aero tyres. The development and local manufacture of tyres for Airbus is a tribute to India's technological progress. Apart from saving foreign exchange, the new project makes India self-reliant in a vital product.

Scindias have placed order with Mitsubishi Heavy Industries Ltd, Japan, for construction of one 20,000 DWT vessel at a cost of Rs 11.40 crores. The ship was originally contracted for on August 7, 1976, by the Shipping Corporation of India Ltd. The formalities in regard to the transfer of this contract to Scindias were finally

concluded when the assignment agreement was signed on November 2, 1976.

The ship which is a modern cargo liner with facilities to carry containers and with a speed of 18 knots, is expected to be delivered in March 1978. Scindias have previously ordered with M/s Mitsubishi Heavy Industries Ltd, two cargo liner vessels—M.V. "Jalakrishna" and M.V. "Jalakirti"—which are presently employed in the company's overseas trade.

The acquisition of the Japanese vessel is a part of the major expansion programme undertaken by the company, under which a total outlay of Rs 108 crores has been provided and which will take the company's fleet to over one million DWT.

New Issues

Govind Poy Oxygen Ltd, promoted by Southern Gas Ltd and Mr M.G. Poy Raiturcar and Mr A.G. Poy Raiturcar is offering 240,000 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 November 9 and will close on November 19 or earlier at the discretion of the directors of the company but not before November 11, 1976. The company is setting up a project at Gingur Naique, Margao, for the manufacture of nine lakh cubic metres of oxygen, 720,000 cubic metres of nitrogen and two lakh cubic metres of acetylene per annum. Considerable progress has been made in the implementation of the project. Barring unforeseen circumstances the company hopes to commence commercial production by December 1976.

Karnataka Oxygen Ltd is offering 392,000 equity shares

of Rs 10 each for cash at par to the public for subscription. The subscription list opened on November 10 and will close on November 20 or earlier but not before November 12, 1976. The public issue is fully underwritten.

The company has placed orders for two oxygen and acetylene plants with Indian Oxygen Ltd. The capacity of each oxygen plant is 140 cu ms per hour and acetylene plant is 40 cu ms. per hour. The oxygen plants can produce 70 per cent liquid oxygen and 30 per cent in gaseous form. Facilities are available to convert liquid oxygen into gaseous oxygen. One oxygen plant of 140 cu ms. per hour has already been commissioned and commercial production was started in February 1976. Part delivery of acetylene plant has also been received.

The project is located at Whitefield Road, near Bangalore. The cost of the project is estimated at Rs 201.60 lakhs and it will be financed by the share capital of Rs 80 lakhs, term loans and debentures from financial institutions and banks of Rs 120 lakhs and deferred payment credit of Rs 1.60 lakhs. As the company's plant is surrounded by mini steel plants and engineering units who are the bulk consumers of industrial gases, the company does not anticipate any difficulty in marketing its products.

Capital and Bonus Issues

The government has granted consent to five companies to raise capital of nearly Rs 29.90 million. The details are as under.

Messrs the Maneklal Hirakal Spinning and Manufacturing Co Limited, Ahmedabad, has been accorded consent, valid

for six months, to capitalise Rs 1.6 million out of its general reserve and issue fully paid equity shares of Rs 200 each as bonus shares in the ratio of one bonus share for every three equity shares held.

Messrs Tezapore Tea Company Limited, Calcutta, has been accorded consent, valid for six months, to capitalise Rs 1,784,590 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 five equity shares held.

Messrs the Indian Yeast Co Ltd has been accorded consent, valid for six months, to capitalise Rs 1.5 million 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 every two equity shares held.

Messrs J.K. Industries Limited, Calcutta, has been accorded consent, valid for 18 months to the issue of (i) 1,311,667 equity shares of Rs 10 each at

par on right basis, and (ii) 18,833 cumulative redeemable preference shares of Rs 100 each carrying dividend at the rate of 11 per cent per annum free of company's tax but subject to deduction of tax at source at the (prescribed rate) at par to the government of Rajasthan. The proceeds of the issue will be utilised to meet a part of the overrun cost of their tyre and tube project in Udaipur district.

Messrs the Delhi Cloth and General Mills Company Limited, Delhi, a public limited company registered in the Union Territory of Delhi and having a paid-up capital of Rs 195,755,900 has been granted consent valid for a period of 18 months, for issue to the general insurance companies of privately placed convertible debentures of the value of Rs 10 million. The proceeds of the issue are to be utilised to meet a part of the capital cost of the foundry project to be established in the district Hoshiarpur, Punjab.

Dividends (Per cent)

Name of the company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Consolidated Coffee	June 30, 1976	25.0	20.0
Stanes Amalgamated	June 30, 1976	18.0	16.0
Same Dividend			
Bharat Bijlee	June 30, 1976	12.0	12.0
Cauvery Sugars and Chemicals	June 30, 1976	Nil	Nil
Crompton Greaves	June 30, 1976	15.0	15.0
Kothari Sugar	June 30, 1976	Nil	Nil
Reduced Dividend			
Associated Cement Companies	July 31, 1976	12.0	14.0
Premier Tyres	June 30, 1976	10.0	18.0
Great Eastern Shipping	June 30, 1976	20.0* (a)	36.0

* In addition to three for five bonus issue.
(a) For fifteen months ended June 30, 1976.

Licences and Letters of Intent

THE FOLLOWING licences and letters of intent were issued under the Industrial (Development and Regulation) Act 1951 during the month of August 1976. The list contains the names and addresses of the licensees, articles of manufacture, types of licences—New Undertakings (NU), New Articles (NA), Substantial Expansion (SE), Carry on Business (COB), Shifting and Annual Installed Capacity. Details regarding licences and letters of intent revoked, cancelled or surrendered are also given.

Licences Issued

Metallurgical Industries (Ferrous)

M/s Apeejay Steels Pvt. Ltd; Tanda Road, Jullundur City (Jullundur City—Punjab)—M. S. Ingots, Electrode quality carbon steel; etc.—9,000 tonnes—(COB)

M/s Industrial Containers Ltd; 21-Netaji Subhas Rd; Calcutta—(Calcutta—West Bengal)—M. S. Drums/Barrels of capacity exceeding 50 litres made from 16-G to 26 G. (1.66 MM—0.50MM)—24,000 tonnes—(NA)

M/s Bangalore Wire Rod Mills, Unit of Transport Corpn. of India Limited—M.G. Road, Secunderabad—(Bangalore—Karnataka)—Bars, Angles Channels, Joists and Light Rails—21,600 tonnes—(COB)

M/s National Steel & General Mills, Patel Marg, Post Box No. 51, Ghaziabad—(Ghaziabad—U.P.)—Pipe Fittings such as Flanges Discs and Rings (Carbon Alloy & Stainless Flanges)—2,000 tonnes—(NA)

M/s Vishal Malleables Pvt. Ltd; 8-Kailash Society, Ashram Road, Ahmedabad—(Ahmedabad—Gujarat)—Malleable Iron Pipe Fittings—2,400 tonnes—(NU)

M/s Ennore Foundries Ltd; Ennore, Madras—(Chingleput, Tamil Nadu)—High Quality Ferrous and Non-Ferrous Castings—21,500 tonnes—(SE)

M/s Punjab Concast Steels Ltd; G. T. Road, Sherpur, Ludhiana—(Ludhiana—Punjab)—Rolled Products (Light and Medium Sections)—30,000 tonnes—(NU)

M/s Bharatpur Oxygen Pvt. Ltd; Bagaria Bhavan, 'C' Scheme, Jaipur—(Gopalpara, Assam)—Nitrogen Gas—0.45 MCM—(NA)

M/s Duro Alloy Steel Castings Pvt. Ltd; 9/A, Valmiki Street, T. Nagar, Madras—(Dharmapuri, Tamil Nadu)—S. G. Iron Castings—750 tonnes. Ni-Hard Castings—500 tonnes—(NU)

M/s Precision Fasteners Ltd; New India Centre, 17-Cooperage Road, Bombay—(Maharashtra)—Specialised types of Machine Screws—870 tonnes. High Tensile Bolts & Nuts and High Tensile Studs—1,230 tonnes. Stainless Steel Bolts, Nuts and Studs (including friction grip bolts and track shoe-bolts)—300 tonnes. Total—2,400 tonnes—(SE/NA)

Electrical Equipments

M/s Hogg Electronics Corpn, 306, Avanashi Road, Coimbatore—(Coimbatore—Tamil Nadu)—Key Boards and parts thereof—25,000 thousand sets—(NA)

M/s The Mysore Lamp Works Ltd; Old Tumkur Road,

Mallaswaram West P.O., Bangalore—(Bangalore—Karnataka)—Lead-in-Wires—25 mill. nos—(NA)

M/s Philips India Ltd; 7-Justice Chandra Madhab Road, Calcutta—(Maharashtra)—Carbon Film Resistor—50 Electrolytic Capacitors—12.0 Polyester Capacitors—25.0 Ceramic Capacitors—50.0 Variable Gang Condensers—1.636—(SE)

M/s Standard Capacitors Pvt. Ltd; 209, Poona-Bombay Road, Pimpri, Poona—(Ratnagiri—Maharashtra)—Metalized Paper/Polypropylene Capacitors—3 mill. nos. Metalized Lacquer film capacitors & Metalized Polyester and Polycarbonate Film Capacitors—6 mill. nos.—(NU)

M/s Central Electronics Ltd; N.P.L. Campus, Hillside Road, New Delhi—(Sahibabad—U.P.)—Ceramic Capacitors—5 mill. nos. Piezo/Electric Elements—1 mill. nos. High Alumina components—4 tonnes—(NU)

Transportation

M/s Laxman Technical Pvt. Ltd; 68/1, Najafgarh Rd; New Delhi—(Gurgaon—Haryana)—Scooters—24,000 nos.—(NU)

Industrial Machinery

M/s Amber Bearing Manufacturing Co. Pvt. Ltd; Plot No. G-3; MIDC Industrial Area, Hingna Road, Nagpur—(Nagpur—Maharashtra)—Ball Bearing—3.50 Lakh nos. Cylinder Roller Bearings—1.44 lakh nos. Tapered Roller Bearings—0.30 lakh nos. Total—5.33 Lakh nos.—(NU)

M/s Etscheid India (P) Ltd; 1/8, Prince Golam Md. Road, Calcutta—(Hooghly—West Bengal)—1. Cooling Tank type KW-250 capacity 258 litres—720 nos., 2. Cooling Tank type KW-500; capacity 516 litres—576 nos., 3. Cooling Tank type KW 1000 capacity 1024 litres—432 nos., 4. Cooling Tank type KW 2000 capacity 2040 litres—288 nos., 5. Cooling tank type KW 5000 capacity 50 litres—180 nos., 6. Cooling Tank type KT-10800 capacity 10800—48 nos., 7. Cooling Tank type KT-20,000 capacity 20,000—24 nos.—(NU).

M/s Southern Structurals Ltd; 29-A, Chemiers Road, Madras-28.—(Pattabiram—Tamil Nadu)—Bucket Wheel Excavators—1,100 tonnes—(NA)

Ms/ K. C. P. Limited, Rama Krishna Building, 38, Mount Rd; Madras—(Chingleput—Tamil Nadu)—1. Open reduction Gears; and Pinions; 2. High Speed Gears; 3. Girth Gears & 4. Gear Boxes.—Total—600 tonnes—(NA)

M/s Century Enka Ltd; Bakhtawar, Nariman Point, Bombay.—(Poona—Maharashtra)—Nylon—7-D : 6.5 tonnes per day—(SE).

Miscellaneous, Mechanical & Engg. Industries

M/s Steel & Allied Products Ltd; 2/1, Hossain Shah Road, Calcutta-23—(Howrah—West Bengal)—1. Hot Saws—3,000 nos., 2. Segmental Saw Discs—1,600 nos.—(NU)

M/s Philips India Limited, Shivsagar Estate, Block 'A', Dr Annie Besant Road, Bombay—(Thana—Maharashtra)—Diamond Wire Drawing Dies.—5,000 nos.—(SE)

WIMCO LIMITED

NOTICE

It is hereby notified for the information of the public that WIMCO LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply and distribution of Processed and Canned Seafoods. The capacity proposed to be installed is 6,000 tonnes per annum which will give a production value of Rs 480 lakhs per annum at full production. Other particulars of the proposed new undertaking are as under:

- | | |
|---|--|
| (i) Name of the proposed undertaking | WIMCO LIMITED |
| (ii) Name of the Body corporate proposing to establish the new undertaking | WIMCO LIMITED |
| — Details of its management structure together with that of the proposed undertaking | Managing Director under the superintendence of a Board of Directors |
| (iii) Capital structure of the applicant Body Corporate & of the proposed undertaking | Authorised Rs. 10,00,00,000
10,00,000 equity shares of Rs. 100 each |

Issued & Subscribed Rs. 6,20,00,000
6,20,000 equity shares of Rs. 100 each

- | | |
|--|---|
| (iv) Proposed location of the new Undertaking | The processing facilities are planned to be established at the following locations:
(a) Gujarat State — Dist: Junagadh
(b) Goa
(c) Tamil Nadu State — Dist: Tirunelveli
(d) At a location in the Andaman & Nicobar Islands.
(e) Orissa State—Dist: Cuttack |
| (v) Estimated cost of the project and the scheme and source of finance | The estimated cost of the project is Rs 490 lakhs. This cost will be met from the internal resources of the Company including the issue of fresh equity to Indian shareholders which will be made to bring down the percentage of foreign shareholding as required by FERA — and borrowings from Financial Institutions. Where applicable, foreign exchange loans will be taken from Financial Institutions for purchase of Trawlers. |

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

WIMCO LIMITED

M.V. HATE
DIRECTOR & SECRETARY

BOMBAY: 4.11.1976

Industrial Instruments

M/s Instrumentation Ltd; Kota—(Kota-Rajasthan)—Infra-red Analyser Set—240 nos. Thermal Conductivity Analyser Set—160 nos. Para Magnetic Analyser Set—140 nos. Trace Gas Analyser Set—100 nos. Total—640 nos.—(NA)

Fertilizers

M/s M. P. State Co-operative Marketing Federation Ltd; Maheshwari Building, Jehangirabad, Bhopal—(Bhopal-Madhya Pradesh)—Granulated Fertilizers—45,000 tonnes—(NU)

Chemicals (Other than Fertilizers)

M/s Vora Plastic Manufacturing Co; Vora Baug, Ghuatu Road, Morvi—(Morvi-Gujarat)—Injection Moulded Goods—62 tonnes. Extruded Goods—80 tonnes—(COB)

M/s Mahabir Plastic Industries, 6-Canal Road, Newalipore, Calcutta—(Calcutta-West Bengal)—Injection Moulded Goods—257 tonnes. Extruded Goods—57 tonnes—(COB)

M/s Polysat Corporation, Plot No. A-44/45, MIDC, Off. Mahakali Caves Road, Andheri (East), Bombay—(Bombay-Maharashtra)—Injection Moulded Items—559 tonnes—(COB)

M/s Milton's (Private) Ltd; Milton's House, Prabhadevi, Bombay—(Bombay-Maharashtra)—Polyethylene Films and Bags—1,588 tonnes—(COB)

M/s Unipol Plastic Industries (Pvt.) Limited, Setalvad House, Mirzapur Road, Ahmedabad—(Odhav-Gujarat)—Thermoplastic Sheets—64 tonnes. Lay Flat Tubings—10 tonnes—(COB)

M/s Garware Filament Corpn. Pvt. Ltd; Chowpatty Chambers, Sandhurst Bridge, Bombay—(Poona-Maharashtra)—Polyethylene, Woven Fabrics, Twine and Ropes—324 tonnes—(COB)

M/s T. T. Blades, T. T. Blade Building, 9-A, Saki Naka, Andheri, Bombay—(Bombay-Maharashtra)—Injection Moulding—48 tonnes. Extrusion—33 tonnes—(COB)

The General Manager, Bhilai Steel Plant, Bhilai—(Durg-Madhya Pradesh)—Sulphuric Acid (100% concentration)—45,000 tonnes (NA)

M/s Shri Ajay Mohan, 22-Paras Little Gibbs Rd, Malabar Hill, Bombay-6—(Maharashtra)—Biaxially Oriented Polypropylene Films—800 tonnes—(NU)

M/s Bengal Chemical & Pharmaceutical Works Limited, 6-Ganesh Chandra Avenue, Calcutta—(24-Parganas, West Bengal)—Alumina Ferric—29,700—(SE)

M/s Resoi Vanaspati & Industries Ltd; Raja Court-29, Sir R. N. Mukherjee Road, Calcutta—(Calcutta-West Bengal)—Oxygen Gas—4 Lakh Cubic Meters—(NA)

M/s Sudarshan Chemical Industries Ltd; 162, Wellesley Rd; Sangam Bridge, Poona—(Colaba-Maharashtra)—Beta Naphthol—2,000 tonnes—(NA)

M/s Calcutta Chemicals Co Ltd; 35-Pandit Road, Calcutta—(Calcutta-West Bengal)—Synthetic Detergents—5,000 tonnes—(NU)

M/s Tata Oil Mills Co Ltd; Bombay House, Homi Modi

Street, Fort, Bombay—(Bhagalpur, Bihar)—Synthetic Detergents—10,000 tonnes—(NU)

M/s Madhya Pradesh Glychem Industries Ltd; Maheshwari Bhavan, Civil Lines, Bhopal—(Ujjain-Madhya Pradesh)—Fatty Acids—3,600 tonnes. Glycerine—450 tonnes (NA)

M/s Pravan Air Products Pvt. Ltd; 82-GIDC Complex, Makarpure Industrial Estate, Badodara—(Baroda-Gujarat)—Nitrogen Gas—0.720 MGM—(NA)

M/s Indian Metals & Carbide Ltd; 21-A, Shakespeare Sarani, Flat 5B, Calcutta—(Koraput-Orissa)—Silicon Carbide—3,600 tonnes—(NU)

Dye-Stuffs

M/s Sahyadri Dyestuffs & Chemicals, Division of Mafatlal Industries Ltd; Mafatlal House, Backbay Reclamation, Bombay—(Bombay-Madhya Pradesh)—Dimethylaniline—3,000 tonnes—(NU)

Drugs & Pharmaceuticals

M/s Raptakos Brett. & Co. Ltd; 47-Dr. Annie Besant Road, Worli, Bombay—(Madras-Tamil Nadu)—1. Hepatoglobine—5 lakh litres. 2. Neogadine—5 lakh litres—(SE)

M/s Oriental Pharmaceutical Industries Ltd; 64-66, Senapati Bapat Marg, Mahim, Bombay—(Maharashtra)—1. Salicopil Tablets—200 lakh nos. 2. Hydrochlorothiazide Tablets (Discrete)—50 lakh nos. 3. Pheniramine Maleate Tablets (Anti-Histamine)—200 lakh nos. 4. Sulphasomidine Tablets (Antimicrobial)—250 lakh nos.—(NA)

M/s Searle (India) Ltd; Ralli House, 21-Raveline Street, Bombay—(Bangalore-Karnataka)—Diosgenin—5 tonnes—(NA)

Textiles

M/s Kumar Woollen Mills, 84/6, Factory Area, Fazalganj, Kanpur—(Unmao-U.P.)—Shoddy Yarn—600 shoddy spindles—(NA)

Shree Sadul Textiles Ltd; Sriganganagar—(Sriganganagar, Rajasthan)—Cotton Cloth—718 looms—(SE)

M/s Rewari Textiles Pvt Ltd; 3711/14, Netaji Subhas Rd, Darya Ganj, Delhi—(Rewari-Haryana)—Shoddy Yarn—600 Spindles—(NU)

M/s B. S. & Co (P) Ltd; Jabalpur Road, Mirzapur—(Mirzapur-U.P.)—Worsted Yarn—1,200 Worsted Spindles—(NU)

Paper & Pulp including Paper Products

M/s Ellora Paper Mills Ltd; Aban House, Rope Walk St; Fort, Bombay—(Bhandara-Maharashtra)—Writing, Printing Paper, Craft Paper & Packing Paper—13,000 tonnes—(NU)

Sugar

M/s Yeshwant Sahakari Sakhar Karkhana Ltd; Theur, Taluk Haveli, Poona—(Poona-Maharashtra)—Sugar—2,000 tonnes of Cane Crushing Capacity daily—(SE)

M/s The Kisan Co-operative Sugar Factory Limited, P.O. Majhola, Pilibhit—(Pilibhit-U.P.)—Sugar—2,000 tonnes—(SE)

M/s Sahakari Khand Udyog Mandal Ltd; Gandevi, via: Bilimora, Bulsar—(Bulsar-Gujarat)—Sugar—1,500 tonnes of Cane Crushing capacity daily—(SE)

M/s Shree Chalthan Vibhay Khand Udyog Sahakari Mandli Ltd; Chalthan, P.O. Chalthan, Distt; Surat—(Surat-Gujarat)—Sugar—2,000 tonnes of Cane Crushing capacity daily—(SE)

M/s Punjab State Industrial Development Corp Ltd; SCO. 54-56, Sector 17-A, Chandigarh—(Ferozepur-Punjab)—Sugar—1,250 tonnes—(NU)

M/s Sree Hanuman Co-operative Sugars Ltd; Hanuman Junction P.O. Krishna, Andhra Pradesh—(Krishna-Andhra Pradesh)—Sugar—1,250 tonnes of Cane Crushing capacity daily—(NU)

Fermentation Industries

M/s Sun Engineering Corp., Amit Cottage, Near Naranpura, Ahmedabad—(Ahmedabad-Gujarat)—1. Industrial Alcohol for uses other than potable purposes—6.0 mill. litres. 2. Carbon Dioxide/Dry ice—13.33 lakh Kg—(NU)

Food Processing Industries

M/s Andhra Pradesh Dairy Development Corp Ltd; Lalapet, Hyderabad—(Guntur-Andhra Pradesh)—1. Whole Milk Powder or Baby Foods of Skimmed Milk Powder—2,000 tonnes. 2. Butter or Ghee—1,000 tonnes; 3. Casein—100 tonnes; 4. Sweetened Condensed Milk—500 tonnes. 5. Cheese—300 tonnes—(NU)

M/s Andhra Pradesh Dairy Development Corp. Ltd; Lalapet, Hyderabad—(Hyderabad-Andhra Pradesh)—1. Whole Milk Powder or Baby Food or Skim Milk Powder—1,500 tonnes. 2. Butter—500 tonnes. 3. Ghee—500 tonnes. 4. Sweetened Condensed Milk—500 tonnes. 5. Cheese—300 tonnes—(NU)

Vegetable Oils & Vanaspati

M/s Bharat General & Textile Industries Limited, 9/1, R. N. Mukherjee Road, Calcutta—(Amravati-Maharashtra)—Oil from cotton seeds and other minor oil seeds—12,500 tonnes in terms of oilseeds—(SE)

M/s Hukam Chand Vegetable Oils & Solvent Industries, 234, Fatehpuri, Chandni Chowk, Delhi—(Bulandshahr, U.P.)—Crushing of minor oilseeds including Cottonseeds through the expeller—7,500 tonnes in terms of minor oilseeds—(NU)

M/s Jayant Oil Mills Pvt. Ltd; 13, Sitafalwadi, Mazgaon, Dr Masearenhas Rd; Bombay—(Hyderabad-Andhra Pradesh)—Castor Oil and other Byproducts—12,500 tonnes in terms of castor seeds—(NA)

Rubber Goods

M/s Cosmos India Rubber Works (P) Ltd; Post Box No. 107 Homji Street, Bombay—(Nasik-Maharashtra)—Long Length Moulded Hoses, High Pressure Hydraulic Hoses, Chemical Hoses, Oil Hoses and Steam Hoses excluding Agricultural Hoses

(Water delivery and Suction Hoses and Garden hoses)—20 lakh metres—(SE)

Shri Kuldeep Singal, H-2/2, Model Town, Delhi—(Sonapat-Haryana)—Fan & V-Belts—10 lakh nos. Conveyor & Transmission Belts—3,600 tonnes—(NU)

Ceramics

M/s Carborundum Universal, 11/12, North Beach Road, Madras—(Madras-Tamil Nadu)—Super Refractories including Castables—3,262 tonnes—(SE)

Letters of Intent

Metallurgical Industries (Ferrous)

Shri G. B. Gupta, 101, Steen Chambers, Broach Street, Bombay—(Aurangabad-Maharashtra)—Welded Wire Mesh—15,000 tonnes—(NU)

M/s Sakthi Pipes Ltd; Plot No. 6, Poes Garden, Madras—(Chingleput-Tamilnadu)—Mild Steel Ingots/Billets—50,000 tonnes—(NA)

Metallurgical Industries (Non-Ferrous)

Shri S. J. Vyas, C/o Sukhdev V. Vyas, Sorabji Compound, Wadaj, Ahmedabad—(Panchmahal-Gujarat)—Nickel Silver Strips—200 tonnes—(NU)

Electrical Equipments

M/s Keltron Crystals Ltd; P.B. No. 37, KR-31/20, Mill Road, Cannanore—(Cannanore-Kerala)—Piezo-Electric Quartz Crystals—2.12 mill. nos.—(SE)

M/s Transformers & Electricals Kerala Ltd; Angamally South, Ernakulam—(Alwaye-Ernakulam, Kerala)—Gas Circuit Breakers (of 132 KV to 400 KV)—100 nos.—(NA)

M/s Larsen & Toubro Ltd; L & T House, Ballard Estate, Bombay—(Maharashtra)—Flame Proof Electrical Equipment for mines & other hazardous locations, i.e. Circuit Breakers, Gate End Boxes, etc.—1,500 nos.—(NA)

Shri Kartikeya V. Sarabhai, Post Box No. 28, Ahmedabad—Ahmedabad-Gujarat—Alpha Numeric Display Terminals—100 nos. Floppy Disk Drives—50 nos. Data Entry System (Control Part only)—50 nos.—(NU)

M/s Metal Lamp Caps (India) Ltd; 2-Murphy Road, Ulsoor, Bangalore—(Bangalore-Karnataka)—Lead-in-Wire—400 mill. pieces—(SE)

Transportation

M/s Majestic Gears Limited, C-48-51, Focal Point, Dhandari Kalan, Ludhiana—(Ludhiana-Punjab)—Mopeds—40,000 nos—(NA)

Shri Mahendra Lallobhai Parmar, 5-Apurva, 662, Sorab Palamkota Road, Bombay. (Gujarat Vivekanand Cycles Ltd)—

(Surendranagar, Gujarat)—Complete Bicycles-3-lakh nos. p.a. (NU)

Industrial Machinery

M/s Shaw Wallace & Co. Ltd, 4-Bankshall Street, Calcutta—(Chingelput—Tamil Nadu)—Grain Driers—100 nos. Grain Cleaners—400 nos.—(SE)

Shri T. Maneklal Mfg. Co. Ltd; Vaswani Mansions, Dinshaw Vachha Road, Bombay—(Ahmedabad-Gujarat)—Cropping & Shearing Machine—6 nos. Peerless Shearing Machines & Peerless Shearing Lines—6 nos.—(NA)

M/s Bihar State Industrial Development Corpn, Bandar Bagicha, Patna (Bihar)—Ball Bearings; Taper Roller Bearings and Cylindrical Roller Bearings—2 mill. nos.—(NU)

Shri V. C. Chandiok, 41-L Connaught Circus, New Delhi—(Maharashtra)—1. Land & Marine Well Heads (X-Mas Trees)—600 sets. 2. Blow-Out Preventers—Annulkar & Ram Type—750 sets. 3. API-Valves-High Pressure—2,300 Assemblies. 4. Flanges & Miscellaneous Oil Tools—4,600 Assemblies. 5. Hammer Unions & Swivel Joints—1,80,000 Assemblies. 6. Hangers & Connectors—320 Assemblies—(NU)

Shri Mahendar Kumar Gupta, H. No. 12-2-715, Berbun, Langer House, Hyderabad. (M/s Bhagyanagar Engg. & Fabricating Co) Proposed: —(Hyderabad-Andhra Pradesh)—Complete range of Roller Flour Mills Machinery namely Roller Mill, Plan Shifter, Purifier, Complete Cleaning Section, Transporting and Transmission Section—600 tonnes—(NU)

Shri Jethalal Kanjibhai Chudasama, C/o M/s National Engineering Works, Nirmalnagar, Bhavnagar—(Bhavnagar—Gujarat) 1. Pin Strips—5 lakhs pcs. (of 5 inches to 18 inches long); 2. Flat Card Chains and Link Belt Card Chains—1,000 sets—(NA)

Machine Tools

M/s Sanderson (Engg.) Pvt. Ltd; 136, Mowbrays Road, Madras—(North Arcot, Tamil Nadu)—Smaller Unit Heads for Machine Tool applications and special purpose machines—100 nos. p.a.—(NU)

M/s Westerwork Engineers Pvt. Ltd; 5-D, Vulcan Insurance Building, Veer Nariman Road, Churchgate, Bombay—(Maharashtra)—Industrial Furnaces—Rs. 3 crores—(SE)

Industrial Instruments

Shri Kantibhai Kashibhai Patel, 34, Church Road, Shanti Nagar, Bangalore—(Bangalore-Karnataka)—Watch Jewels—60,00,000 nos.—(NU)

Chemicals (other than Fertilizers)

M/s Hindustan Organic Chemicals Ltd; P.O. Rasayani, Kolaba, Maharashtra—(Kolaba-Maharashtra)—Hydrogen Gas—1,200 tonnes for captive consumption—(SE)

M/s Industrial Promotion & Investment Corpn of Orissa

Ltd; 3-A, Satyanagar, Bhubaneswar-7—(Bolangir, Orissa)—Acetic Acid—3,300 tonnes—(NU)

M/s Kondivita Pvt. Ltd; Kondivita Road, Opp. Andheri-Kurla Road, Andheri (East), Bombay—(Maharashtra)—Synthetic Rubber Based Adhesives—1,20,000 Litres—(SE)

M/s U.P. State Industrial Dev. Corpn. Ltd; 117/130, Sarvodaya Nagar, Kanpur—(Uttar Pradesh)—Acetone—6,000 tonnes—(NU)

Shri S. Rm. Pl. Subramanian, 8-College Lane, Madras—(North Arcot, Tamil Nadu)—Synthetic Resins—1,000 tonnes—(NU)

Shri Vijay Kumar Kanoria, 503, Abhoy Steel House, 22-Baroda Street, Bombay—(Kolaba—Maharashtra)—Ethyl Alcohol—200 tonnes. Acetyle Acetone—100 tonnes—(NU)

M/s Industrial Oxygen Co. Pvt Ltd; Majithia Industrial Estate, Wadala-Barla Road, Deonar, Sunderbaug, Bombay—(Thana-Maharashtra)—Oxygen Gas—1 mcm.—(SE)

Shri A. R. Ghorpade, 1439, Kalmath Road, Belgaum—(Hubli-Karnataka)—Nitrogen Oxide Gas—100 Mill. Litres—(NU)

M/s Haichem Pvt. Limited, B-40, Sanatnagar, Industrial Area Estate, Hyderabad—(Khammam Andhra—Pradesh)—Binary Explosives—5,000 tonnes—(NA)

Shri Bobba Venkatadri, C/o. Shri S. Ramakrishna, Asiatic Traders (Registered), Governerpet, Vijayawada-2 (Backward District, Andhra Pradesh)—1. Fenitrothion—300 tonnes. 2. Formothion (and formulation thereof)—300 tonnes (NU)

M/s Gujarat Alkalies & Chemicals Ltd; Hari Kripa, Alkapuri, Baroda—(Baroda-Gujarat)—1. Caustic Soda—70,425 tonnes. 2. Liquid Chlorine—64,000 tonnes; 3. Hydrochloric Acid—29,000 tonnes—(SE)

M/s Rajasthan State Industrial & Mineral Development Corporation Ltd; 100-Jawaharlal Nehru Marg, Jaipur—(Rajasthan)—Elemental Phosphorus—2,500 tonnes—(NU)

M/s Solar Chemicals, Co-operative Industrial Estate, Post Box 30, Chandrapur, Chandrapur—(Chandrapur—Maharashtra)—Sulphuric Acid—16,500 tonnes—(SE)

Dye Stuffs

M/s J. N. Kanth & Co, Tardeo Airconditioning Market Bldg; Office No. 26, 5th Floor, Tardeo Main Road, Bombay—(Gujarat)—Disperse Dyes—360 tonnes—(NU)

M/s Rathie Dye-Chem Pvt. Ltd; 27-Shankarshet Road, Poona—(Colaba-Maharashtra)—Alkali (Reflex) Blue Pigment—120 tonnes—(NU)

M/s Amar Dye-Chem Ltd; Rang Udyan, Sitladevi Temple Road, Mahim, Bombay—(Maharashtra)—Optical Whitening Agents—100 tonnes—(SE)

M/s Colour-Chem Limited, Ravindra Annexe, Dinshaw Wacha Road, 194, Churchgate Reclamation, Bombay—(Maharashtra)

ashtra)—Speciality Dyestuffs for Leather Industry—250 tonnes—(NA)

M/s Atic Industries Ltd, Post Atul, Bulsar—(Bulsar, Gujarat)—Reactive Dyes—1100 tonnes—(SE)

Drugs & Pharmaceuticals

M/s Kerala State Drugs & Pharmaceuticals Limited, P.B. No. 30, Kalavoor, Alleppey—(Alleppey—Kerala)—Vitamin 'A'—30 MMU—(NU)

M/s Themis Pharmaceuticals, (Prop.) Chemosyn Pvt. Ltd; 38, Suren Road, Andheri (E), Bombay—(Gujarat)—Erythromycin (Basic Drug)—12 tonnes—(SE)

M/s Ranbaxy Laboratories Ltd; Okhla, New Delhi—(Ropar-Punjab)—Nitrazepam—2 tonnes—(NA)

M/s Hindustan Antibiotics Ltd; Pimpri, Poona—(Poona, Maharashtra)—Gentamycin Sulphate—1,000 kgs—(NA)

Textiles

M/s Delhi Cloth & General Mills Co. Ltd; Bara Hindu Rao; Delhi—(Delhi)—Cotton Waste Yarn—1,800 Spindles—(SE)

M/s Bharat Carpets Ltd; 28-B; Connaught Place, New Delhi—(Gurgaon—Haryana)—Cotton Tufted Goods—3,60,000 sq. metres—(SE)

M/s Reshamwala Rayons (Surat)—Ltd; Vasta Devdi Road, Surat—(Surat-Gujarat)—Processing of Fabrics made of Cotton, Art Silk and Synthetic Fibres—50,00,000 metres—(SE)

M/s Angora Spinners (Pvt) Ltd., G. T. Bye-Pass Road, Ludhiana—(Ludhiana-Punjab)—Angora Yarn—80,000 kgs—(SE)

M/s Manserve Agencies & Services Pvt. Ltd; 1006, Akash Deep, 26-A, Barakhamba Road, New Delhi—(Hoshiarpur-Punjab)—Synthetic Yarn Knitted Fabrics—4 Warp Knitting Machines & 1 Warper—(NU)

Paper & Pulp including Paper Products

M/s Vyas & Vyas Pvt Ltd; 1-C, Nanabhai Lane, Fort, Bombay-1—(Madhya Pradesh)—(1) Capacitor Paper; (2) Condenser Paper (3) Transformer Coil Winding Paper & (4) Cable Paper—1,000 tonnes—(NU)

Shri Watti Thammayya, Dr. V. Raghavarao's House, Narasimharao Peta, Eluru, West Godavari—(Khammam-Andhra Pradesh)—Wrapping & Packing/Writing and Printing Paper—8,000 tonnes—(NU)

Food Processing Industries

M/s Cadbury-Fry (India) Ltd, 19-Bhulabhai Desai Road, Bombay—(Pune—Maharashtra)—Malt Extract—2,500 tonnes—(NA)

Leather, Leather Goods & Pickers

M/s J. & K. State Industrial Dev. Corpn. Ltd; Haft Chinari Srinagar—(Srinagar-Jammu & Kashmir)—Finished Leather

(Glance Kid, Nappa, Suede, Glove Leather and Lining)—9 lakh nos.—(NU)

M/s Mysore Chrome Tanning Co Ltd; G.E.F. Post, Mysore Road, Bangalore—(Bangalore-Karnataka)—Finished Leather from Raw Hides—1.50 lakh pcs—(SE)

Shri M. Subhas Chandra Bose, 22 Vithapur Colony, Visakhapatnam—(Andhra Pradesh)—Finished Leather from EI/Wat Blue/Chrome Tanned Goat and Sheep Skins—13.50 lakh pieces—(NU)

Substantial Expansion

Shri S. K. Senjan Chettiar & Sons, 5-Commander-in-Chief Road, Egmore, Modras—(Unnao—Uttar Pradesh)—(A) 1. Chrome Upper Leather; 2. Lining Leather; 3. Garmet Leather & 4. Upholstry Leather. N.A.—5,00,000 nos. (B) Leather Garmets—5,000 nos., (C) Shoe Upper—1,00,000 nos—(SE/NA)

M/s Ranipet Leather Finishing Pvt Ltd; 17-Vepery High Road, Periamet, Madras—(North Arcot-Tamil Nadu)—1. Aniline Upper—2.1 lakh pcs., 2. Garment Leather—2.1 lakh pcs., 3. Lining Leather—1.2 lakh pcs., 4. Diaphragm Leather—0.3 lakh pcs., 5. Glove Leather (From E.I./Wet Blue Chrome Tanned Skins)—0.3 lakh pcs.—(NU)

Cement & Gypsum Products

The Associated Cement Cos Ltd; Cement House, 121, Maharashi Karve Road, Bombay—(Khammam—Andhra Pradesh)—Portland Cement—4 lakh tonnes—(NU)

The Associated Cement Cos. Ltd; Cement House, 121, Maharashi Karve Road, Bombay—(Gulbarga-Karnataka)—Portland Cement—9 lakh tonnes—(SE)

Change in the Names of Owners or Undertakings

(Information pertains to particular licences only)

From Shri T. M. Ram Iyengar, 40-Chamier Road, Madras to M/s Hosur Electro Mecholite Limited, Madras.

From M/s Anchor Pressings Ltd; Aligarh to M/s Anchor Pressing Pvt. Ltd; Aligarh.

From M/s Metropolitan Instruments Ltd; Trivandrum to M/s Keltron Counters Ltd; Trivandrum.

From M/s Tamil Nadu Industrial Development Corpn Ltd; Madras to M/s Tamil Nadu Cements Corpn Ltd; Ariyalur.

From M/s L&T Drilling Equipment Limited, Bombay to M/s Larsen & Toubro Limited, Bombay.

From M/s Lotus Industries (P) Ltd; Bombay. to M/s Lotus Knitting Industries Pvt. Ltd; Bombay.

From M/s U.P. State Sugar Corporation Ltd; Lucknow to M/s Chhata Sugar Company Limited, Mathura.

From Shri Chandra K. Jain, Muzaffarnagar to M/s U.P. Fasteners Limited, Muzaffarnagar.

From Ramsarup Engg. Industries (P) Ltd; Calcutta—to M/s Ramsarup Industrial Corpn; Calcutta.

From M/s Escorts Limited, Faridabad to M/s C.G.R. India Limited, Bombay.

From M/s Steel Tubes of India Pvt. Ltd; Indore to M/s Steel Tubes of India Limited, Dewas.

M/s Pure Drinks (Calcutta) Pvt. Ltd; New Delhi to M/s Pure Drinks (Calcutta) Ltd; New Delhi.

Licences Revoked, Surrendered, Lapsed or Cancelled

(Information pertains to particular licences only)

M/s Alembic Chemical Works Company Limited, Baroda—Diphthoria Tech. etc.—(Cancelled)

M/s Sanghi Motors Bombay Limited,—(Bombay)—Beer—(Surrendered).

M/s Logic System (P) Ltd; Ghaziabad—Electronic Desk Calculators—(Revoked)

M/s Bhavnagar Potteries Limited, Bhavnagar—Crockery—(Cancelled)

M/s Indequip Engg. Ltd, Ahmedabad—'Iseki' (Model K48C) (6.5 HP) Power Tillers.

M/s Modu Timblo, Post Box No. 31, Goa-3—Pig Iron—(Revoked)

Shri Vijendra Kumar, Ballygunge, Calcutta—Pulp & Packing & Wrapping Paper—(Revoked)

M/s Capital Lighting & Electronics Products Ltd; 15/1, Asaf Ali Road, New Delhi—GLS Lamps—(Revoked)

Shri G. Visweswar, Hyderabad—Pulp, Wrapping & Packing Paper—(Revoked)

M/s Gillanders Arbuthnot & Co Ltd; Calcutta—Pulp, Wrapping & Printing & Kraft Paper—(Revoked)

Shri R. L. Goyal, Transport House, Madras—Pulp, Packing & Wrapping Paper—(Revoked)

M/s Precimax Machine Tools Corpn., Bombay—Universal Machine Tools, Bench Lathes & Variable Speed Drive Units—(Surrendered)

Letters of Intent Rejected, Lapsed or Cancelled

(Information pertains to particular letters of intent only)

M/s Lakhanpal Pvt. Ltd; 4/24, Asaf Ali Road, New Delhi—Electronic Desk Calculators—(Revoked)

Shri R. P. Mody, Alipore, Calcutta—Silicones—(Lapsed)

M/s Indian Engg. & Commercial Corporation Pvt. Ltd; New Delhi—Maize Products—(Cancelled)

Shri G. K. Saraf, Shakti Nagar, Delhi—(Maize Products—(Lapsed)

M/s Murphy India Ltd; Naupada, Thana—Cassette Tape Recorder—(Cancelled)

M/s Nath Brothers, 101, Shivaji Road, Meerut—Dehydrated Fruits & Vegetables—(Lapsed)

Shri M. L. Bhagat, 24/B, New Road, Calcutta—Tartaric Acid (Lapsed)

M/s U. P. State Industrial Corporation Ltd; Kanpur—M. S. Billets—(Revoked)

Shri N. Chandra, C-50, Defence Colony, New Delhi—Float Glass—(Cancelled)

M/s Hitkari Potteries Pvt. Ltd; New Delhi—Porcelain Hotelware Crockery—(Cancelled)

M/s Hindustan Machine Tools Ltd; Bangalore—Electro Discharge Machines & Gear Testing Machines—(Cancelled)

Shri A. D. Patel, Near Naranpura Char Rasta, Ahmedabad—Grinding Wheels—(Lapsed)

M/s Colrige Limited, New Delhi—Aluminium Collapsible Tubes—(Cancelled)

Shri Pirthi Raj Surana, C/o M/s Assam Tin Mfg. Co. Pvt. Ltd; Gauhati—Industrial Gases—(Lapsed)

Shri Pritam Khurana, E-9/1, Vasant Vihar, New Delhi—Not indicated—(Lapsed)

M/s Rohit Pulp & Paper Mills Ltd; Bombay—Paper Machinery—(Lapsed)

M/s Shriram Bearings Ltd; Bara Hindu Rao, Delhi—Cylindrical & Tapered Roller Bearings—(Cancelled)

Shri A. K. Khandelwal, Nagpur—Not Indicated—(Lapsed)

Shri Girdhari Lal Sharma, 29-Sulem Sarai, Allahabad—Corrugating Media & Liner—(Lapsed)

M/s Madhya Bharat Woollen Mills (P) Ltd; New Delhi—Shoddy Yarn—(Closed)

M/s Mahindra & Mahindra Limited, New Delhi—Patient Monitoring System (Cancelled)

Shri C. M. Arya, 8/84, Punjabi Bagh, New Delhi—Sodium Chlorate—(Lapsed)

M/s Electronic Cable Industries, Ludhiana—Special Types of Electronic Cables—(Lapsed)

M/s Ghaziabad Engg. Co. Pvt. Ltd; New Delhi—Permanent Magnet DC Motors—(Lapsed)

M/s Rajasthan State Industrial & Mineral Dev. Corpn. Ltd; Jaipur—Soda Ash/Ammonium Chloride—(Surrendered)

Shri K. Ramakrishna, Post: Kodur, Guddaph—White Printing Paper, Packing & Wrapping Paper—(Dormant)

Shri Raman Kumar Aggarwal, Calcutta—Sulphuric Acid and Oleum—(Cancelled)

M/s Development Corpn of Vidarbha Limited, Nagpur—Refractories—(Lapsed)

Foreign currency (non-resident) accounts scheme 1975

The recent buoyancy in this country's foreign exchange reserves has been due to a number of factors, one of them being the scheme of foreign currency (non-resident) accounts. In the following analysis prepared in the Data Processing Division of the Department of Statistics of the Reserve Bank of India and published in the June 1976 Bulletin, it is shown that the contribution of the above-mentioned scheme between November 1975 and February 1976 was of the order of Rs 6.05 crores out of which 86.3 per cent was in US dollars. Full details in this respect are given below.

THE SCHEME of Foreign Currency (Non-resident) Accounts (FCNRA) has been formulated by the government of India with effect from November 1975, with a view to encouraging the flow of inward remittances through banking channels from non-resident Indians and persons of Indian origin. Such persons are permitted to open and maintain foreign currency (non-resident) term deposit accounts in designated foreign currencies with authorised dealers in India by remittance of their savings from abroad or by conversion of existing non-resident (external) accounts maintained in rupees. The designated foreign currencies for the time being are US dollars and pound sterling and the period of deposit ranges from a minimum of 91 days to a maximum of 61 months. Balances in the account including interest are repatriable in the currency of deposit free from Indian income tax. Exchange risk, if any, to non-resident account holders is thus eliminated.

On the basis of the returns received in the Bank up to the end of May 1976, it is observed

that the number of FCNR accounts opened up to the end of February 1976 aggregated to 1678, of which 1218 were dollar accounts and the remaining 460 were in pound sterling. The deposits mobilised amounted to Rs 6.05 crores, 86.3 per cent of which was in US dollars and the remaining 13.7 per cent in pound sterling. Month-wise mobilisation of deposits in the two currencies during the first four months of the operation of the scheme is shown in Table I.

It may be seen that in the first month of its inception, the

TABLE I
Deposits Classified According to Month of Deposit and Currency

Month of deposit	Pound sterling		US dollars		Value* (in lakhs of rupees)
	No. of accounts	Amount in lakhs	No. of accounts	Amount in lakhs	
November 1975	45	0.89	71	5.50	65.33
December 1975	84	0.96	225	11.97	124.62
January 1976	176	1.37	478	22.57	226.87
February 1976	155	1.36	444	18.24	187.89
Total	460	4.58	1218	58.28	604.71
Value* in Rs (in lakhs)	83.04		521.67		604.71

*Evaluated at the average rate for the month of February 1976.

RECORDS AND STATISTICS

amount of deposits was of the order of Rs 65 lakhs which progressively increased over the subsequent months except for February 1976. As between the two currencies, the growth in dollar deposits is more spectacular. While it is too early to ascribe any specific reason for this higher growth in dollar deposits, the declining trend in the value of pound sterling vis-a-vis Indian rupee could be one of the reasons for lower growth in the pound sterling deposits (Table I).

The FCNRA scheme provides

for opening of accounts either by fresh remittances or by conversion of existing accounts or by renewals. It is observed that practically the entire amount received so far as deposits is in the form of fresh remittances. All the same, an increasing trend in the conversion of deposits from the existing accounts to those under FCNRA scheme was noticed over the period of 4 months (Table II).

Currencywise, fresh remittances in pound sterling amounted to £4.2 lakhs or 90.6

TABLE II
FCNR Accounts Opened by Conversion of Existing Accounts

Month	No. of accounts	Value in rupees (000's)
November 1975	6	33
December 1975	6	688
January 1976	43	832
February 1976	32	1126
Total	127	2679

per cent and remaining 9.4 per cent were transfers from existing accounts. The proportion of fresh remittances was considerably high at 96.4 per cent for US dollars while transfers from existing accounts constituted less than 4 per cent. (Table III).

Period of maturity of the term deposits under the scheme has been divided into six groups ranging between 91 days and 61 months. Most of the depositors showed preference for long term investment. More than half of the total amount of deposits collected under the scheme up to February 1976 was for a period of 61 months. Deposits for a period of 1-3 years were the next in size and accounted for a little more than a fourth of the total deposits. Short-term deposits (those for a period of less than one year) were less than 10 per cent of the total (Table IV).

The State Bank of India together with its subsidiaries accounted for a little less than one-sixth of deposits up to February 1976. Foreign banks reported similar collection and the nationalised banks accounted for about three-fifths of the aggregate deposits. Other banks accounted for 11 per cent of the total deposits, mostly in US dollars (Table V).

TABLE III
Deposits Classified According to Source of Fund

Source of fund	(Amount in 000's)					
	Pound sterling			US dollars		
	No. of accounts	Amount	Per cent	No. of accounts	Amount	Per cent
Fresh remittances	432	415	90.6	1116	5616	96.4
Transfer from existing accounts	28	43	9.4	99	213	3.6
Total (including renewals)	460	458	100.0	1218	5828	100.0

TABLE IV
Deposits According to Period of Maturity

Period of maturity of deposit	(Amount in 000's)						
	Pound sterling		US dollars		Total in rupees		
	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount	Per cent
From 91 days to less than 6 months	25	13	88	479	113	4512	7.5
From 6 months to less than 9 months	14	10	50	62	64	726	1.2
From 9 months to less than 1 year	7	8	20	29	27	405	0.7
From 1 year to less than 3 years	161	144	385	1485	546	15901	26.3
From 3 years to 5 years	63	53	176	796	239	8068	13.3
61 months	190	230	499	2981	689	30858	51.0
Total	460	458	1218	5828	1678	60471	100.0

TABLE V
Bank-Groupwise Collection of FCNRA Deposits

Bank group	(Amount in 000's)								
	Pound sterling			US dollars			Rupee value of deposits		
	No. of accounts	Amount	Per cent to total	No. of accounts	Amount	Per cent to total	No. of accounts	Amount	Per cent to total
SBI and its subsidiaries	144	106	23.1	288	791	13.6	432	9003	14.9
Nationalised banks	220	243	53.1	600	3538	60.7	820	36070	59.6
Foreign banks	78	92	20.1	227	778	13.3	305	8631	14.3
Other banks	18	17	3.7	103	722	12.4	121	6768	11.2
Total	460	458	100.0	1218	5828	100.0	1678	60471	100.0

eastern ECONOMIST

Vol. 67

November 19, 1976

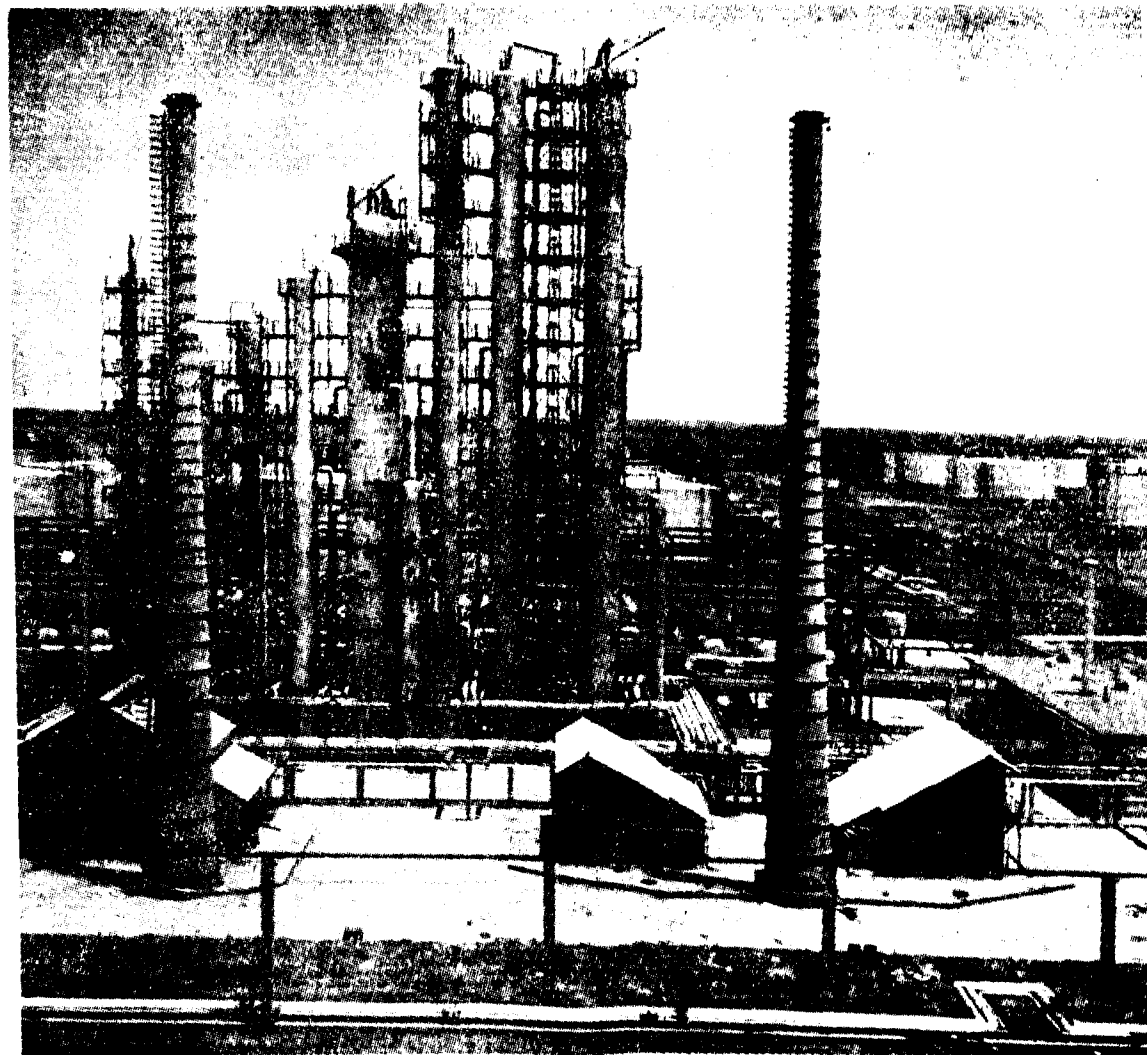
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Too much good wine

A NUMBER of visitors to this country during the past few days have said so many good things about the state of our economy that the average newspaper reader is getting bored with them. First there was Mr Robert McNamara, President of the World Bank, who at the end of his six-day tour of this country complimented the government of India for its priorities in economic development. He welcomed the importance given to raising agricultural output, increasing the rate of industrial growth, stimulating exports and reducing the pace of increase in population. Like a banker who knows that the funds made available by him are being fruitfully utilised, he held out promises of further assistance when he said : "We in the bank are anxious to continue our assistance to India in every sphere, especially technical and financial assistance". Inspired by such testimony, our cartoonist this week could not help rechristening him as McHamara, meaning *our* McNamara. (Hamara in Hindi means *our*).

Second, the British industrial delegation led by Sir Ralph Bateman was impressed with the progress in the industrial sector especially in respect of technology, management and efficiency. Sir Ralph said at a press conference in the capital that there were possibilities of cooperation between the industrialists of the two countries both in India and in third countries and that on his return to Britain, he would ask the businessmen to have a look at the Indian market which had undergone a tremendous change in the past quarter century. The British exporters could avail of the liberal import policy of the government of India to reduce the trade gap which had been unfavourable to Britain. Regarding the Foreign Exchange Regulation Act (FERA), Sir Ralph said that its provisions were not as difficult as they appeared despite the compulsion on foreign firms to dilute the equity capital. Sir Ralph was of the view that the delegation's trip to this country had been "very worthwhile", and that there were encouraging prospects of implementing joint projects in west Asia.

Third, the state of the Indian economy and the possibilities of Indo-US collaboration were the subjects to discussion at the executive committees of the Indo-US Joint Business Council in the capital. It was conceded by both sides that the government of India had instituted a number of changes in order to improve the climate for outside investment. They were however at a loss as to why the American companies had not availed of the tremendous investment opportunities which the Indian economy offered. The Council felt that perhaps the incentives offered by this country had not been sufficiently publicised and that there was need for an indepth study in this regard. Like the British delegation, the delegates to the council agreed that construction and engineering firms from this country could join hands with American companies to execute projects in the third countries, particularly in west Asia and south-east Asia.

All these friends from abroad do a lot of good to our ego when they say nice things about the economy of this country but too much good wine can bring about deleterious effects. Without losing our sense of perspective, we will have to make an earnest effort to hold the price-line which took an upward course in recent weeks, activate those sectors of industry which have suffered from high unutilised capacity, initiate measures to stop rising sickness in industrial units, take up such projects as would keep down the number of the unemployed and the underemployed and devise measures which would reduce the number of man-days lost through strikes and lock-outs. And this is the time for stepping up investment in industry with due regard to the adjustments needed due to low profitability, slackness in demand for consumer products and high cost of inputs. We may ignore attending to these problems at our own risk. Good certificates from foreign dignitaries may make us cheerful for some time but they should not intoxicate us.

Tomorrow's Calcutta

THE PROSPECTS for the betterment of Calcutta seem to have brightened up after Mr McNamara's recent visit to the city. The World Bank president spent two days in Calcutta when he inspected the various improvement schemes and held discussions with the government officials and industrialists on the problems confronting the country's largest city. Since he took over his present assignment, Mr McNamara has been taking a deep and lively interest in urban development and he has been eloquently emphasising the importance and urgency of tackling the problems connected with urban poverty. At Calcutta he declared that "the solutions to the world's urban poverty will have to be devised right here but in an integrated effort, involving the surrounding agricultural areas". Mr McNamara's stress on the improvement of agriculture was, of course, appropriate. He visited not only the slum areas of Calcutta but also some fields in Burdwan and acquainted himself with the nature of the difficulties facing the people in the rural areas. Mr McNamara said that Calcutta could look forward to "a bright future" and that the World Bank would benefit from the experiments being carried out in this city.

certain problems

The government of West Bengal drew Mr McNamara's attention to certain problems in utilising the World Bank's assistance. It was stated that out of the 114 projects taken up by the Calcutta Metropolitan Development Authority (CMDA), the Bank picked up in the mid-stream only 44 and that too in isolation. Mr McNamara was requested to look at the development schemes in an integrated manner. The CMDA has so far spent Rs 186 crores of which the Bank's assistance is about Rs 29 crores. An expenditure of Rs 200 crores is being planned for the next four years. Mr McNamara may be expected to consider sympathetically

cally the CMDA's case for more assistance and also for giving it in a manner which will facilitate its effective utilisation.

Some of the World Bank president's comments and observations during his visit to Calcutta are of much significance for the rapid development of the city. He observed that the CMDA should act more as a catalyst in wider social and economic development than just as an agency for physical development. He said that it was not enough if the CMDA and the other authorities concerned raised the quality of life by improving sanitation. There was a real need to generate more employment for the poor. He suggested that the small traders and entrepreneurs should be helped and encouraged to increase their production. At present,

about 60 per cent of the families earn less than Rs 300 per month and 60 per cent are employed in small unorganised trades. Mr McNamara told the industrialists that their investment should aim at increasing their exports. "Your exports must pay for your imports" he added.

It is to be hoped that the drive for the betterment of Calcutta will derive a new impetus as a result of the visit by the dynamic president of the World Bank. If the ministers and other top officers show the same enthusiasm and sympathy as Mr McNamara, the city's development will certainly get a faster momentum. How many of them, for example, have cared to visit the slums and see for themselves the kind of life led by the poor? (The *Statesman* reported that Mr McNamara even entered a house in a slum area to inspect its latrine). How many of them have shown such lively interest in the problems of farmers? He not only closely questioned the small farmers and share-croppers of Burdwan about their techniques of cultivation but also attended

Eastern Economist 30 Years Ago

NOV. 22, 1948

The government of India has announced that it has ratified the Convention of International Civil Aviation which was signed at Chicago on December 7, 1944. Ratification of the Convention by member States of PICA is essential for setting up the permanent International Civil Aviation Organization. The convention provides for the first two non-controversial freedoms as between signatory States, viz, the right to fly across the territory of a contracting State and the right to land for non-traffic purposes. The Convention also provides for the incorporation of the principles governing international air navigation such as measures to facilitate air navigation, conditions to be fulfilled by aircraft, application of national laws and so on. The Convention is accompanied by a series of Annexes which covers the following technical subjects: airway system, communication procedure and systems, rules of the air, air traffic con-

trol practices, standards governing the licensing of operating and mechanical personnel, log book requirements, airworthiness requirements for civil aircraft engaging in international air transport, aircraft registration and identification marks, meteorological protection of international aeronautics and aeronautical maps and charts, customs procedures and manifests, and search and rescue and investigation of accidents.

This convention is virtually a revision of the International Convention for the Regulation of Aerial navigation concluded at Paris in 1919. India who in 1919 had not the faintest notion of participating in international air transport signed the Paris Convention as a satellite of Great Britain. But today our ratification of the Convention carries a definite meaning and weight in view of our declared intention to start our own international air services.

a training class for peasants and village workers.

Though Calcutta may get all the money it needs from the World Bank and the terms are likely to be more flexible, the state government and the other authorities concerned should deal with the problems of the city with greater urgency and seriousness. There is as yet no effective coordination among the various agencies that are engaged in the improvement of Calcutta. There is also no proper maintenance of the valuable assets that have been created by the CMDA. As a result, resources are dissipated and the people are denied the fruits of development. Mr Siddhartha Shankar Ray, the chief minister, has achieved remarkable success in restoring law and order in Calcutta which, at the time he came into power, had virtually broken down. He should now utilise the improved situation for accelerating the implementation of the various development schemes.

day-to-day problems

The people will judge the work of the government not so much by its prestigious projects as by the manner it is able to tackle their day-to-day problems such as those relating to sanitation, water supply, housing, and transport. There is no reason, for instance, why the government and the local authorities cannot keep the city's roads in a reasonably good condition. In September this year, Lt Gen. B.N. Sarkar, chairman of the Calcutta State Transport Corporation, issued a statement in which he said that "August has been a disastrous month for our operation" and he expressed sorrow for "the terrible inconvenience" caused to the public. He said: "During the month, 63 bus chassis and 355 road springs got broken and 5496 tyres were badly cut by stone chips penetrating the wall of the tyre. Some tyres sustained more than seven cuts. Even with three shift operation, the total number of tyres damaged daily far exceeded the limited capacity of our tyre shop". The state government therefore should give serious attention to improve the basic amenities of the people.

The World Bank president was in-

formed that there were unemployed in the metro including about one million Calcutta. He was also given the urban and rural employment programmes which were under implementation. But generate employment on a massive scale only when industries are able to open and new industries come which there is vast scope.

Dyestuff

DYESTUFFS INDUSTRY in our vast scope for development a substantial part of the country, as leading manufacturers of this product such as Switzerland, Britain, Japan are increasingly suffering which have made them export items of manufacture in slow on them. Some of the they face are pollution, and high wages. With just of this industry and protective measures in the nascent country should be able to adverse effects of pollution worrying the advanced question of labour shortage in our case and the abundance of chemicals and intermediates gives us an added advantage.

quality standards

This fact was highlighted by the Minister of State for Industries, Mr. B. B. Sharma, while addressing a meeting of the Dyestuffs Association in Bombay. He stressed that the industry should adhere to quality standards to be able to compete in the expanding foreign market.

Though our country boasts of robing kings in variegated natural coloration, the manufacture of synthetic dyes is nearly a century as compared

to a solid base on which it could the utilisation of the port potential. Exports in exchange reserves did not have the vagaries of demand and the requirements of the mental regulations, a domestic industry would have to the dimension that we have stressed that only a industry should act as a buffer of the foreign exchange industry in its expansion one required to be used for broad basis.

manifold problems

With increasing numbers also for the purchase of manufactured in the country, an important field in regard large number of manufacturers, he pointed out, no try have also increased their capacity because of lack ment from time to time. But should in such a tariff commission to development programmes ailments. The approach of foreign exchange reserves mission has been constructing equipment, he asked. focussed attention on the intermediates and basic

ing tax resources

At present bulk of the imports pointed out that larger being manufactured in the only industrial raw material import of finished dyestuff equipment and machinery only to some complicated augmenting the resources that are required in the country, for it would be entitled. Imports which had gone imports as well as on the crores at one time have been manufactured by the use negligible amount as a materials. Very significantly, indigenous manufacture. And that no doubt the import

and a very high priority to The licensing and production of industrial raw materials, of intermediates for the first raw materials as well as has been done on the basis for the requirements of the approximately 40,000 tonnes were not being given the But experts believe it is a shortcoming.

done on the basis of dyestuffs. Even if only five per cent of the utilisation of of world demand were to be stock of foodgrains for would require at least 40,000 tonnes of foodgrains for purposes should not give dyestuffs for export. If domestic production of the cushion ment of 20,000 tonnes is maintained in production in future provision could have been made. have an adverse effect on in-tonnes. The irony is that being eroded. The government, tonnes targeted for the fifth to decide on what sort of be realised. The actual production it should have both regard-in the organised sector was exchange and other essential 15,000 tonnes.

consumption, including food-grains, utilisation of food stocks, he One characteristic of the industry, could be hedged through dustry is that it is entirely dependent on the international sector and it goes to the necessary. Mr Jha added that pioneers in the industry chance of an unduly large stock a major importer a few years involved not only wastage country has emerged as a netterioration and damage by these exports have steadily increased, etc (according to some

Tom

THE PROSPECTS for the Calcutta seem to have brightened.

Mr McNamara's recent visit of dyestuffs. The World Bank president, as well as a days in Calcutta when he discussed the various improvement schemes with the government and industrialists on the fronting the country's large go into these he took over his present as the tariff commission. McNamara has been taking as it has lively interest in urban development. He has been eloquently emphasising the importance and urgency of development. problems connected with intermediates are At Calcutta he declared that the country and tions to the world's urban areas is confined have to be devised right here and those integrated effort, involving all quantities. ding agricultural areas". Mr up to Rs 30 stress on the improvement shrunk to a was, of course, appropriate. consequence of only the slum areas of Calcutta some fields in Burdwan are facing the people in the fourth Plan period. McNamara said that Calcutta of producing forward to "a bright future" of dyestuffs. World Bank would benefit have been experiments being carried 50,000 tonnes per cent share come to us it

certain problems

The government of West Bengal has added to it, in utilising the World Bank for 60,000. It was stated that out of the 40,000 taken up by the Calcutta Plan may not Development Authority (set up in 1975 Bank picked up in the mid-estimated at 44 and that too in its. McNamara was requested to development schemes in a dyestuffs in-manner. The CMDA has the private Rs 186 crores of which the credit of the tance is about Rs 29 crores. t from being ture of Rs 200 crores is t years ago, the for the next four years. M exporter and may be expected to consider increased over

the years. Some of the destinations to which our dyestuffs go are the UK, the Netherlands, Yugoslavia and the USSR apart from countries in Asia as well as Africa. It however needs to be noted that this export effort comes from hardly half a dozen units as against over a score of manufacturers in the organised sector and over a hundred in the unorganised sector. Most of the large-scale units have over the years set up reasonably good research and development facilities and have developed their own know-how. Though the industry started with foreign collaboration, we are relying less and less on borrowed or purchased expertise in this line. In fact we have started exporting our technical know-how, for example to Argentina for the manufacture of reactive dyes.

