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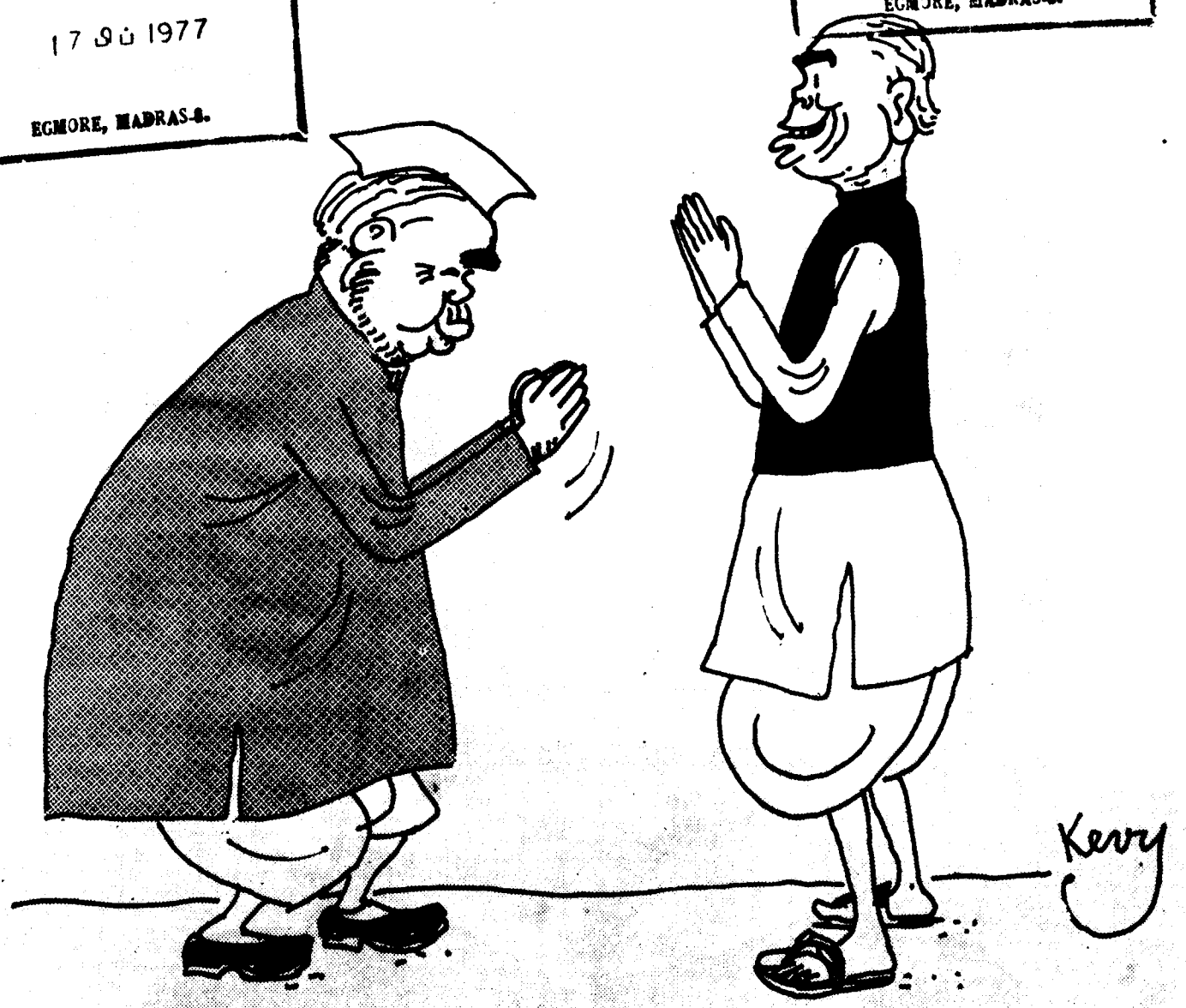
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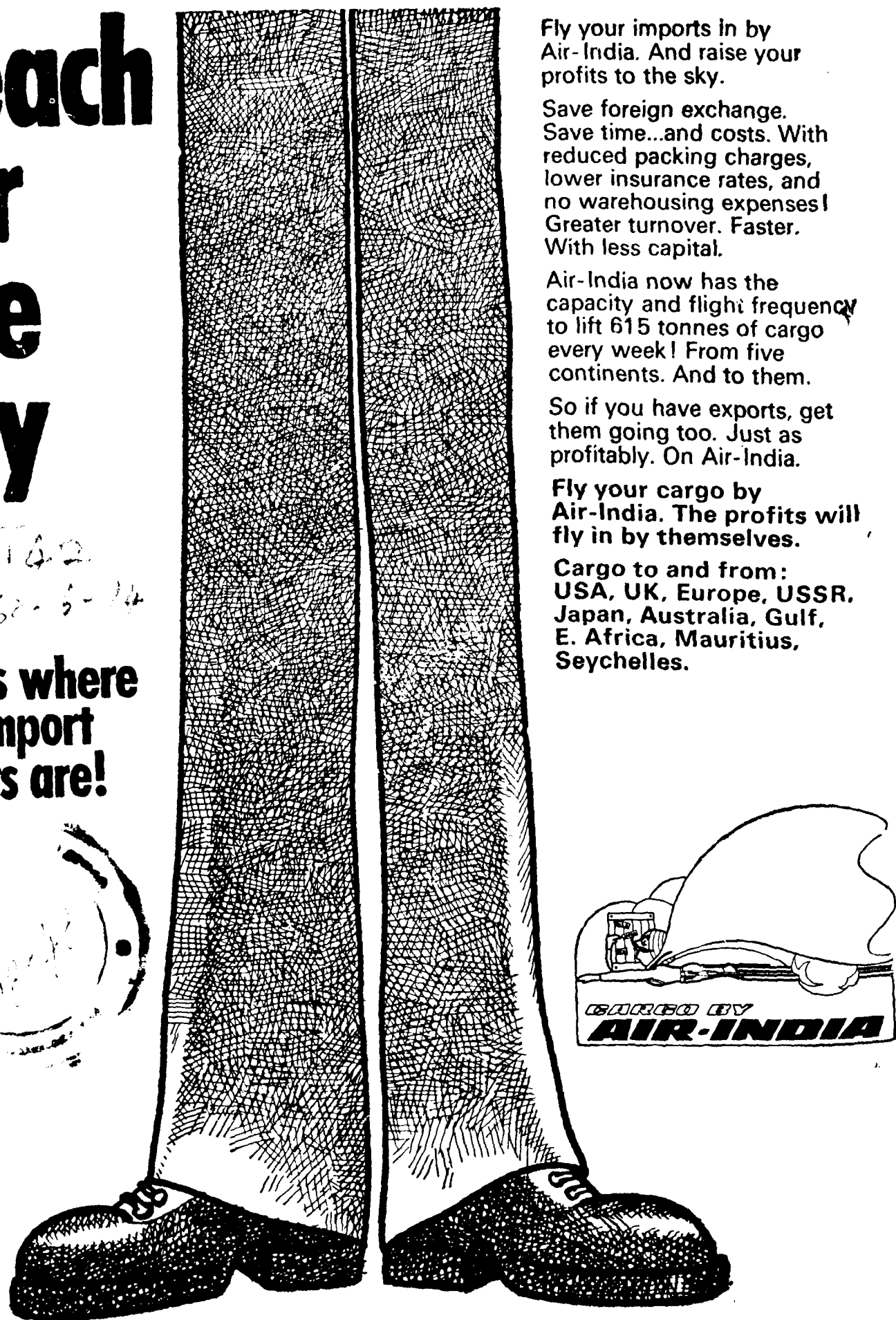


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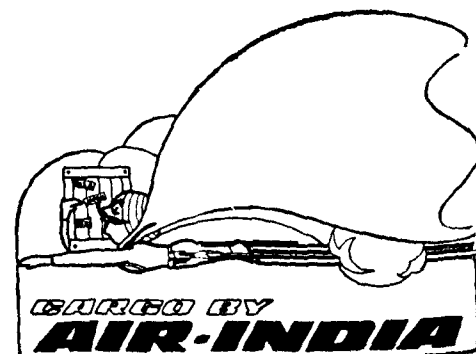
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Battle lines

THE TRUE issue in this election was never in doubt. Nevertheless citizens of this country should be grateful to Mr Jagjivan Ram for the sharp definition he has given to the forthcoming battle of the ballot box. He has pointed out with the utmost clarity that the functioning of the prime minister and the ruling party in the period starting with the proclamation of the internal emergency has been increasingly authoritarian. The emergency itself was proclaimed on the false pretext of a threat to internal security, political stability and the public peace. Although Mr Jagjivan Ram does not say this, he has already indicated that, as a member of the central government, he has reason to believe that the situation created by the proclamation of the emergency has been exploited by the dominant element or elements in the ruling party for their personal or partisan advantage.

During a period of some 19 months eminent political leaders and public men, some of them veterans of the freedom struggle, grown grey in the service of the nation and many of them dedicated workers for political and public causes, were taken into custody and kept under detention without trial by arbitrary executive action barely clothed in legality. During this period, again, the Fundamental Rights guaranteed to the people under the original constitution of the Republic were unscrupulously distorted or diluted, civil liberties suspended or suppressed, the press suborned or subjugated, the judiciary intimidated or interfered with, parliament itself pressurised or played upon to enact legislation emasculating its own authority and finally the apparatus of the administration disgracefully dedicated to the service of extra-constitutional centres of power.

Immediately after Mr Jagjivan Ram had announced his resignation from the central government and the ruling party, he was asked by newsmen and others why his conscience had been so slow to be aroused by all this iniquity. It was no doubt an obvious question to ask, but it was nevertheless an unfair one. The minister, surely, could not have given an adequate explanation without divulging cabinet discussions or secrets. In the circumstances the best he could do was to suggest that he had not always been a silent witness to what had been going on whether in the government or in the party. It was put to him why he had not come out into the open earlier against the powers-that-be, but it is surely easy to imagine what could have happened if he had done so. He too would have been promptly put behind the bars and rendered a non-person for the duration. It is reasonable to doubt that this would have advanced his own purpose or the country's cause. It would have been a different matter had he, along with at least a few more stalwarts in the organisation, raised the voice of protest or dissent against the dominant leadership during those fateful days immediately preceding the proclamation of the emergency. That he failed to do so was part of the national misfortune. In any case he is now being made to pay the price for this lapse in his duty to his countrymen by being called a defector or betrayer by those very people who had profited earlier by his error of judgement or faltering of moral courage. His consolation must be that this tirade against him is in itself sufficient to underline his indictment of the autocratic nature of the leadership in the central government and the ruling party.

It is this authoritarianism which is the main issue in this election. The question every voter should put to himself is whether he really wants this country to be ruled in the manner it has been in the period immediately preceding the proclamation of the emergency and since. Every voter should; but every voter will not. It is a fact that the majority of our countrymen is poor and illiterate. Again, although this country has been independent for 30 years, the political education of this majority has been woefully inadequate because of the personality cult that has been encouraged in our politics with varying degrees of intensity during all these years. It is therefore unrealistic to expect that a majority of the electorate would comprehend or respond

constructively to this issue of the philosophy or style of government in a democracy. It follows that the ruling party is most likely to be returned to power with a considerable majority in the new Lok Sabha. It follows also that this verdict in their favour will be exploited by the powers-that-be to project at home and abroad a claim that their concept of morality in government and public life has been vindicated by the vote of the people at a general election. It is all the more necessary therefore that the opposition should make a giant endeavour to appeal successfully to as large a part of the electorate as possible to apply its mind to the central issue of this election which is the authoritarianism of the leadership in the ruling party so that a substantial number of voters may be persuaded or enabled to deliver an informed and responsible judgement on the way this country has been ruled or misruled through the instrument of emergency.

concentration on basic rights

Party manifestoes and electioneering will inevitably roam over a wide range of debating points and the ruling party will try to confuse the issue by making claims, justified or unjustified, of big performance on the economic and social fronts. The opposition should be on guard against being sidetracked into an argumentative wilderness by these tactics. While it should not fail to emphasise over and over again that it is clearly possible for a government to achieve economic and social progress without violating the elementary decencies or requirements of a civilised democratic political system, it ought to try continuously and constantly to keep the attention of the people focused on what the results of this election could mean to their basic rights as citizens. The opposition will certainly have to devote some of its energies to refuting allegations of communalism or reactionary thinking in economic and social matters, whenever or wherever they are used as grist to the mill of the ruling party's election campaign. At the same time it should not allow secularism or economic progressivism to become unduly important talking points in its nation-wide debate with the ruling party. In historic terms our country has reached a point where

no political party has an alternative to being secular and progressive. It applies without exception to all political parties that they can hope to have a credible presence in public life only if their loyalties clearly cease to be sectoral or sectional in this land of many religions, cultures and social and economic categories. Even an authoritarian regime, however strong individual or group in-

terests may be among its leadership, will still have to act or seem to act on the national scene as a party for all the people and for all seasons. Consequently, the opposition should in its own interest and in the interest of the country, set its sights firmly on the battle lines as defined by the central issue of authoritarianism which is virtually the only basic issue before the electorate here and now.

Financial ratios

FOR MORE than two decades, the Department of Statistics of the Reserve Bank of India has been engaged in the analysis of annual audited accounts of selected medium and large limited companies. The earlier studies had covered relatively small samples of companies but later on, the coverage steadily grew in size to reach 1650 medium and large public limited companies and 1001 medium and large private limited companies. Surely, the mass of data collected and analysed has grown enormously in dimensions but its utility is marred by the long time lag. For instance, the latest year for which data relating to companies are available is 1974-75 which means that the policy-makers who may like to make use of it for 1977-78 and later years will have to fall back upon information relating to the pre-emergency period. The changes which have come about as a result of 19 months of emergency will not be reflected in the available studies. To that extent, the framers of policy will be handicapped. It is suggested that high-power computers should be pressed into service so as to make the most recent financial trends available to the researchers as well as the policy-makers.

Another limitation in regard to these studies is the secrecy maintained in regard to the composition of the companies covered. For example, in the case of public limited companies numbering 1650 and private limited companies totalling 1001, the samples for sugar companies are 70 and 17 respectively. Out of 260 sugar companies, these samples are no doubt sufficiently large. However, unless the names of the sugar companies

are known—this information has been withheld by the Reserve Bank so far—it is not possible to determine how representative the samples are. Also, no institution can claim infallibility in regard to computations. If the composition of the sample is made known, it will be possible for the particular industries or the research institutions to point out any errors which might have crept in. In fact, the Reserve Bank could get its data freely cross-checked in this way. For some unknown reasons, the Reserve Bank has failed to publicise this information and get this service free of any cost. In the meantime, the data are being used without any re-check or scrutiny for framing policies which have a close bearing on the working of the various industries.

The study group to frame guidelines for follow-up of bank credit—popularly known as the Tandon committee since it was chaired by Mr Prakash Tandon, the then chairman of the Punjab National Bank—relied upon the Reserve Bank company finance data in arriving at norms for inventory and receivables. It not only was guided by these statistics but also asked the Reserve Bank to update them and calculate the median and quartile values of different financial and other ratios. In deference to the wishes of the Tandon committee, the Reserve Bank has published a separate volume* incorporating all the available information about the corporate sector covering private and public limited companies.

Since the financial ratios have been

*Selected Financial and Other Ratios, Private Corporate Sector in 1973-74 and 1974-75; published by the Reserve Bank of India; November 29, 1976.

attempted in seven size groups in the case of public limited companies and six size groups for private limited companies, the sub-samples in some cases are expected to be small making generalisations well-nigh impossible. Hence, the Reserve Bank data will need to be used with some caution. In fact, the Bank itself has pointed out three limitations from which the figures suffered in addition to the ones listed above. First, the companies studied do not follow a uniform accounting year. Therefore, the data for 1973-74 represent annual accounts closed from April 1, 1973 to March 31, 1974. Second, the data for industry as a whole are a poor indication for the requirements of particular units. Third, the industrial classification is based on the predominant activity (more than 50 per cent) of a company.

useful information

To state all this is not to deny the utility of the information gathered by the Reserve Bank. Undoubtedly, it is better to have some data—however faulty—instead of having none whatsoever. As over the years, Reserve Bank has standardised the definitions of technical terms and the coverage of the studies, it is expected that it will devote more time and attention to refining the data and blunting the objections raised from various forums in this regard.

While the Reserve Bank has set out data in raw form, it is for the researcher to analyse and test some of the well-known theories and concepts in business manage-

TABLE I
Capital Efficiency in Public Limited Companies

Size of paid-up capital (Rs lakhs)	(Net sales to total net assets) (In percentage terms)	
	1973-74	1974-75
5-10	136.5	136.8
10-25	139.9	152.7
25-50	128.5	140.3
50-100	111.8	117.5
100-200	114.1	118.7
200-500	99.9	109.5
500 and above	91.7	99.0

ment. For example, one of the measures for the assessment of capital efficiency is "net sales to total net assets". What happens to this ratio when the size of the company increases in terms of paid-up capital? The data for 1973-74 and 1974-75 confirm the thesis that this ratio tends to decline with increase in the size of the firm (see Table I). In 1973-74, it dropped from 136.5 per cent for the smallest group of companies to 91.7 per cent for the largest group of companies. Similarly, the corresponding fall in 1974-75 was from 136.8 per cent to 99.0 per cent. The conclusion is irresistible that the efficiency of capital tends to fall with increase in the size of the firm.

Another interesting relationship thrown up by this study was the profitability in public and private limited companies. As a rule, profitability in 1974-75 (Table II) in private limited companies tended to be lower than that of public limited companies though there were exceptions such as the tea plantations. It was indeed fascinating to find out why it was so? Did it have something to do with the size of the average private limited company which tended to be lower than that of a public limited company? The question needed to be investigated further

to arrive at meaningful conclusions. All in all, the Reserve Bank has made a valuable contribution by making available all this data relating to the corporate sector. It was now for the research teams associated with the universities to delve deep into it and impart meaning to cold and lifeless statistics.

TABLE II
Operating Profits Plus Interest to Net Sales in 1974
(In percentage terms)

	Public limited companies	Private limited companies
All Industries	11.4 (1650)	7.0 (1001)
Tea plantations	14.6 (127)	17.5 (23)
Sugar	8.5 (70)	1.2 (17)
Cotton textiles	7.5 (249)	6.1 (52)
Paper and paper boards	24.5 (36)	13.6 (11)
Pharmaceuticals	12.9 (50)	6.3 (20)

Eastern Economist 30 Years Ago

FEB. 14, 1947

Inflation is the main real cause of the chaos in productive activity that we are witnessing now. Nothing in the whole price structure compares to the inflationary rises in the prices of industrial raw materials. Raw jute (First mills), for example, which ruled at Rs 79 a bale of 400 lbs. in the first week of January 1946 rose to Rs 166 in the corresponding period for 1947 and rose further to Rs 175 on January 24. Jute manufactures, which in their turn enter the cost of other industrial products as packing materials, etc., also rose considerably but much less than raw jute. Jute bags, Calcutta (B twills 2½ lbs. 44x26½", 6-8" per 100 bags) which were selling at Rs 62-4-0 in the first week of January 1946 rose to Rs 108-8-0 for the corresponding period of 1947 and further still to Rs 110-8-0 on 24th Jan. 1947. Jute cloth, Calcutta (hessian 80z, 40" 9x10 per 100 yds.) was quoted at Rs 21-4, Rs 40-4 and Rs 41-12. Hessian cloth (10½ oz. 40", 11x12 per 100 yds.) ruled at

Rs 29-4-4 and 50-8 for corresponding dates. On account of these increases in the price of jute manufactures the cement interests are threatening similar increases in the price of cement, for which packing material is a heavy element in cost of transport. The oilseeds market has become a regular racket. The Hyderabad Deccan and Madras Governments have failed to implement the recommendations of the All-India Oilseeds Conference of September 1946. The Government of India have introduced control from Jan. 1, 1947, but that is about the middle of the marketing season, hence the wrong time to impose controls. No wonder, then, that the rates have been absolutely ineffective in operation. The ruling rate was Rs 12 to 14 per Bengali maund of groundnut, but the controlled rate was fixed at Rs 8-10, while the rate for oil was controlled at Rs 35-12 which was disproportionately profitable to the crushers.

Foreign exchange prospects

THE MAIN question that is being discussed in foreign exchange market circles in India and elsewhere relates to the dramatic change that has taken place in our country's balance of payments position. It is also being asked whether the new trends have any enduring significance. Even with a deficit on trade account to the extent of Rs 1216 crores in 1975-76 foreign balances held by the Reserve Bank in the Issue and Banking Department increased by Rs 875 crores in the twelve months ended April 2, 1976. In 1974-75 the deficit on trade account was Rs 1,190 crores and the foreign balances increased by Rs 103 crores only with substantial drawings from the International Monetary Fund and use of the Oil Facility.

substantial surplus

The net growth in foreign balances in 1975-76 was exaggerated to some extent by the use of the Oil Facility for 201 SDRs. But it will be realised that there was a substantial surplus on total account even after making due allowance for the Oil Facility. It must not of course be forgotten that the aid from the consortium and others was substantial though large inward remittances from non-resident Indians and other sources enabled the Reserve Bank to build up sizable balances in various currencies.

The picture in 1976-77 so far is even brighter than in 1975-76. Foreign balances with the RBI had increased by Rs 851.73 crores between April 2, 1976 and January 21, 1977, indicating that the net rise in 12 months in the financial year 1976-77 may be easily Rs 1200 crores if the faster growth since October is borne in mind. The additions to foreign balances are bound to be quite impressive as the deficit on trade account for a whole year cannot be more than Rs 300/400 crores. There was indeed a surplus on this account in April/October 1976 with imports amounting to only Rs 2,675 crores against exports of Rs 2,750 crores or a surplus of

Rs 75 crores, against a deficit of as much as Rs 916.3 crores. It was only in November that there was a deficit of Rs 115 crores with a big rise in imports and also a temporary drop in exports and the surplus was converted into a deficit of Rs 40 crores. It can be expected that imports will be on large scale in the last four months of 1976-77 with liberal licensing of cotton, synthetic fibres and edible oils. There will also be liberal licensing of spares for imported machinery and balancing equipment for improving productivity and production.

Even with these exceptional imports the total outlay in foreign exchange in 12 months may not be more than Rs 5000 crores, more or less of the same level of imports in 1975-76. The composition however will be vastly different as imports of foodgrains against commercial purchases have been suspended for several months while there has been a big reduction in imports of fertilisers, non-ferrous metals and steel due to accumulated stocks and higher level of indigenous production. But for the shortfall in output of oil-

seeds and cotton and the need to permit large imports of edible oils and cotton and synthetic fibres for overcoming shortages in these directions, aggregate imports may not have exceeded Rs 4,600 crores. On the export front a new record is likely to be established at Rs 4,800 crores in spite of a drop in the value of exports of sugar. This is because there will be sizable foreign exchange earnings through shipments of steel, hides and skins, textiles, marine products and oilcakes. The deficit will thus be only Rs 300/400 crores as stated above even with exceptional imports of edible oils and cotton and synthetic fibres. If it can be assumed that these imports will not be required in the same volume in 1977-78 there can even be a surplus on trade account.

The transactions on capital account also are encouraging. In the absence of data relating to balance of payments for the recent years it is difficult to say whether invisible exports as a result of tourism, freight earnings or other factors have increased substantially. It is not also possible to say whether inward remittances are mainly on current account and to some extent on capital account. The remittances from non-resident Indians are of different kinds. The regular remittances from non-resident Indians every month for meeting the expenses of their dependents in this country or depositing savings

with Indian banks can be classed as receipts on current account and it can also be assumed that the foreign exchange involved will not be repatriable. There are of course, remittances from non-resident Indians for being maintained in designated currencies with Indian banks while funds are brought into the country by new entrepreneurs for starting new ventures. The amount involved in these transactions however may not be more than Rs 300 crores since November 1975 when new arrangements for opening accounts in designated foreign currencies came into being.

The quantum of net foreign aid is of course sizable particularly as the Aid India Consortium sanctioned a larger amount in 1975-76 and also in 1976-77. The net aid received could not have been more than Rs 700 crores after allowing for repayment of earlier loans and interest charges. With the prospect of the growth in foreign balances being Rs 1200 crores in the year ending March 31, 1977 even after making repayments to the International Monetary Fund of Rs 335 crores against the first tranche of borrowing and the Oil Facility, it would mean that the gross growth will be even Rs 1500 crores. If net aid of Rs 700 crores is excluded the advantage accruing to the balance of payments position out of inward remittances and other invisible receipts is as much as Rs 800 crores.

no definite view

The question now is, as stated earlier, whether there has been a fundamental change in the character of balance of payment and it can be presumed that in 1977-79 foreign balances will increase by another Rs 3000 crores. It is probably difficult to take a definite view in this regard without a continuance of recent favourable trends over a period. But there is no denying the fact that quite a large proportion of foreign balances amounting to Rs 2370 crores on January 21, 1977, can be utilised for implementing Plan schemes. The additions have been so impressive that foreign securities in the Issue Department have risen steadily to nearly Rs 1000 crores and the balances held abroad in the Banking Department are at a level which is higher than the

aggregate 12 months ago. The difficulty however lies in using foreign balances for Plan purposes as there is no dearth of foreign exchange and there is shortage of only rupee resources.

The RBI can presumably grant a loan to the central government in foreign exchange enabling the government to utilise the rupees realised against sales of imported edible oils, cotton and synthetic fibres. There may also be imports of some items for enabling speedier implementation of Plan projects where delays in receipt of equipment from indigenous sources are holding up schemes. It will not be incorrect to recycle the rupee counterpart funds realised against sales of edible oils and raw cotton though it

will be difficult to identify them where they had accrued against issue of licences to traders and actual users against cash licences.

This form of a PL 480 approach may sound unconventional as deficit financing can be adopted straightaway. But it will sound anathema in a context of efforts to control money supply. Whatever may be the controversy the fact cannot be denied that a fundamental change is taking place in the balance of payments position and there is a great opportunity for stepping up Plan outlay with available financial and physical resources. If this opportunity is not fully utilised a breakthrough in Plan implementation will be needlessly delayed.

Market for capital goods

ONE OF the major problems highlighted at the workshop on the status of the Indian capital goods industry, held in Calcutta on January 21 under the auspices of the Association of Indian Engineering Industry (AIEI), was the lack of demand. The manufacturers of capital goods have been experiencing this difficulty for the past several years. But an impression seems to have been created that, with the sharp increase in the annual plan outlay for 1976-77 and the availability of soft loans for modernisation, the capital goods industry has enough orders on hand. The speeches at the workshop revealed, however, that this vital industry continues to be confronted with sizable idle capacity mainly due to the meagre demand for its products.

Mr F.A.A. Jasdanwalla, president of the association, said that the principal demand for capital goods came from the government and its agencies like the railways, ports, shipping, electricity boards and so on. But he regretted that there had been "severe fluctuations in demand and ordering by government agencies which have adversely affected the growth and prosperity of the capital goods industry". He observed that the government should ensure a steady rise in the allocation of resources for purchase of capital goods and stressed that "this

was a basic fundamental determinant of the future of the capital goods industry".

Brig B.J. Shahaney, secretary (Technical Development) of the government of India, who inaugurated the workshop, admitted that there was "a certain validity" in the argument regarding the lack of demand for capital goods. But he did seem to think that this was not a matter for concern. He referred to a recent meeting of the Development Council for Machine Tools, at which the demand for machine tools had been estimated to rise to Rs 300 crores by 1983-84 of which Rs 50 crores were for projects for exports. These figures represent nearly a doubling on the existing level of production and a four-fold increase in exports. But the mere fact that the development council has fixed an ambitious target to be achieved about six years hence provides little comfort to the capital goods sector where many units are handicapped by irregular and inadequate flow of orders. As Mr B.K. Jhawar, chairman of the eastern region of the Association of Indian Engineering Industry (AIEI), said "The machine-building sector is short of orders and has a high unutilised capacity. Obsolete plant and equipment in the industry all around are not being replaced. The industry in general is short of liquidity. On the other

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hand, with talks of further liberalisation of imports, the industry is worried that whatever little orders are still there may further be reduced".

The union ministers of Finance, Industry and Commerce have been laying considerable stress on the importance and urgency of modernising the major industries. In the last central budget, the government announced its scheme of soft loans to be granted by the Industrial Development Bank of India for modernisation and rehabilitation. But the discussions at the workshop revealed that no decision had been taken on the applications for soft loans. What are the reasons for this delay? The union Finance ministry should look into this matter. The ministry has been denying that credit policy hampers genuine economic activity. But, according to the AIEI even the purchasers want the manufacturers to finance the supply of capital goods. Formerly, 30 to 35 per cent of the total cost of the equipment was paid by the purchaser as advance. But it is stated that this facility has now been stopped and the payment terms have also worsened. Instances have been reported of customers cancelling their orders and

buyers being unable to lift the machinery because of their inability to secure bank credit.

The workshop made some specific suggestion to improve the health of the capital goods sector. One was that against local orders covered by letter of credit or bank guarantee the manufacturers of capital goods should be allowed to draw packing credit as is allowed in the case of exports. The other suggestion was that while for selected industries, the investment allowance may continue, for industry in general, the indigenous equipment and machinery should be allowed to be written off in two year's time and in the case of industry coming up in the backward area, even 100 per cent of the value of the indigenous equipment should be permitted to be written off in one year. Pleas were also made for reducing the high rates of excise and import duties. A background paper presented to the workshop gave the following details: "Copper is available to a manufacturer of electrical goods in UK at a LME price of Rs 12,214 per MT; the ex-godown current MMTC price (actual users) to a producer in India is Rs 27,200 per MT. Similarly,

in the case of zinc, the price is Rs 6,080 and Rs 14,000 respectively. The stainless steel casting price in India is Rs 55 per kg as compared to Rs 28 in the UK. The price of stainless steel sheets is much more in India than a competitive manufacturer will get in the UK and Japan. The very heavy import duty of 150 per cent on bearings not produced in the country, alloy steel with a duty up to 75 per cent all add to the high cost of the capital goods, thus inhibiting consumption".

Measures to strengthen the capital goods industries therefore have to be adopted from several angles. At the same time, the manufacturers of capital goods should also do their best to improve their efficiency. Brig Shahaney referred to two types of manufacturers—those who gave close attention to increase productivity by materials conservation, sub-contracting, training of manpower and other aspects; and those who jacked up prices taking advantage of the protective regime without corresponding benefits to consumers. So, both government and industry have to play their part in improving the strength and status of capital goods sector.

CAPITAL'S CORRIDORS

R. C. Ummat

MECON bags Nigerian contract • Copper plans • Aluminium outlook • GSI's plans • BGML's performance

THE METALLURGICAL and Engineering Consultants (India) Limited—MECON—a subsidiary of the Steel Authority of India (SAIL), has secured, in the face of stiff competition from the developed countries, a \$10 million contract from Nigeria for rendering consultancy and monitoring services in the setting up of two one million tonnes capacity steel-works in that country. The plants are to be of integrated type based on direct reduction process. The facilities to be provided at the two plants include iron ore pelletisation, production of sponge iron, electric arc furnaces, continuous casting facilities and rolling mills.

The MECON will be making available for these plants its services for the entire range of disciplines, including technology, scheduling, manpower planning, supervision and construction up to commissioning and advice on related techno-economic matters. The plants are expected to be set up in a period of 48 to 52 months. A batch of MECON engineers has already been sent to Nigeria for assisting the Nigerian government in negotiating contracts with the equipment suppliers. Some exports of equipment from India are not ruled out.

Thai enquiry

The MECON is also understood to have received an enquiry from Thailand for making available assistance to that country in tin mining and smelting.

It may be recalled that MECON is handling the expansion of Bhilai steel-works to four million tonnes from the present capacity of 2.5 million tonnes on its own. It is also closely associated with the setting up of the Bokaro steelworks

the first phase of which, for the production of 1.7 million tonnes ingot steel, has been completed. Most of the work connected with the raising of the capacity of this plant to four million tonnes ingots is being handled by MECON, although the project is being assisted by the Soviet Union.

The Malanjkhand Project of Hindustan Copper Limited has been approved by the union government. To be established in the tribal backward district of Balaghat, in Madhya Pradesh, at an estimated cost of Rs 91.90 crores, it will raise the copper making capacity in the country by 15,200 tonnes of primary metal by the fourth year of its commissioning and by 23,000 tonnes by the sixth year of its operation. The concentrator plant to be set up under this project will be capable of treating two million tonnes copper ore per annum.

The project report of the scheme has been supplied by the Soviet Union. It envisages the taking up of actual mine construction work in about 16 months from the date of sanction of the project. The mine will be able to yield one million tonnes ore per annum during the fourth year from the start of construction and two million tonnes during the sixth year.

The concentrates to be produced at the project will be transported to the Hindustan Copper smelter at Khetri, in Rajasthan, for refining.

With the commissioning of the Khetri copper complex about two years ago, the installed capacity for copper smelting in the country currently is around 57,000

tonnes per annum. The execution of the Malanjkhand project in itself will not add to the smelting capacity, but some other schemes which are being implemented at present or have been cleared recently will necessitate the expansion of the Ghatsila smelter in Bihar from its existing capacity of 16,500 tonnes primary metal to 30,000 tonnes. The total copper smelting capacity then would go up to slightly over 70,000 tonnes.

revised target

The production of blister copper during 1976 touched 24,696 tonnes. It is targeted to go up during the current calendar year to 31,000 tonnes. Wire bar production, which last year was of the order of 17,229 tonnes—40 per cent more than in 1975—is envisaged to be raised to 28,000 tonnes.

With a view to steadily increasing the production of copper in the coming years, the following schemes have also been sanctioned recently, apart from the clearance of the Malanjkhand project: (i) Mosaboni expansion scheme, in Bihar, which envisages increasing of ore production from 2,200 tonnes to 3,200 tonnes per day at a capital cost of Rs 6 crores; (ii) Surda expansion scheme for raising the production of ore from the Surda mine in Bihar from 1,000 tonnes to 1,300 tonnes per day at a capital cost of Rs 3 crores and (iii) expansion of the Chandmari mine in Khetri/Koliha area from 500 tonnes ore to 1,000 tonnes ore per day at a capital cost of Rs 2.70 crores.

The development of the Rakha mine in Bihar, which is producing 1,000 tonnes ore per day at present, is being examined for raising production to 6,000 tonnes ore per day.

Along with the envisaged expansion of the Ghatsila smelter to 30,000 tonnes metal capacity, the electrolytic refinery at Ghatsila is also proposed to be expanded to match the increase in the production of metal.

Proposals are also being formulated by Hindustan Copper for introducing the latest technology for the production of copper wire rods. Studies have been undertaken with regard to the setting up of a continuous cast wire rod plant to

Eastern Economist Annual Number 1977

The Eastern Economist Annual Number 1977, dated December 31, 1976, analyses the gains made by industry since June 1975 and points out the impediments which have tended to slow down its onward march. Divided into four sections, it discusses the general problems common to all industries such as investment, production, productivity, policies and procedures followed by detailed studies of basic, capital, intermediate and consumer industries. Research analysts and experts in various fields have thrown light on the problems faced by each one of the major industries with emphasis on the prospects of growth in the light of the changes initiated by the government in the past one year in particular.

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produce wire rods directly from cathode copper, eliminating the wire bar stage.

Indications of copper ore have been found recently in the Chandpur area of Maharashtra. Exploration efforts in this area are being expedited so that self-sufficiency in this non-ferrous metal can be achieved at the earliest. Grade-wise, Chandpur ore is stated to be quite good; it contains more than one per cent copper.

The extensive bauxite deposits discovered recently in the east coast area have been proved in detail in the Koraput (Orissa) and Galikonda (Andhra Pradesh) areas to support at least two large plants of 0.6 million tonnes annual capacity for alumina production. The Bharat Aluminium Company (BALCO) has applied for the necessary leases for the development of these deposits for setting up two 50,000 tonnes alumina manufacturing units to begin with—one in Orissa and the other in Andhra Pradesh. The exact locations of the two plants, of course, are yet to be decided. Studies in this regard are being taken up.

In view of the large size of production contemplated, BALCO, in coordination with MECON, is in touch with countries/firms which might be interested in buying alumina and also might be interested in providing such back-up in respect of know-how and basic engineering as BALCO and MECON may find necessary.

Pre-feasibility reports for the two projects are being commissioned shortly along with the report for setting up a "captive" large caustic soda complex to supply that major input for alumina production.

considerable interest

The deposits are stated to have aroused considerable interest in Hungary, France, Canada, the Soviet Union, Iran, etc.

The production of aluminium in 1976 is reported to have scaled a new peak of 210,672 tonnes. Compared to the 1975 output of 167,520 tonnes, it was higher by 26 per cent. The improvement recorded over the 1974 level (121,913 tonnes) was as much as 65 per cent.

This year, it is aimed to step up production to 260,000 tonnes. But this will depend on whether the Madhya Pradesh Electricity Board will be able to supply electricity for the second and the third

potlines of the Korba smelter by July next and the current power cuts on the Belgaum and Mettur smelters can be restored. Even if only the second potline of the Korba smelter is commissioned by July and the third potline by September/October the output may go up to 230,000 tonnes.

The Korba smelter will be producing ultimately 100,000 tonnes aluminium. It is to have four potlines of 25,000 tonnes production per annum. The first potline has been commissioned already. The second and the third potlines are proposed to be commissioned by July/September, and the fourth potline by the middle of next year.

No decision, however, has been taken as yet on the setting up of the Ratnagiri aluminium manufacturing project. Financial stringency has been standing in the way of the implementation of this scheme which was finalised several years ago.

In line with the task set out for it by the Planning Commission, the Geological Survey of India (GSI) is according the highest priority to the investigation of critical minerals the proved resources of which are relatively low. These minerals include manganese, chromite and kyanite. A special cell has been created at the GSI headquarters for this purpose.

A special sub-committee has also been formed by the GSI for the exploration of minerals in the north-eastern region.

A programme of offshore mineral exploration too has been drawn up. The GSI is as well bestowing thought on the study of marine geology. These two pro-

grammes include preparation of a preliminary geological map of the continental margin of the country, survey of some of the known mineral occurrences, studies of sediment movements and geomorphology of coastal areas for the purpose of designing remedial measures for coastal erosion.