It however needs to be kept in mind that though competition in the general type of dyes and pigments has been reduced from the western countries, the field is not wholly wide open to us. Competition now comes for China and some east European countries who have taken up the production of low-priced synthetic dyestuffs. It

will need all resources at our command to capture our due share in the world market. The country is exporting intermediates in substantial quantity but it is desirable that finished dyes are exported instead of intermediates. There are some intermediates manufactured in the country the indigenous price of which is many times those ruling in the international markets, which inhibits export of high-priced dyes. In the interest of exports it is incumbent for the government to provide raw material at international prices for the industry to earn foreign exchange.

The government has appointed a standing committee to look into the problems of dyestuffs industry and to suggest expeditious solutions. It is unfortunate that this committee has not been active in making appraisal of the industry's shortcomings and suggesting remedies. The minister of state for Industry made reference to this committee in his address to the Dyestuffs Manufacturers' Association in Bombay. It is hoped that this committee will be asked to study all aspects of the industry's development and make suitable recommendations.

RECORDS AND STATISTICS

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The Bulletin averages 64 pages and is priced at Rs 5 per copy. The annual subscription is Rs 20.

Inquiries regarding subscription and advertisement may be addressed to:

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Post Box No. 34, New Delhi-1

CAPITAL'S CORRIDORS

R. C. Ummat

Stimulating development efforts • Indo-British economic collaboration • Exports to America

TALKING TO the members of Forum of Financial Writers — of course, strictly in his personal capacity — the governor of Jammu and Kashmir and the chairman of the Indirect Taxation Inquiry Committee, Mr L.K. Jha, last week put forth some very useful suggestions for fostering the economic development of the country. Coming from a person who has been one of the senior-most civil servants dealing with economic affairs and has also headed the Reserve Bank of India, the suggestions apparently not only had the stamp of maturity but also considerable knowledge of the inside working of the government. They, thus, deserve pertinent note.

far-reaching suggestion

One very far-reaching suggestion made by Mr Jha was that the emerging trends in the economy — the 17 million tonnes foodgrains stocks built-up during the last two years (this stock may go up to 22 million tonnes in the next couple of months, according to the union Finance minister, Mr C. Subramaniam, as a result of the procurement of kharif grains, which is currently in progress, and not very encouraging off-take from fair-price shops owing to the easier availability of grains in the open market); the comfortable balance of payments position which has arisen from encouraging trends on the export front; sharp decline in imports of such items as foodgrains, fertilizers and metals (both ferrous and non-ferrous) and increased remittances by Indians abroad; and the much brightened prospects of oil production — could be profitably utilised for stepping up developmental activity in the rural areas, particularly in the backward regions.

Mr Jha felt that the flow of remittances

by Indians abroad could be expected to continue on a significant scale for quite some time to come, as the increased flow was not primarily due to panicky transfers from Britain or elsewhere but owing to a large number of Indians having been able to find gainful employment, particularly in the oil-producing countries. As employment opportunities for our technical personnel in these countries as well as in various other developing countries were likely to grow, there was no fear of remittances by them going down any substantially, he observed.

Development effort in the rural areas, Mr Jha pointed out, could be stepped up without generating inflationary pressures only if a well thought out package of programme could be drawn up to convert the foreign exchange reserves and the impressive stock of foodgrains into rupee capital. On his part, he suggested that the foodgrains stock could be utilised for launching public works programmes pertaining to road-building and irrigation in the backward areas. The wages to the people deployed on such programmes could be paid to a substantial extent in foodgrains.

importing raw materials

Part of the wages could be disbursed in the form of other essential items such as cloth and edible oils. But this, Mr Jha stressed, would require a substantial augmentation of the supply of these products. It was in this context, he said, that improved foreign exchange situation could be helpful in importing raw materials for the manufacture of cloth, edible oils, etc.

Mr Jha pointed out that the imports of industrial raw materials like cotton and

edible oils through the utilisation of the improved foreign exchange reserves did not mean that the requirements of the priority sectors of industry would have to be sacrificed. He stressed that only a small proportion of the foreign exchange reserves would be required to be used for imports of the above items. The other reserves could very profitably be used for the import of equipment, non-ferrous metals, etc, as also for the purchase of technology. One important field in regard to equipment imports, he said, was power generation. The domestic manufacturers of power equipment, he pointed out, no doubt had surplus capacity because of lack of rupee resources. But should in such a situation, power development programmes be held up or foreign exchange reserves used for importing equipment, he asked.

augmenting tax resources

Mr Jha also pointed out that larger imports of not only industrial raw materials but also of equipment and machinery could help in augmenting the resources of the government, for it would be entitled to taxes on imports as well as on the products to be manufactured by the use of imported materials. Very significantly, Mr Jha revealed that no doubt the import policy accorded a very high priority to the imports of industrial raw materials, but imports of raw materials as well as items catering for the requirements of the poorer sections were not being given the same high priority.

Mr Jha stressed that the utilisation of the impressive stock of foodgrains for developmental purposes should not give rise to the misgiving that the cushion against shortfalls in production in future (which could have an adverse effect on inflation) was being eroded. The government, he said, had to decide on what sort of reserves policy it should have both regarding foreign exchange and other essential items of consumption, including foodgrains. The utilisation of food stocks, he pointed out, could be hedged through forward purchases in the international market, if necessary. Mr Jha added that the maintenance of an unduly large stock of foodgrains involved not only wastage through deterioration and damage by rodents, pests, etc (according to some

estimates, upto 20 per cent), but also unnecessary expenditure on storage.

The oil prospects in the country, Mr Jha said — apparently on the basis of some information not yet made public — were much more promising than commonly understood. This could bring down the foreign exchange expenditure on oil imports very substantially in the years to come. He wondered whether in view of the brightened prospects on the oil front, some requirements of energy in such parts of the country to which it was very difficult to move coal could not be met by oil. The rapid improvement on the oil front, he said, could also be availed of for shifting some areas under the cultivation of cotton to the growing of oilseeds which would help in attaining self-sufficiency in edible oils. The clothing requirements, he felt, could be better met by increased use of synthetic fibres.

important point

Another very important point made by Mr Jha was that in the interest of containing the price level, there was need for re-thinking in regard to the attitude towards investments in the manufacture of essential items of consumption. He agreed that the high interest rates on bank deposits had vitiated the climate for investment. He, however, felt that there was no need for bringing down the interest rates lest savings should be affected. Ways and means, he said, could be devised for helping investments in some important wage goods industries. At the moment, the policy was to keep the prices of essential items of consumption low. This hampered investments in wage goods industries and pushed investments into the production of luxury items on the prices of which no controls were feared. This situation, Mr Jha emphasised, needed to be rectified through a "tilt" in policy to make investments in the wage goods industries attractive enough vis-à-vis the current interest rates structure and to make investments in the production of luxury items less profitable. One way suggested by Mr Jha for making investments in the wage goods industries was the introduction of differential rates of corporate taxation on the profits of these industries.

If inflation was contained through aug-

menting the supplies of wage goods in the economy, Mr Jha pointed out, it would help in maintaining the advantage which we have developed in the recent months in the export market in view of the high inflation rates in many countries abroad. The development programmes in the rural areas, he felt, could expand the sphere of economic activity. These programmes could be tailored to the needs of augmenting the agricultural production potential which would reduce the necessity of maintaining huge stocks of foodgrains.

The possibilities of Indo-British collaboration in industries here as well as for setting up projects in third countries, particularly in west Asia, were explored last two weeks during the visit to this country of the British industrial delegation, headed by Sir Ralph Bateman. The delegation had meetings not only with the Indian business and industry associations but also at the highest level in the government.

Talking to pressmen at the conclusion of the delegation's visit to New Delhi, Sir Ralph observed that the delegation was pleased to find that a "more flexible, more pragmatic" view was being taken at present by the government of India towards foreign investments. He hoped the British industry would be able to cash on the government of India's decision to liberalise imports of capital goods.

Referring to the prospects of British collaboration in setting up industries in India, Sir Ralph stressed the need for the bridging of the communication gap between industrial entrepreneurs in the two countries; many in Britain, he said, still thought that India was what it was 25 years ago. He felt that there was need for British investors coming to India to take a look at the industrial strides made by this country since Independence.

Although personally he did not think that the provisions of the Foreign Exchange Regulation Act (FERA) were as difficult as they appeared to be, yet, he pointed out, many foreign investors perhaps were being deterred from making investments in India because of this act. He conceded the right of the government of India to lay down the rules under which it wanted foreign investments, but, empha-

sised that the foreign investors also had the right to judge on their own whether the conditions obtainable in India were better or not than those available in the other countries. Some suggestions are believed to have been made by the delegation for the rationalisation of some provisions of FERA with a view to removing the misgivings of foreign investors. These are likely to be considered by the government in the near future.

The representatives of business and industry organisations in the country, who had discussions with the British delegation, stressed that British entrepreneurs could collaborate with them profitably in various fields in view of the lower labour costs here. The experience of British industries as well as their technology could be of great help to Indian industry in the modernisation programmes which were being accorded a high priority.

areas identified

During the discussions with the Federation of Indian Chambers of Commerce and Industry (FICCI), some specific areas were identified in which British know-how could be useful. These included coal-based chemicals, off-shore oil drilling, casting and other engineering products and sophisticated electronics. In the discussions with the Association of Indian Engineering Industry (AIEI), it was pointed out by the Indian manufacturers that there was good scope for collaboration between Britain and India in the modernisation of Indian foundry industry and in such areas as off-shore drilling, telecommunications, space and other technology-intensive sectors, auto ancillaries, thermal power systems, coal washeries, conveyor systems, power packs for rail traction (especially for light services), fibre glass technology and equipment, newer types of cutting/welding technology, dieselisation plants, high voltage switchgears and machine tools. Similar was the outcome of the delegation's talks with the Associated Chambers of Commerce and Industries.

In several of the above fields, it was pointed out, even export-oriented units could be set up in India with British collaboration. The opinion of the delegation on export obligations for industries, of

course, was divided. While some members of the delegation thought that it was no barrier to collaboration, some others expressed the view that it, indeed, was a deterrent.

The discussions concerning India-British collaboration in setting up projects in third countries revealed that the need for such collaboration was being increasingly felt by both the countries. It was agreed that the talks in respect of such collaboration should be started well in advance between the prospective collaborators so that there was enough time to draw up suitable packages of proposals. It was recognised that whereas British collaborators could concentrate on provision of sophisticated equipments for the projects in the third countries, the equipments needing simpler technology and medium consultancy could be procured from India. It was appreciated by the British delegation that the delivery schedules of exports from India were being increasingly adhered to and capable Indian personnel were conveniently available for service back-up.

Another important development that took place during the British delegation's visit to New Delhi was that the Confederation of British Industry (CBI) would identify an appropriate agency in the United Kingdom to establish a close link up with the Association of Indian Engineering Industry and to serve as a focal point for exchange of information on the engineering industry with regard to technical collaboration, joint ventures in third countries as well as for export-import of engineering goods by both. The AIEI and the CBI would work out a mechanism for dialogues even before bidding for projects in third countries.

trade imbalance

In the discussions with the economic secretaries of the government, the delegation voiced concern over the current imbalance which Britain had in its trade with India. It was suggested that the liberal terms of credit offered by Britain should be passed on to the Indian private sector so that imports from Britain could be facilitated. The government spokesmen, however, pointed out that apart from the repercussions such a step might have on the other aid-giving countries and on

the indigenous industry, the mere transfer of liberal terms would not make Britain's goods competitive. Further, the bulk of Indian exports to the UK, it was stressed, was still composed of such traditional items as tea, coffee, spices and hides and skins. Some of these exports ultimately were meant for the buyers in other countries.

Regarding investments, it was explained to the delegation that they would have to be broadly within the parameters of the government's investment policy, one of the successes of which had been the absence of tension and confrontation characteristic of foreign collaborations in some developing countries.

In respect of joint ventures abroad, the government spokesmen stressed that the government was not interested in mere supply of manpower from India. Collaboration in joint ventures in third countries would be welcome only if it involved supply of consultancy services and machinery also.

The second India Trade Fair, held last month in New York and Los Angeles, in the United States, in the form of buyers-sellers meets, is stated to have proved a spectacular success. Briefing newsmen here last week, Mr A.K. Ray, the executive director of the Trade Development Authority, which organised this fair, revealed that the spot orders booked at the two meets exceeded \$32 million (Rs 28 crores) and the inquiries generated were of the order of over \$70 million (Rs 62 crores). The first such fair, organised about 10 months earlier, had yielded orders worth Rs 11 crores and inquiries to the order of Rs 16 crores.

Mr Ray observed that on the basis of the fair experience, more concentrated attention on the west coast of the USA could open up immense possibilities for exports of Indian goods. The TDA, he said, had submitted plans to the government to explore this segment of the US market. The future of exports to USA, he further stated, lay in manufactured goods using highly skilled labour and sophisticated machinery.

Spot orders booked as well as most inquiries received at the two meets related to such items as auto ancillaries, bicycle

components, castings, electronics and electricals, forgings, hand tools and small tools, hardware, fasteners, wire ropes, general engineering products, chemical and allied products (including pharmaceuticals), agarbattis, costume jewelry, furniture and wood products, glassware, handicrafts, home furnishing products, leather goods, marine products, readymade garments, sports goods, tea, plastic and linoleum, etc.

inquiries generated

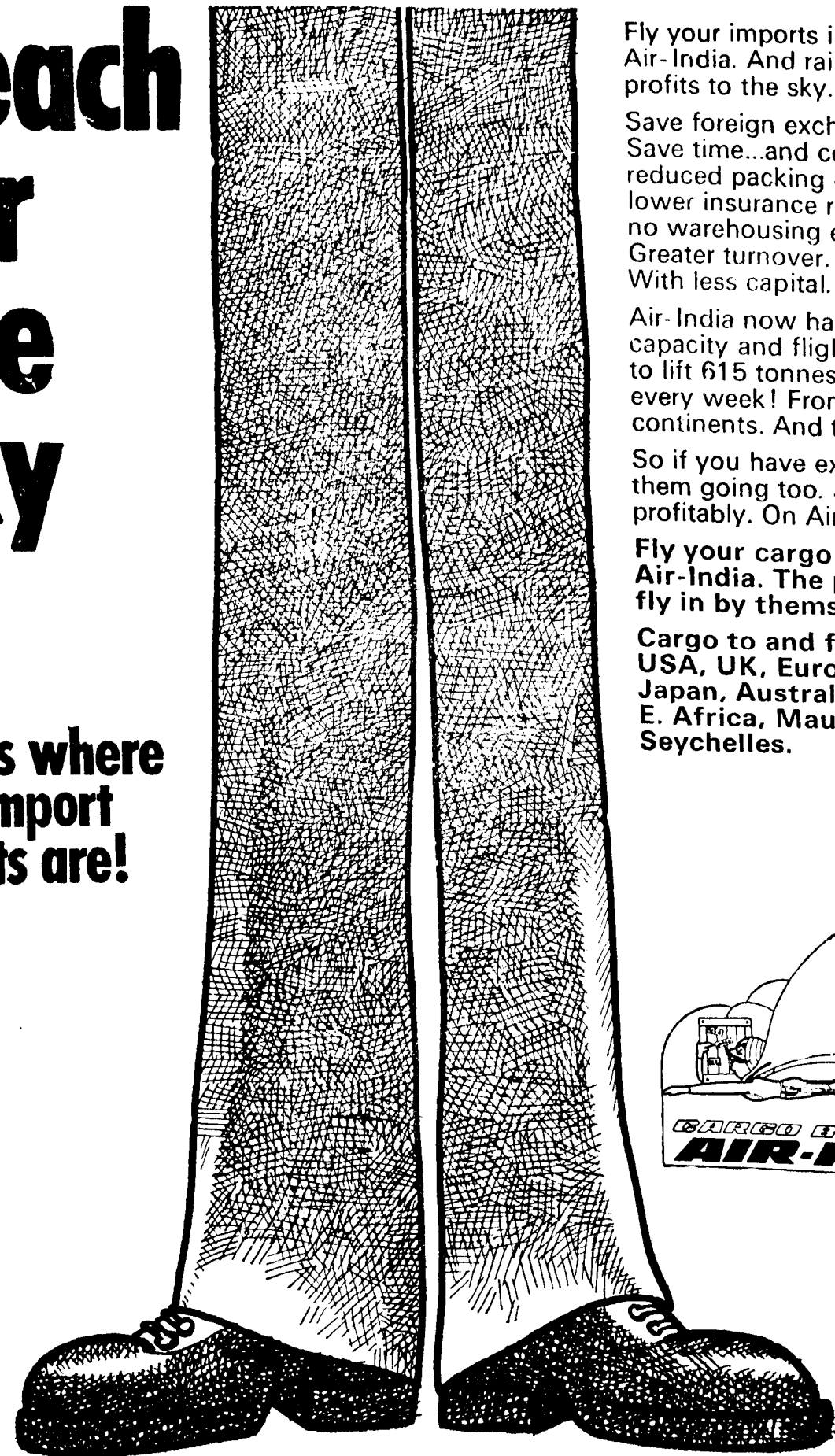
Besides the above, the Los Angeles meet generated inquiries for railway equipment (including wagons), tugs, barges, small ships, harbour craft, aero-engine parts, shotgun cartridges, construction plywood, sewing threads, portland cement, coffee, mopeds, scooters, aluminium ingots and rolled aluminium products.

The fair has opened up the possibilities of exports of such new products falling within the concern of the TDA as (1) rubber-metal bonded parts for Volks Wagen cars; (2) brake drums for Volks Wagen cars; (3) brake drums for jeeps; (4) gearbox castings; (5) burnerbase castings; (6) tugs; (7) small ships; (8) harbour craft; (9) speed boats; (10) barges; (11) pleasure craft; (12) marine motors; (13) port equipments; (14) handling equipment; (15) bolt cutters; (16) wire strippers; (17) wire cutters; (18) universal pliers; (19) galvanised wire; (20) hose couplings; (21) wire nails; (22) stainless steel flanges; (23) canned sardines; (24) canned tuna; (25) beach towel set; (26) brass headboards; (27) watch straps (stainless steel); (28) vacuum flasks; (29) plywood and plywood products; (30) CKD furniture and shells; (31) sheet glass; (32) handloom yarn; (33) handloom (for hobby); (34) cast and forged parts for aero-engines; (35) gardening tools; (36) motorcycles; (37) mopeds; (38) audio-speaker components (home entertainment use); (39) zinc die castings; (40) aluminium die castings; (41) canned clams; (42) railway wagons; (43) shotgun cartridges; (44) sewing threads; (45) single strand barbed wire; (46) greeting cards.

Two items were identified for development and production in collaboration with the USA. These were special type crawler tractors and a special pump for oil wells.

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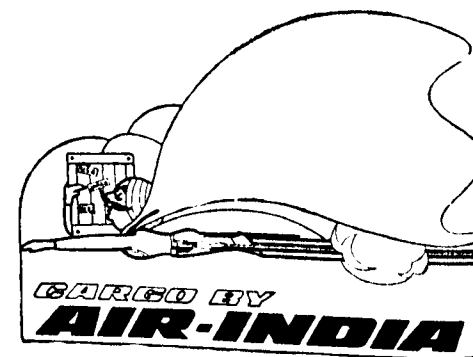
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AI 9936

Towards understanding Gandhi

Dr J. D. Sethi

Nearly three decades after Mahatma Gandhi's death, interest has been rekindled in Gandhism both in this country and abroad. In this article (excerpts from it appeared recently in *The Times of India*) the author has tried to spotlight Gandhi as a moral, social scientist who believed that no political experiment in India could succeed under any constitution unless the institutions of direct participation of the people were also created.

MAHATMA GANDHI has been hailed as a prophet but has seldom been properly understood. We Indians, the inheritors of the Gandhian tradition, have eulogised, romanticized and mythologized Gandhi but never properly conceptualized him. Gandhi himself did not leave behind definitive concepts but he did delineate a path of discovering true concepts and action. But in every year that has passed since his death, we drifted away from the path chartered by him. Indeed, if there is any single major thinker in the world who has remained totally unconceptualized and yet who has remained immensely popular to this day, it is Mohandas Karamchand Gandhi. Worse still, those components of the Indian social and economic structure against whom Gandhi relentlessly struggled have made even deeper thrust into the Indian society. When he came on the scene, the Indian people suffered from a massive sense of inferiority, vulnerability, self-denigration, fear, etc., and he developed and taught them techniques to fight these inner monsters. Somewhere in our race for the so-called modernisation of values through a mixed Marxian-Liberal model, we lost those techniques. Only now are there some signs that the candle-light of that questioning spirit that could shame the sun and was extinguished by an assassin's hand may be lit again.

rude awakening

Now we have been rudely awakened from home grown ignorance and failure of Marxian-Liberal heady mixture by a new interest in Gandhi abroad. This interest in him has emanated from three sources. First, the developed capitalist world has reached a point of crisis precisely because its massive technological and economic growth has created a gap between this growth on the one hand and the organisational and value system on the other. Besides, the crisis of pollution of

the environment has spotlighted the dangers of the destruction of the balance between man and his economic system on the one hand and this economic system and the ecology on the other. A widespread environmental movement has grown in these countries which openly advocates zero growth rate.

Second, in the communist countries the massive accumulation of political and economic power in the hands of the state—indeed in the hands of a small minority—is reducing vast populations to sub-human levels, even if well fed. Whereas the developed capitalist world faces the problems of great economic inequalities, social morbidity, alienation, the communist world faces the problem of the

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most cruelly unequal distribution of political power. Marxists rejected Gandhi long ago by reading him the wrong way just as, according to the best known Marxist, Louis Althusser, they innocently read *Das Capital* upside down. However, some Marxists are attempting to mix Gandhi and Marx while others are trying to find similarities between the Maoist and the Gandhian methods, though yet quite unsuccessfully.

Third, it is the gross poverty, absence of development, external threats to their independence, decline in democratic spirit and total frustration of the third world countries which has contributed most of the revival of interest in Gandhi. The so-called development decades have turned out to be decades of non-development and further increased poverty. Today,

more people live below the poverty line in the third world than they did at any time before. All that, the third world is being told, is to have an employment-oriented development strategy as if such a strategy can be deployed with more powerful counter-strategies also remaining in force. Unfortunately, those who are expecting the crisis of this or that system are not those who are experiencing it. They are preaching enlightenment without practising it, whereas Gandhi practised what he preached and that is why he is attracting attention now. Within India a lot of more people are reaching out for Gandhi in self-search.

a total approach

However, despite this three-fold crisis of the global system which has prompted interest in Gandhi, there is yet no attempt to present Gandhi systematically. Gandhi himself was not a system-builder. He was not even a philosopher in the traditional sense. But he developed a total approach to man and his problems as he went along. It is neither fair to him nor is it rewarding for us to slice his approach and to adduce it in support of one or the other programme. In this brief article, what is proposed is an exercise to show certain consistency and relevance of his approach.

The central core of his system consists of five concepts: *Truth, Non-violence, Satyagraha, Swadeshi* and *Bread Labour*, all of which have been re-defined rather improperly, i.e. either broadly or too narrowly by the so-called Gandhians and thus have been subjected to considerable misinterpretations.

In understanding Gandhi, it is absolutely necessary not merely to define his major concepts and provide a proper relationship between them but it is equally important to focus on the nature of those concepts. Without understanding this aspect of Gandhian concepts, one is prone to read meanings which are really not there. Besides, the nature of the Gandhian concepts can only be discussed within the framework of the Gandhian system and

not in relation to any other system or definition given by anybody else, either coming before him or being his contemporary. It is not within the scope of this article to discuss at length the nature of those concepts; only a brief mention of them will be made so as to form a backdrop for any analyst of Gandhi.

an integrated whole

First, all Gandhian concepts form an integrated whole. Gandhi was not eclectic even in the best sense of the word. Many eminent people have characterized Gandhian concepts as eclectic, and that is why they have ended up in distorting him. Second, the Gandhian system is not the product of theoretical empiricism. He described his whole life as experiment with truth—starting from truth. Experience could support, enrich or even refute a particular view of truth but truth was not derived from empiricism which was limited by definition. In the post-Gandhian phase, the economic and political policies pursued in India were largely eclectic (Marxist-Liberal combination) or were derived from theoretical empiricism (mixed economy and consensual democracy inclusive of all interests).

Third, Gandhian concepts are not derived from a context. They are fundamental in the sense of being the product of the entire human experience over several thousands of years. In other words, when a Gandhian concept is applied to a context, the same application is not relevant for another context. Therefore, it is easy for anyone to prove almost anything one wants to prove from Gandhi's writings when torn from their context.

Fourth, Gandhian concepts are historical but there is a special Gandhian way of looking at history. History does not move in linear form. There may be linearity in material progress but there is no such thing in the value system. If the Gandhian system is not linear, it is also not pyramidal. It is, according to Gandhi himself, like one of oceanic circles with a centre. The concentric circles represent, in reference to the centre, an evolution, an enrichment and an expansion process.

Fifth, all Gandhian concepts are both

relative and correlative and not absolute. Even God is not absolute for Gandhi in any given situation. When Gandhi equated God with truth, stated that the central focus of man's activities is the search for truth, and showed that truth as a whole is not revealed to any one in time and space, then everything became relative. All the same, man is searching for something absolute of which he does not know. Gandhi himself called this as an Euclidian problem.

Sixth, the relative nature of the Gandhian concepts also brings in the question of the contradictions or the gap between known truth and the unknown truth. This makes Gandhian system dialectical in the special sense. It is not like the Marxian or the Hegelian dialectics. The Gandhian dialectics move from the absolute which is accepted as a given hypothesis (such as God which is not necessary to define) to the relative which fully covers man's total life and is reflected in the great struggle of filling the gap between the absolute and the relative by constantly moving to the latter.

religious connotations

Seventh, it is often said that most Gandhian concepts have religious connotations because the starting point of Gandhi is God. This is an incorrect version of the Gandhian approach. In this connection, it must be mentioned that Gandhi had no one particular belief which he derived from any organized religion as a guiding force. Gandhi did believe in religious symbols or rituals because "Symbolism occurs when natural religions are degenerating". He reduced all religions to the level of ethics and morals and as such destroyed if not made redundant any single or uniquely religious approach to human problems. Besides, he first defined *God as Truth* and truth and ethics were what was common to all religions. But subsequently, he reversed this definition and instead of calling God as Truth, he said he was now saying Truth is God. This he did because he openly admitted that an atheist or an agnostic may be looking at truth with the same degree of honesty and integrity as a supposed man of God will do. Therefore, morals and ethics are the central core of all Gandhian

concepts and religion in the process is excluded.

Eighth, all Gandhian concepts have large normative connotations. Gandhi rejected all positivist theories because these theories were value-neutral. Particularly in the field of economics and politics, Gandhi explicitly defined his concepts normatively.

Finally, the most important aspect of the Gandhian concepts is that though some of them have existed in one system or another, but together they did not exist in any particular system as a whole. Gandhi is unique in the sense that the structure of his concepts is unique and cannot be referred back to any previous system, unlike that of Marx or any other thinker who could not but rely upon an existing and highly developed system. For example, there would have been no Marxism without the prior existence of complete systems of Hegelian Political Philosophy and the Classical Policy Economy.

Despite all that has been stated above by way of characterisation and limitations on Gandhian concepts, it must also be remembered that Gandhi was also not an idealist in the Webrian traditional sense of the definition even though he may have referred to ideal types with reference to a given context. He was an action philosopher and as such his system can be called as one of unity between thought and action. He was both a fundamentalist and a perpetual revisionist.

struggle for truth

Man's struggle for truth all his life was for Gandhi the whole of man. And what is truth could only be tested in the service of others and not found in caves or mere resolution of one's personal disorders. Since all the truth is not revealed at one time to anyone, one has to move on in search of it, giving up positions taken earlier in favour of those taken up latter if a new truth seems to have been revealed. Gandhi openly admitted of this stand. This approach clearly implied that all Gandhian concepts are relative in the contextual sense and absolute only in the abstract sense. Why Gandhi has often been misunderstood is because, next to Marx, he

applied the highest degree of abstraction to his concepts.

This concept and approach brought him to greatly elaborate upon the concept of non-violence which in the final form was equated with love. Many people have stopped at this point and forgot about Satyagraha. This term has also been defined in various ways. But in essence, it means struggle but not conflict. Instead, it meant conflict resolution through struggle with the method of love and non-violence. That is why Satyagraha has been called a soul-force and thus must be devoid of all coercion including the one which implies mind's punishment of the helpless body. Struggle is as eternal as change and continuous as the search for truth. Gandhi and Mao had one thing in common: both believed in permanent revolution but one wanted to achieve it through love, sacrifice and understanding and the other through mass hysteria, and dictatorship of the proletariat.

bread labour

No one could really be seriously searching for truth if one does not believe in the concept of "bread labour". Bread labour in simple terms implied that amount of physical labour, given the arts of production and the socially determined necessities, which is required from each person to produce those necessities. That much labour time must be spent by everybody in physical labour. Any one who does not work with his hands or other limbs runs the risk of being a parasite. Even the greatest thinker, poet or philosopher is likely to be misled by his own ideas and plagues of sophistication if he is not involved in some physical actions. The concept of bread labour in the Gandhian system is what alone produces the unity between action and thought.

The implications of this concept are far reaching for any society but much more for the modern world. In all modern societies, communist, capitalist, developing, etc, one notices great disparities of one kind or another between a small ruling minority, i.e. the elite, and the masses. Socialism, welfarism, collectivism, etc, which made claims to reduce these inequalities, have in fact by the very process of reducing one kind of

inequality produced another kind. The present-day Communist countries may have reduced income inequalities — though recent trends show that income inequalities have started increasing again — they have reached unprecedented and most monstrous proportions in political and status inequalities. Gandhi, like many others, wanted to obliterate this distinction between the elite and the masses, but unlike others he suggested the central operational concept of bread labour in the absence of which these distinctions could not be eliminated, no matter what system was adopted. It is tragic that in the land of Gandhi, physical labour should be looked down up.

man's position

Man was central to all aspects of the Gandhian system. One may say that this is true of all systems. But it is only superficially so. Most systems give precedent either to individual man (liberalism) or social man (socialism). For Gandhi, man was important equally as an individual and as a member of society. Gandhi did not believe in any dichotomy between man and society. The relationship between man and his fellow being was as much of love as of struggle, because an individual could be oppressed by and alienated from society just as an individual could become anti-social. We all chant two slogans of the French Revolution, *Liberty* and *Equality*, but we forget about the third, *Fraternity*. Practically little has been written on the third slogan. For Gandhi, it had to be all three on none because they added to one whole which determined the relations between man and society. Non-violence was man's greatest instrument for achieving fraternity or link between man and man, by which the social fabric was made.

Modern capitalism and communism jointly stand condemned, on the strength of the theories of Gandhi and young Marx, as engines of exploitation and as prime begetters of selfish materialism and alienation that were produced by the hard dichotomy between man and society. All the third world countries and their elites and eclectic models too have lost their legitimacy because of the perpetuation of privileges and poverty. We and the rest

of the world will have to search for those natural communities of which Gandhi spoke and which link man and society without exploitation. Gandhi can thus be best understood as a moral social scientist in unending search as much for objective social reality as for its moral framework. That is why all Gandhian concepts are relative. For example, I have counted at least twentytwo relative exceptions to the concept of non-violence which Gandhi himself has mentioned. Yet we all seem to make the mistake of absolutising it.

central concept

As a moral social scientist, Gandhi evolved Swadeshi as the most central concept and also the most relevant for nations struggling for independence and desiring a non-dependent model of development. Swadeshi was not defined by Gandhi in terms of narrow nationalism or merely in the context of boycott of the foreign goods as is often believed or seemed so to his contemporaries. It all began like that but was soon jettisoned. For him Swadeshi was a very high-degree of self-reliance at the individual, social and political levels. In his life time, Gandhi was criticized by many on the concept of Swadeshi but as a seeker of truth and a man living under the shadow of his own experience and tackling the problems of his poverty-stricken people, he produced in Swadeshi a remarkable conjunction of many ideas and possible actions.

Swadeshi for Gandhi at least meant three things. First, self-reliance of the basic units of the society, the village or other natural communities, where up to a point production was for use and not for exchange. Production for exchange entered in the next circle. The contact between one village and another and between the villages and the cities was established through the production for exchange which followed the dynamically established limits of production for use. The production-for-use aspect of Swadeshi was also designed against the domination of the villages by the cities. We know from our experience of the last thirty years that the gap between the villages and the cities has increased and has now become a serious bottleneck in the way of agri-

cultural as well as industrial development. This has happened despite the Green Revolution and introduction of capitalist agriculture.

The second meaning of Swadeshi was the extension of the same principle between India as a nation and other nations to avoid any exploitation either of India or by India. Gandhi was so much conscious of both.

The third meaning of Swadeshi is more significant to the world over now. Both the Marxist and the Keynesian models of growth, one from the supply side and the other from the demand side, are now dependent on the artificial multiplication of personal or collective wants. But it is disastrous for the world that one-half should live in gross poverty and the other half in equally gross affluence, based on the artificial stimulation of demands. A more disastrous aspect of the problem is that the ethos of affluent of the capitalist and the communist countries has gripped the minority elite of the poor countries. It has not only made them materially but also spiritually dependent upon others. It remains an enigma of modern times how a self-conscious power elite in search for economic independence ended up in producing models of economic dependence.

schizophrenic treatment

The elites' schizophrenic treatment of their own vision is what makes Swadeshi most relevant today. In his concept of Swadeshi there was no scope for the co-existence of poverty and riches or weaker and stronger sections. When taken to higher levels, Swadeshi meant that after everybody's basic needs have been satisfied, there should be some overall constraints on material demands so that the resources could be diverted towards the fulfilment of man's non-material needs.

The concepts of Swaraj and Swadeshi flow from one another so much so that the two have often been used coterminously. Originally, when Gandhi defined Swaraj, he included three elements in it: (a) Hindu-Muslim unity, (b) the removal of untouchability, and (c) Swadeshi. At that time Swadeshi was rather narrowly defined. It was limited to boycotting of foreign goods and protection of handicrafts and other small-scale industries

against the products of goods produced through imported machinery. This rather narrow definition of Swadeshi soon gave place to a much broader definition as mentioned earlier. So much so that it ultimately overtook even the concept of Swaraj. This significant development of conceptual relationship brings out another aspect of Swadeshi, mentioned earlier, namely, that concepts are not only correlative but can expand in scope beyond what the original correlation between them may have suggested. The combined force of Swaraj and Swadeshi laid the foundation of Gandhian economy.

most misunderstood

Gandhi is most misunderstood in his attitude towards economy and technology. He was neither a technophobe nor a technophile. It is often said that Gandhi was for everything small and against everything large. Consequently, we have started in the name of Gandhi such operationally useless or tautological concepts as *intermediate technology*, *appropriate technology*, *technology with human face* or *small is beautiful*. In fact, it is these kinds of misinterpretations that led many people to accuse him of some kind of agrarian primitivism. Technologies which displaced man from work without giving them an alternative employment or which alienated man from his work or which alienated man from man were unacceptable to Gandhi. This could apply to any technology. Gandhi was not ready to quarrel with the tools. But he also rejected the concept of neutrality of technology.

Anything that made man slave of machines, production processes or affluence went against the spirit of "personal" Swadeshi or "personal" self-reliance. This will require the elimination of the rat race for material benefits that has been going on in India among a small minority, while the masses have been kept in grinding poverty. Indeed, all this has brought India and her leaders face to face once again with the choices and the questions that Gandhi posed.

Gandhi was not a votary of the economies of scale just because scales meant reduction of economic costs. But surely, it will be ridiculous to say that he reject-

ed the economies of scale if it meant reduction of human drudgery and effort. Similarly, it is complete distortion of Gandhi to say that he stood against industrialisation — he had his own scheme of industries. But he certainly was totally opposed to the then prevailing spirit behind both Soviet and capitalist industrialism which had historically been hailed by many from Marx to Max Weber and by Nehru in our own country. Only the young Marx and the older and sadder Nehru seemed to realise the difference between the two.

That is why if one follows Gandhi's approach, one cannot decide in advance in favour of something big or small. One can see how big monstrous large organisations of today have reduced man to worse than a piece of machine, but from there one cannot jump to the conclusion that everything large is bad. For Gandhi, there is a whole continuum of technologies which will be acceptable if it satisfies the central core of his five-fold conceptual system as mentioned earlier. All other technologies would be rejected.

technology-qua-technology

Gandhi alone viewed, as if anticipating the current debate, the question of technology and its impact from our different angles: (1) technology and man's personal and spiritual needs, (2) technology and society, (3) technology and economy, and (4) technology qua-technology. Few before Gandhi even posed this last mentioned problem. But it was the social and the spiritual impacts of technology that mattered most to him.

It is not possible to dilate upon these aspects but nearly 70 years after what he had said, it is now being parroted by some of the modern economists. They are calling for the limits to growth in the midst of grinding poverty. For Gandhi it was not the limits to growth that was the central issue but the kind of growth. Gandhi is often being invoked by those who are for zero growth rate, but it will be vulgarisation of Gandhi's ideas to make such an invocation. He would advocate zero want-oriented growth but would not impose limits on need-oriented growth.

Gandhi not merely had an anti-

capitalist bias but was totally against capitalism as such and its very spirit. The communists called him as agent of the bourgeoisie, though what he was doing was to keep them alienated from the colonial power of which the merchant bourgeoisie was a natural partner. At numerous occasions and in many frank and subtle ways he attacked capitalism, but he did not totally denounce capitalism; for that matter he did not denounce communism either though he was opposed to both. It was so because if he had done that, he was obliged to present a complete alternative system, in the sense in which both capitalism and communism are. All his life, Gandhi was struggling in the direction of finding an alternative,

overall approach

Though he kept on searching for "the" alternative in the economic and political fields as he went along with his struggle and experience, he did develop an overall approach which was unique and internally consistent. When he was convinced of a solution or an alternative to a partial and specifically selected problem, he did not hesitate to put it forward both negatively and positively. Negatively against the existing system and structures and positively for what he wanted instead.

The aforementioned concepts also laid the basis for Gandhian polity of which few seem to have heard of. In retrospect, it seems that this was his cosmic message — the message of parallel polity, though it was painted with a rather very broad brush.

Gandhi was realistic enough to accept democracy in which parties competed for power. But this was not enough for him because this limited democracy could degenerate either into anarchism or into authoritarianism. He saw both possibilities emerging from the patchwork agglomeration that the Congress movement was. Gandhi like Marx was suspicious of the cosmetic merchants of the game of capitalist democracy but he was not prepared to throw the baby with the bath water, as the Marxists did and still threaten to do. He suggested the creation of institutions of parallel polity which would exist in the form of "oceanically" spread Panchayat system as an independent set

of institutions from those of parliamentary institutions. It was in this context that he insisted upon the economic self-reliance of the villages and other units participating in the Panchayat system because without an independent economic base there could be no parallel polity.

Gandhi minced no words in saying that no political experiment in India is likely to succeed under any constitution unless the institutions of direct participation of the people are also created. But the most important thing about these institutions is that they cannot be had for the asking and they will never be given as a gift by the power elite. Institutions of masses will have to be fought for and created by the masses through the weapons of non-violent struggle. Satyagraha plays the central role in it. One cannot deny that Satyagraha has been sufficiently missed in the past. But that is no reason to deny it as a "soul force" and the inevitable link between fundamental rights and fundamental duties.

This view of the polity also determined the limits of power. Gandhi was a very power-conscious man. He did not believe in power vacuum. But while his views of polity had a built-in decentralisation of power, along with a right amount of centralisation, for him power was also subject to many self-denying ordinances as to many parallel and balancing institutions. Essentially, power had to go along with the purpose of service. The power elite had to live at the level of the masses to justify and legitimise the holding of power. Gandhi's concept of power was totally opposed to capitalist or communist concepts of power. Gandhi was the lone super star who could have his cake and throw it away.

the dividing word

Where Gandhi and Marx meet or fail to meet must be clearly understood because such phrases as Christian Socialism, Islamic Socialism and Hindu Socialism are bandied about by lazy, cowardly, intellectuals and demagogic politicians. Gandhi was for integration and against eclecticism. Some people may genuinely believe in these kinds of mixtures because not merely do they find good points in both but also expect a working and desir-

able mix to emerge. For example, both believed in the withering away of the state. But just one word divides them apart — power. Gandhi could absorb atheism but not massive corruption and concentration of power as has been witnessed in all communist countries.

What is to be remembered today is that the central to the Gandhian system of thought and action is man's relentless struggle, without hatred, against the forces of exploitation and evil, including man's struggle against his baser self.

Gandhi's relevance

Whether Gandhi is relevant or not cannot be merely determined just because he happened to be an Indian and the leader of the Indian national movement, a saintly figure and one whom Indians considered as the most eminent. His relevance depends upon first conceptualising his ideas, putting them in the form of a structure and then testing them in actual experience. If the Gandhian concepts fail to satisfy these demands, then Gandhi has to be rejected and if they satisfy then he has to be brought back not as a god but as an action philosopher and as a guide that he always was.

From charlatans to saints, from rich to poor, from despots to crazy anarchists, from one race to another and how even from Marxists to liberals, many have started probing into the thoughts of Gandhi. If Gandhi is made to look relevant for everyone, then it will amount to making him totally irrelevant. Though in his concept of love and non-violence no one is excluded, it must also never be forgotten that the central to the Gandhian system of thought and action is man's struggle, without hatred, against the forces of exploitation and evil.

Therefore, the problem of making Gandhi relevant today is as much of analysing the ideas as of giving concrete shape to his practices. The professional Gandhians by ignoring the former have lost the purpose of the latter also. That is why today it is easier to be a Marxist, an anarchist, a socialist, a liberal and even a believer in total violence than be a Gandhian. May be it will take some more time before we learn the truth of all this but there is no escape from it.

Reserve Bank's negative move

In its anxiety to help the government in holding the price line, the Reserve Bank of India, according to the author, has made an unhelpful move by increasing the cash reserve ratio applicable to the scheduled commercial banks. The immobilisation of resources through this measure along with others initiated earlier might create monetary squeeze at the beginning of the current busy season leading to slowing down in the rate of industrial growth, fears the author.

THE LATEST decision of the monetary authorities to increase the cash reserve ratio applicable to the scheduled commercial banks from five per cent to six per cent, effective from November 13, 1976, is an indication of their anxiety to prevent unnecessary credit creation and expansion in money supply. There has already been an upward adjustment in the cash reserve ratio to five per cent from four per cent on September 4, 1976. Also, the lending institutions are struggling hard to comply with the new directive of the Reserve Bank relating to the use of refinance against procurement credit. This directive enjoins member banks to reduce the amount availed against refinance facilities to 50 per cent of the outstanding procurement credit in excess of Rs 1000 crores.

resources absorbed

This new arrangement has come into effect from the beginning of November. It has, however, not been possible for the scheduled commercial banks to observe the new formula as an unexpected rise in non-food credit in September-October and heavy borrowing by the central and state governments and public bodies have absorbed all lendable resources. There has actually been an increase in borrowing of these banks in the week-ended October 29, 1976 to Rs 917.86 crores from Rs 874.89 crores, at a time when they were expected to reduce these borrowings and comply with the new directive relating to refinance.

The cumulative effect of these developments will be to immobilise resources of banks of about Rs 525 crores, representing roughly 50 per cent of the extra additions to bank deposits since the beginning of this year as compared to the corresponding period in 1975. These develop-

ments at the beginning of the 1976-77 busy season bid fair to create an unprecedented squeeze in the money market and lending even for genuinely productive purposes may be found difficult if the Reserve Bank does not extend discretionary accommodation.

complicated situation

The situation may also get complicated if it became necessary also to expand procurement credit on a large scale. It is not known what will be the increase in food credit in the four months ending March 1977. It can be easily Rs 400 crores even if buffer stocks increased by only 3.5 million tonnes, against gross procurement of five million tonnes. The pace of procurement of rice has not yet gathered momentum, but the union minister for Agriculture, Mr Jagjivan Ram, has been repeatedly stating that the output of kharif crops may be equal to that of last season. In some quarters it is felt that it may be only marginally less if at all. But for the relaxation of restrictions on the movement of rice within larger zones and the opportunity afforded to consumers to purchase their requirements for longer periods than usual at reasonable prices, the quantity procured may have to be large. Any further sizable additions to buffer stocks will pose serious handling and storage problems.

The Food Corporation and other state agencies are already worried about the maintenance of existing stocks in proper condition and vigorous efforts are being made to move into consumption earlier stocks and keep cereals in good condition and prevent avoidable deterioration in storage.

These problems are of course the main concern of the handling agencies. The

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Sagittarius

banking system will experience unprecedented problems if it has to finance 50 per cent of fresh credit out of its own funds after adjusting excess borrowings and increasing its cash balances with Reserve Bank by over Rs 320 crores. There will also be the usual seasonal increase in demand for funds especially as it is anticipated that sugar production may rise by 500,000 tonnes before April as compared to the last crushing season. The increase in non-food credit was not abnormal until the middle of September this year and only in the fortnight ended October 7, there was a spurt of Rs 348 crores. What exactly were the factors responsible for this big rise have not been explained though it is surmised that interest charges had to be debited to various accounts at the end of September and there were also heavy purchases of raw jute, apart from an increase in imports of edible oils and raw cotton. The Reserve Bank should be in possession of the required data particularly as it has been insisting that there should be quarterly budgeting of disposable resources and the utmost care should be exercised in finding out how the loaned funds are utilised by borrowers.

demand deposits

The question is whether it will be correct to take an alarmist view of the increase in money supply in the current financial year up to now and also of the rise in the index of wholesale prices by 31 points. It is true that the growth in money supply has been at a rate which is more than double that of last year. But the content of the increase is due, to a large extent, to the increase in demand deposits of scheduled commercial banks and also the expansion of procurement credit. The rise in wholesale prices in recent months has no doubt wiped out the advantage of earlier net reduction in the indices and has even brought about a small rise as compared to the corresponding period in 1975. It is not, however, justifiable to compare the recent developments with those of 1972-74 as the galloping inflation in that period was due to shortage of agricul-

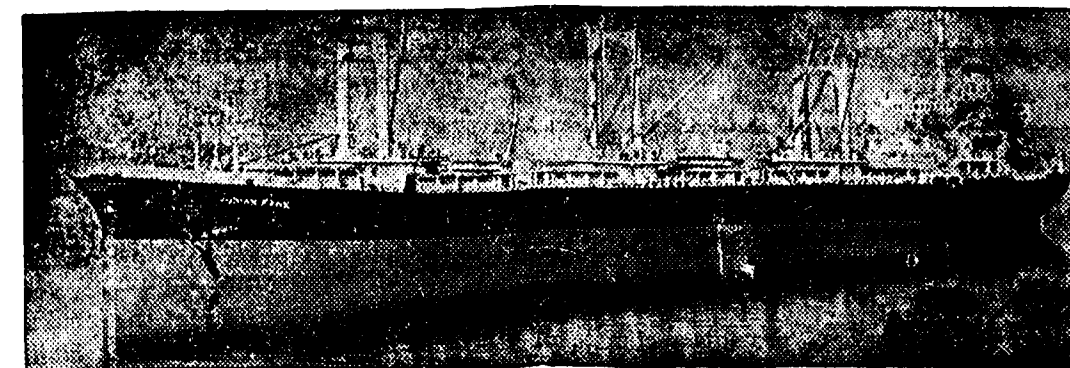
tural and industrial products, excessive deficit financing and a spectacular rise in bank credit. The growth in non-food credit in recent months is not on account of an unnecessary accumulation of inventories. There has been a build-up of stocks in steel, heavy chemicals and other industries in spite of larger exports as internal consumption has not increased to the point where additional production can be more than absorbed, resulting in a net reduction in earlier stocks. This is particularly true of steel, heavy chemical and tyre industries.

It will therefore be recognised that the policies now being adopted by the Reserve Bank are negative in character and may well have undesirable effects if for any reason credit has to be denied for productive purposes. The different banks are examining what are exactly the implications of the hike in the cash reserve ratio by two per cent and the strict enforcement of the new formula for refinance against procurement credit. There will of course be an impressive rise in deposits in the coming months especially as foreign balances have been regularly rising and exports are showing up well. But it can-

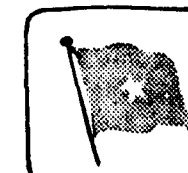
not be expected that the growth in these deposits will be more than Rs 1,500 crores in the six months ending April 1977. If refinance against procurement credit has to be availed of on the new basis there will have to be a reduction in borrowings by about Rs 200 crores. The increase in the cash reserve ratio will account for Rs 175 crores, taking into consideration also the fresh additions to deposits in a six-month period. As the statutory liquidity ratio will require fresh investments in government and approved securities to the extent of Rs 500 crores, there will be a balance of only Rs 625 crores left for extending credit to all classes of borrowers. In the last busy season the increase in aggregate advances was Rs 1802 crores. The growth in the current busy season may be of larger dimensions as sugar production is expected to increase substantially.

There will also have to be locking up of sizable funds in buffer stocks of jute while the marketing of raw cotton at higher prices may require a larger volume of credit. As the effect of a bigger rise in advances will be more acutely felt with the need for banks to provide 50 per cent of fresh food credit against the availability of full

refinance in the last season, the denial of credit for legitimate purposes may have the effect of heightening inflation and not controlling it. The Reserve Bank will therefore have to adopt a helpful policy and it will become clear by the middle of December what exactly will be the net additions to buffer stocks out of kharif food crops and what will be the requirements of industry and trade in the remaining months of the busy season. It may eventually be found far more advantageous to restrict credit on an industry and trade-wise basis by stipulating quotas for maintaining stocks of raw materials and imposing stiffer margins. Without a selective approach to outstanding issues and careful regulation of money flows in the desired directions any attempt to neutralise the growth in money supply by choking sluices which aid normally productive effort in pursuance of an arithmetical exercise can only result in the creation of more problems than it seeks to solve. It is necessary therefore to adopt an entirely different approach and allow credit expansion on the desired scale in a busy season which promises to be unusually busy with a concurrent rise in agricultural and industrial production.



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For a new world economic order

Roger Polgar

The author is resident representative of the United Nations Development Programme (UNDP) in India. In this review, Mr Polgar has assessed the various steps taken by the United Nations and its agencies to improve the level of living of the people in the developing countries. He has drawn pointed attention to the declaration adopted at a special session of the United Nations for the establishment of a new economic order "based on equity, sovereign equality, inter-dependence, common interest and cooperation among all states".

THESE DAYS you find the United Nations hitting the headlines of newspapers here and elsewhere almost every day. This is not without reason. The forums of the United Nations have become livelier with their changed complexion quantitatively and qualitatively. From the membership of a mere 51 at the time of signing the Charter in 1945, the United Nations has now 145 members, nearing its goal of universality.

In the past, many developing nations found the United Nations to be the handmaid of big powers in particular and the developed world generally, but today

sent situation and sees developments in proper historical perspective, it is easy to realise that it will be a transitional phase. The current phase may be riddled with hot exchanges resulting from bitter experiences of the past, on the part of developing nations, but it is to be hoped that it would not lead to an open confrontation. As the prime minister of India, Mrs Indira Gandhi, told the non-aligned summit in August this year, developing countries want international cooperation and it is as much the responsibility of developed countries as of the developing to avoid confrontation and

conditions of stability and well being are necessary for peaceful and friendly relations among nations. The Charter says that the duty of the United Nations is to promote: higher standards of living, full employment and conditions of economic and social progress and development; solutions of international economic, social, health and related problems; and international cultural and educational cooperation.

widening gap

The gap between the advanced countries and the developing countries is widening. However, for the first time in history, most nations now accept the idea that this glaring inequality must not continue, and that rich and poor nations should co-operate to improve the lives of all people. There is also growing realisation that the complex problems of energy and monetary imbalances, the growth of population that neutralises developmental benefits in developing countries particularly, food shortages and hazards of pollution on land, in sea and air, cannot be solved by individual countries alone, but that resources of nations must be pooled and shared equitably. Progress towards equitable distribution is slow, but events are bound to quicken the pace in the coming years.

The International Development Strategy evolved by the United Nations for the second development decade (1970-80) stipulated that an economically advanced country should endeavour to provide by 1975 annual financial resource transfer to developing countries to a minimum net amount of one per cent of its gross national product (GNP). Of this total, 70 per cent should be provided from official rather than private resources. The strategy also called for specific actions by governments of the developed countries to improve access to developing countries of world markets, to expand and diversify production, to improve the terms of loans

and spread the benefits of science and technology. It provides for the granting of preferences to imports of manufactured goods from developing countries.

Except for a small number of the developed countries notably Sweden, Norway and Denmark, the call of the United Nations has not been implemented so far. In April-May 1975 the General Assembly held the first special session devoted entirely to economic problems, specifically to the question of "raw materials and development."

The special session adopted a declaration in which members of the United Nations proclaimed their determination to work urgently for "the establishment of a new international economic order based on equity, sovereign equality, interdependence, common interest and co-operation among all states, irrespective of their economic and social systems, which shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerated economic and social development in peace and justice for the present and future generations". It called for action to ensure and increase all available essential food production inputs in developing countries, including fertilisers, obtained from developed countries on favourable terms, and efforts to promote exports of food products of developing states through just and equitable arrangements by progressive elimination of protective and other measures that constitute unfair competition.

special programme

As a part of the Action Plan, the United Nations launched a special programme and a special fund to provide emergency relief and development assistance to developing countries most seriously affected by economic crises. The programme is to continue as long as necessary, at least until the end of the Second United Nations Development Decade (1980). A one-year United Nations Emergency Operations mobilised over \$ 225 million to aid more than 30 hardest-hit countries by the end of 1975. India has also received assistance from this emergency fund.

Again, the United Nations General

Assembly evolved a Charter of Economic Rights and Duties of States in December 1974. The Charter says that every state has the right to freely exercise full permanent sovereignty over its wealth and natural resources, to regulate foreign investments within the natural jurisdiction and to nationalise, expropriate or transfer the ownership of foreign property. Appropriate compensation should be paid in cases of nationalisation.

While one has perhaps to wait for some years, if not decades, to persuade rich countries to agree to equitable distribution of world's resources, the United Nations Development Programme (UNDP) in cooperation with executing agencies is taking energetic steps to promote technical cooperation among developing countries themselves (TCDC) in pursuance of the resolution adopted by the General Assembly in 1974. As the new UNDP administrator, Mr Bradford Morse, has pointed out, many have overlooked "the very remarkable progress so many of the developing countries have made in the last years". India is one of the outstanding examples in this sphere.

TCDC's role

The General Assembly recognises the key role UNDP has to play in bringing about the new international economic order and TCDC, as one of its new dimensions, has been widely encouraged. Following the establishment of a special division at the headquarters for the purpose, UNDP is establishing an Information Referral System under which a register will be maintained outlining the relevant technology, expertise, know-how, equipment and consultancy services available in each developing country. After a series of regional meetings, UNDP is convening an inter-governmental conference early next year in Argentina to draw up a plan of action to accelerate technical cooperation among developing countries.

India has been engaged in technical cooperation with some countries in Asia and Africa. Under the auspices of UNDP alone, 537 Indian experts in various fields of development activities worked in other developing countries in 1975. India ranked first among developing countries and fourth among all in 1975 in the supply of international experts to UNDP. In other

UN agencies such as the World Health Organisation, International Labour Organisation and the United Nations Children's Fund, India and other developing nations have provided experts in specific disciplines. There are also experts from developing countries in the International Telecommunication Union, World Meteorological Organisation and the International Atomic Energy Agency. Some of the Indian training institutions can serve as regional training centres. In fact the Central Water and Power Research Station near Poona which has received considerable assistance from UNDP, has been declared a regional centre by the Economic and Social Commission for Asia and the Pacific.

international conferences

The United Nations took the initiative to convene a series of international conferences on vital problems confronting humanity. First among them was the Human Environment Conference at Stockholm in 1972 which the prime minister of India attended and elucidated the link between poverty, development and environment. A United Nations Environment Programme (UNEP) has been established at Nairobi and India has been called upon to play its due role in it. This was followed by the World Population Conference at Bucharest in 1974 and a United Nations Fund for Population Activities has been established with UNDP Administrator overseeing its operations. India will receive \$40 million between 1974 and 1979 for regulating population growth and improving the health standards generally to support the drive launched by the Indian government. The World Food Conference at Rome in 1974 initiated efforts to improve food stocks and food production, but unfortunately, the one billion dollar fund proposed is still short of \$40 million to start operating. The fund will be of great help to developing countries in future. The International Women's Conference in Mexico city in 1975 aimed at improving the status of women and ending discrimination of sex. Other notable international conferences were on the law of the sea, peaceful uses of atomic energy and of outer space and the prevention of crime and treatment of offenders.

WINDOW ON THE WORLD

some of the big powers are themselves bitterly complaining about what they describe as the tyranny of the majority of Third World. The fact of the matter is that the developing nations whose voice was choked for long, have come into their own politically, the United Nations having enabled them to shake off their colonial yoke and speak out freely and frankly at the international forums. Being friends in distress, the developing countries seek to present a united front on many vital economic problems which is indeed a new spectacle.

If one realises the realities of the pre-

promote a climate of reconciliation and compromise to resolve outstanding problems.

What is however the most noticeable change in the United Nations is its increasing accent on economic problems, especially those affecting adversely developing countries. This development again should be regarded as the logical sequence of what has happened in the United Nations and outside in the last 30 years. Political freedom becomes meaningful only when there is progress towards economic and social emancipation. Article 55 of the Charter itself points out that

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Interview : Richard N. Cooper

Developed countries should encourage LDC exports

All developed countries should adopt policies that will encourage the developing countries to export the goods that they can produce competitively; this is the view of a prominent US economist, Professor Richard N. Cooper, who was recently interviewed in Washington. "I would not narrowly subscribe to the slogan 'Trade, Not Aid'", Dr Cooper said, "because I believe some external assistance is desirable... however, the donor-recipient relationship over the past 20 years has shown this is intrinsically a difficult one for both parties, and there is large scope for encouraging developing countries to rely more on their own export earnings wherever this can be done." Dr Cooper is a professor of International Economics at Yale University, and a former Deputy Assistant Secretary of State for International Monetary Affairs. Following are excerpts from the interview.

Q. The Fourth United Nations Conference on Trade and Development (UNCTAD-IV) last May passed a resolution that urged a greater concentration of external assistance on the needs of the poorer developing countries. Do you consider that an appropriate emphasis?

A. I do, but with some reinterpretation. A substantial part of US aid has gone to countries that are on the very poor end of the spectrum. Some further reorientation of the American aid programme would be helpful, but this should be towards meeting basic human needs of the poor, rather than just to the poorest countries. That is, programmes should be designed to reduce poverty in many countries, not just the poorest, and they should be specifically aimed at helping the poor—programmes that would raise literacy and improve nutrition, sanitation, and health conditions.

The poorer peoples in all these countries should have opportunities to improve themselves, not just the poor people in the poorest developing countries.

The foreign aid available to a developing country is only one element—and not the main component—of its economic development strategy. But even taking this into account, I believe more should be done to meet basic human needs, in aid policies and otherwise. One approach to this, for example, would be to improve

nutrition by raising agricultural output. Here the United States and other developed countries have a lot to contribute in the way of technical know-how.

Q. How important is trade liberalisation in the developed countries as a stimulus to economic development in the poorer countries?

A. I would not narrowly subscribe to the slogan "Trade, Not Aid", because I believe some external assistance is desirable, particularly in the areas I suggest. However, the donor-recipient relationship over the past twenty years has shown this is intrinsically a difficult one for both parties, and there is large scope for encouraging developing countries to rely more on their own export earnings wherever this can be done. This is more dignified for both participants and it's mutually beneficial for them. All developed countries should adopt policies that will encourage the developing countries to export the goods that they can produce competitively.

Q. Is it politically feasible for developed countries to lower their import barriers against these products, in view of the fact that they tend to be labour intensive articles often produced in relatively depressed communities in the United States?

A. Developing countries, as a group, have done well in increasing their exports

of manufactured products to the industrial countries, especially the United States. There has been some resistance to this, especially from certain industries and workers that considered themselves threatened by these expanding imports. But despite this, exports of manufactured goods from developing countries to the United States grew at an annual average rate of 16 per cent over the period 1960 to 1972. That was a very impressive increase—especially since it was steady for a dozen years.

The United States and other developed countries are just now emerging from the deepest recession since the 1930's. Understandably, during a period when unemployment rates have been high, organised labour around the world has been concerned about economic policies that might entail the loss of jobs. But when you talk about trade policy; you should think about a longer time frame—about policies that will affect the structure of production and world trade over the next two decades. Within this context, it is incumbent on developed countries to maintain a steady growth in their internal demand—that is, to maintain full employment. And this will strongly benefit developing countries. When the economy works at full capacity, workers generally find jobs and are less concerned about the development of new sources of competition.

The experience of Japan shows the advantages of flexible economic policies. Japan has been effective in identifying its own growth sectors, and shifting its resources into these, away from those sectors in which import competition is rising. We still think of Japan as an important exporter of textiles, but in fact Japan is being overtaken here by a number of other countries. The Japanese aren't likely to move out of this industry altogether, but they account for a decreasing share of the world's supply of fabrics and clothing. These days, they find it pays

more to develop exports of capital intensive products. This policy helps developing-country exporters of textiles—and Japanese consumers.

Q. Do you think the adjustment assistance provisions of the US Trade Act of 1974 will make it easier for the United States to follow a liberal trade policy?

A. Yes. These provisions are quite generous. Under this authority, workers dislocated by a surge of imports can receive substantial assistance to help them adjust—assistance to facilitate their retraining and relocation, so that they can move from communities in which manufacturing activity is declining to those in which it is rising. Adversely affected firms and communities can also receive assistance.

But in fact, although developing countries often emphasise the need for the United States and other developed countries to liberalise their import regimes, this is not necessarily a key to their own trade expansion. Some of these countries are already doing quite well here—and virtually all of them could organise their economies in such a way as to improve their export performance, with or without changes in commercial policy by importing countries.

However, the US Trade Act does give the American President adequate authority to reduce US tariffs and to negotiate reductions or changes in non-tariff barriers in the trade negotiations now under way in Geneva.

Q. What kinds of trade concessions do you believe would be particularly beneficial to the developing countries?

A. The most important commitment, more important than any specific reductions in tariff or non-tariff barriers, would be firm assurance that importing countries will avoid retrogression in their trade policies—that is, will avoid undue resort to so-called “safeguards” that might block the developing nations’ export expansion in areas where their economies are relatively efficient. The United States favours the adoption of new and stronger “multilateral safeguard arrangements” in the Geneva negotiations, and this could ensure that the major markets of the world would not suddenly and arbitrarily close their gates to growing trade with developing countries. I hope the developing

countries will put great weight on this aspect of the negotiations.

Q. Do you mean the new multilateral safeguard arrangements should contain explicit provision to exempt imports from developing countries?

A. No, I would not favour that approach. The proliferation of special treatment to certain groups of countries creates difficulties in administration—ambiguities, confusion, and inefficiency. I would prefer to stick with general policies that will benefit developing countries without singling them out for special treatment.

I think the new multilateral safeguard arrangements should require great restraint in the imposition of new import restrictions, especially with respect to changes in trade patterns that appear to reflect longer-term trends. And wherever such restraints are applied, there should be international surveillance to ensure that they are limited and temporary—to see that they continue to be justified. In my view, the developed countries should seek to maintain full employment, and they should implement generous adjustment assistance provisions to resolve economic dislocations resulting from increased imports. This should solve more of their trade-related problems. Limited safeguards—only under the conditions I have suggested—should be turned to only as a last resort. Under these circumstances, I would not see any need to discriminate or make exceptions in favour of the developing countries.

Q. Do you consider that the developing countries have a special interest in other aspects of the negotiations?

A. I think they stand to gain very significant benefits from over-all reductions in tariff and non-tariff barriers—especially if good multilateral safeguard arrangements are also negotiated. An across-the-board reduction in tariffs would be very helpful. Such a formula for reducing tariffs would reduce the degree of tariff “escalation” in all developed countries—the tendency to levy higher duties on manufactured and processed goods than on raw materials, which has encouraged the location of processing industries in consuming countries rather than in the countries that produce raw materials. One can cite some very striking cases to illustrate the point, as when oil-crushing

plants are operated in industrial countries to process imported oilseeds or copra. It doesn’t take more than a five or ten per cent tariff on imported vegetable oil, compared with a zero tariff on the seed or copra, to make such plants pay and to reduce the economic advantage for the seed-exporting country in developing such plants.

Also, I think developing countries would gain from a general world-wide relaxation of non-tariff barriers to trade, through agreements dealing with such matters as government procurement practices, product standards, and labeling.

Q. How do you think the United States should respond to some of the other proposals of developing countries—demands such as a debt moratorium, increased technology transfer, and a common fund to finance buffer stocks for a number of commodity arrangements?

A. I favour a middle-of-the-road position—reflecting patience and forbearance. To put it bluntly, some of the specific proposals that have been put forward are ridiculous, but others have considerable economic merit. I think we should discuss the technical details of these various proposals with representatives of the developing countries, and examine their feasibility, workability, and effectiveness in achieving shared objectives. Close examination, in my view, would reveal that many of these proposals would not advance their own stated objectives. We should deflate the high rhetoric by approaching each proposal on its merits, making counter-proposals where appropriate. We should strive for a lower polemical tone and a higher technical content in the dialogue, all in a generally cooperative spirit.

There are appropriate forums for analysing most of these issues. Barriers to international trade are being considered in the trade negotiations in Geneva under the aegis of the GATT—the General Agreement on Tariffs and Trade.

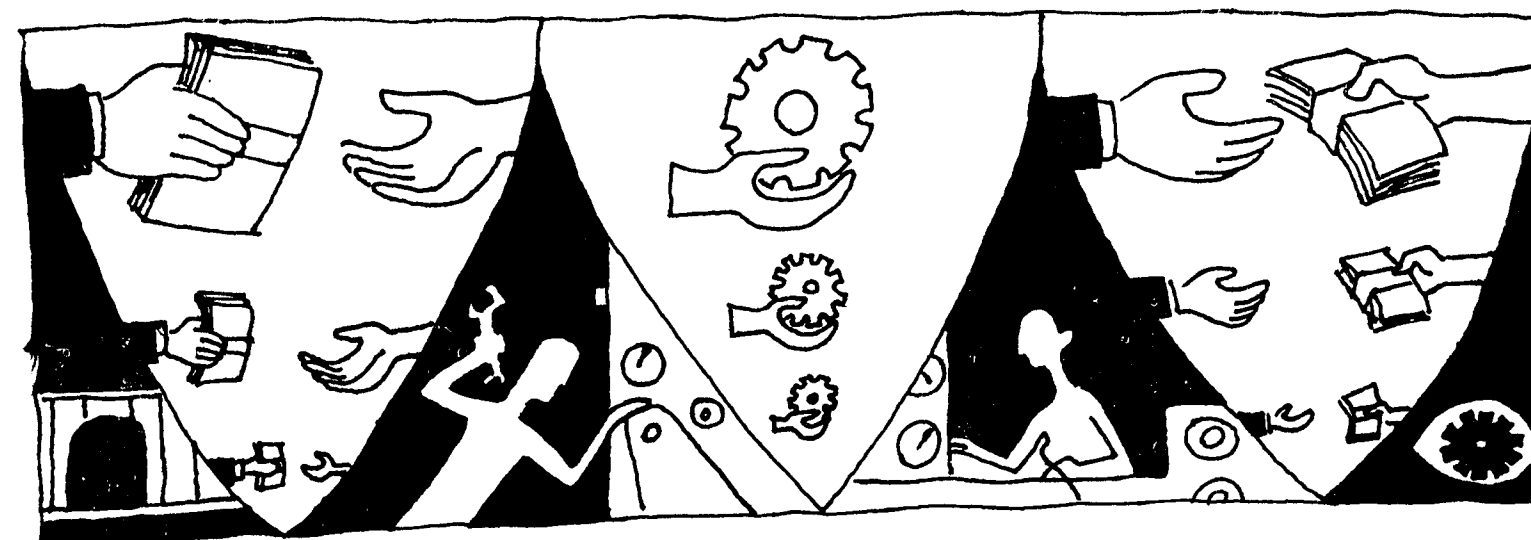
The International Monetary Fund and the World Bank are the best equipped institutions to consider international financial questions. The notion of the “transfer of technology” needs more careful definition: We need to know just what this phrase means, and how to deal with the concepts it involves, before addressing the policy it implies.

Courtesy: *USIS*

NOVEMBER 19, 1976

An Eastern Economist Feature

State Financial Corporations



Challenges facing the SFCs

S. P. Chopra

THE TWO-DAY conference of the State Financial Corporations (SFCs) held last month at Srinagar threw up a number of ticklish problems for careful consideration, the most important being the mounting arrears of loans which were threatening to disturb the smooth working of these institutions.

Five SFCs suffered from this malady in a chronic form. They were Assam with arrears as high as 34.5 per cent, followed by Tamil Nadu Industrial Investment Corporation (23.4 per cent), Uttar Pradesh (19.5 per cent), Gujarat (17.0 per cent) and West Bengal (16.4 per cent). In all these cases the percentage outstandings were higher than the average percentage arrears for all the SFCs.

The remaining 13 SFCs had a better record in this regard, the best being that of the Punjab SFC with outstanding arrears at no more than 4.3 per cent of the loans advanced.

The magnitude of the problem may be gauged from the fact that the total arrears for all the SFCs taken together

rose from Rs 38.18 crores in 1973-74 to Rs 46.75 crores in 1974-75 and further to Rs 65.70 crores in 1975-76. What was more, a large proportion of the overdues were for periods exceeding two years indicating that the disease was deep-seated and that it required high-powered surgery for a cure.

The civil procedure codes which were followed by the courts in the recovery proceedings made matters worse because the cases took too long to be disposed of. That was why the spokesmen of the SFCs at Srinagar had pleaded with the government that measures should be devised for speedy recovery of loans. Without drastic legal remedies, the malady was likely to spread instead of being brought under control. It was therefore suggested that till the SFC Act was suitably amended—and Mr Pranab Mukherjee, the union minister of state for Finance, did say that the government was not averse to changes which would improve the working of the SFCs—the state governments should pass

the necessary legislation so that the arrears of the state financial corporations may be realised in the same way as land revenue.

In all, the representatives of the SFCs are reported to have proposed no less than 16 amendments in the SFCs Act covering a wide range of issues. For example, the corporations are keen to extend the area of their operations by including certain institutions which at present are not eligible for assistance. Then there is the problem of raising additional funds so as to be able to assist increasing number of establishments. It is conceded that not all the SFCs have complained of the paucity of funds but those which have faced this problem should be helped out. Then, the limit of Rs 30 lakhs seems to be rather low in view of the recent rising cost of machinery and equipment. Some SFCs have suggested that it should be raised to Rs 50 lakhs at least if the medium-sized industrial units are to receive adequate assistance for successful working of the plants.

By and large, the SFCs have been able to assist the small-scale industries only. But the problems of this sector of industry are not only peculiar but they are also of a variegated character. Either the goods produced are not of acceptable quality or the units have no knowledge of marketing techniques. In many branches of small-scale industry, the shortage of raw materials has been an inhibiting factor though for the past one year such a complaint has been on the wane.

A new development which has been noted in recent years is the entry of commercial banks in providing term loans to industrial units. This introduced an element of competition especially because the time taken by a bank in sanctioning the loan is far less than that taken by the SFC. And the number of units assisted by the commercial banks runs into lakhs. Surely there is need for coordination in the operation of the SFCs and the commercial banks so as to avoid unnecessary competition.

Assisting the small man

In an exclusive, recent interview with S.P. Chopra, Acting Editor, *Eastern Economist*, Mr Kaushal Kumar, IAS, managing director of Delhi Financial Corporation (DFC), stated that the corporation had disbursed funds to 1146 units valued at Rs 13.69 crores since its inception. The corporation was a relatively new organisation as it would be completing its first 10 years some time next year. While the DFC had not so far felt any limitation in regard to financial resources, it had found it difficult to cope with the flood of applications for assistance. The corporation had recently drawn up schemes to assist tiny units needing financial help ranging between Rs 10,000 and Rs 50,000. Since the DFC believed in thorough and detailed examination of each proposal, its officers acquired a sense of involvement and participation which in a majority of cases resulted in a healthy working of the project.

Q. Mr Kaushal Kumar, Delhi Financial Corporation (DFC) will be completing its first 10 years some time next year. During this period, what has been the total impact of this Corporation on small and medium-scale industry in Delhi and Chandigarh both in terms of effective sanctions and disbursements?

A. I shall first give you the extent of achievement recorded by DFC in the nine years ending March, 1976. The cumulative effective sanctions in the nine-year period under reference were valued at Rs 17.27 crores while cumulative disbursements were of the order of Rs 12.70 crores. I may state that during this period nearly 1,000 enterprises were advanced funds for acquiring fixed assets. In 1975-76 alone, sanctions valued at Rs 3.61 crores were made to as many as 200 entrepreneurs. According to data till the middle of the current

year i.e. 1976-77, cumulative sanctions to 1146 units had risen to Rs 19.14 crores while disbursements were of the order of Rs 13.69 crores.

Q. Is there any constraint on the availability of resources?

A. In my opinion, the constraint is not really in terms of resources but on our capacity to cope with the increasing inflow of applications. As you are aware, we have four major sources of funds available to us. In the first place, there is the IDBI which makes re-finance available to us. This is supplemented by market borrowings by the DFC and in case of additional requirements, this Corporation takes recourse to *ad hoc* borrowings from the Reserve Bank of India. Lastly, there is a regular inflow of funds from repayments of old loans with interest.

Q. The DFC, I learn, has

assisted by and large the small-scale industries only. Will you kindly list the types of industries which have received financial assistance from you?

A. The industries which have been helped by DFC are nume-



Mr Kaushal Kumar

rous but broadly the following groups have shared bulk of the financial assistance—Food processing, auto parts, light engineering, printing, plastics and chemical industries.

Q. Do you have any special scheme to assist technician entrepreneurs?

A. Yes; we have a special scheme for helping technically qualified persons who wish to set up industries in Delhi and Chandigarh. The assistance under this scheme is limited to three lakhs of rupees in the case of groups of persons. This is meant for the acquisition of land, construction of factory building and purchase of plant and machinery. In special

cases, assistance for working capital is also provided.

An entrepreneur having an engineering degree, diploma or equivalent qualification is eligible for getting assistance under the scheme. The initial margin is fixed at 10 per cent but it may be reduced depending on the merit of each case. The rate of interest charged is 11 per cent per annum with one per cent rebate for prompt payments of principal and interest and IDBI refinance. The period of repayment ranges between 5 and 12 years depending on the profitability of a project.

Q. During the last one and a half years, weaker sections of society have been receiving liberal assistance from official agencies. Do you have a special scheme for providing assistance for the establishment of units by people with small means?

A. The DFC has drawn up a special scheme for helping entrepreneurs and technicians to set up tiny units with little capital of their own. This scheme provides assistance between Rs 10,000 and Rs 50,000. The age of the entrepreneur should not normally exceed 35 years. The assistance is provided for the acquisition of plant, machinery and equipment as well as margin money for working capital. The margin in this case is only five per cent. The rate of interest is fixed at 10 per cent per annum with one per cent rebate on prompt payment of principal and interest. Thus the effective

rate of interest works out to be nine per cent which is the cheapest rate at which funds can be borrowed. Incidentally, the bank rate is also nine per cent. The period of repayment is fixed in the range 7-10 years depending on the profitability of the project. The DFC has understanding with commercial banks for arranging working capital also for these small units at concessional rates of interest.

Q. Is your corporation in a position to provide foreign exchange loans? If so, under what conditions are such credits made available to entrepreneurs?

A. The International Development Association (IDA) and more recently the World Bank has provided credit in various currencies to the government of India which is re-lent to the Industrial Development Bank of India (IDBI). Our Corpora-

tion receives these foreign exchange credits through the IDBI. We make these credits available either to new industrial projects or to old units for extension, diversification, modernisation and renovation of the existing units. The value of credit ranges between Rs 20,000 and Rs 30 lakhs. The rate of interest is fixed at 12½ per cent per annum with one per cent rebate for prompt payment in the case of small-scale units and technician entrepreneurs. For medium size units, the rate of interest is fixed at 13½ per cent with 1½ per cent rebate for prompt payment.

Q. Is it true that your Corporation takes four to six months in finalising a credit? Do you think this much time is necessary for disposing of an application?

A. On the basis of my per-

sonal experience, I can say that a thorough and detailed examination of a proposal from various angles is a time-consuming process. Our corporation takes every possible precaution while making an advance to an industrial unit. This is beneficial both for the corporation and the enterprise because many a pitfalls are avoided. We have a sense of involvement and participation with the units which we assist. Applications from technician entrepreneurs and those under the special scheme for tiny units are given priority and disposed of in two to three months' time. In some cases considerable delay is caused because the applications do not furnish complete information required for processing the case.

Q. In the coming years, what part will DFC play in the

industrialisation of Delhi and Chandigarh?

A. With experience gained over a decade, the DFC can look forward to a bright future in the sense that its pace of operations will not only get quickened but also enlarged in the coming years. We have a sound and strong financial base. The defaults in payment range between eight and nine per cent of the total advances. By any standard, the DFC has a brilliant record of performance and in the coming years it is bound to improve itself. Its gross profit which was Rs 9.67 lakhs in 1967-68 multiplied ten times to Rs 97.45 lakhs in 1975-76. Net profit did still better; it rose from Rs 3.24 lakhs in 1967-68 to Rs 42.53 lakhs in 1975-76. We also propose to launch in the near future some new schemes for the weaker strata of society.

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The Corporation has so far sanctioned financial assistance aggregating Rs 272.95 lakhs to 254 industrial units which include amount of Rs 236.53 lakhs to 245 small scale units and it has disbursed amounts aggregating Rs 189.49 lakhs to 216 industrial units which include Rs 157.52 lakhs to 208 small scale units.

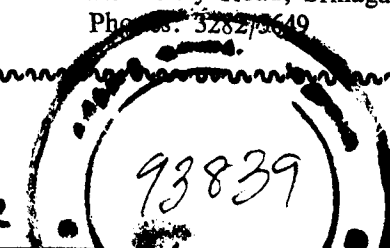
The sanctions and disbursements for the year 1975-76 amounted to Rs 313.45 lakhs and Rs 252.86 lakhs which were higher than the previous years figures by 45.8% and 36.8% respectively. The profit for the year 1975-76 was higher by 62.3% than that of the earlier year.

For details please contact Corporation's offices at following addresses:—

JAMMU OFFICE
P.W.D. Buildings,
Nehru Market,
Jammu. Phones: 8302/8951

SRINAGAR OFFICE
P.W.D. Buildings,
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Improving working of state financial corporations

D. K. Kotia*

AS PRIVATE sources (including commercial banks) could not provide sufficient finance to industries, immediately after independence the government came forward and the Industrial Finance Corporation (IFC) was set up under a separate Act in 1948 to provide finance facilities for industrial development. But this corporation was not able to cover all types of demands as its dealings were statutorily restricted to public limited companies and co-operative societies. In fact, the IFC was established to provide facilities to large-scale industries. Further, it was also very difficult to cover the whole nation by one institution. It was, therefore, decided to establish separate term-lending institutions at each state level to cater for the needs of small and medium-sized industries. Accordingly, the State Financial Corporations Act was passed by Parliament in 1951 as an enabling measure for the establishment of state financial corporations (SFCs). At present there are 18 SFCs.

Loan Assistance

The SFCs provide assistance mainly in the form of loans. They grant loan to new as well as existing undertakings without considering the nature of ownership of industrial unit. They provide loans upto Rs 10 lakhs but in the case of a public limited company or a registered cooperative society the maximum limit is Rs 30 lakhs. The corporations under the SFCs

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are prohibited from granting loans to industrial units whose share capital and reserves exceed a crore of rupees.

The SFCs have done magnificent work in certain fields but according to some people their performance has not been satisfactory and they have not been able to fulfil the objectives for which they were established. There exists a wide gap between the demand and supply of finance for industrial development and, therefore, there is considerable scope for improvement in their operations. They have to develop them on a more sound basis and a proper balance in their operations and activities is necessary.

Problems and Limitations

Also, the SFCs have their own problems and limitations. While it is necessary on the part of the SFCs to formulate proper plans and establish effective control, it is equally important to remove difficulties facing them. With this end in view some suggestions to improve their working have been made which emerge from a study of the working of the SFCs.

Apart from the SFCs, many other financial institutions are engaged in providing financial facilities to industries such as the Industrial Finance Corporation of India (IFC), National Industrial Development Corporation (NIDC), National Small Industries Corporation (NSIC), State Industrial Development Corporation (SIDC), State Small-Scale Industries Corporation (SSIC), State Bank of

India (SBI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Development Bank of India (IDBI), etc. The main objective of all these institutions is the same, i.e. to provide financial facilities for industrial development. As no clear line of demarcation can be drawn regarding the fields of operations of these institutions, there always remains a possibility of overlapping and duplication of the operations. This has given rise to the problem of co-ordination between the activities of these institutions.

The co-ordination between the SFCs and other agencies in providing finance to business

concerns can be brought about in the following manner:

(i) Industrial units whose requirements exceed the statutory limit of advances (which an SFC may give) may be financed jointly by the IFC and the ICICI. The SFC may act as agent of IFC/ICICI to the extent of the additional loan (this is permissible under Section 25 (i) (d) of the SFCs Act) and accept a *pari passu* charge on the security which may continue to be supervised by it. This will benefit all the parties concerned.

(ii) Where a concern requires assistance both in foreign currency and in rupees, the former may be provided by

FC/ICICI depending upon the form of organisation of the concern; the SFC may provide the rupee loan, both agencies having *pari passu* charge on the securities.

(iii) Although the NSIC has many activities to carry on yet it concentrates itself only on providing machines on hire-purchase. The SFC also provides finance for machines. As the NSIC renders service on easy terms and also provides the facility of foreign exchange for importing machines, it affects the business of the SFCs. Therefore, it is suggested, that the NSIC should concentrate all its energies and resources on promotional activities which hold great promise and give up its hire-purchase business which the SFCs should take up. The NSIC, as a promotional body, should act as an agent of the SFCs for the procurement of

machines wherever borrowers want such services, and also as the clearing house for information regarding availability, price, performance, etc. of different types of machines.

(iv) Similarly, the SSICs and the SIDCs cover a wide field of activities covered by the SFCs; so there is overlapping. The role of the SIDCs should be limited only up to the promotional activities such as formulating, executing and running of projects which are necessary to fill the gaps in the industrial structure of the states.

(v) Commercial banks and the SFCs may jointly finance an industrial concern against composite security, for acquiring block assets as well as for working capital purposes.

(vi) There is also scope for commercial banks to act as agents of the SFC where the latter has no branches. Apart

from being mutually beneficial, it will increase the scope of business of the corporation and publicise its activities in mofussil areas.

(vii) In order to achieve co-ordination among these institutions it is also suggested that the representatives of these institutions should meet at regular intervals to discuss matters of common interest.

The main hindrance in the steady progress of the SFCs is the lack of financial resources. It is necessary to raise more funds by searching for new sources. For this, the following suggestions may be considered:

(1) The government should come forward to supplement the sources of the SFCs through its aid. Unlike the ICICI, as also the Agricultural Refinance Corporation, and to some extent the IDBI, the resources of the SFCs have not been

supplemented by funds obtained from the government on concessional terms.

(2) At present, the deposits from public constitute an insignificant part in the funds of the SFCs. The raising of funds by way of deposits avoids the considerable overhead expenses associated with bond issues. The acceptance of deposits ensures a steady flow of funds, rather than an occasional one that takes place in the case of bonds. Also, as deposits are repayable on different dates, the SFC does not have to find funds for redemption in one lot as in the case of bonds. So it is necessary to increase the amount of deposits by the SFCs in order to supplement their other regular sources of funds. Following steps are suggested to increase the sources of funds by way of deposits by the SFCs:

(i) Adequate publicity, con-

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vassing and local patronage may be helpful to attract reasonable amounts of deposits. Local bodies such as municipalities may also be encouraged to keep their surplus funds on deposit with the corporations. In fact, it is necessary to convey the voice of the corporation regarding deposit to every man. People generally do not know that the SFC also accepts deposits. The SFCs may collectively undertake an intensive all-India campaign to advertise their policy regarding deposits by disclosing the fact that the deposits of the persons in the SFCs are guaranteed by the state government in regard to the payment of principal amount and interest thereon.

(ii) One of the difficulties with the SFCs in raising funds by way of deposits is that the depositors such as commercial banks, cannot take advances

against their deposit receipts. To remove this difficulty, it is suggested that deposit receipts issued by the SFCs should be made assignable to third parties. Depositors needing advances could then assign these receipts to banks, etc. To encourage the public to keep deposits with the SFCs, assignment of deposit receipts may be exempted from stamp duty.

(iii) At present, the SFC can accept deposits only up to the amount of its paid-up capital. To help meet a high demand on the resources of the SFCs, it may be desirable to permit them to receive deposits up to twice, rather than only equal to the paid-up capital.

(iv) The SFC may also get deposits from the concern to whom it has provided loan facilities. It is easy because these concerns remain in direct

contact with the corporation and it is in the best position to request them and press them to invest their surplus money as deposits in the corporation.

The SFCs should be allowed to participate in equity financing. Although equity financing is the most appropriate in the case of a new enterprise (as unlike a loan, it imposes no repayment or interest burden in the initial stages) yet the SFCs cannot be expected to provide equity finance to new ventures because of the risk involved and should proceed cautiously. It will, therefore, be desirable for them to make a beginning by participating in equities of enterprises which have already become seasoned and with which they have had satisfactory dealings as lenders for a fairly long time. If the SFCs participate in the equity capital, they will be able to

share in the profits of growing enterprises. After acquiring sufficient experience, the SFCs could later consider undertaking equity financing in respect of new ventures to fulfil their role of development banks.

The SFCs perform a special type of work. They are not ordinary business institutions. Their main objective is not to earn profit but to render financial assistance for industrial development. In many cases, they do not earn profit from their business operations. For example, in backward districts, they do not earn profit but still they do work in those districts. Therefore, it is suggested that the SFCs should be given some financial concessions to enable them to perform their work more efficiently. They may be considered for the following financial concessions:

(i) The SFCs have received

none of the concessions such as the development rebate or tax holiday given to industrial concerns. The corporations have also not received any loan etc. from the government on nil or low rate of interest as some development banks in foreign countries get from their governments. While the SFCs have received no such assistance, their statute has compelled them to pay dividend on their shares right from the day they commenced business and received the shareholders' money. Therefore, they had to take subvention from the state governments for paying minimum guaranteed dividend. It is suggested that subvention liability of the SFCs payable to the state governments should be written off or converted into special capital bearing no dividend obligation.

Reserve Fund

(ii) Section 35(A) of the SFCs Act permits the RBI and the state government to forego their share of dividend. This foregone dividend is used to make a special Reserve Fund. But the total amount in this fund shall at no time exceed ten per cent of the paid-up share capital of the SFC. Many SFCs have almost reached this limit. Therefore, it is suggested that this limit should be raised.

(iii) The SFCs are allowed to transfer to a Special Reserve Account a sum not exceeding 25 per cent of the profits of each year, the amount so transferred being eligible for income-tax concession in terms of Section 36(1)(viii) of the Income-Tax Act. It is suggested for strengthening the resources of the corporations that this limit should be raised.

(iv) It is suggested that bonds

issued by the SFCs should be exempted from stamp duty.

A large share of the financial assistance (given by the SFCs) has gone only to a few districts. The imbalanced distribution of financial assistance is making poor districts poorer and rich districts richer. It is essential to remove this regional imbalance in order to develop the backward regions. Following suggestions are made to remove this regional imbalance:

More Concessions

(i) More concessions should be provided (in regard to rate of interest, security, margin, repayment, etc.) to industries in the backward areas. (ii) A special fund should be created for providing assistance in these regions. It may be set up by arranging a long-term interest-free loan from the state government or the RBI and this fund should be kept exclusively for financing industries in backward areas on more liberal terms. (iii) As people do not invest their capital in these areas due to the risk involved, it is suggested that the SFCs should come forward to participate in equity financing in these areas. (iv) The corporation should provide as much technical help as possible to industries established in these regions. The SFCs should also assist units in facing their problems relating to production techniques, maintenance, accounting, taxation, procurement of raw materials, marketing, etc. (v) To keep in touch with the needs of industrial finance in these districts, it is necessary for the SFCs to open branches to cover these areas. If it is not possible to open a branch in each district, a group

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of backward districts may be taken together to open the new branch. The main hindrance in the opening of new branches is the additional expenses which the corporations cannot afford. For this, the state government or the RBI should formulate a scheme of subsidy for an initial period of three years to meet the cost of branch-expansion programme of the SFCs. (vi) The opening of branches by the SFCs is closely bound up with the potential business in these districts. The SFCs, apart from locating existing industrial units for rendering financial assistance, have also to identify the potential for new industries and locate entrepreneurs willing to exploit the potential. For this, it is suggested that industrial surveys, conducted jointly by the RBI, the IDBI, the ICICI and the IFC in certain developing states might cover not only the establishment of large and medium industries but also small industries. This district-wise survey of industrial and entrepreneurial potential will help the SFCs in increasing their business in backward districts.

Delhi's Achievements in the Year of Fulfilment

Decline in Prices

Price rise arrested; negative rate of inflation achieved; model public distribution set-up; people's cloth being sold through 253 coops, and 2251 Fair Price Shops in urban and rural areas.

Home for the Homeless

Land for the Landless

4136 acres of agricultural land distributed to 4538 Harijan and poor landless families. 9000 house sites distributed to poor and Harijan homeless. Rs. 18 lakhs distributed to Harijans, as housing subsidy.

Apprenticeship

3529 youngmen placed as apprentices in industries as against the target of 3500.

Public Enemies on the run

2259 raids on dishonest traders. Suppressed transactions of Rs. 16 crores detected. 14,000 raids against hoarders, black-marketeers.

Relief for Students

Book Banks in 853 schools, stationery at cheaper rates; hostel food costs less; 12 point programme for school improvement. Free text-books to all primary students. Rs. 8 lakhs spent in providing school uniforms to the poor students. Additional Rs. 8 lakhs this year.

Production Picks up

600 industrial sheds constructed. Rs. 3.5 crores distributed as loan to industries. Vegetable cultivation increased from 16.20 thousand hectares in 1972 to 19.72 thousand hectares in 1976. Multiple cropping popularised. Marginal farmers and labourers' Development Agency helping the weakest farmers.

Beautification

City area has a new look. Jama Masjid complex re-developed-beautified. Subzi Mandi shifted to Azadpur. 200 non-conforming industries shifted to the conforming area. 20 Resettlement colonies, with 50,000 plots having basic amenities, set up. New hopes of better life and opportunities for the poor and the weakest. To make Delhi greener 10 lakh trees being planted of which 6 lakhs have already been planted.

Rural Development

50 villages to benefit from integrated programme under cleanliness, prohibition and Family Planning in the first quarter of 1976-77. All villages to come under its ambit by the end of 1976-77.

Delhi tops in Family Planning

Against the national average of 16.1 percent, Delhi has covered 58.6 percent couples in the pre-creative age-group by the end of March, 1976. This percentage is higher than the Fifth Plan target of 38 percent. As a result of an intensified drive 70,000 more sterilisations have so far been done this year.

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Maharashtra State Financial Corporation Helps Backward Areas

AFTER THE bifurcation of Bombay state, the Maharashtra State Financial Corporation (MSFC) was set up in August 1962. It extended its jurisdiction to the union territory of Goa, Daman and Diu in August 1964. Table I shows total assistance by the MSFC in terms of sanctions and disbursements. In the fourth Plan period, the number of loans sanctioned increased more than four times; whereas the amounts sanctioned increased three-fold in comparison with the previous five years. In the subsequent two years alone, the amount sanctioned went up to about 90 per cent of that sanctioned in the entire fourth Plan period. A similar trend reflecting marked increase in assistance was witnessed in the union territory of Goa, during the total period under examination.

ly six times in the fourth Plan period as against the preceding five years. The government of India notified, in December 1970, as many as 13 districts as industrially backward in Maharashtra and the whole union territory of Goa for the purpose of concessional refinance from the IDBI. But this scheme, popularly known as soft loan scheme, became effective from 1971-72 only. So only during the later period of the fourth

TABLE I
Total Sanctions and Disbursements 1964-65 To 1975-76

	1964-65 to 1968-69 (Five years)		1969-70 to 1973-74 (Fourth Plan)		1974-75 to 1975-76	
	No.	Amount (Rs crores)	No.	Amount (Rs crores)	No.	Amount (Rs crores)
Sanctions :						
Maharashtra	1096	16.80	5047	52.86	2208	46.99
Goa	49	1.02	321	4.28	139	4.21
Total	1145	17.83	5368	57.14	2347	51.20
Disbursements :						
Maharashtra	—	13.16	—	32.37	—	24.74
Goa	—	0.36	—	2.38	—	3.31
Total	—	13.52	—	34.75	—	28.05

TABLE II
Sanctions and Disbursements in Specified Underdeveloped Regions
(Amount Rs crores)

	1964-65 to 1968-69 (Five years)		1969-70 to 1973-74 (Fourth Plan)		1974-75 to 1975-76	
	No.	Amount	No.	Amount	No.	Amount
Sanctions :						
Vidarbha	76	0.84	991	6.94	559	4.85
Marathwada	186	0.93	753	5.21	288	5.34
Konkan (K-R only)	24	0.52	369	4.22	151	5.26
Goa	49	1.02	321	4.28	139	4.21
Total	335	3.31	2434	20.65	1137	19.66
Disbursements :						
Vidarbha	—	0.40	—	3.74	—	3.17
Marathwada	—	0.50	—	3.04	—	2.71
Konkan (K—R only)	—	0.70	—	2.54	—	2.23
Goa	—	0.36	—	2.38	—	3.31
Total	—	1.96	—	11.70	—	11.42

Table II shows the sanctions and disbursements in the underdeveloped regions of Maharashtra and the union territory of Goa (which is entirely recognised as industrially backward). The two five-year periods ending in March 1969 and March 1974 revealed a phenomenal increase both in the number of loans sanctioned and in the amounts sanctioned as also the amounts disbursed in the Vidarbha and Marathwada regions. In the Konkan region only the Kolaba and Ratnagiri districts were included as the Thane district is generally recognised as a developed district.

Sanctions registered a four-fold increase in Goa whereas in Vidarbha, Marathwada and Konkan the increase was near-

Plan, a definite spurt was given to the industrial development of the notified backward districts. In these 13 districts of Maharashtra, sanctions went up remarkably. From less than Rs 2 crores in the five years ending March 1969 the sanctions went up to nearly Rs 13

crores during the fourth Plan and in the subsequent two years alone the loans sanctioned were valued at more than Rs 13 crores.

The disbursements also kept pace with the quickened pace of sanctions. The increase in the number of loans was also

noteworthy. The government of India recognised Aurangabad, Chandrapur and Ratnagiri also as districts eligible for grant of 10 to 15 per cent central subsidy to new units or for the expansion of existing industrial units. In these three districts also the performance

was in line with the overall trend of rapid increase in assistance. It is thus clearly seen that over the period of 12 years, MSFC's assistance in the developing districts has progressively improved and the rate of increased assistance cannot be considered to be meagre.

J & K State Financial Corporation Makes Progress

K. M. Kishinchandani

THE JAMMU and Kashmir State Financial Corporation was established by the government of Jammu and Kashmir in December 1959 under the State Financial Corporations Act, 1951 for meeting the financial requirements of small and medium-scale industries in the state. It is one of the 18 SFCs (including Tamil Nadu Industrial and Investment Corporation Ltd) in the country and during the last 16 years of its existence it has made considerable progress in its loan operations which has given a fillip to the transport, tourism and other industries in the state.

or processing of goods, including any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical, chemical, electrical or any other like operation.

It has granted loans to all types of borrowers except the co-operative societies. Table I given below shows the sanctions and disbursements made during each year as well as the loans outstanding at the end of each of the 16 years since the inception of the corporation.

It will be seen from this table that right from the beginning there has been a progressive increase in the business of the corporation from year to year and during the last three years, in particular, the sanctions exceeded those accorded during the earlier 13 years and during the 15th and 16th years the sanctions accorded crossed the figure of Rs. two crores and Rs. three crores respectively.

The corporation is one of the authorised institutions to

grant foreign exchange loans under the credit of \$40 million made available by the International Bank of Reconstruction and Development (World Bank) to the government of India for on-lending to the State Financial Corporations through the Industrial Development Bank of India (IDBI) by way of refinancing the loans granted to small and medium-scale industries for setting up industrial units involving import of a portion of the plant and machinery from countries which are members

TABLE I
Loans Sanctioned and Disbursed

Year	Loans sanctioned during the year			Loans disbursed		Loans outstanding
	Gross	Net	Progressive	During the year	Progressive	
1. 1960-61	4.01	3.51	3.51	2.21	2.21	2.21
2. 1961-62	7.70	6.56	9.56	4.40	6.61	6.46
3. 1962-63	16.55	15.42	24.98	2.25	8.86	8.10
4. 1963-64	6.08	3.40	28.38	8.79	17.65	16.34
5. 1964-65	11.39	7.91	36.29	8.63	26.28	24.03
6. 1965-66	39.98	37.07	73.63	24.80	51.03	44.27
7. 1966-67	76.69	47.67	121.03	45.16	96.24	75.29
8. 1967-68	63.96	60.24	181.27	54.42	150.66	102.87
9. 1968-69	77.35	68.45	249.72	60.24	210.95	125.16
10. 1969-70	88.49	60.11	309.83	73.71	284.66	152.33
11. 1970-71	158.48	153.45	463.28	128.54	413.20	216.94
12. 1971-72	116.42	103.00	566.28	102.56	515.76	252.48
13. 1972-73	129.08	118.53	684.81	85.81	601.57	250.77
14. 1973-74	176.99	149.21	833.02	110.02	711.59	276.96
15. 1974-75	214.98	167.76	1000.78	184.86	896.45	394.71
16. 1975-76	313.45	282.13	1282.91	252.86	1149.31	574.84

The present authorised capital of the corporation is Rs 100 lakhs and the issued and paid-up capital is Rs 76.62 lakhs which is subscribed to by the state government (52.8 per cent), IDBI (21.2 per cent), commercial and cooperative banks (15 per cent), insurance companies including the LIC (7.6 per cent) and individuals (3.4 per cent). The present reserves of the corporation amount to Rs 51.01 lakhs and its total owned funds aggregate Rs 127.63 lakhs.

The corporation grants loans to industrial concerns engaged or to be engaged in the manufacture, preservation

of the World Bank and Switzerland.

The lending rates of the corporation are primarily linked with the Bank rate and where refinance is obtained from the IDBI in respect of specific loans granted by it, they are linked with the IDBI rates. The present interest rates structure of the corporation is as given in Table II.

A rebate of one per cent p.a. is allowed in all the above cases if the instalments and interest are paid on the due dates.

The present owned funds of the corporation aggregate Rs 127.62 lakhs comprising paid-up capital of Rs. 76.62 lakhs and reserves of Rs. 51.00 lakhs, the latter forming two thirds of the former. The other sources of raising of funds for financing the activities of the corporation are floatation of public bonds repayable after 10 to 12 years against the guarantee of the state government. So far the corporation has raised funds from this source to the extent of Rs. 220.00

lakhs. The loans outstanding at the close of each of the last five financial years were financed from the sources given in Table III.

The profit after tax earned by the corporation for the financial year 1975-76 amounted to Rs 16.55 lakhs which formed 28.9 per cent of its total income for the year and was 62.3 per cent higher than the profit after tax earned during the earlier year. These percentages were the highest when compared to similar figures of the previous 15 years of its operations.

TABLE II
Advances to Industrial Units Including Hotels and Houseboats.

(a) In respect of advances where IDBI refinance is available	
1. Rupee loans	4½% above IDBI rate of 6% with mini. 10½% p.a.
2. Foreign exchange loans	
(i) To small scale units and to technician entrepreneurs	(i) 4½% above IDBI rate of 8½% with mini. 13%
(ii) To other industrial units	(ii) 4½% above IDBI rate of 8½% with mini. 13% p.a.
(b) In respect of advances where IDBI refinance is not available	
(i) To technocrats	3% above the bank rate with mini. 12% p.a.
(ii) To promoters other than technocrats.	4½% above the bank rate with mini. 13½% p.a.

TABLE III
Sources of Funds

	(Rs in lakhs)				
	1971-72	1972-73	1973-74	1974-75	1975-76
1. Paid-up capital	76.62	76.62	76.62	76.62	76.62
2. Reserve & surplus	18.32	3.10	18.41	34.73	48.18
3. Issued of public bonds	110.00	110.00	110.00	137.50	165.00
4. Borrowing from state government	35.00	6.00	6.70	6.70	6.70
5. Borrowing from RBI	—	35.00	35.00	11.00	7.87
6. Refinance from IDBI	12.54	20.05	30.23	127.09	270.47
7. Others	—	—	—	1.07	—
	252.48	250.77	276.96	394.71	574.84

Karnataka State Financial Corporation Takes Strides

M. K. Ramachandran

KARNATAKA STATE Financial Corporation (KSFC) was set up in 1959 by the state government of Karnataka under the provisions of State Financial Corporations (SFC) Act, 1951. The SFCs Act, 1951 did not envisage anything more than the establishment of a term lending institution at the state level on the model of Industrial Finance Corporation of India (IFCI). For a long time the State Financial Corporations (SFCs) acted as miniature IFCIs at the state level and confined themselves mostly to providing term finance, the only difference, however, was, they extended their finances to industrial

enterprises with all types of management, such as partnership firms, joint Hindu family concerns and proprietary concerns also and not to limited companies and cooperative societies alone, as was the case with the IFCI.

The Karnataka State Financial Corporation functions in close co-ordination with other State level development organisations, all-India financial institutions and the commercial banks in pursuance of the national aspirations, policies and priorities. Development of backward districts has been one of the avowed objectives of the KSFC. In addition to conducting surveys, seminars,

campaigns etc this was desired to be achieved by many other methods. The Mysore district which was declared as industrially backward district, has already emerged as the second centre of industrial activities in the state next only to Bangalore.

With a view to generating self-employment among technicians a scheme for technicians was introduced from 1970. The terms under this scheme have been very liberal with 10 per cent security margin and the lowest rate of interest (11.0 per cent) in respect of units in the backward districts. The introduction of foreign currency loan under



Mr M.K. Ramachandran

IDA line of credit is another milestone in the onward march of the KSFC to progress.

The rapid strides taken by

the KSFC from 1969-70 onward can be seen from Table I below.

The loan sanctioned up to the end of June 1976 were of the value of Rs 192.98 lakhs.

The KSFC completed 17 years of its working on March 31, 1976. While the first ten years of its life may be considered as formative, the last seven years may be deemed as years of take-off. Almost about 50 per cent of industrial financing for capital assets in the small-scale sector can be attributed to it. Over 2,200 units spread all over the state have been assisted by the corporation. The gross sanctions exceed Rs 54 crores and the disbursements total Rs 37 crores.

The highlights of the operations of the KSFC can be seen from Table II alongside.

As can be seen from Table II, more than 90 per cent of the assisted units are from the small-scale sector whereas their share in the total finance provided by the corporation is more than 57 per cent. It can also be seen that 200 units have been assisted under Technicians' Scheme with a total gross sanction of about Rs 294 lakhs.

TABLE II
Highlights of Operation

Particulars	Since inception upto 31.3.1976		During 1976-77 (1.4.76 to 30.6.76)		Since inception upto 30.6.76	
	No.	Amount	No.	Amount	No.	Amount
I. A. Loans						
a. Gross	2159	5284.23	83	182.98	2242	5467.21
b. Net	1964	4723.74	82	162.28	2046	4906.02
B. Loans Disbursed	1817	3588.39	50	174.90	1867	3763.29
II. A. Loans sanctioned to small scale units:						
a. Gross	1953	3004.08	64	128.78	2017	3132.86
b. Net	1762	2545.14	63	128.08	1825	2673.22
B. Disbursed	1642	1998.47	45	86.56	1687	2085.03
III. Assistance to backward dists. sanctions	691	1712.25	28	57.46	719	1769.71
IV. Assistance under IDA line of credit:						
1. Gross sanctions	96	594.34	22	58.18	118	652.52
2. Net sanctions	88	545.44	22	58.18	110	603.62
3. Disbursed	51	261.81	5	42.39	56	304.20
V. Assistance under Technicians Scheme:						
1. Gross sanctions	200	294.14	21	23.58	221	317.72
2. Net sanctions	189	277.57	21	23.58	210	301.15
3. Disbursed	160	184.33	8	16.68	168	201.01
VI. Profit earned		326.32				
VII. Income Tax paid		136.72				

TABLE I
Growth of Karnataka State Financial Corporation

(Rs in lakhs)

Sl. No.	Year	Amount Sanctioned	Index	Disbursed amount	Index	Profit before tax
1.	From 1959-60 to 1968-69	845.38	515	649.64	408	78.26
2.	1969-70	164.04	100	135.37	100	20.21
3.	1970-71	337.06	205	198.72	147	23.09
4.	1971-72	504.63	308	329.59	237	25.04
5.	1972-73	569.48	347	377.25	279	30.32
6.	1973-74	850.73	519	447.32	330	40.75
7.	1974-75	1047.16	638	750.85	555	51.57
8.	1975-76	965.75	589	718.47	531	57.08

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TRADE WINDS

Birla's Call for Increased Production

ADDRESSING a press conference in New Delhi last week, the chairman of the golden jubilee celebrations of the Federation of Indian Chambers of Commerce and Industry (FICCI), Mr B.M. Birla called for increase in production and reduction in costs through discarding inefficient ways of production so that not only the price level could be contained through competition but also the industrial progress of the country could be accelerated. If the masses were to be ensured a reasonable standard of living by the turn of the century, he thought, a colossal investment of \$1,000 billion would be needed by 2000 AD. Mr Birla emphasised that this was not an impossible task, provided we thought in big terms and made efforts to attain high goals. What the country needed, he said, was a giant leap in economic development.

Mr Birla stressed that although there had been certain welcome changes in the policy of the government, there was still lack of coordination among the various departments. He agreed that a proper policy framework would have to be evolved for accelerating the pace of development.

Regarding foreign investments, Mr Birla observed that they were only to act as a catalyst to bring about an industrial revolution in the country. Time, he said, had

come for exposing our industries to the developments abroad. The Indian economy, he felt, had been insulated from the world developments for quite a long period.

Mr Birla did not think that the Foreign Exchange Regulation Act (FERA) was a deterrent to foreign investments. It was a "very flexible" piece of legislation, he opined.

Rapid Strides

During the golden jubilee year of the FICCI and the forthcoming council meeting of the International Chambers of Commerce (to be held in New Delhi next month), efforts Mr Birla said, would be made to build up the right atmosphere for industrial growth. He wanted foreign businessmen and industrial entrepreneurs to visit this country to see for themselves the rapid strides which this country had taken on the industrial front.

Mr Birla pointed out that foreign investors did not pull their investments after they had been made. They were interested in ploughing back profits for further production and growth. There was, therefore, no need to give short shrift to foreign investment. Mr Birla's views on the subject were shared by the FICCI president, Mr M.V. Arunachalam, and an ex-president of the FICCI, Mr Harish Mahendra.

Referring to sickness in industry, Mr Birla expressed the view that a clear distinction

ought to be drawn between the sickness of a particular industry as a whole and sickness of some units in an industry. While the former, he said, could be remedied by policy changes, as invariably it resulted from the policies relating to that industry, the latter was due primarily to incompetent and inefficient management and could be remedied if the efficient industrial units were allowed to take-over sick units. The proposals submitted some time ago by the FICCI in this regard, he stressed, deserved careful consideration by the government.

Mr Birla further stated that notwithstanding exports of some engineering goods and such manufactured products as textiles and jute, we still continued to be exporters of raw materials and imports of capital goods; we still had to go a long way in diversifying our exports. He exploded the myth that the industry had exportable surpluses. The moment domestic demand picked up, he pointed out, we would not have these surpluses, as under-utilisation of capacity was not much in many industries which

had exportable surpluses at present.

Price Support for Oilseeds

Support price for groundnut and for sunflower seeds for 1976-77 season has been announced. The support price for groundnut will be Rs 140 per quintal for fair average quality of seeds and Rs 150 per quintal for sunflower seeds, inclusive of promotional premium of Rs 10. The announcement is on the basis of the recommendations of the Agricultural Prices Commission. The minister of state for Civil Supplies and Cooperation, Mr A.C. George stated at a press conference recently that a new Directorate of Oils and Fats is being set up in the ministry of Civil Supplies and Cooperation for coordinated development of oilseeds, oils and fats. This is being done in view of the importance of these commodities as an item of mass consumption as also a source of raw material for various industries and foreign exchange earnings. Mr George said last year India had a very good crop. Seventy per cent of the

total production of edible oils in the country was of groundnut.

Mr A.C. George disclosed that the National Cooperative Development Corporation is planning the development and adoption of extraction technology for oilseeds. The present method is outdated. The new technology being developed will help in extracting maximum oil while retaining the quality of oilcake, which is fetching good price. The minister said with the assurance of a proper and minimum support prices to cultivators, the government was of the view that there should be no restriction on inter-state movement of vegetable oils and seeds. All the state governments have been advised not to impose any restrictions in this regard. With these measures, the government expected that the availability of oils and oilseeds throughout the country to improve and prices to stabilise.

Safety in Coal Mines

With a view to strengthening safety measures, the minister for Energy, Mr K.C. Pant, has asked all nationalised coal mines under Coal India Limited (CIL) to observe a Safety Fortnight from December 1 to 14. At a high-level meeting held recently, Mr Pant reviewed the safety procedures followed in coal industry with the secretary and senior officers of the Department of Coal, chairman of CIL and managing directors of subsidiary companies.

Mr Pant said that the government and the Coal India Limited were committed to improve safety measures and as such the management must do everything possible in this direction. He discussed in detail problems connected with improvement in safety

measures like supply of good timber supports, steel supports and improvement in rope haulage system.

He asked the Coal India Limited to undertake afforestation of the coal mining areas with a view to rehabilitating such areas. He also stressed the need for further strengthening training facilities which would also go a long way in reducing accidents.

Exports Look Up

India's exports including re-exports during the first six months of the current financial year were of the order of Rs 2,263 crores as compared to Rs 1,765 crores in the corresponding period of 1975-76, thus registering an increase of more than 28 per cent. On the other hand, the imports during the period under review has decreased to Rs 2,251 crores from Rs 2416 crores during the corresponding period last year, indicating a contraction of nearly 7 per cent. This has given rise to a small favourable balance of trade of Rs 13 crores during April-September 1976 as compared to the huge negative balance of trade of Rs 652 crores during the corresponding period last year.

The export performance this year is, however, to be seen in the background of continuously rising graph of exports during the last few years. The exports during 1975-76 rose by 18.4 per cent, in 1974-75 by 31.9 per cent, in 1973-74 by 28.0 per cent and in 1972-73 by 22.5 per cent, over the performance of the respective preceding years. A number of commodities have contributed to the satisfactory export performance during the first six months of the current year. According to provisional estimates, the export of cotton textiles, engineering goods,

leather and leather manufactures, marine products and spices, particularly pepper and cardamom, were larger during the first six months of this year than in the same period of last year. Among engineering items, there was a noticeable expansion in the export of items like transmission towers, wires and cables, vehicles, machine tools, steel pipes and tubes, wire products, industrial fasteners, aluminium products, bicycles and parts, electronic items and batteries.

Export Drive

The export performance during the last few years has been considerably helped by well articulated measures taken by the government to facilitate export production and increase and diversify the destinations and commodities of exports. The all-out drive launched to increase export earnings included successive liberalisation

of the Import Trade Control Policy, fixation of compensatory support for longer periods, import of raw materials free of customs duty in the case of advance import licences import of raw material requirements for units located in the free trade zone through an open general licence, placing of import of leather machinery on an open general licence and liberalisation of the import capital goods and machinery of generally. In addition, exporters are now able to obtain draw back of customs and excise duties through nationalised commercial banks of their own choice and soon after the presentation of the documents relating to exports.

In the area of shipping and transport, committees have been formed at major ports to prepare advance projections of availabilities of cargo for major destinations. Similar steps are

Fire Prevention Equipment

The National Building Code instituted by the ISI lays down guidelines to ensure the safety of the buildings against risk of fire. It was revealed in a pilot study conducted by the EECI in five main cities of India—Madras, Bombay, Calcutta, Delhi and Lucknow—that 29 of the 52 installations checked for fire hazards were not fitted with H.R.C. Fuse. The multi storeyed buildings visited included hospitals, hotels, theatres and industrial units. The reason given for non-replacement of H.R.C. Fuse was the non-availability of H.R.C. Fuse or non-realisation of the grave danger involved. English Electric Company of India Ltd (EECI) manufactures fire safety equipment such as H.R.C. Fuse, which would "absorb" a fault in a switch board and only a few sparks would mark the occurrence of a fault, thereby saving a disastrous fire.

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also being taken to promote export by air including the setting up of a number of air cargo complexes at the major international airports. Significant institutional changes have also been made in order to facilitate and promote exports. A new department of textiles has been created in the ministries of Commerce so as to give undivided and concentrated attention to the problem of textiles in the area of production, marketing and exports. The department is also responsible for modernisation and rationalisation of the textile industry.

Attempts are also being made to increase and diversify the exports to various countries. The department of foreign trade in the commerce ministry is opening new areas through the technique of exhibitions and trade talks for our merchandise. In addition to our established markets in east and west Europe, trading relations are being established with Spain and Portugal. Trade with the oil-rich Gulf countries as well as the developing countries in south-east Asia and Africa are also increasing.

PEC Exports

Export earnings of the Project and Equipment Corporation have increased by nearly 20 per cent during the first seven months of the current financial year. They have amounted to Rs 24.2 crores compared with Rs 19.8 crores in the same period (April-October) of 1975-76. Of the total earnings, export of railway equipment has fetched foreign exchange of the order of Rs 13.5 crores and engineering equipment Rs 10.7 crores. During the period, the PEC has secured export orders of the value of Rs 29.8 crores against

Rs 25 crores in the months of the previous year.

PEC has fixed an ambitious export target of Rs 48 crores for the current financial year. Exports last year at Rs 28.6 crores were higher by 46 per cent over the 1974-75 level of Rs. 19.6 crores. In keeping with the accepted need to accelerate exports, PEC proposes to set up warehouses both in the developed and developing countries. The developed countries where such facilities may be established include West Germany and the UK.

India-UAE Satellite Link

India and the United Arab Emirates will have direct satellite telecommunication circuits by the end of this year. This was indicated by Dr Shanker Dayal Sharma, minister of Communications, to Mr Mohammad Saeed Al Mulla, minister of Communications of UAE, who called on him recently. Welcoming Mr Saeed Mulla, Dr Sharma hoped that his visit would begin a new era of cooperation between India and UAE. The provision of the satellite link will be appropriate in view of the historic links between the Arab world and India. Dr Sharma said that the link is facilitated by the satellite earth station at Dubai which provides telecommunication facilities to a number of countries in the region. On the Indian side, Dehra Dun earth station would soon be in operation to augment the facilities now available from Arvi.

Mr S.M. Agarwal, secretary, ministry of Communications, said the link is justified in view of the growing traffic between the two countries, which is now being switched through Bahrain. Dr Sharma was informed that the traffic projec-

tions made in UAE would require more and more circuits in the next five years. Dr Sharma assured the visiting minister that India would be glad to provide training facilities for the telecommunication personnel of UAE. He said India is interested not only in training of the UAE officers but also enable them to acquire technical know-how so that they can set up their own telecom industry. Dr Sharma also offered training facilities in the postal field.

Mr Saeed Mulla referred to his visit to the Indian Telephone Industries at Bangalore and suggested that an expert team from India may visit his country to advise them on their needs of telecom and postal growth. Mr Saeed Mulla also visited the Telecommunication Research Centre, the Trunk Exchange and the Advanced Level Telecom Training Centre in the capital. He expressed appreciation of high level research work at these centres. Mr Saeed Mulla was accompanied by Mr Halim Fanous, director telecom, Mr Abdulla Hassan Makki, superintendent and Mr Majed Saif Al Majed, deputy director, Civil Aviation.

Indian Airlines

The Indian Airlines has added recently a 278-seater airbus which arrived recently from Toulouse and was received by Mr Raj Bahadur, union minister of Civil Aviation.

The Indian Airlines had earned a cumulative profit of Rs 4.52 crores in the first half of the current financial year, April to September, considered to be a lean period for the airlines. A twenty per cent growth in traffic has been registered during lean half-year period with 1.82 million passengers carried by the airlines

as against 1.51 million carried in the corresponding period last year.

The total expenses of the IA due to economy in operations came down during April-September to Rs 54.24 crores, 3.4 per cent less than the budgeted estimated of Rs 56.12 crores. The total revenue earned by the airlines during the period is Rs 58.76 crores against the budgeted figure of Rs 55.57 crores. Foreign exchange earnings have also gone up by over Rs 1 crore to Rs 11.77 crores during April-September this year, from Rs 10.68 crores in the corresponding period last year.

Power Generation

During the first six months of the current financial year (April to September) power generation has risen by 16 per cent. The total generation during April to September this year was 43,226 million units against 37,126 MU. The boiler maintenance down time during the period under review was brought down by 51 per cent and turbine maintenance by 39 per cent over the corresponding period of the previous year. A total of 370 MW additional generating capacity was added during the same period. This included 240 MW in thermal generation and 130 MW in hydro generation. During April to September this year, 96.6 per cent of generation target was achieved by the country.

A new power generation record of 262.03 million units a day was achieved on October 30, 1976. The total power generation in October was 7614 million units against 6687 million units during the same period last year. The actual supply of power during last month was 230.13 million

units a day as against the anticipated 222.21 million units a day. The second 210 MW unit at Tarapur Atomic Station was brought back to service on October 17 after refuelling, well ahead of the schedule. In view of the power shortage in some of the states, relief was provided by other states. Gujarat exported 48 million units to Maharashtra, Rajasthan 7 million units to Bihar, Kerala 61 million units to Tamil Nadu and Tamil Nadu dispatched 30 million units to Karnataka. The power position is expected to be satisfactory during the current month. The availability during the month is anticipated to be 234.39 million units a day.

Offshore Oil Production

The cumulative production of crude oil from the Bombay High oil field has crossed the one million barrel mark.

Offshore oil production in the Arabian Sea started on May 21 this year. The four Bombay High oil wells now in production are flowing at a total average rate of 15,000 barrels per day. Meanwhile a second production platform is being installed and three more developmental wells, already drilled and completed, are expected to be gradually connected to it to accelerate the rate of production.

It is planned to have a total of four production platforms to exploit oil from 20 wells expected to be completed during the first phase of development of Bombay High. The CFP of France have been engaged as consultants for the field's first phase development programme which is expected to cost about Rs 90 crores. The rate of production from Bombay High is expected to reach 1.5 to 2 million tonnes

by the end of this year. This rate would double in the following year. Bombay High is ultimately expected to yield annually about 10 million tonnes of oil by the end of the current decade. Besides Bombay High, oil has been found in Cambay basin offshore area in the Bassein North structure and the 'Fault' structure lying east of Bombay High. The Bassein field is currently being developed and the drill-ship Sagar Samrat has a programme to drill four exploration-cum-production wells on the structures. Two such wells have already been completed.

Kesoram Cement

The foundation stone was laid recently by Mr J. Vengala Rao, chief minister of Andhra Pradesh, for the third cement unit of 750 tonnes capacity per day of Kesoram Cement, the youngest member of the family of Kesoram Industries & Cotton Mills Ltd.

The first unit of Kesoram Cement was commissioned in 1969 within 20 months of the taking up of the project which was a unique record. The second unit was commissioned in 1972. Both these units have an installed capacity of 1,260 tonnes of cement per day. At present they are producing at an average rate of 1,450 tonnes per day. This performance has been achieved in spite of having a limestone deposit which it is very difficult to mine and process.

RITES Performance

In the brief period of its existence, Rail India Technical & Economic Services Ltd. (RITES) has gained the recognition of international organisations of renown like the World Bank, Asian Development Bank, Inter-American Bank, UNDP, UNIDO, and

the foreign countries in which RITES has won assignments are Iran, Syria, Ghana, Sri Lanka and Zaire.

Amongst RITES' foreign assignments, mention may be made of contracts successfully negotiated with Syria for feasibility studies for all their new rail lines totalling to some 450 kms, and with Iran for a 350 km long electrified double line. Both these studies have been completed and reports submitted by RITES were well received by the respective governments. At the request of the Iranian government, RITES recently made a quick survey of the existing line from Zahedan to Mirjaveh and made recommendations for rehabilitation of this line for carrying increased traffic. A RITES team was in Ghana recently to suggest measures for improving the maintenance standards and operational efficiency of their railway system.

Besides undertaking these projects, RITES has also signed an agreement with Zaire for deputed experts to assist their railways, with RITES providing all the appropriate back-up services. At the request of the Asian Development Bank, RITES has also sent an expert recently to Sri Lanka to tender, advice in regard to maintenance of rolling stock.

Handsome Profits

During the year 1975-76, RITES showed a handsome profit, and it was possible to declare a dividend of 12 per cent with the balance credited to the general reserves.

On the domestic front, RITES is doing a survey for the North Eastern Council for siting a road bridge across the Brahmaputra. RITES has recently been commissioned by the ministry of Agriculture to undertake a comprehensive

study of all movements relating to fertilisers. With the government's decision that consultancy for all major railway sidings in the country should be undertaken by RITES, the company's involvement in local projects will now increase.

Inspection of equipment ordered by the various zonal railways, etc., is also being progressively entrusted to RITES, which has now established regional offices in Bombay, Madras, Calcutta, Delhi, Bangalore and Hyderabad, for this purpose.

Export Duty on Groundnut

The government has raised the export duty on groundnut, keeping in view the prices in the international markets. According to an official notification, the export duty on groundnut kernels has been raised from Rs 800 per tonne to Rs 1,500 per tonne, and that on groundnut in shell from the existing Rs 600 per tonne to Rs 1,125 per tonne.

Names in the News

Mr A.H. Mehta has been appointed Chairman and Managing Director of Indian Airlines for a period of one year with immediate effect.

Mr Lakshmipat Singhania, vice-president of J.K. Organisation, eastern zone, died recently. He was 66.

A leading figure in the industrial and business community Mr Singhania was former president of Federation of Indian Chambers of Commerce and Industry, All India Organisation of Employers, Bharat Chamber of Commerce, Calcutta, Merchant Chamber of Uttar Pradesh, Kanpur. He was also a member of the Indian national committee of the International Chamber of Commerce.

COMPANY AFFAIRS

Glaxo

SALES OF Glaxo Laboratories (India) Ltd increased by nearly Rs seven crores during 1975-76 and were about 16 per cent higher than in the previous year. It is heartening to note that the rate of increase in sales was maintained as forecast. But there is an important qualitative difference. In 1974-75, eight per cent of the 18 per cent increase in sales was due to price increases. But 1975-76 price increases contributed only three per cent of the increase in sales, which was, therefore, due to the increase in volume and some changes in the pattern of production. Again, unlike last year, this performance has been more rewarding in terms of profit. After tax profits at Rs 209 lakhs represent about 12 per cent of share capital and reserves, while last year after tax profits were only 9.5 per cent of share capital and reserves. It will be seen that Glaxo is thus approaching the level of profit which would be conducive to growth and progress.

Remarkable Improvement

Several factors have combined to bring about a remarkable improvement in working results. One, of course, is the cooperation of the staff and the employees both in the factories and in the field. The second is the improved supply position of agro-based and other raw materials, including imports. Prices were generally

stable and where there were material increases, price adjustments were made within reasonable time. The third, and by no means the least important, was continued pursuit and wider application of improved management techniques. These factors were, of course, not fortuitous and hence will continue to prevail during the current year and in the following years. With such an optimistic outlook the directors have decided to capitalise a part of the reserves and issue bonus shares in the proportion of 1 for 2. The directors are confident that it will be possible to declare a dividend of 14 per cent on the enlarged share capital in 1976-77.

Dunlop India

Dunlop India's income during the first six months of 1976 amounted to Rs 80.63 crores. After deducting manufacturing and trading expenses balance from 'trading' was of the order of Rs 7.86 crores. After charging Rs 87.94 lakhs to depreciation reserve and providing Rs 215.37 lakhs towards interest charges, the profit before tax came to Rs 482.35 lakhs. After allocating Rs. 275.29 lakhs for taxation the profit after tax worked out to Rs 207.06 lakhs.

Sales of automotive tyres were adversely affected by continued low demand from the road transport industry, and both Sahaganj and Ambattur factories were forced to operate at well below capacity. Improvements in productivity and greater all round econo-

mies, however, helped to cushion the resultant loss of production. There was stability in raw material availability and prices. It is hoped that there will be some uplift in the demand for automotive tyres by year end. Meanwhile exports are being stepped up. At the board meeting held on November 5, 1976 the directors have declared an interim dividend for 1976 of 75 paise per share on the ordinary shares, subject to tax, payable on or after December 13, 1976 to those members whose names appear on the register on December 9, 1976.

Ashok Leyland

In the twelve months ending September 30, 1976, Ashok Leyland produced and sold a record number of commercial vehicles in the heavy duty range. Sale of vehicles was 8,749 (7,764) registering a sharp rise of 13 per cent.

The higher sales volume has been possible by ready availability of vehicles from the increased production under the expansion programme currently being implemented and market penetration, despite the sluggish market, especially for goods vehicles, and the keen competition in a buyer's market.

The sale of extra heavy duty vehicles, Beaver and Hippo models and Titan Double Decker chassis remained static mainly due to lack of finance for projects and metropolitan transport needs. During the latter part of the period, the demand for industrial engines particularly marine version, sharpened. Sale of spares amounted to Rs 123.5 million, again a new record.

The company maintained its thrust in export markets and sold a record number of vehicles earning Rs 91.3 million in

foreign exchange, including the sale of spares. The company's financial year has since been changed from October-September to January-December. Consequently, the financial results this year will cover fifteen months ending December 1976.

Toshiba Anand Lamps

Toshiba Anand Lamps Ltd has suffered loss of Rs 22.29 lakhs during the year ended March 31, 1976. The general economic recession causing accumulation of finished goods, resulting in locking up and paucity of funds and the credit squeeze coupled with higher expenses on raw materials, excise duty, interest charges and manufacturing and administrative operations, all contributed to the loss for the year. Sales during 1975-76 were a shade higher at Rs 298.85 lakhs as against Rs 294.28 lakhs in the previous year. During the year under review, there was an unprecedented glut in the market resulting in serious competition amounting to almost a price-war. Lamps and tubes were being sold in the market at uneconomic prices. Because of the difficult market conditions a major shift in the company's sales policy also became necessary. Arrangements by which a major portion of the company's production was being sold through one leading firm came to an end in September 1975 and the company is now directly marketing its products. The market situation has recently shown some improvement and the company hopes that it will be able to close the current year on a more satisfactory note.

Blundell Eomite Paints

Blundell Eomite Paints Ltd has reported satisfactory working results during the year ended June 30, 1976. Sales during the

year were substantially higher at Rs 889.54 lakhs as compared to Rs 710.14 lakhs in 1974-75. The profit after providing for depreciation and meeting all manufacturing and overhead expenses but before providing for taxation, amounted to Rs 53.34 lakhs as compared to Rs 46.98 lakhs in the preceding year. The profit, after meeting tax liability, was still higher at Rs 20.49 lakhs as compared to Rs 15.82 lakhs in 1974-75. After transferring Rs 1.68 lakhs from development rebate reserve, the disposable surplus amounted to Rs 22.17 lakhs. The proposed final dividend will absorb Rs 7.04 lakhs. A sum of Rs 1.50 lakhs was transferred to debenture redemption reserve while an amount of Rs 13.63 lakhs was appropriated to general reserve No 1.

Marked Improvement

In view of the marked improvement in the trading results, the directors have recommended a final dividend of eight per cent. This together, with the interim dividend of six per cent (Rs 5.28 lakhs) paid previously out of the general reserve No 1 makes a total of 14 per cent (Rs 12.32 lakhs) for 1975-76 as against 12 per cent paid in the previous year.

The export performance of the company during the under review was very satisfactory. Exports during 1975-76 were higher at Rs 54.54 lakhs and it outstripped the previous year's figure by as much as Rs 34.39 lakhs. The company has well exceeded the minimum export requirements laid down by the government of India.

Syndicate Bank

New credit schemes to help poor farmers, artisans and other weaker sections have been evolved by the Syndicate

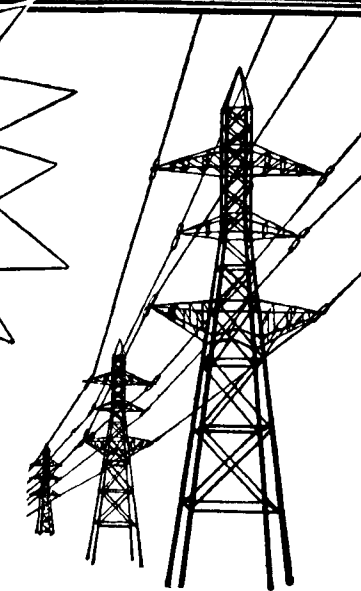
Bank, as part of a vigorous drive to implement the new economic programme. In Tamil Nadu, the Bank has given financial assistance to the tune of nearly Rs 2 crores for productive economic activities in

the twelve months since the launching of the programme.

The special schemes are designed to cover the credit requirements of craftsmen and artisans without insisting on

any margin from the borrowers. These schemes include the provision of financial assistance to the released bonded labourers to take up activities allied to agriculture such as dairy farming and sheep rear-

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AGENCIES DIRECT: Ahmedabad, Bangalore, Bombay, Jaipur, Kanpur, Lucknow, Patna, Trivandrum.

ing, and to meet credit needs of agricultural labourers.

Nearly 20,000 poor farmers and artisans in the state have been given financial assistance amounting to Rs 1.3 crores to clear their rural indebtedness and to start productive activities. Farmers have also been assisted with an advance of nearly Rs 5 lakhs for digging wells and installing pump-sets.

In the handloom sector, the Bank has given credit facilities to the tune of Rs 1.83 lakhs to handloom weavers in the state with a view to improve their economic conditions.

Financial assistance amounting to more than Rs 4 lakhs has been given by the Bank to agricultural labourers and landless workers in the state who have been allotted house sites and surplus land by the government. Released bonded labourers have received an advance of Rs 21,000 for taking up economically productive activities.

The Bank has also provided financial assistance of nearly Rs 18 lakhs to more than 500 retail traders dealing with the supply of essential commodities. It has also given loan assistance amounting to Rs 19,000 to consumer co-operatives and similar institutional retail outlets for distribution of essential commodities at fair prices.

The Bank has also extended loan assistance to the tune of nearly Rs 1 lakh for supplying books and stationery to students. An amount of Rs 18,000 has been advanced to single truck operators in the state holding national permit.

News and Notes

A new shipping company, promoted by Bharat Steel Tubes Ltd, which will be known as **Raunaq Shipping Company** has been registered in Bombay.

The venture will involve an

initial capital cost of Rs 20 crores, comprising Rs 18 crores as loans from financial institutions and Rs 2 crores as equity capital. While shares worth Rs 1.3 crores will be offered to the public, the promoters will subscribe to shares to the extent of Rs 70 lakhs.

Raunaq Enterprises has taken over the Holiday Inn of Agra, a five-star luxury hotel, with effect from November 1. It overlooks the Taj Mahal. The hotel has been established under a licensing agreement with Holiday Inns Inc of the USA, the largest hotel chain in the world. The new management is planning to increase the rooms to 200.

New Issues

Citurgia Biochemicals promoted by Bombay Dyeing and Manufacturing Co Ltd and Sturdia Chemicals in collaboration with John and E Sturge Ltd, UK, is setting up a new Rs 7.80-crore project near Surat in Gujarat for manufacturing citric acid by the deep fermentation process using sugarcane molasses. The British firm, a leading manufacturer of citric acid, will be providing the technical knowhow. The company is holding an industrial licence for manufacture 3,000 tonnes of citric acid per annum.

The industries directorate of the Gujarat state has agreed to allot about 10,000 tonnes of molasses per annum for the company's project from the 1976-77 sugar crushing season onwards. The plant is scheduled to commence trial runs by mid-1977 and go into commercial production shortly thereafter.

The capital outlay on the project is estimated at Rs 7.80 crores. It will be met by the share capital of Rs 3 crores and term loans of Rs 4.80

crores. Out of the equity capital of Rs 3 crores, the three promoters will take up shares worth Rs 1.70 crores while John and E. Sturge will be allotted shares to the tune of Rs 1.10 crores towards the payment of imported plant and equipment. The company will be making a public issue of Rs 1.30 crores, all in equity shares of Rs 10 each for cash at par in January 1977.

Capital and Bonus Issues

Consent has been granted to seven companies to raise capital of nearly Rs 52.29 million. Permission was refused in one case and proposals of two companies to issue capital have been acknowledged. The details are as under:

Hovanesian Brothers Ltd, Calcutta, has been accorded consent, valid for six months to capitalise Rs 37,500 out of its general reserve and issue fully paid equity shares of Rs 25 each as bonus shares in the ratio of one bonus share for every two equity shares held.