It is planned to acquire a research vessel for geological survey of the continental shelf of the country.

Thanks to nearly 26 per cent increase in the production of Bharat Gold Mines Limited, the gross production cost of this undertaking for 10 grammes of gold is expected to go down this year to Rs 499 from Rs 547 last year.

The gold output of the undertaking amounted to 1,627 kgs during the nine months to December, as against 1,748 kgs in the whole of 1975-76. The production during the 12 months to March is expected to go up to 2,200 kgs.

In an effort to diversify its operations, the Bharat Gold Mines Limited has taken up development work for the Mailarem copper project on behalf of the Andhra Pradesh Mineral Corporation (APMC) and is setting up a 100 tonnes concentrator plant for APMC. It has also entered into a contract for mine construction at the Koliha mine of Hindustan Copper. A sophisticated "winder" has been built by the workshop of the undertaking.

Under its research and development programme, the undertaking has established pilot plant facilities for recovering scheelite from its old tailing dumps and has found the preliminary results of the experiment encouraging.

Some neglected factors in rural development

Dr V.K.R.V. Rao

In his convocation address at the Indian Agricultural Research Institute, New Delhi, which is reproduced below, Dr V.K.R.V. Rao draws attention to some factors which have not received sufficient operational attention in the current discussions on integrated rural development.

THERE HAS been a great deal of talk in recent months about the need for bringing about integrated rural development in our country. The government of India has announced its approval for starting pilot projects for integrated rural development in 20 districts, one in each state. The Indian Council of Agricultural Research has already initiated programmes for integrated rural development in several areas dispersed all over the country. The Council of Scientific and Industrial Research has been operating a programme for integrated rural development in the Karimnagar district in Andhra Pradesh and has announced its intention to start similar programmes in several other districts in the country. In all these proposals and programmes, the accent is on the use of science and technology for the solution of the problems of rural development. Several universities and institutions of higher education have taken up programmes of rural development in selected areas, and, in their case also, the accent appears to be on the use of science and technology for rural development, though this is not clearly stated in all cases. Thus integrated rural development has become a national slogan and science and technology the main instrument proposed for its implementation.

the goal

When we talk of integrated development, we are not talking just in economic terms. In fact, all aspects of life and activity, which are subject to manipulation and controlled change, come within the sphere of development. The goal of development thus becomes the enrichment of the quality of life and its availability at minimum levels to all sections of the population. It is now recognised that development is not merely the provision of opportunities for resource development

in the light of appropriate science and technology but also their actual utilisation, and, therefore, the creation of the necessary facilities for such utilisation. Thus the power structure, its class composition and its unequal incidence in the interests it serves, institutions (economic, social and political), the state of the law, the state of knowledge and use of science and technology, information and communication, bureaucracy, monitoring and evaluating the progress of development—all these fall within the scope of development. Development thus becomes an

POINT OF VIEW

inter-disciplinary concept, which is no longer the exclusive concern of the professional economist or scientist or technologist.

Integrated rural development involves the development of both natural and human resources and this has to be done within defined areas. It also requires the identification of the poor and specific measures designed to lift them above the level of poverty. Integrated rural development does not only mean agricultural development or increase in agricultural productivity. It has to include all productive activity such as secondary and tertiary, and primary other than crop-raising. Not only has it to include all production and means designed to improve productivity, but also to provide for full employment, and an equitable distribution of the proceeds of development with particular reference to

the elimination of poverty. It should be clear, therefore, that while science and technology can certainly help, they cannot do it by themselves nor function as a magic wand that can bring about rural development and eliminate rural poverty.

area-bound programme

To begin with, it is necessary to recognise that development, whether of natural or human resources, is area-bound and has to have viability and effectiveness of integration in area terms. The area that is talked about today for development is the village. We want the village as the unit for rural development and take it for granted that it is both an effective and a viable unit for the purpose. But the village is not a homogenous concept. In fact, we have never undertaken a conceptual analysis of the village but treat it as a description that includes within its range all human settlements that the census classifies as a village. In short, we have automatically taken the census village as the unit for rural development and made it the centre of all developmental programmes, whether of production or employment or education or health or minimum welfare services or the quality of life and improvement in the standard of living.

But is the census village a viable unit? Does it contain the area and population base necessary for integrated development? Can we bring about either full employment or distributive justice and elimination of poverty or provision of a minimum of developmental and welfare services or popular participation or even maximisation of output or productive application of science and technology by treating the village identified by the census as the unit for development? I have no doubt in my mind that the answer to these questions is in the negative, and that we will not get the full dividends from developmental programmes nor achieve the admitted goal of rural development without a significant enlargement, by regroup-

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ing or otherwise, of the majority of the areas which the census now classes as villages.

I shall now illustrate my thesis by referring to the facts of the case. According to the census of 1971, India had a rural population of 438.9 millions who were living in 567,338 inhabited villages. But the distribution of this rural population by number and population size is of a skewed character that is parallel with the skew phenomenon that characterises the urban population, the distribution of income and wealth, and the sharing of the good things in life and in fact, the entire social and economic structure of the Indian polity. Table I gives the percentage distribution of India's rural population by number and population size of India's villages in 1971.

TABLE I
Percentage Distribution of Rural Population in India

Village population size	Number	Population
Less than 500	55.34	16.37
Between 500 and 999	23.08	21.50
Between 1000 and 1999	14.23	25.77
Between 2000 and 4999	6.25	23.82
Between 5000 and 9999	0.86	7.45
Above 10000	0.24	5.09
Total	100.00	100.00

Of India's 567,338 villages, as many as 352,023 had a population of less than 500 each, while of this number, more than 50 per cent had a population of less than 200 each. How is it possible to have either developmental or welfare services, which would have quality and effectiveness, for settlements containing 40 or 100 families? What kind of economic viability can such small population units have in terms of either production or distribution or employment or needed changes in their power and social structure? And in the absence of economic viability, what can be the effectiveness of the vast amounts we are spending on their development as individual units? These are basic questions which have received inadequate, if not nil attention, in all the discussions we are having on rural development or in

the programmes that are formulated for such development. It is high time that we started paying attention to this basic problem of the minimum rural settlement that should form the basis for the planning and implementation of all programmes of integrated rural development.

The problem is not only to determine the size of such a minimum unit but also to devise ways and means for bringing such minimum units into existence by grouping clusters of villages with necessary social, economic and resource links into new viable villages and establishing the necessary transport facilities between the villages composing any given cluster so that each cluster of villages constituting a new village can function as one integrated unit.

The seriousness of the problem of uneconomic and unviable village size becomes even more evident when we de-segregate the national totals and look at the position in the major states of the Indian union. Leaving out Kerala which stands in a class by itself, and to which I shall revert later, the proportion of the number of villages with population between 500 each to the total number of all

villages in each state varies from 18.9 per cent in Tamil Nadu to 66.4 per cent in Madhya Pradesh and 93.1 per cent in Himachal Pradesh, while the proportion of the rural population residing in villages with less than 500 persons to the total rural population in each state varies from 2.8 per cent in Tamil Nadu to 33.8 per cent in Madhya Pradesh and 66.8 per cent in Himachal Pradesh. Table II gives the rank of the states by proportion of villages with population less than 500 to the total number of villages and total rural population.

It is clear from Table II that the problem of uneconomic or non-viable villages is much sharper in the northern, central and eastern regions of the country with the exception of Haryana, followed by the western region, Maharashtra having a worse position than Gujarat. The situation is much better in the southern states with the exception of Karnataka, while Kerala stands in a class by itself with hardly any of its rural population living in villages of population size below 500. In fact, the position of Kerala is unique in respect of the residential character of its rural population in terms of the economic viability

TABLE II Rank of States Having Villages with a Population of Less than 500 Persons					
Number			Population		
Rank	State	Percentage	Rank	State	Percentage
1.	Himachal Pradesh	93.07	1.	Himachal Pradesh	66.81
2.	Orissa	71.87	2.	Orissa	33.78
3.	Madhya Pradesh	66.35	3.	Madhya Pradesh	32.32
4.	Jammu & Kashmir	60.70	4.	Jammu & Kashmir	25.02
5.	Rajasthan	59.39	5.	Rajasthan	21.78
6.	Bihar	56.13	6.	Assam	21.11
7.	Assam	55.61	7.	United Provinces	19.21
8.	United Provinces	55.27	8.	Bihar	17.08
9.	West Bengal	48.75	9.	Karnataka	14.74
10.	Karnataka	48.14	10.	West Bengal	13.60
11.	Punjab	42.65	11.	Punjab	13.05
12.	Maharashtra	39.52	12.	Maharashtra	10.68
13.	Andhra Pradesh	35.76	13.	Gujarat	9.12
14.	Gujarat	35.05	14.	Haryana	6.82
15.	Haryana	29.98	15.	Andhra Pradesh	5.62
16.	Tamil Nadu	18.87	16.	Tamil Nadu	2.81
17.	Kerala	0.32	17.	Kerala	0.01
	All-India	55.33		All-India	16.37

of its villages, as can be seen from Table III.

According to the census, Kerala has a rural population of 83.8 per cent of its total population. But the composition of this rural population classified by village population size is totally different from that of the rest of India, with nearly 89 per cent residing in villages with a population of more than 5000 each and less than 2000 each, classed as rural because of the dominance of agricultural and allied activities in the occupational distribution of the population. It is obvious that rural settlements in Kerala are quite viable from the point of view of developmental and welfare services, as the bulk of their rural population lives in villages having a population of 5000 and more persons. This fact is undoubtedly a major explanation of the vast progress that Kerala has made in the provision of educational and health services to its rural population, as compared to other states, its relatively greater success in family planning and reduction of the birth-rate and death-rate in rural areas, and the greater capacity for cohesion and collective organisation it has been able to achieve among its rural population.

operational size

While it may not be possible for the other states in the Indian union to emulate the example of Kerala and have their rural population residing in settlements with 5000 people and above, Kerala's striking position in its village composition and its developmental experience clearly indicate the need for enlarging the size of the operational village in the rest of India, if we are to have a viable and effective programme of integrated natural and human resources development. My own view is that a population of 5000 would be an ideal size for a viable village unit, but this seems to be beyond the bounds of practicability in the foreseeable future. I suggest therefore two alternative models for village restructuring and re-composition in order to make the Indian village a viable unit for integrated rural development. One is to aim at a village with not less than a population of 1000 persons and the other with a population of not less than 2000

persons. The first model would involve a restructuring of 451,623 villages with a population of 166.3 millions in order to convert them into 166,286 villages or 36.8 per cent of their existing number. The second model would involve a restructuring of 533,596 villages with a population of 279.4 millions in order to convert them into 139,724 villages or 26.2 per cent of their existing number. As the second model will also present immense difficulties in implementation, I would suggest the first model for adoption. The implications of this model for the restructuring of villages by the principal states of the Indian union are presented in Table IV.

gigantic task

The task appears to be gigantic and may be dismissed as impractical. Apart from the fact that such dismissal would leave unchanged the wholly unsatisfactory current situation, it is not as formidable as it appears at first sight. Except in states such as Himachal Pradesh and Tamil Nadu and Kashmir and parts of states like Madhya Pradesh, Bihar and Orissa with their tribal belts, UP, with its hilly areas and Rajasthan with its desert background, most Indian villages are in close proximity to one another, separated by a distance of two to seven or eight kilometers; and it should be not difficult to form them into clusters and reconstitute them into single villages, provided the detailed survey and work required at the grass roots is undertaken and steps taken to have a programme of rural roads designed to link these clusters of villages together to

form them into one village rather than merely go on attempting to link all villages to the towns as is the case with the present rural roads programme.

restructuring villages

An exercise undertaken recently by me in connection with my project for integrated human resource development of a backward district in Karnataka state has given me the feeling that it is possible to find such clusters for being formed into single villages; and this has given me some confidence for putting forward a proposal for the restructuring of villages to form them into viable villages or rural settlements that can form a more economically efficient base for integrated rural development than the existing villages with their very small population.

Reconstitution of villages is a state subject. But the state governments already have the power to undertake such a reconstitution. Thus, for example, the Karnataka Land Revenue Act of 1964 empowers the state government to, I quote: "subject to such conditions and in such manner as may be prescribed, alter or add to the limits of any village or amalgamate two or more villages or constitute a new village for the purpose of this Act". Then again, the Karnataka Village Panchayats and Local Boards Act of 1959 includes a similar provision for village reconstitution. I quote: "Whenever the government, after making such inquiry as may be prescribed, is satisfied that any area comprising a revenue village or a group of revenue villages has a population of not less than one thousand

TABLE III
Residential Character of Population of Kerala Villages

Population size	Number of villages		Population of villages	
	Number	Per cent of total	Number	Per cent of total
Below 500	6	0.38	1151	0.01
500 to 999	18	1.14	13201	0.10
1000 to 1999	57	3.62	86695	0.60
2000 to 4999	395	25.11	1477542	10.30
5000 to 9999	587	37.33	4143999	28.88
Above 10000	510	32.43	8625456	60.11
Total	1573	100.00	14349574	100.00

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and five hundred but not more than ten thousand, it shall by notification in the official gazette, declare such area to be a village". All that is now required is to include the concept of viability for integrated rural development as a major criterion for the restructuring and enlargement of existing villages, bringing within its scope education, health, cooperation, panchayats, other developmental and welfare services, and use of science and technology for improvement of equipment and skills in rural production.

There are three other factors bearing on rural development to which I would like to make a brief reference and I do so because I believe they have also not received adequate attention in current discussions on integrated rural development.

The first is the emphasis that is now being laid on distribution of agricultural land to landless labour. It needs no special arguing to show that the possession and

cultivation of agricultural land does not by itself ensure the abolition of poverty, if the size of the holding cultivated falls below a particular minimum. A recent study of a taluk in East Godavari district has revealed that even with a 100 per cent irrigation and a cropping intensity of 1.7 to two, the annual income earned from the cultivation of one hectare of land or less does not enable the cultivating household to cross the poverty line. And 35.7 million operational holdings out of a total of 70.5 millions or more than 50 per cent are of a size of less than one hectare of land. The average size of an operational holding in this category is only 0.41 hectare, and its irrigated component is only 0.12 hectares. Though these marginal and sub-marginal holdings cover only nine per cent of the total area of land operated in Indian agriculture, they account for more than 50 per cent of India's cultivator households. Would it not be desirable to use any land available for redistribution to

increase the size of the holdings of these marginal and sub-marginal farmers rather than add to their number by giving lands to the landless labourers?

A number of studies have shown that the marginal and sub-marginal farmers, whose land holdings are obviously below the minimum economically viable size, have an income level not different from that of agricultural labourers. In fact, in some areas, agricultural labourers earn a higher income than these marginal and sub-marginal farmers. From the stricity economic point of view and for speeding up the process of industrialisation, is it wise deliberately to increase the number of the under-employed in the rural economy? Is not this tanuous link to land, where the holding is sub-marginal and incapable of giving an acceptable minimum living, a disincentive to the motivation to initiate projects of non-agricultural activity and thus diversify the economic structure and loss to larger

TABLE IV
Structure of Villages by Population below 1000

State	Less than 200		200—499		500—999		Total	
	No. of villages	Population	No. of villages	Population	No. of villages	Population	No. of villages	Population
Andhra Pradesh	5,352	479,941	4,383	1492,658	5,438	3999,461	15,173	5972,060
Assam	5,615	578,833	6,744	2298,806	5,986	4254,147	18,345	7131,786
Bihar	17,440	1835,287	20,483	6829,491	15,232	10800,433	53,155	19465,211
Gujarat	2,054	236,690	4,351	1514,489	5,242	3798,041	11,647	5549,220
Haryana	618	67,329	1,400	495,864	1,909	1388,544	3,927	1951,737
Himachal Pradesh	12,020	1013,857	3,723	1136,569	861	578,990	16,604	2729,416
Jammu and Kashmir	1,748	201,982	2,200	738,408	1,556	1086,176	5,504	2026,566
Kerala	2	245	2	1,150	2	5,613	6	7,008
Madhya Pradesh	19,754	2167,956	27,276	9100,753	16,516	11447,188	63,546	22715,897
Maharashtra	5,053	548,356	9,088	3158,879	10,529	7564,120	24,670	11271,355
Manipur	974	98,978	476	150,386	237	164,863	1,687	413,227
Maghalaya	3,192	290,710	1,093	327,480	237	158,279	4,522	776,469
Mysore	4,939	531,873	7,974	2728,837	7,082	5028,074	19,995	8288,784
Nagaland	334	37,473	325	107,420	169	114,580	828	259,483
Orissa	18,548	1787,001	15,223	5001,773	8,821	6153,073	42,592	12941,847
Punjab	1,887	199,257	3,311	1149,774	3,577	2558,861	8,775	3907,892
Rajasthan	8,771	936,542	11,010	3686,683	7,817	5522,808	27,598	10146,033
Sikkim	—	—	31	12,034	114	81,188	145	93,222
Tamil Nadu	988	103,451	1,981	704,520	3,425	2553,058	6,394	3361,029
Tripura	2,995	254,588	969	310,505	473	330,262	4,437	895,355
Uttar Pradesh	27,356	2824,426	34,856	11761,228	28,295	20088,301	90,507	34673,955
West Bengal	7,604	840,823	10,957	3696,590	9,085	6462,384	27,646	10999,797
Union Territories	2,828	211,353	705	223,701	387	273,647	3,920	708,701
All-India	150,072	15245,951	168,561	56627,998	132,990	94412,101	451,623	166286,050

production and more full time employment? In my considered opinion, it was wrong to club together marginal and sub-marginal cultivators and landless labourers as one economic category to whom the same prescriptions are sought to be applied for the elimination of their poverty. I suggest that the task of integrated rural development is hampered by not having a policy of an economically viable minimum agricultural holding, which should be extended to the maximum possible extent to the existing marginal and sub-marginal farmers and make Indian agriculture a more worthwhile occupation for the vast number of cultivators who now account for such a small proportion of the total agricultural output.

I would further suggest that landless labourers should be placed in a position where their wages would give them an income that brings them above the poverty line instead of keeping their number at a level which keeps them perpetually below the poverty line. For dealing with surplus agricultural labourers, I would suggest that we devise programmes of full time employment or self-employment activity in the non-agricultural field that would speed up the process of industrialisation and give a more balanced structure to the Indian economy. Unless there is a radical rethinking on these lines in regard to marginal farmers, sub-marginal farmers and landless labourers, I doubt if we will be able to solve the problem of rural poverty in India in spite of any programme of integrated rural development that we may attempt.

basic connection

The second factor I would like to mention is the basic connection that exists between development, and effective and motivated participation in the developmental process by the vast body of the rural poor belonging to the category of marginal and sub-marginal farmers. Such participation by the poor among the cultivating classes is not possible unless there is a fundamental change in the existing rural power structure, in regard to the utilisation of the facilities created by government for rural development and a radical alteration in the existing structure of ownership of land and other pro-

ductive assets among the rural population.

Some steps in this direction are being taken under the rural provisions of the twenty-point programme and the popular movement for literacy, family planning and afforestation under the five-point programme, but we have a long way to go before we can succeed in reorienting and reconstituting the rural power structure for facilitating the process of rural growth with social justice and the elimination of rural poverty. Some idea of the magnitude of the task to be faced in the way of popular participation and effective mobilisation of the rural poor for influencing the process of rural development has already been given by me in my reference to the need for enlarging the size of village unit and thus enabling the growth of a collective rural consciousness and organisation at the grass-roots level besides providing an economically viable base for integrated human resource development.

rural assets

The magnitude of the task on the side of ownership of all assets, including land, equipment and houses, has been brought out clearly by the recently published survey by the Reserve Bank on the assets of rural households. According to this survey, more than one-third of the total number of rural households owned assets valued at less than Rs 2,500 each. They included one-fifth of the total number of cultivators, nine-tenths of the agricultural labourers, more than seven-tenths of the artisans, and about two-thirds of "other" non-cultivators.

The average value of assets per household in this group worked out to only Rs 987, of which buildings alone accounted for Rs 423, and durable household assets for Rs 137. Productive physical assets taken together averaged only Rs 392 of which again land alone accounted for Rs 242. Live-stock accounted for Rs 122 while implements and machinery accounted only for Rs 28 and financial assets for only Rs 20. The vast inequality in agricultural land holdings has been revealed by the Agricultural Census of 1970-71, 52 per cent of the holdings being below one hectare each and accounting for only 10.7 per cent of the gross cropped area while 0.9 or less than one

per cent of the holdings were each above 20 hectares and accounted for 10.5 per cent of the total gross cropped area or almost as much area as was accounted for by 58 times their number. Unless some radical steps are taken to bring about a more equitable distribution pattern of land and other productive assets in the rural areas, it is difficult to see how it is possible to bring about integrated rural development.

labour intensive technology

The third factor I wanted to stress is the inability of science and technology by itself to solve the problem of rural poverty. Science and technology are, as we have seen in our experience of the green revolution, neutral to size only in theory, indivisible assets and varying degrees of access to divisible assets making for a widening of the income gap and a continuing of poverty at the lower and lowest levels of asset holdings. It is good that in recent years, Indian science and technology has turned its attention to the development of technology that would be labour intensives, based on local resources, and usable by rural personnel with limited or nil financial resources. But it would be some time before this new venture yields concrete results and on a sufficiently national scale.

Meanwhile, as the prime minister has pointed out in the case of gober gas plants, the remedy may prove worse than the disease by depriving the poor of their inexpensive asset without giving them a reasonable share in the energy and fertilizer products of such plants. I am all for using science and technology for dealing with rural development and solving the problem of rural poverty. But it should not be treated as a substitute for not dealing with the basic problems of the viability of the village unit, the more equitable distribution of productive assets among rural households, the greater access on the part of the poor to the inputs and other facilities afforded by government for their benefit, the democratisation of the rural power structure, and the creation of the necessary consciousness and organisation among the rural poor for ensuring their effective participation in and influencing of the rural developmental process.

Pricing of synthetic fibres

Studies of consumer behaviour have revealed that a consumer's perception of a fabric's quality varies directly with its price. The author also feels that price discrimination will help the industry to recoup high fixed costs through a higher degree of plant utilization.

SYNTHETIC FABRICS are usually classified as fashion articles. However, many do not agree with this idea. The use of synthetic fabrics has trickled down to the common man. It has, therefore, become an essential fabric on a consumer's shopping list. Their demand, it is believed, is regulated by 'discretionary income' of the consumer. The classification apart, synthetic fabrics are doubtless offering severe competition as close substitutes to natural fabrics. It is in this perspective that the pricing structure of synthetic fabrics needs close scrutiny.

The value or price of every article (fibre) produced is represented by the formula:

$$P = C + V + S$$

where

P represents selling price of the fibre

C = fixed cost

V = variable cost

S = profit.

If we subtract profit or surplus 'S' from the price of the fibre, there remains a bare equivalent capital value 'C+V', expended in production. What the fibre costs the manufacturer and its actual cost to the buyer are two different magnitudes. On the basis of capital employed, after the labour enters the production process, the entrepreneur himself constitutes an ingredient of operating productive capital which ultimately regulates profitability of the concern.

total cost

The total cost is the aggregate of various cost ingredients. The absolute costs or outlay costs have been broadly categorised into "fixed costs" and "variable costs". Fixed cost is one which does not vary with changing level of factory output while variable cost tends to vary with changing levels of output. The variable cost is attributable to the consumption of raw materials, purchased compo-

nents and labour etc. and other costs imposed by the practice of grouping of costs by the company. The object of defining cost constituents in terms of fixed and variable costs is to enable the contribution rates to be calculated, break-even-sales to be determined and profit forecasts to be prepared at different levels of output.

fixed expenses

The contribution, or more fully, "contribution to fixed expenses", is the sum of money which remains after the variable costs of production are recovered from sales revenue. Thus,

$$\text{Contribution} = \text{Sales} - \text{Variable Costs} \\ = \text{Fixed Costs} + \text{Profit}$$

resorting to the introduction of added value into the above formula we have

$$\text{Contribution} = \text{Added Value} - \text{Production labour}$$

The cost analysis in the synthetic fibre industry in terms of the aforesaid variables has been given in Table I.

From this table, we now calculate the level of sales at which synthetic fibre industry will break-even, that is, the level at which the industry neither makes a profit nor incurs a loss. The industry will break-even when the contribution to the fixed expenses is exactly equal to fixed expenses incurred. The contribution is 26.4 per cent of the sales. Thus, the sales needed to produce a contribution equal to the fixed expenses of Rs 76.25 crores is

$$\text{Break-even Point} = \frac{\text{Fixed Costs}}{\text{Contribution Ratio}} \\ \text{Computing the values from the preceding table, in the above formula, we have,}$$

$$\text{Break-even Point} = \frac{76.25}{26.4} \times 100 \\ = \text{Rs } 289.92 \text{ crores.}$$

Thus, the sales needed to produce a

Rajender Kumar Thusu

contribution equal to fixed expenses of Rs. 76.25 crores is Rs 289.92 crores. Above this level, profits will accrue at the rate of Rs 26.4 for every Rs 100 additional sales.

excise imposition

The difference between the various elements of the fibre value—which together makes up the cost price, manifests itself when a change takes place in the value of either the expended fixed costs or the expended variable costs. In the case of synthetic fibres, there exists a discrimination in price between the imported and the indigenous raw material i.e. caprolactum. This leads to the variation in total production costs of the fibres in respect of the producers using only one type of raw material. On the other hand, the synthetic fibre fabric industry is burdened with heavy excise impositions. The synthetic industry in fact had been expecting that the budget for 1975-76 would extend some relief to it in the excise burden at least on its raw material, which was imposed at 50 per cent ad valorem in previous year's supplementary budget. As a result of such high excise, the indigenous capro-

TABLE I

Objective Profit of Synthetic Fibre Industry for 1975-76

(Selected 16 leading manufacturers)

Head	Value in (Rs lakhs)	Figures in per cent
Sales	46721	100.0
Raw materials	21491	46.0
	25230	54.0
Purchases	4345	9.3
Added value	20885	44.7
Production labour	8597	18.3
Contribution	11288	26.4
Fixed expenses	7625	16.3
Profit/surplus	3663	10.1

Source : Economic Times (November 16, 1976)

lactum produced and marketed by the state-owned Gujarat State Fertiliser Corporation (GSFC) has been more than two and a half times the landed costs of imported material (inclusive of import duties and State Trading Corporation's handling charges) as revealed in Table II.

TABLE II
Comparative Cost of Imported and Indigenous Caprolactum in 1975-76.

	Per M/T
1. Imported caprolactum	(\$ 1000)
	Rs
C.i.f. price	8,000
Import duty (75%)	6,000
S.T.C's charges (10%)	800
Total cost	14,800
2. Indigenous caprolactum	per M/T
	Rs.
Basic price	23,000
Excise duty (50%)	11,500
Sales tax & octroi (5%)	1,725
Total cost	36,225

Source : Modern Fibres

While this difference in cost of raw material has to be taken into consideration for realization from the consumer, the main determinant would be the price differences based on relative price elasticity of demand of different customer types and fibre uses. This would lead to price discrimination; but, the government in conformity with the viable national pricing policy persuaded the spinners of different types of synthetic yarn to evolve a uniform pricing arrangement with a view to arriving at uniform prices.

The government of India asked the Tariff Commission to examine the cost structure of man-made fibre industry and prescribed uniform prices for different varieties of fibre. In the wake of this, a voluntary agreement was signed between weavers and spinners in 1970 which was renewed on September 6, 1973. The mutually agreed prices were set on the basis of landed cost of caprolactum.

Various facts which tend to push up the cost of production of man-made

fibres in India as compared to elsewhere are:

1. Uneconomic size of plants : The size of Indian nylon plants ranges from two to nine tonnes output per day. As compared to this, the USA, Japan and West Germany have giant plants producing 250 to 400 tonnes of nylon per day. The economic plant size even in India is considered to be 40 tonnes per day.

2. Indian nylon plants rely on imported raw materials to the extent of 70 per cent.

3. Increase in the international prices of raw material year after year: In 1970, the c.i.f. price of caprolactum was Rs 4000 per tonne. Presently its price has increased to Rs 8000 per tonne.

4. High excise incidence pushes production cost of man-made fibres in India. The excise duties on various types of synthetic fibre yarns is reflected in Table III.

It is obvious from Table III that the excise impositions have been almost doubled on most of the fibre varieties. This tendency adds up to the rising trend in the production costs of the fibre industry. However, this trend has to be curbed to ease the price hikes in the interest of the industry as well as the consumers.

The analysis reveals that synthetic fibres and fabrics which in fact have be-

come a common man's wear carry some 50 to 70 per cent of excise on gross price, varying from quality to quality and fabric to fabric. This has put the ultimate consumer as well as the manufacturer under great strain. Studies of "consumer behaviour" have revealed that a consumer's perception of a fabric's quality varies directly with its price. In the case of synthetic fibres which face competition from natural fibres, the price discrimination, it is thought, has to be extemporaneous and ad hoc. It is felt that the price discrimination should be allowed to the synthetic fibre manufacturers as it will be profitable to them because of two reasons:

1. The industry has a high market take-off; and

2. There exist various segments which exhibit different demand elasticities.

Price discrimination, being the most pervasive element of marketing mix, will help the industry to recoup high fixed costs through a high degree of plant utilization. It is suggested that the reduction in excise duties on caprolactum and yarns as such will help the industry to grow on a firm footing. No doubt, the annual budgets envisage the enlargement of revenue but synthetic fibre industry, still being in a juvenile state, should be kept out of the purview of revenue-raising policy of the government.

TABLE III
Excise Duty as Imposed on Various Synthetic Yarns

Type of yarn	Old duty per kg (In Rs)	Present duty including Rs 20 per kg on textured yarn (In Rs)	Increase percentage
Nylon yarn			
Below 35 denier	42.00	78.80	87.6
Between 35 and 80 denier	37.00	71.80	94.1
Between 80 and 110 "	32.00	64.80	102.5
Between 110 and 150 "	27.00	57.80	114.1
Between 150 and 750 "	14.00	39.60	182.9
Polyester yarn			
Below 30 denier	55.00	97.00	76.4
Between 30 and 75 denier	50.00	90.00	80.0
Between 75 and 100 "	45.00	83.00	84.4
Between 100 and 750 "	35.00	69.00	97.1

Western worries over energy problems

E. B. Brook

The OECD has issued a warning that failure to moderate current trends of energy usage will lead to even weaker economic growth, unemployment and, hence, to political instability in the western world. Looking ahead ten years, the OECD secretariat predicts that demand for oil might by 1985 exceed the quantity that oil producers would be willing to make available.

It is a characteristic of western Europeans generally and of their offspring, the Americans, to indulge in an inborn tendency to worry—that, more brutally expressed, they are happiest when they are miserable. The British are the world's champion grouse, the Germans cultivate 'angst' and the Americans fall easily into hysteria.

The primary anxiety around which these doleful attitudes centre at present is worry about energy. If there is insufficient industrial energy the other evils will overflow; unemployment will grow by leaps and bounds, inflation exceed all known limits and social security will begin

plant, aware that it has very little coal and almost no other power resources. The Swedes, who recently turned the Socialists, out of office after some 40 years because of their almost entire dependence on nuclear power to move Sweden's industries, are an exception but the Americans go for nuclear power as an energy source almost head on.

The new administration in Washington has already pledged itself to give high priority to a comprehensive energy policy; President Carter has promised 'wide-ranging proposals' within 90 days aimed at developing a national energy policy and has cancelled a plan to lift price controls

years, the OECD secretariat predicts that the demand for oil might, by 1985, exceed the quantity of crude that oil producers would be willing to make available if the consuming nations continued with present energy policies.

The OECD is no more than repeating the warning given by the Shah of Iran in Vienna three years ago when he told journalists that the oil producers, including Iran, would not for ever produce oil for the western world to waste nearly half of it frivolously or for purposes for which other energy sources could quite easily be found. The Shah, on that occasion, stressed that the oil producers, generally, preferred to see the technical skills of western Europe and the USA applied to oil so as to produce from it greater chemical benefits rather than carelessly to burn it up for pleasure purposes. There is no reason to doubt that the Shah was speaking seriously; similar remarks have been made by Saudi Arabia's Sheikh Zamani and some other crude producers.

American anxiety

The OECD also shares American anxiety that proven reserves of natural gas and oil may, at the present rate of usage, begin to diminish towards the end of this century, of which we are already in the last quarter. The International Energy Agency adds its warning that the industrial world will face a very serious energy problem unless vigorous action is taken to diminish use of oil and to use it more productively. Any action taken now, the agency adds, would not become generally effective before another ten years. National action would be insufficient; any improvement would need to be a concerted plan operated by all industrial nations. At the present rate of use, which is steadily increasing, the oil producers would be called on to provide 50.5 million barrels of crude daily by 1985.

WINDOW ON THE WORLD

to totter. The great panacea to cure or diminish the effects of increasing oil prices, falling coal raisings and an anticipated exhaustion of some major sources of natural gas in some twenty years' time is seen in nuclear energy.

Vainly environmentalists agitate against dangers of nuclear leaks to human and animal life and spoilation of scenery; prospects of European under-sea oil sources are held in doubt. The one source on which government—with the halting exception of the British government—place most of their faith is nuclear power. W. Germany builds nuclear power plants and defends them forcefully against protestors; France is slowly filling itself with nuclear

on petrol as an earnest of his seriousness in reviewing the USA's energy situation. Trust in natural gas as an energy source has received a shock in the USA since industrial plants in many parts of the country have been obliged to close temporarily owing to gas shortages, laying off 200,000 workers just as the employment-conscious president was taking office.

In Europe the OECD, the economic organisation of 24 industrial nations, has issued a warning that failure to moderate current trends of energy usage will lead to even weaker economic growth, unemployment and, hence, to political instability in the western world. Looking ahead ten

US business and financial conditions

The Carter administration has taken office with the US economy well positioned for an extended period of growth, say the January issue of the Morgan Guaranty Trust Co. Survey. It believes the stage is set for what could be a long stretch of good times for the US economy.

RECENT statistics confirm that among the incoming administration's bundle of inheritance is an economy well positioned for an extended period of growth.

December brought impressive gains nearly all across the board—in industrial production (up sharply for the second straight month and nearly 7 per cent above a year earlier), in personal income (the biggest advance in eighteen months), in retail sales (boosted by record Christmas trade), and in housing starts (up 13 per cent from November and 50 per cent above a year earlier).

Even the mid-January report on fourth quarter GNP, showing "real" growth of 3.0 per cent as against 3.9 per cent in the third quarter, is not so disappointing as it might appear on the surface. Work stoppages in auto and other key industries in October and November dampened the overall performance, but the quarter ended on a strong upbeat. More importantly, the sub-par rate of growth in the final three months of 1976 was mostly due to a halving in the rate (compared with the third quarter) at which businessmen built inventories. And a lot of that smaller inventory investment clearly was involuntary, reflecting a strong burst of retail buying at a time when businessmen, whose attitudes until recently at least have been marked by caution, were in relatively low gear with production operations.

Inventory investment

Variations in the rate of inventory investment (the difference between GNP and final sales) have been primarily responsible for the ups and downs of growth in GNP. Given the recent strong pace of retail sales, there's a strong probability that businessmen will decide to step up the rate of inventory accumulation to more normal levels. This would give an im-

portant lift to production and jobs in the weeks and months ahead.

A continued spending mood by consumers is a vital prerequisite, of course. The key to such a mood in the past has been the trend of aggregate real after-tax income. After sagging in the third quarter (to less than a one per cent annual rate of growth), such income climbed at an annual rate of 3.7 per cent during the fourth quarter as a whole and was unquestionably growing even more rapidly as the quarter ended.

a jarring note

Deep-freeze conditions in the eastern half of the US, however, are complicating the outlook for consumer spending. Frigid weather could keep shoppers at home, and heating bills, which have soared lately, will mean that less money will be available to spend on other things. Shortages of natural gas, meanwhile, have brought layoffs of thousands of workers—cutting their paychecks—with more curtailments ahead if the cold wave continues. Weather, thus, has suddenly introduced a jarring note in the near-term business outlook.

For the moment, the negative potential of weather distortions is being overwhelmed in analysts' assessments of the outlook by the Carter administration's decision to try to accelerate economic growth with fiscal stimulus. The Carter package amounts to \$25 billion to \$32 billion over two years, including \$7 billion to \$11 billion in tax rebates and special one-time payments to groups like social security recipients.

For 1977, the stimulative thrust would by no means be evenly spaced over the full year. Rather, it is front-loaded, with maximum effect in terms of buttressing real after-tax income to be felt in the spring and early summer, something

which suggests the distinct possibility of a sizable spurt in economic activity for the second and third quarters.

The exact shape of the package, to be sure, is not yet decided. Indeed, Carter spokesmen have indicated that its various parts can—and probably will—be adjusted as the economic scene unfolds. In fact, the current package originally was hammered out a month or so ago when the economic skies were less bright than they are now. Still the fiscal package can be considered a sort of modest insurance policy against the economy bogging down (modest in the sense that a \$30 billion package over two years in itself is not likely to change drastically the course of an economy pushing toward \$2 trillion in size). What is most important is that the over-all impact of the package—as it is finally approved by Congress will—not weaken the still fragile resurgence in business and consumer confidence by generating fears of worsening inflation.

added fiscal stimulus

While too much should not be made of it, it is, perhaps, significant that credit markets reacted with some concern when news of the Carter package flashed across the news tickers early this month. The prospect of added fiscal stimulus—at the expense of a sizably enlarged federal budget deficit this year—contributed to a backing up in interest rates. The rise was accentuated by the brightening economic picture and by a quickening pace of expansion in the monetary aggregates as 1976 ended.

Treasury bill rates, which in December had gotten down to 4.3 per cent (lowest in four years), by the third week of this month had climbed back up to nearly 4.7 per cent. And corporate and government bond yields showed a similar upswing. Federal Reserve Credit policy, all the while, has shown no appreciable change. The "barometer" of such policy—the Federal funds rate—has fluctuated around 4½ per cent since early December.

What the backing up in interest rates

and even this huge consumption of reserves would be insufficient to meet the requirements of major industrial states. If this growth of oil consumption continued, not only would standards of living begin to fall but industrially developing states would find their programmes heavily set back.

For these reasons, the OECD strongly advises its member states to augment their nuclear power programmes considerably in order to hold oil imports down to just over 40 million barrels a day instead of a feared 50 million. Working on the general assumption that North Sea and other northern oil reserves will have passed their peak delivery before the end of this century, the OECD fears that by the next century, unless there is planned conservation in the meantime, demands on the present major sources of oil could be beyond their capacity to fulfil at about that time.

energy-saving measures

Both the OECD and the US administration, the one only an adviser, the other with power to act, insist that energy must be priced at world levels and that governments should apply such mandatory measures as speed limits, motor efficiency standards and insulation norms as well as offering incentives to industries to invest in energy-saving equipment.

All these panacea are much easier to advise than to put into practice. Speed limits would need policing far beyond the capabilities of any modern police force or related auto-control branch. Man bent on pleasure or profit is a selfish animal and would only laugh at talk of an energy crisis. No auto manufacturer would agree that his product lacked the highest efficiency standards and incentives to industry tend to disappear as an adjunct to profits. Good advice drawn up by statisticians and bureaucrats, however, precise and correct, is likely to remain on paper.

The future looks, therefore, as if it lies with the nuclear power industry. So far, its only serious impediment has its source in public alarm about the effects of nuclear leaks and accidents. The press has kept the public fully informed as to even the most minor of these

events; as a result the latest, most potent and cleanest source of industrial and other power moves under the same cloud as hung over locomotives about a century ago and over motor vehicles sixty years ago. Even if some demands for speed in developing nuclear power stations appear more alarmist than justified, it seems reasonable to conclude from all evidence so far available that the present rate of using natural gas and oil combined with international disinclination to work at the dangerous industry of coal mining is pushing a good half of the world into a position of Hobson's choice about expanding nuclear energy programmes and of carrying them through fairly speedily.

There is, however, need for caution on many grounds. Some areas of politics, public distrust, environmental considerations and the possibility of coal providing much more power than it is at present doing are not considerations lightly to be brushed aside. There is also the consideration whether world industrial production will actually grow as fast and make such heavy demands on power as some people have calculated. A Ford Foundation study some two years ago cast considerable doubt on the USA's probable rate of industrial growth and this doubt has been repeated more recently by one of the

United State's most distinguished nuclear scientists, Dr A. Weinberg. He considers that industrial growth and industrial energy consumption in the USA over the next 35 years—roughly the same period as the OECD has pondered—may be as slow as 1½ per cent per year. Further, he considers that any growth in the US industrial power requirement could be amply met by developing the nation's immense coal reserves.

Too swift an advance in nuclear power stations' expansion would undoubtedly cause public distrust; any accidents would be likely to be exaggerated in consequence out of all proportion. Even more suspect are long-term calculations by international organisations, especially if they produce startling findings. The British are hesitating over their nuclear programme and thankfully resting on North Sea oil prospects; the Swedes have thrown a powerful government out of office very largely because it was proposing to go ahead with reliance on nuclear power too fast for the average citizen. In the USA, warning voices may deter acceptance of all the claims of a high pressure nuclear lobby. Despite all its well-known defects in dirt, danger and relative clumsiness, coal—a source of power and warmth for centuries—may yet have another day.

RECORDS AND STATISTICS

A Quarterly Bulletin of "Eastern Economist" this publication surveys important developments in each quarter in the various fields of the national economy as well as in the world economy, organizes its material in convenient form and illustrates it with diagrams, graphs and charts. Its features are a business roundup, an analysis of markets and an investment supplement.

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shows, quite clearly, is that government policy makers tread a narrow path. Their pronouncements bring actions—and reactions—as markets interpret the potential impact of such policies on demands for credit and ultimately on inflation.

As 1977 began, monetary aggregates were at or above the top side of the range targeted by the Federal Reserve. Many money-market analysts think the late 1976 bulge in the aggregates was temporary and growth soon will slow.

If growth in the money supply does not, in fact, slow, the monetary authorities will face a difficult choice: either to move against that trend by raising the funds

rate or to move the targets for money growth up again to levels they themselves have characterised as inflationary. Ironically, any upward move in money targets would come at a time when existing targets have been rather broadly accepted. Recently, for example, a subcommittee of the House Banking Committee recommended as a monetary target an M_1 growth rate in the four per cent to six per cent range—actually a bit lower than $4\frac{1}{2}$ per cent—6 $\frac{1}{2}$ per cent target range set by monetary authorities between the summer of 1976 and the summer of this year.

The task facing the monetary authorities, thus, is a delicate one: to continue to accommodate an accelerated recovery

without letting the aggregates blossom out in a way that would damage their own credibility and threaten longer-range stability.

But, early in the new year, the economic picture is quite solid, and problems as yet are in the distance. The pace of inflation (consumer prices in 1976, up 4.8 per cent, showed the smallest rise in four years) is relatively reassuring. Industry has no capacity or bottleneck problems—with the obvious exception of the natural gas shortage. Corporations' financial strength has grown considerably in the last eighteen months. In short, the stage is set for what could be a long stretch of good times.

were an additional negative factor in the summer quarter and real total capital spending in this period fell at a very disturbing annual rate of 16 per cent. The decline in non-residential construction and in spending on machinery and equipment was even more pronounced.

In the foreign trade area, export growth slowed from the sharp gains registered earlier in the year. Imports, however, actually fell for the first time in a year. As a result, there was a further improvement in Canada's trade position. The current account deficit, on a national accounts basis, declined from an annual rate of \$5.3 billion in the second quarter to \$3.3 billion in the third.

In spite of the news of this improvement, there was a sharp fall in the dollar after mid November. Until November record-high long-term capital inflows had offset a huge deficit in trade in goods and services and despite widespread forecasts of a decline, the dollar had traded at a premium of two to three per cent over the US unit. Then, triggered by the uncertainties which followed the election on November 15 of an avowed separatist government in the province of Quebec, the dollar fell by nearly 6c. in a few weeks time. In an attempt to temper

the decline the Bank of Canada sold \$803 million US out of the exchange fund during November—most of it apparently in the last week of the month. This large amount was roughly 14 per cent of total reserves. By mid December, however, the dollar appeared to have stabilised and was trading in the 97 $\frac{1}{2}$ —98 $\frac{1}{2}$ US \$ range.

A few years ago Canada considered itself in the very favourable position of having abundant supplies of all major energy resources, oil, gas, coal and electricity, at a time when nearly all other major western industrialised nations were heavily dependent on energy from sources outside their own borders.

In the last three years, however, Canada's energy outlook has lost a great deal of its lustre since new discoveries of oil and gas in readily accessible regions and in frontier areas were not anywhere near as large as expected. Furthermore, huge cost increases for such energy projects as the James Bay hydro development and the Syncrude tar sands plant have also contributed to the erosion of the belief in inexpensive and plentiful domestic energy supplies.

sharp turnaround

The apparent abundance of energy in the past together with aggressive marketing policies resulted in significant increase in energy exports during the sixties. By 1968 Canada was a net exporter, in dollar terms, and the surplus of trade in energy commodities reached a peak of \$1.7 billion in 1974. The following year, however, the surplus fell to \$1.2 billion as oil exports were cut back and Canada again became a net importer of oil. Since the volume of gas exports is also headed down, only fast-rising gas export prices will prevent Canada's swift return to a position of a net importer of total energy. This will likely take place by the mid 1980's and because of the large dollar amounts involved this sharp turnaround could have serious implications for Canada's balance of payments.

In view of these disturbing developments in the domestic energy outlook, a review of the energy situation and some of the options Canada faces appears appropriate.

During the sixties and early years of the

seventies, Canadian crude oil production increased rapidly. Output more than doubled between 1960 and 1969 and reached a peak level of 636 million barrels in 1973. Production fell off in the next two years, dropping by more than 20 per cent from this record level as a result of a decline in the producibility of reservoirs and because of federal government initiatives to reduce exports.

historical perspective

Historically, the Canadian petroleum industry has been strongly export oriented. However, following the Arab oil embargo during late 1973 and early 1974 and, with a steady decline in Canadian oil reserves, the federal government moved to cut back exports and redirect them to eastern Canada which, until 1976, had been supplied by offshore sources. To this end a pipeline was completed last year linking Sarnia, the eastern terminus of pipelines from the west, to Montreal. As a result of these measures, crude oil exports to the United States will have fallen from a high of over 1.1 million barrels a day in 1973 to a scheduled level of 305,000 in January 1977, and by 1981, according to government plans, crude oil exports will be virtually eliminated.

Paralleling the swift rise in petroleum production, proved conventional reserves of oil rose annually from 1947, when the first major strike was made at Leduc, Alberta. Since 1969, however, proved reserves have been following a downward course and the reserve life index (proved reserves at end of year divided by production in that year) dwindled to 12 years in 1975 from a high of 24 years in 1966.

While conventional reserves are quickly being depleted, the potential for non-conventional oil from the tar sands in western Canada is immense. The Alberta Energy Resources Conservation Board estimates that in the Athabasca region alone some 26.5 billion barrels of synthetic crude oil could be recovered with present technology. This huge amount is equivalent to about four times total Canadian conventional reserves in 1975 and there is a good possibility that intensifying research and development in the area of oil recovery from tar sands could increase this total markedly.

However, there have been massive in-

creases in the cost of building facilities to extract the oil and only one plant is currently operating in the tar sands. Production averaged about 42,000 barrels per day in 1976, or about three per cent of total domestic output. A second plant, now under construction, will have a capacity of 125,000 barrels daily by 1978.

Despite optimistic hopes in the early seventies, there have been no recent commercial-size discoveries of crude oil in offshore or frontier areas, although active exploration continues, particularly in the Arctic and Mackenzie Delta.

On the demand side, the Federal Department of Energy, Mines and Resources (EMR) recently published several oil demand forecasts based on different combinations of assumptions concerning economic growth and domestic oil prices. In the present circumstances, their forecast based on lower-than-previous economic growth and high domestic oil prices would seem most appropriate. It shows demand growing at about three per cent per year over the period 1976-1990. This forecast increase is less than that for total energy demand and, consequently, crude oil will decline in relative importance as a primary energy source in Canada, from satisfying 44 per cent of total requirement in 1975 to 40 per cent in 1990. Nevertheless, with domestic supplies expected to remain constant or decline until the late 1980's, Canada will become increasingly dependent on foreign sources and will by 1985, according to EMR estimates, have to import 950,000 barrels a day or 40 per cent of total domestic oil requirements.

gas exports

Natural gas production has increased at an even faster pace than crude oil output, growing at a 17.6 per cent average annual rate between 1950 and 1973. Exports also have grown at a swift pace and reached a record 1,037 billion cubic feet (BCF) in 1973, amounting to 42 per cent of domestic production. Since then, however, gas exports have declined, mainly because of an unexpected decrease in deliverability from reservoirs in northern British Columbia although government policy has also played a part.

In order to preserve domestic supplies of natural gas, the National Energy Board

Mixed performance of Canadian economy

The year 1976 has been a record year for house-building activity for Canada, says the Business Review of the Bank of Montreal in its January issue. The energy outlook however seems to have lost a great deal of its lustre since the discoveries of oil and gas in readily accessible regions were not as large as expected.

THE ECONOMIC news present a mixed bag of pluses and minuses. On the positive side retail sales have been on a strong uptrend throughout the autumn, registering increases in the three months ended in October of 0.5 per cent, 0.3 per cent and 1.5 per cent respectively. Housing starts which had been sagging rose very steeply in November to an annual rate of over 300,000 units, the second highest rate for any month in 1976. This almost ensures that 1976 will be a record year for house-building activity. Finally the rise in the consumer price index in November was only 0.3 per cent with the 12 month increase down to 5.6 per cent, the lowest in four years. Once again a decline in food prices partially offset increases in the non-food sector. However, the rate of advance in the latter area has slowed somewhat in recent months.

On the less favourable side, industrial production in October declined for the second month in a row and while the unemployment rate in November fell to

7.3 per cent from October's 7.6 per cent peak, this simply reflected a withdrawal of workers from the labour force. Employment, in fact, declined in November. Consequently, the employment rate (the percentage of the civilian population age 15 and over with a job) declined for the third consecutive month to 56.3 per cent.

December readings appear to confirm the continuation of the sluggish pace of advance that has been evident since early in the year. National account statistics released early in December reveal that the annualised volume gain in the third quarter in overall production of goods and services was only 3.4 per cent. Although up from the slight gain in the second quarter, the advance was still well below the economy's potential.

With profits continuing to turn in a dismal performance—in fact showing a year-over-year decline of four per cent in the third quarter—it is small wonder that activity in the investment sector has been extremely depressed this year. Strikes

(NEB) has followed a policy of not issuing any new export licences unless proved reserves of gas exceed 25 times the projected total demand for Canadian gas four years into the future. With reserves in non-frontier areas having shown little increase in recent years, no new export licences have been granted since August 1970 but under licences granted prior to that date, the volume of gas exports could continue at 1,023 BCF a year (41 per cent of 1975 production) until 1981 before gradually falling off through the remainder of that decade.

A considerable disparity of view exists about the extent of reserves in both the conventional-producing areas and in the frontier areas. The NEB tends to take a conservative view and estimates the life index of gas in conventional areas to be between 23 and 24 years. Although gas deliverability from currently producing wells is expected to decline after 1976, the NEB expects that, with the present level of drilling activity in Alberta, deliverability in the conventional-producing areas could be boosted from the current

2,500 BCF/year to about 3,000 BCF/year by 1980.

If the gas demand projections developed by EMR of about six per cent average annual growth during the period 1975-1980 and four per cent annual growth 1980-1990 are matched with the NEB deliverability forecast, it becomes apparent that gas supplies will not meet contracted exports and domestic demand after 1976 unless this increase in deliverability is achieved. If these new reserves are added at the rate expected by the NEB a shortfall should not be experienced until 1983. It should be noted, however, that because of the inadequacy of pipeline capacity and what are considered unusual circumstances—slow economic growth and mild winters, for example—demand growth in 1975 and 1976 was almost zero.

A short-term solution to the approaching gas shortage, therefore, would be to increase deliverability in Alberta through drilling and various other technical procedures and submissions to the NEB suggest that the possibility of upgrading deliverability in the conventional areas is good.

A longer-term solution is to tap reserves in Canada's northern regions and while proved reserves in these areas do not yet warrant a pipe line there appear to be good reason to expect that sufficient reserves will be found. The impact of frontier gas on Canada's supply/demand balance shows that gas from the Mackenzie Delta-Beaufort Sea reserves could meet domestic demand and licensed exports until about 1992 while gas from the Arctic islands could also markedly boost supplies.

At present there are five interrelated pipeline proposals for transporting northern gas from Alaska and the Canadian Arctic to southern markets. The United States is expected to decide the preference for the transportation route for gas from the north slope of Alaska by mid-1977.

The conditions under which a pipeline could be built are complicated by the environmental aspects of construction in permafrost and by the claims of the native inhabitants of the pipeline corridor to land title. These questions are currently the subject of an exhaustive investigation by the Mackenzie Valley Pipeline Inquiry.

"Defector", "traitor", "betrayal", "stab in the back"—these abuses have been hurled at Mr Jagjivan Ram or his act of bidding *ta ta* to Mrs Gandhi and her coterie by the high and the low, by all and sundry in the ruling Congress party. What is this tirade if it is not character assassination? How is it then that Mrs Gandhi has said or done nothing to stop this verbal diarrhoea of her followers? Her behaviour is all the more strange in the light of her declaring again and again that "she will not allow"—a characteristic phrase this—false allegations, abuse and slander in the election campaign. Is she making only a veiled threat to the opposition, or has she the slightest intention of delivering an equal admonition to her own partymen to behave themselves? In any case, how did Samachar and All India Radio come to use the verb "defect" in characterising Mr Jagjivan Ram's departure from the central government or the ruling party? Those who are the common inspiration behind these captive organizations' choice of words perhaps pride themselves on their ancestry—"When I use a word", Humpty Dumpty said in a rather scornful tone, "it means just what I choose it to mean—neither more nor less."

The COD says that "defection" means "falling away from allegiance to leader, party, religion or duty; desertion, apostasy". "Defection", thus, is a term which has overtones of feudal, political or religious authoritarianism. It is just not applicable to the act of a minister in a government in a parliamentary democracy leaving office because he no longer sees eye to eye with the prime minister on matters of policy, or a politician giving up membership of a political party because he has lost confidence in its leadership. A minister, moreover, does not owe "allegiance" to the prime minister. He is no doubt chosen by the prime minister for office,

but this is normally because he has or ought to have a certain status in the party having a majority in parliament (from which the prime minister also derives title to office). His ministership is basically a function of his membership of the party in parliament. Since the prime minister has dissolved the Lok Sabha, the "party" to which Mr Jagjivan Ram may be said to have owed "allegiance" has vanished into thin air.

The obligations of a minister towards the prime minister are clear enough. He should support and, in his own sphere, carry out the policies of the government of which the prime minister is the head—and he should leave the government the moment he feels that he cannot support those policies or make himself responsible for giving effect to any of them. The mere fact that he resigns at a time when his resignation causes embarrassment to the prime minister or damage to her political interests does not entitle his political opponents or critics to call him a defector. As for the charge of "traitor", the oath of office which a minister takes does not swear him to allegiance to the prime minister or his party and, so far as I am aware, the ruling Congress has not yet thought of prescribing any "oath of allegiance" as a condition of membership. Incidentally, when the term "traitor" is used about Mr Jagjivan Ram by Mrs Gandhi's more fanatical supporters, what precisely is meant: that he is guilty of "treachery" simply or, perhaps, of "treason", high or low?

Delhi is more than usually rumour-ridden now—which is only to be expected. One bit of gossip has it that a certain venerable central minister, very much addicted to astrology, believes that the ruling party will secure 425 seats (add or take away a few). This is on the strength of his reading of the planets as of when the prime minister made her election

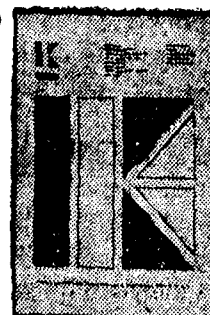
announcement. He reserves, however, the right to review his prediction on or after February 22. Perhaps he is providing for the planets, or some of them changing sides meanwhile. One of them (Mr Jagjivan Ram), in any case, has clearly shifted. That many more, or even a few more will also do so seems unlikely. Quite possibly, planets may look to astrologers for guidance as much as astrologers may be looking up to them. Astrology apart, Mr Jagjivan Ram's initiative does not seem like succeeding in inducing a major schism in the higher echelons of the Congress party. The chief ministers have remained stolidly unimpressed.

Among the rank-and-file however, there may be more restiveness. This could create some road blocks for the ruling party juggernaut when electioneering gets going. Mrs Gandhi's advisers, of course, are leaving nothing to chance. The rallies at her residence once again bear the stamp of demagoguery on them; so do the tactics that are being resorted to for mobilising attendance at public meetings addressed by her. These are clear signs that the election strategists of the ruling party realise that there may not be an Indira wave this time. Only a few days ago Mrs Gandhi complacently described her bid for a general election as an exercise in expressing or demonstrating her trust in the people, but it is rapidly becoming a question of who trusts whom and to what extent.

Mr Morarji Desai should watch his steps. Immediately after his release from detention, he was overflowing with enthusiasm for a free and independent press. In that exalted state of mind, he even declared that he wanted the press to be free even to abuse him to its heart's content. A few days ago, defending the denial of government advertisements to *The Times of India* when he was chief minister, he said that this was done because that newspaper was indulging in personal attacks. The truth is that politicians, especially when they are in authority, are never quite easy in their relations with the press. Most of the time, they seek to make the rules by which the game, according to them, must be played. This was true also of Rajaji.

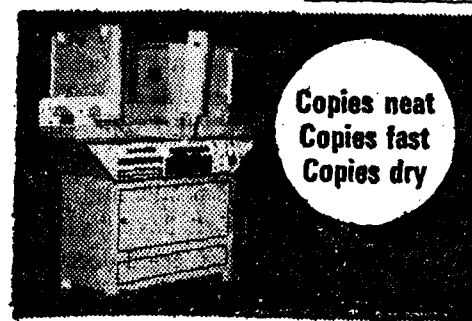
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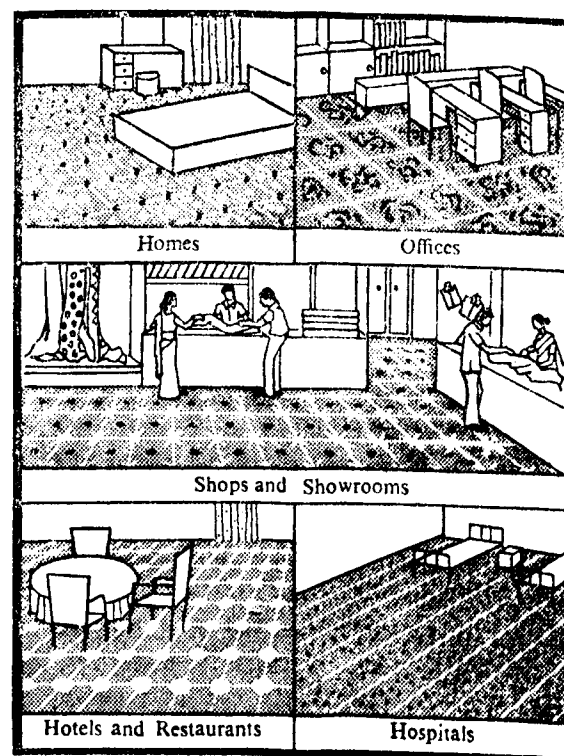
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An Eastern Economist feature

Mother Machines for Prosperity

On threshold of new breakthrough

Dr S. M. Patil

EVERY ARTIFACT of modern civilisation is made on machine tools or on machines made by machine tools. Hence a machine tool is known as the "mother machine" that produces other machines. A machine tool industry is essential for prosperity in peace time, and for a country's defence in times of war.

The machine tool industry is a capital-intensive industry, and private capital of that order was hard to come by when India became independent. Also, not surprisingly, the private sector, goaded by a get-rich-quick philosophy, shied away from such ventures because of their long gestation periods. The only solution, therefore, was for the government to take it up.

The government launched early after independence a major effort to develop a number of basic and capital goods industries in the country, including the machine tool industry. Thus was born Hindustan Machine Tools Limited in 1953. A keen student of HMT's history in the last 23 years will without doubt see the justification of the decision in the fact that HMT has more than lived up to the expectations of the planners.

major undertaking

Hindustan Machine Tools is one of the four major public sector undertakings in India today in the engineering industries field. Besides, there are 175 firms in the organised private sector and 300 in the small scale sector. By virtue of its pre-eminent position in the machine tool industry in India, any history of this industry has necessarily to be intertwined with the history of HMT. However, let

Dr S. M. Patil is the chairman and managing director, Hindustan Machine Tools Limited, Bangalore.

us have a look at the industry's birth, growth, and the promise it holds, before recording HMT's performance.

The rate of production of machine tools in India before world war II is estimated at about 100 numbers a year. However, during the second world war, production more than doubled. According to the reports of the Machine Tool Panel set up by the government of India, about 20,000 machine tools, valued roughly at Rs 60 million were built in India during the six years of the second world war, between 1939 and 1945. The end of the war, however, saw the machine tool industry in doldrums, as imported machine tools were again freely available and the demand for Indian machine tools declined steeply. Consequently, the production of machine tools in the country touched a low level of Rs 2.9 million in 1950, as compared to the peak of Rs 11 million in 1945.

pre-war situation

The Tariff Board undertook an enquiry into the condition of the machine tool industry during 1946-47. When its report came out, there were 22 manufacturers of graded machine tools in the undivided India, eight of which were situated in Bengal and eight in Punjab, five in the then Bombay province and one in the erstwhile Mysore state. These firms were making simple types of centre lathes, drilling machines, shaping machines, planing machines, punching and shearing machines and simple, mechanical light duty presses.

The industry suffered a further setback after partition. In 1951, there were only 14 manufacturers of graded machine tools in India. The total capacity of production of these firms was estimated at 3,000

machine tools per annum, valued roughly at Rs 2.7 million.

It was at this stage, when the machine tool industry was almost collapsing, that independent India seriously considered establishing the machine tool industry in a big way. The result, as we have noted already, was the establishment of Hindustan Machine Tools. Since then the development and growth of the indigenous machine tool industry has been spectacular.

stupendous growth

During 1956-57, just about the time when HMT entered the machine tool market, the country produced machine tools worth about Rs 11 million while imports cost us Rs 85 million. Ten years later, by 1966-67, the production had reached Rs 285 million. In spite of this stupendous growth, imports of machine tools exceeded indigenous production and accounted for 60 per cent of the total requirements of the country, valued at over Rs 430 million.

During the next eight years, however, the nation's machine tool industry registered a very creditable performance and reached an output of Rs 1,050 million in 1975-76 with imports dwindling down to 20 per cent of the total requirements. Of the aggregate output of machine tools, HMT's contribution during 1975-76 was about Rs 500 million. There are now 115 machine tool firms in the public and private sectors with an annual installed capacity of Rs 1,030 million. The total licensed capacity in this sector is of the order of Rs 1,300 million and licences and letters of intent have been already issued by the government of India for an additional capacity of about Rs 270 million.

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machine tool industry indicates an overall capacity of Rs 1,600 million by 1978-79 and production worth Rs 1,370 million. Today, indigenous production meets nearly 80 per cent of the country's machine tool requirement, as against 10 per cent in 1955. Production has risen from less than Rs 10 million to nearly Rs 1,000 million—a 100-fold increase in 20 years. HMT accounts for half of this!

Apart from the quantitative increase in production, there has also been qualitative diversification in the range of machine tools produced in the country. The industry today manufactures a wide variety of general purpose machine tools as well as specialised types like the single and multi-spindle automatics, drum turrets, copying lathes, horizontal boring machines, vertical boring mills, bed-type milling machines, gear hobbers, gear shapers, unit heads, special purpose machines, transfer-lines, a wide range of presses, including heavy duty presses, and heavy types of other sheet metal machinery, varieties of plastic processing machines, die-casting and plastic injection moulding machines, etc.

Imports of machine tools are confined

today to special and very heavy duty types and high precision machines like jig boring, thread grinding, gear grinding, spiral bevel generating machines, gear, shaping machines, etc. In the manufacture of these items, not only considerable outlay of capital and high level of technology are involved, but the level of domestic demand does not justify setting up of the production capacities for these items.

The estimated value of machine tools produced throughout the world in 1973 was \$10.65 billion, an increase of 25 per cent from the 1972 level. According to the 1973 annual survey of production, export and import of machine tools conducted by the "American Machinist" magazine, India ranks 16 among the 31 principal machine tool manufacturing countries of the world.

Hindustan Machine Tools alone has 30 new designs to its credit. Modernisation of designs of machine tools is a continuous process, and in this the Central Machine Tool Institute (CMTI), Bangalore, which was set up by the government of India with the main objective of carrying out research, design and development of machine tools, is energetically

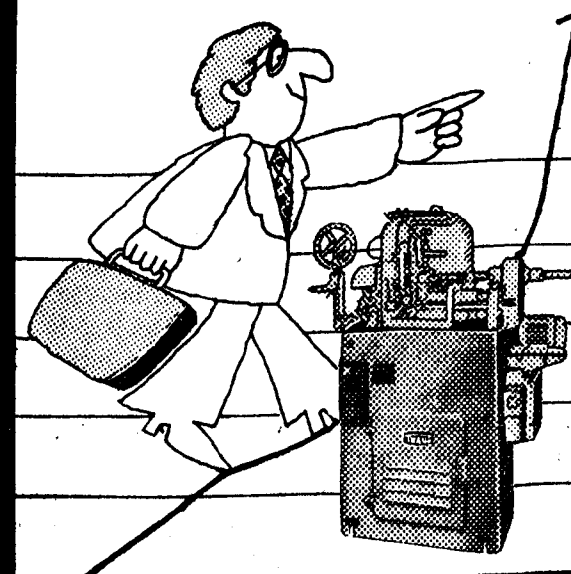
assisting the various machine tool manufacturers in the country. Large machine tool builders, like the Hindustan Machine Tools, have developed a firm conviction that despite all handicaps it is possible to master the latest trends in technology and incorporate them in productive activities. HMT, in collaboration with CMTI, is striving hard for the last two or three years to master the latest technology in machine tool design by introducing the numerical controls for some of their machines.

It is thus seen how important the machine tool industry is to the economic development of a country through industrialisation. What is the contribution of the public sector—in effect HMT—to this? In 1975-76, HMT's production of machine tools alone has hit an all-time high of Rs 500 million. Its other products contributed another Rs 340 million. And the country's exports were worth Rs 44 million. How HMT attained this stature is a fascinating story. It has grown from a single product, single-unit company into a multi-product, multi-unit complex of international standing, and is serving the twin objectives of growth with profit

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and fulfilment of social obligations.

Hindustan Machine Tools has spread its wings all over India from Kerala to Kashmir. It has factories in Rajasthan, Andhra Pradesh and Haryana. In Bangalore, we have two watch units and two machine tool units. The product composition too, is wide and varied. Apart from a variety of machine tools, HMT makes watches, printing presses and tractors. In its nine factories in six states, HMT employs some 20,000 people, over 8,000 of them in Bangalore alone. This gives an idea of the employment opportunities HMT has opened up, besides, of course, the technological competence and the large core of specialist reservoir of man-power it has built, which have gone into building the Indian economy.

Another significant contribution HMT is making is encouraging entrepreneurship. HMT's Bangalore complex itself has built up an industrial estate to ensure a supply of fully reliable, high quality components. The annual turn over of the estate now equals a crore of rupees, and the entrepreneurs have graduated from working almost exclusively for HMT to soliciting and executing orders from other manufacturers also. The

company's project consultancy wing provides total engineering services for setting up small units to make machine tools. Such projects are coming up in Mysore, Bhavnagar (Gujarat) and Ranipet (Tamil Nadu), in addition to the one working in Quilon (Kerala).

Last year, a concrete step in the sharing of India's know-how in machine tool technology with the other developing nations was taken when the UN Industrial Development Organization (UNIDO) held a 10-day workshop in cooperation with HMT on machine tools. The workshop, held in Bangalore and in which delegates from 14 developing countries of Asia, Africa and Latin America participated, provided an opportunity for identifying areas for technology transfer based primarily on the needs of the recipient country. Machine tools being indispensable for any industry, whether manufacturing agricultural machinery or aircraft parts, the UNIDO-HMT workshop has led us a long way towards setting up entire turn-key projects elsewhere, like in Sri Lanka, the Philippines and Iran. The inputs, in machinery and expertise, will be entirely Indian.

The financial performance of HMT has been equally impressive giving a lie to

the claim that the public sector does not make profits. Its profits have grown from a modest Rs 78 lakhs just three years ago (1972-73) to a record Rs 900 lakhs this year (1975-76). In fact, barring the recession years, HMT has not recorded any loss in its operational history.

Had it not been for governmental initiative and inputs, this tremendous progress would not have been possible. In fact, the situation today presents a unique opportunity for the Indian machine tool industry to make breakthrough in new and useful directions on a global scale, particularly in the developing world.

In the overall perspective, Indian industry is entering a necessary period of consolidation. A quarter-century ago, India was importing nuts and bolts. Today it commands an impressive reservoir of skills and capacity to fabricate over Rs 60,000 million worth of industrial and engineering products annually. In five years from now, we expect to double this production. So will the range of our output, which already includes entire plants and systems of much sophistication. This spectacular growth would not have been possible but for the farsightedness of the government in promoting a virile machine tool industry.

R. C. Ummat

The task ahead

AN AMBITIOUS programme of industrialisation for a country like India obviously could not be thought of in the initial stages and later on sustained without according a high priority to the development of the machine-building industry. It was, therefore, just appropriate that soon after the independence of the country in 1947, serious thought came to be bestowed on this issue.

Although the first Plan, covering the five-year period upto 1955-56, laid an overwhelming emphasis on the development of agriculture, yet it did not, therefore, ignore setting up machine-making capacity. The development of the machine tools industry was provided a significant priority in this Plan, for it was thought that going in for the manufacture of complete industrial plants and machinery was a time-consuming process and capabilities were yet to be built up for this purpose.

The country, on the other hand, has some experience of manufacturing machine tools as owing to the hazards of the second world war, some units to manufacture mother machines, though of a very simple nature, had come into existence by the mid forties to cater for the defence requirements and the maintenance of the then established plants.

During the second world war years, the output of machine tools scored some significant gains, but as soon as the war was over, imported machines were again freely available. The indigenous industry, as a result, suffered a severe setback with its output dwindling to just about 25 per cent of the peak level production of Rs 1.1 crores in 1945, which in itself was a modest one.

Although several private entrepreneurs had gone into the manufacture of machine tools prior to the launching of the era of

planned development, yet it soon became apparent that due to the paucity of resources and the long gestation period of the industry as well as the high technical skills required for it, they would not be able to undertake the development of machine tools in a big way on their own. The government, therefore, had to think of establishing some public sector units also in this line of manufacture. The first such project to be commissioned was Hindustan Machine Tools, Bangalore, in 1956. The development of the machine tools industry, which has been quite rapid during the last 25 years, thus, has to no small extent resulted from governmental efforts. Even today, out of an overall output of about Rs 110 crores worth of machine tools, nearly 65 per cent production emanates from the public sector.

It will be, however, presumptuous to assume that the private sector has not

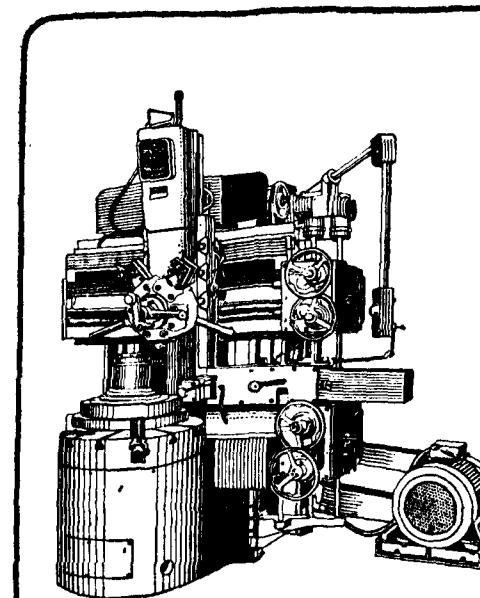
come up fast in the machine tools industry, even though it accounts for just about one-third of the overall production in this line. There are a large number of manufacturing units—in the large, medium as well as small-scale sectors—which have come up through the endeavours of private entrepreneurs. Their number currently comes to about 170 in the organised

sector—large and medium scales—and approximately 300 in the small-scale sector as against four giant public sector undertakings.

With the growth of the industry, a sea-change has taken place in its production pattern. Whereas in the early 1950s, only such graded light machine tools as simple types of centre lathes, drilling machines,

shaping machines, planing machines, punching and shearing machines, and simple mechanical light duty presses—all mostly pertaining to metal cutting and forming—used to be produced, the indigenous production currently covers a very wide range which in the light category includes special-purpose machines—single and multiple spindle automatics, copying

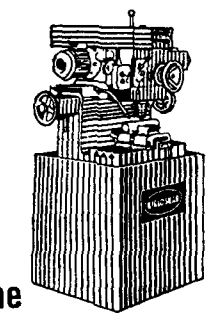
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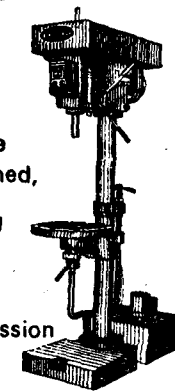
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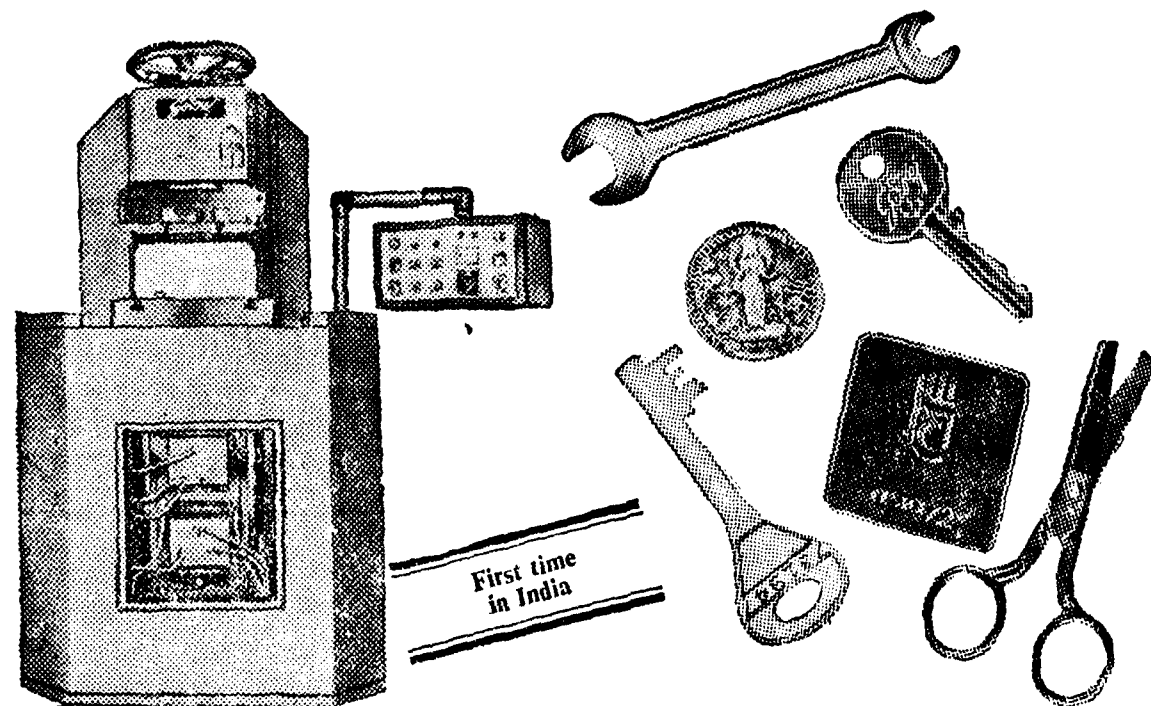


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lathes, drum turrets, horizontal and vertical boring machines, gear hobbers and shapers, unit heads, etc.—not only for metal cutting and forming but also for working on plastics, glass and wood. Such light machines are also being made indigenously as die-casting and wire-working machines, portable electric and pneumatic tools, hydraulic and pneumatic elements etc. Beginnings have as well been made to manufacture numerically controlled machines.