Cadila Chemicals Pvt Ltd, Ahmedabad, has been accorded consent, valid for six months, to capitalise Rs 250,000 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 each equity share held.

The New Great Eastern Spg and Wvg Co Ltd, Bombay, has been accorded consent valid for six months, to capitalise Rs 3.5 million 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 each equity share held.

Karnataka State Industrial Investment and Development Corporation Limited, Bangalore,

has been accorded consent, valid for 18 months, to the issue of debentures of Rs 20 million to be privately placed with banks/financial institutions. The proceeds of the issue are required to augment the corporation resources.

The Indian Hotels Co Ltd, Bombay, has been accorded consent, valid for six months, to capitalise Rs 7.20 million out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of two bonus shares for every five equity shares held.

Modella Woollen Limited, Bombay, has been accorded consent, valid for six months, to capitalise Rs 1.30 million out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for every six equity shares held.

Sree Rayalaseema Paper Mills Limited, a public company having a paid up capital of Rs 1940.80 million has been accorded consent for issue of additional equity capital of Rs 20 million in equity shares of Rs 10 each for cash at par, privately to the promoters, directors, their friends and relatives. The proceeds will be utilised for meeting a part of finance required for the manufacture of paper grade pulp and writing and printing paper. The consent order is valid for 18 months only.

Shree Bhawani Cotton Mills and Industries Limited, Calcutta, a public company has been rejected permission for issue of bonus shares of Rs 3.5 million.

Vidyut Steel Limited, has communicated to government of its proposals to issue capital under clause 5 of the Capital Issues (Exemption) Order, 1969 for Rs 6.40 million (inclusive

of the capital already raised) in 640,000 equity shares of Rs 10 each for cash at par, out of which shares worth Rs 3.136 million will be offered to the public by a prospectus, to meet a part of finance required for the manufacture of alloy steel castings and nihard castings.

Sahney Paris Rhone Limited, has communicated to government of its proposals to issue capital under clause 5 of the Capital Issues (Exemption) Order, 1969 for Rs 3.70 million (exclusive of the capital of Rs 3.30 million already subscribed) in 245,000 equity shares of Rs 10 each and 12,500, 11 per cent cumulative redeemable preference shares of Rs 100 each for cash at par, to the public by a prospectus, to meet a part of finance required for the manufacture of alternators/generators/starters etc.

New Registrations

Two hundred and thirty three companies were registered in India under the Companies Act, 1956 during June 1976, as compared to 237 in the previous month. Of these 233 companies, 225 were limited by shares, seven were with unlimited liability and one was a guarantee company. The total authorised capital of the 225 companies limited by shares amounted to Rs 18.88 crores and of the seven companies with unlimited liability to Rs 1.40 lakhs.

Of the companies limited by shares, four were government companies with an authorised capital of Rs 1.98 crores and 221 were non-government companies. Of the non-government companies, 14, were public limited and 205 were private limited with an authorised capital of Rs 5.84 crores and Rs 11.06 crores respectively.

Dividends

(Per cent)

Name of the company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Golden Tobacco	June 30, 1976	12.0	Nil
Periar Chemicals	June 30, 1976	20.0	12.0
Madras Safe Deposit	June 30, 1976	20.0	11.0
Kirloskar Electric Co.	June 30, 1976	14.0*	12.0
Electrical Manufacturing Co.	May 31, 1976	6.0	Nil
Kirloskar Oil Engines	June 30, 1976	12.0	6.5
Same Dividend			
Bharat Bijlee	June 30, 1976	12.0	12.0
Andhra Cement	March 31, 1976	Nil	Nil
Tuticorin Spg.	March 31, 1976	Nil	Nil
Oriental Hotels	June 30, 1976	Nil	Nil
Upper India Bearing	March 31, 1976	Nil	Nil
Crompton Greaves	June 30, 1976	15.0	15.0
Reduced Dividend			
Associated Cement Companies	July 31, 1976	12.0	14.0

* In addition to one-for-two bonus issue.

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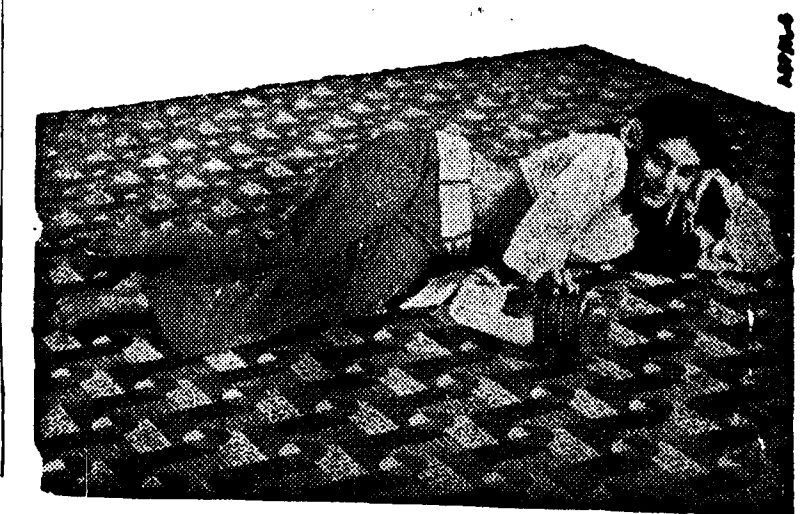
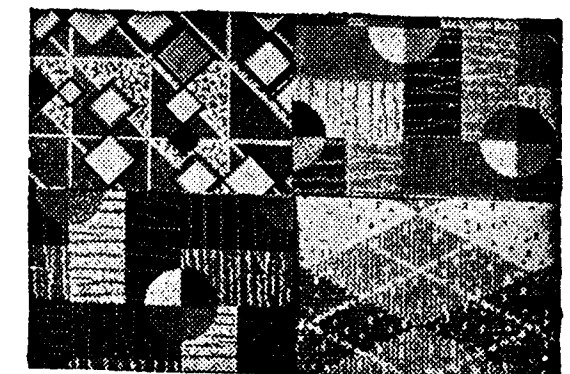
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Convention on productivity

The prime minister, Mrs Indira Gandhi, who inaugurated the two-day National Convention on Productivity organised by the National Productivity Council, Delhi Productivity Council and local Productivity Councils, suggested to industry to think of giving long-term productivity incentives to labour in place of the old illogical bonus system.

THE PRIME minister said that linking productivity and bonus ensures to workers a fair share of the fruits of increased efficiency. She added that through proper explanation and education workers would recognise that the future could be built only through higher efficiency and increased social savings.

The national convention has suggested that the system of integrating productivity plans with national plans of economic development should be evolved. It has also recommended that productivity plans should cover all sectors of activity and not only the industrial sector.

Productivity programmes, it was stressed, had to be derived from the national plan so that they did not run counter to the plan but formed an integral part of it. The national planning, it was emphasised, must be the means of integrating corporate plans.

The National Convention on Productivity made the following recommendations to the government, management, trade unions and National Productivity Council :

Recommendations to Government

(1) To achieve the national socio-economic objectives, it is

necessary to increase productivity in all the sectors of the nation's economy. The government may, therefore :

(a) Evolve a system of integrating productivity plans with national plans of economic development. It is necessary to develop industry-wise productivity plans to indicate production targets, reduction in costs and the additional investments to be made for achieving the desired output. For this, it would be useful to establish industry-wise productivity boards for the core-sector industries.

(b) Government may review the cost and prices structure, so that even during recessionary periods the prices of essential goods do not increase.

Productive Steps

(2) In order to create a favourable atmosphere for productivity, the government may:

(a) Evolve a suitable national wage policy for similar occupations in different industries.

(b) Take adequate measures so that existing industries utilise their installed capacity to the full.

(c) Take appropriate steps to see that wherever possible the existing units are expanded,

rather than new units are set up.

(3) The government may encourage the setting up of new enterprises in rural areas which are labour-intensive rather than capital intensive.

Recommendations to Management

1. The task of raising productivity is primarily a responsibility of management. The management should, therefore:

(a) Not only concentrate on increasing production, but also produce qualitative goods at reasonable prices by adopting appropriate technology.

(b) In adopting improved technology, management should in no case retrench labour. Management should go in for diversification and expansion of the units so as to utilise the surplus labour in productive manner.

(c) The management should also see that the employment potential is maintained so as to achieve the goal of full employment.

(d) Management should wherever possible set up an R & D cell to make use of the results of research and development carried out elsewhere.

(e) Management should conserve non-replenishable resources and use them economically and judiciously. There should be optimal use of all factors of production and inputs so as to achieve efficiency all along the line of production.

(f) Management should pay special attention to the main-

tenance of plant and equipment as it contributes to more productivity.

Waste of precious raw materials should be avoided and recycling of wastes like fly-ash, scrap of steel, coal, paper, cement, power, etc, should be extensively done.

2. Labour is a partner in production. Therefore, the human resources should be properly motivated.

3. In the new atmosphere prevailing, management should introduce a decentralised organisational structure and encourage consultation and seek-cooperation with the workers through participation in decision making. This would contribute positively towards enhancing productivity through direct involvement in achieving desired corporate objectives.

Recommendations to Trade Unions

(1) Trade unions can play a vital role in raising enterprise-level productivity. Trade unions should come forward to lend their whole-hearted support to the government and management to raise the productivity of the enterprise as well as the productivity of workers. Workers' education plays a vital role in this regard. Union leaders should motivate their fellow-workers to undergo training programmes and improve upon their skills which would go a long way in increasing productivity. Institutions can be set up at various places under the aegis of trade

unions to educate and train the workers in different regions.

(2) Trade unions should enter into long-term productivity agreements with management as a means of contributing towards national economic growth.

(3) To make workers' participation in industry and management fruitful, trade unions may consider training of their members in management principles including the concept and techniques of productivity. This would enable them to participate in decision making with the other members of management. In this regard, the services of NPC/LPCs may be utilised by them in an increasing measure.

Recommendations to NPC

(1) NPC should maintain a

close liaison with the Planning Commission to bring about integration of productivity plans with the national plans for achieving steady increase in productivity and economic growth.

(2) NPC should expand further its services and devote attention to public administration, public utilities, welfare services, etc. Special attention may be given to government administration, hospital and educational institutions.

(3) Apart from conducting examination for supervisors, NPC should hold suitable training programmes to educate the workers at all levels.

(4) Productivity movement is to generate an all round concern for excellence and help the creation of productivity oriented work culture. NPC

should play a vital role in motivating workers and increasing productivity collectively. NPC should also make efforts to evolve a total rural development/management programme. In this regard, NPC should emphasise application of modern scientific method to agriculture.

(5) If the national economy has to be strengthened through higher productivity it cannot be done on the industrial front alone; the rural front is vitally important. The NPC and the LPCs have to play a significant role in improving the standard of life of the people. Such endeavour must also take into account the need for improving the productive performance of the less privileged sections of the society.

(6) Government and its agen-

cies should encourage the application of productivity techniques of agriculture. Multiple cropping, productive use of land, use of various plant protection chemicals, fertilizer, inexpensive methods of transplanting paddy, simple implements for ploughing, etc are some of the areas where NPC can play a vital role.

(7) NPC may undertake research studies on subjects like linking bonus to productivity and reduction in wage disparities, survey industry-wise productivity trends and evolve a system of annual productivity audit at the unit level.

In view of the expanded role of National Productivity Council and local productivity councils' efforts may be made to provide them with more financial assistance.

Employment strategies to develop Asia

In a paper recently prepared by the Federation of Indian Chambers of Commerce and Industry (FICCI), an attempt has been made to assess why employment opportunities in Asian countries have not increased so as to absorb the growing working force. The FICCI comes to the conclusion that in this part of the world, emphasis will have to be put in the coming years on labour intensive production on the one hand and labour intensive technology on the other to achieve the desired objective. Given below is the summary of the analysis made in this paper and also the conclusions which the FICCI has arrived at.

THE DEVELOPMENT processes in the countries of the Asian region, have not resulted in creating adequate productive job opportunities. Unemployment in this region varies between 5 and 10 per cent of the labour force. The strategy for resolving this problem has to combine the various domestic programmes and international cooperation. One thing however is clear that a conscious employment programme of action supported by national and

international policies will have to be adopted which will put adequate emphasis on labour intensive production on the one hand and labour intensive technology on the other. The establishment and modernisation of small and medium-sized enterprises in rural as well as urban sectors will increase the volume of employment. Finally, it must be admitted that integrated development can be achieved only so far as equal priority is attached to

the social, economic and political aspects of development. The following conclusions have to be viewed in this background:

(a) In agriculture the policy in regard to tenancy, land distribution, provision of inputs, etc will have to be re-examined with a view to improving productivity and enhancing employment potential.

(b) The degree of utilisation of capacity in industry, which has been at a significantly low level in most of the countries, has to be increased. Also, almost all industries must be made to work on multiple shift basis. Policy restrictions, which have tended to block expansion and diversification, have to be removed. Industries with higher employment potential will have to be given greater preference.

(c) Public works programmes, including construction of

roads, have large unexplored employment potential. Such programmes also create spread-effects which generate employment opportunities in other related sectors. However, there has to be a close co-ordination between short and long term projects to avoid dislocation.

(d) The services sector is essentially labour intensive. In the Asian region the development of services like education, health, housing, transportation, etc, can create tremendous employment opportunities to educated and uneducated persons. Compulsory primary and secondary education would go a long way in giving relief to educated unemployed.

(e) The programmes of development in agriculture, industry and services have to be stimulated through proper fiscal and monetary policies. The whole system of taxation will have to

be reshaped to favour employment oriented economic growth. There has to be stimulus to investment in rural areas, domestic production of capital goods and equitable distribution of tax burden between rural and urban sectors. The rate of interest could also be used to advantage to exercise greater economy in the use of capital. In the alternative, tax incentives for larger employment can be devised.

(f) There has not been enough research in the evolution of profitable labour intensive technology. Such research has to be encouraged by granting subsidies to trade and research associations to develop technology which would suit the conditions in developing countries of the Asian region.

(g) There has to be larger exports of labour intensive manufactured and semi-manufactured goods to developed countries. That is possible if the developed countries specialise in more sophisticated items leaving the manufacture of less sophisticated items to developing countries.

Foreign Capital

(h) The amount of foreign aid given by developed countries has been too small to meet the development needs of the Asian region. The resources of developing countries can be effectively supplemented by private foreign capital playing its due part. This is important, particularly because foreign private capital also brings in experience, expertise and technology. While foreign capital has to be treated fairly, it has to willingly adjust itself to national conditions and aspirations so as to ensure that production is oriented towards major national goals.

(i) In some of the countries

in the Asian region, there is shortage of technical manpower while others are saddled with surplus. A greater mobility of technical personnel across international borders would bring better balance between needs and availability.

Promising Scope

(j) There is a promising scope for mutual economic co-operation among Asian countries for accelerating the pace of their economic advancement as well as for promoting *inter-se* trade. Efforts are increasingly being made to bring this about, though much needs to be done. Such arrangements as have already been made in the form of Association of South East Asian Nations (ASEAN), South East Asian Ministerial Conference (SEAMIC), the Asian and Pacific Council (ASPAC) and the Regional Economic Cooperation for Development (RCD) are more in the nature of sub-regional groupings. A unified and integrated arrangement for mutual economic cooperation within a wider framework of the Asian regions as a whole has yet to be evolved to give a real thrust to the various socio-economic problems facing the developing countries of Asia. The CACCI, with its broader outlook of membership can do a great deal in forging new and lasting economic links among the countries of the region. And this will undoubtedly pave the way for greater cooperation and collaboration as well as larger commercial exchanges between them.

(k) Trade with centrally planned economies can be significantly improved if an institution for multilateral payments is devised. It should also be possible to invite larger in-

vestment from these countries on a product sharing basis. (l) The Asian region should make working arrangements with the OPEC countries for utilisation of excess funds with the middle east countries. These will supplement national savings and heighten the growth process.

TABLE IV
National Income
(Region-wise)

Region or Country	GNP per capita (US \$)	GNP (US \$000 millions)	Popula- tion (millions)
North America	6,130	1,425	233
Oceania	3,490	71	21
Europe, excluding USSR	2,990	1,516	507
USSR	2,030	506	250
Middle East	1,080	82	76
South America	840	170	203
Central America	800	79	99
Africa	290	114	392
Asia, excluding Japan	200	399	1,947

TABLE V
Income shares before tax in selected countries in
Asia by income group of households

Country	year	Per capita GNP in 1971 (US dollars)	of households		
			Lowest 40%	Middle 40%	Top 20%
Burma	1958	82	16.5	38.7	44.8
Sri Lanka	1969	95	17.0	37.0	46.0
India	1964	99	16.0	32.0	52.0
Pakistan & Bangladesh	1964	100	17.5	37.5	45.0
Thailand	1970	180	17.0	37.5	45.5
Korea, Republic of	1970	235	18.0	37.0	45.0
Philippines	1971	239	11.6	34.6	53.8
Malaysia	1970	330	11.6	32.4	56.0
Japan	1963	950	20.7	39.3	40.0
Australia	1968	2509	20.0	41.2	38.8
New Zealand	1969	2859	15.5	42.5	42.0

Source: Report of ILO Director General to Eighth Asian Regional Conference.

TABLE I
Unemployment in Selected Countries of Asia

	1965	1968	1970	1972	1974
Burma	31,298	70,109	70,446	1,08,151	1,18,207
India	25,26,960	29,02,801	37,25,660	59,27,622	83,78,276
Japan	3,90,000	5,90,000	5,90,000	7,30,000	7,20,000
Rep. of Korea	6,53,000	4,92,000	4,54,000	4,99,000	4,94,000
Malaysia	93,008	1,27,575	1,69,326	1,60,750	1,34,532
Pakistan	1,82,899	1,81,347	2,28,792	1,57,401	1,89,638
Singapore	54,364	65,361	50,484	36,203	32,523
Indonesia	83,353	45,837	13,252	90,832	—
Philippines	8,55,000	10,53,000	7,00,000	9,83,000	7,25,000
Thailand	—	—	—	85,470	73,890

Source: Year Book of Labour Statistics—ILO—1975. Figures as per Live Register of Employment Exchange.
TABLE II

Preliminary Estimates of Unemployment and Under-Employment in Developing Countries, by Region—1975 (in millions)

Region	Unemployment ¹				Under-Employment ²				Total			
	Total		Urban		Total		Urban		Total		Urban	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%	Nos.	%	Nos.	%
Asia ³	18	3.9	6	6.9	168	36.4	20	23.2	186	40.3	36	30.1
Africa	10	7.1	3	10.8	53	37.9	7	25.1	63	45.0	10	35.9
Latin America	5	5.1	5	6.5	28	28.9	14	22.8	33	34.0	19	29.3
Oceania	—	—	—	—	1	49.0	—	—	1	49.0	—	—
Total	33	4.7	14	8.0	250	35.7	41	23.3	283	40.4	55	31.3

¹ Defined as "persons without a job and looking for work".

² Defined as "persons who are in employment of less than normal duration and who are seeking or would accept additional work" and "persons with a job yielding inadequate income".

³ Excluding China and other Asian centrally planned economies.

Source: ILO Bureau of Statistics.

TABLE III
Mass Poverty in Selected Countries in Asia, 1969 (Incomes in US Dollars of 1971 Purchasing Power)

Country	1969 GNP per capita	1969 popula- tion (millions)	Population below US \$50		Population below US \$75	
			Millions	per cent of total population	Millions	per cent of total population
Burma	72	27.0	14.5	53.6	19.2	71.0
Sri Lanka	95	12.2	4.0	33.0	7.8	63.5
India	100	537.0	239.0	44.5	359.3	66.9
Pakistan and Bangladesh	100	111.8	36.3	32.5	64.7	57.9
Thailand	173	34.7	9.3	26.8	15.4	44.3
Korea, Republic of	224	31.1	1.7	5.5	5.3	17.0
Philippines	233	37.2	4.8	13.0	11.2	30.0
Malaysia	323	10.6	1.2	11.0	1.6	15.5
Iran	350	27.9	2.3	8.5	4.2	15.2

Source: ILO Director-General Report to Eighth Asian Regional Conference.

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EASTERN ECONOMIST

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TABLE VI
Growth of Population and Agricultural
Production, 1960-75

Country	Population 1972 (millions)	Population growth		Growth rates of agricultural	
		(annual average rates)		production (annual percentage change in constant prices)	
		1960- 70	1970- 75	1960-70	1970-73
		(projected)			
Afghanistan	17.9	2.1	2.6	1.5 ⁵	4.7
Bangladesh	60.7 ¹	2.6	3.0	1.9	2.6
Bhutan	1.0 ²	—	—	—	—
Burma	28.9 ³	2.3	2.4	1.0	0.3
Brunei	0.1	4.7	2.0	—	—
China	800.7	1.7	1.7	—	—
Hong Kong	4.1	2.5	1.4	4.0 ⁶	5.5 ⁸
India	563.5	2.4	2.5	2.9	1.1
Indonesia	121.6	2.6	2.6	2.5	1.3
Iran	30.6	2.8	3.0	4.1	1.0
Khmer Republic	6.7 ²	2.7	2.5	3.7	-15.0
Korea, Democratic People's Republic of	14.7	2.8	2.7	—	—
Korea, Republic of	32.4	2.2	2.0	4.7	2.5
Laos	3.1	2.7	2.1	6.2 ⁵	0.9
Malaysia	10.9	2.9	3.0	6.0	7.2
Mongolia	1.3	3.0	3.0	—	—
Nepal	11.5	2.0	2.3	1.5 ⁵	2.6
Pakistan	64.9	3.1	3.1	6.5	0.8
Philippines	39.0	3.3	3.4	3.9	3.2
Singapore	2.2	2.4	1.6	7.0 ⁶	7.0 ⁸
Sri Lanka	13.0	2.4	2.3	3.5	-2.2
Thailand	36.3	3.2	3.4	4.6	4.4
Viet-Nam, Democratic Republic of	22.0	2.8	2.4	—	—
Viet-Nam, Republic of	18.84	2.5	1.8	0.6	3.7

¹1970. ²1969. ³1973. ⁴1971. ⁵1963-63-70. ⁶1961-70. ⁷Preliminary estimates. ⁸1970-72.

Source: United Nations: 1974 Report on the World Social Situation.

TABLE VII
Level and growth of real output 1963-73

Country/Area	GNP per capita 1971 (US dollars)	Growth of GDP (annual average rates)		Growth of GDP per capita (annual average rates)	
		1963-68	1968-73	1963-68	1968-73
Afghanistan ²	80	1.4 ³	3.6 ⁴	-0.6 ³	1.6 ⁴
Bangladesh	70	4.5	0.2	2.6	-2.4
Bhutan ²	80	1.6 ³	2.1 ⁴	-0.1 ³	0.4 ⁴
Brunei ²	1370	1.9 ³	7.1 ⁴	-1.6 ³	3.4 ⁴
Burma	80	2.9	4.4	0.6	2.0
China, People's Republic of	160	8.7 ³	9.2 ⁴	6.8 ³	7.3 ⁴
Fiji	470	5.8	7.2	1.4	3.2
Hong Kong	900	9.2 ³	7.7 ⁴	6.1 ³	5.6 ⁴
India	110	2.9	3.2	0.5	0.6
Indonesia	80	3.5	7.0	2.8	4.2
Iran	450	10.9	12.4	7.9	9.2
Khmer Republic	130	3.4	-4.1	0.7	-6.7
Korea, Democratic People's Republic of	310	8.6 ³	7.4 ⁴	5.8 ³	4.5 ⁴
Korea, Republic of	290	8.5	11.1	6.2	8.9
Laos ²	120	2.6 ³	6.0 ⁴	0.2 ³	3.5 ⁴
Malaysia	400	5.2	6.5	2.0	3.4
Maldives ²	90	1.4 ³	0.3 ⁴	1.6 ³	0.7 ⁴
Mongolia ²	380	0.4 ³	4.3	-3.4 ³	1.4 ⁴
Nepal	90	1.8 ³	2.4 ⁴	0.0 ³	0.6 ⁴
Pakistan	130	7.3	4.8	4.0	1.4
Philippines	240	4.6	6.7	1.3	3.1
Singapore	1200	8.7	10.7	6.3	8.9
Sri Lanka	100	5.0	3.1	2.6	0.8
Thailand	210	8.6	5.5	5.2	2.2
Viet-Nam, Demo- cratic Republic of	100	6.8 ³	4.9 ⁴	3.3 ³	2.7 ⁴
Viet-Nam, Republic of	230	1.4	4.7	-1.0	2.7

¹In constant market prices.

²Tentative estimates.

³GNP 1960-65.
⁴GNP 1965-71.
Source: United Nations: 1974 Report on the World Social Situation, Part One, Regional development.

TABLE VIII
Share of Industry and Agriculture in National Income

	Per cent to GDP	
	Agriculture	Industry
Afghanistan	51	12
Bangladesh	56	9
Burma	38	12
India	44	14
Indonesia	40	18
Korea, Republic of	26	29
Malaysia	31	22
Pakistan	34	16
Philippines	28	20
Viet-Nam, Republic of	29	7

With a Special Supplement
on
Indo-Soviet Cooperation

eastern ECONOMIST

Vol. 67

November 26, 1976

No.



Century Rayon

An example of social responsibility

Century Rayon sets an example to other large corporations by its policy of synthesising service to the community, fulfilment of its obligations to the employees, the customers and the shareholders. And yet, you will be surprised, it is making the highest contribution to the national exchequer by way of tax payments as well as foreign exchange savings and earnings.

In spite of runaway inflation in the cost of raw materials and other inputs such as labour, spares, fuel and water, Century Rayon sets another example by holding the price line for its products.

PROFESSIONAL MANAGEMENT:

Besides the philosophy, the secret lies in its professional management. Maximum decentralisation and delegation of authority and responsibility, has built an outstanding team of managers and workers, with a completely autonomous decision making process in each of its segments.

ASSISTING AUXILIARY AND ANCILLARY INDUSTRIES:

Century Rayon believes in supporting a number of small entrepreneurs. Rightly so. And it has become a benign big brother to a number of auxiliary and ancillary industries. It is helping them in three segments, viz. a) the small scale suppliers; b) the small processors who use Century's by-products and waste products; c) a large nation-wide community of small weavers dependent on Century's supply of yarn. Century Rayon is helping them in marketing.

THE NATIONAL EXCHEQUER:

How much do you think Century Rayon is paying by way of Taxes? To the tune of Rs. 8 crores in excise duty and other levies, over and above the income tax paid by the parent company, Century Spinning & Manufacturing Co. Ltd., to the extent of Rs. 7 crores per year.

EXPORTS:

Why is it that the Century Rayon Tyrecord is equal to the world's best? The testimony is constantly rising exports to sophisticated international markets. The total foreign exchange earning including Rayon Fabrics & Chemicals so far exceeds Rs. 5 crores.

EMPLOYEE WELFARE:

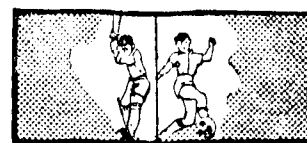


Century's workers are happy because of one of the finest housing colonies provided to them, along with a club house, a cooperative bazar and a credit

society. They enjoy the best educational facilities for their children, consisting of primary and secondary schools and a college for Arts, Science and Commerce. Its medical care is unique, with a full-fledged 50 bed hospital, and free medicine.



Recreation, too, is dear to its heart. Vast playgrounds, beautiful swimming pools and gardens, a large library, its own network of roads and water works and, to top it all, one of the finest temples in a sublime atmosphere—all these amenities constantly growing in size and quality.



Century Rayon encourages sports both for the amateur and the seasoned sportsman. Century's sports teams have been winning many a laurel on the playgrounds.

CREATING EMPLOYMENT:

In today's context, Century Rayon's contribution is significant, by providing employment to over 6,000 workers directly, and supporting an entire township dependent on it.

INDUSTRIAL RELATIONS:

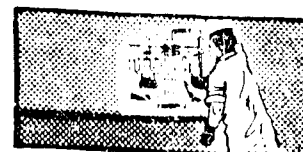
What would you say for a record of more than sixteen years of uninterrupted production, without losing a single manhour due to strike or strife? Relations with the employees are exemplary because of a direct, frank and honest rapport with them across the table, without external intervention.

COMMUNITY SERVICE:



In times of calamities like earthquakes, wars, droughts and floods, Century Rayon has sprung to the call of duty voluntarily extending not only financial help but also providing volunteers and other relief measures.

RESEARCH AND DEVELOPMENT:



Well equipped laboratories and a team of dedicated scientists and technicians ensure the position of leadership for Century Rayon—be it the finest rayon filament yarn or the toughest, improved rayon tyre cord.

CAUSTIC SODA:

To meet the needs of genuine users in the present acute shortage conditions, Century Chemicals is following a policy of supplying the entire production to Actual Users on the basis of past offtake, at fair prices.



CENTURY RAYON
Industry House,
159, Churchgate Reclamation, Bombay 400 020

CONCEPT-CR-1513

eastern ECONOMIST

VOL. 67 NO. 22 NOV. 26, 1976

Price Rupees Two

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Much curious pleasure at Jawaharnagar

THE ECONOMIC resolution which had urged the nation to be vigilant so that the stability attained during the past one and a half years was not eroded, was passed by the All-India Congress Committee session at Jawaharnagar on November 22, after making three amendments. The upshot of the discussions was that the economy had taken a buoyant turn after recording a substantial increase in agricultural production, inflating foodstocks to an embarrassing level, registering a comfortable surplus in foreign exchange reserves and also witnessing a favourable balance of trade. The relative stability in prices during the past one year was commented upon with gusto especially because even the most industrialised and prosperous countries had found it well nigh impossible to shrug off the scourge of inflation. And all these happy trends were made to look like the miracle of the present times, though an expression was also given to the underlying uneasiness caused by economic trends which were not very favourable.

The prime minister, Mrs Indira Gandhi, was the first to point out that the prices of a large number of commodities had moved up recently and it was causing some concern to the government. Since March this year, the index of wholesale prices had increased by about 10 per cent and the index for each week in November this year was higher than that of the corresponding index a year ago. The prime minister saw no tangible reason for this upsurge in prices and, therefore, urged control over incomes and prices. She cited the examples of Sweden and Holland where, she said, this policy had been applied successfully, though she hastened to add that perhaps it would not be possible to apply it in our country because of its vastness.

Understandably, the reference to "incomes and prices policy" by the prime minister is likely to mean different things to different people. For example, Mr Jagjivan Ram, union Agriculture minister, is reported to have stated while winding up the debate on the economic resolution that a national wage policy need not necessarily mean an increase in the wages for all the workers in the country. He further said that norms would have to be laid down for the fixation of wages. But what about prices and productivity? Wages without relationship to prices have little significance. And wages which do not improve with rise in productivity are a great disincentive. It was not clear what Mr Jagjivan Ram meant by "norms" in this context. Again, a reference to Sweden in regard to incomes and prices policy conjures up fears of high taxation—an approach which was discarded in the last two budgets in favour of stimulating savings and curbing evasion of taxes through reduced tax rates. Perhaps the question which the prime minister has raised needs to be discussed in depth before any concrete suggestions in this regard can emerge.

Mr Pranab Mukherjee, union minister for Banking and Revenue, struck a realistic note when he said that "we are not out of the woods as yet". He gave four reasons in support of this assertion. First, certain sectors of the industry were sick for whatever reason which meant under-utilisation of capacity. Second, capital was shy implying that the investors were not coming forward to risk their capital. Third, only a fraction of the savings was invested in the economy. And lastly, the economy was already in the grip of an inflationary tendency. He was of the view that the speculators had engineered a rise in prices and that the government had taken corrective measures through selective credit policy and restraint on money supply. Realising that tight credit policy could be counter-productive, he said that the industry had been assured of credit for the priority sector and that the industry had been given a number of

concessions. He expected the private sector to rise to the occasion and increase the flow of savings into investment.

It was Mr Jagjivan Ram who touched upon the problem of rising unemployment in the country. He said that production in factories and farms would have to be increased not only for the sake of increasing the wealth but also for providing

more job opportunities. But the moot question was: why had unemployment increased even in a period when the economy had been ostensibly buoyant? The rising numbers of the unemployed on the live registers of the employment exchanges were crying out for redress. A satisfactory answer was not provided at Jawaharnagar.

Speeding up oil exploration

IT REMAINS to be seen whether the oil exporting countries of west Asia would push up, with effect from January 1, the prices of their crude oil by 20 per cent, as recommended by their experts last week, or go in for just 10 per cent, or even smaller, escalation. But irrespective of any change in the prices of the oil imported by us, there is no denying the fact that we have to pursue relentlessly the policy of accelerating exploration in the country, both on-shore and off-shore. This policy has been followed for quite some time and significantly larger allocations have been made for exploration and development particularly during the last two years. They have also yielded quite wholesome results. Yet if the country has to become self-sufficient in oil, exploration efforts, on-shore as well as off-shore, have to be still stepped up a great deal further.

encouraging statement

So far as off-shore exploration is concerned, it is, indeed, encouraging to note that the minister for Petroleum, Mr K.D. Malaviya, has hastened to contradict the report that the government was going to change the policy of production-sharing, following the infructuous exploration in the Bay of Bengal, off the Orissa-West Bengal coast, by the Carlsberg India group, and in the Gulf of Kutch by the Reading and Bates group. The two American consortia are stated to have moved their equipment elsewhere after drilling two wells each.

Mr Malaviya has clarified that there is absolutely no change in the government's policy of allocating off-shore areas

investment required, both in the form of risk capital involved and the expenditure needed for the development of the potential of oil struck, is so large that external assistance would be essential.

lesser hazard

Another factor that appears to have weighed with the government in keeping the policy flexible is that after the North Sea exploration, off-shore exploration expertise is now available with even medium-sized oil companies also production-sharing with whom does not entail any hazards. Besides the Cauvery basin, which has been parcelled out to the Asamera group of Canada, the government intends to decide on the grant of five other off-shore exploration concessions to foreign explorers in the near future. It hopes that the Carlsberg and Reading and Bates groups too will resume exploration in their concession areas after sorting out their problems, which have arisen probably because of financial stringency. This, of course, may require some modification of their terms to include government as a partner in risk capital.

Meanwhile, it is gratifying to note that concerted efforts are being made to develop as expeditiously as possible the Bombay High area and the adjoining "Bessein and fault structures" where oil has been struck recently. The World Bank

is said to have shown interest in financing this development programme. The possibilities of technical assistance for the purpose from Norway are also being explored. The Bombay High area is expected to be developed by the end of this month to yield 1.5 to two million tonnes of crude oil per annum and to nearly double this capacity by the end of the next year. Ultimately, this area is to be developed to yield 10 million tonnes per annum by about 1980. This level may even be exceeded; there are indications to this effect. The Bessein structure is proposed to be developed to produce annually at least one million tonnes of crude oil. No estimate, however, has been indicated as yet for the "fault" structure.

work on-shore

The exploration and development work on-shore too is being stepped up. The ONGC is expected to reactivate drilling in West Bengal, Himachal Pradesh, Uttar Pradesh and Andhra Pradesh shortly and to step up its on-shore production potential from the known resources to 6.5 million tonnes by the end of next year, the additional potential being created primarily in the eastern region concessions. With Oil India's output around three million tonnes per annum, the total on-shore production, thus, would go up to about 9.5 million tonnes in about a year. Including off-shore areas, the production potential expected to be created by the end of the current Plan period, i.e. by 1978-79, is 16 million tonnes to yield actual production in that year to the order of 14.18 million tonnes. This will be two million tonnes more than the 1978-79 production of 12 million tonnes envisaged at the time of drafting the current Plan and nearly seven million tonnes more than the output in 1973-74. For accelerating on-shore drilling, deep drills have been secured recently.

Informed sources, however, have indicated recently that the prospects of finding oil, both on-shore and off-shore, now are much brighter than generally assumed. This only warrants an added thrust to exploration. The maintenance of flexible approach to the problem should stand us in good stead. It is hoped that a pragmatic approach will also be brought

to bear upon the issue of take-over of Oil India, a 50:50 partnership between the government of India and the Burmah Oil Company, which is the other undertaking engaged in oil exploration in the

country. The expertise available with the British partner in this enterprise needs to be availed of through maintaining its interest in it though on minority basis.

Happy turn in balance of payments

THE PLANNING Commission, the union Finance ministry and the Commerce ministry must be examining how the favourable trend in foreign trade and the balance of payment position in the past year and more will enable the government of India to formulate its developmental schemes on truly ambitious lines so that the new opportunities may be utilised for achieving a kind of economic activity which will ensure self-sustaining growth. No satisfactory explanation has been forthcoming so far about the metamorphic change that has occurred in the balance of payments position and how the foreign balances with the Reserve Bank have been swelling from the middle of last year.

compensatory financing

If an uncharitable construction can be placed on the activities of smugglers, some exporters and importers and those engaged in plying a thriving trade in compensatory financing, there should have been a leakage of foreign exchange regularly over a period through many sources causing the country probably even Rs 300 crores annually. It may not, perhaps, be correct to arrive at a cumulative total of diverted foreign exchange resources on this basis. However, in so far as there has also been a repatriation of capital by Indians resident in foreign countries in various forms, the loss to the country should have been pretty severe. This kind of reasoning does not, of course, provide the clue to phenomenal rise in foreign balances by Rs 1,134.54 crores in 12 months ended November 3, 1976 even after repaying to the International Monetary Fund as much as Rs 335 crores on two occasions, in April and September this year.

It is pertinent to point out here that

this big rise in foreign exchange resources held by the Reserve Bank has come about even with a trade deficit of Rs 294 crores in November-January 1975-76. The faster growth since February this year may have of course been aided by surpluses in trade for six months in succession and better utilisation of aid. Here again, the whole story is not told. It is quite true that in the first six months in 1976-77 there was a trade surplus of Rs 12.59 crores against a deficit of Rs 651.64 crores in April-September 1975. But even an improvement of Rs 665 crores on trade account leaves unexplained a balance of Rs 805 crores, added to reserves from other sources.

There has obviously been a large inflow of remittances and other invisible receipts from non-resident Indians, tourists, shipping freight income and other channels enabling one to draw the conclusion that the net accretion to foreign exchange reserves may be in the region of Rs 1000 crores in a year under favourable conditions. It may be that the recent flow has been accelerated by the repatriation of bulk balances held in foreign bank account or other adjustments. Even then it may not be unjustifiable to presume that about Rs 600 crores may be the regular foreign exchange accretal yearly to the country and there will be no liability attaching to these foreign balances in the form of repatriation.

residual amount

Even granting that accounts in designated currencies maintained by the scheduled commercial banks are repatriated the residual amount of about Rs 500 crores can be easily used for liberalising imports and implementing Plan schemes.

Eastern Economist 30 Years Ago

NOV. 29, 1946

The fundamental criticism of the US Proposals for Expansion of World Trade, from the standpoint of backward countries such as India, is that the reduction of tariffs and other trade barriers alone would not bring about the economic development of the undeveloped countries. Indeed, the economic development of the backward regions and an improvement in their living standards are essential to large expansion of international trade. This proposition has been supported by theoretical arguments of an unanswerable kind: that though there might be an initial decline in their demand for manufactured articles, the backward countries would soon give rise to increasing demands of different and higher qualities of consumer goods and large quantities of raw materials and capital goods, and therefore

industrialization of backward countries is bound to benefit the advanced countries. But factual evidence in support of this view, difficult to collate and elusive, has not been marshalled so far, although such evidence is all-important for the formulation of an expansionist international commercial policy. Industrialization and Foreign Trade, the last of the series of studies on commercial policy published by the League of Nations, is an important contribution and fills a distinct gap in the study of this difficult subject. The volume is a historical-statistical survey of the growth of industry and foreign trade in the world during the last seventy years and points to certain important deductive and inductive conclusions of great value to India.

as the recipients of foreign exchange in the first stage had purchased rupees and used them for spending within the country. There is great force therefore in the argument put forward by Mr L.K. Jha when he addressed the Forum of Financial Writers in the capital recently. He has emphasised the need for using the huge buffer stocks of foodgrains for effecting payments in kind to workers engaged in the construction of irrigation projects, roads or other schemes which have a large labour content and the projects are located in rural areas. Apart from enabling a reduction in interest burden and storage expenses, there will also be an indirect liquefaction of these stocks.

It has also been suggested that the foreign exchange reserves should be used for augmenting supplies of commodities in short supply and raising rupee resources through sales. The planned imports of edible oils, raw cotton, staple fibres and sometimes of machinery should be useful in securing Rs 300 to 400 crores in a year. The aggregate imports however may not record any big rise as compared to 1975-76 because of the scope for effecting savings in imports in other directions. The only way in which foreign balances can be used productively is through a stepping up of expenditure on plan projects having a high foreign exchange content as involved in the execution of submarine pipeline and other facilities for exploiting the newly-found oil reserves in the Bombay region. It will be worthwhile to speed up work in this region by increasing the allocation in foreign exchange and rupees substantially.

foreign exchange accretions

Of greater importance from the point of view of prospective planning and servicing of foreign exchange obligations in the '80s without difficulty, are the projections that can be made in respect of accretions to foreign exchange reserves on the basis of recent developments. The most encouraging feature is the emergence of favourable trends in foreign trade. There is a prospect of even securing a surplus on trade account

in 1976-77 for the first time since 1972-73 when there was a surplus of Rs 103.39 crores after trading at a higher level. If all goes well there may even be a surplus of Rs 200 crores in 1976-77. In the first six months of the current financial year, exports were higher at Rs 2,263.27 crores as compared to Rs 1,764.59 crores in the corresponding period of 1975-76, while imports declined to Rs 2,250.68 crores from Rs 2,416.23 crores. There was thus a surplus of Rs 12.59 crores against a deficit of Rs 651.64 crores. The favourable balance would have been even larger if imports had not increased in August/September and a deficit emerged in spite of a higher level of exports. The increase in imports must be due to a bunching of shipments, larger purchase of cotton, edible oils and other factors.

The developments in the second half of the year would be even more satisfying as there is usually a seasonal increase in exports. It is confidently expected that

A Special Supplement on Indo-Soviet Cooperation appears separately and is supplied free with this issue of *Eastern Economist*

there will be larger shipments of steel, engineering goods, textiles, iron ore, hides and skins, marine products, tea, coffee and other plantation products to mention only the more important items. There will of course be a drop in the value of exports of gunnies and sugar due to lower prices and probably reduced shipments. Even so, aggregate exports in October/March 1977 are likely to be Rs 2500/2600 crores taking the total of exports for 1976-77 to Rs 4,800 crores exceeding the target by Rs 300 crores.

Even allowing for the possibility of an increase in the cost of crude and petroleum products in the first quarter of 1977, in the event of a decision by the

members of OPEC to raise prices, and larger volume of imports of edible oil and raw cotton, the value of imports in the second half of 1976-77 cannot be more than Rs 2400 crores. It needs to be noted that there were heavy imports of foodgrains and fertilizers, non-ferrous metals and other items in the second half of 1975-76. There will practically be no import of foodgrains, while purchases of fertilisers are being strictly regulated. There is therefore the prospect of a surplus of Rs 200 crores being achieved even after allowing for liberal imports.

turning point

The current year may thus prove to be a turning point in the country's trade and balance of payments position. With a firm grip on food production and rising output of steel, fertilisers, non-ferrous metals and other items, there is no reason why exports cannot be stepped up regularly and the pattern of imports suitably changed for using current foreign exchange earnings more purposefully. If exports can pay for imports fully and secure also a surplus of Rs 300 crores regularly the Reserve Bank can hope to proceed on the basis of net accretions to foreign exchange reserves to the extent of Rs 800/1000 crores yearly because of net additions to the invisible account by Rs 500/600 crores yearly.

While gross aid is now utilised for servicing foreign obligations of over Rs 600 crores annually, a good part of this amount can be found from our own resources in the '80s. In the meantime, it should be our objective to use the additions to foreign balances in the next three or four years for expediting the implementation of Plan schemes. The availability of about Rs 2000 crores in foreign exchange in three years over and above the assumptions of the Planning Commission should be of great advantage to the economy as inflationary forces can be effectively checked even if money supply tended to cross the safe limits. But what precisely is the safe limit and the connotation of the increase in money supply in recent months cannot be satisfactorily determined though it will not be correct to take an alarmist view.

Prospects of Indo-British trade

THE GOVERNMENT of India told the British industrial mission which visited our country recently that India would be willing to step up its purchases from Britain if the prices were competitive and the delivery schedule was favourable. Sir Ralph Bateman, leader of the mission, said that he would convey to British industry New Delhi's comments on prices and delivery terms and that attempts would be made to take the necessary corrective steps. It will be interesting to know whether the union ministry of Commerce or Industry or Finance has made any detailed analysis of the prices of the machinery and materials that are imported from Britain as compared to those obtained from the USA, West Germany and Japan.

sources of imports

Russia and other countries of eastern Europe have also been major sources of imports of capital equipment and various other goods. How do the prices of imports from eastern Europe compare with those imported from western Europe and the USA? What about the quality, performance and other relevant aspects? Is our import policy so conceived and implemented as to enable industries to obtain their requirements at the most competitive prices? The answers to these questions assume importance in view of the fact that we shall have to import in the coming months capital equipment of various kinds in order to enable our industries to expedite their programmes of modernisation and expansion. Though our foreign exchange reserves remain comfortable, there is still an imperative need to ensure that we secure our imports at economic prices.

If India's imports of certain British goods have gone down in recent years, it is not merely because of uncompetitive prices or unsatisfactory delivery schedule but because of our progress in import substitution. For instance, the import of

iron and steel manufactures from Britain declined from £633.7 million in 1971-72 to £521.4 million in 1972-73 and £274.9 million in 1973-74. This is hardly surprising in view of the fact that our production of iron and steel has increased and we are now thinking of large-scale export of these items. The import of agricultural machinery and implements from Britain also fell from £65.5 million in 1971-72 to £59.1 million in 1972-73 and £18.3 million in 1973-74. There have also been other instances where imports from Britain have dropped due to the increase in indigenous production. Even so, there will always be large scope for Britain to step up its exports to India in view of the implementation of our five-year Plans, involving huge investments in agriculture, industry, transport, communication and other fields.

It is worth noting that Britain also continues to be a large importer of various goods despite its great progress in industrial development. In 1975, for instance, Britain's total imports were valued at £24,163 million which included fuels, industrial materials, chemicals, textiles, non-ferrous metals, machinery, road motor vehicles, clothing and footwear. British industrialists should carefully study India's plans and programmes of development and the details of her import policy so that they will have a better idea of the scope for increasing their exports to our country.

negligible percentage

What about Britain increasing its imports from India? In 1973 Britain's imports from India amounted to £149 million which rose to £203 million in 1974 and £237 million in 1975. In the first quarter of 1976 these were valued at £72 million. But it is significant that Britain's imports from India continue to be a negligible percentage of its total imports. In fact, Britain has been importing much more from Hong Kong, Australia and New Zealand. In 1975 while Britain's imports from India were valued at £237

million its imports from Hong Kong amounted to £306 million, Australia £279 million and New Zealand £267 million. It is hoped that when the British economy improves it will be possible for more Indian goods to find a market there.

But Indian industries and exporters should also show more interest and initiative in selling to Britain. It should be possible for many Indian goods to obtain a bigger share in the British market. Examples in this category include fish & fish preparations, feeding stuff for animals, plastic materials, leather manufactures, clothing and footwear. Britain has been importing large quantities of these products but supplies from India have been negligible. For instance, Britain imported in 1975 fish and fish preparations valued at £137 million of which India's share was only £0.56 million. Of the total imports of feeding stuff for animals valued at £111 million in the last year, India accounted for only £4.70 million. In respect of traditional items also there is scope for substantially augmenting our exports.

studying the market

But this will be possible only when Indian industries and exporters carefully study the British market with particular reference to the activities of our competitors. In the case of tea, to give an example, imports from India into Britain amounted to 69,373 tonnes valued at £44 million in 1975 compared to 58,273 tonnes worth £32.9 million in 1974. Imports from Sri Lanka declined from 32,384 tonnes in 1974 to 26,081 tonnes in 1975, a fall of 19 per cent. But the combined imports from Kenya and Mozambique increased from 33,735 tonnes in 1974 to 37,150 tonnes in 1975, a rise of 10 per cent. The Indian High Commission in London recently observed: "The outlook for east African suppliers is positive and further increases in export from this region are to be expected. The pelletisation of almost 100 per cent of tea cargoes from east Africa confers the advantage of lower handling costs in UK combined with greater assurance of quality due to the shorter shipping lead-time". Indian exporters should keep themselves fully and correctly posted with the latest developments in the British economy so that our strategy can be suitably adjusted according to the situation.

CAPITAL'S CORRIDORS

R. C. Ummat

Containment of grain stocks • Amendment of import policy • Delicensing of industries • Indo-Bulgarian cooperation

IN A bid to contain the pressure of the growing stocks of foodgrains, the union government has lifted all restrictions on the movement of wheat products from one state to another. Hitherto, these products could be moved without hindrance within the four zones which were created on October 13, following the relaxation of the curbs on inter-state movement earlier. Restrictions on the movement of wheat, however, are being maintained, but the state governments can now place indents on the Food Corporation of India (FCI) for the supply of any quantity.

Besides assisting better utilisation of the capacity of flour mills, which currently is stated to be around 25 per cent, the step is expected to stimulate demand for wheat products. The products on the movement of which all restrictions have been withdrawn include maida, suji, mill atta and wholemeal atta.

kharif procurement

The procurement of kharif foodgrains, particularly rice, is stated to be picking up fast and the FCI expects that procurement of rice might exceed the target of 4.4 million tonnes by at least six lakh tonnes. This expectation is based on the fact that the arrivals of paddy in the markets of Punjab and Haryana, especially, have been at least 50 per cent more than last year's arrivals. By about the middle of this month, the procurement of rice, including the stocks with the millers which have to be made over by them to the government under the levy schemes, amounted to approximately 1.83 million tonnes (Punjab 1.02 million tonnes, Haryana 6.26 lakh

tonnes, UP 1.35 lakh tonnes and others 54,400 tonnes).

In anticipation of the above encouraging procurement and the substantial decline in the offtake of foodgrains from fair-price shops, the need for augmenting storage facilities is being increasingly felt. The FCI has recently launched on an ambitious programme of raising the current storage capacity of 17 million tonnes to 21.5 million tonnes by April.

buffer stocking

Serious thinking is going on at present in governmental circles on buffer-stocking of foodgrains. Indications are that the reasonable level of foodgrains stock, which can be efficiently and scientifically managed, could be 19 million tonnes—12 million tonnes buffer stock, four million tonnes operational stock and 3 million tonnes peak procurement period stock.

Although exports of wheat have been ruled out—at least for the time being—a step-up in the exports of rice, particularly of superior varieties which are finding a good market abroad, is not considered unfeasible. If the procurement of kharif grains proceeds according to the latest expectations of the FCI, some larger exports of superior varieties of rice are a distinct possibility.

A decision on exports of wheat, however, may not be postponed beyond February-March. Two major factors which will be influencing this decision are: (1) how far the increased outlay on the fifth five-year Plan during the current financial year as well as in the next year is going to stimulate demand for foodgrains through

increase in employment, especially of those below the poverty-line, and (2) the prospects of the next rabi crop. If the next rabi crop also turns out to be above normal, the government perforce may have to think of exporting wheat, though to a limited extent.

It is well recognised that the recycling of 17 million tonnes of wheat currently in stock—largely as a result of two successive good harvests in 1976 and 1975 and sizeable imports to the extent of 7.5 million tonnes in 1975 and approximately 5 million tonnes this year—is not going to be an easy proposition. Not that the whole of the stock will have to be recycled in the interest of maintaining its quality. But considering the fact that permanent storage facilities in the form of silos, which can help in keeping wheat stocks for more than a year without deterioration, is limited, bulk of the stocks will have to be recycled.

easy availability

If the off-take from the fair-price shops is around 12 million tonnes, the recycling of wheat stocks could be easily done to about 11 million tonnes and the permanent storage capacity could be raised in the next few months to cater for the remaining 5 to 6 million tonnes. But the easy availability of foodgrains in the market obviously will have its adverse repercussions on the off-take from the fair-price shops. In fact, the off-take from the public distribution system has gone down very substantially—during the whole of the current financial year, it is not expected to be more than 8.5 million tonnes, including rice. In the event of further easing of availability in the open market, following relaxation of restrictions on the movement of wheat products as well as the recent enlarging of the southern rice zone, coupled with a deliberately lower target fixed for the procurement of rice, off-take from fair-price shops during the coming months, and possibly during the entire next financial year, can be expected to go down further.

It remains to be seen whether the government is going to undertake some public works programmes aiming at providing employment to those below the poverty-line, particularly in the backward

areas, as suggested by Mr L.K. Jha in a recent talk with the members of the Forum of Financial Writers. Mr Jha, it may be recalled, had pointed out that the consumption of wheat could be stimulated this way, as a major portion of the wages of those deployed at such public works programmes could be paid in foodgrains, provided, of course, the supply of the other major necessities of life could be supplemented through raising the production of wage goods in the country by importing industrial raw materials such as edible oils, cotton, synthetic yarn, etc.

If the government chooses to adopt this policy, there may not be any need to export wheat. The recent expansion in the money supply with the public, following a massive investment of over Rs 2,200 crores in the building of foodgrains stock would then automatically be brought down significantly. A similar impact could be there in the event of a substantial step-up in the developmental outlays otherwise too, but the degree of the impact will depend on the type of developmental works taken up and the employment potential they create. This is due to the fact that unless those who do not have two square meals a day today are brought within the fold of the employees, a significant step-up in demand for foodgrains cannot be expected. The propensity of those who are already above the poverty-line to consume more foodgrains, apparently, is limited and extra incomes in their hands are utilised on non-food expenditure.

mass consumption items

The government, it has been indicated by the union minister for Finance, Mr C. Subramaniam, will soon be taking a decision on the import programme for the mass consumption items. Already edible oils, cotton and synthetic fibres are being imported under this programme. Decision, of course, is yet to be taken on which other items should be included in this import programme. The government strategy appears to be to import primarily raw materials which go into the manufacture of wage goods, rather than to directly import wage goods.

Another interesting development on the agricultural front hinted by the union minister for Agriculture and Irrigation, Mr Jagjivan Ram, is that there might be a

change in the future in the existing forms of subsidies on inputs like fertilizers, irrigation and power. Addressing the 36th all-India agricultural economics conference in Surat a few days ago, he pointed out that irrigation, power and fertilizers had been subsidised for many years and still continued to be subsidised to varying degrees. This might well be justified in the initial phases of agricultural development to promote transformation of traditional agriculture on modern lines. These subsidies might have to be continued for some more time, but "possibly, we have to change our present system of subsidies and introduce an element of differential subsidies in favour of small and marginal farmers so as to quickly bring them to a point where they can take advantage of modern technology."

* *

With a view to providing further fillip to exports, the government has decided to allow exporters to import raw materials and components in bulk under the duty exemption scheme for advance licences even though they might not have specific export orders at the time of applying for such import licences. Under the existing provisions in the import policy, advance licences are issued for the import of raw materials and components required for the execution of specific export orders. The change in the policy has been effected following the representations received from exporters that they are unable to make timely arrangements for imports of raw materials and components in anticipation of securing export orders from buyers abroad.

Exporters can now apply for bulk advance licences for the import of raw materials and components without reference to any specific export order. Since, in such cases, there will be no export order at the time the application is made, the applicant will not be required to furnish the details of the export order in the application. He has merely to indicate the value of the licence applied for and the items sought to be imported as also the description of the goods to be imported. The bulk advance licence will be issued for the value of the items as may be recommended by the DGTD and cleared by the advance licensing authority under the chief controller of

imports and exports. It will be subject to an export obligation. The licence-holder will be required to export goods of specified value and description within a stipulated period in discharge of the obligation. On the basis of such a bulk licence, the licence-holder will be able to import the materials required for export production.

processing exports

Meanwhile, if, however, the licence-holder receives an export order and intends to avail of the benefits of the duty exemption scheme for import of raw materials and components for the execution of that export order against the bulk advance licence already issued to him, he will have to make an application to this effect in a prescribed form to the chief controller of imports and exports. He will not be required to pay any fee in respect of such an application. The application has to be made a month before the arrival of goods against the bulk advance licence. After considering the application, if it is decided by the government that the applicant should be allowed the benefit of the duty exemption scheme in respect of specified raw materials and components of specific value/quantity, the bulk advance licence will be suitably endorsed by the licensing authority to allow duty-free imports subject to export obligation. In pursuance of such endorsement, imports will be allowed free of duty and to that extent the bulk advance licence will be treated as licence issued under the duty exemption scheme.

If the licence-holder is not in a position to secure an export order and the imports are made against the bulk advance licence, such imports will not be exempt from payment of customs duty and the importer will be required to discharge the export obligation already imposed on the licence for which he will have to execute the export bond supported by bank guarantee or in the form of a legal agreement without a bank guarantee as the case may be.

* *

In pursuance of its policy of gradual delicensing of industries, the union government has decided to exempt from the licensing provisions of the Industries (Development and Regulation) Act proposals for establishment of new undertakings, substantial expansion and manufac-

ture of new items in respect of three more industries. These are: sanitaryware, H.T. insulators and tiles of sizes 4"x4" and above.

A notification issued by the union ministry of Industry exempting the above three industries from the licensing provisions of the Industries (Development and Regulation) Act, however, lays down that industrial undertakings concerned would not be requiring imported raw materials or capital goods or foreign collaboration.

It has also been clarified that the facility of exemption will not be available in respect of items reserved for the small-scale sector as also to industrial undertakings falling under the purview of the monopolies and restrictive trade practices and foreign exchange regulation acts. Such undertakings will continue to be subjected to discipline of industrial licensing.

Those undertakings which are exempted from the need for obtaining industrial licence, however, will be required to register themselves with the concerned technical authority, namely, the Directorate-General of Technical Development.

* *

A new dimension was imparted to Indo-Bulgarian economic, scientific, technical and cultural cooperation last week when three documents were signed here during the visit of Bulgarian president, Mr Todor Zhivkov. The 1977 Indo-Bulgaria trade plan also was signed during this visit.

The economic, scientific and technical cooperation document signed last week will bring about a qualitative change in the cooperation in these fields between the two countries. It envisages wide ranging cooperation, including the establishment of agro-industrial complexes in various parts of India, cooperation in machine-building and advanced technology, and collaboration in manufacturing and civil construction activities in the third countries. Two agro-industrial complexes are already under implementation with Bulgarian collaboration—one in Karnataka and the other in Bihar. The new document provides for their extension to other states. Five more states are said to have shown interest in setting up such complexes with Bulgarian collaboration.

Agreement has also been reached in

principle for Indian assistance to Bulgaria in preservation of fresh vegetables and fruits by irradiation processes.

The shipping agreement that has been signed guarantees the "most favoured nation treatment" to the vessels of one country in the ports of the other and stipulates that the two sides will avoid competition with each other in respect of trade with third countries. The trade between the two countries will be carried on a 50 : 50 basis not only in respect of cargo but also in respect of freight earnings.

another feature

Another feature of the shipping agreement is that the freight earnings of the national lines of one country from its share of bilateral trade lifted from the other country will be exempted from income-tax in the latter. Besides, all payments and expenses will be settled in terms of the payments agreement in force between the two countries. The agreement will take effect from the date of exchange of instruments of ratification by the two countries and will be operative for five years in the first instance.

The document on cultural relations envisages exchanges between the two countries in the field of education, health, art and culture, radio, television, press, films and sports. Both the sides have agreed to encourage and develop bilateral contacts and exchanges between their universities and other institutions of higher learning.

The trade plan for 1977 envisages a total trade turnover of Rs 103 crores both ways. India's exports to Bulgaria and Bulgaria's

exports to India are proposed to be raised to Rs 51.5 crores.

In preparation of their respective proposals for the trade plan provisions, both sides have taken a realistic view of the availability of goods in the two countries, anticipated demand for these commodities and also the changing requirements of the two economies.

import items

The main items of import by India from Bulgaria next year are envisaged to be urea, steel products, chemicals, pharmaceuticals, caprolactum and wood pulp.

In addition to the traditional items like de-oiled cakes, coffee, pepper and jute manufactures, India's principal exports to Bulgaria would be many consumer items such as readymade garments, leather goods and a number of engineering products.

India's trade with Bulgaria (as also with other socialist countries) has grown at a very rapid pace in the recent years—from Rs 10 crores in 1973 to Rs 50.7 crores in 1975. The trade is conducted on the basis of annual trade plans which are prepared within the framework of the long-term trade and payments agreement signed by the two countries on March 6, 1974, for the period upto December 31, 1978. It is balanced bilaterally.

An interesting development in our exports to Bulgaria this year has been the purchase by Bulgaria of heavy earthmoving equipment worth Rs 1.3 crores. This equipment has been supplied. A protocol has been signed by Bulgaria with Bharat Earth Movers Limited for the supply of such equipment worth Rs 12 crores.

Productivity : a limitless frontier

H. P. Nanda

This is the text of a paper which Mr H.P. Nanda, president of the Associated Chambers of Commerce, presented to the National Productivity Council at a recent two-day national convention held in the capital. Defining productivity as a better way of doing things, he has advocated an in-depth analysis of the causes for low productivity in industry and agriculture, and in the utilisation of energy and human resources.

THE NATIONAL Productivity Council (NPC) did well in organising a national convention on "New Directions and New Dimensions in Productivity" recently in the capital. The convention was held at a crucial time in our economy, when the government had been taking steps for a thorough overhaul of various regulatory controls and systems. The theme suggested that we are aware of the need to think afresh on problems of productivity and discover new areas to extend the concept of productivity. This I consider as a healthy sign, for solutions can be thought of only if one is basically aware of the problem itself.

If we can get output in our economy at least 25 per cent higher than what we are getting today with the given level of inputs — which I consider to be feasible — then in several areas shortages would be reduced and the overall availability of resources for long-term planning would be augmented. Viewed in this sense, productivity accomplishments have deeper significance in terms of optimal use of resources. In this national task the NPC and the local productivity councils can play a pivotal role.

major areas

From this standpoint, I have selected four major areas where a 'task force' approach in tackling the problem of low productivity would yield rich dividends. These are:

1. Better capacity utilisation in industry;
2. Better energy utilisation and energy conservation by all sectors of the economy;
3. Improved productivity in the distributive trade; and lastly
4. Increasing the productivity of the

single largest resource we have in our country viz the human resource.

If there is one area in our industrial field which has consistently defied any attempt at improvement, it is the sub-optimal utilisation of capacity in most of our industries, be they capital goods industry or consumer goods industry or capital intensive or labour intensive. The problems associated with low capacity utilisation in industry may fall broadly into three categories:

- (a) Technological limitations;
- (b) Financial (or resource) limitations; and
- (c) Market constraints.

Limitations arising from labour or

POINT OF VIEW

management deficiencies fall in a separate field altogether and could be tackled under human resource utilisation.

Leaving aside for a moment lower capacity utilisation arising from market and resource constraints (which I consider as structural and in a sense transient), I feel that there is a good deal that could still be done to improve the productivity of industrial units by paying adequate attention to technological and even operational factors. The NPC has already done a considerable amount of work in this area through its various studies and training programmes. What perhaps could be attempted is an 'industry by industry' analysis of the problems of under-utilisation of capacity, so as to evolve

action programmes at micro levels for each industry to better utilise its capacity. For instance, the NPC has already done similar work with regard to the fertiliser industry in collaboration with the Bureau of Public Enterprises and the Fertiliser industry. Similar exercises could be done for other major industries such as cotton textiles, jute, engineering, etc. through the joint efforts of the representative bodies of these industries and the Bureau of Public Enterprises. Specific action plans could then be drawn up in respect of each of these industries to improve their overall productivity.

a national problem

Under-utilisation of capacity is a national problem leading to wastage of committed resources, besides resulting in unemployment, and increasing the overhead costs and ultimately the unit cost of production. One may even say that this is one of the major causes for reducing the competitive performance of our industry which has a particular relevance to our export efforts.

I would therefore suggest that the NPC should specifically address itself to the question of improving the capacity utilisation in our major industries with the existing or available resources.

The NPC has recently carried out a survey on fuel efficiency jointly with the Indian Oil Corporation and the Directorate General of Technical Development (DGTD) and the main findings and recommendations of this survey have received the widest publicity through various industrial and technical journals. The concept of "energy audit" which one hears nowadays is very important and something to be made mandatory for all industries. In the past productivity studies did not place emphasis on fuel efficiency in plant operations, which in today's context cannot be ignored. In several plants, due to various reasons, there is still a tendency for over-consumption of fuels, particularly derived from crude oil beyond the required level. This could be due to inadequate training in fuel effi-

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ency to operators, modifications required in the equipment and inefficient techniques of handling the fuel itself. Here again, an 'industry by industry' analysis (i) to conserve furnace oil, and (ii) increase the productivity of this essential input would pay rich dividends. Broadly speaking, industries may be classified in two categories viz:

- (a) energy-intensive industries; and
- (b) industries which use energy less intensively.

For instance, power plants, fertiliser and chemical plants may fall in the former category, while a variety of engineering and consumer industries could be classified in the other. Whatever may be the nature of the industry, it is imperative that attempts should be made to conserve this costly and essential input and increase its productivity.

In fact, use of petroleum products as fuel is considered to be a less efficient form of using this input; a better way of using them would be as productive inputs in the manufacture of chemical and consumer products. From this point of view, the NPC could undertake studies on increasing the productivity of fuel in industrial operations which will have the twin advantages of reducing the cost of production in industrial units and also leading to savings in foreign exchange. In fact, the idea of energy audit should be extended to include other forms of energy such as electrical power, coal, etc. Here again, the NPC could enlist the cooperation of specific industrial units, the DGT and the Institute of Petroleum.

distribution costs

Now the third area where productivity techniques can find application relates to distribution of products. It is common knowledge that a substantial part of the delivered cost of material in our country is accounted for by the costs of distribution. Figures may vary but, I believe, that distribution costs for any standard consumer products produced by industry would be about 40 per cent of the final delivered price of the product. Expenses on distribution do not really add to the value of the product in a strict economic sense. This is an area where improvements in efficiency of operations would lead to

lowering of the price of commodities, the importance of which hardly needs any emphasis in today's context. This would certainly involve a study of the whole gamut of industry's distribution problems starting from raw material procurement, inventory management and marketing systems. One can even think of such tools of analysis as linear programming models extensively applied to minimise costs to industry on account of inventory holding and distribution. I would suggest that the NPC may start with a select list of essential commodities and study the scope that may exist to effect economies in their distribution costs. This again would call for a joint effort with the respective industries.

major asset

It is often said that one of our major assets is the human resource capital. Starting from the entrepreneurial talent, managerial skills, technically skilled personnel and unskilled labour, our country is richly endowed with human resources at all levels, but unfortunately if one were to look at the productivity of our human resource at any of these levels, India would not rank very high in the scale of comparison with advanced countries of the world. I do realise that in several situations, the productivity of the human resource may be conditioned by sociological and other environmental constraints, including, of course, technological factors. But, this cannot blind us to the fact that there is still considerable scope for improving the productivity of both workers and managers at all levels. This is not a new field so far as the NPC is concerned which has studied motivational aspects to improve the performance of workers in industry. But, the fact remains that in the context of the new dimension of our productivity movement, there is a good deal that needs to be done even in this rather familiar area. Perhaps training programmes tailored to different levels of management and workers and 'productivity manuals' for operatives in major industries might help in increasing the performance of personnel.

There is one major sector of our economy where higher levels of productivity should be achieved. I am referring to

the agricultural sector. I have advisedly refrained from listing this in the number of points, enumerated so far, since this is a new field so far as the NPC is concerned which has over the years developed an 'industrial orientation' in its approach to productivity problems. Moreover, problems of productivity in agricultural operations are far more complex, since these involve management of biological systems with interaction effects among different inputs, often immeasurable or non-quantifiable.

Nonetheless, this is an area which deserves the immediate attention of not only agricultural scientists and economists but planners as well. As an illustration, one can mention that the water use efficiency in our major crop viz, paddy is known to be very low compared to what obtains in other countries, including countries with similar conditions of cultivation such as Taiwan and the Philippines. Likewise, wastage of nutrients applied to the soil particularly under monsoon conditions is also quite high due to poor agronomical management practices. I would suggest that the Indian Council of Agricultural Research and other agricultural research institutions in our country could undertake specific projects aimed at studying the improvements in agricultural productivity. To begin with, such an attempt could be limited to major crops such as rice and wheat, and select commercial crops such as groundnut, sugarcane, cotton, etc. Here again, the studies should analyse problems of low productivity separately for irrigation and barani areas.

inadequate storage

There is a good deal of loss of foodgrain and other commercial crops at the post-harvest stage that could be prevented by careful handling of the produce and proper storage facilities. Grain loss due to lack of adequate storage facilities or poor storage conditions, rodent problems, etc is known to be substantial in our country. This is an area where the NPC could undertake studies with the cooperation of the Warehousing Corporation and the Food Corporation of India and come up with specific action programmes to prevent loss of agricultural produce due to inefficiency.

nt handling methods during post-rvest operations.

Thus, productivity implies that there always a better way of doing things. his idea has to permeate the entire working atmosphere whether in the field

or factory and should become part of our work ethic. In the context of new directions and dimensions in productivity movement we are thinking of, we should analyse the problems of low productivity sectorwise and at micro-levels in regard to industry, energy, distribution, human

resources and agriculture. Any action programme developed on the basis of such an analysis should be implemented on a large scale to produce the necessary impact and create the "diffusion effect" for the message to reach all levels.

Jobs for millions

The increasing unemployment and underemployment in the country, especially in rural areas, have not engaged as much attention of the government as they normally should, according to the author. For generating additional employment opportunities in villages, he has suggested that diversification of agriculture should be undertaken so as to extend activities in such fields as dairying, forestry, piggery and fisheries. Also, housing programmes, road building and handicrafts should enjoy special patronage, says the author.

UNEMPLOYMENT IN India is increasing at a galloping pace. At the end of 1975, job seekers on the live register of employment exchanges were 9.4 millions against 8.4 millions at the end of the preceding year and 400,000 only in 1952. In addition to the registered job seekers, there are several hundreds of unregistered job seekers especially in rural areas, who have little opportunity for registration. Estimates of unemployment vary from 20 millions to 50 millions and of underemployment 100 millions to 150 millions.

Roughly 72 per cent of the labour force in rural areas is classified as agricultural workers. The average number of days in a year for which an adult male agricultural labour finds work is only 190 and for a woman worker 120. The colossal nature of unemployment compels about 50 per cent of our population to live below the subsistence level. The National Sample Survey (18th round) placed the average per capita per day income of rural labourers at just 42 paise.

meagre earning

It is reported that in certain districts in West Bengal, agricultural labourers earn only Rs 135 per annum. Study on consumer expenditure by the National Sample Survey revealed that about 25 per cent of the population in rural areas had a monthly per capita expenditure of only Rs 15 or paise 50 per day! Even the bulk of the agricultural producers live on the margin.

We have completed four five-year

Plans and three annual Plans but the problem of massive unemployment is still staring us in the face. This could be traced mainly to the pattern of investment which did not take into account the peculiar socio-economic problems of the country. Adopting almost blindly western technology, we went in for highly capital and research intensive industries. This resulted in investment ranging from Rs 10,000 to about Rs 100,000 per unit of employment. According to a study made by the Industrial Credit & Investment Corporation of India Ltd (ICICI) of 626 joint stock companies assisted by it, the amount of investment per job was Rs 39,616 in 1973-74.

bread labour

In a poor country like ours what is needed for the millions of people is a kind of work that will provide them food, a roof over their heads and elementary human requirements. It is obvious that the economic development of the type that is being emphasized is unlikely to solve the large and growing unemployment problem. There is, therefore, an imperative need to give an employment orientation to our industrial development. The jobless cannot be left to their fate indefinitely. Western technology was designed for societies where capital is plentiful and labour scarce. But India's greatest asset is her abundant manpower and our real concern ought to be to fully and productively utilise it. The result of unbalanced development, says Dr Ernst Schumacher, the

K. K. G. Nambiar

founder of the London based Intermediate Technology Development Group, is that "a fortunate minority has had its fortunes greatly increased while those who really need help are left more helpless than before. Nothing succeeds like success and nothing fails like failure".

the alternative

It is clearly beyond the capacity of this country to mobilise investment of the magnitude that would be required to provide jobs for the millions of unemployed through industrialisation based on capital intensive technology. The alternative is to find out methods by which we can generate more employment opportunities with a low capital investment. A labour abundant economy such as India can only adopt such techniques and methods which can ensure adequate, if not full utilisation of manpower. As Prof Blackett, the well-known scientist, said: "In most parts of Asia the problem really is to devise new technologies which made manpower more efficient without capital expenditure". China has achieved a big leap forward in this regard: reports suggest that even in the field of fertilizers the Chinese have succeeded in setting up small-scale plants interspersed in different regions. The principal motto of any technology that we adopt should be to create millions of jobs not in cities but in areas where 80 per cent of our population lives.

It is in this context that diversification of agriculture with expansion and improvement in dairying, forestry, piggery, fisheries etc., assume significance. We have about 75 million hectares of land classified as forests constituting about 22.7 per cent of the total land surface in the country. Forests are a part of our natural resources and can be renewed at predetermined intervals. Our investment in forestry has

been less than one per cent of the total investment in successive five-year Plans. As a result, the contribution of the forestry sector to the gross domestic product is not even two per cent. The development of forestry can generate a variety of economic activity among people in rural and backward areas, besides providing raw materials for a large number of cottage industries in which tribals and weaker sections of society are and can be engaged. It is estimated that for every Rs 100,000 spent on forestry, work for about 25,000 man-days is generated besides creating job opportunities at the secondary and tertiary levels. Besides, about 80 per cent of the expenditure on forestry is in the form of wages.

India has the world's largest livestock population. It consists of cattle, buffaloes, sheep, goats, pigs, horses, mules, donkeys, camels and poultry. But a number of factors such as shortage of feeds and fodder, inadequate animal health cover and poor marketing system for livestock and livestock product have contributed to slow progress in this sector. Further, except in certain parts, there are no rural milk consuming centres in India. Coupled with this is the lack of facilities to transport milk to the consuming centres quickly.

productive labour

Farmers who make a living from cattle are often forced to migrate to cities and set up dairies there. Since proper and full utilisation of livestock population can help provide productive work to our rural and tribal population, setting up producers' cooperatives in respect of milk production, poultry, sheep and pig development merits consideration. Such co-operatives should be concerned with not only marketing but should also handle such functions as breeding, feeding, collecting, storing, etc. Gandhiji has emphasised the need for the improvement of cattle and had also drawn a programme for *go-seva* to strengthen agriculture. But we have not followed this programme systematically.

The rivers of India and the tropical seas around are an invaluable source of a variety of rich edible fishes. India's coastline of 3000 miles offers considerable scope

for the development of sea and estuarial fisheries. Today only a very small portion of this resource is being exploited. Fish is the easiest and cheapest source of protein and its availability in plenty can help raise the standard of poor people's diet. Fish is also a significant foreign exchange earner. The export of fish and fish products during 1975-76 amounted to about Rs 125 crores. Although we are developing the fishing industry on modern lines, it is still handled in the main by an illiterate, poor and unorganised sections of the people. They should be properly trained and provided with the apparatus to fully exploit this resource. Care should be taken that modernisation of the fishing industry does not reduce employment potential for the weaker sections of the society employed in this sector.

local skills

Cottage and small industries that help in making fuller use of local skills and local materials need to be encouraged. We produce over 20 million tonnes of fruits per annum but only 0.5 per cent of the output is processed and preserved. Setting up small fruit processing units on a mass scale can give jobs to many. Indian pickles, chutneys, condiments etc, have earned a good name in foreign markets. India abounds in vegetable fibre sources such as sisal, sunhemp, ramie, banana stem, pineapple and screwpine leaves. A planned programme for the exploitation of these resources can create large additional employment. When Gandhiji founded the All-India Village Industries Association, he laid strong stress on the encouragement of production and use of hand-pounded rice in preference to polished rice turned out by mills. However, in recent years we have set up modern rice mills almost indiscriminately. Production by hand has to be encouraged as it will give employment to several agricultural labourers during the off-season period. Consumer preference for *ghani* oil is still strong in India. But our indigenous oil crushing industry is in a miserable state. The Khadi and Village Industries Commission has made considerable efforts to revive the *ghani* industry. However, the growth of expellers, particularly baby expellers, poses a big challenge to it. Ways and means have to be sought to revive and

reorganise this industry which engages 300,000 persons.

Closely identified with the life and teaching of Gandhiji, khadi industries have proved to be one of the best answers for solving the problem of rural unemployment and underemployment. But the development of khadi has been rather slow. Only few state governments make provision in their budget for development of khadi and village industries despite their professed concern for them. Institutional financing agencies have been fighting shy to come to the rescue of khadi and village industries. While the small, medium and large-scale modern industrial units receive several concessions and incentives at the cost of the community, there is no sincere effort to encourage village industries although they can provide employment to a large number of people without much capital investment. The Khadi and Village Industries Commission has initiated several schemes designed to raise the level of efficiency of work and reduce costs in respect of several khadi and village industries. This should prompt institutional financial agencies to evince more interest in the development of khadi industries.

opportunity in oilseeds

India grows as many as 60 varieties of non-edible oilseeds. However, of the total potential worth Rs 400 crores only a bare three per cent is being tapped by various agencies. Their scientific and organised collection can provide jobs to several million people especially in hill and backward areas. Further, the use of non-edible oil for industrial purposes will save edible oil for human consumption. The gur and khandari industry has been an important cottage industry in India. But development of sugar industry has led to its neglect. There are several thousands of self-employed small farmers engaged in it. Efforts to make the occupation of these farmers more meaningful are called for. Our palm tree is a source of gur. But it has been badly neglected. In certain parts of the country palm gur is still popular. Neera being tapped from palm trees is becoming popular beverage from which jaggery and sugar can also be made. Scientific deve-

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(1) Tender No. 4063/M3/76-77/3329. (a) Oil Cutting soluble to Spec. IS: 1115-1957 as amended in 1971/IND/SL 3614(a): 1951. The commercial brands acceptable are Bocut Cutting Compound Soluble Oil C, Kutwel, 30, Soluble Cutting Oil 32. Qty.—4,321 Litres. (b) Insulating Oil for Transformers and switch gear as per Spec. IS: 335-1963 Qt.—5,559, Litres. (c) Hydraulic Mineral Oil to Spec. IS: 3098-1965, grade light having kinematic viscosity of 42 to 50 centistokes at 37.8°C (215/235 SUS at 37.8°C). The commercial brands acceptable are Indrex Circulating Oil 50, Mobile DTE Oil Medium, National Hydro Oil 147, Servo System 314. Qty.—4720 Litres. (d) Gear Lubricant Compounded to IS: 2297-1963, Gr. 80 having kinematic viscosity of 65 to 70 centistokes at 37.8°C. The commercial brands acceptable are: Oil Mobile Compounded AA, National Oil Lubricant Compound 110, shell Macome 33, Servo Mesh 17. Qty.—4,612 Litres.

(2) Tender No. 4063/M3/76-77/3327. (a) Crate Wooden to Drg. No. CC-152(c). Qty.—3,780 Nos. (b) Wooden Crate strictly as per Drg. No. CC-162. Qty.—13,440 Nos. (c) Packing Box to Drg. No. SM-123(a). Qty.—13,000 Nos. (d) Packing Box to Drg. No. SM-53 a. Qty.—37,500 Nos. (e) Packing Box to Drg. No. SM-78. Qty. 12000 Nos.

(3) Tender No. 4063/M3/76-77/3328. (a) Bin Pallet to Drg. No. CC-97 A. Qty.—80 Nos. (b) Steel Packing boxes to drg. No. FS-468. Qty. 2000 Nos. (c) Steel Packing boxes to drg. No. FS-474. Qty.—2,000 Nos. (d) Steel Box to Drg. No. SM-145. Qty.—12,000 Nos.

(4) Tender No. 4063/M1/76-77/1290. (a) HSS Flats to IS: 1570-1961, Design T-70 W18 Cr4 VI in annealed condition and length not less than 2 metres, size varying from 5mm to 40 mm. Qty.—1,960 Kgs. (b) HSS Square to IS-1570/1961. Design T-70, W18 Cr. 4 VI in annealed condition in length of not less than 2 Metres, size varying from 30 mm to 60 mm. Qty.—400 Kgs. (c) HSS Round to IS: 1570-1961, Design T-75 W18 Co6 Cr4 VI Mo 75 in annealed condition and length not less than 2 Metres size varying from 22 mm dia to 90 mm dia. Qty.—4,392 Kgs.

(5) Tender No. 3032/CAP/TE/76-77/EO. (a) Pallet Boxes fabricated out of standard M.S. channels of 150 x 75 mm and 75 x 75 standard Angle Iron and M.S. sheets size-1070 x 610 x 765 height Drawing SM/142. Qty. 1—90 Nos. (b) Pallet boxes fabricated out of standard M.S. Channels of 65 x 65 mm. Size 1100x300x1050 height Drawing SK.150. Qty. 75 Nos. (c) Pallet Boxes fabricated out of standard M.S. Angle iron 40x40 x 6 and 50 x 50x6 size 1000 x 800 x 750 mm Drg. F.47. Qty.—140 Nos. (d) Pallet Bin fabricated out of standard M.S. Angle iron 40 x 40 x 6, and 50 x 50 x size 1000 x 800 x 750 mm with Mesh side. Drawing F-48. Qty.—50 Nos. (e) Pallet Bin fabricated out of Angle Iron 75 x 75 x 6 and 5 mm M.S. Plates an 25 mm thick Mango/slai. Wooden lining size 1400 x 850 x 820 mm. Drg. FC 97.B. Qty.—53 Nos.

(6) Tender No. 4063/M-1/76-77/1278. Forgings for Ramp connector duly galvanised and choromatised strictly conforming to Drg. No. Cat. f 1294. (Alternate material specn. BS-15 Gde.1, quality or IS-226 ST 42 S or IS-1875. CI.II.—224 Nos. Drawings can be obtained direct from the Chief Inspector, Chief Inspectorate of Engg. Equipment, Dighi, Poona-15 @ Rs. 6/- by sending money order. Tender forms available @ Rs. 5/- each item on application through crossed postal orders up to 1-12-76 for items 1 to 3, 18-12-76 for item 4, 10-12-76 for item 5 and 11-12-76 for item 6. Request for tender forms will not be entertained from firm who are not either registered with this Factory or with DGS & D or National Small Industries Corporation. Request for tender forms from firms registered with DGS & D or N.S.I.C., should be accompanied with photostat copy of proof of registration and current Income Tax Certificate.

Ordnance Factory, Katni (M.P.):—

(1) C.I. Machined Mould 267 mm x 51 mm x 914 mm as per Drg. No. Kat/MP/315 dated 2-1-74. Qty.—50 sets.

(2) Potassium Iodide A.R. Specification IND/SL/1579. Qty.—100 Kg.

(3) (a) Spare Blades type 'A' Drg. No. Kat/T/225 for slab milling cutter. Qty.—100 Nos. (b) Spare Blades type 'B' Drg. No. Kat/T/225 for Slab Milling Cutter. Qty.—100 Nos.

Tender forms available @ Rs. 5/- each item through M.O. in application upto 20-12-76. Closing date 4-1-77.

Ordnance Factory, Khamaria, Jabalpur:—

(1) Floor Board Wooden of standard size : 1220 mm x 915 mm to drawing No. TRD/653. —1000 Nos. Material Teak wood. Drawings obtainable on advance payment of Rs. 5/- by Postal Order (non-refundable).

(2) Six trucks Elevating hand lifting capacity 1800 Kgs. As per details given below:—

Iron body in closed condition with height in lowered condition 216 mm. length—1145 mm (to accommodate wooden Bins of size 863.6 mm long) width—508 mm, lift of the truck 63.50 mm with 4 m.s. wheels fitted with heavy duty ball bearings weight of each wheel 4 to 5 Kg.

(3) Refills for dry powder extinguisher 4.54 Kg capacity conforming to IS-4308-1967 & IS-5490 1969. —200 Nos.

(4) Expanded metal steel sheet 25mm x 75mm x 3.25mm x 1.60 mm x 2.50 metres x 3.75 metres to IS-412-1962. —1200 Sq. Metres.

Closing date 18-1-77 for item 1 and 1-2-77 for others. Tenders forms available free on application upto 18-12-76 for item 1 and 21-12-76 for others.

Gun Carriage Factory, Jabalpur:—

T.No. 76/523/56A. (a) Saddle Base to Drg. No. D6P-150401-01 Sht 2/ (MN-3273). (b) Arm Right to Drg. No. D6P-100201-01 Sht 2/ (MN-3273). (c) Arm Left to drg. No. D6P-100101-01 Sht 2/ (MN-3282). (d) Spade Left to drg. No. D6P-320001-06 Sht 2/ (MN-3281) (e) Spade Right to drg. No. D6P-330001-02 Sht 2/ (MN-3284). Qty.—75 Nos. of each.

Closing date 29-12-76. Tender forms available @ Rs. 5/- by crossed postal orders upto 28-12-76.

Rifle Factory, Ishapore:—

(1) Magnet to size—0.406" x 0.62" x 0.625" (±.002") as per Drawing No. : LUX-611 (without painting) ... Nos. 5000.

(2) Magnet to size : 0.406" x 0.62" x 0.625" (±.002") as per Drawing No. DS. Cat. No. 1055000383 (without painting) Nos. 1000.

Closing date 5-1-77. Tender forms available a Rs. 5/- by crossed postal orders and not by M.O. upto 10-12-76. Drawings available @ Rs. 6/- by cash or M.O. from C.I. (Ammn). Kirkee C.I. (SA), Ishapore.

Ordnance Factory, Kanpur:—

Polythene/Alkathene bag 193 mm ± 3 Flat width x 1000 gauge x 508 mm long —80,000 Nos.

Closing date 21-12-76. Tender forms available @ Rs. 10/- by postal orders upto 14-12-76.

Ordnance Equipment Factory, Kanpur:—

(1) Tender No. PV/706/BP. Timber Sissoo Planks 38 mm x 152 mm to 304 mm x 2.44 Metres long.—CUDM-6636.62. Specn. No. IND/GS/754(k).

(2) Tender No. PV/713. Paint P.F.W. Ammn. Air Drying Brushing Matt. Finish Olive Green ICS—220.—5220 Litres. Specification No. IS: 168—1973.

Closing date 20-12-76 & 30-12-76 for item 1 & 2. Tender forms available @ Rs. 5/- each.

Note:— Further details and specifications etc. will be supplied alongwith the tender forms. Tender fee non-refundable. Separate applications required for each item. For further details Indian Trade Journal, Calcutta also be seen.

Corrigendum

Ordnance Equipment Factory, Kanpur:—

Tender Notice PV/27/606 regarding Line Coir may be treated as cancelled.

lopment of palm trees can provide several thousands of additional employment. It is estimated that 18 million cattle die in India every year. However, most of these animals are either buried or thrown to birds. Avoiding this wasteful practice can provide several hundreds of jobs to weaker sections of the society: from each animal, apart from skin, many other products such as bone meal, meat meal, di-calcium phosphate, glue, etc can be obtained by scientific utilisation of its carcass.

About 60 per cent of India's total road mileage consists of earthen roads. An annual expenditure of Rs 250 crores on road construction can give direct employment to a million of our people and to another two millions through its "multiplier effects". The yield to the exchequer from road transport industry is to the extent of over Rs 200 crores per annum. One-third of its expenditure on road construction can generate millions of job. The employment potential of a massive housing programme is tremendous. It is estimated that an investmet of five lakhs of rupees in housing would give direct jobs to 100 persons for one year. This would work out to two million jobs for

every investment of Rs 1000 crores a year.

Our artisans and handicraftsmen remain almost untouched by any development or progress because the style and substance of India's current development have a high urban bias. It is estimated that there are about two million carpenters and blacksmiths in India. They do not get work regularly. They also face difficulties in securing raw material, credit as well as in marketing finished products. More often than not, they are exploited by the middlemen. Even if they wish to improve methods of production and diversify into new articles they have not the means to do so. They cannot stand alone. Efforts to organise them cooperatively in self-governing units of production and marketing can help provide them regular work. What we need to do especially in rural areas is to find out what people are doing, what people want to do and assist them in doing it better. A UN survey has observed that an "opportunity for productive work is not merely a means to a higher income. It is a means to self-respect, to the development of human personality and to a sense of participation in the common purpose of society".

In India the problem of unemployment

and underemployment can be dealt with only by very widely expanding the opportunities for employment. The accent on heavy industries and sophisticated technology cannot achieve this as is obvious from our experience. In the structural transformation of what is primarily an agricultural society, large industries definitely have a role to play. But in a capital-scarce and labour surplus economy like ours, development of village industries with the help of, wherever called for, intermediate technology, is the mainstay for providing employment opportunities. Unfortunately, there is still little appreciation of this. A lion's share of bank credit goes to large, medium and small scale industries. Like the large and medium industries, small-scale industries also remain essentially an urban industry concentrated in about 40 major towns. It is, therefore, necessary to boost village industries through systematic, scientific and organisational efforts which, among other things, should include a need-based credit plan for them by banks and other financial institutions. The issue is not giving sporadic government assistance to village industries but converting them as a medium to provide jobs for millions.

Impact of irrigation on crop intensity

Parveen Khattar

The author argues that, contrary to the recent findings of lack of association between irrigation and crop intensity, a strong positive correlation exists between these two variables. At the national level, one percentage point rise in irrigation is accompanied by about 0.8 percentage point rise in crop intensity.

ONE IMPORTANT lesson of Indian experience in planning is that neglect of priority for agricultural sector at the implementation stage has had deleterious effect on overall Plan effort. Fortunately, effective allocation of productive resources to agriculture is now in harmony with the priority laid in the Plan documents. This is best brought out by the careful attention being bestowed on irrigation, the kingpin of modern agriculture. Without irrigation, use of other yield-raising inputs, such as fertilizers and High-Yielding Variety (HYR) seeds, becomes inconceivable for most areas of India without assured rainfall.

It is well known that far-reaching

changes in agricultural activity follow in the wake of irrigation facilities being made available to the farmers. What is, however, not so common is the precise impact of irrigation factor on various facets of agriculture: crop yield, crop pattern, crop intensity (i.e. multiple cropping), etc. While the general impression among people is that introduction of irrigation should promote double cropping in irrigation command area, the few empirical investigations that have been carried out so far fail to sustain this impression. In point of fact, these investigations have left a widespread impression in the academic world of agricultural economists that there may be, after all,

no positive correlation between irrigation and crop intensity in the particular, if not peculiar, Indian conditions.

One principal drawback of the aforesaid investigations is that these are not carried out within a framework of multivariate analysis. Consequently, the relation between crop intensity and irrigation is blurred in a bivariate or one-to-one analysis. It is, therefore, proposed to assess the magnitude of this relationship with the help of multiple regression in which factors other than irrigation (eg rainfall and farm size) are duly taken into account. At the national level, a cross-section analysis is carried out at the state level, in which crop intensity is related to both irrigation and rainfall of each state. Next, a cross section analysis is done at the farm level, in which crop intensity is related to both irrigation and farm size. In order to minimise the in-

fluence of soil and culturable factors on our results, the latter exercise is restricted to one state, namely, Uttar Pradesh (UP).

The source of data is the state-wise information for the year 1970-71, published recently in the All-India Report on Agricultural Census. The inter-state results are based on the following subsets of 15 states:

- | | |
|-------------------|-------------------|
| 1. Andhra Pradesh | 9. Maharashtra |
| 2. Assam | 10. Orissa |
| 3. Bihar | 11. Punjab |
| 4. Gujarat | 12. Rajasthan |
| 5. Haryana | 13. Tamil Nadu |
| 6. Karnataka | 14. Uttar Pradesh |
| 7. Kerala | 15. West Bengal |
| 8. Madhya Pradesh | |

The following six hilly states have been excluded from our multivariate analysis:

- | | |
|---------------------|--------------|
| 1. Himachal Pradesh | 4. Meghalaya |
| 2. Jammu & Kashmir | 5. Nagaland |
| 3. Manipur | 6. Tripura |

Thus our results are valid primarily for agricultural economies of the plains.

The measure of crop intensity used here relates gross cropped area to cultivable area of a state in the following manner:

$$\text{Crop Intensity} = \frac{\text{Gross cropped area of a state}}{\text{Cultivable area of a state}} \times 100$$

This measure differs from the conventional measure of crop intensity, in which intensity of cropping is measured in relation to net sown or net cultivated area. With this departure from conventional wisdom, we are duly taking into account the impact of irrigation in the expansion of cultivated area itself. Such expansions are of considerable importance in the arid regions where introduction of canal irrigation (generally from water outside the region) reduces both culturable waste and fallow lands, for which water is the only limiting factor in their being cropped even once a year. It is neglect of this kind of impact of irrigation that some scholars have failed to bring out fully the impact of irrigation on crop intensity in Indian agriculture. After all, the history of irrigation in India shows how state irrigation works were started mainly for the low rainfall regions. Even in 1970-71 we find a negative correlation $r = (-) .36$

between state irrigation facilities and normal rainfall of a state.

Irrigation factor alone accounts for half the inter-state variation in crop intensity. Since high rainfall is known to enhance crop intensity, we have run a multiple regression of crop intensity (Y) on irrigation (X_1) and rainfall (X_2) in order to isolate the true contribution of irrigation towards raising of crop intensity in India. We have obtained the following relationship:

$$Y = 73.60 + 0.80 X_1 + 0.01 X_2$$

(8.13) (4.96) (2.44)

$$R^2 = 0.67$$

where:

Y is crop intensity (%)

X_1 is irrigation (% net irrigated area)

X_2 is actual rainfall (in mms.)

(Figures in brackets are t-values)

All the regression coefficients are statistically significant. The coefficient of irrigation variable is about 0.8, which means that one percentage point rise in irrigated area brings about 0.8 percentage point rise in crop intensity. Thus, the 'elasticity' of crop intensity with regard to irrigation (as enunciated above) is slightly less than unity. Thus irrigation in India appears to give rise to the production of a slightly less than one full additional crop. Why it is so? It is because of some serious wastage in the use of irrigation facilities, as some scholars have hinted? While there may be some element of truth in wasteful use of irrigation resource, yet this writer is constrained to observe that the results emerging from our analysis are quite meaningful once we keep in mind the role of irrigation in raising crop intensity, in the particular climate of India. To cut a long story short, the monsoonal

pattern of rainfall in India is such that Kharif crop can be grown all over India (except for arid areas) with natural water i.e. rainfall. Thus, introduction of irrigation would have minimal impact on Kharif crop land use. Its main impact would be on Rabi cropping for which natural soil-moisture availability is inadequate in most parts of India. Hence, irrigation would contribute one more crop from our land resource (ignoring for the moment the Zaid crops).

It is a widely noted fact that crop intensity varies inversely with farm size — a point which has been prominently brought out in the literature on farm size and farm productivity in India. Explanations for this inverse relationship have been sought both within neo-classical and Marxist frameworks of analysis. It is proposed to isolate how far irrigation factor contributes to the inverse relationship. After all, irrigation too is negatively related to farm size.

For the state of UP, the regression results are:

$$Y = 74 + 1.24 I - .12A, R^2 = .97$$

where: Y is crop intensity (%)

I is percentage net irrigated area

A is farm size (hectares)

R^2 is coefficient of multiple determination

Despite the substantial multi-collinearity between irrigation and farm size ($= -0.835$), the regression co-efficients of irrigation of farm size are statistically significant. While it reveals the positive relation between irrigation and crop intensity, the coefficient of irrigation variable suffers from an upward bias. Therefore, the value of the coefficient needs to be taken with this caution.

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Manager

Food aid

Anne de Lattre

The author, who is the Head of Economic Development Division of OECD's Development Cooperation Directorate in Paris, has discussed the need for food aid for the poorest among the developing countries. He has pointed out that against the recommendation of the World Food Conference for building up "reserve on call" up to 500,000 tons of foodgrains, only two countries had offered 50,000 tons—exactly one-tenth of the target.

IN RECENT years, the contribution of food aid has been particularly helpful to the developing countries. It alleviated the tragic suffering of Sahel population during the recent drought, it provided some relief to the balance of payments of the Most Seriously Affected countries (MSAs) which have been pressured by the simultaneous and steep increases in the prices of oil, food, fertilisers and capital equipment. In addition, food aid has helped to fight malnutrition and to support productive development projects.

Food aid in the form of cereals — which represent its major component — recovered from a low level of approximately 5.5 million tons in 1973-74 to more than nine million tons in 1975-76, close

needs are periodically reviewed to guide year-to-year food aid planning.

Food aid policy was evolved in a period of plenty and initially designed to drain off large grain surpluses in the United States. In the middle of the sixties, cereal deliveries rose as high as 16 million tons. World food conditions changed drastically after 1972, and food became a scarce commodity with consequences on cereal aid which dropped to less than six million tons (1973-74). There was a point at which food supplies were so tight and stocks so low that the United States had to buy on the world market to meet its commitments. With the recent recovery of world cereal production in major producing areas, cereal deliveries financed

lateral channels, essentially the World Food Programme and the European Community, has increased substantially over recent years, reaching 30 per cent of the total in 1974.

The terms of food aid are not good enough. About 30 per cent of this assistance is reimbursable. However, the United States Congress stipulated recently that out of the food aid going to MSA's, which must represent 75 per cent of the total under the governing legislation, PL 480 should be in grant form.

declining aid

In the past few years, the share of the principal food aid donor, the United States, has declined and that of other countries, essentially the EEC, Canada and smaller donors has increased. In 1974, the United States was still the main provider (48 per cent of the total; its share was 94 per cent in 1965) but the EEC's share has risen to 29 per cent, Canada's to nine per cent and others' to 14 per cent.

The position with regard to food aid levels for 1976-77 remains uncertain since, so far, only Canada, Norway, Sweden and the United States have indicated what their pledges will be. Since these total only 6.9 million tons, additional commitments are needed to reach the minimum annual aid target of 10 million tons (Table I).

The demand for food aid has increased in developing countries because their overall food production performance has failed to improve and nutritional problems have worsened. Food imports have risen alarmingly. Except for the Near East and the Asian centrally planned developing countries, per capita food production of developing countries in 1974 was below the level of 1970 and the situation would have been much worse had 1975 not witnessed exceptionally good harvests. Even with these record harvests, the trend of food production from 1970 to 1975 was below the average growth rate of the 60's and far below the growth in food demand. This slow-down in production caused n

WINDOW ON THE WORLD

to the 10 million ton target set by the World Food Conference in 1974.

Food aid cannot be a permanent form of assistance. Ultimately, the solution to the food problems of the developing countries lies in the increase of their own food production and in the progress of their economies. This will take time, especially in the poorest countries and will also require considerable external assistance for productive purposes. In the meantime, food aid will be necessary. The 10 million tons annual food aid target set by the World Food Conference, in 1974, is a reasonable working hypothesis for donors, with the proviso that

with aid have almost doubled over their lowest level, but cereal stocks have not been replenished. Consequently, more stable food aid will be, for some years, essential to improve the food security of the developing world.

In financial terms, food aid (cereals and other commodities) amounted to \$1.5 billion in 1974 compared with \$1.1 billion in 1973 and \$1.3 billion in 1972. In 1975 financial contributions for food aid are estimated to be of the same order of magnitude as in 1974. Food aid has represented approximately 14 per cent of total ODA during the past few years.

The supply of food aid through multi-

cereal imports by developing countries to increase even more rapidly than in the past, from 15 million tons in 1969-71 to an average of 29 million tons in 1973-74. The gross cereal imports of LDC's increased from 33 million tons in 1969-71 to 47 million tons in 1973-74.

self help

Meeting food needs would have been extremely difficult and costly for some countries, for instance, the Sahel countries, India, Pakistan, Bangladesh, without food aid. In future, if present production trends were to continue, the food deficit of the developing countries would reach unmanageable proportions (Table II), and increased food donations would become necessary. Fortunately, a large number of developing countries are now stressing agricultural and food output as part of their medium and long-term plans. With adequate domestic policies, better prices for farmers' products, improved agricultural techniques, and more adequate support for trade in food, it is possible to increase output substantially in many parts of the world. In the meantime, however, food aid has to fill gaps wherever they occur.

To many donors food aid is controversial. They feel that it increases the dependence of developing countries because it can exert disincentive effects on local consumer prices and local efforts to raise food production. Thus, they argue that it would be counter-productive to give developing countries the impression that they can plan on the basis of massive

food aid commitments over an extended period. Food aid also competes with other more directly productive forms of assistance and increasing its share would tend to reduce the already inadequate other resource flows. Food aid is also bulky and difficult to manage, and rationality would argue in favour of cash donations to buy food rather than the actual movement of goods. Nevertheless, in the present insecure international food situation, with stocks at their lowest level since the early 50's food aid can provide more security to developing countries.

Certain conditions must be met if food aid is to be made really useful:

* it must be available when needed;

* it must be used efficiently to strengthen development and combat malnutrition especially among vulnerable groups.

Forward planning of food aid is necessary to ensure its availability in times of need. Planning should be flexible and organised on the basis of periodic assessment of need. So far, only Canada and Sweden have made formal commitments (respectively one million tons and 75,000 tons) for the three years from 1975-76 to

TABLE I
Trends in Cereal Aid

	(Thousands of metric tons)				
	1972/ 73	1973/ 74	1974/ 75	1975/ 76	1976/ 77
DAC Members					
Australia	0.1	0.3	0.3	0.4	
Canada	0.7	0.5	0.7	1.0	1.0
Japan	0.5	0.4	0.3	0.2	
United States	6.6	2.9	4.5	6.0	6.0
EEC	0.9	1.2	1.4	1.3	
Others(1)	0.1	0.1	0.3	0.1	
Total	9.0	5.5	7.6	9.0	
Developing countries (2)	0.5	0.1	0.7	0.1	0.1
Total	9.5	5.6	8.3	9.1	

(1) Norway, Sweden, Switzerland.

(2) Argentina, Algeria, Iraq.

TABLE II
Cereals Deficits in Developing Market Economies, 1969-71 and 1985

	(million tons)							
	Wheat		Rice		Coarse grains		Total	
	1969/ 71	1985	1969/ 71	1985	1969/ 71	1985	1969/ 71	1985
Africa	-2	-3	-1	-1	-1	-17	-4	-21
Latin America	-4	-13	-	+1	+8	+17	+4	+5
Near East	-6	-6	-	-	-	-14	-6	-20
Asia and Far East	-8	+3	-2	-39	-	-13	-10	-49
Total	-20	-19	-3	-39	+7	-27	-16	-85

Source: Assessment of the World Food Situation, World Food Conference, Rome, November 1974.

1977-78. Countries have varying degrees of flexibility in undertaking future commitments or obligations within the constraints of their budgetary or legislative procedures. But the objective of ensuring continuity in physical supplies to avoid the disruptive effects of fluctuations in grain prices could be achieved if the major donor countries could, as a minimum, establish indicative targets for their food aid programmes on a three-yearly basis.

Food aid is indispensable for unexpected emergencies and disasters, a fact which

is recognised by all the Development Assistance Committee (DAC) countries. Its availability would be more secure if governments agreed to earmark, in their cereal and other food stocks, a tonnage which would enhance their capacity to respond when such disasters and emergencies occur. This should go with improved contingency planning for disasters. The World Food Conference recommended a 500,000 ton "reserve on call" to be replenished according to need. So far, only two countries have earmarked

cereal in this way—Sweden 40,000 ton and Norway 10,000 tons—in response to this recommendation.

Because food aid will be necessary for some years as a transitional measure while developing countries step up their production, it is important to improve its effective programming and management. The need is recognised by OECD in the work of its Development Assistance Committee and its Committee for Agriculture and in research by the Development Centre.

EEC system of generalised preferences

The system of generalised preferences in world trade was discussed in various forums throughout the sixties. It was on July 1, 1971, that the European Economic Community (EEC) brought it in operation and other countries followed it at short intervals, the last being the United States of America which allowed these preferences on January 1, 1976. In this background note prepared by the British Information Services, the scope of the scheme has been explained with special reference to industrial and semi-finished goods, processed agricultural products and textiles.

THE EUROPEAN Community's system of generalised preferences has been in application since July 1, 1971. From year to year it has been progressively improved and its scope enlarged. It consists of customs franchise, which is total for all non-agricultural manufactured goods and partial for certain processed agricultural products without ceiling limitation.

The operation of this system of generalised preferences (SGP) by the European Community is one of the instruments of its attempt to secure a progressive improvement in economic relations between industrial countries and developing countries on lines which will be more equitable and better in conformity with the needs of the contemporary world. In other words, generalised preferences are an instrument of development co-operation integrated into the other economic policies of the European Community.

The system marks a turning point in international trade relations between industrial and developing countries. A

number of industrial countries, and especially those of the European Community, undertook for the first time an action concerted with the less developed countries, which was reflected in definite measures of development aid. It is an important measure on the trade side, and a first move towards a new international economic order.

The system of generalised preferences, introduced by the European Community on July 1, 1971, is the culmination of a process which dates back to a meeting of the General Agreement on Tariffs and Trade (GATT) in Geneva in May 1963. The representatives of the European Community proposed that the trade of developing countries should be encouraged, and their economic development furthered, by a system of preferential customs duties applied to their exports of industrial products (manufactured and semi-finished), including certain textiles and processed agricultural products.

Excluded from the system were basic

agricultural products and industrial raw materials.

In 1968, at the second meeting of UNCTAD (United Nations Conference on Trade and Development) in New Delhi, the idea put forward by the European Community made further progress, and an agreement of principle was reached for the creation of a system of generalised preferences. After this, it took UNCTAD two years to secure agreement on the constitutive elements of such a system. There thus exists a single system of generalised preferences and a number of different schemes for its application by the countries which responded to the UNCTAD appeal. The countries and the dates on which they brought these schemes into operation are given in Table I.

a wider scheme

Individual mention must be made of Australia, which brought into operation a special preference system in July 1963, replacing it as of January 1, 1974 by a new and much wider scheme more closely akin to the system of generalised preferences as adopted by the other countries by which preferences were granted.

The customs preferences are:

Generalised: they are in principle granted by all industrial countries;

Non-discriminatory: they are granted

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indiscriminately to all developing countries;

Independent: they are not the outcome of any negotiation with the beneficiary countries.

Moreover, these preferences are not reciprocal. The beneficiary countries are not required to grant reverse preferences.

The operation of the preference mechanics can be illustrated by an example:

An importer in the European Community who imports electronic calculating machines (eg, pocket electronic calculators from the United States or Japan) will have to pay the 14 per cent import duty laid down in the common customs tariff of the European Community. If, however, he imports this same product from a developing country, he will not have to pay any customs duties for quantities imported within the limit set by the fixed ceiling. It is this customs franchise, by comparison with the duties payable on import from an industrial country, which constitutes the preference accorded to the exporter of electronic calculating machines from the developing country.

Under the arrangements for generalised preferences on goods imported into the European Community, the goods are imported duty-free within the limits of specific amounts (ceilings or quotas). Once these limits are reached, the charging of duties as prescribed by the common customs tariff of the European Community may be resumed.

These ceilings or quotas were calculated from a fixed amount corresponding to the value of the imports from beneficiary

countries in a specific reference year. They are raised each year by 5 per cent of the value of imports into the industrial countries. This increase is the "additional amount".

The year 1971 was used as the basis for calculating the tariff quotas and ceilings for 1974, 1975 and 1976. In 1977 the reference year will be 1974 for purposes of determining the basic amount and setting the additional amount in calculating the maxima.

A strict system of tariff quotas is applied to sensitive products—i.e., products for which industry in the Community is unfavourably situated. In this case the volume of the preferential imports is divided between the EEC member-States by quota.

Cut-off levels or maximum amounts are fixed for each beneficiary country. The aim is to avoid the more advanced beneficiaries, or the more competitive developing countries, absorbing for their own individual benefit all the preferential potentialities offered by the community SGP. The effect is to lay down a specific maximum percentage of the quotas or ceilings which each individual country may use.

The exporting countries, if they wish to secure the benefit of the SGP customs franchise, have to conform to various rules about the origin of the goods they sell, which have to be covered by a certificate of origin. These formalities are aimed at avoiding any diversion of the trade. It might happen, for example, that outside countries which do not bene-

fit from the Community preference scheme would attempt to escape the duties of the Community common customs tariff by exporting their goods through one of the developing countries which have the benefit of the scheme. The certificate of origin system, though it may appear somewhat cumbersome, is a safeguard for the interests of the countries which have the benefit of the Community SGP scheme.

The European Community is the biggest importer and exporter in the world. In 1974 its total imports of goods from outside countries were 125,000 million units of account (= c. \$US 155,000 million), of which 106,000 million UA consisted of industrial goods and 19,000 million UA of agricultural products. The total exports from the nine Community countries were 109,000 million UA, of which industrial goods accounted for 102,400 million UA and agricultural products for 6,500 million UA. (1 UA = about \$US 1.25).

imports from developing nations

The imports into the European Community from developing countries in 1974 amounted to about 25,000 million UA (c. \$US 30,000 million).

Since 1971, and consistently up to the present time, there has been a considerable increase in the scale of the preferential offer on the industrial side. The amounts have been as follows:

500 million UA in 1971
1,100 million UA in 1972
1,250 million UA in 1973
3,250 million UA in 1974
3,680 million UA in 1975
4,600 million UA in 1976 (c. \$US 5,750 million)

Under the proposals which have now been put forward by the Commission to the Council, the offer in respect of 1977 will amount to 6,470 million UA (equivalent to about \$US 8,087 million).

The figures given above bring out the fact that the EEC has improved its offer each year, despite the bad economic conditions which prevailed. The Community takes the view that the economic difficulties of developing countries are even more serious than those being experienced by its

TABLE
Dates on which the Scheme came into operation in various countries

Area/Country	Date	Population
European Community	1 July 1971	257,000,000
Japan	1 August 1971	108,300,000
Norway	1 October 1971	3,900,000
Finland	1 January 1972	4,600,000
Sweden	1 January 1972	8,100,000
New Zealand	1 January 1972	2,800,000
Switzerland	1 March 1972	6,300,000
Austria	1 April 1972	7,500,000
Canada	1 July 1974	22,100,000
United States of America	1 January 1976	210,000,000

Mounting indebtedness of east European and developing countries

In this review of world trade prepared by the staff of the Union Bank of Switzerland, it has been shown that not only the non-oil-producing developing countries but the east European countries also had sought huge credits from the western countries due to deficits in trade. The trade deficit of the east bloc states increased from six billion dollars in 1974 to 12 billion dollars in 1975. The developing countries having no oil reserves had raised their import surpluses from \$ 8.3 billion in 1970 to \$ 26.4 billion in 1974 and further to \$ 36.1 billion in 1975. In the view of the researchers of the Union Bank of Switzerland, the foreign indebtedness of the two groups of countries discussed here is expected to increase in the coming years.

THE INTERNATIONAL flows of goods and capital have undergone considerable structural change in the last few years. The main causes were the massive increase in oil prices, the strong shifts in parities following the floating of foreign exchange rates and the global economic recession. The unfavourable economic climate in particular cut down sales to the western industrial nations considerably and resulted in a substantial increase in exports to east bloc nations and the developing countries. As a consequence, the balance of trade deficits and the foreign indebtedness of the east bloc countries and the developing nations rose rapidly. The increasing indebtedness was alleviated insofar as the industrial countries were glad — in view of their liquid money and capital markets — to grant commercial and financial credits which boosted production and employment.

interest in quality

Since the beginning of the seventies, the east bloc countries have been displaying growing interest in high quality capital goods from the west which they need to put their economic plans into practice. Despite the differences in economic systems, the flow of goods from west to east has strongly increased, whereas in the opposite direction it is practically stagnating. The trade balance deficit of the east bloc states vis-a-vis the western industrial countries therefore

rose from around \$6 billion in 1974 to \$12 billion in 1975.

Among the east bloc countries, only the Soviet Union financed its trade balance deficits in part through gold sales. An estimated 80 per cent of the deficits in the trade balances of the east bloc states was financed via supplier and bank credits as well as long-term foreign loans. During the last 18 months or more, credits were obtained in increasing measure on the Euromarket. In 1975, east bloc nations took up the medium-term Euroloans amounting to Fr 2.3 billion (1 US \$ = 2.47 Swiss Franc). Their overall indebtedness in relation to the industrial countries is likely to be around \$35 billion at

the present time. Of this total, \$4 billion are accounted for by medium-term Euroloans and long-term foreign credits, \$11 billion by outstanding loans from western banks and about \$20 billion by supplier credits. The figures do not include foreign indebtedness of the east bloc countries among each other, as no data are available in this respect. In view of their growing foreign debts, the east bloc countries are making efforts to attain a better balance of their foreign trade with the western industrial nations. Theoretically, they have considerable possibilities of direct intervention at their disposal, thanks to their centrally planned economies. They can, for example, restrict domestic consumption in favour of exports. But for political and social reasons, this is in practice now possible only under certain conditions. The governments of the east bloc countries are therefore compelled to use other means of squaring their trade balances, such as compensation and co-operation. In compensation trading, imports are linked to some extent with exports, whereby the trade balance deficit can be kept within the desired limits. Cooperation agreements, of which the

Foreign Trade of the Developing Countries without Oil Reserves

(in Million US \$)

	1970	1974	1975
Imports (total)	46,100	125,300	134,000
Asia	19,570	52,190	53,060
Latin America	14,730	43,450	45,280
Africa	7,360	16,290	19,200
Middle East	4,440	13,370	16,460
Exports (total)	37,800	98,900	97,900
Asia	13,900	40,100	39,880
Latin America	13,830	35,590	35,200
Africa	7,850	16,330	16,140
Middle East	2,220	6,880	6,680
Import Surpluses	8,300	26,400	36,100

member-countries through the higher prices for primary energy and the world economic recession. The Community proposes, therefore, to improve its offer in all possible ways.

In 1975 there was a considerable reduction in the number of sensitive products (other than textiles and ECSC goods) for which tariff quotas are provided under the Community generalised preferences scheme. The numbers have been as follows: 53 in 1971; 58 in 1972; 50 in 1973; 51 in 1974; 13 in 1975; 13 in 1976; 13 in 1977.

The number of items of processed agricultural products included in the European Community's generalised preference system was 147 from the period 1971 to 1973. The initial annual value of the preferences granted in respect of these products amounted to 45 million UA (c. \$US 56 million). In 1974 the number of items of processed agricultural products concerned in the SGP was raised to 187.

The principal products are fish flour, certain varieties of shrimps, cocount oil for industrial use, dried cocount, cocoa butter, soluble coffee, certain categories of canned pineapple and, on a temporary basis, "Virginia flue-cured" tobacco. The impact on the trade of the products covered is put at 450 million UA (c. \$US 562 million).

In 1975, the Community SGP covered 220 processed agricultural products and an import value from countries entitled to the preferences of 600 million UA (c. \$US 750 million).

In 1976, the number of these products rose to 241, and the counter value of Community imports is estimated at 1,000 million UA (c. \$US 1,250 million).

community proposals

The Community proposals for 1977 will bring 296 items of processed agricultural products into the SGP. The amount of the preferential imports is estimated at 1,235 million UA (c. \$US 1,544 million).

Most of the improvements represent special efforts in favour of goods exported by the poorer nations (eg, Virginia

tobacco, spices, vegetable oils and certain types of cut flowers).

Tariff quotas and ceilings have been as follows:

19,429 tonnes in 1971 (July-December)
39,444 tonnes in 1972
42,631 tonnes in 1973
68,205 tonnes in 1974
75,323 tonnes in 1975
79,131 tonnes in 1976

For cotton and assimilated goods, the benefit of the preference was given to countries which had signed the long-term agreement on cotton textiles (LTA) and those who had made similar undertakings. This agreement dated from 1963 and, after having been renewed, expired at the end of 1973, when it was replaced by the multifibres agreement (MFA), which covered practically all textile goods and came into force on April 1, 1974.

The bilateral negotiations opened by virtue of this agreement are not yet completed. For this reason, a transitional solution was adopted for the application to textiles of the preferential system in 1975. The 1974 SGP provisions for all textiles were renewed in 1975 and again in 1976, subject to a uniform flat-rate annual increment of 5 per cent in the ceilings and tariff quotas.

new system

The new system proposed for the 1977 SGP

— sets up a link between the multifibres agreement and the SGP;

— maintains the present SGP volume with an annual increase of 5 per cent;

— introduces a more limitative system for beneficiaries who are over-competitive by treating them on an equal footing. The countries ranked as over-competitive are those with a GNP per head of \$300 or more, which supply at least 6 per cent of the per product imports into the Community from all SGP beneficiaries.

The system is made more flexible for the other beneficiaries, among whom are various particularly poor countries.

In regard to the rules of origin, a special effort has been made for the benefit of countries which belong to re-

gional economic groups. The extension of these rules is aimed at encouraging regional integration; and the Community has adopted a cumulative system for exports towards the EEC coming from "common markets", such as that of Central America (Honduras, Nicaragua, Guatemala, El Salvador and Costa Rica), the Andean Group (Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela) or ASEAN (Indonesia, Malaysia, Philippines, Thailand and Singapore).

The Community intends to continue its programme of seminars in the beneficiary countries, carrying it further into the different sectors. This is part of the active information policy for officials, businessmen and traders in the beneficiary countries.

a guide

A "guide to the SGP" is being drawn up, and a documentation and information centre on the Community SGP is to be set up.

The generalised preferences mark a turning point in international commercial relations, which have been governed hitherto by "most favoured nation" treatment and the rule of reciprocal concessions. They embody a new type of international relationship between developed and developing countries; and they are rightly considered an important contribution towards the prosperity of the least-favoured nations.

There are at present 111 countries on the list of beneficiaries of the Community SGP.

In 1974, 10 countries accounted for 72 per cent of the actual use made of the SGP, the total value of their trade being 1,500 million UA. They were: Yugoslavia (288 million UA), Hong Kong (219 m), Brazil (189 m), India (181 m), South Korea (154 m), Singapore (119 m), Pakistan (115 m), Mexico (98 m), Rumania (76 m) and Iran (61 m).

Up to 1975 the Community and Japan carried the main burden of helping developing countries through the system of generalised preferences. In 1976 the system has also been brought into operation by the United States.

pipelines-against-natural-gas transaction between the Federal Republic of Germany and the Soviet Union is a prime example, cover the import of entire production facilities later paid for by the production revenues.

The foreign indebtedness of the developing countries without oil reserves is a consequence of the rise in oil prices, the economic recession and the efforts for the economic development of these countries. Their import surplus amounted in 1970 to only \$ 8 billion. But under the influence of the factors mentioned, it rose to \$26 billion in 1974 and to as much as \$36 billion in 1975. The massively higher trade balance deficits were financed partly via development aid and partly by incurring further foreign debts.

The necessary financing for last year's \$36 billion foreign trade balance deficit was provided mainly by the western industrial nations. Their government development aid amounted to \$12.3 billion, of which \$6.3 billion were bilateral gifts and \$6.0 billion government loans. The World Bank group and the IMF contributed another \$6.7 billion. In addition,

funds made available to the developing lands from non-government sources reached \$17 billion. This figure included the medium-term Euroloans of \$11.8 billion and export loans totalling 5.2 billion.

If the bilateral gifts of \$6 billion are deducted, foreign debts of the developing countries in 1975 climbed by \$30 billion to an estimated \$149 billion. Of this enormous sum, \$57 billion are accounted for by governmental loans, \$33 billion by loans of the World Bank group, \$30 billion by Euroloans and \$20 billion by export loans.

The entire volume of foreign debts incurred by the East bloc nations and the developing countries rose in 1975 by an estimated \$42 billion and is likely to have reached a magnitude of \$175 billion. If the loans of public authorities and the World Bank group in the amount of \$90 billion — which were considered to be part of long-term developmental aid — are deducted, medium-term nongovernment Euro and export loans totalling \$85 billion remain, of which \$50 billion went to the developing countries and \$35 billion to the East bloc nations. The annual

interest and amortization payments are estimated at about \$20 billion. This amount corresponds to around 12 per cent of the average export revenues of the two groups of countries. Both the size of indebtedness and the accelerated pace at which debts have recently been incurred, are causing concern to debtor and creditor nations alike. It is true that in the wake of the gradual economic upturn in the industrial nations, the East bloc states and the developing countries will no doubt raise their exports of raw materials and agricultural products and thus be able to reduce their trade balance deficits. But it seems hardly likely that in the foreseeable future they will succeed in attaining equilibrium, not to speak of surpluses in their trade balance vis-à-vis the industrial nations. This means that the foreign indebtedness of the two groups of states will further increase in the coming years—even though possibly at a slower pace—and will in numerous countries reach a critical point. To find a solution to these problems surely constitutes—both for debtors and creditors—one of the most difficult tasks since the 1930s.

TRADE WINDS

Licensing for Foreign Companies

THE GOVERNMENT has decided that industrial undertakings having foreign equity of more than 40 per cent in the paid-up equity capital of the company will not be exempted from the licensing provisions in terms of the government notification dated February 16, 1973. Industrial undertakings having foreign equity of more than 40 per cent which have already been set up for manufacture of any item relating to a scheduled industry under the Industries (Development & Regulation) Act without obtaining an industrial licence are now required to obtain "Carry-on-Business" licences. These undertakings will have to submit their applications within three months from November 16, 1976 and "Carry-on-Business" licences should be obtained within a period of six months from this date.

Exchange Regulation Act

In terms of the government of India's notification dated February 16, 1973, industrial undertakings owned by foreign companies, their branches or subsidiaries or by companies in respect of which more than 50 per cent of the paid-up equity share capital is held directly or indirectly by foreign companies, their branches or subsidiaries, or by foreign nationals or non-resident Indians are not eligible for exemptions from the licensing provisions of the Industries

(Development & Regulation) Act, 1951. After the issue of this notification, the Foreign Exchange Regulation Act, 1973, has come into force. Under section 29 of this Act, all branches of foreign companies (other than banking companies) and Indian companies in which the non-resident interest is more than 40 per cent have to seek permission of the Reserve Bank of India to continue their existing trading/commercial or industrial activities.

Remittance by Foreign Countries

The government has decided to take action against all those foreign firms which produce in excess of their licensed or registered capacities and thus raise their profits and foreign exchange remittances in violations of the FERA (Foreign Exchange Regulation Act). No such excess remittances will be allowed now. The decision taken recently by the union ministry of Industry has been conveyed through a circular to all other ministries and to the Reserve Bank.

The union ministry of Industry has found that certain industrial undertakings having equity held directly or indirectly by foreign companies or by their branches or subsidiaries or by foreign nationals, have been manufacturing some items in excess of their registered or licensed capacity. The excess production in such cases results in increased profit and leads to an increased outgo of foreign exchange in

the form of remittance of profits. If this condition is violated all such production as is in excess of the licensed or registered capacity is irregular. All income derived from such excess production is also irregular. It has therefore decided that the Reserve Bank will disallow all foreign exchange remittances arising from such irregular excess production.

Foreign Currency Deposits

Dollar deposits with Indian scheduled commercial banks under the Foreign Currency Non-Resident Accounts (FCNRA) scheme of the Reserve Bank continue to show satisfactory results. Sterling deposits, however, do not indicate any appreciable rate of accretion, owing perhaps to the inconsistent value of Pound in world markets. Exact figures as of date have not been published by the Reserve Bank, but reasonably accurate estimates put the dollar deposits figure at between \$25 and \$27 million and sterling deposits at slightly over £1 million. In terms of rupees, at current rates of exchange, the dollar and sterling deposits total at about Rs 25 crores—all in the course of one year the scheme having been introduced in November 1975.

Briefly, the scheme was introduced to encourage the flow of foreign currency inward remittances from Indian nationals settled abroad and from persons of Indian origin settled in various parts of the world. Before November 1975, a substantial portion of such remittances was being channelled through illegal conduits. Hence, to encourage inward remittances through official channels, the RBI decided to allow non-resident Indians and persons of Indian origin to

maintain "foreign currency non-resident accounts" with authorised dealers in India i.e., banks authorised to deal in foreign exchange for periods ranging from 91 days to 61 months.

Duty on Woollen Fabrics Cut

The union government has reduced the effective rates of excise duty on different varieties of woollen fabrics. The total effective rate of duty on shoddy woollen blankets and melton cloth will now be four per cent "ad valorem" as against seven per cent previously. The reduction in duty will give a substantial measure of relief to the handloom weavers who are the exclusive producers of these varieties.

Assessment of woollen fabrics has also been simplified by reducing the number of categories. Woollen fabrics produced by the decentralised sector—handlooms and powerlooms—will now be assessed to a five per cent duty if processed by independence processors as against seven to nine per cent previously, and at eight per cent if processed by composite mills as against 11 per cent previously. Government trusts that the benefit of the duty relief now given will be duly passed on to the consumers of woollen fabrics.

Modernisation of Industry

The union Industry ministry is understood to have approached the union Finance ministry and the Planning Commission for a special allocation of Rs 500 crores for encouraging the modernisation of four industries which are pivotal to the economy. These are sugar, jute, textiles and engineering industries. It will also appro-

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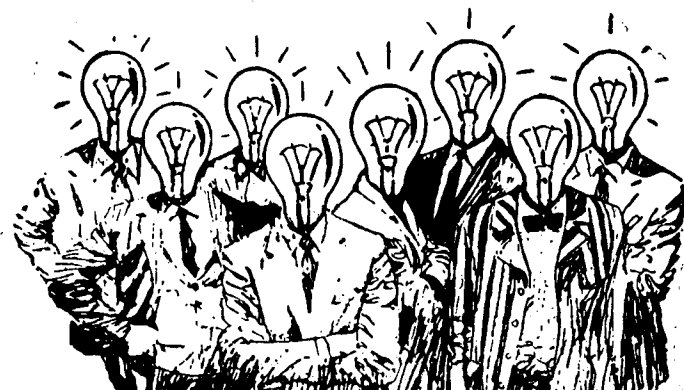
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ach the World Bank for a similar allotment for covering the foreign exchange component — about 10 per cent of the total cost of the modernisation scheme. During the recent visit of the World Bank President, Mr Robert McNamara, the union minister for Industry, Mr T.A. Pai, is said to have discussed the subject with him. According to official sources, nearly 300 units in the medium and large scale sectors of these four industries are at present either closed or on the verge of closure and about 10 per cent of the country's four lakh small-scale units are ailing.

Electronica '76 Fair

The Trade Development Authority of India (TDA) is participating once again in the Electronica '76 Fair to be held in Munich from November 25 to December 1, 1976. Twenty Indian firms—all clients of TDA—will be displaying such products as printed circuit boards, silicon diodes, resistors, variable capacitors, bush button switches and miniature switches. A new product on display will be wire wrapped boards. As many as 16 firms will be sending their representatives to the Fair to transact business on the spot.

TDA had participated in the Electronica '74 Fair held in Munich from November 21 to 27, 1974. Orders worth rupees forty four lakhs were booked and enquiries worth rupees three crores were generated. Twenty proposals were received for collaboration, investment and contact jobs. Of these, sixteen were in the Santa Cruz Electronic Export Processing Zone and four elsewhere in India. Meanwhile, the TDA has finalised its plan of participation in the International Trade Fairs

during 1977. These included Toronto Hardware Show (February 13-16), International Electronic Components Exhibition, Paris (April), Asian Trade Fair, Melbourne (May 29 to July 26), National Hardware Show, Chicago (August), International Automobile Ausstellung Fair (September 8-18) and Partners for Progress Fair, Berlin (September 22-26).

Hanover Fairs

Hanover Fair to be held between April 20 and 28 is an important event in the world of industry. Every year people visit the fair to get acquainted with the new trends in a wide range of products in industry. It presents a broad spectrum of alternatives to put innovations within reach of every country. Every year about 500,000 trade visitors come from over 100 countries and about 4,800 exhibitors from 40 countries cover over 400,000 square metres net display area in 24 halls. In India the Fair is represented by the Indo-German Chamber of Commerce.

European Machine Tool exhibition will also be held in Hanover from September 20 to 29, 1977. This will be the fourth European machine tool exhibition on the grounds of the International Fair. It is preparing to accommodate 1600 exhibitors from about 30 countries. Over 200,000 visitors from all continents are expected at the Fair.

Indo-Japan Cooperation

A joint communique issued at the end of the two day session of Indo-Japan Cooperation Committee stated that the climate for foreign collaboration was distinctly better, following the improvements in the Indian economy. Both delegations stressed that the

positive steps taken by the union government to stimulate investment, both domestic and foreign, should be made widely known in Japan. Dr S. Nagano was the leader of Japanese delegation and Mr M.V. Arunachalam, president, Federation of Indian Chamber of Commerce and Industry, was the leader of the Indian delegation.

Both delegations foresaw increasing scope for collaboration in technology and investment in third countries. It was suggested that the possibilities of consultation prior to international tendering be explored. On the need for increasing Indian exports to Japan of manufactured goods underlined by the Indian delegation the Japanese delegation stressed the importance of quality, delivery and price as the three essential factors to which special attention had to be paid. It should be possible to make use of the experience and expertise of the Japanese trading firms which have a world-wide marketing net work.

Urgent Needs

The discussions highlighted the need to develop infrastructure, particularly in relation to export of Indian iron-ore. The need and urgency of promoting the development of large scale ports, and other accompanying facilities, was emphasised. Building of more hotels was one of the other subjects taken up in this regard. It was indicated by the Indian delegation that the share of Indian vessels in the carriage of bulk cargoes to Japan required to be enhanced, also the supplier's credit for purchase of ships needed to be given. On both these points the Japanese delegation explained the background in Japan.

Concerning the construction of new ship building yards the Japanese side felt that consideration had to be given to timing of construction of such ship building yards, in view of the prevailing business conditions.

The Indian delegation underlined the possibilities of co-operation between India and Japan in the field of deep sea fishing and coastal fisheries. In this connection the Japanese delegation stated that shrimps fishery would continue to be actively promoted in future. Appreciating the desire of the

NEW INDIA SUGAR MILLS LIMITED

NOTICE

NOTICE is hereby given that the Forty-second Annual General Meeting of New India Sugar Mills Limited will be held on Monday the 13th December, 1976 at 3.30 p.m. at 9/1, R. N. Mukherjee Road, Calcutta-1, for the following purposes:

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 30th June, 1976.
2. To declare dividends.
3. To elect Directors in place of Shri K.K. Birla, and Shri R.N. Khaitan who retire by rotation and being eligible offer themselves for re-election.
4. To appoint Auditors and fix their remuneration.

By Order of the Board,
R. N. BAGARIA
Secretary.

9/1, R.N. Mukherjee Road,
Calcutta-1,
the 15th November, 1976.

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Shareholders are requested to notify any change of address, failing which the dividend warrants will be posted to their addresses as registered with the Company.
3. The Register of Members of the Company will remain closed from the 7th December, 1976 to the 13th December, 1976 both days inclusive.

Indian delegation for the developments of ocean fisheries, the Japanese delegation said that it would endeavour to create more interest among Japanese fishery industry to collaborate with India.

Medicines for Afghanistan

The state-owned Indian Drugs & Pharmaceuticals Ltd (IDPL) has secured a sizeable order for the supply of its medicines to Afghanistan. The initial order is of about Rs 65 lakhs. Hitherto, Afghanistan had not been importing any medicines and pharmaceuticals from India. The Afghan government has recently promulgated a statute under which the supply of medicines in the country will be only under generic names, in due course debaring import of proprietary formulations.

The managing director of IDPL, Dr L.K. Behl, during a recent visit to Kabul, has successfully negotiated for the supply of generic medicines and formulations of IDPL to the Avedinna Pharmaceutical Corporation of the Afghan government which has been entrusted the responsibility of regulating the imports of drugs and pharmaceuticals in the country.

Initial Order

This initial order of about Rs 65 lakhs is expected to be precursor of further supplies of pharmaceuticals and formulations from India to Afghanistan. The Afghan government has decided to set up a plant for the manufacture of pharmaceuticals. The IDPL has, among a few selected international organisations been invited to submit its quo-

tation for the establishment of the plant.

Award for Standards

Prof V. V. Boitsov, minister of Standardization and president of the state committee for standards of the council of ministers of USSR, was in this country at the invitation of the government on a 10-day visit. In recognition of his outstanding contribution in the field of standardization, the Lal C. Verman Award for 1975 was presented to Prof. Boitsov. The award was instituted by Dr. Lal C. Verman, founder director general, Indian Standards Institution (ISI) and the doyen of standardization in India, with the object of encouraging the advancement of standardization through research education and training in India and throughout the world.

Indo-US Chamber Meet

The out-going US ambassador to India, Mr William B. Saxbe stated recently that Indian manufacturers would find a willing and most lucrative market for their products in the USA if they adhered to their current standards of quality control and timely despatch of material. Speaking at a meeting organised in his honour by the Indo-American Chamber of Commerce recently, Mr Saxbe pointed out that the USA was one of the biggest importers of India-made hand tools, electrical appliances and small electronic gadgets. The Indian manufacturers had shown the needed enterprise, he added. "Now new opportunities are open to you—opportunities which you can, and should, exploit." The US ambassador said the need was to start cooperation in areas in which such an arrangement

could work. "There are a large number of areas in which there is vast potential for Indo-American Cooperation," he said.

Welcoming ambassador Saxbe, the president of the Indo-American Chamber of Commerce, Mr T.T. Vasu stated that India's trade with the United States had reached the highest tempo recently. Indian exports to the US had increased by 75 per cent over the last year, resulting in narrowing of the trade gap in favour of India.