The manufacture of heavy machine tools, however, come to be undertaken in the country with the establishment of Heavy Machine Tools Project at Ranchi in 1968. It caters for the requirements of such industries as steel, fertilizers, aluminium, sugar, cement, paper, etc, besides producing machine tools for the manufacturing units engaged in such lines as electrical equipment, transport equipment, agricultural equipment, machine tools and railway equipment. This project also takes care of the needs of defence factories, roll manufacturing units, foundry and forge factories and other heavy and medium engineering industries.

► precision machines

Till lately, general-purpose heavy machine tools like radial drills, centre lathes, horizontal and vertical borers, roll grinders, planing and edge planing machines were produced by the Ranchi project. Manufacture has now been taken up not only of special-purpose machines but also of precision gears for electrical locomotives. The project is as well helping in precision-machining of heavy components for the Bhabha Atomic Research Centre and the marine diesel engine project of Garden Reach Workshop. Getting over its gestation period, the Heavy Machine Tools Project, Ranchi, which turned out machine tools worth Rs 1 crores last year, is now bracing itself for meeting the full requirements of the country of the types of machine tools it is manufacturing.

In a nut-shell, except for the highly specialised and very high accuracy machines, the demand for which is yet limited for an economic scale of production or due to technical difficulties, the country has become practically self-sufficient in

machine tools. The dependence on imports has already been reduced to just about 20 per cent of the requirements. They consist of the very specialised and high technology machines. In the general-purpose machines sector, even some exports have been effected during the recent years. The current level of exports is around Rs 10 crores per annum. The exports have been effected not only to the neighbouring developing countries but also to some developed ones, including the United States and West Germany. This speaks of the quality of indigenous production.

research and development

With a view to further reducing dependence on imports and also for fostering diversification of the industry, a good deal of research and development activity has been launched in the recent past by both public sector and private undertakings. The pride of place in this programme, however, goes to the establishment by the government of a central machine tools institute at Bangalore. Already the institute has developed designs for a number of machine tools, many of which have been licensed for production. Work has been undertaken on a number of other machine tools. The facilities available at this institute can be drawn upon by all manufacturers.

Foreign collaborations, of course, are not barred in the machine tools industry. But they are allowed only in the case of very sophisticated lines. It is hoped that a number of machine tools currently being imported will be taken up for manufacture indigenously in the near future. In view of the fact that most of the machine tools currently being imported are required in limited numbers, the government is encouraging the undertaking of their production by the existing manufacturers through diversification programmes. This, however, does not rule out the possibilities of establishment of some medium-scale units to produce the presently imported machine tools.

A look at the imports of machine tools reveals that the areas in which production gaps exist include high accuracy tool room lathes, versatile and accurate tool and die millers, high accuracy tool room cylindrical

grinders, specialised internal grinders required for roller bearing industry, specialised machinery required for manufacture of nuts and bolts, specialised gear-cutting machines, machine tool accessories, etc. The broad list of machine tools which are not in the indigenous manufacturing programme is given in the annexure. Their production can be taken up both through the diversification programmes of the existing units or the establishment of new units. The export potential warrants enlarging the production of portable tools through augmenting of the existing facilities.

The machine tools industry, particularly the units catering for the requirements of general-purpose machines, however, are reported to be currently facing some dearth of orders, presumably owing to the insufficient investment that is taking place in the industrial sector of the economy at present. This situation, of course, may not continue for long as with the stepping up of the Plan outlay which should go some way to foster investment in the industrial sector, and the emphasis being placed on the modernisation of the existing engineering units, the demand for all types of machine tools should revive. The current Plan envisages a production of Rs 130 crores worth machine tools by 1978-79 for which capacity will have to be augmented to around Rs 170 crores.

Annexure

Broad list of machine tools which are not in the indigenous manufacturing programme at present:

I. Turning Machines: (i) High accuracy tool room lathes; (ii) relieving lathes; (iii) spinning and flow turning lathes; (iv) crankshaft lathes; and (v) camshaft and profile turning lathes.

II. Drilling Machines: (i) Turret type drilling machines; and (ii) deephole drilling machines.

III. Milling Machines: (i) Planomilling (i) flute milling machines (iii) spline milling/hobbing machines; (iv) keyway/slot milling machines; (v) copying/duplicating and profile milling machines; (vi) die sinking machines; (vii) longitudinal and circular dividing machines; and

(viii) high accuracy tool die milling machines.

IV. Grinding Machines: (i) High precision tool room cylindrical grinders suitable for grinding of gauges; (ii) surface grinders, rotary table type horizontal spindle; (iii) slideway grinders; (iv) shear and knife grinders; (v) face and side mill cutter grinders, (vi) hob grinders; (vii) gear shaper cutter grinders; (viii) thread chaser grinders; (ix) tap grinders; (x) optical profile grinders; (xi) camshaft grinding machines; (xii) jig grinders; and (xiii) specialised internal and external grinders required for the roller bearing industry.

V. Boring Machines: (i) Jig borers.

VI. Threading Machines: (i) Thread milling machines; (ii) thread grinding machines; and (iii) thread whirling machines/attachments.

VII. Shaping and Slotting Machines: (i) traversing head-type shaping machines; (ii) hydraulic shaping machines; (iii) die

and punch shaping machines; and (iv) key seating machines.

VIII. Gear Cutting, Generating, Finishing and Testing Machines: (i) Spiral and bevel gear generators; (ii) gear lapping machines; (iii) gear shaping machines; (iv) gear rolling machines; (v) worm milling machines; (vi) gear grinding machines; (vii) gear tooth rounding and chamfering machines; (viii) gear tooth deburring machines; (iv) rack shaping and rack milling machines; (x) worm grinders; (xi) gear testing machines—all types; and (xii) gearquenching presses.

IX. Lapping, Honing and Polishing Machines: (i) Lapping machines—all types; (ii) honing machines—all types; (iii) superfinishing machines and attachments; and (iv) polishing machines—unit-head type.

X. Wire Working Machines: (i) Wire straightening and cutting off machines; (ii) spring coiling machines; (iii) wire weaving machines; and (iv) wire braiding machines.

XI. Hammers and Forging Machines: (i) Double acting counterblow hammers; (ii) die forging hammers other than conventional electro-pneumatic types; (iii) rotary swaging machines; (iv) forging roll; and (v) heading and upsetting machines both cold and hot.

XII. Pressing and Sheet Metal Working Machinery: (i) Rotary flanging presses.

XIII. Others: (i) Leaf spring manufacturing machines; (ii) chain making machines; (iii) machines for the manufacture of needles and pins, (iv) machines for the manufacture of zip fasteners; (v) impact extrusion presses for manufacture of collapsible tubes; (vi) specialised machinery required for manufacture of nuts and bolts, e.g. cold header, nut tapper trimmer, reciprocating die type threading and pointing machines, etc.

XIV. Wood Working Machinery: (i) Pattern miller; (ii) specialised machines for plywood industry; (iii) (a) guillotine, (b) peeling machines, (c) automatic sanders.

TRADE WINDS

Edible Oils for India

THE UNITED States and India signed recently an agreement on a long-term, low-interest loan to India for the purchase of 50,000 metric tons of edible oils this year. The commodity agreement, under Title I of the US Public Law 480 and worth \$26 million (19.3 crore rupees), was signed by US Charge d'Affaires, David T. Schneider and Dr Manmohan Singh, secretary of the Department of Economic Affairs of the ministry of Finance.

PL 480 Title I commodity sales agreements, a part of the long-term US assistance to India, have been made between the United States and India since 1956. In addition, the United States has sent millions of additional tonnes of foodgrains to India under Title II of the US assistance programme on a grant basis through voluntary agencies.

The newly-signed agreement, authorized under PL 480 legislation, provides for the sale of up to 50,000 tons of soybean and/or cottonseed oil during the current US fiscal year, which ends September 30, 1977. The \$26 million loan is for a 40-year period with an interest rate of between two and three per cent per year. First payment of principal is not due until 1987. Payments are to be made in US dollars. In the last fiscal year the United States provided India with 400,000 tons of wheat and 100,000 tons of rice under Title I, in addition to approxi-

mately 400,000 tons of food commodities donated under Title II.

Readymade Garments to EEC

The distribution of the balance of the 50 per cent of the quotas in respect of garments falling under CCT headings shown below will be made on first-come-first-served basis subject to the following minimum prices for shipment to EEC countries and Austria upto end June, 1977. Shippers are to submit their applications on or after January 7, 1977 to the Cotton Textiles Export Promotion Council's representative at Bombay as well as to the up-country representatives for allotment of quotas by way of endorsement on shipping bills which are to be accompanied by the Textile Committee's certificate.

Country	CCT 61.02.87 (Women's girls' & infants' shirts & blouses) FOB price in Rs per kg	CCT 61.03.15 (Men's & boys' shirts) FOB price in Rs per piece	CCT Ex 60.04 (Knitted T-Shirts) FOB price in Rs per piece	Category III all millmade readymade garments & hosiery FOB price in Rs per kg
Federal Republic of Germany	162.11	—	—	—
France	180.00	—	7.51	—
Italy	88.427	—	—	—
Denmark	61.96	—	—	—
Benelux	145.00	—	—	—
Irish Republic	48.00	—	—	—
United Kingdom	146.02	19.00	—	—
Austria	—	—	—	102.63

As soon as the available quotas are distributed on the above conditions, the allotment on first-come-first-served basis will be suspended without any further notice.

UK Grants

Five agreements were signed in New Delhi recently by Mr John Thomson, the British High Commissioner, and Dr Manmohan Singh, secretary, Department of Economic Affairs, union ministry of Finance. By signing these five agreements, Britain has fulfilled the pledge of Rs 170.39 crores (£112.1m) made at the meeting of the Aid India Consortium in Paris in May 1976. These agreements comprise Rs 106.40 crores (£70m) for maintenance aid, Rs 18.39 crores (£12.1m) for debt refinancing, and Rs 15.20 crores (£10 m) each for major projects, for the import of capital investment goods, and for the coal and power sectors. The entire assistance under these agreements is in the form of grants. In addition, Britain expects to spend some Rs 7.60 crores

(£5m) on technical cooperation in India in the current financial year. The maintenance grant will be used for the import from Britain of maintenance goods, including spares, components and commodities. The debt refinancing grant, which is untied, represents about 45 per cent of the total value of debt services due this year from India to the United Kingdom. The remaining three capital grants are intended for the purchase of a wide variety of British capital equipment.

Jagjivan Ram Resigns

The President accepted recently the resignation of Mr Jagjivan Ram from the Council of Ministers. Mr Brahmanand Reddy, has taken over the portfolio of Agriculture and Irrigation for the time being.

EEC Concessions in 1977

Since July 1971, the EEC countries grant duty-free entry for industrial products and tariff concessions for processed agricultural products from developing countries under the Generalised System of Preferences (GSP). This scheme of GSP has been further improved for the year 1977. The main features are: For industrial products other than textiles the amount of imports which are allowed duty-free has been increased by 30 to 40 per cent compared to 1976. For textiles the increase rate is five per cent. The number of processed agricultural products which enjoy tariff concessions has been enlarged by 46 to altogether 270. Specially tropical items have been newly put on the list of favoured products. The quotas for the import of tinned pineapple, raw and unmanufactured tobacco, handicrafts and ply-

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wood have been further increased. The tariff rates for Indian jute and coir products have been cut by another 20 per cent and the imports of jute yarn will be duty-free from January 1, 1977.

Increased Capacity Utilisation

During the year 1976, good success was achieved in the efforts for higher capacity utilisation in various industries of major importance. An appreciable rise in the capacity utilisation has been registered in a large number of industries where the percentage utilisation has varied from 60 to 115 per cent. Among the industries which have substantially raised the capacity utilisation in 1976 are: soaps (115 per cent), high-density polyethylene (111 per cent), viscose filament yarn (105 per cent), DMT (102 per cent), matches (99 per cent), nylon filament yarn (99 per cent), GLS lamps (96 per cent), welding electrodes (93 per cent), machine-tools (89 per cent) cigarettes (88 per cent), cement (88 per cent), ball and roller bearings (87 per cent), polyester fibre (85 per cent), motor cycles (85 per cent), baby food (85 per cent), seamless steel tubes (83 per cent), sewing machines (83 per cent), viscose tyre cord (82 per cent), paper and paper board (81 per cent), storage batteries (80 per cent), electric fans (80 per cent), automobile tyres (80 per cent), three wheeler scooters (79 per cent), caprolactum (77 per cent), razor blades (77 per cent), synthetic rubber (76 per cent), agricultural tractors (76 per cent), typewriters (76 per cent), ACSR/AAC cables (76 per cent), newsprint (76 per cent), power-driven pumps (75 per cent), bicycle parts (78 per cent), oxygen gas (72 per cent),

Indian leather footwear (71 per cent), polystyrene (71 per cent), rubber footwear (70 per cent), scooters (70 per cent), commercial vehicles (68 per cent), transmission towers (66 per cent), passenger cars (65 per cent), nylon tyre cord (64 per cent), bicycles (64 per cent), power transformers (62 per cent), biscuits (62 per cent), beer (62 per cent) and paints and varnishes (60 per cent).

The industries mentioned above have also shown a substantial rise in their production during 1976 as compared to 1975. In addition to the better utilisation of capacity leading to higher production, there has been addition of new capacities in the scooters, nylon tyre cord, synthetic detergents and scooter tyre industries.

Self-Sufficiency in Vanadium

This country will achieve self-sufficiency in vanadium in two years time. A study recently made with regard to the demand, availability and sources of supply of vanadium has indicated that substantial amount of vanadium can be recovered as by-product in the alumina plants during processing of bauxite and may soon even lead to surplus availability for export. Vanadium is used mainly in the production of alloy, tools and special steels in the form of ferro-vanadium. In the chemical industry, it is used as a catalyst based on vanadium pentoxide (V_2O_5) as feed material.

Earlier most of the requirements of vanadium for ferro-alloy and catalyst manufacture were being met through imports. With the availability of the vanadium bearing sludge from the

alumina plants, the position has recently changed substantially. At present, vanadium sludge is the most important source of vanadium in the country. Hindustan Aluminium Company Ltd. are producing about 800 tonnes of this grade of sludge annually. Plans are under way by this company to increase the capacity to 1,200 tonnes per year. Bharat Aluminium Company have also been recovering vanadium sludge and the present capacity of their unit is about 800 tonnes per annum.

Indian Aluminium Company, after having established the technical feasibility of recovery of vanadium values in their alumina processing plant, now propose to set up a pilot plant of about one tonne per month capacity at Muri (Bihar). After collection of necessary process parameters and data by running the pilot plant, the company expects to set up facilities and recover about 300 tonnes per annum of sludge from each of their aluminium plants located at Muri and Belgaum.

Self-Sufficiency

The production of the vanadium sludge from the existing alumina plants will increase to about 2500 tonnes per year in about two to three years. This would yield about 500-550 tonnes of equivalent vanadium pentoxide. Which would meet fully the requirements of the country, and leave some quantity for export. With the setting up of two proposed large size alumina plants based on east coast bauxite, each with a capacity of six lakh tonnes per annum the additional availability of vanadium contained in the sludge will go up from a level of 550 tonnes

to over 1,600 tonnes per annum.

Indian Vehicles Abroad

Motor vehicles made in this country are becoming increasingly popular in foreign countries and earnings substantial foreign exchange. The exports of these items was worth Rs 42.3 crores in 1975-76 as compared to Rs 31.3 crores in the preceding year. During the first half of 1976-77 (April-September 1976), the value of export was as much as Rs 23.88 crores as compared to

The Calcutta Electric Supply Corporation Ltd.

(Incorporated in England)

Notice is hereby given that the Board of Directors of this Company at a meeting held on 29th January, 1977 has declared payment of an Interim Dividend on the Company's Ordinary Stock for the year ending 31st March, 1977, at the rate of 5 1/4% (gross). Payment will be made on 11th April, 1977 after deduction of appropriate Indian Income Tax to those Stockholders whose names are registered in the Company's Stock Register on 25th February, 1977.

Applications for transfers received in this office upto 25th February, 1977 will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above Dividend. The registration of Transfers of Ordinary Stock in the Calcutta Register will remain suspended and the Register of Ordinary Stockholders in Calcutta will remain closed during the period from 26th February to 4th March, 1977, both days inclusive.

By Order of the Board
(S.K. Niyogi)
Secretary

Victoria House
Calcutta 700 001
29th January, 1977

Rs 18.5 crores in the same period of preceding year.

Of the motor vehicles exported from India, the most important are buses and trucks. Indian buses are already plying in many countries abroad particularly in the West Asian and African regions. During 1975-76, 858 complete buses were exported to fetch Rs 9.85 crores. Afghanistan imported 161, Kuwait 141, Iran 95, Zaire Republic 87, Bahrein Islands 52

and Burma 50 buses. In the first half of 1976-77, 529 buses were exported principally to Kuwait, Zambia and Zaire Republic.

Assembled lorries and trucks were also exported in growing volume year after year. During 1975-76, 444 units were supplied at a value of Rs 3.44 crores and the main customers were Nepal, Iran, China Republic, Abu Dhabi, Arab Republic of Egypt and Uganda. In addition to newly

assembled motors and lorries, special purpose vans and trucks as well as break-down lorries are also supplied by Indian industry to the world markets. Besides buses and trucks, Indian transport industry also exports motor cars and jeeps in sizeable quantity. The car exports have been mainly directed to Mauritius, Sri Lanka and South Yemen People's Republic while Bangladesh and Nepal have

been the major customers for jeeps.

Motor cycles, motorised cycles and parts thereof constituted yet another line of exports from India. Autorickshaws, for instance, fetched Rs 84.5 lakhs in 1975-76 and Rs 77.4 lakhs in the first half of the subsequent year. While 2273 rickshaws were supplied in the former year, 2075 rickshaws were exported in the subsequent year. The principal markets for these have been

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Director of Inspection
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INCOME TAX DEPARTMENT
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davp 78/748

Indonesia and Singapore. Nigeria has been an important buyer for motor cycles from India.

Nearly 8730 scooters were supplied by the Indian industry to the world markets during 1975-76 at a value of Rs 1.65 crores. Indonesia which was the leading buyer imported 4350 scooters, followed by Singapore which purchased 3277 scooters. China Republic, Iran and Nepal were among the other buyers of these scooters. In the current year, the prominent customers are Hong Kong, Colombia, the UK and Iran.

Tractor Tyres for Pakistan

First consignment of Good-year tyres crossed Wagah checkpost of Pakistan border recently. This will be the first supply of Indian tyres to Pakistan through Wagah checkpost after the opening of trade relations between the two countries. Goodyear India has obtained large order of rear and front tractor tyres worth over Rs 10 lakhs, bulk of which is being shipped from Bombay to Karachi. Good-year tyres manufactured in other countries already enjoy a good reputation in Pakistan. With the opening of trade relations now Goodyear India would be able to take full advantage of the company's long standing reputation in this market. With Indian tyre industry going through a lean period, the tyre exports to Pakistan will considerably help our tyre manufacturers in finding a growing market.

State Plan

The annual Plan 1977-78 outlay for Maharashtra will be of the order of Rs 646.80 crores. This is about Rs 186

crores more than the current year's Plan outlay of Rs 461.21 crores. This was finalised recently at a meeting between the deputy chairman, Planning Commission, Mr P.N. Haksar and the state chief minister, Mr S.B. Chavan. Adequate funds have been provided for construction of roads and bridges in the districts of Chandrapur, Ratnagiri and Colaba which require accelerated development, and for gas turbine plants, for meeting the power needs of the state. Adequate funds have also been provided for state government employment generation schemes under which money has been provided for irrigation programmes to make a noticeable dent in drought-prone areas.

The fifth Plan outlay of Maharashtra is of the order of Rs 2347.61 crores. The actual expenditure during 1974-75 was Rs 286.06 crores and during 1975-76 Rs 352.37 crores. The outlay for the two terminal years of the fifth Plan 1977-79 is Rs 1247.97 crores. The sectoral outlays are: agriculture and allied sectors Rs 55.87 crores; cooperation Rs 5.65 crores; cooperative sugar factories Rs 3.96 crores; irrigation and power Rs 370.88 crores; industry and minerals Rs 19.39 crores; transport and communications Rs 36.56 crores; social and community services Rs 104.04 crores; and economic services Rs 50.45 crores.

Sugar Output

According to the Indian Sugar Mills Association, the sugar production in the month of December, 1976 the third month of the season 1976-77 was about 892,000 tonnes as against 766,000 tonnes during the corresponding period last season. This brings the total

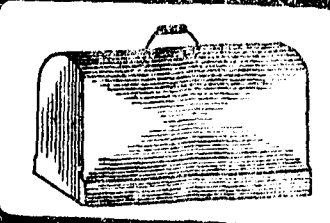
production during the first three months of the season 1976-77 to about 1,396,000 tonnes as against 1,024,000 tonnes during the corresponding period last year. The off-take of sugar from factories during the month of December, 1976 was about 312,000 tonnes for internal consumption and 74,000 tonnes for exports as against about 272,000 tonnes for internal consumption and 89,000 tonnes for exports in the corresponding period last season. The total despatches in the first three months in 1976-77 was 942,000 tonnes for internal consumption and 83,000 tonnes for export as against 922,000 tonnes for internal consumption and 223,000 tonnes for exports during the corresponding period last season.

The total closing stock of sugar with the factories as on December 31, 1976 was about 1,208,000 tonnes as against 1,085,000 tonnes on the same date last season.

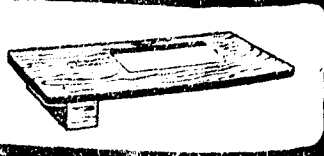
Names in the News

Mr Mohammed Fazal has been appointed the secretary of the department of Industrial Development in the union ministry of Industry. He succeeds Mr R.V. Raman. Before taking over this assignment, Mr Fazal was the chairman and managing director of the Engineering Projects (India) Limited. After working in state undertakings in Jammu and Kashmir and later as a chief executive officer of Trombay fertiliser project, he became the managing director of Hindustan Insecticides.

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COMPANY AFFAIRS

Bharat Commerce

Bharat Commerce and Industries is promoting a new company styled BCI International Ltd, to which the existing activities of the export, fabrics and garments divisions will be transferred. Subsequently, the proposed company will be converted into a subsidiary of the company.

Bharat Commerce has also received a proposal from International Textile Corporation Ltd, Hamilton, Bermuda, for supplying technical assistance to P.T. Daralon Textile Manufacturing Corporation, Jakarta, Indonesia, on their behalf. Boundsgreen Co Ltd, which is a wholly-owned company of International Textile Corporation, holds 58 per cent shares of P.T. Daralon Textile Manufacturing Corporation. Under the technical collaboration agreement, Bharat Commerce has been offered 892 common shares of a paid-up value of \$1000 each of Boundsgreen Co at a cost of \$1,26,000, as a part of the deal. The directors consider this investment quite profitable in the long run.

CAFI

Chemicals and Fibres of India (CAFI) is seeking government's permission to expand capacity for manufacture of polyester staple fibre from 6,100 tonnes to 10,000 tonnes per annum in view of the shortage of cotton and the government's decision to develop a multi-fibre strategy for the fibre industry to meet the coun-

try's requirements. Besides, the management is also looking for other opportunities, and has in fact already examined a number of possible projects, for diversifying the company's activities. The objective before the company is to diversify into an area where it has some in-built advantage either in technology or by way of special marketing strength.

Meanwhile, during the first four months of the current year, the company has produced 2,300 tonnes of polyester fibre and sold 1,970 tonnes and these figures compare favourably with those of the previous year. The long-term prospects for the company appear to be promising, since the demand for polyester blended fabrics has been on the increase.

The outlook for the immediate future, however, has been clouded by the difficulties experienced by the textile industry with which the company's fortunes are linked.

Larsen & Toubro

A major breakthrough in the export of critical equipment for fertiliser plants has been achieved by Larsen & Toubro Limited (L&T). Significant orders for heat exchangers, pressure vessels and towers have been placed on L&T by Kellogg International Corporation, Foster Wheeler Limited, both of UK, and Kellogg Continental B.V., Amsterdam. L&T secured orders from these international prime contractors/consultants against stiff

global competition from well-established multinational fabricators. The equipment, to be fabricated at L&T's Powai works, will be installed in fertiliser plants being set up in Sri Lanka and Bangladesh.

Alkali and Chemical Corporation

Despite a handsome rise in production and sales, the gross profit of Alkali and Chemical Corporation of India Ltd during the year ended September 30, 1976 was lower than in 1974-75. Sales during the year under review went up by 9.5 per cent to Rs 52.32 crores from Rs 47.79 crores while profit before tax declined by 25.6 per cent to Rs 3.64 crores from Rs 4.89 crores in 1974-75. The profit after tax too registered a substantial fall from Rs 1.45 crores to Rs 1.33 crores. The directors have proposed a final equity dividend of 9.06 per cent. Together with the interim dividend already declared, the total equity dividend for 1975-76 comes to 15.06 per cent. As the company has to finance a large part of the cost of the new projects from internal sources, the directors have recommended only the minimum dividend prescribed under Rule 3(i) of the Companies (Transfer of profits to reserves) Rules 1975.

It is heartening to note that in addition to the industrial licences received for rubber chemicals and pharmaceuticals, the company has yet received another industrial licence for the manufacture of 'gramoxone.' Negotiations have been completed with financial institutions and commercial banks for the three projects. These three new ventures represent a major step forward as they will have a tremendous impact on agriculture, specially export

crops and the health of the community.

The company has realised the importance of research and development and is stepping up its R & D efforts considerably. The company has joined hands with Indian Explosives Ltd and the Chemicals and Fibres of India Ltd, to form a new company, Alchemie Research Centre Private Ltd, with the object of carrying out growth oriented chemical research on an economic scale by pooling resources.

Otis Elevator

The performance of Otis Elevator Company (India) Ltd. during the year ended September 30, 1976 continued to show sustained growth with record levels of activity achieved in all areas. Sales, exports and service completions amounted to Rs 7.31 crores as against Rs 5.94 crores in the previous year. This was achieved in spite of the prevailing recessionary conditions in the building industry. In the report last year the directors had expressed the hope that with an improvement in the economy, there would be a corresponding increase in building activity. This did not materialise due to the enactment of the Urban Land Ceiling Act and a virtual ban on building of skyscrapers in Bombay and Calcutta. Conditions therefore in the building industry remained almost static. New sales for the year under review amounted to Rs 4.51 crores, fractionally higher than Rs 4.27 crores in 1975.

In view of the shrinking demand in the domestic market, the management responded by strengthening their sales in markets outside the country. Exports completed for the year amounted to approxi-

mately Rs 66 lakhs, reflecting a substantial increase. Export orders in hand and under active negotiation give confidence that the company should be able to maintain its present level of exports.

The company earned during the year a gross profit of Rs 154.97 lakhs as compared to Rs 94.32 lakhs in 1974-75. The directors have maintained the equity dividend at 18 per cent but it is payable on an enlarged capital.

Tata Exports

Tata Exports, one of the largest export houses in the country, has achieved a record turnover of Rs 90 crores during 1976, as against Rs 38 crores in 1975. This represents an increase of 137 per cent over the previous year's performance. Exports accounted for Rs 76 crores of the turnover, of which over 95 per cent comprised sophisticated non-traditional products.

The highest export growth was achieved in the field of engineering products covering vehicles, transmission, line towers and equipment for steel plant, railway track, construction, agriculture, airconditioning and water drilling. Exports of steel, finished leather, textiles and consumer products were also substantially higher.

Many prestigious and exciting export contracts were completed during 1976. These include the Mindanao Electrification Project of the National Power Corporation of the Philippines, steel plant equipment to the Egyptian iron & steel industry, railway track accessories to Iraq and Sudan and the export of over 1,500 commercial vehicles.

Several large value contracts for a wide range of products and services were secured, including a letter of intent for

supply of a composite range of railway equipment valued at 55 million dollars to the Iranian State Railways. This is understood to be the largest single order ever placed on India for the supply of engineering products.

Krishi Engines

Krishi Engines Ltd is considering a proposal to set up a unit for the assembly of diesel engines in Bangladesh. The proposal is in an advanced stage of negotiation with entrepreneurs in Bangladesh. The proposed unit would have a capacity to assemble 3,000 diesel engines per annum. Meanwhile, Krishi Engines had secured a prestigious order for the export of diesel engines, worth Rs 25 lakhs to Bangladesh. This order was secured in the face of stiff international competition.

As part of its expansion and diversification programmes, Krishi Engines proposes to introduce shortly a low-cost tiller (Rs 8,000) as required by the hilly states such as Himachal Pradesh. A prototype of this unit is under fabrication and commercial production is expected to be taken up shortly.

Fit Tight Nuts & Bolts

Fit Tight Nuts and Bolts has maintained the equity dividend at 19 per cent for the year ended September 30, 1976. Net sales during the year were a shade lower at Rs 5.53 crores as against Rs 5.82 crores in 1974-75 while gross profit recorded a marginal fall to Rs 66.32 lakhs from Rs 68.44 lakhs. Out of the gross profit, the directors have allocated a sum of Rs 21.29 lakhs to depreciation reserve as against Rs 23.03 lakhs in 1974-75 while the provision for taxation was reduced from Rs 24.50

lakhs to Rs 23.00 lakhs. The net profit, after these allocations, was higher at Rs 22.03 lakhs as compared to Rs 20.91 lakhs in the preceding year. Dividends, equity and preference, will absorb Rs 19.38 lakhs, the same as in 1974-75.

The working during the year was adversely affected by the recession in automobile, tractor and machine building industries, to which a majority of the company's products used to be supplied. The company, therefore, tried to service other customers. For a part of the year, the company had to bear steep increase in the import duty on alloy steel categories of its raw materials. The working was also affected by the go-slow tactics adopted by some departments, particularly at the Porbandar plant. The company continued to develop new specialised items for auto-

mobile, tractor, petrochemical and other industries. There is good demand for the specialised and standard items produced by the company. Hence the working results for the current year are expected to be far more encouraging than in 1975-76.

Rajasthan Spg. & Wvg. Mills

Rajasthan Spinning and Weaving Mills Ltd, has reported impressive improvements in its working results during the year ended September 30, 1976. Sales recorded a smart rise to Rs 21.33 crores from Rs 15.52 crores in 1974-75. Gross profit too registered a handsome increase to Rs 133.50 lakhs from Rs 70.15 lakhs in the preceding year. The net profit after providing for depreciation was also appreciably higher at Rs 102.06

lakhs as against to Rs 44.56 lakhs in the previous year. The equity dividend for 1975-76 has been doubled to 15 per cent.

The company's total production of yarn and sales turnover is expected to increase further in 1976-77 with the addition of another 8640 spindles recently commissioned at its Kharigram unit.

The financial institutions have sanctioned in the year under review to the company loans to the tune of Rs 202.93 lakhs including Rs 17.93 lakhs in foreign currency for its expansion and diversification. As a part of its future expansion programme, the company intends to instal 300 looms based on polyester blended fabrics in Bhilwara district against its existing licence and diversify the company's activity by promoting projects in other fields.

Bonus Issue

The financial institutions have intimated their decision to convert Rs 22 lakhs out of their loans into equity shares. Thereafter the directors propose to issue bonus shares in the ratio of 1:1 on equity shares. The total bonus issue is estimated to be of the order of Rs 109.63 lakhs and is likely to be made before September 1977.

The company has actively assisted its consumers of polyester yarn M/s Bhilwara Silk Mills Ltd to expand production from Rs 1.5 crores annually to Rs 4 crores. At Bhilwara the company is also actively assisting the establishment of a process house by M/s Bhilwara Processors Ltd, which is likely to start production in June 1977.

Hindustan Electro-Graphites Limited, a Rs 14 crores pro-

ject, promoted by the company jointly in financial and technical collaboration of world famous M/s Pechiney Ugine Kuhlmann of France is making steady progress. Major civil construction work at plant site has been completed and erection of equipments has started. Arrangements are being made to start production from semi-finished electrodes and it is envisaged that the company's products will be in the market in the second quarter of 1977.

News and Notes

Abbott Laboratories (India) Pvt Ltd, a subsidiary of Abbott Laboratories, USA, plans to dilute its foreign equity, expand the production of bulk drugs and offer transfer of technology for its drugs to the public sector. Abbott is a large pharmaceutical company with expertise and technology in the field of antibiotics, fine chemicals, nutritional and hospital products. The management hopes that the company's decision will benefit India in the field of sophisticated drug technology.

The Jammu and Kashmir chief minister, Sheikh Mohammad Abdullah commissioned recently a Rs 2-crores synthetic detergent plant, set up by Hindustan Lever Ltd at Jammu. Designed and fabricated locally with no imported equipment, the plant in the new industrial estate of Bari Brahmana on the outskirts of Jammu, will produce 10,000 tonnes of detergents every year. The first major chemical industry to be set up in the state, the plant is part of an ambitious plan of the Jammu and Kashmir government to industrialise the state. Hindustan Lever has also embarked on an extensive

Deptt. of Atomic Energy

On behalf of the President of India, The Director, Directorate of Purchase & Stores, Department of Atomic Energy, Bombay, invites tenders as detailed below:—

1. Tender No. : DPS/BARC/ENG/9741 due on 24.2.77. Welded wire mesh Tree Guards as per drawing and tender specification. Qty—250 Nos.
2. DPS/BARC/ENG/9753 due on 11.3.77. Ball Bushings in various sizes and quantities as per tender specification. Import Licence will be provided if necessary. Qty : 168 Nos.
3. DPS/BARC/EEQ/2554 due on 21.3.77. Supply of SISW/FRP coated M.S. Centrifugal fan (With shaft seal to handle 30 CMH of oxygen gas and Hydrogen gas to deliver at 700 mm WGSP 2 Nos. each as per specification).
4. DPS/TAPS/PPF/227 due on 14.3.77. Supply of electrical Motor operated control valves as per purchaser's tender specification—2 Nos.
5. DPS/HWP/PPF/582 due on 18.3.77. Supply of carbon steel fittings conforming to ASTM A-234 Gr. WPB and STM A-420 Gr. WPLT as per purchaser's tender specification.
6. DPS/PPED/PPF/948 due on 21.3.77. Supply of Globe Type pneumatically operated control valves with positioners as per purchaser's tender documents.
7. DPS/PPED/CAP:203 due on 28.2.77. Fire Extinguisher of different capacities such as CO₂, Soda acid and Foam type as per purchaser's specification.—147 Nos.
8. DPS/NFC/CHEM:228 due on 7.3.77. For appointment of Contractors for a period of two years for supply/transportation of the following items to Nuclear Fuel Complex—Hyderabad, Tarapur, Atomic Power Station—Tarapur, Bhabha Atomic Research Centre—Trombay.
 1. Nitric Acid—3800 M.T.
 2. Sulphuric Acid—250 M.T.
9. DPS/NFC/CAP:436 due on 15.3.77. Circular, unitised vibrating screen with three component multiplane mechanical vibration with ss sieves of 100, 200 and 325 meshes, as per purchaser's specification.—1 No.
10. DPS/BARC/CAP:2396 due on 24.3.77. Mechanical vacuum pump, capacity 180 M³/hr. in tandem with 6 M³/hr., as per purchaser's specification and drawing—1 No.
11. DPS/RRC/CAP:220 due on 16.3.77. Combined high vacuum pumping system, free air displacement of pump at NTP and normal rpm capacity 80 lit/min. at 10⁻⁶ torr, as per purchaser's specification.—4 Nos.
12. DPS/PPED/BEQ/241 due on 14.3.77. Design, Manufacture testing & Supply of Switchboards for Domestic Water Supply Pump house...5 Nos as per specification.
13. DPS/PPED/FAB:290 due on 3.3.77. Sand Blasting, Zinc Metallising and Packing of Water Cooled Thermal Shields as per Purchaser's specification & Drawings.—Qty: 14 Nos.
14. DPS/RARC/R-5:44 due on 22.3.77. Supply of outdoors type, 1000 KVA, 11 KV/3.6 KV, Oil Immersed on cooled power Transformer, complete with all fittings and accessories and first filling of oil... 1 Nos as per specification.
15. DPS/PPED/FAB:289 due on 2.3.77. Design, preparation of shop drawings, manufacture, inspection shop testing, supply, guarantee and delivery at Madras Atomic Power Project Site, Kalpakkam, Tamil Nadu of Bleed Condenser as per Purchaser's Tender Documents.—Qty: 1 No.

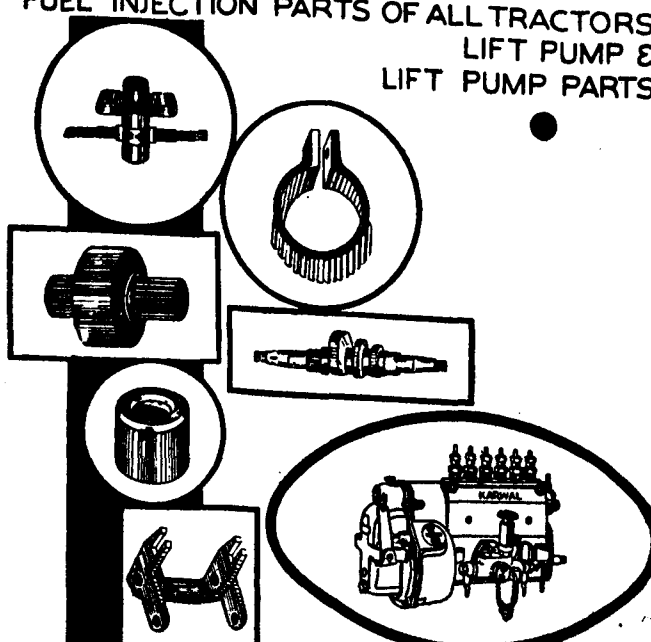
Tender documents priced Rs. 10/- each for items at S. No. 1, 2 & 3, Rs. 15/- for items at S. No. 4, Rs. 20/- each for items at S. No. 5 & 6, Rs. 25/- each for items at S. No. 7 to 10, Rs. 30/- for items at S. No. 11, Rs. 50/- for items at S. No. 12, Rs. 100/- each for items at S. No. 13 & 14 & Rs. 200/- for item at S. No. 15, and general conditions of contracts priced Re. 0-15 p. except for items at S. No. 13 & 15 can be had from the Finance and Accounts Officer, Deptt. of Atomic Energy, Directorate of Purchase & 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 23.2.77, 11.3.77, 18.3.77, & 11.3.77 for items at S. No. 7, 9, 10, & 11 respectively. Import Licence will be provided except for items at S. No. 3, 12, 13, 14, & 15 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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programme of training local people to man the plant.

Medical International Company, in association with Noise Control Associates, proudly announces the development of Series 70 Conversational Privacy Systems. Series 70 systems are designed to mix with, and "chop" human speech patterns leaving an enclosed office or work space—thus eliminating the 'over-hearing' or 'eavesdropping' problems commonly found in modern commercial structures. Series 70 Systems create a uniquely-contoured, electronically-generated and unobtrusive "frequency spectrum" background sound, in private offices or large, open-plan office buildings. They are of totally modular design. Each module is its own completely-independent conversational privacy system! It requires no special acoustical wiring, power amplifiers, filter/mixers, or special power supplies.

Each module draws power from standard electrical outlets, and has independent volume control.

New Issues

ABS Plastics proposes to enter the capital market shortly with a public issue of 10,20,000 equity shares of Rs 10 each at par. Promoted by technocrats, the company is setting up a plant at Nandesari industrial estate, Baroda, for manufacturing acrylonitrile, butadiene and styrene plastics. It holds an industrial licence for manufacturing 2,000 tonnes per annum of ABS plastic moulding powder of various grades, which is being used in a wide range of industries as automobiles, textiles, electronics, telecommunication and office equipment. At present the entire demand for ABS

plastics is being met through imports.

The capital outlay is estimated at Rs 4.25 crores, which will be met by share capital of Rs 1.70 crores, rupee loans of Rs 1.68 crores and foreign currency loans of Rs 87 lakhs. Commercial production is expected to commence in the first quarter of 1978. The basic technical know-how for the project has been developed by Shriram Institute for Industrial Research, Delhi and is being made available to the company through the National Research and Development Corporation of India, New Delhi.

Capital and Bonus Issues

Consent has been accorded to seven companies to raise capital. The details are as follows.

Sehgal Papers Limited has communicated to the government its proposal to issue capital under Clause (5) of the Capital Issues (Exemption) Order, 1969 for Rs 1.35 crores (inclusive of the capital already raised) in 1,350,000 equity shares of Rs 10 each, for cash at par, out of which shares worth Rs 81 lakhs will be offered to the general public by a prospectus to provide a part of funds required for setting up the project for the manufacture of writing and printing papers.

Lucas-TVS Limited, Madras, has been accorded consent, valid for six months, to capitalise Rs 1.28 crores out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of 128 bonus shares for 382 equity shares held.

Lucas India Services Limited, Madras, has been accorded consent, valid for six months to capitalise Rs 3,080,280 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.

Haryana Detergents Limited, Dharu Hera (Haryana), has communicated to the government its proposal to issue capital under Clause(5) of the Capital Issues (Exemption) Order, 1969 for Rs 94 lakhs (inclusive of the capital of Rs 30 lakhs already raised) divided into 940,000 equity shares of Rs 10 each for cash at par, to meet a part of the project cost to be set up at Dharu Hera, Mohindergarh, Haryana.

Gujarat Narmada Valley Fertilizers Co Limited has communicated to the government its proposals to issue capital under Clause (5) of the Capital Issues (Exemption) Order, 1969, for Rs 225 million dividend into 2.25 million

equity shares of Rs 100 each (inclusive of the capital of Rs 25,500 already raised), for cash at par. The proceeds of the issue are to be utilised to meet a part of the project cost to be set up near Bharuch in Gujarat.

Nirlon Synthetic Fibres and Chemicals Limited, Bombay, has been accorded consent, valid for six months to capitalise Rs 38,750,000 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of five bonus shares for four equity shares held.

Ralis India Limited, Bombay, has been accorded consent, valid for six months, to capitalise Rs 11,448,000 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of three bonus shares for 10 equity shares held.

Dividend

Name of the company	Year ended	(Per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Excel Industries	Sept. 30, 1976	18.0*	16.0
Asiatic Oxygen	Sept. 30, 1976	7.5	Nil
Walchandnagar Industries	Sept. 30, 1976	15.0	12.0
Mopeds India	June 30, 1976	4.0£	Nil
Laxmichand Bhagaji Associated Stone and Industries	June 30, 1976	5.0	Nil
	Sept. 30, 1976	12.0**	5.0
Same Dividend			
South India Steel and Sugars	June 30, 1976	Nil	Nil
Hindustan Sugar Mills	June 30, 1976	9.0	9.0
Crompton Greaves	June 30, 1976	15.0	15.0
Cooper Engineering	June 30, 1976	Nil	Nil

*On the enlarged capital.
£Maiden dividend.

**In addition to one-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 November 1976. The list contains the names and addresses of the licensees, articles of manufacture, type 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.

Metallurgical Industries (Ferrous)

M/s Guest Keen Williams Ltd, 3-A Shakespeare Sarani, Calcutta-11. (Bangalore-Karnataka)—IRN Olips and Clamps—4,00,000 sets—(NA)

M/s Shardlow India Limited, Huzur Gardens, Madras-600 011. (Madras-Tamil Nadu)—Crankshafts and other Forgings—4,000 M Tons (after expansion)—(SE)

M/s Kashmir Steel Private Limited, Soura, Srinagar (Kashmir). (Srinagar—J&K)—Stainless Steel Sheets—700 tonnes—(NU)

M/s Apeejay Steels Pvt Ltd, Jullunder City (Ballabgarh-Haryana)—GI & Black Pipes and tubes—10,000 tonnes—(COB)

M/s Industrial Precision Screws Ltd, 180, Patel Nagar, New Mandi, Muzaffarnagar (UP) (Muzaffarnagar—UP)—High Tensile/Alloy Steel Specialised types of machine Screws—500 tonnes (NU)

Electrical Equipment

M/s Andhra Mechanical & Electrical Industries Ltd, 173, 2nd Floor, Fateh Maidan North Road, Hyderabad-500004 (AP)—Remote Control Motor Operated/Pneumatically operated isolators 200-1200 AMPS-66 KV rating—250 Nos—Remote Control Motor operated/Pneumatically Operated isolators 110/132 KV—380 Nos—Remote Control Motor Operated/Pneumatically operated isolators 220 KV—120 Nos—(SE)

Shri Parmeshwarlal Generiwalla, E-3, Gillander House, Calcutta-1 (Kalyani-West Bengal)—Magnetic Tapes—40 million running meters—(NU)

M/s NGEF Ltd, Post Bag 3876, Bangalore-560038 (Bangalore-Karnataka)—EHV Power Transformer upto 400 KV/4000 MVA—2,500 Nos—(NA)

M/s Punjab Semiconductor Devices Ltd, 14 Sector, IOA, Chandigarh-160011 (Mohali, Distt. Ropar-Punjab)—Power Diodes (below 30 Amps)—1,00,000 Pcs—SCR's (below 30 Amps)—1,50,000 Pcs Integrated Circuits—1,00,000 Pcs—(NU)

M/s Kanthal India Ltd., 1, Crooked Lane, Calcutta-700001. (Distt Varanasi-UP)—Electrical resistance wire and ribbons—11 tonnes (COB)

M/s Texmo Industries, Ghanambikai Mills, PO Coimbatore-641029. (Coimbatore-Tamil Nadu)—Electric motors single phase/three phase, 1 HP—92,000.

FHP electric motors 1/8th HP to below 1 HP single phase/three phase—1,500 Nos—(COB)

M/s Systronics Division of SM Chemicals and Electronics Ltd, 89-02, Naroda Indl Area, Ahmedabad-382330. (Ahmadabad-Gujarat)—UV-Visible Spectro-Photometer—100 Nos—IR Spectro-Photometer—50 Nos—XY Recorders—100 Nos—(NA)

Transportation

M/s Sikandrabad Industrial Enterprises Pvt Ltd, 1070, Kayashwara, Sikandrabad (UP)—Bicycle Rims—6,00,000 Nos—Chain Wheel Crank Assembly for Bicycle—6,00,000 Sets—(NU)

Industrial Machinery

M/s Hindustan Development Corpn Ltd, Hindu Family Buildings, 27, Sir R.N. Mukherjee Road, Calcutta-1. (Calcutta-West Bengal)—Industrial Fans—1500 Nos—(Rs 150 lakhs). Industrial Dust Collectors & Cinder Traps—45 Nos—(Rs 25 lakhs). Industrial Air Heaters—50 Nos (Rs 15 lakhs Pneumatic Conveyers—20 Nos—(Rs 20 lakhs)—NA.

Miscellaneous Industries

M/s J.D. Jones & Co Ltd, C/5, Gillander House, 8, Netaji Subahs Road, PO Box 393, Calcutta-1. (Distt Howrah—WB)—PTFE (Poly Tetra Fluoro Ethylene) Products for Industrial uses—18 tonnes—(NA)

M/s Larsen & Toubro Ltd, L&T House, Ballard Estate, PO Box 279, Bombay-400038 (Bombay-Maharashtra)—Specialised Tools—Rs 100 lakh (after expansion)—(SE)

M/s Trivandrum District Engineers and Technicians Industrial Co-operative Society Ltd (TRENOS Ltd), TC No. 31/482-3, Kochuveli, Trivandrum-695021 (Kerala) Trivandrum-Kerala). Injection Moulded items—80 tonnes. Extruded items—324 tonnes. Hand blow moulded items—5.4 tonnes—(COB)

Medical and Surgical Appliances

M/s Needle Industries (India) Ltd, 5/21, Ootacamund-Mettupalayam Road, Yellanhalli, Ketti-643215, THE NILGIRIS (Ketti. The Nilgiris—Tamil Nadu). Hypodermic Needles—18.75 Lakh Nos. Suture Needles—30 lakh Nos—(COB)

Chemicals (other than Fertilisers)

M/s M.M. Rubber Company Ltd, 150-B, Mount Road P.B. 3713, Madras-600002 (Distt North Arcot—Tamil Nadu)—Biaxially Oriented Polypropylene Film—800 tonnes—(NU)

M/s United Phosphorous Private Ltd, 11-GIDC Area, Vapi (Gujarat) (Distt Broach-Gujarat)—White Phosphorous—2,500 tonnes—(NU)

M/s Kerala State Detergent & Chemicals Ltd, Basant Kaudiar, Trivandrum-695003. Synthetic De'tergents (30% AD)—10,000 tonnes—(NU)

M/s ALA Chemicals Ltd, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Bombay-400026. (Maharashtra). Fat Liquors, based on raw oils such as Cod Oil, Sperm Oil, Neatsfoot Oil, Weal,

Grease, Tallow. Synthetic/Nonionic fatliquors based on synthetic materials such as unbranched hydrocarbons, Saturated hydrocarbons/fatty acids, alcohol sulfonated and unsulfonated other synthetic oils not otherwise specified, sulfonated/unsulfated/emulsified and mixtures thereof. Cationic fat liquors based on materials such as fatty amide, amtnes, fatty halides and alcohols and oils such as cod oil, sperm oil, neatsfoot oil etc. and mixtures thereof. Leather Pigment Finishes (Organic, Inorganic, Natural) such as Casein based Pigments, NC Pigments, Fluorescent, pear effect and metallic powder finishes. Lacquers for leather such as N.C. Lacquers glazable, clear, coloured and emulsion, cellulose acetate/butyrate lacquer, Lacquers, Polyester/Polyisocyanate Lacquers, Polyester based pigments, Polyurethane Lacquer/NC Lacquer and mixture thereof. Misc Leather Auxiliaries such as Mordanting Levelling, dispersing and finishing agents, Penetrators, Silicone emulsion and leather water-proofing agents, Preservatives and other leather auxiliaries—Total capacity 1,000 tonnes (NA)

M/s Bombay Oxygen Corpn Ltd, 5, Convent Street, Bombay-400039 (Distt Thana-Maharashtra)—Nitrogen Gas (as by-product)—0.75 million cubic metres—(NA)

M/s Indian Dyestuff Industries Ltd, Mafatlal Centre, Nariman Point, Bombay-400 021 (Kalyan, Thana—Maharashtra)—Poly Aluminium Chloride—5,000 tonnes—(SE)

M/s Mining and Phosphate Company (MAPCO), B-1, Industrial Area, PO Adityapur, Jamshedpur (Bihar) (Distt Singhbhum—Bihar)—Elemental Phosphorous—3300 tonnes. Phosphoric Acid—7260 tonnes. Sodium Phosphate—19,800 tonnes. Beneficiated Rock Phosphate—12,000 tonnes—(NU)

M/s The Atul Products Ltd, PO Atul (W. Rly), (Distt Bular-Gujarat)—Mono Ethyl Aniline—150 tonnes (NA)

M/s Bhatinda Heavy Allied Chemicals Ltd, 5/11, Mohatta Market Bldg, Palton Road, Bombay-400001 (Bhatinda-Punjab)—Sulphuric Acid—16,500 tonnes (NU)

M/s Nasik Oxygen Company Private Ltd., 804, Prasad Chambers, Near Roxy Cinema, Bombay-400004 (Satpur-Nasik—Maharashtra)—Oxygen Gas—0.45 million cu. metres Nitrogen Gas—0.90 million cu. metres—(NU)

Drugs and Pharmaceuticals

M/s Chowgule & Co (Hind) Private Ltd., Allahabad Bank Bldg., 17, Parliament Street, New Delhi-110001 (Distt Thana—Maharashtra) TABC Vaccine—3,00,000 doses Cholera Vaccine—3,00,000 doses. TABC-CH Vaccine—4,00,000 doses (NA)

M/s Alembic Chemicals Works Co Ltd, Alembic Road, Baroda-3 (Gujarat) Ampicillin—5 tonnes 6-Amino-Penicillanic Acid (APA)—90 tonnes (NA)

M/s Unichem Laboratories Ltd, “Unichem Bhavan”, S.V. Road, Bombay 60 NB (Ghaziabad—UP)—Tablets/Capsules of Ethambutol HCL—75,00,000 Nos. Tablets/Capsules of Doxycycline HCL—15 million Nos. Tablets of Prenylamine Lactate—20,00,000 Nos. Tablets of Frusamide—20,00,000 Nos. Tablets of Erythromycin—80,00,000 Nos. Injections of Erythromycin Ethyl Succinate—20,00,000 Ampules. Suspension of Erythromycin Estolates—10,00,000 bottles of 10 ml—(NA)

M/s Premier Drugs Ltd, 202, New Delhi House, 27, Bara-

khamba Road, New Delhi-110001 (Distt Mohindergarh—Haryana). Pyrazinamide—5 tonnes. Xanthinol Nicotinate—10 tonnes. Propanolol Hydrochloride—2 tonnes (NU)

M/s Ranboxy Laboratories Ltd, Okhla, New Delhi-11020 (Mohali—Punjab)—Naldixic Acid—10 tonnes. Diloxanide—24 tonnes. Ranvit Caps—70 lakh Nos—(NA)

Textiles

M/s Gokak Patel Volkart Ltd, Gokak Mills Division, Forbes Building, Charanjit Rai Marg (Home Street), Bombay-400001 (Distt Belgaum—Karnataka)—Cotton Cycle Tyre Cord—From 21 Nos of cycle tyre cord looms (existing) To 33 Nos of cycle tyre cord looms for the manufacture of 5,660 metric tonnes p.a. of cotton cycle tyre cord (after expansion)—(SE)

M/s H.P. Mineral and Industrial Development Corporation Limited, “Himrus”, Simla (HP) (Distt Solan, Himachal Pradesh) Woollen Fabrics—24 power looms—(NA)

M/s The Commonwealth Trust Limited, Post Box No 5, Calicut-673001 (Kerala) (Kozhikode-Kerala) Hand Woven Fabrics—1,68,000 metres by installing 121 handlooms (NU)

Paper and Paper Products

M/s Senapathy Whitely (P) Ltd, 14, Netaji Road, PB No. 504, Bangalore-560005 (Ramanagaram-Karnataka)—Stereo Flongs & Matrix Boards—500 tonnes. Filter Paper, Gasket and Jointing Paper—1000 tonnes—(N.A.)

Shri Jyoti Ghosh, Managing Director, Management Advisory and Development Services Pvt Ltd, 95, Jor Bagh, New Delhi-110003 (Bangalore-Karnataka)—Thermo Print Paper—850 tonnes (NU)

Sugar

M/s Punjab State Industrial Developmeet Corpn Ltd, SCO 54-56, Sector 17-A, Chandigarh (Gurdaspur—Punjab) Sugar—1250 tonnes in terms of daily can crushing capacity (NU)

M/s The Ugar Sugar Works Ltd, Post Ugarkhurd S.C. Railway, Taluka Athani, (Distt Belgaum—Karnataka) Sugar—1,000 tones additional. 3,000 tonnes (after expansion) in terms of daily cane crushing capacity—(SE)

Fermentation Industries

M/s Ranger Breweries Ltd, Sunder Niwas, 27/56, Panjabi Bagh, New Delhi (Distt. Una—HP) Indian Made Foreign Liquors—1100 bulk kilolitres (COB)

M/s Sona Distilleries Private Ltd, 1/16, Nehru Place, New Delhi (Alwar-Rajasthan) Malt Whisky—450 bulk kilolitres (COB)

M/s Bhagat Industrial Corpn Ltd, 54, Janpath, New Delhi (Khasa-Amritsar—Punjab) Indian Made Foreign Liquors and Country Liquor—5311 bulk kilolitres (COB)

M/s Patiala Distillers & Manufacturers (Pvt.) Ltd, Village Main, Distt Patiala (Punjab) (Distt. Patiala-Punjab)—Indian Made Foreign Liquors and Country Liquor—1100 bulk kilo litres (COB)

M/s The Cooperative Co Ltd (Distillery), Nawabganj, Saharanpur (UP) (Saharanpur—UP)—Country Spirit—1117 kilo litres (COB)

M/s Amrut Distilleries Private Ltd., 36, Sampagi Tank Road, Bangalore-560027 (Bangalore-Karnataka)—Indian Made Foreign Liquors—980 bulk kilo litres (COB)

M/s Breweries India Private Ltd, Crishna Vilas Thycad, Trivandrum-695014 (Nariamangalam-Kerala)—Beer—50,000 Hecto Litres (NU)

Vegetable Oils and Vanaspathi

M/s Tamil Nadu Co-operative Marketing Federation Ltd, 89, Poonamallee High Rd, Madras-10 (Distt North Arcot—Tamil Nadu)—Groundnut Oil—22,500 tonnes in terms of Groundnut seed (NU)

Leather, Leather Goods and Pickers

M/s South East Footwear Ltd, 4-5, Vepery High Road, Pariamet, Madras-600003 (Dist North Arcot—Tamil Nadu) Leather Shoes—4,32,000 pairs (NU)

M/s Presidency Kid Leather Pvt Ltd, 378, NSC Bose Road, Madras-600001 (Chingleput-Tamilnadu) Finished Leather (Glazed Kid, Linings, Uppers etc.) from goat and sheep skins—5 lakh nos—(COB)

Cement and Gypsum Products

M/s Kerala State Indl. Dev. Corpn Ltd, “Purushotham”, Sasthamangalam, Trivandrum-695010 (Distt Palghat-Kerala) Portland Cement—4.20 lakh tonnes—(NU)

Drugs and Pharmaceuticals

M/s Jayant Vitamins Ltd, “Bakhtawar”, 6th Floor, Nariman Point, Bombay-400021 (Distt Ratlam—MP). Vitamin ‘C’ (including Sodium and Calcium Ascorbate)—500 tonnes. Sorbitol—2000 tonnes (including captive requirements) (after expansion). Glucose—3000 tonnes (including captive requirements). Vitamin E—10 tonnes (SE/NA)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Ghatge Patil Industries Ltd, PO Uchagaon, Distt Kolhapur Maharashtra). Grey Iron Castings—9,000 tonnes S.G. Iron Castings—3,000 tonnes—(NA)

M/s UP State Industrial Development Corporation Ltd, 117/130, Sarvodaya Nagar, PB No. 413, Kanpur (UP) (Backward Distt.—(UP) Precision Investment Casting—150 tonnes (NU)

Shri Shiv Prakash Kajaria, 22, Chowringhee Road, Calcutta-700013 (Backward Distt WB)—High Tensile Bolts and Nuts—5,000 M Tonnes—(NU)

M/s Modella Steels and Alloys Ltd, Resham Bhavan, 7th Floor, Veer Nariman Road, Bombay-400020 (Distt Ratlam—MP)—Closed Die Forgings of above 50 kg piece weight—3,600 tonnes—(NA)

Electrical Equipment

M/s The Gramophone Co of India Ltd, 33, Jessore Road, Dum Dum, Calcutta-700028 (Thana-Maharashtra) Pre-recorded Cassettes and Cartridges—1.2 million Nos—(NA)

M/s Devidayal Electronics & Wires Ltd, Gupta Mill Estate, Reay Road, Bombay-400010 (Thana-Maharashtra)—Automatic Telephone Answering Devices—1 lakh Nos—(NA)

M/s Bharat Electronics Limited, Jalahalli, Bangalore-560013. (Distt Bangalore-560013 (Distt Bangalore—Karnataka).—High speed paper tape punch—100 Nos. High speed paper tape reader—100 Nos. Visual Display system—100 Nos. Input/output writer—100 Nos. Digital cassette Drive—100 Nos. Card Reader—100 Nos. Mosaic Printer—3000 Nos. Magnetic Tape Handler—100 Nos. Line Printer—100 Nos. Key-to Cassette—100 Nos Floppy discdrive—100 Nos—(NA)

M/s Mahendra Electricals Ltd, Kamla Mission Road, Nadiad (W. Rly), Gujarat State (Distt Kaira-Gujarat) PVC/XLPE Power Cables—2,200 KM (SE)

M/s Bharat Heavy Electricals Ltd, 16th Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi-110001 (Hardwar—UP) Turbine Generators in the range of 236-1000 MW—1,500 MW—(NA)

M/s Mechanical Packing Industries Pvt Ltd, Parsi Panchayat Road, Andheri (East), Bombay-400069 (Bombay-Maharashtra)—TFE/FFP/TEFZEL/PEA and other Fluorocarbon and Fluoropolymers Insulated Cables and Wires—6,000 core kilometres—(NA)

M/s The State Indl & Investment Corpn of Maharashtra Ltd., Nirmal, 1st Floor, Nariman Point, Bombay-400 021. (Nasik—Maharashtra)—Ceramic Capacitors—75 Million Nos—(NU)

M/s Orissa Cement Ltd, B-45/47, Connaught Place, New Delhi-110001 (Ghaziabad-UP)—Metal Film Resistors—20 Million Nos—(NU)

M/s Philips India Ltd., Shivsagar Estate, Block ‘A’ Dr Annie Besant Road, Worli, Bombay-400018 (Kalwa, Thana-Maharashtra) Component Wires Bare & Nickel plated Bronze/Copper Tin alloy wires; Nickel plated, iron wires; Oxygen free copper wires, (high Conductivity)—Total capacity 25 tonnes—(SE)

M/s Advani Oerlikon Ltd, Radia House, 6 Kaikhushroo Dubhash Marg, (Rampart Row), GPO Box No 1546, Bombay-400001 (Poona-Maharashtra)—Equipment and Accessories for Heat Treatment of Welded Structures—worth Rs 25,00,000. Contract work in heat treatment—worth Rs 50,00,000 (NA)

M/s The Miniature Bulb Industries (India) Pvt Ltd 311, Kanwali Road, Dehradun-248001 (UP) (Distt Dehradun—UP)—Krypton Gas filled Bulbs—1.5 Million Pcs. Asymmetric Bulbs—1.5 Million Pcs (NA)

M/s The Indian Aluminium Cables Ltd, Kanchanjunga, 7th Floor, 18, Barakhamba Road, New Delhi-110001 (Distt Gurgaon-Haryana)—PVC Power Cables—1500 KM. Railway Signalling Cables—250 KM. Control Cables—400 KM—(NA)

Telecommunications

M/s Philips India Ltd, Shivsagar Estate, Block ‘A’ Dr Annie Besant Road, Worli, Bombay-400 011 (Calcutta-West Bengal)—Radio Receivers—From 60,000 Nos to 3,00,000 Nos—(SE)

Transportation

Shri MP Ranjit, 1 Ranjit Koad, Kottur, (Madras-Tamil Nadu)—Gaskets—200 lakh pcs. Oil Seals—1 lakh pcs—(NU)

... India Ltd, Agra Road, Muland, Bombay-400080 (Nasik-Maharashtra)—Hydraulic Telescopic type shock absorbers—10,00,000 Nos (after expansion)—(SE)

Industrial Machinery

M/s Andhra Sugars Ltd, Venkatryapuram, PB No. 2 Tanuku-534211 (AP) (Distt West Godavari—Andhra Pradesh)—Sugar factory Boiling House Equipment—1000 tonnes—(NA)

Machine Tools

M/s Industrial Promotion Investment Corp of Orissa Ltd, 3-A, Satyanagar, (A State Govt. Undertaking), Bhubneswar (Koraput—Orissa)—Special drills, Counter bores, reamers, milling cutters, single point HSS tools, single point carbide tipped tools and jigs & fixtures—140.7 lakhs—(NU)

M/s Escorts Transmissions Ltd, 18/4, Mathura Road, Faridabad (Haryana) (Distt Gurgaon-Haryana)—Hydraulic distributor Control Valves—15,000 Nos. Hydraulic Pumps—3,000 Nos. Hydraulic Cylinders—3,000 Nos—(NA)

Agricultural Machinery

M/s Eicher Tractors India Ltd, 59, Industrial Area, New Faridabad (Haryana) (Distt Gurgaon-Haryana) Tractors (of 26.5 HP and 35 HP)—8,000 Nos (10,000 Nos after expansion)—(SE)

Earth-Moving Machinery

M/s Marshall Sons & Co (Mfg) Ltd, Marshalls Building, 9, Second Line Beach, Madras-1. (Distt Chingleput—Tamil Nadu)—Self Propelled Hydraulic Mobile Cranes (upto 10 tonnes)—50 Nos—(NA)

Industrial Instruments

M/s Vanaz Engineers (Private) Ltd, 396, Veer Savarkar Marg, Prabhadevi, Dadar, Bombay-400025. (Poona-Maharashtra)—Emergency Vent—50,000 Nos. Pressure Vacuum Valves—50,000 Nos—(NA)

M/s Usha Rectifier Corp (I) Ltd, 12/1, Delhi-Mathura Rd, Faridabad (Haryana). (Distt Gurgaon-Haryana)—(Industrial Weighing Equipment Electronic Type with Dial or Digital Display). Tank weighing systems range upto 200 tonnes—150 Nos. Hopper Weighing Systems range: upto 100 tonnes—150 Nos. Platform weighing systems range: upto 1000 tonnes—150 Nos. Cranes/hoists weighing systems range: upto 500 tonnes—150 Nos. Monorail weighing systems range: upto 100 tonnes—150 Nos. Belts weighing systems range: upto 100 tonnes—150 Nos—(NA)

Shri H.S. Desai, C/o M/s Indo Orient Agencies Private Ltd, Merchant Chamber, 41, New Marine Lines, Bombay-400020. (Aurangabad-Maharashtra)—Watch and Meter and Instrument Jewels—60 lakh Nos—(NU)

Chemicals (other than Fertilisers)

M/s Ellenbarrie Industrial Gases Ltd, 50, Jatindra Mohan Avenue, Calcutta-700005. (Nadia-West Bengal)—Oxygen Gas—1 million cubic metres. Capacity after expansion: 2 million cubic metres.—(SE)

M/s Hickson & Dadajee Ltd, Shree Pant Bhuwan, Sandhurst Bridge, Bombay-400007. (Maharashtra)—Nitro-Meta-Cresol—300 tonnes—(NA)

M/s Motilal Chemicals Industries, Baman Tower, Mathura (UP) (Mathura-UP)—Phenthoate Technical—500 tonnes. Ethion Technical—100 tonnes. Thiometon Technical—100 tonnes. Diazinon Technical—300 tonnes—(NU)

Shri J.N. Agarwal, Usha Kiran, 14th Floor, Flat No 29, Carmichael Road, Bombay-400026. (Panchmahal-Gujarat)—LPDE Film upto 1200 gauge—1500 tonnes. LPDE Film black or transparent upto 800 gauge—750 tonnes. LPDE Heavy duty layflat tubing (for water management)—200 tonnes—(NU)

M/s Polypick Pvt Ltd, Bombay Mutual Bldg, 2nd Floor, Dr D.N. Road, Fort, Bombay-400001. (Bombay-Maharashtra)—Nylon Extruded Products—500 tonnes—(NA)

M/s Gujarat Alkalies & Chemicals Ltd, Yashkamal Bldg, Sayajiganj, Baroda-390005. (Baroda-Gujarat)—Cyanuric Chloride—1,500 tonnes—(NA)

M/s The UP State Industrial Development Corp Ltd, 117/130, Sarvodaya Ngr, Post Box No. 413, Kanpur-208005 (UP) (Unnao-UP)—Ferric Alum—20,000 tonnes. Alum (Pure)—4,000 tonnes. Oleum—3,000 tonnes. Chlorosulphonic Acid—1,000 tonnes. Stabilised liquid sulphur trioxide—500 tonnes—(NU)

M/s Deepak Nitrite Ltd, 10-B, Bakhtawar, Nariman Point, Bombay-400021. (Broach-Gujarat)—Anhydrous Liquid Ammonia—20,000 tonnes. Methanol—20,000 tonnes—(NU)

M/s Industrial Oxygen Co Pvt Ltd, Majithia Indl Estate, Wadala Borla Road, Sunder Baug, Bombay-88. (Poona-Maharashtra)—Oxygen Gas—From 0.45 million cubic mtrs. to 1 million cubic mtrs—(SE)

M/s Bluemax Engineers, Bombay-Mutual Bldg, 2nd Floor, Dr D.N. Road, Fort, Bombay-400081. (Ahmedabad-Gujarat)—Low Density Polyethylene Film—1,000 tonnes—(NU)

M/s Industrial Promotion & Investment Corp of Orissa Ltd, 3-A, Satyanagar, Bhubaneswar-751007 (Orissa) (Keonjhar-Orissa)—Acetylene Black—2,000 tonnes—(NU)

Shri Pravin Morarji Cheda, 5, Malhar Rao Wadi, Dady Sheth A Lane, Kalbadevi, Bombay-400002. (Panchmahal-Gujarat)—Electrolytic Manganese Dioxide—2,000 tonnes—(NU)

M/s Hico Products Pvt Ltd, 771, Mogal Lane, Mahim, Bombay-400016. (Maharashtra)—Tri-Alkyl Phosphates & Phosphites—1,000 tonnes—(NA)

M/s Poona Oxygen & Acetylene Co Pvt Ltd, 40/41, Hadapsar Industrial Estate, Poona-411013. (Distt Poona-Maharashtra)—Oxygen Gas—1 million Cubic Metres after expansion. Nitrogen Gas—0.50 million Cubic Metres—(SE/NA)

M/s Panyam Cements & Mineral Industries Ltd, Cement Nagar P.O.-518206, Via Bugganipalli R.S., Kurnool Dist (AP) (Distt Bellary-Karnataka)—Acetylene Black—1,800 tonnes—(NA)

Drugs and Pharmaceuticals

M/s Bombay Oil Industries Private Ltd, 'Kanmoor House', 281/87, Narsi Natha Street, Bombay-400009. (Distt Ernakulam-Kerala)—Calcium Sennosides—25 tonnes—(NA)

M/s German Remedies Ltd, Shiv Sagar Estate, 'A' Block,

Dr Annie Besant Road, Worlie, Bombay-400018. (Bombay-Maharashtra)—Trimethoprim—6 tonnes. Supristol Tablets each tablet contains: Trimethoprim-80 mg, Sulfamezole-400 mg—12 million tablets. Supristol Paediatric tablets each tablet contains: Trimethoprim—20 mg, Sulfamazole—100 mg—Two million tablets Supristol Suspension 5 ml contains: Trimethoprim-40 mg, Sulfamazole-200 mg—10,000 Litres—(NA)

M/s Albert David Ltd, 15, Chittaranjan Avenue, Calcutta-700072. (Calcutta-West Bengal)—Metronidazole B.P.—15 tonnes—(NA)

M/s Biological Evans Ltd, 18/1 & 3, 19/1, Azamabad, Hyderabad-500020. (Hyderabad-Andhra Pradesh)—Basic drug Salbutamol—100 Kgs—(NA)

M/s Suhrid Geigy Ltd, 'Shahibag House' Shahibag. Ahmedabad-380004. (Distt Baroda-Gujarat)—Imipramine and Salts—3,000 kgs (after expansion)—(SE)

M/s Bengal Chemical & Pharmaceuticals Ltd, 164, Manik-tala Main Rd, Calcutta-700054. (Calcutta-West Bengal)—Ampicillin Dry Syrup BPC—12,000 Kgs—(NA)

M/s Alembic Chemical Works Co Ltd, Alembic Road, Baroda-390003. (Baroda-Gujarat)—Benzathine Penicillin G. injection-6 lacs, 12 lacs and 24 lacs units—60 lacs vials. Fortified Benzathine Penicillin G Injection-12 lacs and 24 lacs units—40 lacs vials—(NA)

M/s Indian Drugs and Pharmaceuticals Ltd, N-12, NDSE Part I, Ring Road, New Delhi-110049. (Hyderabad-Andhra Pradesh)—Ethambutol Formulation (from imported bulk drugs)—25 million tablets—(NA)

Textiles

M/s Fancy Corp Ltd, 16, Bombay Samachar Marg, Bombay-400 023. (Maharashtra)—Artsilk Fabrics—26 power looms—(NA)

M/s Bilaspur Spinning Mills and Industries Ltd, 12, Govt Place East, Calcutta-700069. (Bilaspur-MP)—Blended Yarn made of cotton and/or man-made Fibre Yarn—Within existing licensed capacity of 25,024 spindles—(NA)

Shri D.S. Bhalla, Bhalla's Carpets, 45, Park Street, Calcutta-700018. (Distt Nadia-WB)—Machine-made Carpets and Rugs—3.2 million sq metres—(NU)

Paper and Paper Products

Hajee A.M. Abdul Rahiman Rowther, P.B. No 56, Old Place Bldg, Pudukkottai (Tamil Nadu) (Distt Pudukkottai-Tamil Nadu). M/s Nizam Paper & Board Mills Pvt Ltd—Writing and Printing Paper and Boards—5,000 tonnes—(NU)

Fermentation Industries

Shri T.D. Mital, K-43, Green Park, New Delhi-110016. (Haryana)—Champagne/Wine/Cognac Brandy—2,200 kilo litres—(NU)

Vegetable Oils and Vanaspathi

M/s Hardoi Sahkari Vanaspathi Mills Ltd, Hardoi (UP) (Distt Hardoi-UP)—Groundnut Oil—900 tonnes in terms of groundnut seeds—(NU)

M/s Narmada Sahkari Tel Prakriya Samiti Maryadit,

Barwaha, West Nimar (Khargone) (MP) (Distt Khargone-MP)—Cottonseed Oil—30,000 tonnes in terms of seed—(NU)

Leather and Leather Goods

Shri M. Sivaram, Director, Aruna Sugars Ltd, 'Meco House' 5th Floor, 11-A/1, Mount Road, Madras-600002. (Distt Dharmapuri—Tamil Nadu)—Finished Leather (finished leather from goat skins, sheep skins/and/or buff calf)—3 lakh Nos—(NU)

Mrs Uma Parthasarathy, 108/B, 29th A Cross, 7th Block, Jayanagar, Bangalore-11 (Mysore-Karnataka)—Finished leather from semi-finished hides—1.5 lakh Nos. Finished leather from semi-finished skins (garment leather, glazed finished skins, kid gloves, leather, nappa lining etc—3 lakh Nos—(NU)

Ceramics

M/s West Bengal Ceramic Development Corp Ltd, (A Govt of West Bengal Undertaking), 71, Abinash C. Banerjee Lane, Calcutta-10. (Distt Burdwan—WB)—Sanitary ware (including Wall Tiles)—6,000 M. Tonnes—(NU)

M/s Jaya Shree Textiles & Industries Ltd, P.O. Rishra, Distt Hooghly (WB) (Distt Hooghly-WB)—High Tension Insulators Bushings and Pressed Porcelain—3,200 tonnes additional 6,000 tonnes (after expansion).

Cement and Gypsum Products

M/s The Associated Cement Companies Ltd, Cement House, Maharshi Karve Road, Bombay-400020. (Distt Adilabad-AP)—Portland Cement—5.32 lakh tonnes (after expansion)—(SE)

Changes in Names (Owners or Undertakings)

(Information pertains to particular licences only)

From M/s British Physical Laboratories India Pvt Ltd, Mahatma Gandhi Road, Bangalore-560 001 to M/s Power Systems & Project Pvt Ltd, Palghat.

From M/s Bangalore Heavy Forgings and Stampings Private Ltd. to M/s Vishnu Forge (Mysore) Private Ltd.

From Shri K.B. Narasappa, 52/145-Fort, Kurnool (AP) to M/s K.B. Stampings (P) Limited.

From Shri D.N. Nair, Director, Khaitan Bhavan, M.I. Road, Jaipur-302001 (Rajasthan) to M/s Jaydee Agro-Chemicals Pvt Ltd, M.I. Road, Jaipur.

From M/s Deccan Steel and Alloys Ltd, Bangalore to M/s Southern Steelmet & Alloys Ltd, Bangalore.

From M/s L & T Drilling Equipment Ltd. to M/s Larsen & Toubro Ltd.

From M/s Nitin Castings Pvt Ltd. to M/s Nitin Castings Ltd.

From M/s Naran Lala Metal Works Pvt Ltd. to M/s Naran Lala Metal Works Limited.

From M/s Madras Electrical Conductors Limited to M/s Madras Electrical Conductors Private Ltd.