Exports of Coir and Coir Goods

Exports of coir and coir goods from this country during the period April-August 1976 have increased to 15,006 tonnes valued at Rs 8.12 crores from 13,055 tonnes valued at Rs 6.90 lakhs during the corresponding period in 1975. Export of coir yarn from India during the period April-August 1976, amounted to 8,480 tonnes valued at Rs 3.63 crores as against 7,358 tonnes valued at Rs 3.27 crores exported in April-August 1975. Export of coir yarn during the month of August 1976 amounted to 1,250 tonnes valued at Rs 48 lakhs as against 1,501 tonnes valued at Rs 66 lakhs exported in August 1975.

The export of coir mats during the period April-August 1976 totalled 3,638 tonnes valued at Rs 2.72 crores as against 3,047 tonnes valued at Rs 2.21 crores exported during the corresponding period of the previous year. The export of coir matting, rugs, carpets and other sorts of coir together totalled 2,532 tonnes valued at Rs 1.67 crores during the first five months of the current financial year as compared to 1,988 tonnes valued at Rs 1.27 crores exported

during the same period of the previous year. The export of coir matting during the period increased to 2,052 tonnes valued at Rs 1.32 crores from 1,121 tonnes valued at Rs 71 lakhs exported during April-August 1975. Export of coir rugs and carpets suffered a decline during the period from 856 tonnes valued at Rs 55 lakhs exported during April-August 1975 to 471 tonnes valued at Rs 33 lakhs during April-August 1976.

The export of coir fibre during the period was only 3 tonnes valued at Rs 8290 as against 126 tonnes valued at Rs 3 lakhs exported during the period April-August 1975. The export of coir rope during the period amounted to 61 tonnes valued at Rs 1 lakh, as against 59 tonnes valued at Rs 1 lakh exported during the period April-August 1975. There was no export of curled coir and rubberised coir goods during the month of August 1976 and the export of these items during

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the first five months of the current financial year remained at 291 tonnes valued at Rs 6 lakhs and 3 quintals valued at Rs 10,838 respectively. The export of curled coir during April-August 1975 was 476 tonnes valued at Rs 8 lakhs.

State Bank of Saurashtra

The State Bank of Saurashtra opened five new branches on November 19 out of which one was in Nehru Place Complex in Delhi. With the addition of these branches, the total strength of the bank rose to 188 branches.

Metals for Industrial Use

Some of the National Laboratories under the Council of Scientific & Industrial Research (CSIR) have succeeded in developing processes for the production of pure metals for industrial use. Most metals in nature are found as ores. To purify them into pure metals is a sophisticated technology. With CSIR know-how, this country can now produce pure metals such as manganese, magnesium, sodium, chromium, calcium, zinc etc. The National Metallurgical Laboratory, Jamshedpur, has developed know-how for the manufacture of manganese through electrolytic process. The process is being worked out on a pilot plant scale of 50 kg per day.

World Bank Loan Scheme

A one-day seminar was organised by Maharashtra State Financial Corporation (MSFC) on November 7, 1976, at Pune. The purpose of the seminar was to focus attention of entrepreneurs in western Maharashtra and Konkan areas of Maharashtra on the World Bank Loan Scheme—the scheme

under which Industrial Development Bank of India (IDBI) routes the World Bank loan of \$40 million for import of plant and machinery by small and medium scale industries in various states by on-lending to the State Financial Corporations (SFCs). The seminar was inaugurated by Mr Raghu Raj, chairman, IDBI and Mr S.B. Chavan, chief minister, was the chief guest.

Updating Land Records

Almost all the state governments have intensified the drive to bring the land records up-to-date in preparation for the agricultural census. A two-day conference of senior officers from the state governments, which concluded recently under the chairmanship of Mr S. P. Mukerji, additional secretary in the Department of Agriculture, reviewed the measures taken so far to streamline the administrative machinery to ensure that the time table set out for the agricultural census operations is strictly adhered to. On the basis of the progress made so far, it was agreed that it should be possible to adhere to the deadline of having the report finally published by November 1978.

Following the appeal made by the union minister of Agriculture and Irrigation, Mr. Jagjivan Ram, to the state chief ministers to declare 1976-77 as Land Records Year, the state government representatives gave a resume of what has been done so far to ensure that land records are brought up-to-date and the names of actual cultivators are properly recorded. All-out drives have been launched in the state to see to it that the revised records include the names of the actual cultivators and fully reflect the effects of

land reforms legislation in the Records of Rights.

Names in the News

Dr S. P. Jagota has been elected to the International Law Commission by the UN

General Assembly recently. Dr Jagota got the highest number of votes among the Asian candidates. Dr Jagota is Joint Secretary and Legal Adviser in the ministry of External Affairs.

Department of Atomic Energy

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay invites tenders as detailed below:

- (1) DPS/PPED/FAB/281 due on 6.12.76. Manufacture, inspection, testing, supply, packing, delivery to Madras Atomic Power Project Site, Kalpakkam, Tamil Nadu and guarantee of the following as per purchase specification and drawings.
 - (i) Shuttle Tube Assembly. 2 Nos.
 - (ii) Additional Bearing Rings. 6 Nos.
- (2) DPS/RRC/CAP/211 due on 8.12.76. High sheet and rod rolling mills for cold and hot rolling suitable for rolling ferrous and non-ferrous alloys, as per purchaser's specification. 2 Nos.
- (3) DPS/RRC/CAP/210 due on 20.12.76. Sheathed thermocouple hot junction making unit to produce consistent high quality argon arc welds at hot junction and subsequent sealing of metallic sheath of mineral insulated metallic sheathed thermocouples as per purchaser's specification 1 No.
- (4) DPS/Prefre/MIA/131 due on 21.12.76. Differential pressure Transmitter indicating pneumatic output 0.2 to 1.0 kg/cm² with supply pressure 1.3 to 1.7 kg/cm² gauge. Accuracy: $\pm 0.5\%$ of span. Qty: 10 Nos.
- (5) DPS/PPED/MIA/417 due on 21.12.76. Design, Manufacture, assembly and supply of Edgewise indicating Meters, and alarm meters, with one and two alarms. Qty. 229 Nos.
- (6) DPS/RRC/IEE/204 due on 27.12.76. Pressure Switches. 46 Nos.
- (7) DPS/RRC/CAP/215 due on 21.12.76. Creep and stress rupture units suitable for carrying out accurate creep and stress rupture testing on both cylindrical and sheet specimens complete with all accessories as per purchaser's specification. 3 Nos.
- (8) DPS/TAPS/FAB/10 due on 2.12.76. Fabrication, supply, and testing of composite Fuel Racks as per Purchaser's specification and drawing Qty. 1 No.
- (9) DPS/PPED/CAP/198 due on 7.12.76. Design, manufacture, assembly, testing and delivery, properly packed for transport to site, erection and commissioning at site of entire carbon dioxide type fire protection system, as per purchaser's tender document and drawings. 1 No.
- (10) DPS/RRC/FAB/151 due on 14th December, 1976. Design, preparation of shop drawings, supply of material, manufacture inspection, testing, packing and transportation to Fast Breeder Test Reactor Site, Reactor Research Centre, Kalpakkam, Tamil Nadu and guarantee of document. Qty. 4 Nos.
- (11) DPS/NAPP/PPED/FAB/21 due on 15.12.76. Manufacture, inspection, testing and supply of Seal Disc Forgings as per Purchaser's Tender Document. Qty: 2000 Nos.
- (12) DPS/BARC/R-5/FAB/26 due on 13.12.76. Design, preparation of shop drawings, fabrication, testing, inspection, delivery to R-5 Project Site, Bhabha Atomic Research Centre, Trombay, Bombay, site testing, and commissioning of Helium Gas Holder (Low Pressure) as per Purchaser's tender document. Qty. 1 No.
- (13) DPS/BARC/R-5/FAB/27 due on 14.12.76. Design, fabrication, inspection, shop testing, packing, delivery to R-5 Project Site, Trombay, Bombay of Stainless Steel Tanks as per Purchaser's tender document. Qty. 3 Nos.

Tender documents priced Rs. 25/- each for items at S. No. 1 to 6 Rs. 30/- for items at S. No. 7 Rs. 50/- each for items at S. No. 8 to 11 and Rs. 100/- each for items at S. No. 12 and 13 and general conditions & 13 can be had from the Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd floor, Mohatta Building, Palton Road, Bombay-400 001 between 10 a.m. to 1 p.m. on all working days except on Saturdays. Tender documents and general conditions of contracts will however be issued upto 2.12.76, 15.12.76, 16.12.76 and 2.12.76 for items at S. No. 2, 3, 7 & 9 respectively. Import Licence will be provided except for items at S. No. 1, 4, 5, 8, 10, 11, 12 & 13 only if the items are not available indigenously. Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

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COMPANY AFFAIRS

Telco

TATA ENGINEERING and Locomotive Company Ltd has reported significant improvements in its working results during the first half of the current financial year. Its turnover during April-September 1976 was higher at Rs 128.14 crores as compared to Rs 114.30 crores in the corresponding period of last year. The gross profit, before providing for depreciation and interest, too recorded a smart rise to Rs 17.28 crores during the first six months of the 1976-77 as compared to Rs 15.75 crores in the similar period of last year. After appropriating Rs 5.72 crores to depreciation reserve and Rs 7.08 crores for meeting interest on borrowings, the profit before tax during the period under review amounted to Rs 4.48 crores as against Rs 4.08 crores in the same period of 1975-76. As the company will not be liable to tax, no provision has been made for taxation. Hence the profit after tax worked out to Rs 4.48 crores as compared to Rs 3.78 crores during April-September 1975.

Production goes up

Production, of vehicles went up by 4.7 per cent from 11854 to 12415, sale of spare parts by 59.8 per cent from Rs 7.76 crores to Rs 12.40 crores and exports by 67.3 per cent from Rs 6.21 crores to Rs 10.39 crores. There were increases in costs. The exclamation in costs was mainly due to salaries and wages and due to interest

charges. However material cost increases are being contained. The results for the second half of the year are expected to be far more encouraging than for the first half.

Bank of Baroda

The opening of the 1000th branch is a historic event for any bank. It is an occasion for looking back with pride and looking forward with confidence.

Haldwani, a small but busy town at the foothill of Nainital in Uttar Pradesh, claims the honour of housing the 1000th branch of Bank of Baroda. The choice of the place is not by accident. The bank has the largest lead bank responsibility in Uttar Pradesh. With a view to fulfilling the objectives of nationalisation, the bank has undertaken several activities designed to help the weaker sections of the society. The growth of the bank's overall business in the UP state has also been quite encouraging. In view of its important role, the bank has been asked to set up the State Level Bankers' Consultative Committee in UP. The choice of Haldwani is explained by the fact that it is an important centre in the Bank's lead district, Nainital, which faces difficult problems of development of the hill people, thus offering a challenge for development banking.

The 1001st branch was opened recently in Baroda, its birth place, marking a new and more dynamic phase in the history of Bank of Baroda.

In its 68 years of existence, the bank has planted its flags in all important cities and towns in the country. What is more, it has the largest number of overseas branches among Indian banks and they total 41, spread over Belgium, Fiji Islands, Guayana, Kenya, Mauritius, Sultanate of Oman, United Arab Emirates and the UK. Thanks to the vision of its founders and the efficiency of its management, the bank has steadily grown from a local into a regional, an all-India and an international bank, braving the odds and establishing a name of its own in world banking.

Meanwhile Mr Paranab Kumar Mukherjee, union minister of Revenue and Banking, inaugurated on November 18 in Abu Dhabi, the bank's fifth branch in the United Arab Emirates. This branch will be the second in Abu Dhabi.

Hindustan Brown Boveri

Induction motors manufactured by Hindustan Brown Boveri Limited (HBB) and distributed and serviced by Larsen & Toubro Limited have been granted ISI certification by the Indian Standards Institution. The certification conforms to a revised stringent specification IS: 7538-1975 specifically designed for rural areas where low voltages are common occurrences. This specification stipulates that the motors should be able to withstand voltage fluctuations of $\pm 15\%$ per cent, $\pm 6\%$ per cent from specified voltage — compared to the earlier standard IS: 325-1970 which lays down tolerances of only $\pm 6\%$ per cent. The complete range of HBB's squirrel cage motors up to 11 kw (3 HP to 15 HP) for pumps for agricultural applications are covered

by the ISI licence. HBB is the first motor manufacturer to get this licence for 3 to 15 HP range.

HBB manufactures motors to the internationally well-known and established designs of Brown Boveri & Co Limited, Switzerland. HBB had always recognized the special needs of rural areas which call for effective protection against wide variations in voltages and capacity to withstand overloads commonly met in operating conditions.

Binny

The operations of Binny Ltd, during the year ended June 30, 1976, has resulted in a net loss of Rs 273.37 lakhs. The loss has been arrived at after providing Rs 141.63 lakhs for depreciation. After adding Rs 9.20 lakhs to investment allowance reserve, the total amounts to Rs 282.57 lakhs. With the loss brought forward from the previous year of Rs 462.60 lakhs, the aggregate loss is of the order of Rs 745.17 lakhs.

The two textile mills continued to operate under recessionary and extremely difficult conditions obtaining throughout the industry. Problems of liquidity arising out of losses aggravated the situation. In the event, despite full production and higher turnover the operating results for the year were unsatisfactory.

Compared however to the period July-December 1975 the performance of the textiles division was markedly better in the second half of the year when the effect of economies in expenditure and higher sales were felt.

A significant factor which further aided the improvement in the operating results of the textiles division during the

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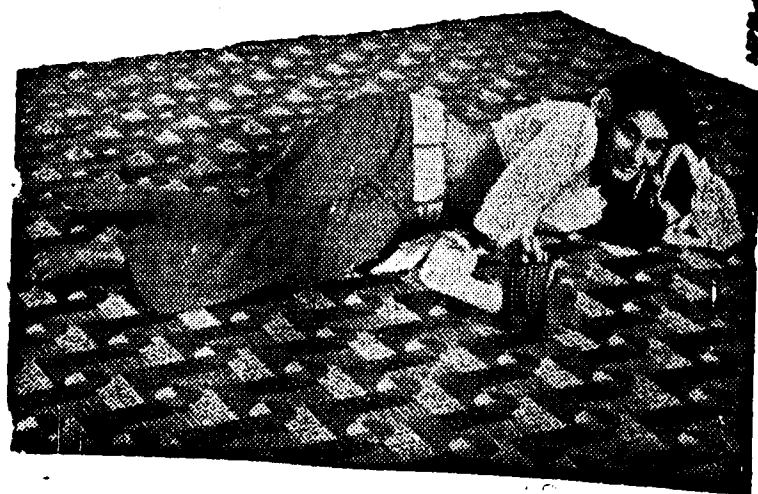
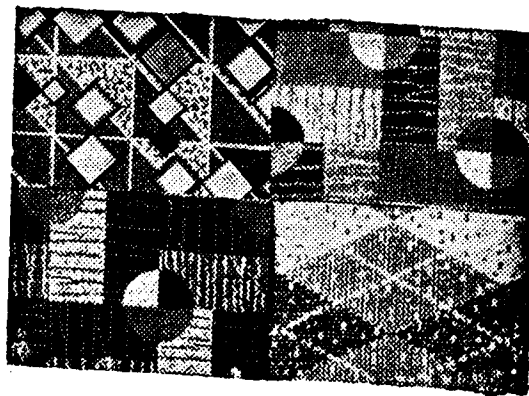
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second half of the year was exemption from the controlled cloth obligation, a welcome relief in terms of both costs and cash.

The export effort which was stepped up considerably resulted in an export turnover of Rs 4.49 crores, a record in recent years.

A proposal for the modernisation of the textiles division of the company has been submitted to the financial institutions and the programme covers a period of six years from 1976-77. Modernisation of the textile mill machinery progressed hand in hand with a more versatile fabric range and infusion of long-term finance at considerably reduced rates of interest with a view to restoring the fortunes of the textile operations of the company, are the main features of the programme. The proposal with which the State Bank of India has been closely associated, will be actively pursued with the financial institutions.

The operations of the trading and agency and engineering divisions continued to be profitable and in fact both the divisions significantly improved their financial results with a promise of a further improvement.

A welcome feature during the year was the addition, which was long overdue, of a design centre for the rapid development of new designs and fabrics.

The improvement in the results of the textile division in the second half of the year provide the sinews to look confidently for a better prospect for the current year. It is expected that exemption from the controlled cloth obligation presently available until 31st

December will be extended to cover the company's financial year ending June 30, 1977.

Sufficient finance becoming available on reasonable terms and in time for the inevitable modernisation and labour wages and productivity being fully rationalised to conform to the industry norms, the restoration of the company's fortunes remains certain

Tamilnadu Industrial Investment Corporation

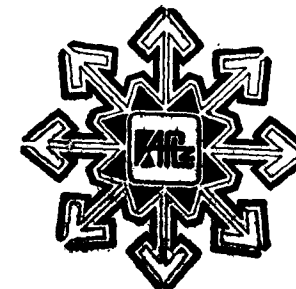
The Tamilnadu Industrial Investment Corporation, one of the largest state financial corporations in the country, has reported impressive progress during the year ended March 31, 1976. The financial assistance rendered to industrial concerns expanded from

Rs 82.33 crores in 1974-75 to Rs 100.91 crores in 1975-76 while disbursements went up to Rs 13.13 crores from Rs 8.24 crores in 1974-75, recording an increase of 59 per cent. Besides there was a welcome increase in the repayments of the arrears of instalments of principal and interest, the repayments being substantially higher at Rs 2.24 crores

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as compared to Rs 1.74 crores in 1974-75. The difficulties which the assisted concerns continued to face due to the recessionary conditions in the economy led to further rise in arrears, the arrears increasing to Rs 9.92 crores as on March 31, 1976 as compared to Rs 6.71 crores as on March 31, 1975. With the creation of a separate recovery department in the corporation and with intensive collection drives, the arrears are expected to be reduced considerably in the next few years.

Out of the total sanctions of Rs 18.58 crores during 1975-76, an amount as high as Rs 9.29 crores was sanctioned for setting up projects in backward areas, while Rs. 6.33 crores was sanctioned to small scale units and Rs 3.71 crores under IDA line of credit.

Supplementary Assistance

During the year, the corporation sanctioned supplementary assistance by way of bridge loans to 15 units for Rs 32 lakhs when there was delay in obtaining subsidy from the government of India. After March 31, 1976, the corporation has sanctioned a further supplementary assistance for Rs 11 lakhs pending receipt of subsidy. The supplementary assistance was also sanctioned during the year to 12 borrowing concerns to finance the over run in their project costs.

The performance of the Corporation, in respect of sanctions under various schemes of special assistance to technocrats, rural medical practitioners and transport operators was also equally commendable during the year.

Gross earnings of the corporation touched the record figure of Rs 4.90 crores—the highest since its inception—

during 1975-76 and what is more, it outstripped the 1974-75 performance by as wide a margin as 85 per cent. The net profit as Rs 79.69 lakh was 151 per cent higher than the preceding year and incidentally the net profit of 1975-76 was the highest earned by the corporation.

News and Notes

At the extraordinary general meeting held recently, the shareholders of **Escorts Ltd.** have authorised the company's board of directors to raise loans to the extent of Rs 6.6 crores from financial institutions in the country and foreign currency loan of Rs 5.87 crores from the World Bank to set up a new plant near Bangalore to produce one million pistons and piston pins each annually. As per the agreement with the financial institutions, a part of the loan amount could be converted into equity capital.

For the company's proposed collaboration project in Iran to manufacture automotive shock absorbers, another resolution was passed increasing Escorts' share of investment up to Rs 50 lakhs from Rs 33 lakhs. The increase in investment is mainly to cover fluctuations in foreign exchange rate. However, the equity participation of the company will not exceed 25 per cent of the paid-up capital of the Iranian company. Under this venture, technical know-how will also be supplied by Escorts.

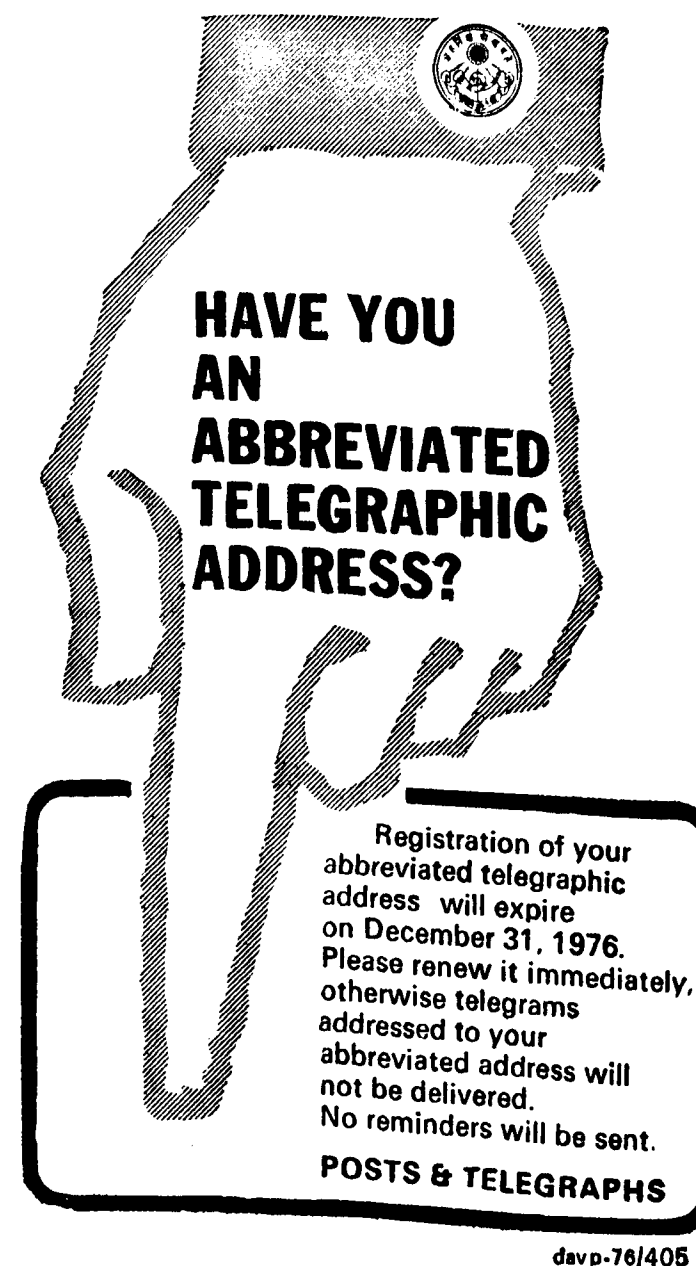
The Federal Republic of Germany has substantially strengthened its role in the **Asian Development Bank** with an additional capital subscription of 7,387 shares. With this special increase which became effective from October 29, 1976 Germany's subscription to

the Bank's capital has increased from about \$103 million to about \$192 million. Germany's additional capital subscription will provide the ADB with increased cash resources and borrowing capacity and thus help the Bank to expand its lending activities. Apart from its capital subscription, Germany has contributed a total of \$111 million to the Asian Development Fund, the Bank's soft-loan window, for lending to the poorest and least developed member countries. It has also

contributed about \$480,000 to the Bank's Technical Assistance Special Fund, which is utilized to finance technical assistance, especially for project preparation, in the Bank's developing member countries. As part of the cofinancing arrangements, Germany has also extended bilateral aid totalling \$54 million to four projects assisted by the ADB.

New Issues

Meghalaya Phytochemicals Ltd. is offering 196,000 equity shares of Rs 10 each and 6000



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(11 per cent) cumulative redeemable preference marks of Rs 100 each for cash at par to the public for subscription. The subscription list for this fully underwritten issue opens on November 29 and will close on December 11 or earlier but not before December 1, 1976.

The company has been promoted by Mr B. Himatsingka, **Assam Plywood Ltd** with MIDC as co-promoters. It is setting up a Rs 98 lakh project for the manufacture of various aromatic and medicinal oils (oil extraction by distillation process) and manufacture of derivatives of these oils by fractionation process. The company has commenced cultivation of the plants and has also set up distillation units at its plantation. It proposes to set up a fractionation plant at Barapani near Shillong.

The company has already brought under cultivation about 450 acres of land and has installed 12 distillation units. It has also completed major part of construction work at the plantation site and placed orders for some equipments of the fractionation unit. Based on the progress made so far, it is expected that the plant would be installed by the middle of 1977 and the commercial production would commence by the end of the year.

As the project is situated in a backward area, the company is eligible for all the concessions given both by the central and state governments.

The capital outlay of Rs 98 lakhs will be financed by the share capital of Rs 50 lakhs including preference capital of Rs 10 lakhs, term loans

of Rs 42 lakhs and cash subsidy of Rs 6 lakhs.

Capital and Bonus Issues

Consent has been granted to 11 companies to raise capital of over Rs 13.60 crores. Details are as under:

Ventura Fabrication Pvt. Ltd., which has been accorded consent valid for six months, to capitalise Rs 1,82,200 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the proportion of two bonus shares for every three equity shares held.

Mettur Beardsell Limited, Madras, has been accorded consent, valid for 18 months to issue 37,870 equity shares of Rs 100 each at a premium of Rs 25 per share on rights basis.

Citurgia Bio-Chemicals Ltd, Bombay, has communicated to government of its proposal to issue capital under clause 5 of the capital issues (exemption) order, 1939 for Rs 30 million divided into three million equity shares of Rs 10 each for cash at par, except an amount of Rs 11 million to be issued at par to the foreign collaborators viz. John and Estruge Ltd, UK, in lieu of supply of capital equipment, to meet a part of the finance required for setting up a new citric project in Gujarat.

Detna Paper Mills Ltd, West Godavari district, has communicated to government of its proposals to issue capital under Clause (5) of the capital issues (exemption) order, 1969 for Rs 10 million in 1.60 million fully paid equity shares of Rs 10 each to be issued for cash at par. The proceeds are to be utilised to meet a part of the project to be set up at Vendra, west Godavari.

Himachal Wool Processors

Ltd., Simla, has communicated to Government of its proposals to issue capital under Clause (5) of the capital issues (exemption) order, 1969 for Rs 9.5 million divided into 950,000 equity shares of Rs 10 each for cash at par, to meet a part of the finance required for their project located in Solan (HP).

Vazir Glass Works Ltd., has been accorded consent, valid for six months, to capitalise Rs 2,440,600 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of these bonus shares for every five equity shares held.

Tata Engg. and Locomotive Co. Ltd., has been accorded consent, valid for six months to capitalise Rs 31,497,600 out of its general reserve share premium account and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for every five equity shares held.

Electra (India) Ltd, Meerut have been accorded consent, valid for six months, to capitalise Rs 7 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 each equity share held.

Stewarts and Lloyds of India Limited, have been accorded consent, valid for six months, to capitalise Rs 20 lakhs out of its shares premium account and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for every four equity shares held.

Larsen and Toubro Limited, Bombay have been accorded consent, valid for six months, to capitalise Rs 38,442,240 out of its general reserve and share premium account and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for every two equity shares held.

The Raja Bahadur Motilal Poon Mills Ltd, have been accorded consent, valid for six months, to capitalise Rs 1,410,500 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 every two equity shares held.

Dividends

(Per cent)

Name of the company	Year ended	Equity dividend declared for		
		Current year	Previous year	
Higher Dividend				
Chemicals & Fibres of India	Sept. 30, 1976	23.0	Nil	
Jeypore Sugar	June 30, 1976	20.0	18.0	
Electrical Manufacturing Co.	May 31, 1975	6.0	Nil	
Same Dividend				
Spencer and Company	June 30, 1976	12.0	12.0	
Sakthi Sugars	June 30, 1976	Nil	Nil	
Hindustan Wires	March 31, 1976	Nil	Nil	
Morarjee Goculdas Spg. & Wvg.	June 30, 1976	20.0	20.0	
Indian Linoleum	March 31, 1976	Nil	Nil	
Kamarhatty Co.	Dec. 31, 1976	Nil	Nil	
Hastings Mill	March 31, 1976	Nil	Nil	
Reduced Dividend				
Cellulose Products of India	March 31, 1976	15.0	17.0	

Licences and Letters of Intent

The following licences and letters of intent were issued under the Industrial (Development and Regulation) Act 1951 during the month of September 1976. The list contains the names and addresses of the licensees, articles of manufacture, types of licences—New Undertakings (NU), New Articles (NA), Substantial Expansion (SE), Carry on Business (COB), Shifting—and Annual Installed Capacity. Details regarding licences and letters of intent revoked, cancelled or surrendered are also given.

Licences Issued

Metallurgical Industries (Ferrous)

M/s Ajay Foundry & Forge Pvt. Ltd; Partap Bazar, Chheharta, Amritsar—(Gurdaspur—Punjab)—Steel Ingots (by Side Blown Converter Process)—10,000 tonnes—(NU)

M/s Champion Engineering Works Pvt. Ltd; Swami Vivekanand Road, Goregaon, Bombay—(Goregaon, Bombay, Maharashtra)—High Carbon & Mild Steel Wires. - 605 tonnes—(COB)

M/s Saru Smelting Pvt. Ltd; Sardhana Road, Meerut—(Meerut - U.P.)—Tombac Wire - 150 tonnes—(N.A.)

M/s Vidyut Steel Ltd; 6-2-953, Khairatabad, Hyderabad—(Medak—Andhra Pradesh)—1. Manganese Steel Castings. - 2150 tonnes; 2. Ni-hard Castings-500 tonnes; 3. Alloy Steel Castings including High Alloy Steel Castings—1610 tonnes. 4. Centrifugal Castings—5000 tonnes, Total—4760 tonnes—(NU)

M/s Pioneer Alloy Casting Ltd; Shakar Bhavan, Ground Floor, B. 1-174, Fateh Maidan Road, Hyderabad. (Chittoor - Andhra Pradesh)—1—Malleable Iron Castings - 5000 tonnes; 2. S.G. Iron Castings - 5000 tonnes; 3. Alloy & Heavy Duty Iron Castings-5,000 tonnes.—(NU)

M/s Lubrizol India Ltd; Delstar, 9-A, 5 Patkar Marg, Bombay—(Maharashtra)—Chemical Additives - 10,000 tonnes—(SE)

Prime Movers (other than Electrical Generators)

M/s Kirloskar Cummins Limited, Kothrud, Poona—(Haveli, Poona, Maharashtra)—Internal Combustion Engines (in the range of 60 H.P. to 1600 H.P.) - 6,400 nos—(SE)

Electrical Equipments

M/s Rajasthan Transmission Wires, 812, Lalji Sand Ka Rasta, Behind Jain Temple, Diwanji, Jaipur—(Jaipur, Rajasthan)—AAC/ACSR Conductors above 19 Strands—5000 tonnes—(COB)

M/s Aluminium Cables & Conductors (UP) Pvt. Ltd; 2-A, Shakespeare Sarani, Calcutta—(Calcutta/Howrah, West Bengal)—AAC/ACSR Conductors - above 19 Strands - 2,200 M.T.—(COB)

M/s Contel Pvt. Ltd; C/o Electronic Automation Consultants, C-120, Naraina Industrial Area, New Delhi—(Bombay -

Maharashtra)—1. Transistors - 15 mill. nos; 2. ICS/Module Assemblies-2 mill. nos—(NU)

M/s Satellite Engineering Ltd; P.O. Maize Products, Kathwada, Ahmedabad—(Ahmedabad - Gujarat)—Lead-in-Wire—20 mill. nos—(NA)

M/s S & S Power Switchgear Ltd; Dhun Building, 175/1, Anna Salai, Madras—(Chinglepet - Tamil Nadu)—HRC Fuses of 11 KV and above - 10,000 nos; Medium Voltage HRC Fuse Links-2,40,000 nos; Television, Telegraph & Telephone Exchange Surge Suppression Resistors—10,00,000 nos; Pantograph Type and Switching Isolators for EHV System (66 KV-400 KV)-400 nos—(NU)

M/s Delton Harbour Ltd; Delton House 24-Daryaganj, Delhi. (Gurgaon—Haryana)—High Temperature Cables & Wires with insulation of Polytetra Fluorethylene & Fluorocarbon/Polyimides & Semilars High Temperature Plastic Materials—10 mill. core meters—(NU)

M/s Delton Batteries Ltd; Delton House, 24, Darya Ganj, Delhi-6—(Alwar - Rajasthan)—Dry Cells - 60 mill. nos.—(NU)

M/s Bengal Electric Lamp Works Ltd; 4-Fairlie Place, Calcutta—(Calcutta - West Bengal)—Fluorescent Tube Lamps—4.3 mill. nos—(SE)

Telecommunications

M/s Padma Electronics P. Ltd; 15/4, E.V.R. Road, Puthur, Tiruchirappalli—(Tiruchy - Tamil Nadu)—Tuning / Recording battery level indicators—10 mill. nos—(NU)

Transportation

M/s Plasser & Theurer, B-52, Greater Kailash, New Delhi—(Faridabad - Haryana)—Track Maintenance Machines and Components thereof - 9 nos—(COB)

Industrial Machinery

M/s Mining & Allied Machinery Corpn. Ltd; P.O. Durgapur, Burdwan—(Burdwan - West Bengal)—1. Hydraulic Props of 20/40 tonnes Capacity and Accessories - 25,000 nos/2,000 tonnes. 2. Friction Props of 20/40 tonnes Capacity and Accessories - 1,00,000 nos./4,000 tonnes—(NA)

M/s Indian Dairy Corpn. Yashkamal, Lokmanya Tilak Road, Baroda—(Baroda - Gujarat)—1. Bulk Milk Dispensing Equipment - 500 units; 2. Cattle Feed Equipment-5 plants; 3. Milk Receiving & Can Washing Equipment - 30 units; 4. Tanks & Tankers (SS) - 150 nos; 5. Milk Cans (Aluminium) -60,000 nos; 6. Butter & Cheese Making Equipment-4 plants; 7. Assembly of Plate Heat Exchangers (Stainless Steel) - 60 units; 8. Assembly of Cream Separators and Milk Clarifiers-65 units; 9. Assembly of small packing equipment for Butter, Powder, Ghee, etc. - 50 units; 10. Milk Condensing/and Drying equipment - 3 plants; 11. Structures - 500 M.T.—(NU)

M/s Fenner (India) Ltd; Pandyan Building, West Veli Street, Madurai—(Madurai - Tamil Nadu)—Fenaplast Supergrade Conveyor Belting - 1,21,920 metres—(NA)

M/s Bharat Westfalia Pvt. Ltd; 16, Hare Street, Calcutta—(Ranchi - Bihar)—1. Armoured Flexible Chain Conveyors - 12 nos; 2. Stationary Middle Chain Conveyors - 22 nos—(NU)

M/s Peass Industrial Engineers Pvt. Ltd; Manaklal Road, Navsari (WR)—(Navsari - Gujarat)—Automatic Hank Yarn Mercerising Machine - 12 nos—(NA)

M/s Air Control & Chemical Engineering Co. Ltd; Parashwanath Chambers, 3rd Floor, Ahmedabad—(Ahmedabad - Gujarat)—Machinery for man-made Fibre - 3,300 tonnes—(NA)

Machine Tools

M/s W.G. Forge & Allied Industries Ltd; P.B. No. 41, Majiwade, Thana—(Ratnagiri - Maharashtra)—1. Spark Erosion Machines Vidyunt Ch.I :50 nos; 2. Spark Erosion Machine Vidyunt BE-I :40 nos; 3. Spark Erosion Machine Vidyunt BA-I : 10 nos; 4. Electro Chemical Machine Vidyunt ECM RS I - 20 nos; 5. Electrode Forming Machine Vidyunt EFM I: 15 nos—(NA)

Agricultural Machinery

M/s Steel & allied Products Exporters, 97, Diamond Harbour Road, Calcutta-23—(Calcutta-West Bengal)—Agricultural Implements (Ghamalla) - 2,000 tonnes—(COB)

Misc. Mech. & Engg. Industries

M/s Aristo Plast Ltd; Elphin House Annexe, 88-C, Old Phabhadevi Road, Bombay—(Satpur-Nasik, Maharashtra)—Plastic Injection Moulded Travel Requisites - 227 tonnes—(NU)

M/s Climax Pipes Pvt. Ltd; P.N.B. House Annexe, 18-B, Rabounre Rd; Calcutta—(Calcutta - West Bengal)—Low Density Polyethylene and PVC Pipes and Pipes Fittings - 1,200 tonnes—(NU)

Fertilizers

M/s The Fertilizer Corpn. of India Ltd; F-43, South Extension-Part-I, Ring Road, New Delhi—(Gorakhpur - UP)—NPK Granulated Fertilizers—39,600 M. tonnes. (NU)

M/s Fertilizer Corpn. of India Ltd; New Delhi—(Durgapur-West Bengal) —NPK Granulated Fertilizers—39,600 M. tonnes —(NU)

Chemicals (Other than Fertilizers)

M/s Jayshree Chemicals Ltd; 14-Netaji Subhas Road, Calcutta. (Ganjam - Orissa)—1. Caustic Soda-42,000 tonnes; 2. Liquid Chlorine — 25,200 tonnes; 3. Hydrochloric Acid-25,000 tonnes—(SE)

M/s The Associated Cement Cos. Ltd; Cement House, 1 21, Maharshi Karve Road, Bombay—(Thana - Maharashtra)—Catalysts & Absorbents 1) Synthetic Zeolites (Molecular Sieves) Products:—a) Type—A—300 tonnes; b) Type—X—400 tonnes. c) Special types of molecular sieves (such as types, Ymordenite & refrigeration grade)—200 tonnes; 2) Alumina products, Eta & Gamma Alumina type (with bulk density range 0.5 to 1.0/m³ and specific surface range 50 to 500 m²/g.)—1050 tonnes; 3) Alumina-silica based catalyst and catalyst carriers - 300 tonnes; 4) High temperature service pure alpha alumina or

alumina-silica inert catalyst carriers, catalysts supports & tower-packings (with density 2.0 to 3.0 t/m³ & specific surface less than 1m²/g.)—1000 tonnes—(NA)

M/s Rock Hard Petro Chemical Industries (P) Ltd; A-I, Industrial Area, Sanwer Road, Indore—(Indore-Madhya Pradesh)—Formaldehyde - 4,500 tonnes—(COB)

M/s Prag Vanaspati Products G.T. Road, Naurangabad, Aligarh—(Aligarh - U.P.)—Oxygen - 0.2 MCM—(NU)

M/s Andhra Pradesh Carbides Ltd; Fair View, 6-1-67/20, A-Saifabad, Hyderabad—(Kurnool, Andhra Pradesh)—Calcium Carbide - 33,000 tonnes—(NU)

Photographic Raw Film & Paper.

M/s ABL Electronics Pvt. Ltd; 92, Mittal Chamber, 9th Floor, Nariman Point, Bombay—(Bombay-Maharashtra)—Thick Film Substrates & Resistive Net-works-150 lakh nos.—(NU)

Dyestuffs

M/s Indian Dyestuff Inds. Limited, Mafatlal Centre, Nariman Point, Bombay—(Thana—Maharashtra)—Reactive Dyes—600 tonnes—(SE)

Drugs & Pharmaceuticals

M/s Suhrid Geigy Limited, Shahibag House, Shahibag, Ahmedabad—(Ranoli, Baroda, Gujarat)—Clofazimine - 2 tonnes. (180 lakh nos. of capsules approx.)—(NA)

M/s Indian Drugs & Pharmaceuticals Ltd; N-12, South Extn. I, New Delhi—(Betiah - Bihar)—1. Niacinamide - 300 tonnes; 2. Niacin - 500 tonnes 3. Methyl Elthyl Pyridine (MEP) —1200 tonnes; 4. Acetic Acid - 4,500 tonnes; 5. Acetaldehyde — 7,509 tonnes—(NU)

Textiles.

M/s Assam Industrial Development Corpn. Ltd; Zoo Road, Gauhati—(Darrange - Assam)—Sacking and Hessian - 12,500 tonnes—(NU)

Paper & Pulp including Paper Products.

M/s Ballarpur Industries Ltd; Thapar House, 124, Janpath, New Delhi—(Chandrapur - Maharashtra)—Paper conversion products such as exercise Books, Note Books, Examination Answer Books, etc. - 2,149 tonnes—(COB)

M/s Ballarpur Industries Ltd; 124, Janpath, New Delhi—(Ambala - Haryana)—Paper conversion products such as Exercise Books, Note Books, etc. -2,517 tonnes—(COB)

M/s H.L. Mehre Forest Industries (P) Ltd; 364-R, Model Town, Yamuna Nagar—(Sirmur-Himachal Pradesh)—Sack Kraft Paper - 10,000 tonnes—(NU)

Sugar.

M/s Nandganj—Sehori Sugar Co. Ltd; Nandganj, Ghazipur—(Ghazipur - U.P.)—Sugar - 1,250 tonnes—(NU)

Vegetable Oils & Vanaspati

M/s. Sanjeevan Sahakari Kraya Vikraya Samiti Ltd; Fatehnagar, Udaipur, (Mavli, Udaipur, Rajasthan)—Vegetable Oils

(By Expeller Process)—15,000 tonnes in terms of Oil Seeds — (N. U.)

M/s. Coimbatore District Central Co-operative Supply & Marketing Society Ltd; R. S. Puram, Coimbatore. (Coimbatore—Tamil Nadu)—Sunflower Oil—15,000 tonnes in terms of Seeds crushed—(U. N.)

Rubber Goods

M/s Premier Tyres Ltd; Merchant Chamber, 41, New Marine Lines, Bombay. (Alwaye, Ernakulam, Karala)—Camel Back and Repair Materails—2,500 tonnes.—(N.A.)

Glue and Gleatin.

M/s Kerala Chemicals & Proteins Ltd; XXXIX/558A, Kaloar, Ernakulam, Cochin. (Koratti, Trichur, Karela)—Ossein 2210 tonnes. Di—calcium Phosphate—4250 tonnes.—(N. U.)

Cement and Gypsum Products

M/s Mahavir Cement, Prop : Century Spg. & Mfg. Co. Limited, Industry House, 159, Churchgate Reclamation, Bombay. (Satna—Madhya Pradesh)—Portland Cement — 7,50,000 tonnes. (N. U.)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Uma Metal Company, 7C, South Usman Road, 'T' Nagar, Madras. (Kandla—FTZ, Gujarat)—Stainless Steel Utensils—150 MT—(N. U.)

M/s Jefferson Bolts (India) Pvt. Ltd; 204, Okhla Industrial Estate, N-Delhi. (Okhla, New Delhi)—1. Bolts & Screws including carriage bolts—3,200 MT. 2. High Tensile Belts & Screws—600 MT.—(N. U.)

M/s Bareja Knipping Fastners Ltd; 16-B/4, Asaf Ali Road, New Delhi.—(Gurgaon—Haryana)—Precision Sheet Metal Self Tapping Screws—600 tonnes. — (N. U.)

M/s. Jain Steel & Alloys Ltd; D-20, Connought Place, New Delhi. (Ghaziabad—U. P.)—1. Steel Tyre Cord for Tyres.—3,000 tonne; 2. Bead Wires for Cycle tyres—2,000 tonnes; 3. Bead Wires for Auto Tyres.—3,000 tonnes.—(N. U.)

Metallurgical Industries (Non-Ferrous)

M/s Hipari Chemicals Pvt. Ltd; Edul Aic Estate, Flat 19-C, 232, Khetwadi, Main Road Bombay.—(Kandla FTZ—Gujarat—Nickel Acetate, Nickel Nitrate, Cadmium Nitrate, Mercuric Oxide, etc.—145 tonnes.—(N. U.)

Prime Movers

M/s Ashok Leyland Ltd; Ennore, Madras.—(Chingleput—Tamil Nadu)—Industrial Engines—1,500 nos.—(S. E.)

M/s Ruston & Hornsby (India) Ltd; 1-Dr. V.B. Gandhi Marg, Bombay.—(Poona—Maharashtra)—Diesel Engines (in the range of 100 to 500 H. P.)—2,000 nos.—(N. A.)

Electrical Equipment

Shri Mukund Prabhakar Gupte, 36836, Alexis Court, Sterling

Heights, Michigan. (Nasik-Maharashtra) Hard Ferrite Magnets — 300 M. T.—(N. U.)

Shri R.G. Poddar, 148, Hazaribagh Road, Ranchi. (Ranchi — Bihar)—Magnetic Recording Tape (Size 1/4") —170 million running metres.—(N. U.)

M/s Assam Conductors & Tubes Limited, Bamunimaidan, P. O. Gauhati. (Gauhati—Assam)—AAC/ACSR Conductors of 37 and 61 strands—4,000 tonnes.—(S. E.)

M/s N. G. E. F. Ltd; Byappanahalli, Old Madras Road, Bangalore. (Bangalore—Karnataka)—1. On-Load-Tap-Channers 33KV-132KV—200 nos; 2. On-Load-Tap-Changers 220KV, 400 KV—75 nos.—(N.A.)

M/s Punjab State Industrial Development Corpn. Ltd; S.C.O. No. 54-56, Sector-17, Chandigarh. (Ropur—Punjab) Ferrite Core-Memories for Computer and other digital applications — 100 mill. bits.—(N.U.)

Transportation

Shri G. Mahadevan, 'Darya Darsh', 65, Vallabhai Patel Road, Shanta Cruz West, Bombay. (M/s Universal Diesel Injections Ltd.) (Goa)—Nozzles—3.60 lakh nos. (NU)

M/s Sundaram-Clayton Ltd; 37, Mount Road, Madras—(Chingleput-Tamilnadu)—Mopeds-60,000 nos. (NA)

M/s Industrial Promotion & Investment Corpn. of Orissa Ltd; 3-A Satyanagar, Bhubaneswar-7.—(Bhubaneswar, Puri, Orissa)—Complete Bicycles-3 lakh nos.—(NU)

Industrial Machinery

M/s New Central Jute Mills Co. Ltd; 11-Clive Row, Calcutta (24-Parganas) West Bengal—1. Spinning Frames-72 nos. 2. Drawing Frames-72 nos; 3. Warp Winding-12 nos, (SE)

Shri T.S. Srinivasan, No. 1, Adayar Club Gate Rd; Madras. —(Dharmapuri-Tamilnadu)—Standard Ball Bearings, Taper Spherical, Cylindrical and Special (large diameter) Ball Bearings, etc.—7 mill. nos.—(NU)

Fertilizers

M/s Fertilizer Corpn. of India Ltd; F-43, New Delhi South Extension Area, Part-I New Delhi—(Durgapur—West Bengal) or (Gorakhpur—U.P.) or (Trombay—Maharashtra)—Melamine—5,000 tonnes.—(NU)

Chemicals (other than Fertilizers)

M/s Shree Swastic Plastics, C-65 Gandhidham, Kutch—(Kandla FTZ-Gujarat)—1. Polyethylene Film Tubular bags (a) plain (b) printed and; 2. Polyethylene Film Rolls (Plastic Goods of low density for the present and high density also at a late stage)-500 tonnes.—(NU)

M/s Syn-Mar, 80-Marine Drive, Bombay—(Kandla FTZ-Gujarat)—Synthetic Marble-1,25,000 units.—(NU)

M/s U.P. State Industrial Development Corpn. Ltd; 117 130, Sarvodaya Nagar, Post Box No. 413, Kanpur. (Backward Distt: U.P.)—1. Yellow Phosphorous, Red Phosphorous—2,500 tonnes; 2 Phosphorous Penta-sulphide-1,500 tonnes; 3. Phosphorous Trichloride-1,500 tonnes,—(NU)

Shri B. P. Nathany, 5/A, Muktaram Babu Street, Calcutta-7. (Maharashtra)—Benzaldehyde—500 tonnes. — (NU)

M/s Sudarshan Chemical Industries Ltd; 162 Wellesley Road, Poona.—(Colaba—Maharashtra)— 1. Monocratophos — 150 tonnes. 2. Phosphomidon — 200 tonnes. 3. Diazinon — 50 tonnes. 4. Carboxin—Plantwax—50 tonnes. 5. DDVP—50 tonnes 6. Quionolphos — 200 tonnes. 7. TrimethylPhosphite (Intermediate) — 270 tonnes. — (NA)

Smt. B. Premalatha, Chandrrmaulipuram Colony-1, Vijaya-wada. — (Medak — Andhra Pradesh) — Furfural — 1,500 tonnes — (NU)

Shri B. Ramakrishna, Chandramoulipuram Colony-1, Vijaya-wada. — (Medak — Andhra Pradesh) — 1. Ossein — 800 tonnes 2. Gelatine — 600 tonnes 3. Dicalcium Phosphate — 2,100 tonnes— (NU)

M/s U.P. State Industrial Dev. Corpn. Ltd; 117/130, Sarvodaya Nagar, Kanpur.—(Mathura — U. P.) — Carbon Black — 15,000 tonnes — (SE)

M/s Garware Filament Corpn. (P) Ltd; Chowpatty Chambers Sandhurst Bridge, Bombay.—(Poona — Maharashtra) — Synthetic Ropes (about 4" Cir.) — 2,000 tonnes. — (NU)

M/s Indian Oxygen Limited, Oxgen House, P-34, Taratala Road, Calcutta.—(Asansol — West Bengal) — Hydrogen — 0.216 mill. cu. Mtres. — (NA)

M/s Paushak Limited, Alembic Road, Baroda. (Panchamahals — Gujarat) — Dimetheate and its formulations — 500 tonnes. — (NA)

Dyestuffs

M/s Chemiequip Pvt. Ltd; 306, Green House, Green Street, Bombay.—(Thana — Maharastra) — 1. Reactive Dyes — 300 tonnes. 2. Disperse Dyes — 120 tonnes. — (SE)

Drugs and Pharmaceuticals

M/s Paushak Limited, Alembic Road, Baroda.—(Baroda — Gujarat) — Phenyl Butazone (basic drug) — 25 tonnes — (NA)

Dr. Sehdev Kumar Gupta, 2087/Sector 15-C, Chandigarh. (Solan — Himachal Pradesh) — Empty Hard Gelatine Capsules. — 200 Mill. nos. — (NU)

Textiles

M/s Polyfabs Limited, 12, Govt. Place East, Calcutta. (Backward Area — West Bengal) — 1. Bleaching Dyeing, Printing and Finishing of Cotton Fabrics — 50,000 metres p. day. 2. Bleaching, Dyeing, Printing and Finishing of Synthetic Fabrics — 7,000 Metres p. day — (NU)

M/s Niranjan Mills Pvt. Ltd; Falsawadi Road, Surat-3. (Surat — Gujarat) — Cotton Cloth — 100 looms — (SE)

M/s Bilaspur Spinning Mills & Industries Limited, 12, Govt. Place East, Calcutta.—(Bilaspur — Madhya Pradesh) — 1. Bleaching, Dyeing, Printing & Finishing of Cotton Fabrics — 50,000 Metres p. day. 2. Bleaching, Dyeing, Printing & Finishing of Synthetic Fabrics — 7,000 metres p. day — (NU)

M/s Bilaspur Spinning Mills & Industries Limited, 12, Govt.

Place (E), Calcutta. (Jalgaon, Maharastra) — 1. Bleaching, Dyeing, Printing, & Finishing of Cotton Fabrics — 50,000 Metres p. day 2. Bleaching, Dyeing, Printing & Finishing of Synthetic Fabrics. — 7,000 metres p. day. — (NU)

Paper and Pulp including Paper Products

M/s Meghalaya Plywoods Ltd; Bara Bazar Road, Shillong (Khasi Hills, Meghalaya) — Various impregnated Paper overlaid plywood including shuttering ply-wood, block boards and flush doors. — 4 lakh sqr. metres. — (NA)

M/s Bharat Commerce & Inds. Ltd; 'Surya Kiran', 5th Floor, 19, Kasturba Gandhi Marg, New Delhi—(Jammu — J & K) — Sulphite Pulp — 7,600 tonnes Tissue & other light weight papers — 3,000 tonnes — (NU)

Shri O. P. Saraf, Saraf Bhavan, 34, Pusa Road; New Delhi—(Saraf Paper Mills) (Backward Area, UP) — Kraft Paper, writing and Printing paper — 7,000 tonnes — (NU)

Vegetable Oils and Vanaspati

Shri Majety U. R. K. Mutyalu, B. Com., 3rd Line, Arundel-pet, Guntur—(Guntur — Andhra Pradesh) — Cotton Seed Oil — 10,000 tonnes in terms of Cotton Seed — (NU)

Rubber Goods

M/s Madras Rubber Factory Limited, 175/1, Anna Road, Madras-2.—Chingleput-Tamilnadu — Rubberised Tank Tyre & Boggie Wheels — 15000 nos — (NA)

Glass

The Bengal Electric Lamp Works Ltd; 4 Fairlie Place, Calcutta (24-Parganas, West Bengal)—Glass Tubings for Fluorescent Tube Lamps.—2000 tonnes; Lead Glass Tubings—400 tonnes—(NA)

Leather, Leather Goods etc

M/s T. Abul Razack & Sons, 15/3, Vepery High Road, Periamet, Madras (North Arcot-Tamilnadu)—1. Leather Garments —3,000 pcs; 2. Leather Goods-Worth Rs. 1 lakh — (NA)

Change in the Names of Owners or Undertakings

(Information pertains to particular licences only)

From M/s Rajasthan Vanaspati Products Pvt. Ltd; Bhilwara to M/s Rajasthan Vanaspati Products Limited.

From M/s Central Shoddy Yarn & Spinning Mills, Ludhiana to M/s Subhash Wollen Mills Pvt. Ltd; Bombay.

From M/s J. J. H. Industries Ltd; New Delhi. to M/s Wire Cord Delhi Privated Limited

From M/s Fashion Prints Ltd; Bombay. to M/s Titan Engineering Works, Bombay.

From M/s Mettur Breadsell Ltd; Bombay. to M/s Heliplas-tics Limited,

From M/s Cotmac Private Ltd; Hubli. to M/s Mipro International Pvt. Ltd; Hubli.

From Dr. D. V. Sood, New Delhi. to M/s U. P. Twiga Fiberglass Ltd; New Delhi.

Licences Revoked, Surrendered, Lapsed or Cancelled

(Information pertains to particular licences only)

M/s Globe Motors Limited, Globe Steels Division, Globe House, Link Road, New Delhi. — Laminated Springs for Railway Wagons & Automobiles (Revoked)

M/s Nuchem Plastics Ltd; 20/6, Mile Stone, Mathura Road, Faridabad. — Urea Formaldehyde Moulding Power. (Cancelled)

M/s Rajasthan Containers Ltd; Hindustan Times House, Kasturba Gandhi Marg, New Delhi. — Glass Bottles (Surrendered)

Shri B. K. Taparia, Shale Building, Bank Street, Fort, Bombay — Pulp, Packing & Wrapping Paper. — (Revoked)

Letters of Intent Revoked, Lapsed or Surrendered

(Information pertains to particular letters of intent only)

M/s Bush India Ltd; Bombay — Electronic Desk Calculators. — (Revoked)

Shri Chittibomma Ranga Rao, Adivarampet, Eluru, West Godavari. — Finished Leather. — (Cancelled)

M/s Hardcastle & Waud Manufacturing Co. Ltd; Bombay. — Paints Enamels, Varnishes & Synthetic Resins. — (Lapsed)

Shri V. Krishnamurthy, 37, Nandanam Colony, Madras — Industrial Gases. — (Lapsed)

M/s The Hindustan General Trading Co. Pvt. Ltd; Calcutta — Carburettors & Carburettor Kits. — (Cancelled)

M/s Dhawan Motor Co., Latouche Rd; Kanpur. — Pistons, etc. — (Cancelled)

Shri A. B. Mathur, Mg. Dir., M/s The Indian Engg. & Commercial Corpn. (P) Ltd; New Delhi. — Fuel Injection Equipment. — (Cancelled)

Shri Ranvir M. Khatau, Plot, 15A, 6th Floor, Bombay. — Piston Rings. — (Cancelled)

M/s Goodyear India Ltd; Calcutta. — Conveyor & Transmission Belting. — (Lapsed)

Shri S. L. Aggarwal, Chinchpokli, Bombay. — Belt Pulleys. — (Cancelled)

The General Manager, Kerala Electrical & Allied Engg. Co Cochin. — Plate Freezers. — (Lapsed)

M/s Arcot Chemicals Pvt. Ltd; Madras. — Acetic Acid. — (Cancelled)

M/s Jyoti Trading Corpn., Ring Road, New Delhi. — Aluminium Irrigation Tubing and Miscellaneous Tubing. — (Cancelled)

M/s N. G. E. F. Ltd; Bangalore. — Condenser Bushings. (Cancelled)

M/s Saru Smelting Pvt. Ltd; Sardhana Road, Meerut. — Fourdrinier Wire Cloth. — (Cancelled)

M/s Radhu Industries, Shahdra, Delhi. — Tennis Balls & Rubber Thread. — (Cancelled)

M/s Auto Lamps Limited, 6, Alipur Rd; Delhi. — GLS Lamps. — (Lapsed)

M/s Beni Limited, Calcutta. — Alternators for Airconditioned Railway Coaches. — (Lapsed)

M/s Southern Industries Pvt. Ltd; Calcutta. — Kraft, Paster & Carbonising Toilet base paper. — (Lapsed)

M/s Mahindra Sintered Pvt. Ltd; Pimpri. — Dies & Tooling. — (Cancelled)

Shri H. S. Kumbhal, C/o M/s Financial & Management Service (P) Ltd; Gauhati. — Writing & Printing Paper. — (Lapsed)

Shri Natha Singh Inder Singh, Garhwal. — Maize Products. — (Lapsed)

Shri R. L. Malani, C/o Shri B Malani & Sons, Nagpur. — Fuel Injection Equipment. — (Lapsed)

M/s Packaging Complex Ltd; Angamaly, Kerala. (Cancelled)

Shri J. L. Oswal, Ludhiana. — Corrugating Media & Liner, Packing & Wrapping Paper. — (Cancelled)

M/s Andhra Pradesh State Agro Industries Corpn. Ltd; Hyderabad. — Freeze Dried Mango Juice Powder — (Cancelled)

M/s Globe Industries Pvt. Ltd; Bombay. — Spark Plugs — (Cancelled)

Shri P. R. Dass, 14-Basant, Bombay. Spark Plugs. (Cancelled)

M/s Ambitious Gold Nib Manufacturing Co. (P) Ltd; Delhi. Spark Plugs — (Cancelled)

M/s Harshadray Pvt. Ltd; Fort, Bombay. — Gaskets — (Cancelled)

M/s Southern Industrial Corpn. Ltd; Palai Madras — Oil Seals. — (Cancelled)

M/s E. I. D. Parry Ltd; Madras. Sainitary Ware. (Cancelled)

M/s Roekman Cycle Industries, Ludhiana. Bicycle, Roller Chains. — (Cancelled)

M/s Rohtas Industries Limited, Dalmianagar — Caustic Soda. — (Lapsed)

M/s Haryana Maize Products, Barakhamba Road, New Delhi. Maize Products. — (Lapsed)

M/s Tube Light Starter Manufacturing Co., Howrah — Aerodrome Runway Series Lamp & Airport Lighting Bulbs. (Lapsed)

M/s Faridabad Engg. Works (P) Ltd; Delhi — Contact Set Assembly. — (Cancelled)

M/s Universal Tyres Ltd; Allahabad — Fan Belts & V-Belts. — (Cancelled)

M/s Goodyear India Ltd; Calcutta, Fan & V-Belt. (Cancelled)

Dr. R. K. Jain, C/o Shri K. K. Jain, New Delhi — Surgical Blades & Suture Needless. — (Cancelled)

M/s Bush India Ltd; N. S. Patkar Mrg, Bombay — Quartz Controlled Electronic Digital Watches & Clocks — (Lapsed)

Wholesale prices

THE OFFICIAL wholesale prices index (base 1961-62 = 100) stood at 309.9 during the week-ended October 30, 1976 as against 313.3 for the immediately preceding week and 307.5 for the corresponding week of the last year. Compared with the last week, the index registered a fall of 1.1 per cent. The decline in the price level during the week under review was largely accounted for by a fall in the prices of gur, milk, edible oils, oilseeds and raw tobacco.

The index for "Food Articles" witnessed a fall of 1.8 per cent to 339.8 as against 346.0 for the previous week due to a decline in the prices of groundnut oil (—10 per cent), onions & oranges (—9 per cent each), fish (—7 per cent) gur (—6 per cent), milk (—4 per cent), bajra, potatoes, coconut oil & betelnuts (—3 per cent each), gingelly oil, meat & khandsari (—2 per cent each) and moong, bananas, ghee & mustard oil (—1 per cent each). However, the prices of masoor (+12 per cent), turmeric (+11 per cent), arhar (+6 per cent), black pepper (+4 per cent), chillies (+3 per cent), ragi, urad & eggs (+2 per cent each) and maize, barley, gram & vanaspati (+1 per cent each) increased. Compared with the corresponding week of the last year, the group index showed a fall of 5.8 per cent.

The index for "Liquor & Tobacco" declined by 1.3 per cent to 340.6 as compared to

RECORDS & STATISTICS

Index Numbers of Wholesale Prices by Groups & Sub-groups (Base : 1961-62 = 100)

Group & sub-group	Week ended				
	30-10-76	23-10-76	2-10-76	4-9-76	1-11-75
	(Provisional)		(Final)		
All Commodities	309.9	313.3	311.4	312.8	307.5
Food articles	339.8	346.0	344.5	344.9	360.8
Foodgrains	313.7	311.6	309.5	311.7	349.4
(i) Cereals	304.5	304.9	304.5	307.3	330.1
(ii) Pulses	355.2	341.6	332.3	331.6	436.7
Fruits & vegetables	285.9	293.0	288.3	315.0	298.6
Milk & milk products	348.5	356.3	352.4	342.2	359.1
Edible oils	329.9	346.8	337.4	328.7	310.6
Fish, eggs & meat	638.0	672.3	649.5	619.7	625.7
Sugar & allied products	350.9	362.0	374.9	386.9	393.1
Others	300.9	298.8	303.2	306.1	325.1
Liquor & tobacco	340.6	345.0	337.2	338.4	319.0
Liquor	197.0	197.0	197.0	197.0	197.0
Tobacco	347.3	351.8	343.6	344.9	324.6
Fuel, power, light & lubricants	370.9	370.9	370.8	370.9	361.5
Coal	331.6	331.6	331.6	331.6	331.6
Coke	423.4	423.4	423.4	423.4	423.4
Mineral oils	422.5	422.5	422.5	422.5	408.9
Rectified spirit	1404.7	1404.7	1404.7	1404.7	1404.7
Electricity	255.3	255.3	255.3	255.3	248.8
Castor oil	373.7	370.6	365.4	374.5	246.4
Industrial raw materials	315.6	322.0	312.7	324.4	260.4
Fibres	312.4	304.0	312.7	300.5	223.6
Oilseeds	342.5	368.6	339.6	375.2	289.1
Minerals	214.0	214.0	214.0	214.0	242.8
Others	277.1	273.2	268.2	270.5	263.5
Chemicals	287.9	287.9	285.6	289.6	325.2
Machinery & transport equipment	257.6	258.2	258.0	257.9	262.0
Electrical machinery	248.0	248.0	248.4	248.7	264.0
Non-electrical machinery	288.2	289.6	289.0	288.5	287.9
Transport equipment	210.6	210.6	210.6	210.9	213.4
Manufactures	265.0	264.8	264.7	264.0	252.3
Intermediate products	333.9	333.0	334.2	332.2	304.5
Textile yarn	256.1	253.6	257.1	252.0	212.1
Leather	321.4	321.4	320.2	320.1	275.5
Metals	418.0	418.8	419.1	419.7	411.3
Linseed oil	333.0	331.0	318.2	323.1	263.2
Finished Products	248.3	248.3	247.9	247.4	239.6
Textiles	227.3	227.1	227.2	225.5	219.2
Metal products	301.6	301.6	301.6	301.6	299.9
Non-metallic products	303.6	303.8	306.6	309.3	286.3
Chemical products	265.4	266.1	266.2	265.2	260.6
Leather products (shoes)	147.1	147.1	147.1	147.1	149.6
Rubber products	238.3	238.3	238.3	238.8	233.8
Paper products	222.9	222.9	219.8	29.8	230.2
Oilcakes	353.0	352.9	336.7	346.8	256.6
Misc. products	174.0	174.0	174.0	174.0	173.8

Source : Office of the Economic Adviser, Dept. of Industrial Development.

Consumer Price Index Numbers for Industrial Workers

(Base 1960 = 100)

Centre	1965- 66	1969- 70	1970- 71	1971- 72	1972- 73	1973- 75	1974- 75	1975- 76	1976							
									Feb.	Mar	Apr.	May	June	July	Aug.	Sept.
All-India	—	177	186	192	207	250	317	313	290	286	289	290	291	297	298	302
Ahmedabad	130	169	176	181	198	245	305	293	273	268	273	269	269	276	279	283
Alwaye	145	197	198	202	215	267	346	358	318	322	325	313	321	326	318	322
Asansol	140	178	189	194	206	245	316	317	304	302	306	306	307	314	319	319
Bangalore	144	183	186	194	212	265	318	332	312	304	302	299	301	312	312	319
Bhavnagar	132	178	186	194	217	273	327	315	294	290	282	291	291	291	297	301
Bombay	130	175	182	190	203	233	289	300	288	286	291	290	294	298	294	298
Calcutta	131	172	182	187	197	228	288	287	271	276	286	288	293	296	293	298
Coimbatore	132	154	163	177	189	218	209	319	293	289	281	283	285	300	312	313
Delhi	136	185	199	211	222	265	337	333	326	324	323	320	324	328	334	335
Digboi	138	180	189	188	198	234	310	317	302	303	304	308	317	309	311	310
Gwalior	139	184	191	197	214	271	348	324	298	293	301	305	308	316	322	322
Howrah	137	176	186	191	206	239	298	290	276	217	283	286	286	291	285	290
Hyderabad	140	185	189	195	211	251	304	316	294	289	289	293	295	301	303	304
Jamshedpur	136	170	183	187	202	249	313	293	277	275	275	274	275	280	284	284
Madras	134	160	170	182	203	229	301	314	280	272	272	273	276	281	280	283
Madurai	128	162	183	192	206	236	334	333	295	280	280	284	287	291	293	295
Monghyr	151	188	205	204	225	292	263	325	303	299	290	289	292	313	317	325
Mundakayam	138	191	197	199	210	263	337	346	311	311	312	301	304	309	303	305
Nagpur	138	176	187	192	203	256	314	326	286	277	281	283	289	298	294	305
Saharanpur	141	181	186	198	213	253	338	313	301	293	304	300	299	303	297	297
Sholapur	128	176	185	198	216	277	325	342	301	291	300	303	288	291	306	314

Source: Labour Bureau, Government of India.