From Shri L. Narayanan Chettiar, 'Visalakshi', Madurai-625002. to Sree Narayana Textiles Ltd.

From M/s Central Industrial Workshop, Bangalore. to M/s Karnataka Implements and Machineries Co Ltd Bangalore.

From M/s Steel Containers Ltd, 149 Jackeria Bunder Road, Sewree, Bombay-400015. to M/s Balmer Lawrie & Co Ltd.

From Secretary. UP Co-operative Sugar Factories Federation Ltd UP. M/s Kisan Sahkari Chini Mills Ltd, Bilaspur to M/s Rudra Bilas Kisan Sahkari Chini Mills Ltd, Bilaspur.

From M/s Bright Brothers Private Limited. to M/s Bright Brothers Limited.

Licences Revoked, Cancelled or Surrendered

(Information pertains to particular licences only)

M/s Gauripur Cooperative Flour Mills Ltd, Khetawat Bhavan, P.O. Dhubri, Assam—Wheat Products—(Cancelled)

M/s Utkal Machinery Ltd, Kansbahal 770 034 Distt Sundargarh, Orissa—Sugar Machinery—(Revoked)

M/s Gwalior Lamps & Electrical Limited, New Delhi—G.L.S. Lamps—(Revoked)

M/s Steelworth Ltd, 17, Ganesh Chandra Avenue, Calcutta—700013—Cast Iron Castings for Railway supplies namely, Brake block & Railway requisites—(Cancelled)

M/s Hind Cycles Ltd, 250, World, P.O. Prabhadevi, Bombay-400 325 DD—Processing of Bicycle Parts—(Surrendered)

M/s Garden Beach Workshops Ltd, 43/46, Garden Beach, Calcutta-24—Air Compressors—(Cancelled)

M/s Excel Industries Limited, 184-87, Swami Vivekananda Road, Jogeshwari, Bombay-400 060—Thiram/Thiuram (Tetra Methyl Thiuram Disulphide)—Methyl Bromide—(Cancelled)

M/s Tamilnadu Industrial Development Corporation Ltd, Madras—Portland Cements—(Revoked)

M/s Mehta Vegetable Products Private Ltd, Jodhpur (Rajasthan)—Tin Containers upto 18 litre capacity (unprinted)—(Revoked)

Shri Anand Prakash Khandelwal—M/s Rajasthan Steel Ltd—Grinding Media, Mn-Steel & Alloy Steel Castings—(Revoked)

Letters of Intent Revoked, Lapsed or Cancelled

(Information pertains to particular letters of intent only)

M/s Bush India Ltd, P.O. Box 4127, Sukh Sagar, N.S. Patkar Marg, Bombay-400 007. (Maharashtra)—Car Radios—(Cancelled)

M/s Bush India Ltd, P.O. Box 4127, Sukh Sagar, N.S. Patkar Marg, Bombay-400007 (Maharashtra)—Cardiac Pacemakers—(Lapsed)

M/s Murphy India Ltd, Eastern Express Highway, P.O. Box No. 201, Naupada, Thana-400 602. (Maharashtra)—Car Radios—(Revoked)

M/s Rajendra Paper Mills, 701, Akash Deep, Barakhamba Road, New Delhi. (Haryana)—Pulp & Paper Making Machinery—(Lapsed)

M/s Murphy India Ltd, Thana—400 602. (Maharashtra)—Stereo Amplifiers—(Revoked)

M/s South India Wire Ropes Ltd, Edathala P.O., Alwaye (Kerala). —Tyre Bead Wire (H.I.)—(Lapsed)

M/s Vardhman Spinning & General Mills Ltd, Chandigarh

Road, Ludhiana-3. (Karnataka)—Electrolytic Manganese Dioxide—(Lapsed)

M/s Aditya Mills Ltd, Madanganji—Kishengarh, (Rajasthan). (Rajasthan)—Scooter tyres and tubes and V Belts—(Cancelled)

Shri S.L. Jindgar, 119, Malviya Nagar, Bhopal (MP) (Madhya Pradesh)—Maize Products—(Lapsed)

M/s Usha Electronics (India) Pvt Ltd, 2, Anand Lok, New Delhi-110049. (Haryana/Karnataka/Maharashtra) — Electrolytic Capacitors—(Lapsed)

M/s Satellite Engineering Ltd, P.O. Maize Products, Kathwada, Ahmedabad—380002. (Gujarat)—Ceramic Capacitors—(Lapsed)

M/s U.P. Shock Absorbers Ltd, B-19, Defence Colony, New Delhi-110024 (Uttar Pradesh)—Automobile Shock Absorbers—(Withdrawn)

M/s Union Company (Accessories) Pvt Ltd, 29, Mount Road, Madras-600 002. (Tamil Nadu)—Mechanical Jacks—(Cancelled)

Shri R.S. Kothavale, 1170/8, Shivajinagar, Pune-411 005. (Maharashtra)—Engine Valves, Valve Guides and Tappets etc —(Withdrawn)

Shri Surinder Singh Kair on, House No. 28, Sector 4, Chandigarh. (Punjab)—Corrugating Media and Linear Paper (for Packaging and Wrapping)—(Lapsed).

Shri R.K. Raman, Chemical Engineer, 42/19, Harrington Road, Chetput, Madras-600031. (Tami Nadu)—Caustic Soda—(Lapsed)

M/s Rao Insulating Company Pvt Ltd, Whitefield P.O., Pin Code 562136, Bangalore Distt. (Karnataka)—Silvered Mica Capacitors—(Cancelled)

Shri V.D. Sharma, T-13, Green Park, New Delhi-16. (Rajasthan)—Grinding Wheels—(Lapsed).

M/s Black Clawson India Engineers (P) Ltd, 38/3, Mount Road, Madras-600 006. (Tamil Nadu)—Pulp and Paper Machinery—(Cancelled)

M/s Premier Vegetable Products Ltd, Laxminath Bhawan, Church Road, Jaipur-302001. (Rajasthan)—Cottonseed Oil—(Lapsed)

The Orissa Cement Limited, Shiv Mahal, B-45/47, Connaught Place, New Delhi-110001. (Orissa)—Blast Furnace Slag Cement—(Cancelled)

M/s Morris Electronics Ltd, Bhosari Industrial Estate, Poona-411026. (Maharashtra)—Volt Dependent Resistors and Thermistors—(Lapsed)

Shri A.P. Deshpande, Rushilla, 17-Carmichael Road, Bombay-000 026—Electrolytic Capacitors—(Lapsed)

M/s Development Corporation of Konkani Ltd, Warden House, 5th Floor, Sir P.M. Road, Bombay-400001—Caustic Soda—(Surrendered)

Shri Satish Timblo, Murgao, Goa. (Goa, Daman & Diu)—Forged Hand Tools—(Lapsed)

M/s General Industrial Society Ltd, 8, India Exchange Place, Calcutta-1. (Madhya Pradesh)—Fatty Acids and Glycerine—(Surrendered)

Nation's health and pharmaceutical industry

In terms of resources for economic development nothing is of higher importance than the health of the people which is a measure of their energy and capacity. Extracts from a brochure prepared by the Organisation of Pharmaceutical Producers of India giving details about the country's progress in the field of health care and development of pharmaceutical industry since Independence are reproduced below.

IN INDIA 'Health' is more than a problem. It is a challenge. A challenge that has been well-met and is progressively nearing fulfilment.

When the national government took over in 1947, the situation that confronted it was appalling. The rate of child mortality was alarmingly high and the life expectancy of Indians was among the lowest in the world with epidemics frequently taking a heavy toll. Uncounted numbers of people were suffering from endemic diseases.

Bringing about a speedy improvement in public health was a major challenge that the national government took up 28 years ago. The success of the government's efforts in meeting the challenge in the past twentyeight years can be measured by the remarkable improvement that has been brought about in the health of the nation.

Measurable Indicators

Here are some of the measurable indications of that remarkable improvement in the short span of just under three decades.

*Life expectancy has shot up by as much as 20 years.

*Infant mortality has been cut by about 40 per cent.

*Death rate has been slashed by almost one-half.

This improvement in health standards is the combined result of many factors. These include improved sanitation and water supply, early diagnosis and treatment of diseases, better hospital facilities, widespread adoption of preventive measures, daring surgical techniques, better diagnostic procedures and increased availability of modern medicines.

Modern Medicines

*Have reduced the need for hospitalisation.

*Cure diseases faster than ever before.

*Have revolutionised the science of therapy.

Creditable as these achievements have been, they represent only a fraction of what needs to be done to give our people a fuller life and our country a health-care system that measures up to the minimum demands of a welfare state.

Consider for a moment what remains to be done:

*The average life expectancy in India is 52 years now. It is still very low compared to 70-80 years in advanced countries.

*Infant mortality in India, despite the recent reduction, is

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yet very much higher than in other countries.

*The death rate, in spite of the successful control of epidemics, is still very high.

*About half of all recorded deaths are amongst children under five from the combined effects of communicable-diseases and under-nourishment and/or malnutrition.

*More than 25 per cent of all villages in the country are without safe drinking water.

*The majority of the rural population which constitutes 80 per cent of the total is still beyond the catchment area of the health facilities.

*The availability of health facilities in the country is inadequate and generally lopsided.

The same is true of basic health facilities. The number of hospital beds available at present is only 2,80,000 for a population of over 600 million, a ratio of one bed per 2,000 population, though it is true it has gone up from one bed per 3,000 population at the end of the 'forties. The number of doctors available is 1,38,000, giving a doctor-population ratio of 1 : 4400. The norms recommended by the Health Survey and Planning Committee (Mudaliar Committee) are one bed per 1000 population and one doctor per 2000-3500 population. We have still a long way to go to reach these norms.

The per capita consumption of medicines in India is barely Rs 7.5 per annum at present as compared to Rs 310 in the

USA, Rs 78 in the UK, Rs 235 in West Germany, Rs 241 in France Rs 252 in Japan and Rs 211 in Italy, in 1971.

It is true that health is not merely a matter of medicines, doctors and hospitals. The importance of nourishing food, proper clothing, housing sanitation, etc, is obvious. And that makes the problem a challenge of unparalleled dimensions.

The government is, no doubt, doing its utmost to solve the problem. But the problem is far too big to be handled effectively by any single agency. It needs the active assistance and cooperation of every one concerned with the health of the nation, whether as individuals or as institutions.

Life Expectation

One of the most important indicators of health is the expectation of life at birth. The expectation of life at birth, which was 32.1 years during the decennium 1941-50, increased to 52.6 years by 1971.

Equally significant is the trend of birth and death rates. The birth rate which was 39.9 per 1,000 in 1941-50 declined to 38.6 in 1966-70. It is estimated to have come down further to around 35.0 during 1971-75, thanks to the family planning movement.

The death rate fell from 27.4 per 1,000 in 1941-50 to 14.0 during 1966-70 and further to 11.3 during 1971-75. Control of communicable

diseases and expanded medical care facilities have brought about this striking reduction in the death rate over the last two decades.

TABLE I
Expectation of Life (Years)

Year	Males	Fe- males	Total
1941-50*	32.5	31.7	32.1
1951-60*	41.9	40.6	41.2
1961-65**	48.7	47.4	48.1
1966-70**	53.2	51.9	52.6

*Census estimate **Projections of Planning Commission Committee on Population.

TABLE II
Birth & Death Rates
(per 1000)

Year	Birth rate	Death rate
1941-50*	39.9	27.4
1951-60*	41.7	22.8
1961-65**	41.0	17.2
1966-70**	38.6	14.0
1971-75**	35.1	11.3
1976-80**	28.7	9.2

*Census estimates **Projections of the expert Committee on Population of the Planning Commission in 1964.

No less significant has been the declining trend of infant mortality. The rate of infant mortality was as high as 183 per 1,000 live births in 1941-50; it declined steeply to 113 during 1966-70.

TABLE III
Infant Mortality Rate
(per 1000)

Year	Males	Fe- males	Total
1941-50*	190	175	183
1951-60*	153	138	146
1961-65**	131	121	126
1966-70**	115	112	113

*Census estimates. **Projections of Planning Commission's Committee on Population.

But there is still a long way to go before infant mortality trends in India can stand comparison with the low rates in many of the advanced countries. By 1946-51 itself infant mortality rates in some of the advanced countries were much lower than in India. The rates that prevailed then, for instance, in Sweden, New Zealand, Holland, the USA, and England and Wales were, respectively, 21, 23, 25, 29 and 30 per 1,000 live births.

Communicable Diseases

In bringing about this happy result—higher life expectancy, fall in death rate and declining infant mortality—the government's health programmes, particularly those relating to control of communicable diseases, have played a major role. The trends of morbidity (affliction) and/or mortality caused by the major communicable diseases are revealing in this respect.

The death rate due to cholera, for instance, declined from 93 per 100,000 in 1945 to 0.6 in 1970. It is well on the way to eradication as morbidity and mortality due to the disease are being constantly reduced by the National Cholera Control Programme with its accent on preventive and control measures in the highly endemic areas. If the disease is to be wiped out completely from the country, it can be done only through all-round improvement of environmental sanitation as envisaged under the National Water Supply and Sanitation Programme.

The mortality rate due to small-pox came down from 50 per 100,000 in 1945 to 0.3 in 1970. Only about 14,000 cases, with nearly 2,400 deaths, were reported in the entire country during 1971, as against 84,000 cases and

26,000 deaths in 1967. This remarkable reduction in both morbidity and mortality rates can be mainly attributed to the 173 million primary vaccinations and 718 million revaccinations done upto the end of 1971 by the National Smallpox Eradication units established in all the states by the end of 1962. Since 1973 the incidence of the disease has further declined and it is expected that after 1979 there will be practically no indigenous cases of small-pox.

Mortality Rate

Deaths due to dysentery and diarrhoea also declined from 80 per 100,000 in 1945 to 46 in 1960.

A similar trend was noticed in respect of respiratory diseases, the combined mortality rate in their case having come down by nearly one-half—from 150 per 100,000 in 1945 to 83 in 1960. In particular, pulmonary tuberculosis—the most widely prevalent form of that dreaded disease—has been sought to be contained by the National T.B. Control Programme though the number of infectious cases—two

million out of eight million active cases—is yet to be reduced to a level at which tuberculosis would no longer constitute a serious public health hazard. As the incidence of this disease is greatly influenced by the socio-economic factors, its more effective control and ultimate eradication would partly depend on improvements in living standards, particularly in respect of food and nutrition, housing and environmental sanitation.

Another scourge—malaria—has, however, been more effectively controlled since independence. In 1947 the morbidity rate of malaria was more than 20 per cent—representing 75 million cases—which resulted in 1.6 million deaths due to both direct and indirect effects of the disease. This rate was nearly halved by 1953 to 10.8 per cent. Thanks to the National Malaria Control Programme launched in 1953 with the aid of USA and WHO, the case (morbidity) rate declined further to 4.4 per cent over the five years that followed. Indeed the control programme was so effective that there were only 0.15 million cases during 1966.

TABLE IV
Death Rate per 100,000 Due to Some Major Diseases

Period	Cholera	Smallpox	Plague	Dysentery & Diarrhoea	Respiratory diseases
1930	133	33	—	—	—
1935	78	36	—	—	—
1940	30	25	7	90	160
1945	93	50	10	80	150
1950	36	30	6	60	120
1955	33	10	0.0	60	130
1960	5	9	0.0	46	83
1965	3	2	0.0	+	+
1970	0.6	0.3	0.0	+	+

+ Not available

It has been the biggest single factor in the reduction of the death rate over the last two decades. However, the recent recrudescence of malaria again poses a major public health challenge.

Endemic Disease

Filaria is an endemic disease next only to malaria and tuberculosis in its widespread incidence. As many as 136 million persons live in the malarious areas of the country and they are, therefore, exposed to the risk of infection. There are already eight million chronic cases with different manifestations of the disease and about 12 million people are estimated to have microfilaria in their blood. Control of this disease, initiated towards the end of the first Plan, is a slow, long-term process because filarial infection has peculiarly complex features. What has been sought to be achieved by the control programme is to reduce transmission of infection and also prevent subsequent recrudescence by bringing about continued reduction in the reservoir of infection.

Control programmes for other communicable diseases such as leprosy, trachoma and venereal diseases have also been in operation on a continuing basis under successive Plans. Expenditure for the control of these and other communicable diseases mentioned earlier increased more than fourfold from Rs 23 crores during the first Plan to Rs 99 crores during the fourth Plan.

Health Care Programmes

The health of the nation has always been one of the major concerns of the government and the Planning Commission. Within the limita-

tions imposed by resources availability, they have accorded high priority in the allocation of funds for the various health care programme which benefit the community at large.

Public outlay on health care programmes such as those relating to control of communicable diseases, hospitals and dispensaries, medical education and research, indigenous system of medicine and homeopathy and training of health workers have increased substantially from Plan to Plan. The expenditure was about Rs 90 crores during the first Plan period, Rs 146 crores during the second, Rs 226 crores during the third, Rs 140 crores under the 1966-69 annual Plans, and Rs 344 crores during the fourth Plan period. The outlays proposed for the fifth Plan period are much as Rs 796 crores.

TABLE V
Plan Outlays on Health Care Programmes
(Rs crores)

1st Plan	90.3
2nd Plan	146.0
3rd Plan	225.9
Annual Plans	140.1
4th Plan	343.9
5th Plan	796.0*

*Rs 291.5 crores for Minimum Needs Programme.

Source: Draft fifth five year Plan.

Programmes for control of communicable diseases absorbed, especially since the second Plan, the largest share of allocations for health care. Hospitals, dispensaries and primary health centres claimed the next largest share. Medical

education, research and training of health workers occupied the third place in allocations.

The Minimum Needs Programme, which will involve an outlay of Rs 291.5 crores during the fifth Plan period, has now been accorded the highest priority. This programme, insofar as it relates to rural health, is of wider scope: It envisages a minimum uniform availability of public health facilities covering preventive medicine,

family planning, nutrition, detection of early morbidity and reference of serious cases to an appropriate higher echelon; supply of drinking water to villages suffering from chronic scarcity or having unsafe sources of water; and environmental improvements of slums. The targets of the programme are:

- (1) One primary health centre for each community development block;
- (2) One sub-centre for a

TABLE VI

Health Programmes: Programme-wise Break-up of Plan Outlays (Rs crores)

Programme	I Plan	II Plan	III Plan	1966-69	IV Plan	V Plan
					*	**
Control of communicable diseases	23.1	64.0	70.5	N.A.	99.3	168.6
Hospitals, dispensaries & public health centres	25.0	36.0	61.7	N.A.	82.7	155.3
Medical education, research & training	21.6	36.0	56.3	N.A.	86.0	111.8
Indigenous system of medicine & homoeopathy	0.4	4.0	9.8	N.A.	15.1	28.1
Minimum Needs Programmes	—	—	—	—	34.3	291.5
Other programmes	20.2	6.0	27.6	—	26.6	40.8
Total	90.3	146.0	225.9	—	343.9	796.0
Health Related Programmes						
Family Planning	0.7	3.0	27.0	N.A.	276.5	516.0
Nutrition	—	—	—	—	100.0	745.0
Water supply & sanitation	49.0	76.0	105.3	N.A.	650.0	1095.6
Environmental improvements in slum areas	—	—	—	—	30.0	94.6
Total	49.7	79.0	132.3	N.A.	1056.5	2451.2

N.A. Not available *Anticipated **Proposed
N.B. Figures have been rounded off to the first decimal point; they do not add up exactly to totals

Source: Planning Commission.

- population unit of 10,000;
- (3) Making up the backlog and deficiencies in buildings, staff, equipment, etc;
 - (4) Provision of drugs at the enhanced level of Rs 12,000 per annum per primary health centre and Rs 2,000 per annum per sub-centre; and
 - (5) Upgradation of one in four primary health centres to 30-bedded rural hospitals.

It will thus be seen that the Minimum Needs Programme is designed to supplement the other health care programmes by strengthening the primary health centre complex and by integrating health, nutrition and family planning services.

The health care programmes described in the foregoing section are not the only ones relevant to public health, in fact, health planning in India has acquired an increasingly wider scope covering as it does (i) family planning, (ii) nutrition, (iii) water supply and sanitation, and (iv) environmental improvement of slum areas. Thanks to the greater accent on these aspects since the fourth Plan, the programmes relating to them involve a much larger aggregate outlay than on the health care programmes proper.

Population & Family Planning

The urgency of the population problem has called for a bigger nationwide effort to bring down the birth rate, so as to neutralise significantly the impact of the fall in the death rate brought about by modern medicine and health care. This explains why the outlay on family planning (birth control) has been stepped up from just under Rs 1 crore during the first Plan period to Rs 276 crores during

the fourth, and is proposed to be increased to Rs 516 crores under the fifth Plan. Actual achievements in this crucial sector have fallen short of fourth Plan targets.

The family planning programme will continue to be a centrally-sponsored programme upto the end of 1983-84. As family planning services will be increasingly integrated with those for health, maternity and child health and nutrition, it would be more appropriate to describe it as a 'family welfare planning programme'. The supreme objective of the programme is to reduce the birth rate to 30 per 1,000 by 1978-79 and further to 25 per 1,000 by 1983-84.

Problems of Nutrition

It is well known that under-nourishment in India is a widespread phenomenon resulting mainly from poverty. About half of all recorded deaths are amongst children under five from the combined effects of communicable diseases and under nourishment and/or malnutrition. It is a gigantic problem requiring colossal resources. A beginning has already been made to attack the problem at its root by taking care of pregnant women, lactating mothers and pre-school children of the weaker sections of society.

Anything like a coordinated nutrition programme had a substantial start only during the fourth Plan period with an outlay of about Rs 100 crores. The programme envisaged for the fifth Plan is of much larger magnitude involving an aggregate outlay of Rs 745 crores. The bulk of this outlay will be on account of:

*The mid-day meals programme for school children —

Rs 312 crores (including Rs 200 crores of CARE assistance expected in the form of food).

*The supplementary feeding programme for children in the age group 0-6 and pregnant women and lactating mothers in tribal, slum and drought-prone areas—Rs 218 crores.

*Integrated child care services in the social welfare sector—Rs 140 crores.

Water Supply & Sanitation

Supply of safe drinking water is of cardinal importance to public health as what is sought thereby is a substantial reduction in the incidence of water-borne diseases. Sanitary facilities for the proper disposal of wastes have also the same objective. Between them, they constitute the principal environmental control measures against the transmission of most water-borne diseases.

Given, the magnitude of the problem and the constraint of resources, only a small dent has been made in the overall problem.

Thus, whilst four-fifths of the urban population have piped (protected) water supply now, nearly 1.2 lakh villages with a population of more than 60 million do not still have even the most elementary water supply system. As for sewerage, only 40 per cent of the urban population have the requisite facilities. Most medium and smaller towns have no sewerage systems. In the rural areas, implementation of proper sewerage and drainage schemes has hardly begun.

It is in view of this appalling situation that the magnitude of effort has been lately enlarged. As against the modest outlay of Rs 49 crores during the first Plan period the outlay during the fourth Plan period was as much as Rs 650

TABLE VII
Infrastructure for Health Care (as at the end of Plans)

	I Plan	II Plan	III Plan	IV Plan (anti-cipated)	V Plan (targeted)
Hospitals & dispensaries	10,000	12,000	14,600	N.A.	N.A.
Hospital beds	123,000	185,600	240,100	281,000	321,600
Primary health centres (PHC)	725	2,800	4,900	5,250	5,351
Sub-centres of PHC's	N.A.	N.A.	N.A.	33,000	44,026
Rural hospitals	—	—	—	—	1,293
Medical colleges	42	57	87	99	99
Annual admissions in medical colleges	3,500	5,000	10,625	12,500	13,000
Doctors in practice	65,000	70,000	86,000	138,000	176,000
Nurses	18,500	27,000	45,000	88,000	123,000
Auxiliary nurses-midwives	12,780	19,900	35,000	64,600	N.A.
Health visitors	800	1,500	4,200	N.A.	N.A.
Nurses-dais	6,400	11,500	28,000	N.A.	N.A.
Sanitary inspectors/health assistants	4,000	6,000	18,000	32,000	N.A.
Pharmacists	N.A.	42,000	48,000	66,000	N.A.

crores—Rs 455 crores (including Rs 75 crores of expenditure by the Calcutta Metropolitan Development Authority) for urban water supply and sanitation and Rs 195 crores for rural water supply and sanitation. Still bigger outlays—Rs 506 crores (including Rs 75 crores for Calcutta) for urban water supply and sanitation and Rs 573 crores for rural water supply and sanitation are proposed for the fifth Plan. In addition, some part of the provision of Rs 250 crores made for integrated urban development in the central sector would be available for water supply and sanitation in urban projects of national importance.

The scheme for environmental improvement in slum areas has been in operation only since 1972-73. Provision for improvement of water supply, sewerage and community latrine facilities in slums (which are not likely to be cleared during the next 10 years) is the object of this scheme. It may help in the control of communicable diseases prevalent in, and transmitted from, such slums. A threefold increase in outlay on the scheme—from Rs 30

crores in the fourth Plan period to nearly Rs 95 crores in the fifth—is envisaged.

In sum, the size of the health plan as a whole covering health care programmes proper, family planning, nutrition, water supply and sanitation, and environmental improvement of slums will have increased twentythreefold—from Rs 140 crores during the first Plan period to about Rs 3,250 crores during the Fifth Plan period.

Infrastructure for Health Care

Thanks to the greatly increased outlays on health care and related programmes, especially since the third Plan, the institutional facilities and trained manpower required for the more effective administration of such programmes have increased very considerably.

Thus, the number of hospitals and dispensaries in the country increased from 10,000 at the end of the first Plan to 14,600 at the end of the third. It must be considerably more now, though the exact figure is not available. The number of hospital beds has more than doubled—from 125,000 to 281,600 at present. Primary

health centres presently number 5,250 as against 725 at the end of the first Plan, and the number of subcentres has reached a total of 33,000 by now.

Likewise, the number of medical colleges has increased from 42 to 99. Annual admissions in these colleges have nearly quadrupled from 3,500 to 12,500. There are now 138,000 doctors and 88,000 nurses as against 65,000 and 18,500, respectively, at the end of the first Plan. Substantial increases have also been recorded in the number of paramedical personnel such as auxiliary nurse-midwives, and midwives health visitors, sanitary inspectors and pharmacists.

Impressive though these achievements are, they still fall short of the requirements based on the norms suggested by the Health Survey & Planning Committee.

Mention should also be made of the infrastructure facilities available for the control of tuberculosis and for the family planning programme. As for TB control, there are now 278 district TB centres, 17 demonstration

training centres and 36,500 TB isolation beds, as against 170,15 and 35,00, respectively, at the end of 1968-69.

Welfare Programmes

In the field of Family Welfare Planning (FWP), the rural centres and subcentres are part of the PHC complex of centres and sub-centres. So, there are, and will be, as many FWP centres and subcentres as there are primary health centres and sub-centres. For the urban areas there are nearly 2,000 FWP centres. The number of sterilisation beds has increased more than sixfold over the last five years. Inadequacy of transport has been one of the serious bottlenecks in the family planning programme. The number of vehicles in use represents less than 50 per cent of the estimated requirement of 8,000. The outlay of Rs 24 crores proposed in the fifth Plan for procurement and maintenance of vehicles may make good the larger part of the deficiency.

A broad measure of the facilities required for the family planning programme is provided by the anticipated expenditure on service and supplies,

TABLE VIII
Requirements & Availability of Medical and Para-Medical Manpower

Category	Ratio to population recommended by Health Survey & Planning Committee	Requirement	Actual position 1972-73	Ratio to population 1972-73	Actual position 1973-74 (anticipated)	Ratio to population (end year of IV Plan)
Doctors	1:3,500	170,870	132,530	1:4,366	138,000	1:4,239
Dentists	1:30,000	19,900	8,400	1:67,845	N.A.	N.A.
Nurses	1:5,000	120,000	82,330	1:6,922	88,000	1:6,648
Auxiliary nurse—midwives	1:5,000	120,000	50,000	1:11,398	64,600	1:9,066
Sanitary inspectors	1:10,000	59,000	30,060	1:18,959	32,600	1:1,794

Source: 'Report 1972-73', Ministry of Health and Family Planning, Government of India.

training, mass education, evaluation and organisation, amounting to nearly Rs 260 crores during the fourth Plan period, and the proposed expenditure of Rs 480 crores for the fifth Plan period.

Role of Drugs in Health Care

Drugs play an important role in health care. Ready availability of a wide range of therapeutic and prophylactic drugs is one of the basic postulates of our public health programmes. It is this availability in an ever-increasing measure, that has ensured the effective implementation of our health care programmes under successive Plans. The remarkable improvement in the health of the nation since the 'fifties as measured by the higher life expectancy and lower infant mortality and death rates can be attributed, among other things, to the drugs made available for the control of killer diseases like cholera, plague, small-pox and tuberculosis and of debilitating diseases like malaria and filaria. The progressively increased use of modern medicines—preventive and curative—has thus no doubt decisively helped in the mitigation of the virulence of several endemic diseases and in the near-eradication of some others, and in raising the general health standards in the country.

Manufacture of such medicines is an organised industry in India. It is an industry with very ancient traditions and a modern superstructure. The art of making medicines has a hoary past in our country. And the modern science of making complex synthetic drugs is a natural extension of this ancient tradition and has its beginning in the first decade of this century.

Thanks to an encouraging

and enabling government policy, coupled with the initiative and enterprise of the industry, India has had a diversified and dynamic growth and has achieved the distinction, according to the rating of the United Nations Industrial Development Organisation (UNIDO), of leading the other developing countries in the establishment and operation of a modern pharmaceutical industry that matches the world's best in the range, variety and quality of its products. The very fact that our country now exports annually as much as Rs 24-25 crores worth of drugs and pharmaceuticals not only to a number of developing countries but to several advanced countries as well is an eloquent testimony to their high quality.

Wide Range

The drugs now manufactured by the industry cover a wide therapeutic spectrum ranging from antibiotics to vitamins. Various drugs are being produced for the treatment of a host of disease conditions—antibiotics like penicillin, streptomycin, chloramphenicol and tetracycline; sulpha drugs such as Sulfadiazin, Sulfadimidine, Sulfathiazole, Sulfamethizole, Sulfasomidine; antituberculosis drugs like PAS and INH; antidyentery drugs, namely, halogenated oxyquinolines, anti-leprosy drugs, namely, DDS and derivatives; anti-diabetic drugs such as Insulin and Tolbutamide; synthetic anti-malarial drugs like Amodiaquin, and Chloroquin, anti-filarial drugs like Diethylcarbamazine Citrate; anaesthetics such as Procain and Ether; analgesics and anti-pyretics such as Aspirin, Sodium Salicylate, Phenacetin, Paracetamol, Analgin and Phenylbutazone; anti-helmin-

tics, namely, Piperazine and its salts; barbiturates like Phenobarbitone; a variety of synthetic hormones and corticosteroids; drugs of vegetable origin such as Quinine, Atropine Caffeine, Codein, Morphine, Strychnine and Brucine, anti-depressants and tranquillizers like Diazepam and Meproamate; Vitamin A, B, B₂, B₁₂, C, D₂, D₃ and K, Folic Acid and Nicotinic Acid; immunological agents like Diptheria Anti-toxin, Tetanus Anti-toxin, Triple Vaccine, B.C.G. Vaccine and Polio Vaccine; and miscellaneous drugs such as Calcium Gluconate, Ferrous Gluconate and Nikethamide. The list is by no means exhaustive it is only illustrative of the wide variety of drugs manufactured in the country today.

All these drugs and many more are manufactured from basic stages using mostly indigenous raw materials and chemicals and the most up-to-date technologies and research results made available to the Indian industry through collaboration agreements. The industry has also built up over the years an excellent system of distribution that ensures the ready availability of medicines throughout the country. The tools to combat diseases, relieve pain and save lives are thus at hand where they are needed and when they are needed in our far-flung country.

National Priorities

The pharmaceutical industry's growth over the years has conformed to the national priorities, particularly those laid down in the country's health plans since the 'fifties. Its contribution to the nation's health will be even more important during the fifth Plan period, for the demand for drugs is bound to accelerate

with the proposed enhanced Plan expenditure on health care programmes and other related health plans (such as those for family planning and nutrition), the increasing availability of qualified medical personnel and the rise in per capita income and general standard of living.

The planned expansion of facilities for health and family planning, involving a shift in emphasis to rural areas, under the national programme of minimum needs, would call for larger production of all essential drugs. To take just one example, namely, communicable diseases. Programmes for the control of malaria, small-pox, tuberculosis, leprosy, trachoma and cholera alone, according to official estimates, would require drugs worth Rs 28 crores for the fifth Plan period. This is a broad measure of the expanding role of drugs in health and medical care.

Profile of the Industry

The pharmaceutical industry in India produces annually Rs 450 crores worth of formulations (finished products) now, as against Rs 10 crores in 1947—a 45-fold increase! This production is adequate to meet the current requirements of the country for pharmaceuticals.

The largeness of this production, in terms of both volume and value, is matched by the wide range and variety of the bulk drugs manufactured out of which formulations or dosage forms are produced. The essential bulk drugs serving as basic raw materials for such formulations are antibiotics, sulpha drugs, antidyentery, drugs, anti-bacterial drugs, anti-histamines, vitamins, cardiac drugs, anti-helmintics, anti-diabetics, anti-TB drugs, anti-leprotics, anti-malarials, anti-filarials, analge-

sics, anti-pyretics and sedatives, anaesthetics, hormones and steroids, diuretics, drugs of vegetable origin, etc. Many of the drugs now produced are used in the treatment of tropical diseases like malaria, amoebic dysentery, tuberculosis typhoid and other bacterial infections, bronchial asthma, leprosy, liver abscess, elephantiasis, infective diarrhoea, syphilis, gonorrhoea, trachoma, tropical sprue, fungal infections and anaemia.

Import Bill

The industry has come a long way since 1947 when there was practically no indigenous production of bulk drugs. Only a couple of drugs, accounting for a few lakhs of rupees, were then produced. In 1975, more than 100 major bulk drugs, accounting for Rs 75 crores in terms of value, were produced by the industry. Of these, nearly three-fourths are produced in the private sector and about a fourth in the public sector. The industry also imports at present bulk drugs, valued at about Rs 25 crores per annum, out of a total import bill of Rs 35 crores. Imports of these bulk drugs are essential because either they are not produced indigenously or production is insufficient to meet the demand. The value of formulations made from these bulk drugs is Rs 450 crores a year now, as against a mere Rs 10 crores in 1947. While there have been no imports of formulations as such for many years now, the industry's export of bulk drugs and formulations has considerably increased over the year from Rs 1 crore in 1964-65 to about Rs 25 crores in 1974-75. Production of pharmaceuticals on such a large scale has naturally involved large investments in the industry which aggregate

Rs 225 crores at present, as against Rs 24 crores in 1952.

Production and investment of such magnitudes have also generated employment opportunities. The direct employment provided by the industry is 240,000 now, as compared to 32,000 in 1952.

Almost all the major nations with well-developed pharmaceutical industries have participated, in one form or another in this massive development of the industry in India. Thus, we have units with American, British, Swiss, German, French Dutch, Italian and Japanese collaboration.

This is because medicine is international in character as disease knows no national boundaries. Such internationalism has made the pharmaceutical industry truly international in character. This phenomenon has covered in its sweep many developing countries of which India is pre-eminent with its most advanced pharmaceutical industry.

One result of this international character of the industry is that the industry in India has been able to secure, at practically no cost, the fruits of world-wide research in drugs.

Capital Investment

The pharmaceutical industry is the largest chemical-based industry (excluding fertilizer) in the country today, accounting for about a tenth of the aggregate investment in the entire chemical industry. Capital investment in the pharmaceutical industry stands now at Rs 225 crores, as against Rs 190 crores in 1969, Rs 56 crores in 1962 and a mere Rs 24 crores in 1952.

It is one of the major industries in which the public sector accounts for a substantial

share of the total investment. This is as much as Rs 75

TABLE IX
Capital Investment in Pharmaceutical Industry
(Rs crores)

Year	Amount
1952	24
1962	56
1967	150
1971	200
1973-74	225
1978-79 (Vth Plan target)	450

TABLE X
Statewise Distribution of Pharmaceutical Units

State/Union Territory	No of Units	
	1969-70	1974-75
1. Andhra Pradesh	172	189
2. Assam	12	10
3. Bihar	39	79
4. Chandigarh	—	4
5. Dadra and Nagar Haveli	—	4
6. Delhi	81	97
7. Goa	8	12
8. Gujarat	140	225
9. Haryana	*	68
10. Himachal Pradesh	9	8
11. Jammu and Kashmir	5	N.A.
12. Kerala	52	57
13. Madhya Pradesh	108	154
14. Maharashtra	736	909
15. Mysore	56	71
16. Orissa	24	60
17. Pondicherry	2	21
18. Punjab	106	49
19. Rajasthan	51	89
20. Tamil Nadu	199	303
21. Tripura	4	5
22. Uttar Pradesh	198	154
23. West Bengal	255	367
Total	2257	2935

*Included in the figure for Punjab.

Source : For 1974-75 figures Committee Report.

crores or about 30 per cent of the entire investment in the industry.

The two major public sector units are Hindustan Antibiotics Ltd (HAL) at Pimpri, Poona, and Indian Drugs and Pharmaceuticals Ltd (IDPL). The latter has an antibiotic plant at Rishikesh, a synthetic drugs plant at Hyderabad and a surgical instruments project at Madras.

Established in 1954, with the technical assistance of WHO and UNICEF, HAL has a paid-up capital of Rs 3.12 crores, IDPL, set up in 1961 with the technical and financial assistance of the government of USSR, has a capital investment of Rs 61.51 crores. Both the units are to be expanded over the fifth Plan period with the proposed additional investment of Rs 40 crores in IDPL and Rs 30 crores in HAL. With the planned additional investments, the two public sector units will, between them, account for a total investment of Rs 140-150 crores.

Pharmaceutical Units

The pharmaceutical industry in the country comprises more than 2,900 units now, as against 2,260 at the beginning of the fourth Plan in 1969-70. There has been a proliferation of small-scale units since that year, as evidenced not only by the increase in the total number of units but also by the fact that the number of large-scale units has increased marginally from about 100 to 116. The comparative state-wise distribution of pharmaceutical units (big and small together) in 1969-70 and 1974-75 is given in Table X.