Consumer Price Index Numbers for Urban Non-manual Employees

(Base 1960 = 100)

Centre	1965- 66	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	1975 June	1976					
										Jan.	Feb.	Mar.	Apr.	May	June
All-India	132	167	174	180	192	221	270	277	283	271	267	265	267	268	270
Bombay	132	162	168	172	183	204	241	246	251	243	241	242	248	249	253
Delhi-New Delhi	131	168	174	180	190	217	262	273	276	270	267	268	267	270	272
Calcutta	126	162	170	174	180	204	238	243	246	240	238	217	241	244	246
Madras	133	161	175	188	204	231	291	306	310	297	291	287	285	285	287
Hyderabad-Secunderabad	133	167	174	180	195	223	270	283	290	279	272	268	270	271	273
Bangalore	133	164	172	180	194	228	272	284	286	286	281	275	276	273	273
Lucknow	132	161	166	174	185	215	255	270	271	265	263	263	267	266	266
Ahmedabad	131	168	171	173	188	222	271	272	284	262	261	256	256	254	258
Jaipur	133	176	183	188	205	244	308	311	312	306	299	294	300	301	306
Patna	139	180	191	190	199	229	286	284	282	282	283	278	275	273	274
Srinagar	134	174	184	191	200	215	262	280	279	275	275	274	291	294	293
Trivandrum	131	172	178	184	198	231	280	297	300	300	294	293	295	295	295
Cuttack-Bhubaneswar	142	169	176	184	196	221	266	270	275	260	258	258	259	259	259
Bhopal	133	172	180	188	204	238	295	296	306	297	283	278	284	285	288
Chandigarh	129	171	178	183	194	217	265	278	279	267	276	277	278	277	278
Shillong	123	164	166	175	183	208	257	274	280	261	255	259	261	265	264

Source: Central Statistical Organisation.

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November 26, 1976

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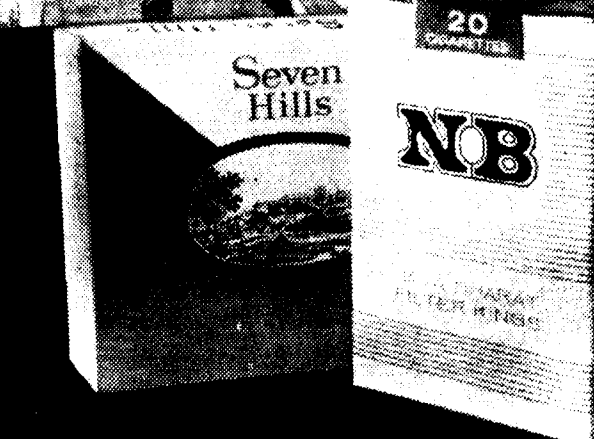
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Production :

L. N. Raina
Assistant Editor

ANNUAL SUBSCRIPTION

INLAND : Rs 100.00
FOREIGN : £15.00 or \$30.00

Airmail & Advertisement Rates on Enquiry.

REGISTERED OFFICE:

UCO Bank Building, P. Box 34,
Parliament Street, New Delhi-110001

Fruits of friendship

S. P. Chopra

THE FIRST national exhibition of the USSR in this country which opened in the Hall of Nations, Mathura Road, New Delhi, on November 14, was a new landmark in Indo-Soviet friendly relations. It put on display highly sophisticated machinery and equipment for the benefit of the specialists and the commoners who were equally thrilled to see the technological progress made by the USSR. Most of the Soviet enterprises participating in this exhibition are no strangers to this country as they have during the past two decades participated in the completion of nearly 70 projects, a majority of which has already been commissioned. An attempt has been made in this special supplement to focus attention on the breath-taking advances made by the USSR in industry and also on the part played by the Soviet enterprises in assisting our country in its march towards speedy growth.

The accent on friendship since 1956 when India and the USSR embarked on the establishment of the Bhilai steel plant has brought forth fruits which are a credit to both the countries. Besides steel, the two countries have collaborated in the establishment of units for the manufacture of power equipment, heavy machinery, oil refining sophisticated instruments, aluminium, pharmaceuticals, designing of heavy equipment and a host of other industries, detailed account about which will be found in the following pages. What is more, the technicians of the two countries have gained each other's confidence and the USSR has now decided to import from our country the goods manufactured by units set up through Indo-Soviet cooperation. The two countries have also decided to enter into partnership for the completion of projects in third countries. The USSR is already planning to purchase coke ovens from India for installing in third countries.

A heartening feature of the cooperation between India and the USSR is that every year new areas of collaborative effort are being discovered. On December 6 this year, Mr Mantosh Sondhi, secretary, ministry of Defence, will lead a delegation to Moscow to discuss further industrial collaboration between the two countries. Currently discussions are going on for the further development of the Heavy Electrical Corporation's Design Institute. And new fields of friendly cooperation are being uncovered, thanks to the cordial relations between the two countries. It is pertinent to recall here the references which Mr Leonid Brezhnev, General Secretary of the CPSU Central Committee, made in his report to the 25th Congress. He said: "We attach special importance to friendship with that country. In the past five years, Soviet Indian relations have risen to a new level. Close political and economic cooperation with the Republic of India is our constant policy".

A word about the trade with the USSR. The basis of trade relations between the two countries has been clearance of payments in rupees — an arrangement which has worked to mutual advantage for the past two decades. Elsewhere in this special supplement will be found details about the rising turnover of trade between the two countries. Of special significance is the fact that the share of non-traditional goods in our exports to the USSR and other east European countries has been increasing at a steady pace which has given great encouragement to Indian manufacturers in expanding the capacities of their units. And the smooth exchange of goods and services between the two countries accompanied by growing cooperation in shipping and aviation promises a bright future in trade between India and the USSR.

India and the USSR

S. A. Skachkov

THE SIGNING of the Treaty of Peace, Friendship and Cooperation by representatives of the Soviet Union and India on August 9, 1971, was an outstanding event which reflected the historically formed traditional friendship between the peoples of our countries. The treaty strengthens still more the relations of sincere friendship, respect, mutual trust and good neighbourly cooperation existing between the Soviet Union and the Republic of India. The conclusion of this treaty shows once again that Soviet-Indian friendship is based not on transient factors, but on long-term vital interests of the peoples of the USSR and India, their interest in the extension of all-round cooperation with each other for economic and social progress for peace and security of the peoples.

The conclusion of the treaty was conditioned by the whole course of development of relations between the two countries. Our country attaches principled importance to constantly growing friendship with India. The USSR's policy towards India is clearly and fully relected in the documents and resolutions of the 25th Congress of the Communist Party of the Soviet Union. The report by Leonid Brezhnev, general secretary of the CPSU Central Committee has stressed that the Soviet Union attaches special importance to friendship with that great country and that close political and economic cooperation with the Republic of India is the USSR's constant policy.

Treaty of Peace

The Treaty of Peace, Friendship and Cooperation whose fifth anniversary was celebrated this year has successfully stood the test of time. It expresses the vital interests of the Soviet and Indian peoples and contributes to the strengthening of peace and stability in Asia and in the whole world. The treaty exerts an ever-growing positive influence on the further expansion of Soviet-Indian cooperation in the political, economic, scientific, technological, cultural and other fields.

Mr S. A. Skachkov is the Chairman of the State Committee of the USSR Council of Ministers for Foreign Economic Relations.

Leonid Brezhnev's visit to India in November 1973 was a historic event which laid a reliable groundwork for the furthering of the fruitful development of Soviet-Indian relations. The major inter-governmental documents signed during the visit, including the Agreement on Further Development of Economic and Trade Cooperation between the USSR and India, have determined the main lines of cooperation for the next few years and for a perspective of 10 to 15 years.

The visit by Mrs Indira Gandhi, prime minister of India, to the Soviet Union last June is a new confirmation of the growing friendship between the two countries. The declaration on the further development of friendship and cooperation between the Soviet Union and India signed at the end of the visit notes that in the course of the talks both sides stressed the special significance they attach to strengthening traditionally friendly relations between the USSR and India on the basis of the Treaty of Peace, Friendship and Cooperation.

As close friends of India, the Soviet

people follow with great attention the efforts of the Indian people in the development of the national economy, science and culture and sincerely rejoice at the successes of the Indian people.

For a relatively short historical period the Republic of India has traversed a hard but glorious path. The Indian people has gained considerable successes in eliminating backwardness, in boosting the national economy and in implementing social transformations. Such modern and important industries, as heavy engineering, atomic power engineering, petrochemical industry and electronics, have come into being in India.

Soviet-Indian economic and technical cooperation has been successfully developing for more than two decades and each year it assumes an ever more all-round and stable nature. Over these years our cooperation has traversed from Bhilai called a symbol of indestructible Indian-Soviet friendship by Jawaharlal Nehru to such a giant as the Bokaro steel plant.

By now over 50 projects have been built



Hot strip mill of Bokaro Iron and Steel Plant built with Soviet assistance

and put into operation in India with Soviet assistance. They include major modern enterprises of ferrous and non-ferrous metallurgy, oil extraction and refining, coal mining industry, machine-building, power engineering, instrument-making and agriculture, and large educational establishments. These enterprises have laid the foundation of India's diversely developed independent economy. Projects of our cooperation account for 80 per cent of India's output of metallurgical equipment, 60 per cent of oil extraction and 30 per cent of oil refining, 30 per cent of steel production and about 20 per cent of generation of electricity, and profitability is a typical feature of the activity of all these projects.

Public Sector's Role

The public sector representing these and other enterprises is developing in India at a fast pace and its role in achieving India's economic independence becomes ever more determining. For four years the industrial enterprises of India's public sector have been working efficiently, their profits increasing every year.

The first project of Soviet-Indian cooperation—the Bhilai steel plant is one of the best in the country judging by all indices. Its annual output is over two million tons of steel. It exports steel to many countries. For many years the plant has been yielding profit.

The history of the Bhilai plant mirrors Soviet-Indian cooperation. Initially Soviet organizations rendered assistance in building the plant with an annual capacity of one million tons of steel. Then the plant was expanded to an annual capacity of 2.5 million tons of steel. At present work has been started for expanding the plant to bring its annual capacity to four million tons of steel. The expansion programme envisages the construction of a unique thick sheet rolling mill "3600", a converter shop and continuous steel rolling installations.

The Soviet Union is assisting in building another major project of India's ferrous metallurgy—the Bokaro steel plant the contribution of which to the development of the Indian economy is becoming ever weightier.

Two blast furnaces, three coke furnace

batteries, the first section of the converter shop and a slab mill are already functioning. In May 1976 a ceremony was held of putting into operation the hot rolling mill "2000" which rolls sheet steel. The ceremony was attended by India's prime minister, Mrs Indira Gandhi. This mill is similar to that commissioned in the USSR at the Novo-Lipetsk iron and steel plant. This year will see the completion of the first section of the Bokaro plant which is to reach a capacity of 1.7 million tons of steel a year and at the same time vigorous work is under way to expand its annual capacity to four million tons of steel.

Soviet-assisted major heavy engineering plants in Ranchi, Durgapur and Hardwar are of great importance for the implementation of the country's industrial development programmes. These enterprises have gained over the past few years great successes in production. They operate with a profit and turn out complicated machinery. The heavy engineering plant in Ranchi is called a "plant of plants." It manufactures varied products meant primarily for the construction of metallurgical plants. The capacity of this plant makes it possible to annually fit out with basic metallurgical equipment a plant producing one million tons of steel a year.

Economic Development of the USSR				
	Index Numbers: (Base: 1950=100)			
	1950	1960	1970	1975
National income produced	100	265	528	695
Fixed productive assets for all branches of the national economy	100	256	604	917
Total output of industry	100	304	689	987
Out of the means of production	100	327	781	1,138
Output of consumer goods	100	265	538	738
Gross output of agriculture	100	163	224	233
Freight carried by all types of transport	100	264	537	728
Social labour productivity	100	234	413	509
Labour productivity: in industry	100	204	338	452
At collective farms, state farms, in subsidiary and other productive agricultural enterprises	100	204	329	350
On the railways	100	207	343	425
Foreign trade turnover	100	338	705	1,138

The plant of mining equipment in Durgapur turns out equipment necessary for the recently nationalized coal mines of India. The heavy electrical equipment plant in Hardwar plays a prominent part in plans for the development of power engineering in India. This enterprise is technologically advanced. It produces turbine sets with capacities of 200,000 kilowatts each. Not a single developing country except India manufactures such machines.

Soviet-Indian cooperation in the oil industry is very fruitful. With Soviet assistance the Oil and Natural Gas Commission has discovered a number of oil and gas deposits and now extracts over five million tons of oil a year.

New Tasks

The construction of large modern industrial enterprises and the necessity of their correct exploitation have brought Indian organizations face to face with a number of new tasks. It is necessary to reach the projects' designed capacities, to ensure their normal functioning and to organize their profitable operation as soon as possible. This task can be accomplished only by well-trained, skilled and experienced national specialists.

The Soviet Union is helping India in arranging effective work of collaborative projects. A big role is played by Soviet specialists who are sent to these projects during their construction, commissioning and the first years of their operation. Teams of highly skilled Soviet experts are regularly sent to India. They are engaged in on the spot studies, together with their Indian colleagues, of problems arising and they recommend measures aimed at improving the operation of the projects. Direct contacts are being established between cooperation projects and leading Soviet enterprises of the appropriate profile. Soviet plants aid in organizing and adjusting the technology of the manufacture of products, send complete sets of products and fittings, help in training national specialists. Cooperation between the Uralmashzavod and the heavy engineering plant in Ranchi, between the machine-building plant named after the Lenin Komsomol of the Ukraine and the plant of mining equipment in

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NOVEMBER 26, 1976



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Durgapur, between the Leningrad Elektrosila association and the heavy electrical equipment plant in Hardwar, etc. may be cited as examples.

Joint work of Indian and Soviet specialists is characterized by relations of sincere friendship and close business-like cooperation, which has undoubtedly resulted in the successes already gained. I would like to note the following major fact—over the past few years the skill of Indian specialists, construction workers and machine operators—has been raised to a high level. This makes it possible to carry out extensive work of building and operating projects through the efforts of Indian specialists and workers with the association of a relatively small number of Soviet experts. For a long period of time many cooperation projects have been run independently by the Indian personnel.

Sincere Friendship

At present Soviet-Indian economic and technical cooperation is a complicated and large-scale mechanism. This is evident from the fact that coordination of the activities of Soviet and Indian organizations in this field is carried out by the Inter-Governmental Soviet-Indian Commission on Economic, Scientific and Technical Cooperation. For a rather short period the Commission has become an effective working body where major problems of our cooperation are jointly considered with due account of mutual interests and where agreed-upon recommendations and proposals on the further extension and deepening of this cooperation are prepared.

While characterizing Soviet-Indian economic and technical cooperation, one should note its mutually beneficial nature. By contributing to India's economic progress, Soviet-Indian cooperation was also conducive to the creation of favourable conditions for the expansion of trade between the two countries. The Soviet-Indian trade turnover rose from 104 million roubles in 1960 to 665 million roubles in 1975. India repays Soviet credits in national currency i.e. rupees. Using the money received from India repaying Soviet credits the Soviet Union buys traditional export goods of that country: tea, jute products, coffee,

tobacco, pepper, etc. In recent years Soviet purchases of Indian industrial products have been expanded. The Soviet Union buys Indian power cables, accumulators, garage and motor equipment.

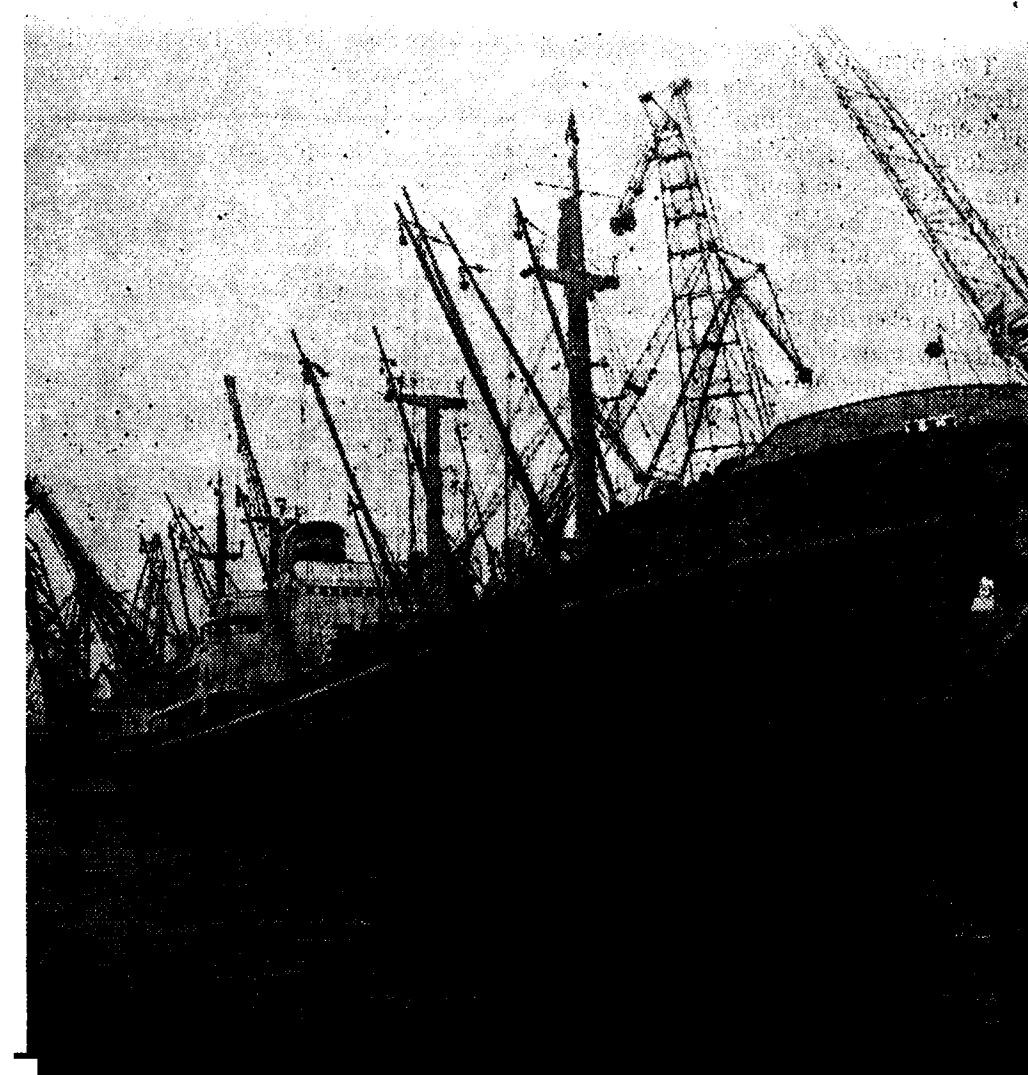
The major documents signed and understandings reached during the visit by Leonid Brezhnev to India in November 1973 and during the visit by Mrs Indira Gandhi to the USSR in June 1976 are the underpinnings of the joint work aimed at extending economic and technical cooperation between the two countries. The Soviet Union and India express their firm determination to continue to develop and strengthen their economic and technical cooperation.

The Soviet Union and India will continue cooperation in developing the key branches of the public sector of the Indian economy, in particular in the field of ferrous and non-ferrous metallurgy, the prospecting, extraction and refining of oil, coal, and other minerals, in power engineering, in the petrochemical industry, in agriculture and also in the training of specialists.

Today vigorous work is under way aimed at implementing the understanding reached at the top level. Soviet and Indian organisations have started work aimed at designing and building the oil refinery in Mathura with an annual capacity of six million tons. The preparation of the technical design of a copper mining and dressing complex in Malanjkhand has been completed. Large coal mines in Singrauli and Raniganj are being designed. An agreement has been reached on rendering Soviet assistance to India in expanding the Bokaro and Bhilai steel plants to annual capacities of 10 and 7 million tons of steel, respectively. Steps have been taken to develop new forms of economic cooperation, including in such fields, as production cooperation, joint participation of organizations in constructing industrial projects in third countries.

As far as the prospects of Soviet-Indian economic and technical cooperation are concerned, there are, no doubt, all opportunities for its further deepening and improvement on a long-term, stable and mutually advantageous basis.

"State of Punjab" is the first large tonnage dry cargo Indian-made ship. Delivering to Odessa a big consignment of Indian goods it takes instead Soviet equipment for Indian projects.



The tenth five-year plan of the USSR

THE 10TH five-year Plan has a number of features which are characteristic of the present-day stage of the country's economic development. The increased economic potential of the Soviet Union makes it possible to pay ever more attention to the social and economic problems, above all, the raising of the people's material and cultural standards and the improvement of their living conditions. Greater emphasis has been made in the Plan on increasing the efficiency of social production through its intensification and the speeding up of scientific and technological progress.

Assessing the social programme of the 10th five-year Plan, Mr Leonid Brezhnev observed at the recent plenary meeting of the CPSU Central Committee that its contents fully conform to the main task of the five-year Plan i.e. a steady rise in the standard of living of the people.

Dynamic Development

The plan provides for the dynamic development of all branches and the improvement of the national economic, intersectoral, and territorial proportions on the basis of the rapid growth of heavy industry, the backbone of socialist economy. It provides for the consistent implementation of the long-term agrarian policy aimed at ensuring reliable supplies of food and raw materials to the country and the further evening out of the material, cultural and everyday conditions of life in town and countryside.

As for the growth rates of the principal indices of the national economic development from one year of the period to another, they testify to a steady increase in the Soviet Union's economic potential and the growing living standards of the population.

During the current five-year period, the absolute increases in the principal indices of the national economic development will be the highest in the country's history. The national income will grow by 26 per cent and reach almost 456,000 million roubles by 1980.

This article is based on an interview of Mr N. Baibakov, chairman of the USSR State Planning Committee, with a correspondent of the APN.

It should be mentioned that every per cent of the increase accounts for ever more products. For example, in 1970, one per cent of the increase in the Soviet national income stood for 2,000 million roubles, whereas by the end of the five-year period it will reach 3,600 million roubles, an increase of 80 per cent over 1970.

As far as national income is concerned, it is planned to accord priority to growth of the consumption fund, i.e., the fund directly used to meet the growing requirements of the Soviet people. The share of the consumption fund in the national income will grow from 73.5 per cent in 1975 to 75 per cent in 1980. This alone will ensure an increase valued at 7,000 million

roubles in the volume of goods and services for the population, while the total increase in the consumption fund over the 10th Plan period will amount to nearly 76,000 million roubles over 64,000 million roubles in the 9th five-year period.

The minimal old-age, disability, and survivor's pensions will be raised. It is envisaged to reduce the prices of certain medicines for pensioners.

Over the five-year period, the real per capita income will grow by 21 per cent, over 190 roubles in the 9th five-year period.

The housing programme will make it possible to improve housing conditions for 10 million people every year.

The 10th five-year Plan provides for a better use of labour resources and implements. The productivity of social labour in the national economy as a whole will grow by 25 per cent. In industry, the increase in labour productivity will amount to about 31 per cent.

Special attention will be paid to mechanisation and automation of production. It is planned to reduce both the rela-

tive and numerical strength of the workers engaged in manual labour.

It is also planned to expand about 200 scientific and technological programmes over the five-year period with an eye to developing and putting on the line complex equipments, systems of machinery, advanced technological processes, economical materials, and automated control systems, and also the development of research into the new areas of science and technology.

The period will also mark an important stage in the Soviet Union's economic competition with the industrialised non-socialist countries, especially the United States of America. In 1980, the Soviet Union's national income will amount to 84 per cent of the United States' actual national income in 1975; the output of industry will rise to 109 per cent of the US production, and the output of agriculture will be equal to that of the USA.

The trade of the USSR with the socialist countries has certain specific features, because it reflects firm economic links that

have emerged as a result of the building of socialism and the dovetailing of national economic development plans. Economic cooperation with other countries will be extended as well.

Favourable opportunities are shaping up for the Soviet Union's economic contacts with the developed non-socialist countries as well. Our trade and economic contacts will be developing more rapidly with those countries which will show their reciprocal readiness for cooperation and ensure equal conditions for their development.

Thus, the new plan provides for the accomplishment of the main task of the five-year period, namely, "the consistent application of the Communist Party line of raising the people's standard of living both materially and culturally, through the dynamic and well-balanced development of social production and increased efficiency, accelerated scientific and technological progress, higher labour productivity, and better quality of work throughout the national economy."

Average Wages and Salaries Including Payments and Benefits from Social Consumption Funds in 1974		
	Roubles	
	average average annual monthly	
All wage and salary earners engaged in the national economy		
Average wages and salaries including payments and benefits from social consumption funds	2,291	191
Average money wages and salaries	1,693	141
Including paid vacations	116	10
Payments and benefits received by wage and salary earners from social consumption funds (excluding paid vacations)—average per worker	598	50
Industrial workers		
Average wages of industrial workers, including payments and benefits received from social consumption funds	2,525	210
Average wages of industrial workers including paid vacations	1,847	154
Payments and benefits received by industrial workers from social consumption funds (excluding paid vacations)—average per worker	137	11
	678	56

Growth of the Material Well-Being and Cultural Level of the Soviet People

	1950	1970	1975		1950	1970	1975
Growth of real incomes of wage and salary earners per gainfully employed (number of times)	1	2.4	2.8	Average per town dweller—sqm.	7.0	11.0	11.9
Growth of real incomes of collective farmers per gainfully employed (number of times)	1	3.9	4.7	Total number of pupils and students—mill.	34.8	49.4	48.8
Growth of retail trade turnover (number of times)	1	5.9	almost 8	attending general schools of all types	1.3	4.4	4.5
Growth in the volume of services rendered to the population ¹ (number of times)	1	4.0	6.5	Specialized secondary schools	1.2	4.6	4.9
Number of public libraries (end-of-year figures)—thousands	123.1	128.0	131.4	Higher educational establishments	1.8	9.3	11.5
Annual newspaper circulation—mill. copies	6,998	31,176	37,024 ²	Number of children at permanent preschool establishments (end-of-year figures)—mill.	1.8	9.3	11.5
Annual circulation of magazines and other periodicals—mill. copies	181.3	2,622	2,973 ²	Number of doctors of all specialties (end-of-year figures):	265	668	832
Total (useful) floor-space of houses in town (end-of-year figures): total—mill. sqm.	513	1,529	1,867	total—thousands	15	27.4	32.6
				Per 10,000 population	1,011	2,663	3,012
				Number of hospital beds (end-of-year figures):	56	109	118
				total—thousands	42.0	157.0	154.3
				Per 10,000 population			
				Number of film projecting machines (end-of-year figures)—thousands			

¹ 1960=1

² 1974.



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Collaboration in shipping

T. Guzhenko

ALL-ROUND development of the Soviet-Indian economic and trade relations has become possible, to a considerable degree, due to the well-organised work of the Soviet-Indian shipping line.

On April 6, 1956, the representatives of the governments of the USSR and India signed an agreement in New Delhi on establishing a regular shipping line between the ports of the Soviet Union and the Republic of India.

The main principle underlying the relations between the two countries is full equality of partners. The 1956 agreement envisaged that the tonnage of both sides will have an equal share in the work of the line. The distribution of cargoes between them will be effected on freight parity. Moreover, this parity will also be observed in the distribution of high-and-low-tariff cargoes between ships, and in the level of average profit rate for a ton of freight carried. The ships cruising on the line enjoy reduced customs duties in the ports of both countries, while the income of shipowners from freightage are exempt from taxes both in the USSR and India.

In the USSR the ships of the line call at Odessa, Ilyichevsk and Kherson. In India the ports of call are Bombay, Calcutta, Cochin, Madras, Vishakhapatnam and ports of Saurashtra.

Trade Pattern

The goods exported to India are mainly fertilizers, equipment rolled metal, newsprint, chemicals, asbestos and spares. Imports from India include jute and jute articles, groundnuts, cashew-nuts, hides and skins and traditional goods of Indian trade—pepper, tea and ginger. Besides, the USSR buys today a large quantity of non-traditional goods, such as knitted goods, fabrics, linen, footwear, storage batteries, varnishes, dyes and chemicals.

Initially, the line was serviced by six ships from each side. With growth in the volume of Soviet-Indian trade and economic cooperation the goods turn-

Mr T. Guzhenko is the USSR Minister of the Merchant Marine.

over of the line increased considerably, and it became essential to increase the number of ships. At present each side has envisaged 36 runs in one direction.

The line's goods turnover has increased from 140,000 tons in 1956 to 950,000 tons in 1975. Since the day of its inauguration the ships of the joint line have carried about 12 million tons of cargo.

It is to be stressed that India will receive from the USSR the goods which she would be unable, for some reason or other, to get from other countries. At the time of need the Soviet Union helped India with fertilizers and kerosene and supplied it with two million tons of grain.

Throughout all these years both the sides jointly solved many complicated problems dealing with various aspects of the line's activity (freight tariff rates, ship handling, transportation of various cargoes, settlement of claims and others).

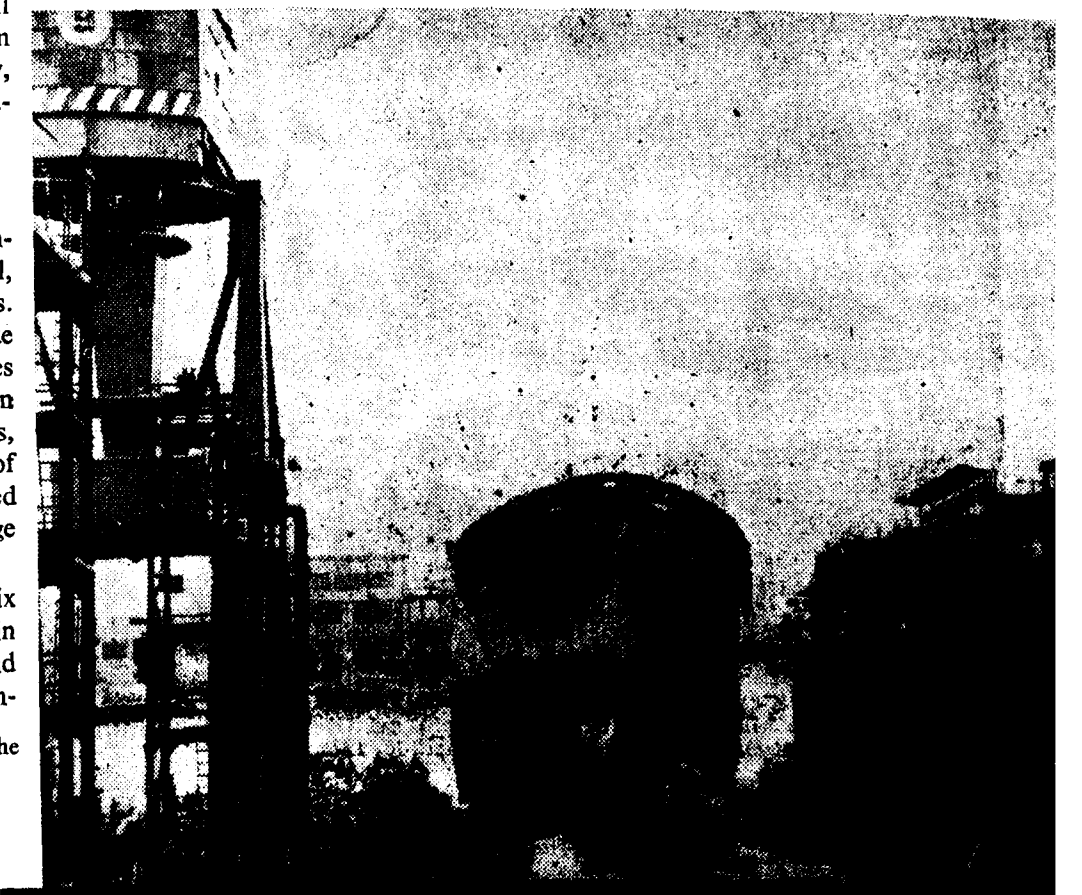
It is interesting to recall that the first

attempt to start a regular line between the ports of Russia and India was made 100 years ago through the steamship *Nakhimov* which belonged to Russia. The steamship left Odessa on February 12, 1871, for its maiden trip to Bombay, and returned on April 19. This cruise confirmed the usefulness of direct contacts between southern Russia and India. However, at that time it proved impossible for a private enterprise to maintain regular shipping between the two countries. The state did not help the line in any way.

The regular shipping line USSR-India, set up in 1956, was the first joint line in which the Soviet merchant marine took part. Both for the Black Sea steamship line as well as for Indian shipowners it was the first experience of joint work.

The first Indian ship to call the Odessa port was Jala Manjari. It entered Odessa in July 1956 with traditional cargo from India: jute, tea, pepper and coffee. The ship left Odessa loaded with equipment

Launching the tanker "Bhagat Singh" built at the Baltic Ship-building yard in Leningrad



for the Bhilai Iron and Steel Plant which was being built with Soviet assistance.

The history of the development of this line shows very well what a great qualitative leap had been made by the Republic of India over a period of 20 years. Jala Manjari and other ships of this type which initially served the line, have long ago been sold for scrap. Three Indian companies the state owned Shipping Corporation of India and two private companies, Scindia Steam Navigation and India Steamship Company—have long been using the latest ships built in the GDR, the FRG, Poland, Yugoslavia and the Soviet Union, taking into consideration the specific factors of work on this line.

At the beginning of the operation of the line an Indian captain on an Indian ship was a rare exception and the bulk

of officers were foreigners, whereas today all captains and officers on Indian ships are Indians.

Of parcel and container conveyance, there have been experimental shipping this year in parcels and sling containers. Now measures which are being worked out aim at carrying a part of freight traffic in containers.

An experiment is now being made for ship fumigation during the cruise from India in order to avoid demurrage connected with the fumigation of cargoes in Soviet ports. After obtaining positive results from these experiments, materials relating to fumigation technique and the necessary equipment will be turned over to Indian partners.

The Soviet-Indian shipping line is an

example of equal and mutually advantageous cooperation of two countries with different social systems. This line has played an important part in bringing the peoples of both countries closer together and in developing and deepening understanding between the USSR and India.

A new agreement on trade navigation was signed between the USSR and India in July 1976. The agreement is a new step in the promotion of friendship and cooperation between the two countries, sealed by the Treaty of Peace, Friendship and Cooperation of 1971, and which assumed a qualitatively new aspect as a result of Soviet-Indian summit talks in November 1973 and June 1976 between L.I. Brezhnev, general secretary of the CPSU Central Committee, and Mrs. Indira Gandhi, prime minister of India.



Soviet Foreign Trade Minister, Mr N. S. Patolichev (left) and Union Commerce Minister, Mr D. P. Chattopadhyaya (right), signing the Soviet-Indian Trade Agreement for 1976-1980 in New Delhi on April 15, 1976

EASTERN ECONOMIST

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NOVEMBER 26, 1976

New dimensions of Indo-Soviet economic cooperation

V. A. Kuznetsov

THE THREE years that have elapsed since L. I. Brezhnev's visit to India have been an important period in the development of the economies of India and the USSR and also in the strengthening of economic cooperation between our two countries.

Indian economy has overcome the difficulties it was facing in 1973-74 through the able leadership of the government of India. The two measures of the success are inflation has been virtually eliminated and a record rate of growth has been achieved by industry during the last few months.

A substantial contribution to this progress has been made by the public sector undertakings which, as it is evident from their performance during the last financial year and the first half of the current financial year, is the most important dynamic factor behind the general upsurge of the Indian economy. And we are proud to note that the projects of Indo-Soviet economic cooperation are among the largest contributors to the success of the Indian public sector and the Indian economy as a whole. It is commonly known that Soviet economic and technical assistance to India is concentrated on the creation and the strengthening of major industrial enterprises in the public sector. Our cooperation started with the construction of Bhilai Steel Plant; it was continued with the construction of Heavy Machine Building Plant in Ranchi, Heavy Electrical Plant in Hardwar, Mining and Allied Equipment Plant in Durgapur, Refineries in Barauni and Koyali, Bokaro Steel Plant, Korba Aluminium Plant, a number of power stations and many other projects.

Important Step

The visit of L. I. Brezhnev to India in 1973 was an important step towards strengthening Indo-Soviet economic relations. The 15-year economic and trade agreement signed during his visit was of great significance, it opened a long-term

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vista on Indo-Soviet cooperation. During past three years, a number of provisions in the agreement have been realised.

The main project of Indo-Soviet economic cooperation at present is Bokaro Steel Plant. During the last three years a significant progress has been made in its construction.

In April 1976 the "2000" hot rolling mill of this plant was commissioned. The chain of steel production—from iron ore to steel—is thus complete. The mill has already started producing hot-rolled sheets, an item which is in great demand in the country. The "2000" hot rolling mill is a unique mill, capable of producing strips from 1.5 to 10 mm thickness upto 24 tonnes weight.

Class Composition of the Population (per cent)			
	1939	1970	1975
Total population (including non-working dependants)	100	100	100
Wage and salary earners including:	50.2	79.5	82.9
Workers	33.5	56.8	6.09
Collective farmers and handicraftsmen belonging to co-operatives	47.92	20	17.1
Self-employed farmers and handicraftsmen not belonging to co-operatives	2.6	0.0	0.0
Bourgeoisie, landlords, merchants and kulaks	—	—	—

The commissioning of this mill signifies the completion of the construction of the first stage of Bokaro steel plant with the annual capacity of 1.7 million tonnes of steel. The work for its expansion to 4.75 million tonnes capacity is going on.

The capacity of the first project of Indo-Soviet economic cooperation—Bhilai steel plant—is also being expanded. The mighty rolling mill "3600" is being constructed for this purpose.

This huge mill, the weight of the equipment of which will be 60,000 tonnes, will be capable of producing steel strips, 5 to 40 mm thick and up to 30 metres in length.

Thus the steel giants are growing from strength to strength, building the sinews of India's industrial might. Their mighty

advance is already charted in the 15-year economic agreement signed between India and Soviet Union in 1973.

In accordance with the provisions of this agreement further steps towards widening Indo-Soviet cooperation in oil and coal industries have been undertaken during the last three years. As it is well-known the government of India has been paying increased attention to the rapid development of both oil and coal industries. Indo-Soviet economic cooperation in these branches of Indian economy has gained a new importance. The USSR assistance to the development of Indian oil industry embraces oil prospecting, production and refining. Besides the Oil and Natural Gas Commission (ONGC), the other main projects of Indo-Soviet cooperation are oil refineries of Indian Oil Corporation—Barauni and Koyali.

In January last the joint report prepared by Soviet experts and Indian specialists of the ONGC for the prognostic assessment of oil and gas prospects of India was submitted to the government of India. The report among other things recommends direction of future exploration work for oil and gas and identifies main regions for exploration and the volume of geological, geophysical and drilling work required to be undertaken for the delineation of potential hydrocarbon-bearing areas.

Technical Assistance

The Mathura refinery, the largest of its kind in India, is also coming up as a result of economic and technical cooperation between our two countries. The construction of this refinery is following the historic documents signed by L. I. Brezhnev and Mrs Indira Gandhi in November 1973.

India's drive for the development of power and ferrous and non-ferrous metal demands a highly sophisticated technology for the mining of coal in order to increase production rapidly. The Soviet Union is already providing substantial assistance to India for raising coal

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production. The joint studies carried out by Soviet and Indian specialists, and agreement signed last year aimed of further development of Indo-Soviet cooperation in coal industry. In accordance with this agreement, the USSR will assist India in the development of a number of coal mines in the Singrauli region, work will start on the construction of Jayant and Dudichua quarries each producing 10 million tonnes of coal per year. It is also planned to build major central electromechanical workshops for the manufacture and repairs of mining equipment.

One of the most important developments in further widening the scope of Indo-Soviet economic cooperation is the search for new forms and method of this cooperation.

A certain breakthrough in this direction was reached early this year when a comprehensive programme for further development of economic cooperation between our two countries was adopted during the third meeting of joint Indo-Soviet economic commission in April 1976.

Among new steps taken to further cooperation during the next few years is the execution of projects in third countries.

The importance of such cooperation was frequently underlined by the government of India and the USSR was the first country to make practical steps towards the implementation of such cooperation programme with India. As it was widely reported in the Indian press, Soviet Union has agreed to purchase a

significant amount of HEC production for its use in Soviet-aided projects in third countries. Besides lengthening the order book of the HEC, it will also contribute to the current drive towards the development of engineering export of the country by opening new market for engineering products.

We hope that during the next few years the new forms and methods of Indo-Soviet economic cooperation will find their ample practical realisation for the mutual benefit of our two countries.

A sound basis for this collaboration was laid down in documents signed by our leaders in Delhi three years back as well as during the recent visit to the USSR of Mrs Indira Gandhi.

Friendly relations and trade

V. Senin

THE COOPERATION between the Soviet Union and India in trade is an integral part of friendly Soviet-Indian relations. These relations were put on a solid political basis by the Treaty of Peace, Friendship and Co-operation between the USSR and India signed in August 1971. The treaty states that the further development of friendship and co-operation meets the basic national interests of both states and also the interests of stable peace in Asia and throughout the world.

In his report to the 25th Congress of the CPSU, Mr Leonid Brezhnev, General Secretary of the CPSU Central Committee, pointed out the growth of co-operation of the Soviet Union with India, and stressed: "We attach special importance to friendship with that great country. In the past five years Soviet-Indian relations have risen to a new level. Close political and economic cooperation with the Republic of India is our constant policy."

Better Understanding

It is a fact of history that good business and commercial relations between countries always accompanied and contributed to better understanding, friendship and cooperation, and consolidation of peace throughout the world. The development of Soviet-Indian trade demonstrates this.

Since 1953, the trade between the USSR and India has been carried out on a planned basis, the agreements being for five-year periods. Since 1953 four five-year trade agreements have been concluded, and on April 15, 1976, the fifth one was signed for the period 1976-1980.

The experience of the last four five-year agreements convincingly demonstrated that such agreements are mutually beneficial, since their planned basis provides a stable rise of trade and creates steady perspectives for further development of trade.

During coordination of the yearly trade turnover the parties always strove

in the spirit of friendship and mutual understanding for increase and expansion of reciprocal deliveries. As a result, the obligations under the agreements were always overfulfilled.

For a little over 20 years, the trade between the USSR and India has been rising at a high rate. Thus, while in 1956-1960 the turnover amounted to Rs 3,000 million, in 1961-1965 it was Rs 7,000 million, in 1966-70 it was about Rs 15,000 million and in 1971-1975 Rs 27,000 million. The volume of Soviet-Indian trade in 1975 alone reached Rs 8,000 million, which is Rs 5,000 million higher than the entire trade turnover between our countries for the five-year period of 1956-1960.

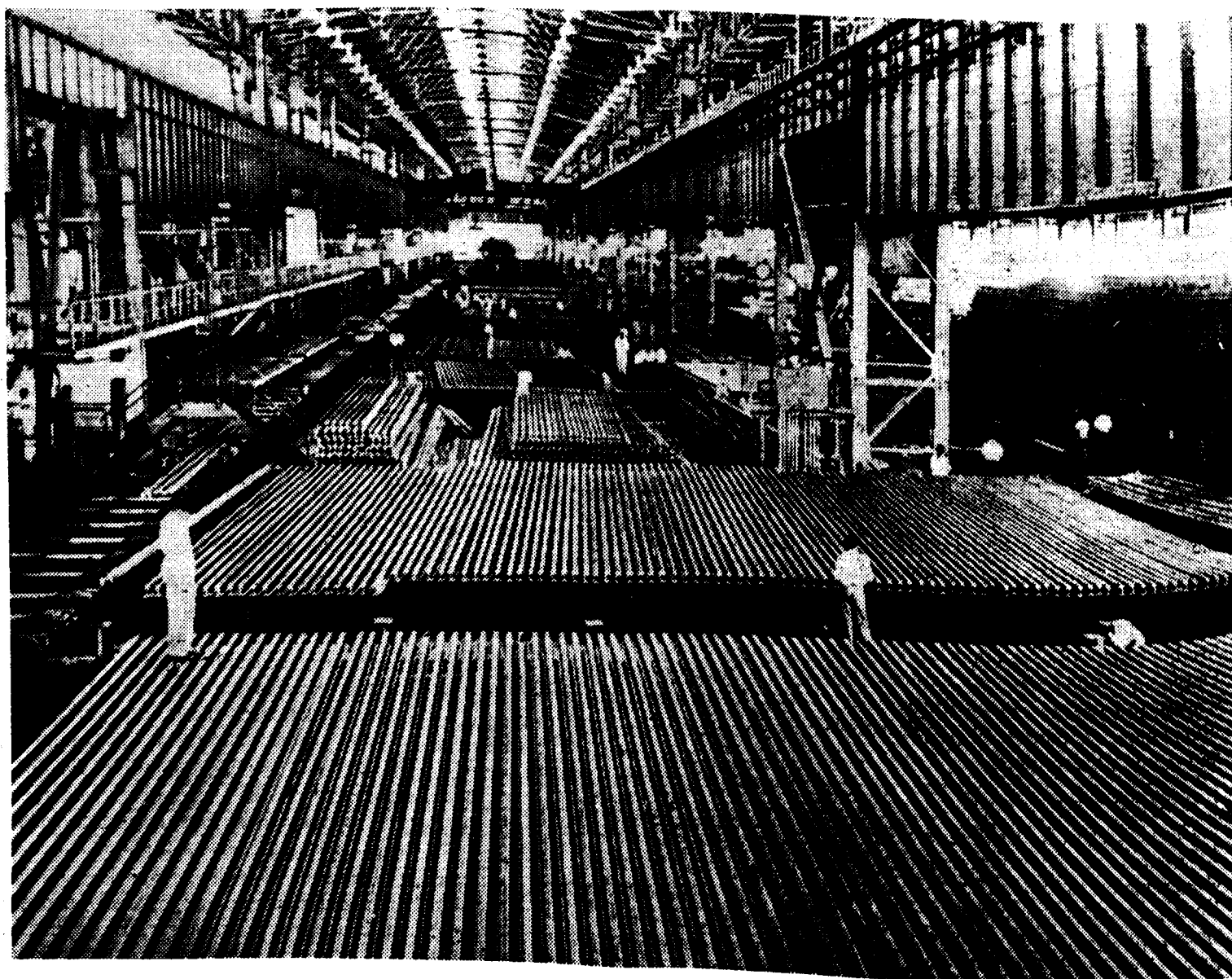
During the period 1956 to 1975, the Soviet Union delivered to India machines and equipment amounting to about Rs 20,000 million. Especially large deliveries of these commodities amounting to Rs 12,000 million were carried out in the period 1961 to 1970, when India actively got down to the task of industrialisation.

The Soviet people sincerely rejoice at

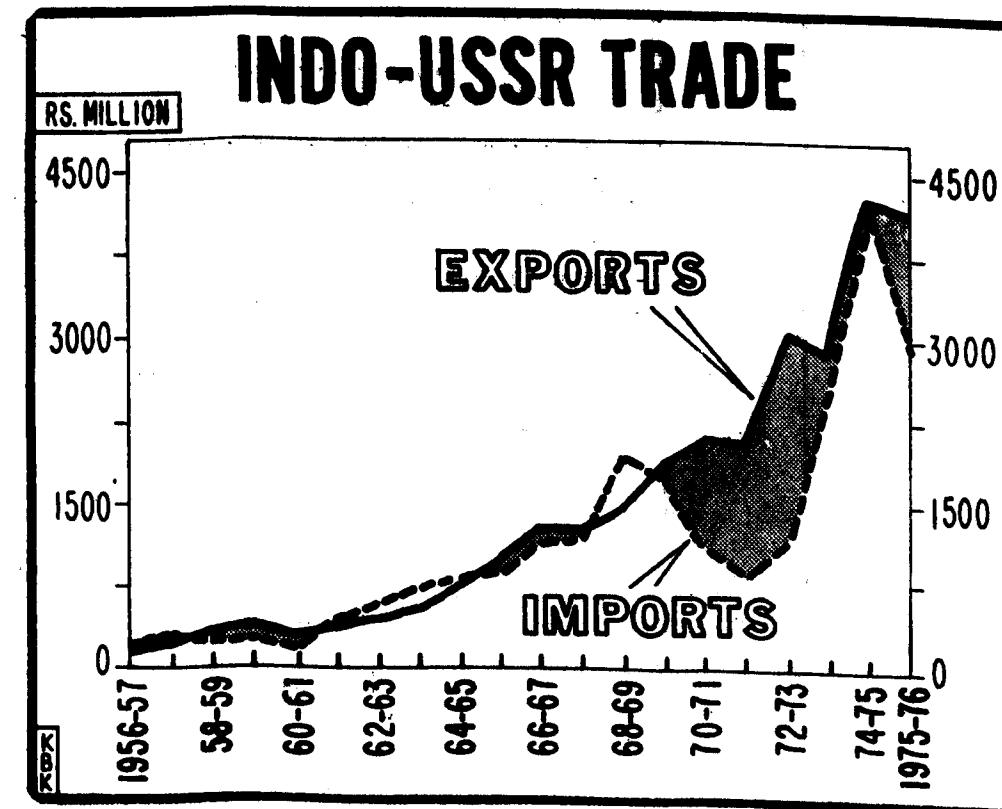
the successes of friendly India, which within a short historical period has achieved a lot in the field of industrialisation. We are happy that a certain contribution to the development of the Indian economy was made by the Soviet Union.

It is worthy to note that the growth of trade turnover between the Soviet Union and India has been ensured by the diversification of the trade list which reflects the changes taking place in the economy of each country and the changing requirements and potentialities of both parties. Within the last few years the Soviet Union has considerably increased its export to India of raw materials and industrial commodities for example, oil products, fertilisers, asbestos, zinc and other commodities. In the last two five-year periods (1966-1970 and 1971-1975), they have increased in the following way; oil products—from 2.8 to 3.5 million tonnes, urea from 188,000 to 563,000 tonnes, potassium—from 54,000 to 140,000 tonnes and zinc—from 44,000 to 68,000 tonnes.

The Soviet Union is one of the principal importers of Indian goods, with a steady



Rolls rolled at the Bhilai Steel Works being prepared for shipment to customers. Bhilai is the first project of Indo-Soviet economic cooperation.

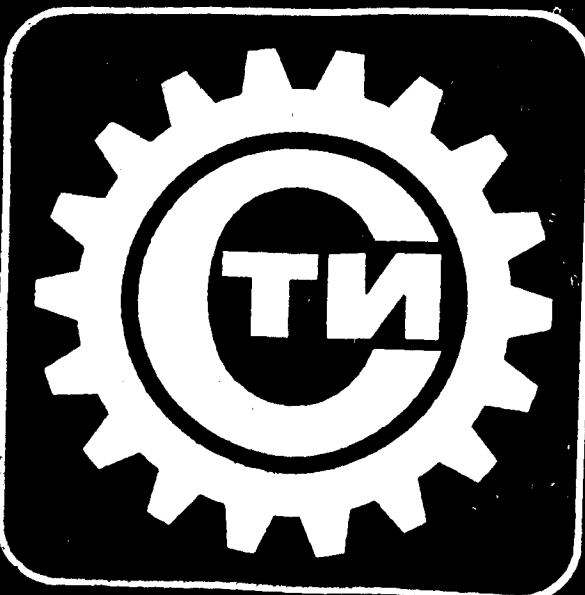




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growth in purchases. Along with this there has been a diversification of items purchased, owing first of all to the purchase of non-traditional items, i.e., the finished products of India's new industries. The Soviet Union buys large quantities of cotton textiles, ready-made and knitted garments, footwear, detergents, chemical products, vacuum flasks, handicrafts, etc. Within the last five years (1971-1975) the Soviet Union began to import from India in ever-rising quantities products of Indian engineering industry; garage equipment, motor car accessories, power and automobile storage batteries, fitting tools, power cables, etc. In 1975, purchases of these commodities amounted to about Rs 200 million.

As a result of the steady increase in the purchase of non-traditional items, their share in Soviet imports has gone up to 50 per cent by now.

The new trade agreement for 1976-1980 concluded in April 1976, envisages expansion of trade as was stipulated in the Soviet-Indian declaration of November 1973, signed in Delhi during the visit to India of Mr Leonid Brezhnev.

Main Trade Partner

At present, India is one of the principal trading partners of the Soviet Union, enjoying the leading place in our trade with developing countries. And it is possible to say with confidence that favourable perspectives for the further development of Soviet-Indian trade exist. As it is known the 25th Congress of the CPSU adopted the tenth five-year Plan for Soviet economic development, which foresees, in particular, expansion of the export potential of the country on the basis of further growth of the economy. This will undoubtedly permit to expand our export to India.

The Soviet Union will continue to increase its purchases from India both in quantity as well as by expanding the commodities nomenclature, including engineering goods. In particular, the USSR will increase its purchases of products of the electronic industry and certain types of cables and will commence purchases of textile processing equipment, cargo containers, electric motors and other goods.

The new forms of collaboration such

as cooperation and specialisation in the field of industry and agriculture must play an important part in the further development of trade and economic relations between our countries.

The declaration about the further development of friendship and cooperation between the Soviet Union and India, signed in June, 1976, during the visit of the prime minister, Mrs Indira Gandhi to the USSR, states: "The two sides will seek to expand in every way their production cooperation, particularly in the fields of non-ferrous metallurgy, textile industry, electronics, agricultural production and in other branches of the economy, regarding such co-operation as a promising and effective form of their mutually beneficial bilateral economic cooperation, including cooperation in assisting economic development in third countries".

Some projects of possible industrial cooperation between our countries in the

field of electronics, textile industry, extraction and processing of raw materials, etc., were outlined at the third session of the Indo-Soviet Economic, Scientific and Technological Commission held in March-April in Moscow.

One of them, particularly, foresees participation of the Indian engineering industry by deliveries of its products to the Soviet-aided projects in third countries.

This form of production cooperation between the USSR and India will promote expansion of the Indian engineering industry's export.

At present, experts of both parties are conducting a study of the projects of production cooperation between our countries and their fulfilment will promote rise of trade turnover between the USSR and India.

Soviet-Indian trade cooperation has undoubtedly good perspectives for its development in the interests of the peoples of our countries.



In one of the shops of the Soviet aided heavy machine building plant at Ranchi

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NOVEMBER 26, 1976

Opportunities in civil aviation

Boris Bugayev

CIVIL AVIATION has brought India and the USSR closer and created new opportunities for expanding mutually advantageous Soviet-Indian dialogue in the economic, scientific and cultural fields.

If we analyse the development of our relations in aviation, we can note with satisfaction that they are expanding in the interests of our two states, on the basis of equality and mutual benefit. The air routes linking the USSR and India are serviced by Aeroflot and Air India. These two air companies started regular flights along the Moscow-Delhi route on the basis of an inter-government agreement on air service 18 years ago, in August 1958. Over these years they have carried hundreds of thousands of passengers. The agreement gives equal rights to Aeroflot and Air-India in operating the air route between the Soviet Union and India.

Taking into account the importance of Moscow-Delhi route for the promotion of cooperation between the two countries, Aeroflot has been using on this route the best aircraft since regular flights began.

Friendship Route

The best pilots of Aeroflot were honoured to fly the aircraft along the friendship route, as the Moscow-Delhi line can be called with good reason. Among them were Heroes of Socialist Labour and Honoured Pilots of the USSR.

I was one of the first Soviet pilots to start flights on the Moscow-Delhi route. I remember particularly well the cordiality and kind smiles we were welcomed with on the hospitable soil of India. It was a welcome of genuine friends.

As an illustration of the active development of cooperation between our countries in air communications, I can say that compared with the first regular flights to Delhi on TU-104 airliners in 1958, Aeroflot carries out now four IL-62 flights a week. Soviet civil aircraft fly via Delhi to many capitals of south east Asian countries. Air-India performs regular flights to Moscow and to London via the Soviet capital.

Mr Boris Bugayev is the Minister of USSR Civil Aviation and an honoured pilot of the USSR.

About 50,000 passengers were carried by Aeroflot and Air India last year alone on the routes linking our two countries.

The growth of all-round contacts between the two countries also prompts the further increase in the number of flights by Aeroflot and Air India between Moscow and Delhi, and inaugurating flights to other big industrial cities. For example, Aeroflot could start flights to Bombay, one of the centres of cooperation between the two states.

For the first time in its history Aeroflot, one of the world's biggest air companies, will carry this year on home and international routes more than 100 million passengers, i.e. more than any other company. It will carry a total of over 550 million passengers during the 10th five-year period. Many people will fly on new aircrafts, such as the IL-86 Airbus for 350 passengers and Yak-42 for 120 passengers, which are soon to start regular flights.

Air transportation is an important but far from the only sphere of activity of the USSR civil aviation. Aeroflot is the only air company in the world which has accumulated a wealth of experience in using

aircraft and helicopters in industry, the construction of industrial plants, laying of oil pipelines and gas-mains, in geological survey as well as in agriculture where aircraft are used to spray mineral fertilisers and various chemicals against weeds and pests. The following figure shows the scope of work in agriculture: about 500,000 hectares of arable lands are to undergo treatment from air in the current five-year period.

I would also like to say a few words about the flights to other foreign countries. Aeroflot airliners make regular flights to the capitals and large cities in 74 states of Europe, Asia, Africa and America.

Aeroflot promotes extensive cooperation with dozens of air companies in the world on the basis of equality and mutual benefit.

Cooperation between Aeroflot and Air India is carried out precisely along these lines. It meets the aspirations of the two countries, and accords with the spirit of the Treaty between the USSR and the Republic of India, signed in New Delhi on August 9, 1971.



Aeroflot Office in New Delhi

"A" for Aeroflot

A Correspondent

IN THE tenth five year Plan period it is planned to increase the freight turnover of all means of transport by 30 per cent and passenger traffic by 23 per cent. It is anticipated that in the tenth five year Plan period, the civil aviation of the USSR is to carry close to 500 million passengers and about 11 million tons of freight.

Aeroflot planes make five flights a week to Cuba. Soviet airliners make scheduled flights to the United States, to Canada and to Lima, the Peruvian capital.

If you leave Montreal, Washington or New York at 9.11 PM (local time), you will reach Paris at 8.00 AM and you will land at the Sheremetyevo airport at 3.00 PM (Moscow time). Thus, having suppered in Canada or the United States, you will be able to dine in Moscow on the next day.

The 20th century may be called an era of unprecedented development in tourism. Today tourism has become extremely popular. So far there are no exact statistical data on how many people annually travel inside national boundaries, but it is quite probable that the number is over 1,000 million. As for tourists leaving for foreign countries, the number of such trips has already exceeded 200 million a year.

Expanding Contacts

Economic, scientific, cultural and sport contacts between countries are constantly expanding. It has been figured out that each 12th passenger of international air routes is flying to a symposium, a congress or an international exhibition. It is estimated that the number of such travellers will triple in the next ten years.

Sociologists have calculated that within a year, a person in an economically developed country makes more trips over large distances and meets a larger numbers of people than his grandfather did in his whole lifetime. But people have less spare time—they have to keep abreast of the dynamic rhythm of our life.

The jetliner is a means of rapid travelling which reduces large distances. Small wonder the number of passengers carried

by planes of different airlines of the world is growing every year.

Aeroflot has airways extended for more than 800,000 kms. Its planes annually carry over 100 million passengers and an enormous volume of cargoes and mail. Aeroflot's air routes link over 3,500 cities and inhabited localities of the Soviet Union.

Today Aeroflot's fast airliners fly to more than 70 countries. The routes stretch over more than 800,000 kilometres, of which almost half accounts for domestic routes. Over the last decade Aeroflot's annual transportation volume has more than doubled. Last year, Aeroflot carried over 90 million passengers whereas this year it will carry more than 100 million passengers.

During the past decade the length of the network of international air routes has doubled, and more than 40 new points

have been added to the time-table of regular flights.

The year 1976 saw increase in traffic on routes leading to Havana, Frankfurt am Main, Vienna, Athens, Bucharest, etc.

Many foreign routes cross Moscow which is a very convenient point for transit from Europe to Asia. This is why Aeroflot's European flights attract lots of tourists and businessmen wanting to quickly reach south-east Asia.

The capitals of India, Thailand, Bangladesh, Burma, Sri Lanka, Vietnam and many other countries are linked with Moscow by Aeroflot regular flights which dovetail well with its European flights.

Aeroflot has been flying to American continent for almost twenty years. Today more than 200 African countries are linked by air communication with the Soviet Union. Under the tenth five-year Plan this figure will considerably increase.

Level of Education of the USSR Population (at the year's beginning)						
Total population, 10 years and over			Population engaged in national economy			
1959	1970	1975	1959	1970	1975	
Number of educated persons for 1,000 population:						
Higher and secondary education (complete and incomplete)						
Total	361	483	554	433	653	751
urban centres	469	592	681	564	748	820
rural areas	256	332	350	316	499	622
Higher education						
Total	23	42	53	33	65	84
urban centres	40	62	79	59	90	110
rural areas	7	14	17	11	25	35
Secondary education (complete and incomplete)						
Total	338	441	501	400	588	667
urban centres	429	530	602	505	658	710
rural areas	249	318	333	305	474	587
Average Monthly Wages and Salaries						
Average monthly wages and salaries including payments and benefits from social consumption funds			Average monthly money wages and salaries			
Years	Roubles	Per cent of 1940	Roubles	Per cent of 1940		
1940	40.6	100	33.1	100		
1950	82.4	203	64.2	194		
1960	107.7	265	80.6	244		
1970	164.5	405	122.0	369		
1975	198	488	146	441		

Indo-Soviet cooperation in planning

N. Danilov

COOPERATION BETWEEN the planning bodies of the USSR and the Republic of India started in September 1968 at a meeting in Moscow between Dr D.R. Gadgil, vice chairman of the Planning Commission of India, and a member of this Commission Mr R. Venkataraman, and N.K. Baibakov, vice-chairman of the USSR Council of Ministers and Chairman of the USSR State Planning Committee. At that time views were exchanged on the elaboration of long-range economic development plans of both countries.

During the visit of L.I. Brezhnev to India in 1973 an agreement was signed on cooperation in planning between the USSR State Planning Committee and the Planning Commission of the Republic of India. On the Soviet side the agreement was signed by N.K. Baibakov, and on the Indian side by D.P. Dhar, the then minister of Planning.

Research Group

By this agreement a joint Soviet-Indian Research Group was set up for cooperation in planning within the framework of the inter-governmental Soviet-Indian Commission on Economic and Scientific and Technological Cooperation.

The main function of the planning group is exchange of experience and knowledge in the following spheres:

- economic prognosis;
- methods of annual, mid-term and long-term planning;
- drawing up projects and programmes;
- methods of control and assessment of planned programmes and projects;
- planning of material supplies;
- exchange of published reports and materials.

By mutual agreement, the range of problems under study can be extended on the decision of the planning group.

It will also study problems entrusted to it by the inter-governmental Soviet-Indian Commission on Economic and Scientific and Technological Cooperation.

The sessions of the group are held, as

a rule, at least once a year in Moscow and New Delhi.

The planning group had three sessions since the time it was set up.

The Soviet delegation at the sessions is headed by Prof. A.V. Bachurin, vice-chairman of the USSR State Planning Committee, and the Indian side—by Prof. S. Chakravarty, member of the Planning Commission of India.

During the above-mentioned period experience and information were exchanged on the following questions:

- methods of annual, mid-term and long-term planning, the organisation of statistics and setting up statistical basis for planning and planned calculations;
- elaboration of fuel and power balances;
- methods and principles of cooperation in production cooperation between India and the USSR.

A broad spectrum of problems was discussed at the third session of the research group, held in Moscow from April 1 to 5, 1976. The problems including the ensuring of the implementation of envisaged plans at various levels in the USSR and India; the principles of planning the activity of sectoral ministries and industrial enterprises in the USSR and India; problems of coordination of national and regional plans.

Lively Interest

Information on the Soviet Union's experiences of work on the above-mentioned problems met with lively interest on the part of Indian planning bodies.

During the session of the Research Group in New Delhi the members of the Soviet Planning group became acquainted with the methods of work of regional planning bodies in West Bengal, visited a number of state-owned enterprises: shipyards in Calcutta, radio and electronic as well as machine-tool plants in Bangalore, the heavy electrical equipment plant in Hardwar, the Antibiotics Plant in Rishikesh, the Indian Statistical Institute and the Central Machine-Tool Research Institute, where they studied the methods

of planning and organisation of production in India's public sector.

During the stay of Indian planning specialists in Moscow, they were given an opportunity to visit the experimental research institute of metal-cutting lathes, the research institute of planning and standards of the USSR State Planning Committee, the Council for Studying the Productive Forces under the USSR State Planning Committee.

To have a fuller understanding of the problems of planning the USSR economy, a trip to the Georgian Soviet Socialist Republic was arranged for the Indian delegation during the third session of the Research Group, where its members visited a number of enterprises and studied the methods of solving planning problems in the State Planning Committee of this Republic.

Capital Investment

Indian planners show particular interest in questions of planning capital investments, in the methods of ensuring a harmonious and many-sided development of the economy, in the problem of improving the quality of products and the efficiency of enterprises, in the methods of territorial planning the application of which allows to combine the interests of the state, in general, with the requirements of the development of separate Republics and economic districts.

During the work of the Research Group both sides exchanged various materials and information on debated questions and came to the conclusion that for a more detailed acquaintance of Soviet and Indian specialists with the experience of planning in both countries, it seems expedient to discuss during the fourth meeting of the Soviet-Indian group in New Delhi, the same questions which were discussed at the third session in Moscow. Special attention will be paid to studying the Indian experience of solving these problems.

Cooperation between the planning bodies of the USSR and India marks a new qualitative shift in further improving and extending Soviet-Indian economic relations.

How Soviet Union was industrialised

Alexander Guber

THE USSR was the world's first country to industrialise by socialist methods in the interests of all citizens rather than individual social groups. Industrialisation had to be done quickly, and it was done on a poor economic base and under very unfavourable conditions at home and internationally. Just 13 years after the industrialisation campaign was inaugurated, Soviet industry found itself confronting Hitler's mighty war machine bolstered by the military potential of enslaved Europe. We passed the test with flying colours.

In 1913, at the peak of her pre-revolutionary economic development, Russia ranked fifth in the world in industrial production volume, lagging far behind the leading industrial powers technologically and economically.

World War I, the years of foreign military intervention and the civil war badly undercut the country's economy. Industrialisation was not the first thing Soviet power had to concern itself with; it was the fight against famine and economic dislocation. Although by the mid-20s the country was generally built up again, it remained agrarian and backward.

Great Role in History

The 14th CPSU Congress (1925), which decided "to steer the line of industrialisation, of developing the manufacture of producer goods", played a great role in the USSR's history. This was a decision setting the general trend of Soviet economic development, with emphasis laid on the accelerated development of mechanical engineering as a basis to technically reconstruct the entire national economy.

Finding means to finance industrial development was our problem no. 1. Capitalist industrialisation came about as a result of exploiting the working people, plundering the colonies or war reparations. Quite obviously, none of these could be used by the Soviet state, where industrialisation served the working people. Foreign loans were not available at the time either.