Though the industry is spread over most of the country, the bulk of it is concentrated in western India, Maharashtra

having 909 units and Gujarat 225 at present. The next biggest concentration is in West Bengal (367), followed by Tamil Nadu (303).

Of the existing units, 116 are large-scale units registered with the Directorate General of Technical Development. Fourteen of these units do not manufacture bulk drugs and/or formulations but only pharmaceutical aids and accessories like gelatin capsules, plasma, volume expanders and sutures. Of the remaining 102 units, 15 manufacture bulk drugs only, 18 formulations only and 69 both bulk drugs and formulations. In addition to these, five new units have been licensed to manufacture both bulk drugs and formulations, which will take the total number of large-scale units to 121.

Organised Sector

The DGTD (large-scale) units are generally known as the "Organised Sector" of the industry. They constitute the core of the industry, accounting for about 80 per cent of its production and 60-70 per cent of its exports. The total number of units (2,900) seems too large for an industry of the size of India's. For instance, in the USA, where the pharmaceutical industry is nearly 20 times as large as ours, there are only about 700 units. Similarly, the number of units in the UK is only 283 though that country's pharmaceutical production is twice as large as ours. Even in a country like Japan where small-scale enterprises in general are relatively more numerous than in other advanced countries, the pharmaceutical industry which is eight times bigger than the industry in our country has only about 2,000 units.

The pharmaceutical industry has been a powerful factor in

generating new employment opportunities in the country. It has been estimated in a recent (February 1975) survey by the Directorate General of Employment and Training, union ministry of Labour, that the pharmaceutical industry employs directly as many as 239,000 people. Of these, 10 per cent are scientific and technical personnel, four per cent are in the executive and managerial cadres and eight per cent are marketing personnel. Total employment in the industry is expected to reach a still higher level—360,000—by 1976 and the same proportion (10 per cent) is projected to continue as far as scientific and technical manpower is concerned. This fairly high level of employment may be explained by the labour-intensive character of operations, particularly on the formulations and packing sides in the medium and small-scale units.

TABLE XI
Employment in Pharmaceutical Industry

Direct	
Small-Scale Sector	90,000
Organised Sector	150,000
Indirect	
(Distribution Trade & Ancillary Industries)	280,000

In addition, the industry provides indirect employment to a large number of people in the distribution trade and the ancillary industries. There are nearly 80,000 retail chemists in the country and assuming that each retail chemist shop employs, on an average, two persons, the total number of employees will be approximately 160,000.

The growth of the industry has stimulated and sustained a number of ancillary industries

such as the manufacture of packing materials like glass-bottles, ampoules, tin containers, aluminium strips, plastic and rubber goods, wooden cases, boxes, cartons and labels, etc. The printing industry, too, is a substantial beneficiary of the pharmaceutical industry, apart from the transport industry. These industries in turn, provide employment to another 120,000 persons. Thus, the total employment, direct and indirect, generated by the industry is upwards of 500,000.

Noteworthy Point

A noteworthy point is the high proportion of scientific personnel employed by the industry which is perhaps higher than in any other industry. Among these are a qualified and specially trained category of employees, called "Medical Representatives" who play a vital role in disseminating medical information among the medical profession and pharmacists.

The wages and working conditions offered by the industry to its employees compare favourably with the best in the country. Less tangible, but no less important, are some of the other benefits the pharmaceutical industry has brought to the nation. The first is the new temper of science and technology which the industry, in the forefront of research and technology, is stimulating. Thousands of young men and women are learning new skills and disciplines within the ever-widening frontiers of scientific knowledge. The second is the significant contribution the industry's world-wide affiliation have made to the nation's total fund of technology and knowledge.

Few industries in the coun-

try can claim to have a more impressive record of growth and diversification of production in recent years than the pharmaceutical industry. All the key sectors of the industry—basic and intermediate manufacture, large-scale formulations production, scientific quality control at every stage during manufacture and after, new product development, research and development, marketing or distribution within the country, and exports—have developed to a high order of skill simultaneously, making greater growth possible on an organised basis.

The quantum of production and the variety of products are not the only measure of this growth. Its qualitative aspects are no less significant. The most modern facilities and technologies employed by the industry in India for manufacture and quality control involving the use of highly sophisticated equipment and instruments have added a whole new dimension to such growth.

TABLE XII
Production of Bulk Drugs (Rs crores)

Year	Production
1965	18
1974	66
1975	75
1978-79 (Target)	225-250

This qualitative dimension is not confined to pharmaceutical manufacture proper but extends to ancillary industries and services as well. The industry has stimulated and promoted the growth of several ancillary industries covering chemical intermediates, raw materials, packing materials, machinery and equipment required for the manufacture of a variety of drugs and

pharmaceuticals; in many cases it has actively assisted them to improve their production and technologies by specifying standards and providing designs, R & D assistance, etc. Other industries like glass and ceramics, plastics, rubber and printing have expanded, orienting themselves to meet the specialised and increasing requirements of the pharmaceutical industry.

The high standards specified by the industry for the supplies required by it have also improved quality standards in the ancillary industries generally. The beneficiaries of this wider qualitative improvement are not the pharmaceutical industry alone. Other industries and sectors requiring similar, if not identical, products have also benefited by this all-round improvement in quality standards.

TABLE XIII
Production in Pharmaceuticals Industry (Rs crores)

Year	Amount
1948	19
1965	150
1966	175
1968	200
1969	235
1970	250
1971	300
1972	360
1973	380
1974	408
1975 (estimate)	450
1978-79 (Target)	800

As a result of the phenomenal growth of the industry in the last two decades, full or nearly full self-sufficiency has been attained in several drugs. Manufacture has been increasingly undertaken from basic stages, using raw materials available within the

country. A broad idea of the range and variety of drugs in production now, most of which were not manufactured in the early 'fifties, could be had from production figures for 1963 and 1974 in respect of important drugs. Several of these drugs, notably penicillin, streptomycin, tetracycline, sulpha drugs, analgin and vitamins—are also manufactured by the public sector units. Relatively speaking, the public sector's share of total production in the industry is 27 per cent in bulk drugs and seven per cent in formulations.

Import Substitution

The history of the development of the pharmaceutical industry in India is largely a story of progressive import substitution. After the pre-World War II period, when most of the drugs were being imported in their finished forms such as tablets, capsules and injections, the country witnessed a rapid growth of the industry through intermediate stages of processing of imported bulk drugs into dosage forms and, in the post-Independence period, to the manufacture of basic (bulk) drugs out of primary raw materials and intermediates.

In fact, the progress achieved was so phenomenal that near total substitution of imported formulations by indigenous production was achieved by 1967. According to the DGTD, the pharmaceutical industry topped the list of newer industries in effecting the maximum saving (Rs 182 crores) in foreign exchange by indigenous production that year.

The magnitude of the progress in import substitution can be appreciated from the fact that, while the total annual production of pharmaceuticals,

in terms of value, has increased since 1947 by nearly 45 times to around Rs 450 crores now, imports of raw materials (bulk drugs) and intermediates are only Rs 35 crores, or less than nine per cent of production.

In 1947, the manufacturing activity of the industry was confined almost entirely to processing and formulations. Today, bulk drugs production is of the order of Rs 75 crores a year, with this, formulations of the order of Rs 300 crores are manufactured now. The balance of Rs 150 crores, out of a total formulations production of Rs 450 crores, is produced from imported bulk drugs which account for Rs 25 crores out of the total imports of Rs 35 crores. Even these imports of bulk drugs can be reduced substantially if the industry is allowed to utilise its existing productive capacity more fully. It has been estimated that a saving of as much as Rs 10 to 12 crores or nearly one third of the total imports can be achieved if the industry's already existing production capabilities in respect of just 24 drugs are fully utilised.

Exports of Drugs

The industry's exports are Rs 24-25 crores a year now. Fifteen years ago, exports of pharmaceuticals accounted for less than one crore or rupees. Though the industry ventured into the export market only recently, it has effected a substantial increase in exports during the last few years. From a mere Rs 88 lakhs in 1958-59, exports of drugs and pharmaceuticals have increased to Rs 25 crores by 1974-75. This is almost five times the remittance of Rs 5 crores by way of dividend/profit, payment for technical know-how, royalty, etc by foreign-collaborated pharma-

ceutical companies which alone account for about Rs 12-13 crores of exports.

TABLE XIV
Pharmaceutical Exports (Rs crores)

Years	Amount
1964-65	2.22
1965-66	3.05
1966-67	3.75
1967-68	3.64
1968-69	5.06
1969-70	7.16
1970-71	9.75
1971-72	9.83
1972-73	11.50
1973-74	16.41
1974-75	25.28

The export performance of the industry is all the more remarkable, considering that it has to face keen competition in overseas markets.

Among the major markets for our products are many developing countries and several advanced countries.

Research and Development

The pharmaceutical industry, more than any other industry, is subject to a high rate of technological and product obsolescence. Only one out of ten drugs in use now was known to medicine 30 years ago. This is because the pharmaceutical industry is a research-based, innovating industry which has to strive continuously to discover new drugs, improve process technologies and develop new formulations even to continue to stay in business.

In India, the industry has been preoccupied till lately with the establishment of large-scale facilities in the quickest possible time by utilising the technologies developed abroad. In this process of utilising imported technologies it has

not only adapted and improved upon them. Equally, it has done very substantial work in areas which are more urgent and relevant to our needs.

Substantial Facilities

Nearly 30 companies with foreign equity participation have substantial facilities for this type of research. Most of the Indian companies in the organised sector, including the public sector, and quite a few in the small-scale sector have also R & D facilities for process and product development import substitution, etc. A beginning has been made by the industry in basic research, that is, research aimed at discovering new drugs or new therapeutic uses for existing drugs, though this is a high-cost high-risk field. Three research centres have been established in recent years. These are the CIBA-GEIGY Research Centre founded in 1961, the Sarabhai Research Centre set up in 1967 and the Hoechst Research Centre opened in 1971.

The industry's annual R & D expenditure is about Rs 8 crores, which works out to a ratio of two per cent of its total turnover. It compares very favourably with the ratios in other industries and the country generally. However, compared to the industry in the developed countries, our R & D expenditure may appear to be small. It must be remembered in this context that R & D is directly related to the size of operations and profits and the industry in India and the units comprising it are small by international standards.

The largest company in India is a pigmy, having an annual turnover of barely Rs 30 crores. Only about 10 companies in India, including foreign collaborated ones, have

an annual turnover of above Rs 10 crores each. This would clearly show that even the so-called large companies in India are not really large in the international context of drug research. Their ability to invest further in R & D is bound to grow as they expand their operations over the fifth Plan period and beyond.

Even as of now, the pharmaceutical industry's current R & D expenditure of about Rs 8 crores a year works out to nearly 2.0 per cent of its turnover. This is relatively very much higher than the corresponding ratio (0.06) for all industries in the country. R & D expenditure as a percentage of GNP in India is 0.44 per cent, as against 3.4 in the USA, 2.5 in the USSR, 2.3 in the UK, 1.6 in France, 1.5 in Japan and 1.0 in Canada.

Per Capita Consumption

The per capita consumption of drugs is a fairly reliable index of the state of development of the health care system and of the drug industry.

Judged by this standard, our country has a long way to go in this vital field. The average per capita consumption of drugs in India was Rs 6.5 in 1971, as compared to Rs 310 in the USA, Rs 241 in France, Rs 235 in the Federal Republic of Germany, Rs 252 in Japan and Rs 78 in the UK. Though per capita consumption has increased to almost Rs 7.5 a year now, it is still much less than in the advanced countries.

If this low per capita consumption of drugs in our country were an indication of people's good health, it would be a salutary trend indeed. In fact, however, it is not so; if anything, it is a reflection of the poverty of large sections of the popula-

TABLE XV
Per Capita Consumption of Medicines in Selected Countries in 1971

Country	Per capita consumption (in Rs)
Developed Countries	
USA	310
UK	78
West Germany	235
Switzerland	338
France	241
Italy	211
Japan	252
Developing Countries	
India	7.5*
Indonesia	2.2
Egypt	27.9
Pakistan	12.6
Thailand	15.3
South Korea	32.4
Brazil	54.9
Mexico	36.9

*for 1975

tion and the relative inadequacy of medicare facilities.

In any case, the average per capita consumption of drugs in India does not fully reflect the correct picture because the benefits of modern medicines have yet to reach out to the rural areas which account for 75 per cent of the country's total population. This indicates the large gaps in supplies that remain to be filled and underlines the need for the industry to grow to be able to meet the requirements. The demand for drugs is bound to accelerate with the increasing availability of qualified medical personnel, the proposed Plan expenditure on health care programmes and related health plans (such as those for family planning and nutrition), and the rise in per capita income and general standard of living. If, say, 50 per cent of our population were to be-

come regular consumers of modern medicines, as against 25 per cent at present, the demand for drugs would double itself even at current levels of consumption.

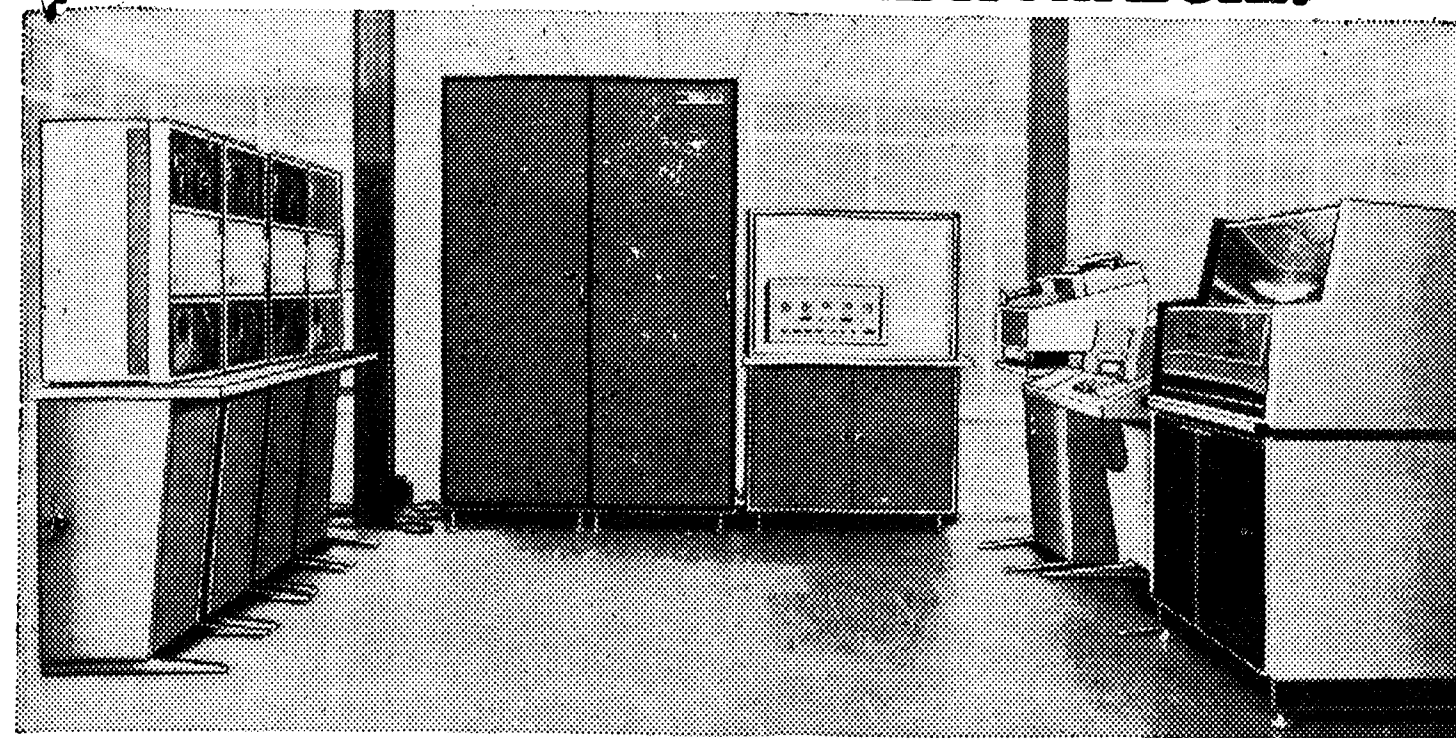
The Planning Commission has envisaged a doubling of capital investment in the pharmaceutical industry, a near doubling of bulk drugs production, a substantial increase in exports, and larger outlays on R & D over the fifth Plan period. Even if the target for pharmaceutical production is achieved it would be barely adequate to meet the needs of 40 to 50 per cent of the population at the existing levels of consumption. The current annual production of Rs 450 crores is sufficient to cover the needs of 20 to 25 per cent of our people mostly living in urban areas. The vast rural population aggregating 450-480 million are not regular consumers of modern medicines. This shows how inadequate the national effort is in this vital field.

Projected Needs

Even on the basis of the existing levels of consumption the demand for drugs, as projected by the task force of the Planning Commission and the National Committee of Science and Technology, would call for a sustained growth rate of at least 15-20 per cent per annum for the industry over the next five years. Considering the magnitude and urgency of this task, all sectors of the industry must be encouraged to expand production in the long term interest of the country. The organised sector of the industry has the capability and the willingness to increase its share of output and thus contribute decisively to the achievement of the Plan targets.

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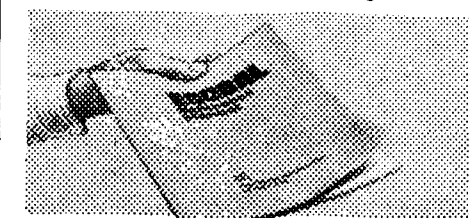
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Through me

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My country first

POLITICS is a fact of life, but it is also a dirty game. Elections are apt to make it even dirtier than it need be. The various parties, with their eyes fixed greedily on the main chance, may not always care how the country's long-term interests are being served so long as their own short-term interests seem to be faring well. Acharya Kripalani complained recently that there are far too many politicians in this fair land of ours, but not enough patriots. "My country first" therefore becomes a necessary phrase of reminder.

The last 20 months have seen some solid gains for the nation. The people will be the poorer if these are to be lost now. Take, for instance, population control, so very essential for our survival as a community of civilised human beings. The family planning movement has undoubtedly acquired a motivation and muscle which it did not have before. It will be a tragedy for the country if the exigencies of electioneering were to result in robbing it of direction or dynamism. The ruling party, unfortunately, finds itself on the defensive in this debate. In fact, there should be no debate at all. Once the dust and din of the election battle have subsided, responsible citizens will not forgive opposition parties if the latter have been exploiting the issue for partisan purposes. Even the controversy about "compulsion" is largely artificial. Some measure of compulsion just cannot and ought not to be avoided if sufficient results are to be achieved sufficiently early. Especially those opposition parties or partymen who are concerned about the current dimensions of unemployment owe a duty to themselves to consider conscientiously whether unemployment is going to become easier to cope with for future generations of our people if negative attitudes to the family planning campaign are fostered now among the electorate merely for the passing purposes of the hustings.

Industrial relations, again, is a national interest which must not become a plaything of party politics. The country has been enjoying a spell of labour-management cooperation which should not be disturbed or disrupted by partisan electioneering. It is in the blood of demagogues to appeal to volatile sectional interests and the demands of election campaigning have an ugly habit of boosting the market value of demagoguery. People are already threatened by an incipient revival of inflation. The price level — and not only some prices — has started moving up again and households across the land are beginning to feel the pinch. These are not times when self-restraint or discipline on the labour-management front should be light-heartedly interfered with. To cause interruptions to production or increases in industrial costs in these circumstances is to bite the hand of the electorate which is expected to feed the ballot box.

Industrial growth, meaning both growth of industrial production and growth of industrial investment, was becoming anaemic causing unemployment and curtailing new employment opportunities. Through a number of belated and clearly needed measures the government has tried to put life into the processes of industrial expansion. It is wrong for opposition spokesmen or propagandists to misrepresent these measures as "concessions" shown to big business. Relaxation or removal of wasteful or harmful controls on production or distribution are certainly not favours shown to industrialists or traders. On the contrary, those who are serious or sincere about improving the lot of the unemployed or benefiting the general public as consumers should ask for more of these steps to be taken more quickly. Questioned about the Janata party's approach to the problem of "sick mills", Mr Charan Singh, it was reported, said that he did not care what happened to them as the handloom industry was there to clothe the people. We do hope that such obscurantist attitudes do not correctly reflect the thinking in that party. Its leaders should realize that they may air such sentiments only at their peril. The people will quickly lose confidence in politicians who profess indifference to the problems or difficulties of any productive sector of our national economy. It is after many heart-breaks that this country finds its

face turned towards sensible goals of industrial expansion and no political party, aspiring to responsibilities in the government of the country, can afford to pour scorn over this new-found hope of the people. Let politicians compete with one another as they will in the game so familiar to them of "I and my dog are more socialist than thou and thy neighbour's cow", but let them not try to purvey Gandhism as a medicine-man would the eye of a newt as a remedy for some unnamed ailment. Gandhi has been dragged down enough.

Family planning, industrial peace, industrial growth—these, among other conditions of national well-being, are too

precious and too precarious assets of the people to be trampled upon by the aggression or opportunism of party politics. Ever since a general election was announced, leaders of various political parties have been assuring the electorate on behalf of their respective parties that the only thing that moves them—as it did Abu Ben Adhem—is their love of their fellow-men. Let them at least show that they love their countrymen, if not all men, by conceding that there are certain national purposes about which they should not sow confusion in the minds of the people and consenting to place these purposes above and beyond the reach of the untruths or half-truths of election oratory.

Steel production and prospects

THE UNION ministry of Steel and the Steel Authority of India (SAIL) can take legitimate pride in accelerating the tempo of production at the six integrated steel plants. The latest available data suggest that this year's output at these steelworks may scale a new peak—8.5 million tonnes in terms of ingots and 6.8 million tonnes in terms of saleable steel. This will mark a significant improvement not only over the last year's production but also over the target set for the 12 months to March. The last year's output was of the order of 7.251 million tonnes in terms of ingots and 5.778 million tonnes in terms of saleable steel. The target set for the current year is 8.205 million tonnes ingots and 6.465 million tonnes saleable steel. Already by the end of January production to the extent of 6.950 million tonnes ingots and 5.677 million tonnes saleable steel has been secured. This compares with the proportionate target of 6.774 million tonnes ingots and 5.32 million tonnes saleable steel for the 11 months to January and the actual production of 5.897 million tonnes ingots and 4.648 million tonnes saleable steel during the corresponding eleven months of last year.

A much more significant fact about the operations of the integrated steel plants this year, however, is the improvement in

the utilisation of capacity. The Bhilai and TISCO works have yielded production at over 101 per cent of their installed capacities. The Rourkela plant is working to around 95 per cent capacity. Even Durgapur and IISCO works, where capacity utilisation till last year was no more than 55 per cent, are turning out production at the rate of about 70 per cent capacity.

The improvement in capacity utilisation, no doubt, has been helped a great deal by the comfortable supply of raw materials, including coal, and much more healthy industrial relations than had been the case prior to the declaration of emergency in June 1975. But it will be erroneous to assume that only these two factors have resulted in higher output. The concerted efforts initiated about four years ago to streamline the maintenance of the steel plants too have contributed not insignificantly to the improved performance. It is encouraging to note that a close watch is being kept on the maintenance of the plants lest the sad experience of the mid-sixties, when the plants were flogged in the enthusiasm to yield high levels of production, is obviated.

Although no target has yet been fixed for the next year's production, as consultations are still going on with the representatives of workers for fixing this target,

further improvement in output next year is not ruled out in terms of the programme of obtaining an output of 9.460 million tonnes in terms of ingots and 7.089 million tonnes in terms of saleable steel laid down by the Planning Commission. The additional output, however, would accrue primarily from three plants—Bokaro, IISCO works and Durgapur—as unless production facilities at the Bhilai, Rourkela and TISCO works are augmented, not much scope is there for increasing the output at these three plants.

overall production

The overall production of mild saleable steel this year, of course, is expected to touch 7.7 million tonnes, as with some improvement in their working, the electric arc furnaces are likely to yield an output of 1.2 million tonnes ingots, as against 0.879 million tonnes ingots last year.

The increase in production obviously has been posing some problems of disposal, despite vastly reduced imports, for the six integrated steelworks are reported to be burdened with an accumulated stock of nearly 1.3 million tonnes. The domestic demand till lately was not able to absorb additional production fully. Exports, therefore, had to be resorted to on an ambitious scale. Including pig iron, they aggregated during the 11 months to January to 1.984 million tonnes—0.840 million tonnes pig iron and 1.144 million tonnes steel—as against just 0.521 million tonnes—0.172 million tonnes pig iron and 0.349 million tonnes steel—during this period last year. Significantly enough, no sales, however, have been effected abroad at a loss. The total foreign exchange earnings through these sales have been of the order of Rs 268 crores, as against just about Rs 100 crores during this period last year.

It, of course, is heartening to note that domestic sales have started picking up of late. For the 11 months period of April 1976, to January 1977, they recorded an increase of 23 per cent in so far as the integrated steel plants are concerned. This suggests not only some increase in the tempo of industrial activity, particularly in the engineering sector, but also that of construction activity. The latter, however, will have to be accelerated a

good deal further in the coming months if the unsold stocks are not to be allowed to hinder a steady increase in production and the ways and means position of the steel plants is to be improved.

The idea of having a buffer stock of about a million tonnes of steel is not an unwelcome one in the interest of fostering exports on a continuing basis and also to keep the domestic supply position comfortable. But this obviously will require funds and has its implications at the present juncture on the overall money supply with the public and the profitability of SAIL. The pros and cons of the idea need to be gone into carefully.

The lower-than-expected revival in the demand for steel, incidentally, is understood to have led to some rethinking on the expansion of the industry during the next Plan period. Although the expansion programmes of the Bhilai and Bokaro

steelworks are being pursued according to the current schedules, the SAIL, in its recently drawn up corporate plan, is stated to be laying greater emphasis, and rightly so, on the diversification and rationalisation of the production patterns of the steel plants. A committee has been recently set up to go into the long-term perspective for the steel industry in detail so that its future growth programmes can be drawn up realistically.

The long-awaited clearance of the Salem steel plant, of course, has come from the SAIL side. The approval of this special steels manufacturing unit by the union government is expected soon. The plant should go some way in meeting the expected growth in the requirements of special steels, especially when engineering exports are picking up fast. It is hoped that the clearance of this project will not ultimately turn out to be an election gimmick.

The primrose path

THE CENTRAL government was never on such a good wicket as now in regard to the availability of resources for implementing Plan schemes even with rising non-Plan expenditure. The collections through direct and indirect taxes have been quite impressive in spite of lowering of duties in some directions and the budget estimates may be exceeded easily by Rs 300 crores. The capital receipts too have been quite encouraging and the budget estimates may be exceeded by more than Rs 300 crores with net borrowing through open market loans alone accounting for an extra Rs 228 crores. With reports that Plan expenditure has not risen according to earlier expectations it is even possible that the revised estimates for 1976-77 may disclose a marginal overall surplus when the new Finance minister seeks a vote on account for 1977-78 from the newly elected parliament in the last week of March. The trends in ways and means position of the central government also suggest that it has not been necessary so far to create currency for meeting expenditure. On the other hand the resources position has

been so comfortable that it has been possible to cancel ad hoc securities. Even if large assistance is extended to state governments in the closing weeks of the current financial year the overall deficit may not be sizable and it is doubtful also whether the allocated amounts would be fully spent before the end of March.

What is really striking is the ease with which the Reserve Bank could issue new loans on behalf of the central government and raise larger amounts in four stages in 1976-77 and exceed comfortably the target for net borrowing. Even the budget estimate of Rs 535.06 crores was fixed at a fairly high level as the net amount borrowed in 1975-76 was Rs 453.42 crores and in 1974-75 Rs 494.80 crores. It had been assumed that gross borrowing would have to be of the order of Rs 810 crores. But the gross amount raised has actually been Rs 1037.57 crores and the net amount Rs 762.63 crores.

It was only in the last week of December that two loans for Rs 100 crores were issued and subscriptions were received and accepted for Rs 110.10 crores. With this

third phase of borrowing in 1976-77 the target was comfortably exceeded by Rs 128 crores and it was not expected that there would be any fresh attempt to issue new loans for the sake of raising resources. Even if there was an unsatisfied demand for gilt edged securities the usual funding operations could have been carried out and the stock of terminable loans of the Reserve Bank sizably augmented. Usually these funding operations are completed in February-March every year and depending upon the volume of holdings of the Reserve Bank in the form of terminable loans, new securities were handed over to this institution after cancelling ad hoc securities for corresponding amounts.

hunger for gilt-edged

On the present occasion, however, it has become necessary to effect reissues of earlier loans for Rs 100 crores in place of the usual funding operation as the holdings of the Reserve Bank in the Banking Department were at the lowest levels for several years. It was, therefore, decided early in February to effect two reissues of earlier loans for Rs 100 crores and hand them over completely to the Reserve Bank so that it could effect open market sales at appropriate prices and meet the needs of institutional investors. The hunger for gilt edged securities has not been fully satisfied even with liberal issues of bonds by the statutory financing corporations and state electricity boards and raising of loans for fairly large amounts by state governments.

The big increase in the deposits of the scheduled commercial banks and the growing assets of the Life Insurance Corporation and provident fund have considerably enlarged the capacity of the gilt edged market, and all new loans and bonds have been easily oversubscribed. The centre's performance has been truly impressive as stated above and the new Finance minister can proceed on the assumption that net borrowing in 1977-78 can be even Rs 900 crores if not Rs 1000 crores. There has been no formal floatation of loans in the first week of February as the two reissues were taken over fully by the Reserve Bank. The reissue of 6.25 per cent 1997 loan was for Rs 25 crores and that of 6.5 per cent 2002 for Rs 75 crores.

The course adopted by the Reserve Bank should be considered helpful from the point of view of money market, and banks, the Life Insurance Corporation and provident funds were not required to put in the necessary subscriptions even while the central government was getting full credit for Rs 100 crores from the Reserve Bank. In view of the continuing rise in deposits and regular additions to funds of the LIC and provident funds, both the reissues can be easily sold to institutional investors in a regulated manner over the end of March. The necessary cash resources would have been sucked in with these open market sales. The centre also would be utilising its deposits only slowly so that there would be no occasion for creating currency even temporarily against these securities.

The fourth stage of borrowing has thus been attempted by the central government under unusual circumstances and the usual funding operations may enable the Reserve Bank to continue open market sales early in 1977-78 before new loans are floated.

record borrowing

The borrowing programme for 1976-77 has thus succeeded in establishing a record for all time. The gross amount raised was Rs 1037.57 crores and the net amount Rs 762.63 crores as indicated earlier, there being two maturing loans for Rs 274.94 crores. It was only in 1973-74 that the Rs 1000 crore mark in respect of gross borrowing was surpassed. But net borrowing amounted to only Rs 472 crores as they were repayments against maturing loans for Rs 554 crores.

New techniques may have to be adopted in regard to the floatation of fresh loans in 1977-78 as there will be a continuing demand for gilt edged securities, with a strident growth in deposits of the scheduled commercial banks. If these deposits increased by Rs 3600 crores in a full year, banks alone would have to invest nearly Rs 1000 crores in new securities. The requirements of other institutions may be in the region of Rs 500 crores and net borrowing will have to be to the extent of Rs 1500 crores if not more. The centre's share can be easily Rs 900-1000 crores. As there are no maturing loans earlier than October 1977 it remains to be seen

how the new strategy will be chalked out by the Reserve Bank and whether the Finance minister will frame his budget estimates by taking credit for larger borrowing and affording strategic reliefs in respect of direct and indirect taxes.

In any case he is in a position of strength when framing the estimates for 1977-78 and the difficulties will relate to the utilisation of available financial resources. Since sizable credit can also be taken against the swelling foreign exchange

reserves and the amount borrowed through open market loans and under the small savings campaign along with net foreign aid can secure an additional Rs 300 crores, there should not be any difficulty in meeting additional expenditure on Plan schemes on the contemplated basis. As the regular budget for 1977-78 may be presented only in May it would even be possible to know what exactly were the actuals for 1976-77 and frame realistically the new budget proposals.

British mission on Indian economy

THE REPORT of the 15-member British Industrial Cooperation Mission which visited this country last November has given an encouraging picture of the performance of the Indian economy and its prospects. The report, released in London in the last week of January, has commented favourably on India's industrial progress, improvement in labour-management relations, export achievements, and liberalisation of the government's economic policies. At the same time, it has also referred to certain factors which are not quite favourable to foreign investors. The mission was jointly sponsored by the Confederation of British Industry and the India, Pakistan and Bangladesh Association, and was led by Sir Ralph Bateman, vice-president and immediate past-president of the Confederation. Its recommendations therefore are bound to receive careful consideration from businessmen not only in Britain but also in other countries.

The report has observed that the recent liberalisation of the government of India's policies should not be exaggerated and that the Indian economy is still strictly regulated and controlled. It has also referred to the high rates of Indian taxation for companies and individuals. But how does government's control over the Indian economy compare with the situation in Britain? Lord Barber, former chancellor of the exchequer, and at present chairman of Standard Chartered Bank Limited,

told a press conference in Madras on January 25 that the high rates of taxation in Britain did not leave enough savings for investment and that the high cost of borrowing was deterring the growth of the economy. He also said that the share of the public sector in Britain's total output was "disproportionately high" and this was largely in the service sector and not in manufacturing as in India. He expressed the hope that the corrective steps now being taken by the British government would help to strengthen the pound and improve the economy. Lord Barber added that India was "one of the best places to invest in and a reasonable return on the capital would be no problem". He agreed that government regulations might create some difficulties but these, he thought, could be tackled by mutual understanding. This is also what the British mission has emphasised. It has observed that British companies should not be deterred by legislation or rules and that if the Indian government is keen about a project, it will be able to interpret the rules with sufficient flexibility to achieve its object. Nevertheless, government will do well to review its regulations regarding foreign investment and modify them suitably where necessary so as to create greater confidence among investors abroad.

The mission has complimented the government of India on its export drive and has expressed the view that India

will be a major competitor in world export markets and that the public sector enterprises are likely to be "formidable forces". Though our overall export performance has been impressive, many major industries which can contribute substantially to the earnings of more foreign exchange are being handicapped by the high cost of production as well as serious deficiencies in the field of port development and shipping. Even the engineering industries which have excellent export prospects have complained of their inability to maximise their earnings due to the high cost of credit as well as of raw materials and components. We should also remember that we are exporting many items not because we have a real surplus of them but because of the recessionary conditions in the Indian economy. Is this a wise policy?

In this connection, attention may be drawn to an interesting paper which was submitted by the Heavy Engineering Corporation to the seminar on capital goods, held in Calcutta in January this year. The paper said: "The present glut in steel, coal and other commodities appears to be acting as a

deterrent to further expansion, and large-scale exports are being recommended. Undoubtedly while exports enhance the image of a country and earn foreign exchange, they should not be at the expense of indigenous development. Exports should ensure balance of payments as a necessity, beyond which they should be only to the extent of surplus over demand. Further, exports should be, as far as possible, of materials with value added and not of the natural resources of the country".

The mission's report has expressed satisfaction at the improvement of industrial relations. It has said that there is now industrial peace where previously labour-management strife was the order of the day. But it remains to be seen to what extent trade union leaders will allow the present situation to continue. In West Bengal employers are already reported to be feeling nervous about the prospect of the revival of labour unrest as a result of the relaxation of the emergency. In any case, foreign businessmen are likely to wait and watch as to how the political situation in India develops in the next few weeks before deciding to invest in our country.

Meanwhile, British industrialists may explore the scope for augmenting their exports to India. Britain has expressed concern at the continuation of the imbalance in her trade with India and has been urging New Delhi to step up its purchases from her. Prof D.P. Chattopadhyaya, the union Commerce minister, recently told his counterpart in Britain that India would be able to absorb more British goods provided the prices were competitive and the terms of delivery satisfactory. The substantial aid that Britain has given to our country should enable her to find a better market for her machinery, components and other goods; and even outside the aid programme, there are considerable opportunities for promoting British exports to India. The symposium held in London last month on Indo-British collaboration in third countries identified many areas for joint action. The mission's report has also stressed on the importance of promoting collaboration in oil exploration and in many other fields. In the coming months therefore economic relations between India and Britain are likely to become closer and stronger in many directions.

Eastern Economist Annual Number 1977

The *Eastern Economist* Annual Number 1977, dated December 31, 1976, analyses the gains made by industry since June 1975 and points out the impediments which have tended to slow down its onward march. Divided into four sections, it discusses the general problems common to all industries such as investment, production, productivity, policies and procedures followed by detailed studies of basic, capital, intermediate and consumer industries. Research analysts and experts in various fields have thrown light on the problems faced by each one of the major industries with emphasis on the prospects of growth in the light of the changes initiated by the government in the past one year in particular.

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CAPITAL'S CORRIDORS

R. C. Ummat

Coal exports • IDPL consultancy for Arabs • Fertilizer prices • President Ahmed's demise

FOLLOWING ENCOURAGING response from some of the west European countries to the trial shipments of our non-coking coal, the Coal Authority of India (CIL) and the Minerals and Metals Trading Corporation (MMTC) have sent a delegation to Europe to negotiate and sign contracts for exporting about 1.5 million tonnes of the above type of coal during the next financial year and for a similar quantity in 1978-79. Our non-coking coal shipments to western Europe have found acceptance there due to their very low sulphur content which is considered to be helpful in containing the pollution problem in the industrialised countries.

The first trial shipment of coal to western Europe (approximately 25,000 tonnes) started in June last when Belgium showed interest in our non-coking coal. Soon thereafter similar shipments were made to France and Denmark. Belgium asked for a second ship-load of our coal in December.

Italian order

Three more members of the European Economic Community—Italy, the Federal Republic of Germany and Holland—have more recently shown interest in our non-coking coal. Italy has ordered supplies to the extent of 200,000 tonnes and West Germany and Holland for 25,000 tonnes and 20,000 tonnes, respectively. The first shipment to Italy is expected to leave the Paradip port in the next few days.