So what were the chief sources? First, the profits from state enterprises, transport,

home and foreign trade. The monopoly of foreign trade, for instance, enabled the state to keep all the profits from exports and plan imports. Second, a substantial contribution was made by peasants who received land free of charge, were relieved of the enormous rents they had paid to the landowners and were vitally interested in industrialisation, because it meant farm machines.

Finally, the state utilised the people's free money through various credit and cooperation institutions savings banks and domestic loans. The first state loan (for industrialisation) was floated in 1927.

Another snag was personnel. To get the people that were needed, during 1928-

Recreation in the USSR				
Number of people who received medical care or were on holiday —(thousands)				
	1950	1960	1970	1974
Sanatoriums and rest and recreation establishments (excluding one- and two-day facilities)	3,785	6,744	16,836	27,464
Including:				
Sanatoriums and holiday hotels with therapeutic facilities	1,654	2,263	3,612	4,243
Overnight sanatoriums	198	424	1,196	1,682
Resort treatment at out-patient clinics	69	392	788	974
Holiday homes and guest houses	1,824	3,103	4,542	4,983
Holiday centres	—	—	1,657	2,364
Tourist centres	40	562	5,041	13,218

1932, the Soviet state upped the number of secondary industrial schools four-fold and higher industrial schools 10-fold. During that period, about 100,000 engineers and technicians went into industry. Seventy per cent of the total student body were factory workers. Industrial academies basically accepting workers were opened.

The dream of industrialisation came true because the land, its mineral wealth and producer goods were publicly owned and the economic system was planned. Our system of planning is unparalleled. The national plan of economic development covers all economic branches and all parts of the country; it is a law to be strictly

observed. This plan was an industrialisation tool, a thoughtout initiative of the party, the people and the state, and not a spontaneous process. The plan set the goals and laid down the ways to reach them.

Accelerated industrialisation using the nation's own resources demanded a strict economy and temporary limitations of consumption. Some authors make the most of the latter, calling it an inevitable by-product of socialist industrialisation. Indeed, it was inevitable in the specific conditions the Soviet Union found itself in during the '20s and the '30s—a country encircled by enemies, badly pressed for time and really short of money. But there are no grounds whatever for making a general rule out of a specific historical context.

Besides, consumption did grow, although at a slower rate than desired. Following the second five-year Plan (1933-37), in which the maximum of means were concentrated on industrialisation, wages grew by 2.5 times and state allocation on social needs by 3.7 times.

Technical Reconstruction

In the first five-year Plan period, 1,500 large industrial enterprises were built. The second five-year Plan saw the technical reconstruction of the national economy basically completed. Whereas in 1928 the Soviet Union imported 30 per cent of its machines, in 1937 the percentage dropped to less than one. Over that five-year period, 4,500 large industrial enterprises were put into operation. In the overall volume of industrial production, the USSR came to rank second in the world after the USA.

Today, one-fifth of world industrial output comes from the Soviet Union; leads the world in the output of coal, oil, iron and steel, and is second in electric power production, generating more electricity than Britain, France, West Germany and Italy together. As compared with the pre-revolutionary level, the incomes of our workers are 9.4 times greater, and those of peasants, more than 13 times.

Mr N. Danilov belongs to the USSR State Planning Committee.

HEC makes profit

D. R. R. Sastri

INDO-SOVIET friendship has played a very great role in making India more or less self-reliant today in respect of core industries—notably steel, power engineering, petroleum, etc.—which help a country chalk out an independent course in economic activities. The progress made over the last two decades in capital goods industries has reduced our dependence on imported equipment to a very great extent—so much so that against the import of 85 per cent of equipment and materials for the first phase of Bhilai, in the case of Bokaro's four million tonne stage, it will be only 14 per cent. This is, to a considerable extent, due to the Soviet collaboration in setting up the Heavy Machine Building Plant (HMBP) at Ranchi, a unit of Heavy Engineering Corporation (HEC).

Our prime minister, Mrs Indira Gandhi, while inaugurating the Bokaro Hot Strip Mill on May Day this year rightly said "Bokaro, Bhilai and the big plant in Ranchi—all those are symbols of friendship between India and the Soviet Union. Whenever our country faced difficulties, like true friends the Soviet people extended their hands of friendship towards us and gave us assistance. For this reason, the friendship between the two countries is not merely between the two governments; but, I think, friendship between the two peoples too".

Positive Boost

The setting up of the Indo-Soviet Joint Commission for Economic, Scientific and Technical Co-operation in September 1972 has given a positive boost in strengthening this friendship.

The Indo-Soviet Treaty of Peace, Friendship and Co-operation (1971) found an expression in the 15-year economic and trade cooperation agreement signed in November 1973.

A new dimension of Indo-Soviet Co-operation that has emerged relates to production cooperation for the supply of

equipment to third countries where the Soviet Union is setting up industries. This is a recognition of the plant's growing capabilities to supply sophisticated equipment conforming to rigid international standards.

The HMBP has secured firm orders for supply of equipment to Yugoslavia and Bulgaria for their aluminium and steel plants.

The equipment consists of electrolyzers for Yugoslavia for extracting aluminium from alumina and coke oven items for Bulgaria to convert coal into metallurgical coke, which is essential for smelting iron ore in blast furnace. Yet another contract for coke oven items for supply to Egypt was concluded a month ago. The manufacture of some of these export items has already started on the production lines.

HMBP will also supply four giant cranes to Cuba, each weighing more than 400 tonnes, to handle copper ore. The

length of the bridge is 66.44 metres (220 feet); the crane has a capacity of handling 290 tonnes of copper/nickel ore per hour.

A high-power Soviet delegation headed by Mr G.P. Seminov, deputy minister for Heavy Engineering, USSR, recently visited the HEC complex and discussed the possibility of supplying steel plant equipment by HEC to various countries in the world where steel plants are being constructed with Soviet assistance.

A protocol to the effect that India will supply 30,000 tonnes of metallurgical equipment for steel plants on a long-term basis has been signed. The items covered under this protocol include equipment for coke oven batteries, metallurgical cranes, as well as important items for blast furnaces, rolling mills and continuous casting machines.

Initially, the Soviet Union will place orders for 15,000 tonnes of equipment.

Output of Basic Industrial Products in the USSR

	1940	1950	1960	1970	1975
Electricity—'000 mill.-kwh.	48.6	91.2	292	741	1,038
Oil (including gas condensate)—mill. tons	31.1	37.9	148	353	491
Coal—mill. tons	166	261	510	624	701
Steel—mill. tons	18.3	27.3	65.3	116	141.0
Mineral fertilizers—mill. tons (in terms of 100 per cent content of nutrients)	0.8	1.2	3.3	13.1	22.0
Chemical fibres and threads—'000 tons	11.1	24	211	623	955
Motor vehicles, total—'000	145	363	524	916	1,964
Tractors—'000	31.6	117	239	459	550
Saw timber—mill.cu.m.	35.4	49.5	106	116	115
Paper—'000 tons	838	11.80	2,334	4,185	5,215
Cement—mill. tons	5.8	10.2	45.5	95.2	122.0
Prefab ferro-concrete structures and units—mill. cu.m	0.3	1.2	30.2	84.6	114
Cotton fabrics—mill. linear m	3,970	3,899	6,387	7,482	7,809
Woollen fabrics—mill.lin.m	122	155	342	496	552
Silk fabrics—mill.lin.m	80.4	130	810	1,241	1,517
Leather footwear—mill pairs	212	203	419	679	698
Radio sets and radiograms—'000	178	1,072	4,165	7,815	8,376
TV sets—'000	0.3	11.9	1,726	6,682	6,961
Household refrigerators—'000	3.5	1.2	529	4,140	5,606
Washing machines—'000	—	0.3	895	5,243	3,284
Granulated sugar (from domestic raw materials)—'000 tons	2,165	2,523	5,266	8,139	7,444
Butter (including production of individual subsidiary farming)—'000 tons	375	481	848	1,067	

The order for the remaining quantity will be placed later. Supplies will spread over from 1977 to 1980. This is the biggest export prospect HEC has so far received.

The agreement marks the implementation of the concept of complementarity in production between the two countries, which was envisaged during discussions in the third meeting of Indo-Soviet Joint Commission held in April this year in Moscow. With its high standards of technological accomplishment and efficiency, HEC is confident of meeting all the requirements of the Soviet Union in conformity with the stringent Soviet specifications.

India and the Soviet Union are also exploring the possibilities of undertaking joint ventures in developing countries since India has the capacity today to supply a wide range of equipment and services for Soviet projects. This opens up great possibilities for expansion of trade.

Major Recipients

Production over the last four years shows that apart from steel plants at Bokaro, Bhilai, Durgapur, Rourkela and the nearby IISCO, Burnpur and TISCO, Jamshedpur, the other major recipients of equipment from the Heavy Machine Building Plant in a substantial measure are Bharat Aluminium Company at Korba for Electrolyzers, Bombay Mint and Advance Mill, Ahmedabad for rolling mills, Indian Aluminium Company, Talaja near Bombay for Slitting and Trimming Lines; various coal fields, iron ore mines, limestone quarries and even the far-flung Beas Project for excavators; crushers—some of them world's biggest; stackers, reclaimers and wagon-loaders; the Metal and Steel Factory, Ishapore near Calcutta for the revamped Bar Mill, Bhabha Atomic Research Centre for the 262-tonne Magnet for Cyclotron; and even the snow-bound Ladakh in Kashmir where our Well Drilling Rigs are drilling for water.

The Heavy Machine Building Plant has maintained the upward trend in production and productivity. The value of production rose from Rs 38.15 crores in 1973-74 to Rs 56.11 crores in 1974-75 and to Rs 65.80 crores in 1975-76. This has encouraged the management to raise

the target of production in 1976-77 to Rs 77 crores which is Rs 11 crores more than what was achieved in 1975-76.

HEC's first earning of profit of Rs 199 lakhs in 1975-76 has deeply stirred the sentiments of not only HEC employees but our countrymen at large who have an abiding faith in the philosophy of the public sector. HMBP is proud of its substantial contribution of profit to the HEC complex that made it a profitable undertaking.

Helping with Expertise

In the design and other preparatory departments as well as on the shop floor, Soviet experts have helped their Indian colleagues to master the technology and expertise. Our designers have now become so skilled that they have developed and are developing designs of many sophisticated equipment such as 320sq m sintering machine, 2700 cu. m. blast furnace, 30 cu.m. coke oven, 280/3 0 tonne capacity converter, 6 metre coke oven machine, 2500-tonne hot metal mixer, 450-tonne ladle crane and rolling mills of various types and sizes including 3600 mm Plate Mill for Bhilai, which is one of the biggest of its type in the world. This has been possible owing to the sincere and spontaneous flow of technical know-how provided by Soviet specialists. The cherished friendship and cooperation between India and the Soviet Union has acquired a new dimension today not only in respect of the 'core' industries. This holds equally true in respect of our stock of technologists which is next only to that of the Soviet Union and the United States. In a single generation, technological self-reliance has

been brought within sight for which we are indebted to the Soviet Union in no small measure.

The steel ministry's proposal for a perspective plan to establish a production capacity of 75 million tonnes by the end of the century is aimed at matching the growth rate in the country's economy envisaged during the next two decades.

This will stretch the potential of the HEC to the utmost. But if past performance is any indication, HEC will definitely be able to meet most of the country's requirements of equipment for steel plants and the mining industry. The increased production in steel will result in more production of electricity, engineering goods, agricultural equipment such as tractors, ships and a host of other industries that will change the face of India.

Plant and Machinery

And then our people will recall gratefully the help that we got from the Soviet Union in the earlier decades in the form of plant and machinery for industries in the 'core' sector. But we would always envisage a lot of production cooperation in third countries and complementarity in production between our two countries.

HEC has, to a very great extent, fulfilled the role it was set up for—achievement of self-reliance in strategic sectors and thus strengthened our economic independence. Dwindling import of plant and machinery and increasing export of iron and steel, engineering products, durable goods etc. would bear this out. In the coming years, the corporation's growing impact on the industrial economy will certainly be more pronounced.

Payments and Benefits Received by the Population from Social Consumption Funds

	1940	1950	1960	1970	1974	1975
Payments and benefits, total—'000 million roubles	4.6	13.0	27.3	63.9	83.0	90.0
including:						
Free education and cultural work	2.0	4.9	7.9	18.7	24.3	
Health protection and physical culture (free medical service, sanatorium and health-resort accommodation, physical education, etc.)	1.0	2.2	5.9	10.0	12.0	
Social security	0.9	3.7	9.9	22.8	30.3	
including:						
Pensions	0.3	2.4	7.1	16.2	22.1	
Allowances	0.5	1.2	2.6	6.1	7.3	
Payments and benefits per capita—roubles	23	72	127	263	329	352

Mr D.R.R. Sastri is the Executive Director, H.M.B.P., Heavy Engineering Corporation.



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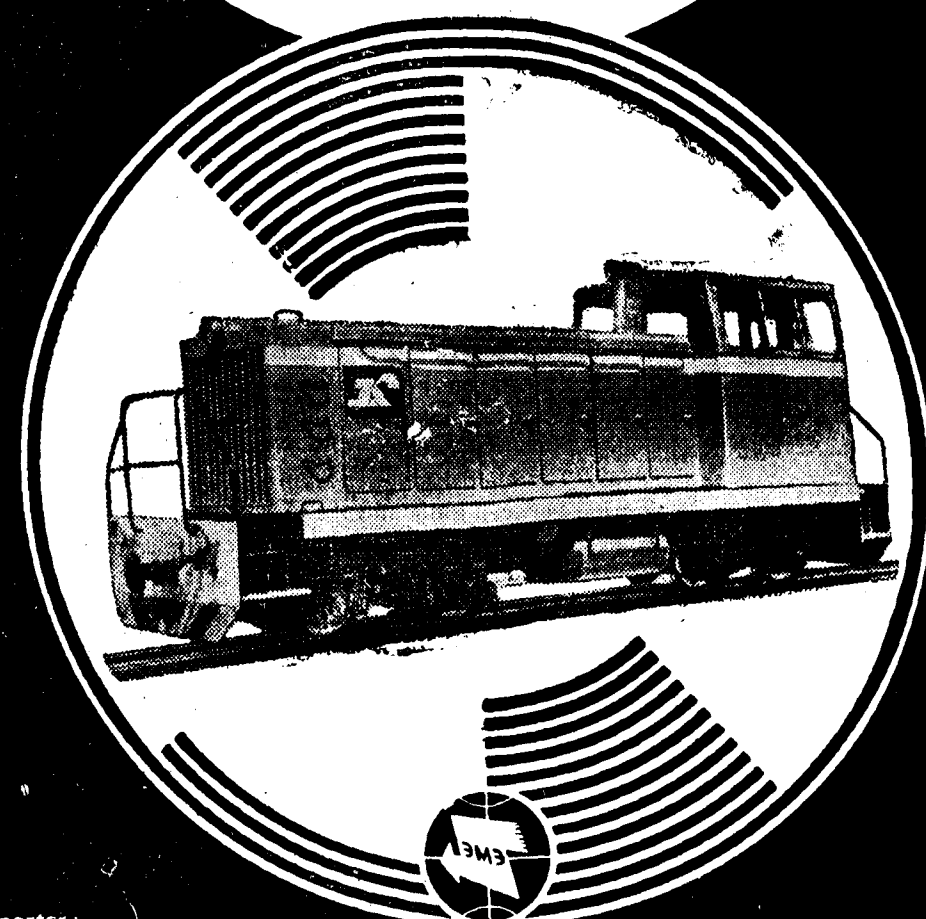
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Instrumentation in plants

Girish Chandra

INDO-SOVIET cooperation has contributed substantially in the development of the Indian economy, particularly in the field of steel, oil exploration, pharmaceuticals, heavy electricals, machinery and agriculture. This cooperation in the economic field is normally arranged through bilateral inter-governmental agreements, which include specific projects in compliance with the wishes of the parties and after technical and economic analysis has substantiated their advisability.

Recognising the importance of precision measurement and control instruments, which make possible efficient functioning and control of major industries such as power generation, fertilizer production, metallurgical process plants, oil refineries etc, it was decided by the two governments that these instruments should be made in the country so that India could acquire expertise and capability to design, fabricate and erect plants.

It was in this context that Instrumentation Ltd, a government of India enterprise, was set up at Kota, Rajasthan, with the technical collaboration of the USSR. The company had, to start with, the only objective of manufacturing some process control instruments for the process plants. The activity was later on expanded to include the concept of supplying instrumentation schemes 'on a turnkey basis'. The company has achieved its goal of self-reliance in the field of instrumentation for process plants on a turnkey basis, and has also been able to enter the foreign market in a significant way.

Commercial Production

The company started its commercial production in 1968 and in the brief period of eight years it has achieved a leading and reputable position in the provision of measurement and control instrumentation schemes to key sectors of the country's economy. This has been possible because of continuous progress by sustained growth and development of new products as well as continuous updating and im-

provements in the existing range besides efforts at diversification.

At the initial stage, Soviet collaborators helped in creating a sound technical base and up-to-date tool-room, shops and laboratories which in the process of development, have helped in technical activities and yielded considerable results and advantages. In the beginning, the Soviet collaborators and the management of the company, took speedy and corrective actions resulting in substantial diversification with the result that this company has now secured a prominent place in the country as the most successful plant. This was made easy by the efforts put in and steps taken by both the parties.

The Kota plant was designed in the Soviet Union. This modern plant has comprehensive, sophisticated machinery and test equipment, quite a few of which have been provided from the Soviet Union under the credit arrangements. Nearly 100 Indian specialists from the company have undergone six months to 1½ years training at the Soviet plants. Ad-

ditionally visits of the top management of both the countries have been organised which have further fostered a feeling of understanding and cooperation based on appreciation of difficulties rather than activities being bound on legalistic contractual obligations. This has enabled speedy implementation of the various actions, including the major diversifications undertaken within six months of the commencement of production in October 1968.

Technical Assistance

Soviet specialists, in the initial stage, rendered assistance in technical activities but the Indian specialists at the IL plant lost no time in acquiring the necessary competence and skills and today, the plant is run by Indian engineers and technicians. With this strong foundation of Indo-Soviet economic cooperation in achieving the goal of self-reliance, Instrumentation Ltd, has a number of achievements to its credit today.

In 1975-76 the achievements were Rs 575 lakhs in production and turnover of Rs 1059.37 lakhs (growth of 60 per cent over the previous year). The second unit of the company at Palghat has achieved production worth Rs 54 lakhs during the period of four months since it started production in December 1975.

The company has till date made about Rs 496.71 lakhs profits after tax with cumulative turnover of Rs 4416 lakhs thus saving so much foreign exchange for the country. The company has created reserves worth about Rs 252 lakhs and paid Rs 81.89 lakhs in dividends and returned to the government loans amounted to Rs 282 lakhs.

The second unit of the company established with the technical collaboration of M/s Yamataka-Honeywell Co Ltd, Japan for the manufacture of control valves and allied items commenced production from December 1975.

The company is manned by a little over 2000 employees (including the work force at various sites) and has developed

One Day in the USSR			
	1960	1970	1975
Average daily output of basic industrial products:			
Electricity—mill kWh	799	2,030	2,844
Oil (including gas condensate)—'000 tons	404	967	1,345
Natural gas—mill. cu.m	124	542	793
Coal—'000 tons	1,392	1,710	1,921
Steel—'000 tons	178	318	387
Iron ore—'000 tons	289	536	638
Mineral fertilizers (in arbitrary units)—'000 tons	38	152	247
Metal-cutting lathes	426	554	635
Motor vehicles	1,431	2,510	5,381
Tractors	652	1,256	1,508
Paper—'000 tons	6.4	11.5	14.3
Cement—'000 tons	124	261	334
Fabrics of all kinds—mill. sq. m	18.1	24.3	27.3
Leather footwear—'000 pairs	1,146	1,860	1,913
Clocks and watches—'000	71	110	151
Radio sets and radiograms—'000	11	21	23
TV sets—'000	4.7	18	19
Household refrigerators—'000	1.4	11	15

¹⁾ Figures are calculated in accordance with number of year days (1960—366; 1970 and 1975—365).

Cooperation of CMEA countries with India

V. I. Morozov

competent base supported by engineers, technicians, skilled draughtsmen etc, who are directly engaged in technical activities such as systems engineering, erection and commissioning at customers' sites, research and development and other engineering and production activities. A number of products have been developed with indigenous know-how and using indigenous components.

The provision of turn-key instrumentation schemes to thermal and steel plants were considered the best market segments with growth prospects combined with relative strength to show the most profitable market possibilities. Hence, this area was chosen for developing technical competence in the first phase.

Eight major products with over 60 variants were added to the product range from time to time and side by side with re-organisational measures competence was generated in systems engineering and design, installation and commissioning of instrumentation schemes at project sites.

Gratifying Results

The results in this direction have been gratifying. From an order booking of Rs 4 million towards the end of 1957, the company has secured till March '76 a business of Rs 832 million for provision of instrumentation for projects as well as retail market including small systems. Till March 31, 1976 against project orders of Rs 750 million till date, execution is worth nearly Rs 331 million and the balance Rs 410 million is required to be executed during the next few years. Similarly, in the retail area including small projects against a total order of Rs 135 million, executed orders account for Rs 83 million and the balance of Rs 52 million would be executed within two years.

The erection and commissioning activities of the company are spread all over the country and for two projects in Malaysia. At present work is going on at over 18 different project sites. The number is expected to increase to about 25 sites in the near future. A number of thermal power stations such as Delhi 'C', Chandrapur (DVC), Harduaganj, Santaldih, Badarpur, Obra, Kothagudem, Bhatinda and Faridabad were commissioned successfully. Other units like Namrup, Ukai, Ennore, Korba, Panki along with export

projects such as the Tuanku Ja'afar Power Station and Sultan Ismail Power Station in Malaysia are in advance stages of commissioning. A number of units of the first blast furnace complex of the 1.7 million tonne stage and several at the second blast furnace complex of Bokaro steel plant instrumented by IL have also been commissioned in this year. The Hot Strip Mill of Bokaro Steel Ltd which is the biggest of its kind in Asia and second among such in the world, was successfully commissioned in December '75 and IL's contribution in putting the mill on stream has been significant as the work of instrumentation therein is intricate and vital for a mill specially of the nature of the one at Bokaro; the job was completed well ahead of schedule and the mill is in commission now.

To keep in step with the latest development in the field of instrumentation, the company attaches due importance to R&D activities. The Research and Development Department has further plans to expand and become a National Research Centre under NCST plan.

Recently, miniature potentiometric indicators and Resistance Temperature Detector type B1 and modified type B1 for nuclear power stations, solenoid valves and thermocouples for aero engines and low temperature thermometers have been developed and production is to be taken up this year.

Besides these, design work on suitable interfacing equipment for hooking the existing electronic controllers with pneumatic actuator for application in 200 MW power stations has been completed and some units put on field trials. A new sequential control system

and solid state alarm annunciation systems for power stations have also been developed and put into production.

The company has already secured orders or letters of intent from several countries in west Asia and south-east Asia for the sale of its products on retail basis. Accordingly, the products of the company has been exported to such countries as Iran, Syria, Iraq, Turkey, the UAR, Thailand and Nepal. Continuous efforts are being made to secure export orders and further contacts on turn-key projects. The total export achievement during 1975-76 is nearly Rs 100 lakhs.

The future plans include modernisation of its existing product range of Kota unit. Diversification schemes include manufacturing in 1976-77 of Gas Analysers and accessories in the line of Pollution Control Instruments, the entire requirement of which is presently met by imports. The company has entered into collaboration with a reputed West German firm M/s Hartmann and Braun, AG, leaders in the field of on line Gas Analysers, and an agreement has already been signed on March 23, 1976. This will not only save but also earn foreign exchange through export.

The company is shortly going to modernise its present range of products in collaboration with a western firm for miniature instruments with standard current output of 4-20m Amps and computer compatibility. This range will have wide acceptance of instrument specialists and users in all the industries of the country.

Manufacture of an electronic exchange for defence services to stringent standards has also been taken in hand.

Kindergartens and Nurseries in the USSR						
(at the year's end; in thousands)						
	Total		Including			
			Urban centres		Rural areas	
	Kindergartens and nurseries	Number of children	Kindergartens and nurseries	Number of children	Kindergartens and nurseries	Number of children
1940	46	1,953	24	1,422	22	531
1950	45	1,788	26	1,380	19	408
1960	70	4,428	43	3,565	27	863
1970	103	9,281	62	7,380	41	1,901
1975	115	11,534	64	8,960	51	2,574

The experience of India and other newly independent countries indicates that their socio-economic development can be much helped by all-round cooperation with the socialist countries. Such cooperation is attractive for the developing countries not only because it is equitable but also because the partners make wide use of the existing international division of labour and their natural and economic peculiarities. Moreover, India pays for equipment and know-how from the socialist countries with traditional Indian export items such as tea, jute manufactures, coffee and spices and increasingly in the recent years, with such manufactures as footwear, textiles, various equipment, clothing, linen and pharmaceuticals.

Characterizing Soviet-Indian relations, Soviet prime minister Mr. A.N. Kosygin recently said that India belongs to those developing countries with whom Soviet trade and economic cooperation has entered "such a stage as to enable one to talk about well-established mutually beneficial economic ties."

The Soviet Union is always ready to help in every way to develop the Indian economy. In this regard one may say that Soviet-Indian relations are a model of cooperation between states with different social systems and are an example of relations between the socialist countries and the newly independent nations.

Aid on Easy Terms

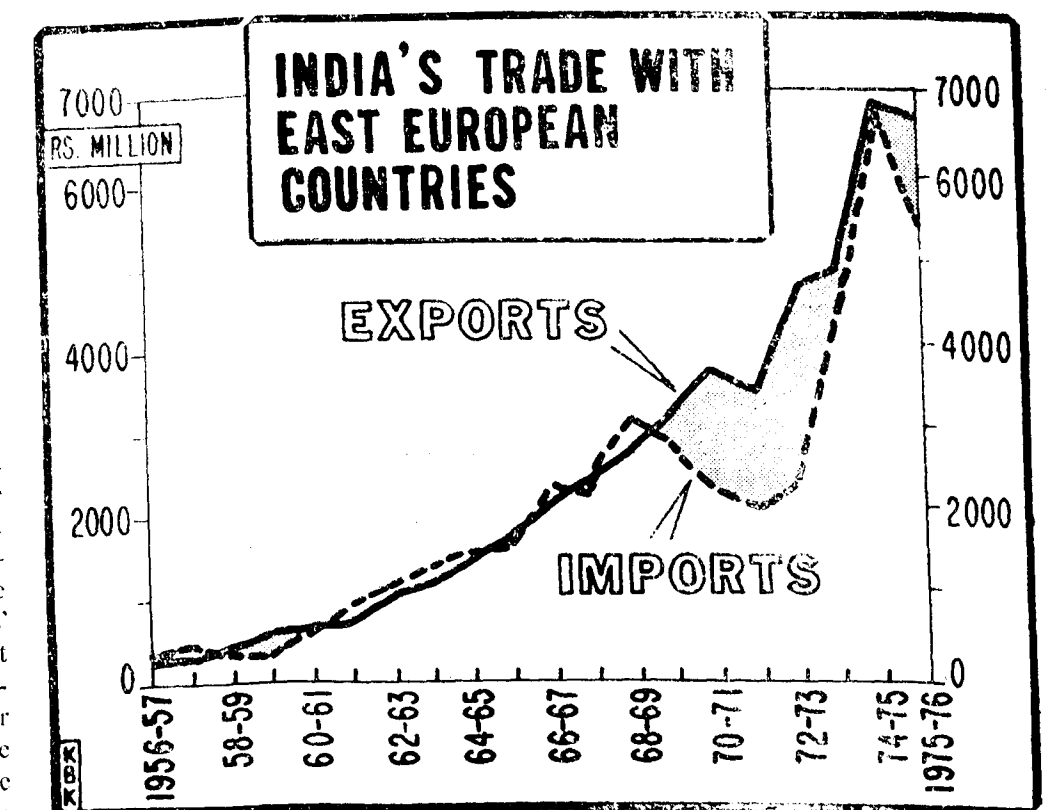
The socialist countries have extended economic aid and technical assistance to India and other developing countries on extremely easy terms. Credits are granted at 2.5-3 per cent annual interest and are repayable within 10-12 years, not in hard currency or gold but with India's traditional export items or with products of the enterprises built with the socialist countries' assistance. This has several important implications for India—first, national production growth, more jobs and higher national income; second, a large stable market in the CMEA countries for the sale of her goods at fixed prices; and third, a

possibility to overcome her technological backwardness at a fast pace, since exports from the socialist countries are largely machines and industrial equipment. Export from the socialist countries is stable and does not depend on supply-and-demand fluctuations, in sharp contrast to the limited and unstable non-communist markets, particularly in times of economic downturn and monetary crisis. The role of the socialist market for Indian economy is further enhanced by the socialist countries' ever increasing import from India of manufactured goods. For instance, manufactures are to account for about 60 per cent of Soviet imports from India in 1976 as against some 50 per cent in 1970. Since 1967 the GDR has been buying from India machine tools, equipment for the printing and textile industries and tyres. Hungary imports from India refrigerators and compressors; Czechoslovakia pipes, machine tools, refrigerators and tyres; Poland lorries, railway cars and pipes. The CMEA countries' increasing purchases of manufactured goods make for a considerable

improvement of the commodity structure of Indian foreign trade and enhance its efficiency, which has a very favourable influence on the general state of the Indian economy.

Close trade and economic ties between the USSR and India have a record of more than two decades. Over this time the volume of Soviet trade with India has increased 300 times; in the 1960-1973 period alone it grew from 104 million roubles to 589 million roubles. India is one of Soviet Union's biggest foreign trade partners. India imports from the USSR machines, equipment, tractors, harvesters and electrotechnical goods. The USSR buys from India hides and skins, wool, jute articles, rolled steel, machines and equipment, vehicles, power cable, tools and cast metal.

The November 1973 Soviet-Indian summit talks gave a powerful impetus to further development of friendly relations between the two nations in all spheres and opened up fresh prospects for long-term cooperation. It was stressed that coopera-



tion should be elevated to a qualitatively new stage. Above all it means improving and broadening industrial cooperation between the USSR and India and carrying out a number of long-term large-scale economic and technical projects, in particular the expansion of the Bhilai and Bokaro steel plants, the designing and manufacturing of metallurgical equipment at the Ranchi heavy engineering plant, Soviet deliveries of standard equipment for the Hardwar heavy electrical equipment plant, etc.

Public Sector Channel

Economic and technical assistance given to India by the Soviet Union and other socialist countries is primarily channelled into the public sector. The public sector is India's pride and the foundation of her economic strength. The contribution of the socialist countries and above all the Soviet Union to the development of the public sector can hardly be overestimated. As of now, about 50 Soviet-assisted projects have been put into service and 20 enterprises are being built or designed. Enterprises built with the help of the Soviet Union and other socialist states play an important role in the Indian economy, producing 80 per cent of machines, 60 per cent of electrical equipment, 40 per cent of oil products, 40 per cent of steel and 20 per cent of electric energy. These enterprises have been constantly improving production methods and increasing output. Jawaharlal Nehru called the Bhilai steel plant—the first steel plant in the public sector—a symbol of new India. Since its completion the plant has produced some 22 million tonnes of steel, which is exported to many countries. The present annual output is two million tonnes of steel, which is more than one-third of all steel produced in India.

In 1974 alone the plant brought a net profit in excess of Rs 100 million. The example of this plant brings out one important feature of Soviet assistance to India—it is comprehensive and aimed at developing whole branches and building enterprises that are connected by direct production links. For instance, the Rajara, Pakhar and Dalli mines supply the Bhilai plant with iron ore, the Nandini quarry with limestone. The Bhilai plant uses electricity from the Korba thermal power station and

equipment from the Ranchi and Durgapur machine-building plants.

Of great significance for India is the Ranchi plant, since it produces equipment for various Indian industries—cement, chemicals, aluminium, etc. The annual output of metallurgical equipment alone is sufficient for a plant with a capacity of one million tonnes of steel a year. Since 1964 the Ranchi plant has produced 2,20,000 tonnes of various equipment and steel structures. The Durgapur plant makes almost all what is necessary for the coal industry and ports. The Hardwar plant ensures India's self-sufficiency in heavy electrical equipment, including steam turbines with a capacity up to 200 megawatts.

Soviet assistance was instrumental in starting the extraction and refining of oil. Oil refineries in Barauni and Koyali, built with Soviet help and processing annually three million tonnes each, account for 30 per cent of Indian oil products. Now the Soviet Union is helping India to build a refinery in Mathura. With annual output of six million tons, it will be the biggest such facility in south and south-east Asia. Given the present world energy crisis, the significance for the national economy of the Indian oil industry can hardly be overestimated.

More than 2,500 Indian specialists have received technical training in the USSR. Soviet instructors help in training specialists at Indian educational establishments and directly in Soviet-assisted projects. For instance, since 1959 the training centre at Bhilai established with Soviet help turns out every year about 500 qualified specialists.

With socialist assistance, economic and

technical, India has created such a potential as to plan the building of a number of new enterprises. While in the completion of the first stage of the Bhilai plant 20-years ago only 10 per cent of Indian-made machines and equipment were used, in the construction of the first stage of the Bokaro plant this share rose to 65 per cent. This change has become possible due to the creation in India of a large-scale machine-building industry. In future the share of plants made in India will continue to grow.

Soviet-Indian cooperation in agriculture is being developed with a view to achieve self-sufficiency in food. A number of state farms were set up with Soviet help. India has imported more than 35,000 Soviet tractors. Soviet and Indian scientists cooperate in soil improvement, in breeding new varieties of grain and in fertilizer research.

India's trade and economic relations with other socialist countries are likewise advancing. For instance, the Bulgarian-Indian programme of scientific and technical cooperation provides for joint research in machine-building, metallurgy, pharmaceuticals and other fields. Bulgarian specialists helped in the construction of a sulphuric acid plant in Sindri. The GDR rendered assistance in the construction of a grinding machine plant in Bangalore and a cable plant in Kerala state. The printing factory in Patna is fully equipped with a plant from the GDR. Hungary assisted in the construction of a glass-works in Hyderabad and an aluminium oxide plant in Korba, the biggest in India, whose production is in demand not only in India but abroad as well. Czechoslovakian assistance was instrumental in building big

industrial facilities—the iron casting and forging plant and the heavy machine-tool plant in Ranchi, the heavy electrical equipment plant in Hyderabad, and the high-pressure boiler plant in Tiruchirappalli. At present Czechoslovakia is helping complete an electric insulation plant in Nankun and a grinding machine plant in Ajmer. About 3,000 Czechoslovakian specialists have taken part in building and starting various projects in India. Some 2,000 Indian skilled workers and technicians have been trained in Czechoslovakia.

Fast developing are trade and economic ties between Poland and India. At present India accounts for about 20 per cent of Poland's trade turnover with the developing countries. Among the socialist countries, Poland is India's second biggest trade partner after the Soviet Union. Poland sells to India ships and ship equipment and helps to expand coal production, develop mines and the Indian copper ore industry. Poland assisted in building

electric power stations in Barauni, Koradi and Nagpur.

Rumania and India carry out long-term (10-15 years) programmes of all-round cooperation. This cooperation in production and research extends to mining, geological exploration, oil, steel, machine-building, agriculture, the petrochemical and power industries. Rumania helped to build an oil refinery in Gauhati with a capacity of 7,50,000 tonnes a year. Rumanian specialists are assisting in the construction of a thermal power station in Singhereni.

In recent years the socialist countries have increasingly put their economic and technical assistance to India on a cooperation basis. Soviet and Czechoslovakian cooperation with India is an example of such cooperation, which resulted in the construction of a complex of related enterprises—the heavy machine-building plant, the casting and forging enterprises and the heavy machine tool plant in Ranchi. These enterprises have become the principal suppliers of heavy machine tools for the home market and for export.

Economic relations of the socialist countries with India are not a passing phenomenon, but a long-term cooperation based on mutual benefit and regard for the partners' interests and needs. To secure constant coordination in carrying out joint projects, the socialist countries and India have set up joint inter-governmental commissions on economic, scientific and technical cooperation. When cooperating with the developing countries, the socialist states do not invest capital there, nor do they claim property rights for the enterprises they helped to build, nor do they try to establish control over the developing countries' economies.

All-round cooperation of the socialist countries with India is gaining momentum from year to year. This cooperation is in the interests of both sides, since it gives India vast opportunities for economic growth and for solving a number of urgent social problems and promotes the international division of labour and cooperation.

Soviet enterprises

THE FIRST national exhibition of the Soviet Union in India opened in New Delhi on November 14 and will last till December 5, 1975. It has been organised for the specific objective of further promoting collaboration between the enterprises of the two countries. No less than 22 Soviet foreign trade organisations are taking part in it. Given below are brief details about the exhibits and the achievements of some of these enterprises:-

The export display is opened by V/O Stankoimport exhibiting metal-working machine tools, cutting tools and gauges, bearings in a variety of sizes. Every machine is shown in action, and one should by no means miss the chuck-centre lathe, the numerically controlled (NC) lathe, the horizontal-cantilever milling machine, the 4G721M spark erosion machine. The last mentioned machines are just a few specimens illustrating the engineering level attained by the Soviet machine tool making industry, with

Soviet-made machine tools providing their fine workmanship and broad versatility on more than 70 countries worldwide, India, of course, included.

The exhibits of V/o Technomachexport are textile machines: a winder and a spinning frame, a pirn winder, an automatic air-needle loom; printing machinery is exhibited, too. The high-capacity single-shuttle automatic loom is a particular attraction in this display. Electrical engineering equipment, a range of electric motors, thyristors, diesel engines, transformers make up the display of V/o Energomachexport. The display also features welding equipment including the multi-station welding rectifier and the cold-welding machine which have become steady gold medal-winners of numerous international events.

The development of power supply and power engineering in the Soviet Union is the theme of the display presented by the

USSR Ministry of Power and Electrification.

About three thousand Soviet-built air-planes and helicopters are flown by the air lines of European, Asian, African, Asian and Latin American countries. V/o Aviaexport shown at the exhibition true-to-life reduced-scale models of the world famous planes AN-26, IL-76, TU-144, YAK-40 and helicopters MI-8, KA-26. The YAK-40 Jet is a success both on domestic lines and international routes, the creation of this aircraft having, at least, solved the problem of operating jet planes from air fields of a modest size.

The display is continued by Aeroflot—the world's largest air lines, its comfortable liners making regular connection to 69 countries in Europe, Asia, Africa and Americas.

V/o Mashpriborintorg attracts to its stands by colour and b&w TV sets, hi-fi radios and tape recorders. With every exhibit an attraction by itself, the

Year	Number of Pensioners in the USSR (at the year's beginning; millions)			
	Pensioners, total	Pensions for old age	Including	
			Pensions for disability, long service, loss of breadwinner, outstanding services, etc.	Pensions for war veterans (disabled during World War I, Civil War, Patriotic War) and members of their families
1941	4.0	0.2		
1951	19.5	1.0	3.4	0.4
1961	21.9	5.4	3.8	14.7
1971	41.3	24.9	10.5	6.0
1975	44.4	28.8	12.1	4.3
			11.9	3.7

“Rubin-710D” and “Rubin-711D” colour TV sets, the “Yunost-402-D” portable TV set, the “Riga-104” and “Sokol-308” radios are the most attractive of them all.

V/o Elektronorgtehnika displays computer hardware, including the ES-1022 Computer of the new make of improved ratings not inferior to the world's best models.

Fifteen license propositions characteristic of the degree of scientific and engineering advance in various industries are presented by V/o Licensintorg.

Soviet organisations Promsyrioimport, Raznoimport? Sojuzhimexport show a score of samples of rolled stock of ferrous metals, aluminium and its alloys, non-ferrous metals, of crude oil and petrochemical products, of sulphur, asbestos, calcium chloride, etc.

Numerous is the display of V/o Mezhdunarodnaya Kniga—sole exporter of books, magazines, postal stamps, gramophone records, slides from the USSR—at the present exhibition. The organisation maintains trade with trading and publishing companies in 133 countries really and truly worldwide. The exhibits of this organisation include books by Indian writers, well-liked and popular among Soviet readers. All in all, there have been published in the USSR in 30,000,000 copies above 700 titles of books by Indian writers and scientists, and that in 34 languages of the peoples of the USSR.

Art lovers and collectors are invited to view the colourful albums telling of the modern Soviet art and of the masterpieces of Russian fine arts. Stamp collectors are going to enjoy postal stamp from the Soviet Union—with 30 boards displaying such series as “Lenin”, “Outer Space”, “USSR Flora-Fauna”, “Sports”, “Art”, etc.

The sponsors of the display in the health section are Soviet foreign trade organisation Medexport and the USSR Health Ministry.

With two Soviet Socialist Republics—Byelorussian and Azerbaijan—as an example, the exhibition tells of the triumph of the Lenin national policy in our country—the policy of equality, friendship and brotherly mutual assistance of all the peoples of the USSR. The two Republics take part in an exhibition in India for

the first time, their exhibits being a combination of industrial equipment and traditional national export goods. The display of consumers' goods and samples of applied folk arts is quite prominent.

Electronorgtehnika

V/o Electronorgtehnika celebrates its fifth anniversary this year. It has established business and trade contacts with firms and companies in more than 30 countries worldwide, the trade relations with India occupying one of the most important places in the overall activities of the organisation.

To help India's national economy to solve its problems, the Soviet Union supplies to the country a broad range of machinery and equipment, with the main trade partners of V/o Electronorgtehnika in India being such well-known companies as ETTDC, Computronics India, and others.

Soviet-made computers have already established for themselves a good reputation in India. The BESM-6 Computer, for one, at Bhabha Atomic Research Station in Bombay, has been already operating for several years, practically without a single error.

At present, V/O Electronorgtehnika supplies to India the newest computers of the Unitary System (EC) which have already demonstrated stable and efficient performance in Computer Centres in Bombay—Indian Institute of Technology, in Khargpur—IIT, in Baroda-ORG, etc.

The EC-1033 Computer is the bright-prospects Model of the “Ryad Series” with its ability to run 15 operating programmes simultaneously with parallel operation of the processor and peripheral

There is every reason to believe that the Soviet National Exhibition in New Delhi is going to supply a new impetus in the fruitful development of Soviet-Indian relations.

devices. The operating rate is 200,000 op/sec, the main 256-512 KByte memory being of a modular structure, and the external storage using both disc and tape units.

The EC-1022 Computer also belongs to the Unitary System of 3d-generation computers, already manufactured by the industry. The hardware of EC-1022 meets every present-day requirement in both technical and logical respects. The computer is likewise adapted for multi-programme operation: it can run 3 programmes with the DOS/EC disc internal storage and up to 15 programmes with the OS/EC internal storage; its memory can be extended to 512 KByte from the standard 128 KByte. The structural design of the Computer enables to build it into various configuration of computer facilities.

The organisations's display also presents to specialists and general public such computer hardware units as EC-5051, EC-7051, EC-7906, EC-8001 which are also the members of the Unitary System Hardware Set. They can be viewed in operation, with their rating and specifications investigated.

Also displayed are several boards with radio and electronic components exported by V/o Electronorgtehnika, every exhibit in this display being a product of the latest technology in its respective field.

Technoexport

Vsesojuznoje Exportno-Importnoje Objedineniye (The All Union Export-Import Corporation) V/O “Technoexport” is one of the oldest foreign trade organisations of the USSR. Founded in 1932, V/O “Technoexport” was the first to offer foreign customers technical assistance in designing and construction of industrial enterprises and civil structures.

V/O “Technoexport” was set up for carrying out exclusive export transactions for the machine-building, metallurgical,

metal working, electro-technical, automobile, agricultural machinery and tractor-building industries as well as for executing construction and assembly works abroad.

As possibilities increased for the export of products and as their demand rose, a number of branches of industry were transferred to other foreign trade organisations, and V/O “Technoexport” turned to exporting complete equipment, as well as construction by contracts and

rendering technical assistance to foreign countries in the completion of a wide range of industrial and civil engineering projects, especially large-panel housing, residential and administrative buildings, building material plants, highways and railways, bridges, ports, stadiums, medical enterprises and educational institutions.

Firms and organisations of more than 50 countries have now business relations with V/O "Technoexport". Over 300 industrial and civil projects have been or are being built abroad with V/O "Technoexport"'s technical assistance.

The designing of industrial enterprises and civil projects undertaken by V/O "Technoexport" for foreign customers, is carried out by specialised design and research institutes which have much experience in such work.

Some 1,500 Soviet machine-building and other plants manufacture and supply modern equipment, machinery, apparatus, instruments, materials, etc., for V/O "Technoexport"'s foreign customers.

V/O "Technoexport" rendered technical assistance in carrying out geological prospecting for all kinds of minerals in 22 countries. Soviet geologists have helped in exploring and discovering large deposits of: oil in India, Syria; gas—in the GDR, Afghanistan; mercury—in Algiers; cobalt—in Morocco; bauxite—in Guinea; copper and molybdenum—in Mongolia; phosphorites—in the Arab Republic of Egypt; gold—in Mali.

With the technical assistance of V/O "Technoexport" 14 large-panel building factories with more than 1.2 million sq.m. of living area per year are constructed abroad in such countries as Hungary, Poland, Bulgaria, Afghanistan, Cuba etc.

V/O "Technoexport" also renders technical assistance in completing enterprises producing construction and thermal insulation materials, pre-cast concrete, glass, etc.

It has great experience in rendering technical assistance in the construction of enterprises of light industry, hotels and administrative buildings. Among them are famous top-class hotels such as "Inya Lake" in Burma and "Cosmos" in Congo (Brazzaville), and a studium in Bamako (Mali), etc.

About 20 higher educational establish-

ments with facilities for over 13,000 students and more than 70 training centres for workers in various skills have been organized and equipped abroad with V/O "Technoexport" technical assistance. These include polytechnical institutes in Hanoi (Vietnam), Bahar-Dar (Ethiopia), Rangoon (Burma), Kabul (Afghanistan), Technological Institute in Rangoon (Burma), training centres in Alexandria, Cairo, Aswan (ARE), Isfahan (Iran), and Taundji (Burma).

In India, a technological institute in Bombay, colleges in Bhilai, Baroda, Hyderabad and Bhopal and some other educational establishments have been organised and equipped with V/O "Technoexport" assistance.

V/O "Technoexport" renders assistance in the construction of highways, railways, bridges, sea and river ports, metro, etc. to more than a dozen foreign countries.

During the past 10 years with V/O "Technoexport" assistance, 853 km of railways have been constructed and 613 km are now under construction. 210 km of railways have been equipped with centralised traffic control devices, 1647 km. of highways have been built, four sea and river ports have been constructed and reconstructed, nine highway and railway bridges of the total length of 1973 metres have been built.

V/O "Technoexport" is now assisting India in the construction of the first subway line in Calcutta.

V/O "Technoexport" also renders technical assistance in the construction of

plants manufacturing antibiotics, pharmaceuticals, surgical instruments and in building medical establishments as well.

No less than 15 drug plants, 17 hospitals, maternity homes, etc., have been built with V/O "Technoexport" technical assistance in ARE, Burma, Congo (Brazzaville), Mongolia and other countries. Three plants which now constitute Indian Drugs and Pharmaceuticals Ltd, a public sector undertaking, were built with V/O "Technoexport" assistance.

The Rishikesh antibiotic plant is the biggest in Asia. Commissioned in 1967, the plant has rapidly expanded its capacity during the last eight years. Thus, during the last financial year it increased its output by 15 per cent and now meets 35 per cent of the country's demand for bulk drugs. By the end of the 70's the capacity of the plant will be raised by another 171 tonnes. This will mean adding two or three more units. The expansion programme will include an addition of 15 new synthetic drugs and eight new antibiotics in its product-mix.

Another IDPL unit—the synthetic drugs plant at Hyderabad with an annual capacity of 850 tonnes of bulk drugs and vitamins—was also built and equipped with the technical assistance of V/O "Technoexport". This plant, which started production in 1966, will, after the completion of the current programme of its expansion, produce about 2,000 tonnes of vitamin B-2, folic acid, analgin, amidopyrin and other life-saving drugs.

Prommashexport

The Soviet foreign trade organisation V/O "Prommashexport" was established in 1957 after the reorganisation of V/O "Technoexport"

Keeping up the best traditions of the Soviet foreign trade organisations, V/O "Prommashexport" has since participated in the construction and outfitting of approximately 500 projects in more than 30 countries.

V/O "Prommashexport" undertakes all work involved in the construction or reconstruction of factories or other facilities abroad, including surveying and design work, supply of complete plant and materials, technical assistance in

the construction, erection, alignment, and commissioning of equipment and training of foreign specialists.

In its activities, V/O "Prommashexport" is backed by the highly developed engineering industries of the Soviet Union, making up-to-date equipment on the basis of advanced production methods.

The projects constructed with V/O "Prommashexport" assistance include:

— factories processing vegetables, fruit, fish, meat and milk and making sugar, tobacco products, wines, tea, and bread, cold storage plants, and meat-

packing facilities; organization of commercial fisheries;

— factories turning out electronic and electrical measuring instruments, mechanical components, recording and totaling instruments, automatic control systems;

— factories to make TV and radio sets, transistors and semi-conductor biodes, electronic valves, capacitors and other circuit components;

— works to make generators, electric motors, transformers, HT and LT gears and cables wiring accessories, communication cables and wires, and also vacuum devices;

— plants to assemble tractors, cars, trucks, motor cycles and motor scooters, bicycles, machine-tools, watches, clocks, cine and photographic cameras.

Among the projects commissioned already or being built with assistance from V/O "Prommasheexport" a prominent place is held by communication facilities, such as radio and TV centres, receiving and transmitting stations, automatic telephone exchanges, cable and microwave radio links.

The past ten years have seen V/O "Prommasheexport" help to set up and commission 67 different communications projects. At present 35 more such projects are being built or designed.

Those already in service include a receiving and transmitting radio centre and an automatic telephone exchange in Baghdad (Iraq), a TV centre, a communication centre, an automatic telephone exchange and a telegraph agency in Ulan-Bator (Mongolia) the terminal of a direct Moscow-Havana radio telephone and telegraph line and radio station in the fishing harbour in Havana (Cuba), TV centres in Poland, Romania, short wave and medium wave radio stations and various power output in Poland, Egypt, Bulgaria, Romania, North Korea, Guinea and Somalia.

With the technical assistance of V/O "Prommasheexport" an AIR radio station of 1,000 cwt was erected in Calcutta.

But the most important projects built with V/O "Prommasheexport" assistance in developing countries are in the sphere of heavy engineering. These projects are

now playing a vital role in the industrialisation of many developing countries all round in world.

Among these the leading place is occupied by projects built in India such as the heavy electricals plant in Hardwar (UP), heavy machine-building plant in Ranchi (Bihar), mining and allied equipment plant in Durgapur (West Bengal), instrumentation plant in Kota (Rajasthan) and others.

The above plants constitute the core of public sector industry in India.

The heavy electrical equipment plant, for example, which began production in 1967, is south-east Asia's biggest plant for manufacturing heavy electrical equipment. In the beginning the plant manufactured 100,000 kilowatt turbines for power stations; a few years latter production of 200,000 kilowatt turbines and a

Neftechimpromexport

V/O "Neftechimpromexport" is a foreign trade organisation authorised to deliver equipment for complete plants and its activities include rendering technical assistance in the design and construction of petroleum processing, petrochemical and chemical plants and installations as well as plants for board and pulp and paper industries.

The list of business partners of V/O "Neftechimpromexport" includes 30 socialist and developing countries and it is expanding continuously. The organisation rendered technical assistance to socialist countries in the commissioning of 20 petroleum refineries, petrochemical complexes, plants and units.

Soviet projects and equipment have been used in building a petrochemical complex in Burgas (Bulgaria) which currently processes five million tonnes of petroleum annually.

In Bulgaria V/O "Neftechimpromexport" also rendered technical assistance in the construction of the Stara Zagora nitrogenous and mixed fertilizer plant which meets the needs of Bulgarian agriculture.

The production of polyethylene in Bulgaria was also started with the aid of V/O "Neftechimpromexport".

wide range of electric motors also started. This plant will eventually manufacture annually turbines with the total output of 2.7 million kilowatts. These will include steam and hydraulic turbines with generators. At present, the plant's production accounts for 60 per cent of heavy electrical engineering machinery (turbine and hydraulic machines) manufactured in the country.

Together with HMBP (Ranchi), MAMC (Durgapur) and IL (Kota) it has helped India achieve significant success in attaining "self-reliance" in many types of complicated engineering products. Thus, these plants are now the major suppliers of metallurgical machines and equipment to Bhilai and Bokaro steel plants.

Besides, these plants have during recent years started earning a substantial amount of foreign exchange through securing huge export orders.

The Szolnok sulphuric acid plant built in Hungary with the cooperation of V/O "Neftechimpromexport" made it possible to terminate the imports of sulphuric acid into that country.

The organisation rendered technical assistance to the GDR in the constructing and expansion of petrochemical complex at Schwedt which will ultimately produce 10 million tonnes of petroleum products.

In Romania, a petroleum refinery (annual capacity two million tonnes) was built in Onesti, while a synthetic plant constructed in Gheorgiu-Dej city.

In Czechoslovakia, V/O "Neftechimpromexport" rendered technical assistance in designing and erecting a polyamide fibre plant and an electrolytic desalting unit.

V/O "Neftechimpromexport" has built in Vietnam the largest superphosphate plant in south-east Asia, having an annual output of 100,000 tons of superphosphate.

V/O "Neftechimpromexport" is also rendering assistance to many developing countries. Plants and installations have been erected by V/O "Neftechimpromexport" in India, Ethiopia, Egypt and other developing countries.

In Egypt, V/O "Neftechimpromexport"

built petroleum refineries in Suez and Alexandria and also a lubricating oil plant in Suez having an annual output of 60,000 tons of lubricants.

An automobile tyre and tube plant (annual output 36,000 sets) was set up and put into operation in Sri Lanka in 1967. Prior to the construction of this plant, Sri Lanka exported nearly the entire yield of natural rubber and imported industrial rubber goods, but now the situation is more advantageous, as part of the natural rubber is processed at home and the imports of tyres and tubes are reduced.

The discovery of a major gas field in Afghanistan resulted in the construction of a gas pipeline for transporting a part of the gas from deposits to the Soviet frontier. V/O "Neftechimpromexport" is also building in Afghanistan a nitrogenous fertilizer plant having an annual output of 105,000 tonnes.

In 1967, V/O "Neftechimpromexport" completed a turnkey contract by putting into operation a petroleum refinery (annual capacity 500,000 tonnes) in Assab (Ethiopia). Hundreds of Ethiopian workers were trained by Soviet experts while the refinery was being built.

This petroleum refinery not only fully meets the requirements of Ethiopia in petroleum products but also makes it possible to export a part of its output.

In India V/O "Neftechimpromexport" rendered technical assistance in building in Barauni a petroleum refinery having an annual capacity of two million tonnes which was officially commissioned in 1965.

Joint efforts of Soviet and Indian workers and experts culminated in the commissioning, within a short period of two atmospheric-and-vacuum distillation units, each having an annual capacity of one million tonnes, a coking unit, two kerosene purification installations, a lubricating oil unit, a bitumen plant, a steam power plant, tank farms and other auxiliaries.

On the occasion of the commissioning of the first section of the Barauni refinery, the late Dr Radhakrishnan said: "The

establishment of the refinery with the assistance of the USSR symbolizes the increasing bond of Indo-Soviet cooperation and takes the country a step forward in the field of economic development". The output of this refinery has recently been increased to as much as three million tonnes annually.

V/O "Neftechimpromexport" also participated in establishing a petroleum refinery in Koyali. In 1966 this refinery was officially commissioned with an initial

Tsvetmetpromexport

In the field of non-ferrous metallurgy and coal mining V/O "Tsvetmetpromexport" is the organisation which has both competence and experience.

V/O "Tsvetmetpromexport" renders technical assistance in design, survey and construction work, supplies equipment, carries out setting-up and commissioning of enterprises as well as technical training of personnel at the enterprises both abroad and in the USSR in the following branches of industry:

Non-Ferrous Metallurgy—building of mines, quarries, dressing factories, metallurgy works (production of lead, copper, zinc, aluminium and other non-ferrous metals), non-ferrous metal works (aluminium, lead, etc.) semi-conductive material works (production of silicon, germanium, etc.).

Coal Industry—building quarries, coal mines, coal dressing factories.

V/O "Tsvetmetpromexport" also renders assistance in the construction of trunk natural gas pipelines, gas transfer stations, gas trunk crude oil pipelines, pumping stations and oil stores.

At present V/O "Tsvetmetpromexport" is engaged in the construction of more than a hundred projects in foreign countries, of these about 40 in developing countries.

V/O "Tsvetmetpromexport" is engaged in a number of projects in India, the most important of them being Korba aluminium plant of "Bharat Aluminium Company" (BALCO). This plant will strengthen the national sector in the aluminium industry. With an annual capa-

annual capacity of two million tonnes, but in 1967 the output rose to three million tonnes, thanks to the building of the third atmospheric distillation unit having an annual capacity of one million tonnes.

Now V/O "Neftechimpromexport" is engaged in the construction of the largest refinery which is to be erected in Mathura. With a capacity of six million tonnes of petroleum products per year, it will meet about one seventh of India's total requirements of petroleum products.

city of 100,000 tonnes of aluminium, it is a joint project with Hungarian collaboration to set up the aluminium plant in which Soviet assistance is utilised to set up the smelter and fabrication units for producing aluminium.

The aluminium plant was completed in April 1973. The first phase of aluminium unit with the capacity of 25,000 tonnes has been commissioned in May 1975.

It started commercial production in June 1975 and during first 11 months of operation produced about 22,000 tonnes of aluminium product out of which 5,000 tonnes were exported to Japan.

The Korba plant, after the completion of its construction, is expected to provide employment to about 8,000 persons and will also serve as a base for the research and development of the aluminium industry.

V/O "Tsvetmetpromexport" is also engaged in India in the developing of a number of coal and non-ferrous ore deposits.

In September 1975, V/O "Tsvetmetpromexport" concluded a contract for the preparation of the detailed project report for a 10-million-tonne open pit project at Jayant (Singrauli), a central mining workshop at Singrauli, for a long-wall-face mining at Chinakuri, Nakrakonda (in Raniganj) and for an open-cast coking coal mining in Ramgarh. The implementation of these projects will greatly help India tackle the energy problem.

V/O "Tsvetmetpromexport" is also engaged in the development of the

Malanjkhand copper mining complex. Together with the Korba plant, the Malanjkhand complex (with capacity of about 30,000 tons of copper a year) will help

Tyazhpromexport

The names of Bhilai and Bokaro steel plants are closely associated with the rapid progress of the public sector in India and the national economy as a whole. Both these plants have been built and now are being expanded with Soviet assistance i.e. with the assistance of V/O "Tyazhpromexport".

V/O "Tyazhpromexport" is an experienced organisation which undertakes to execute on contract terms and conditions the work connected with the construction of complete industrial plants in ferrous metallurgy and the mining industry. The organisation carries out survey and investigation works, designs buildings and structures, delivers complete equipment, apparatus and materials; exercises supervision over the construction and erection work and the assembly of equipment; participates in the commissioning of these plants. It also carries out technical training of the client's personnel both at the construction sites and at similar plants in the USSR.

V/O "Tyazhpromexport" was one of the first in the world to start rendering technical assistance to developing countries in the enlargement of iron and steel enterprises. This organisation has built and is currently engaged in the construction of similar units in Algeria, Iran, Turkey and other countries. These plants now have the commissioned capacities to turn out annually more than six million tonnes of iron and about five million tonnes of steel.

V/O "Tyazhpromexport" was the first Soviet foreign trade organisation to assist India in the establishment of modern industrial enterprises. Under the provisions of the Soviet-Indian agreement for Bhilai signed in February 1955 V/O "Tyazhpromexport" was entitled to be a general supplier of project documentation and equipment for this plant. The construction of this giant plant took only three years — it started in May 1957 and was completed in February 1960. This was

India meet the rapidly-growing demand of its industries for these highly important metals and will cut down considerably the existing imports.

possible with the effective and sound work done by V/O "Tyazhpromexport" here.

In February, 1962 this organisation signed a contract for the supply of equipment and materials for the expansion of the capacity of Bhilai steel plant. Under this programme V/O "Tyazhpromexport" supplied the most modern and sophisticated equipment to India such as the

Technopromexport

For power generation, Soviet foreign trade organisation V/O "Technopromexport" has substantial experience. More than a hundred power generation projects have been built or are under construction abroad with V/O "Technopromexport" assistance. The installed capacity of these projects enables to generate more than 30 MW of electricity.

The projects built with the assistance

plate mill "3600" and continuous steel casting machines which can be compared with any modern metallurgical equipment of this kind in the world. Since February, 1965 V/O "Tyazhpromexport" is engaged in the construction of the Bokaro steel plant. And the first section of this plant is already producing steel and the expansion of this plant to four million tonnes of steel per year is being undertaken.

The Bokaro steel plant today is a major symbol of Soviet-Indian economic and technical cooperation which gives to V/O "Tyazhpromexport" an important role in further promoting cooperation between the two countries.

of V/O "Technopromexport" in Aswan and Ffrat Energy complexes showed to the world the highest level of V/O "Technopromexport" work. In India this organisation has rendered assistance in the construction of Neyveli, Bhakra, Korba and Obra power stations with total power capacity of 1,650,000 KW. At present V/O "Technopromexport" is engaged in the construction of the Lower Sileru power station in Andhra Pradesh.

Selkhozpromexport

In the agricultural field V/O "Selkhozpromexport", an experienced and qualified organisation, is rendering assistance to many countries in the world. At present, the organisation is engaged in the carrying-out of more than 200 projects in about 30 countries, including 21 developing countries of Asia, Africa and Latin America.

Among projects which are already commissioned with V/O "Selkhozpromexport" assistance developing countries are about 20 irrigation projects and more than 20 agricultural farms.

In India V/O Selkhozpromexport has provided assistance in the establishing of six agricultural farms, which formed the core of the "State Farms Corporation Ltd". The largest of these farms, the Suratgarh farm, set up on an area of 12,000 hectares, was supplied 70 tractors, 60 harvesters, lorries, bulldozers, win-

also delivered equipment for setting up a workshop. Besides, the farm received Soviet cotton and corn-sowing machines, potato-picking machines and other equipment on a commercial basis.

The abundance of machinery enables Suratgarh farmers to carry out all field-work in time. Some 65 to 70 per cent of operations are mechanised. The high standard of assistance rendered to these farms by V/O "Selkhozpromexport" enabled them to raise their output with every passing year.

Atomenergoexport

V/O "Atomenergoexport" was established only a few years ago, but it is already engaged in the construction of more than 20 nuclear power generation projects in more than a dozen countries. This organisation is in a position to supply to foreign countries the most progressive nuclear power machines and equipment as well as know-how.



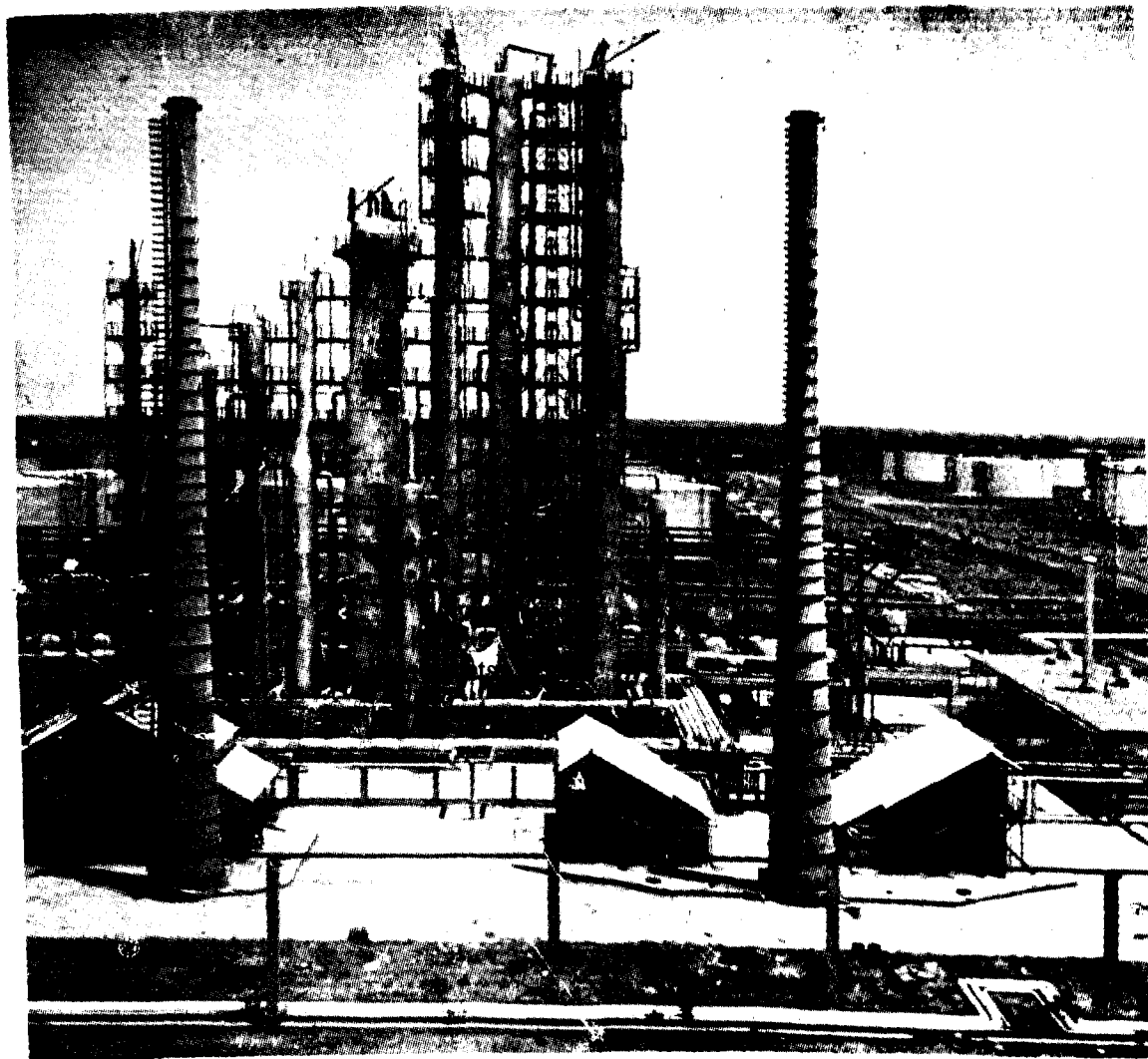
Printed and published by R.P. Agarwala on behalf of the Eastern Economist Ltd., United Commercial Bank Building, Parliament Street, New Delhi, at the New India Press, K-Block, Connaught Circus, New Delhi.
Acting Editor: S.P. Chopra

Registered at the GPO, London, as a newspaper

Xm 2, N42 xxxiv
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