Our coal exports to western Europe, however, are expected to pick up after the Haldia port is commissioned in another couple of months. It is on this expectation that the CIL and the MMTC

teams currently in Europe hope to enter into commitments with the buyers there for shipments to the order of 1.5 million tonnes in each of the next two years. The Haldia port will be having facilities for mechanical loading of coal.

We have also been able to interest recently Taiwan in our non-coking coal. Inquiries have as well been received from Singapore and Japan, but no concrete result has yet emerged from these inquiries. Efforts are being made to enter into some long-term arrangement with Egypt too for supplying it some significant quantities of coal from here.

neighbouring customers

Besides the above new markets which are being explored for exporting coal, we sell coal in sizeable quantities to three neighbouring countries—Bangladesh, Nepal and Burma. Last year Bangladesh received from us 350,000 tonnes of coal, Burma 80,000 tonnes and Nepal 3,000 tonnes. In the previous year, these exports amounted to 392,000 tonnes, 86,000 tonnes and 86,000 tonnes, respectively. Sri Lanka too used to be a customer of our coal. But no shipments have been made to this country during the last two years.

The CIL has embarked upon exploration of foreign markets for non-coking coal not only to earn valuable foreign exchange but also in the interest of keeping up the tempo of production. This tempo, it is thought, cannot be maintained unless exports are stepped up as after an increase of about 10 million tonnes in output in each of the last two years, domestic demand has tended to stagnate and stocks started accumulating. The current year's production programme,

therefore, had to be scaled down. The original target of raising the output to about 108 million tonnes from the last year's production of a shade lower than 100 million tonnes, had to be brought down to 103.5 million tonnes.

Exports of coking coal, it may be mentioned, are not being effected in view of our limited reserves of this type of coal.

The Arab Company for Drug Industries and Medical Appliances (ACDIMA)—a joint company established by the Arab Council for Economic Unity with 13 Arab governments participating in its equity—last week signed a protocol with Indian Drugs and Pharmaceuticals Limited (IDPL), one of our premier public sector undertakings, under which the IDPL would act as consultant to ACDIMA for providing technical assistance regarding manufacture of antibiotics, synthetic drugs, chemicals and drugs based on petrochemicals and also manufacture of medical appliances.

A delegation of the Arab venture, headed by its chairman, Dr Abdou Mahmoud, was here on a ten-day visit during which it not only had discussions with the union ministry of Petroleum, Chemicals and Fertilizers but also saw and studied the capabilities of our drugs industry at Baroda, Bombay, Hyderabad and Rishikesh.

The signing of the above protocol adds a new dimension to the activities of IDPL and puts India significantly on the world map as a source of technology for setting up drugs manufacturing units in the developing countries.

technical assistance

During the discussions with the ministry of Petroleum, Chemicals and Fertilizers, the ACDIMA delegation indicated the areas and requirements in which technical assistance was sought by the Arab countries for the development and expansion of drug industries.

Under the agreement, IDPL would act as consultant to the Arab company for providing technical assistance in the establishment of a 240-tonne antibiotics plant for the manufacture of penicillin, streptomycin, tetracycline, oxytetracycline and ampicilline for human and veterinary

use. The product-mix may include griseofulvin and erythromycin also. The IDPL would be preparing tender documents for the feasibility study for the project to help the ACDIMA invite offers in this respect from international companies, including IDPL. The ACDIMA may consider starting a feasibility study by a team of its own experts in which case IDPL could assist the company by lending any consultants that might be needed.

Another area in which the technical assistance of IDPL may be required by the ACDIMA relates to the manufacture of synthetic drugs and basic pharmaceuticals and the optimum utilisation of the existing production facilities of the Al-Nasr Company in Egypt. For this purpose, a team of IDPL experts may visit Cairo.

Regarding the manufacture of chemicals and drugs based on petrochemicals, IDPL may help in examining the scope of manufacture of such chemicals and intermediates and also determine the extent to which petrochemical-based intermediates and chemicals could be utilised in India. Pre-feasibility studies on the subject may be conducted by the IDPL team that may visit Cairo.

♦ mutual cooperation

The IDPL and the ACDIMA could then negotiate for cooperation in installing a plant for manufacturing basic petrochemical based pharmaceutical intermediates such as aniline, etc, in the Arab world. Such a plant could either be a joint venture or it could be set up on the basis of technical assistance by IDPL.

The ACDIMA is interested in establishing two or three plants in different Arab countries for the manufacture of selected formulations. The feasibility studies in respect of these are to be made. The IDPL could offer technical assistance in this field as well.

The IDPL assistance has also been sought by the ACDIMA in matters relating to production of medical appliances and surgical instruments as well as in securing technology from Hindustan Photo Films for the manufacture of X-ray films.

Both the ACDIMA and IDPL have agreed in principle to interchange experts

and expertise developed in pharmaceutical technology on agreed terms so as to expand the area of mutual cooperation.

The IDPL is further expected to supply the ACDIMA the list of drugs, chemicals and medical appliances available for export.

For the second time during the current financial year and fourth time since July, 1975, the government reduced last week the prices of fertilizers—urea as well as complex fertilizers—quite significantly in view of the downward trend in the world prices of muriate of potash, rock phosphate and sulphur.

The price of urea has been reduced by Rs 100 per tonne—from Rs 1750 to Rs 1650—and those of complex fertilizers in varying degrees. The price of sulphala (20:20:0), for instance, has been brought down by Rs 190 per tonne—from Rs 1950 to Rs 1760 and that of sulphala (15:15:15) by Rs 50 per tonne—from Rs 1570 to Rs 1520. The price of ammonium phosphate sulphate nitrate (20:20:0) has been cut by Rs 190. Since July, 1975, the price of urea has been brought down by 17.5 per cent, the price at that time being Rs 2,000 per tonne. The reduction effected since July, 1975, in the prices of complex fertilizers has been of a much larger magnitude—exceeding 30 per cent.

The above reductions in the prices of fertilizers are expected not only to stimulate their consumption in general but also foster balanced fertilization of soil. In view of the likely fall in the production of foodgrains during the current agricultural year, compared to the previous year, by about six million tonnes, the last week's scaling down of the prices of fertilizers should go some way in improving the situation during the next agricultural year. Of course, much depends on the monsoons.

The reduction in the prices of fertilizers should also help in containing agricultural production costs which will have a salutary effect on the overall price situation in the country.

The sad demise of President Fakhruddin Ali Ahmed on the morning of Feb-

ruary 11 due to cardiac arrest, indeed, came as a shock to the nation as the President had flown into the capital from Kuala Lumpur—cutting short his sojourn abroad—just about 20 hours earlier quite cheerful, suggesting that he had recovered from the slight indisposition he had developed while playing golf on the first day of his state visit to Malaysia.

Soon after the passing away of Mr Ahmed, the Vice-President, Mr B.D. Jatti, was sworn in as the Acting President. The new President has to be elected by the two Houses of Parliament and the legislative assemblies of the states within six months.

In the late President, the country has lost a distinguished son who had served it in various capacities in the government for over three decades, climaxing in his elevation to presidency in August, 1974.

a pertinent instance

Gentle and self-spoken, he remained unruffled even while facing extreme criticism of government policies to which, of course, as a senior minister he was a party. A pertinent instance of this was the animated discussion at the Economic Editors' Conference a few years ago, in which I had an opportunity to participate, over the take-over by the government of the wholesale trade in foodgrains at a time when not only the stocks with the government were very low but also they could not be built up through imports due to the tight foreign exchange situation. Characteristic of him, he faced the barrage of inconvenient questions from me smilingly. Not only that. He even invited me for a further detailed discussion separately.

Another less known fact about his ministerial career—that pertains to his tenure in the ministry of Industry—I would like to refer to was the passion he had for encouraging entrepreneurship in the country. He was a strong advocate of the educated taking to self-employment instead of hankering after jobs. The fostering of the industrial development of the backward areas of the country was another passion of his.

Measuring the burden of internal public debt

Dr (Mrs) Kiran Barman

The author believes that the effect of the rapid rise in internal public debt is not so burdensome as to require the imposition of statutory limit to borrow by the government. The size of public debt does not matter so long as it is used for the achievement of economic development with stability.

THE PHENOMENAL increase in India's public debt has been a subject of acrimonious debate in recent years. The critics are of the opinion that public debt impoverishes the nation and puts an unfair burden on the posterity by making it to pay for the extravagance of the present generation. However, they fail to see that loans owed by a nation to her own people leave the aggregate wealth of the country untouched. The case may be somewhat different with external debt. The argument of postponement of the present liabilities to the future may be cancelled on the rational basis that the posterity would be the inheritor of claims on receipts of interest and principal along with the obligations. Immense growth in public debt in India occurred in the last decades of planning, the benefits from which are expected to accrue to the future generations.

If the normal recurring budgetary expenditure or non-remunerative heavy defence expenditure of the government of India had been met out of the loans rather than taxes, increasing public debt might have been held responsible for constituting a real burden for the community. However, the financing of productive expenditure out of loans always carries its own justification. Moreover, the redemption charges may never create any burden as these may be postponed to the future for ever through continuous refinancing.

critics' argument

In spite of these arguments some critics argue that retirement of internal debt inflicts burden upon the economy because it involves some sort of transfer payments from one section to the other. If the bond-holders and taxpayers were the same persons and they paid taxes in proportion to their holding of bonds, then

whatever amount an individual paid in taxes would be received back by him in payment of his debt charges by the government. However, such a correlation of bond holdings and tax payments never happens. The case is that the bond-holders and taxpayers are entirely two separate classes of people. And what the taxpayers pay goes to raise the income of another class of people — the holders of the government bonds — without themselves getting back any part of it in increased income. The smaller disposable income of the taxpayers will adversely affect their consumption spending and savings whereas the higher income of the

bond-holders will favourably influence their budget allocations. It does not mean that the adverse effects on one class of people will be fully compensated by the favourable effects on the other.

A number of measurements are suggested and employed for measuring this burden, such as ratio of public debt to national income, government revenue and expenditure, pattern of ownership of public debt, etc. The cost of internal public debt should be weighed against the benefits of public debt and in this context it is necessary to examine to what extent public debt has led to asset-creation and to what extent it has contributed to the growth of the economy. Here an attempt is made to judge whether internal public debt creates any burden on our economy.

Mounting public debt as a percentage

of national income is feared because it may eventually lead to higher taxes for servicing the debt. However, in our country the magnitude of the debt in relation to the national income is small and there is no sign of over-borrowing internally. The ratio of internal public debt to national income was only 21.2 per cent at the end of March 1951. It increased to 23.3 per cent at the end of March 1956, to 29.9 per cent at the end of March 1961 but declined to 18.1 per cent at the end of March 1975 (Table I). If the debt position in other countries is any guide, our debt income ratio is small compared to the ratio in most of the countries of the world.

historical background

Economic history shows that some countries had public debt amounting to as much as twice their national income without any adverse effect on their economies. As Levin indicates, the domestic public debt as a per cent of Gross Domestic Product is 78.8 in the UK, 68.7 in Ireland, 52.0 in Sri Lanka, 49.5 in New Zealand, 48.2 in Belgium, 47.5 in Canada, 43.6 in Rhodesia, 41.2 in the United States, 40.0 in Australia, 38.0 in South Africa, 33.9 in Luxembourg while it is 32.1 in India.¹

However, some economists argue that if the rate of growth of public debt is greater than the rate of growth of national income, the magnitude of the burden of debt servicing may be said to be increasing relatively and vice-versa. Though the ratio of internal public debt to national income is comparatively small, the rate of growth of public debt is higher than the rate of growth of national income.

Here the main problem is the low rate of growth of national income rather than the rapid increase in the public debt. Thus, the problem of the 'debt servicing burden' becomes a problem of increasing national income. In order to have an increase in income, there must be a rising volume of monetary expenditures and,

further, there must be an actual growth in the productive powers in order to allow the increasing stream of expenditure to take place without a rise in prices.² Besides, faster growth of public debt in relation to the growth of national income should be treated as something inevitable in the early stages of economic development. The trend will be altered when the rate of investment on infrastructure will slow down as the economy reaches higher levels of development. It is absolutely necessary to speed up the rate of growth of our economy from the point of view of making the burden of debt-servicing less onerous. If the targeted rate of growth of the economy cannot be achieved, the growing public debt will impose a heavy strain on the economy in future.

The internal debt servicing burden is also measured by the annual interest payments required. The servicing burden becomes more meaningful if the percentage of interest payments to national income is taken into consideration. The ratio of interest payments to national income provides a simple index of the level of tax rates required and the consequent burden on the community (Table I).

If we analyse the above data relating

TABLE I
Ratio of Internal Public Debt and Interest Payment to National Income

Year	Internal public debt (Rs crores)	Interest payments (Rs crores)	National income at current prices (Rs crores)	Internal public debt as per cent of national income	Interest payment as per cent of national income
1951-52	2,022	70.35	9,530	21.2	0.7
1955-56	2,329	105.54	9,980	23.3	1.0
1960-61	3,975	248.99	13,294	29.9	1.8
1965-66	5,415	563.30	20,621	26.3	2.7
1969-70	6,800	959.28	31,968	21.2	3.0
1970-71	7,234	978.00	34,627(a)	20.8	2.8
1971-72	7,663	1,070.00	36,599(a)	20.9	2.9
1972-73	8,332	1,246.00	39,592(a)	21.0	3.0
1973-74	10,195	1,433.70	49,290(b)	20.6	2.9
1974-75(RE)	11,104	1,596.30	61,337(c)	18.1	2.6
1975-76(BE)	12,017	1,840.70	N.A.	—	—

(a) Provisional estimates by C.S.D. ;

(b) Quick Estimates by C.S.O.

(c) Provisional estimates by R.B.I.

N.A. = Not available

Source : Compiled from *Explanatory Memorandum of the Budget of the Central Government and R.B.I. Bulletin* (various issues).

to national income and interest payments we notice that the percentage of interest payments to national income which was .70 per cent in 1951-52, in spite of the phenomenal rise in the internal debt, came only 2.6 per cent in 1974-75. It seems that internal debt inflicts insignificant burden. It is simply because of the artificially low rate of interest. The rates offered for the loans raised by the government in the market are much lower than the rates offered in other lines of investment. The funds obtained through ways and means of advances and sale of treasury bills also do not cost much to the government as they are obtained at very low rates of interest.

The internal debt servicing has no meaning if a large portion of the interest payment is received by the government and semi-government institutions. It implies merely a book-transfer rather than real payments.

Unfortunately, we do not have data relating to the actual amount of interest paid to each category of owners of public debt in India. However, on the basis of the ownership pattern of government securities, it can be pointed out that a considerable portion of the interest payments of the government goes to the govern-

ment and semi-government institutions.

At the end of March 1973 out of the total securities of Rs 6508 crores, the securities owned by the central and state governments and the Reserve Bank of India (own account) amounted to Rs 1881 crores or about 28 per cent of the total.³ The interest paid for these securities goes to the government and the Reserve Bank of India. Such payments are only inter-governmental transfers of resources which in no way necessitate any transfer of funds from the public sector to the private sector. The interest on govern-

TABLE II
Interest Receipts and Interest Payments of the Government of India

Year	Interest receipts Rs crores	Interest payments Rs crores	Per cent of payments covered by earnings
1955-56	55.73	87.70	63.5
1961-62	143.81	164.61	87.3
1965-66	307.67	287.17	107.1
1969-70	573.46	564.87	101.5
1970-71	588.76	605.54	97.2
1971-72	599.24	670.11	89.4
1972-73	713.44	776.38	91.8
1973-74	735.82	881.64	83.4
1974-75	775.53	1,000.76	77.4
1975-76	994.79	1,220.82	81.4
1976-77	1,056.43	1,351.86	78.1

Source : Compiled from *Explanatory Memorandum on the Budget of the Central Government* (various issues).

ment securities held by the nationalised banks also goes back to the government. Payments of interest on the securities held by other groups, no doubt amount to real payment and impose a burden on the budget. As the larger part of the government securities in our country is owned by the government and semi-government institutions (known as the captive market) the net budgetary burden of debt servicing is smaller than what it otherwise would have been.

The internal debt servicing burden of the government is minimised when a larger part of the interest payments are covered by interest earnings of the government. Table II above indicates interest

earnings of the government of India and interest payments in respect of internal debt of the government of India⁴

The table indicates that in 1955-56, 63.5 per cent of the interest payments by the government of India was covered by its interest earnings. Since then it shows a phenomenal increase and in 1965-66 interest receipts of the government had actually exceeded the interest payment and therefore debt services of the present order do not appear to be any strain on the exchequer. However, this argument will be altered if we take into account the interest payments and interest earnings of the state governments. The larger part of the interest earnings of the government of India comes from the interest payments by the state governments on the loans taken from the centre, and their (state governments') interest payments are certainly more than their interest earnings. Debt services of the states have increased from Rs 8.88 crores in 1950-51 to Rs 252.90 crores in 1965-66 and Rs 574.3 crores in 1974-75.

mounting debt service

Out of the each rupee of the taxpayer, the states allocated only 2.2 paise for debt services in 1951-52. However, since then debt services have increased to such an extent that the states had to allocate 18.0 paise out of each rupee of the taxpayer for debt services. As a per cent of non-developmental expenditure, debt services of the states have increased from 4.3 in 1951-52 to 33.9 in 1965-66 and to 39.6 in 1974-75.⁵ Interest charges as a proportion of the state's revenues have gone up from 13.2 per cent in 1960-61 to 22.3 per cent in 1974-75.⁶ The argument that interest earnings are in excess of interest payments does not hold good if we take into consideration the centre and the states together. The debt services do impose some strain on the budget when the liabilities of states and the centre are taken together. However, in considering this strain we should note the contribution that the public debt makes to capital formation and national income.

The proportion of tax revenue absorbed by debt services may be taken as another

indicator of the magnitude of internal debt servicing problem. Table III shows the percentage of interest on internal public debt to tax revenue.

The ratio of interest cost to tax revenue had increased from 9.4 per cent in 1951-52 to 14.1 per cent in 1955-56, 23.7 per cent in 1969-70 and then declined to 18.5 per cent in 1975-76. Between 1951-52 and 1975-76 tax revenue has increased by more than the interest obligation. So in terms of tax-rate (i.e. Revenue utilised for servicing the debt expressed as a percentage of total tax receipts) it is a burden because to that extent capital formation is reduced. As we know, in 1975-76 about 18.5 per cent of the total tax revenue was absorbed by interest payment, but the ratio between tax and interest reveals only the part of the total revenue that is lost in meeting the servicing cost of the debt. However, the real burden depends not upon the ratio between the two but upon the nature of tax. If the greater part of the government securities is held by the rich section (that generally happens) and the poor section of the society is heavily taxed, the burden will be severe. It will happen when in the tax structure of the economy indirect taxes are high and if we suppose that indirect taxes are generally borne by the poorer section of the society. In 1975-76 indirect taxes formed 70.2 per cent of the

total tax earnings of our country. However, the aggregate burden of the public debt servicing that arises on account of the problem of transfer of resources will depend upon whether this transfer of funds to debt services is at the cost of useful public expenditure.

The ratio of interest payment to public expenditure is also an indicator of debt servicing burden. Here, it is to be seen whether expenditure on account of debt servicing is so heavy as to make the budgetary expenditure inflexible or diminish the desirable social public expenditure. Table III indicates the ratio of interest on internal obligations to total expenditure on revenue account.

This table shows that the proportion of public expenditure of the central and state governments absorbed by interest payment has been increasing continuously. It has increased from nine per cent in 1951-52, to 14.3 per cent in 1965-66 and 15.7 per cent in 1975-76. However, here it may be argued that allocation of funds from the budgets of the centre and the states for other purposes has increased along with an increase in the allocation of funds for debt services. The increasing outlay under the successive five year Plans indicates that increased payment for debt services has not been at the cost of other expenditure. So while measuring the burden of debt services, the

TABLE III

Ratio of Interest Payment to Tax Revenue and Public Expenditure

Year	Tax revenue (Rs crores)	Total expenditure on revenue account (central and state) (Rs crores)	Interest payment (Rs crores)	Interest payment as per cent of tax revenue	Interest payment as per cent of public expenditure
1951-52	741.04	779.8	70.35	9.4	9.0
1955-56	750.61	1,087.96	105.54	14.1	9.6
1961-62	1,345.92	1,913.23	248.99	18.3	12.9
1965-66	2,840.32	3,930.85	563.00	19.8	14.3
1969-70	4,037.05	5,197.00	959.28	23.7	18.4
1970-71	4,735.00	5,666.00	978.00	20.7	17.2
1971-72	5,565.00	6,933.00	1,070.00	19.2	15.4
1972-73	6,432.00	8,317.00	1,246.00	19.2	14.9
1973-74	7,363.00	9,167.00	1,433.00	19.4	15.9
1974-75(RE)	8,872.00	10,505.00	1,596.00	17.9	15.1
1975-76(BE)	9,934.00	11,667.00	1,840.00	18.5	15.7

Source : Compiled from *Explanatory Memorandum on the Budget of the Central Government* and *Report on Currency and Finance* (various issues).

contribution of debt to asset-creation in the economy should be taken into account.

If the rise in public debt is accompanied by a corresponding increase in the rate of asset-creation, the burden of public debt would be less onerous. If the borrowed funds are used for asset creating public projects, the income of the nation is bound to rise along with the rise in the government's obligations. The cost or the burden should be offset by the benefits that the debt-creation confers. Rising internal public debt has certainly contributed to the increase in the national income. The volume of investment in the five year Plans would not have been what it is without public borrowing and therefore at least a part of the rise in national income might be attributed to the rise in public investment under the Plans. Tax revenue is mostly utilised for the normal expenditure of the government

and therefore for financing economic development there is heavy reliance on funds borrowed internally and externally. The funds borrowed internally by the government are utilised for useful public projects.⁷ Table IV indicates the assets and liabilities of the government of India.

In India, the liabilities refer to the non-marketable obligations of the government of India and include small savings, state provident funds, PL 480 deposits etc. Up to 1960-61 these liabilities have actually exceeded the capital outlays of the government of India, but in recent years the capital outlays increased more than these liabilities. Though a portion of the liabilities is not covered by assets in some of the years, "the whole of this cannot, however, be called unproductive since the large grants to state governments for development in recent years which increase the productive capacity of the country

as a whole are not unremunerative". Similarly, the large capital outlay on central property, the value of which is either not shown at all in the governments accounts or is shown as non-commercial (such as Delhi Capital Outlay and Defence Capital Outlay) is not without value. Besides, a considerable portion of the capital outlay has been incurred on schemes of state trading such as food-grains, fertilizers, iron and steel of which there are reserve stocks, particularly of foodgrains.⁸ Other assets should also be taken into consideration. Government's expenditure on education and training of technical personnel helps in increasing the productive capacity of the nation.

Table V shows the different purposes for which the government raised loans. The money raised by the government through borrowing is generally utilised for the purpose of investment in such departmental undertakings as railways,

TABLE IV
Assets and Liabilities of the Government of India

(Rs crores)

	1950-51	1955-56	1960-61	1965-66	1969-70	1973-74	1974-75 (R.E.)	1975-76 (B.E.)
Total liabilities	2,565.40	3,211.07	6,244.24	11,029.12	17,543.00	23,966.00	26,014.00	28,188.00
Capital outlays	1,708.69	2,809.10	6,124.69	11,964.24	18,131.00	25,611.00	28,629.00	31,511.00
Excess of liabilities over capital outlays and loans advanced	856.71	401.97	119.55	(-)935.11	(-)586.00	(-)1,645	(-)2,645	(-)3,323

Source: *Report on Currency and Finance* (various issues)

TABLE V
Purpose-wise Utilisation of the Government of India Loans

(Rs crores)

Purpose	1950-51	1955-56	1960-61	1965-66	1969-70	1973-74	1974-75 (R.E.)	1975-76 (B.E.)
(A) Capital outlay on departmental undertakings	894.73	1,064.30	1,682.63	3,029.98	3,892.00	4,848	5,222	5,582
(B) Investments in								
(1) Government companies and corporations	9.43	69.81	591.83	1,340.70	2,128.00	3,489	3,974	4,529
(2) Financial institutions	250.05	250.14	357.95	424.23	685.00	960	984	1,044
(3) Other companies and corporations	0.25	0.80	9.97	32.89	39.00	32	33	33
(C) Other capital outlay including defence services, public works, state trading schemes etc.	335.55	481.16	947.83	1,756.86	2,580.00	3,876	4,458	5,016
(D) Loans to state and union territory governments, foreign governments and other parties	220.68	942.89	2,534.68	5,379.57	8,807.00	12,494	13,958	15,307
Total	1,708.69	2,809.10	6,124.59	11,964.23	18,131.00	25,611	28,629	31,511

Source: *Report on Currency and Finance* (various issues).

posts and telegraphs, overseas communications service, road and water transport schemes, electricity and irrigation schemes and atomic energy development. Usually investments are made in autonomous corporations and companies such as Damodar Valley Corporation, air corporation, shipping corporation, Heavy Electricals, Hindustan Steel and a host of other companies. The government of India has contributed to the capital of the term-lending institutions which are contributing to the growth of Indian industries. In recent years the government has raised money for granting developmental loans to state governments and union territory governments. The states have utilised the funds borrowed from the centre for financing industrial, agricultural and other developmental schemes. Now-a-days public undertakings in which the government has invested the borrowed funds are yielding adequate returns. Through efficient management

and appropriate price policy, the rate of return on the capital employed in public undertakings has substantially increased. Securing adequate returns on the capital employed in the public undertakings is perhaps the best means of lessening the burden of debt-servicing.

This analysis points out that the effect of the rapid rise of the internal public debt is not so burdensome as to require the imposition of statutory limit on borrowing by the government. As the Finance ministry has stated, "Any limit fixed on the loans would be unrealistic and would lead to difficulty in the end. In a particular year it might be more expedient to borrow from the market and exceed the limit provided in the budget than to resort to deficit financing because market conditions might be favourable at that time".⁹ In the context of planning for an expanding economy what really matters is not the size of public debt as such, but how the public

debt is managed to achieve our goal of economic development with stability.

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Income, consumption and investment in agriculture

J.P. Misra, Ram Iqbal Singh & G.N. Singh

The authors, who belong to the C.S. Azad University of Agriculture and Technology, Kanpur, have made a random survey of five farms in Basti district of UP to assess incomes, consumption, savings etc on farms of various sizes and have come to the conclusion that an agro-industrial complex backed by cooperative and commercial banks is needed to help increase the incomes of small farmers.

WITH THE adoption of modern farm technology in our country in recent years, farming has become a profitable concern with increased outputs of crops on the one hand and more attractive prices for farm produce on the other. This has further encouraged the increased use of modern inputs like quality seeds, fertilizers, irrigation etc and brought about a change in the pattern of income and expenditure in agriculture. The rise in farm incomes has also affected the pattern of saving, consumption and investment in fixed assets for further production. An attempt has been made here to study the patterns of income, saving, consumption and investment in fixed assets on farms of different sizes in Basti district in UP.

The three stage stratified random sampling technique was used to select the block, village and cultivators. Block 'Sadar' district Basti (UP) was selected

purposively. 100 cultivators from the five randomly selected villages were selected under three size groups of holdings viz. 0-2 hectare, 2-4 hectares and 4 and above hectares by the random sampling technique. The numbers of cultivators under different size groups was kept in proportion to their number in the

universe of five villages. The study was conducted by survey method during the agricultural year 1970-71 and 1971-72.

The number of selected holdings, average size of holdings, cropping intensity, number of agricultural workers, numbers of draft and milch animals on the sample farms are given in Table I.

Table I, reveals that, on an average, the size of holdings, cropping intensity, number of agricultural workers, draft and milch animals per farm came to 2.68

TABLE I
Average Size of Farms, Cropping Intensity, Numbers of Agricultural Workers etc on the Sample Farms

Size-group in hectare	No. of holdings	Average size in hectare	Cultivated area in hectare	Cropped area in hectare	Cropping intensity	Nos of agril. workers	No of draft animals	No of milch animals
0-2	44	1.04	45.85	74.66	162.84	4.01	1.40	1.24
2-4	36	2.71	97.63	170.29	174.43	5.74	2.47	1.84
4 & above	20	6.22	124.47	219.80	176.59	6.59	3.90	3.23
Total	100	2.68*	267.95	464.75	173.07*	4.39*	3.35*	1.69*

*Indicates overall

hectares: 173.07 per cent, 4.39, 3.25 and 1.69 respectively. The distribution of cultivated area amongst different size group of farms was quite uneven. The number of agricultural workers, draft and milch animals on the sample farms showed an increasing trend with the increase in the size of farms mainly because of their better economic position.

The total annual income of a farm family from different sources is given in Table II. In working out the income for each sample farm family, data were canvassed relating to its net income from crop and milk production, agro-based industry, hiring out implements, bullock carts, land leased out and salaries and wages of the family.

Table II reveals that crop production constituted the most significant source of income for the farm family in the study area. On an average, it constituted 75.36 per cent to the total farm family income followed by salaries and wages (10.34 per cent), livestock (8.17 per cent), hiring out implements (2.37 per cent), land leased out (1.01 per cent) and agro based industry (0.89 per cent).

average income

On an average, the per farm family income came to Rs 4739.62 per annum which varied from Rs 1251.73 on the smallest size group (0-2 hectare) to Rs 11595.78 per annum on the largest one (four and above hectares).

The pattern of consumption expenditure on different size group of farms is given in Table III. The whole consumption expenditure has been divided into six important parts i.e. food, clothing, housing, fuel and light, health and education and miscellaneous expenditure.

Table III, portrays that, on an average per farm family per annum consumption expenditure on all goods and services came to Rs 2380.28 which varied from Rs 1087.43 on the smallest size group (0-2 hectare) to Rs 4678.44 on the largest one (four and above hectares) thereby showing an increasing trend with the increase in the size of farms.

On an average, the expenditure on food accounted for the highest percentage, i.e. 69.15 per cent of the total consumption expenditure followed by cloth-

ing (12.42 per cent), miscellaneous (8.17 per cent), health and education (5.24 per cent), fuel and light (2.86 per cent) and housing (2.16 per cent). Percentage expenditure on food showed a decreasing trend with the increase in the size of farms while that of clothing, housing, fuel and light, health and education etc showed an increasing trend with the increase in the size of farms. These find-

TABLE II
Income from Different Sources of the Sample Farm Family
(In rupees)

Sources of income	Size group in hectare			Overall
	0-2	2-4	4 & above	
Crop production	799.05 (63.74)	3409.67 (70.78)	9039.59 (77.95)	3571.41 (75.36)
Livestock*	162.79 (13.01)	439.16 (9.12)	789.87 (6.81)	387.67 (8.17)
Agro based industry	—	20.09 (0.42)	174.21 (1.50)	42.07 (0.89)
Hiring out implements	—	216.23 (4.48)	419.92 (3.62)	112.68 (2.37)
Bullock carts	62.43 (5.08)	169.89 (3.52)	—	88.62 (1.86)
Land leased out	—	—	236.03 (2.03)	47.21 (1.01)
Salaries and wages	227.46 (18.17)	562.91 (11.68)	936.16 (8.09)	489.96 (10.34)
Total	1251.73 (100.00)	4817.95 (100.00)	11595.78 (100.00)	4739.62 (100.00)

*Including milch animal and sales of animals during the reference period. Figures in parentheses denote percentages to the total incomes.

TABLE III
Average Consumption Pattern and Family Expenses on Per Farm Family
(In rupees)

Particulars	Size group in hectare			Overall
	0-2	2-4	4 & above	
Average size of family	6.24	7.62	8.48	7.18
1. Food	832.31 (76.54)	1778.99 (66.29)	2716.32 (58.06)	1645.96 (69.15)
2. Clothing	115.59 (10.63)	366.05 (13.64)	662.47 (14.16)	295.13 (12.42)
3. Housing	13.48 (1.24)	66.82 (2.49)	169.36 (3.62)	51.42 (2.62)
4. Fuel & light	25.77 (2.37)	74.07 (2.76)	192.75 (4.12)	68.08 (2.86)
5. Health & education	45.23 (4.16)	145.45 (5.42)	343.04 (7.34)	124.73 (5.24)
6. Miscellaneous	55.05 (5.66)	252.27 (9.40)	594.54 (12.70)	194.46 (8.17)
Total	1087.43 (100.00)	2683.65 (100.00)	4678.44 (100.00)	2380.28 (100.00)

ings are more or less in conformity with the Engle's Law of Consumption.

Savings of the individual family depends on the size of their disposable income. The saving per farm family on different size group of farms is given in Table IV.

This table reveals that, on an average the savings per farm family per annum came to Rs 1749.49. It showed an increasing trend with the increase in the size of farms and increases from a deficit of Rs 92.34 on the smallest size group (0-2 hectare) to Rs 5394.74 on the largest one (four and above hectare). The smallest size group of farms practically had no savings rather had a deficit of Rs 92.34 which clearly showed their economic depression.

The gross and net capital formation (investment on fixed assets) on the sample farm holdings is based on inventory approach.

The average gross capital formation per farm on different size groups of farms and its break-up under different items of investment are given in Table V.

gross investment

This table reveals that, on an average, the gross investment in fixed assets per farm came to Rs 602.39 which showed an increasing trend with the increase in the size of farms. This increase in gross investment on larger farms was associated with higher earnings, borrowings and savings on these farms. The percentage investment on irrigational structure, farm machinery, implements and farm buildings showed an increasing trend with the increase in the size of farms. This indicates that the farmers of large groups are moving towards mechanization by making higher investment on these items by getting more credit by the financial institutions for these purposes.

The net investment pattern (capital formation) refers to the additions of the assets minus depreciations and sales during the year. The per farm net investment is given in Table VI.

This table reveals that, on an average, the total net investment or capital formation per farm came to Rs 523.91 which varied from Rs 201.96 on the smallest

TABLE IV
Average Income, Expenditure and Savings on the Sample Farms
(In rupees)

Size group in hectare	Total income (All sources)	Family expenses	Repayment of loan	Savings
0-2	1251.73	1087.43	256.64	-92.34
2-4	4817.95	2683.65	534.20	1600.00
4 & above	11595.78	4678.48	1522.56	5394.74
Average	4739.62	2380.28	609.75	1749.59

TABLE V
Gross Investment Pattern Per Farm & its Break-up
(In rupees)

Particular	Size group in hectare			Overall
	0-2	2-4	4 & above	
Purchase of land	—	23.69 (3.67)	23.60 (1.86)	13.24 (2.19)
Land improvement	9.06 (3.42)	26.60 (4.12)	62.42 (4.92)	26.05 (4.32)
Irrigation structure	43.42 (16.39)	144.76 (22.46)	387.10 (30.51)	184.64 (24.67)
Farm buildings	18.33 (6.92)	66.89 (10.36)	156.06 (12.30)	63.36 (10.52)
Implements	19.10 (7.21)	107.95 (16.72)	229.77 (18.11)	93.22 (15.47)
Farm machinery	—	64.12 (9.93)	157.58 (12.42)	54.60 (9.06)
Livestock	174.15 (66.06)	211.67 (32.78)	252.24 (19.88)	203.28 (33.77)
Total	264.95 (100.00)	645.68 (100.00)	1268.77 (100.00)	602.39 (100.00)

TABLE VI
Net Investment Pattern Per Farm
(In rupees)

Particular	Size group in hectare			Overall
	0-2	2-4	4 and above	
Purchase of land	—	22.26 (3.76)	19.53 (1.80)	11.92 (2.27)
Land improvement	7.31 (3.62)	23.15 (3.91)	49.48 (4.56)	21.45 (4.09)
Irrigation structure	44.65 (22.11)	186.34 (31.47)	397.32 (36.61)	166.19 (31.72)
Farm buildings	15.01 (7.43)	54.89 (9.27)	128.39 (11.83)	52.04 (9.93)
Implements	20.64 (10.22)	101.31 (17.11)	149.66 (13.79)	75.48 (14.40)
Farm machinery	—	60.52 (10.22)	163.52 (15.07)	59.34 (11.32)
Livestock	114.35 (56.62)	143.66 (24.31)	177.34 (16.34)	137.49 (26.27)
Total	201.96 (100.00)	592.12 (100.00)	1085.27 (100.00)	523.91 (100.00)

size group of farms (0-2 hectare) to Rs 1085.27 on the largest one (four and above hectares).

It may be concluded from the foregoing discussion that in general the level of income of farmers in the study area had been very low which resulted into low levels of consumption and invest-

ment. This condition was more precarious on small holdings. Urgent steps are needed to enhance the income of farming community which in turn will raise the level of consumption and investment and help in increasing the productivity in farming. The income may be raised by intensifying agriculture on the one hand and

developing agro-industrial complex in the area on the other. The cooperatives and commercial banks should come forward to help the farmers to make higher investment and earn more income by timely and adequate supply of investment and production credits at reasonable terms and conditions.

Power development in Andhra Pradesh

A Special Correspondent

In Andhra Pradesh the leap in agriculture with modern agronomic practices has been matched by an equally satisfactory growth in the supply of power, an essential ingredient of modern farming. Compared to the national average of 12 per cent, the consumption of power in agriculture in Andhra Pradesh is 24.87 per cent.

ANDHRA PRADESH has experienced an 11-fold increase in its power sector during the last two decades. With five hydel power stations and seven thermal stations, the state now has a capacity of 1100 mw as compared to 100 mw installed capacity in 1956. The one thousand mw mark of installed capacity was crossed with the commissioning of the first 115 mw unit at Lower Sileru by Mr K.C. Pant on March 4, 1976.

Augmentation of generating capacity in the state was characterised by short spells of achievements punctuated by prolonged periods of shortfall. Significant progress was made since 1974 with a steady and equitable increase in both hydro and thermal capacities with the switching on of two 110 mw units at the Kothagudem B station and two 115 mw sets at Lower Sileru.

industrial loss

With a mere 62.5 mw capacity added during the entire fourth Plan period and one year of the fifth Plan, the state was in the grip of a power famine with cuts ranging from 30 per cent to 50 per cent, causing heavy loss of industrial and agricultural production at the end of the Plan period. An addition of 450 mw so far and the envisaged 950 mw during the rest of the fifth Plan period means total available capacity of about 2000 mw to meet the expected demand of 1,300 mw. Even as the Andhra Pradesh State Electricity Board (APSEB) has gone half way through this ambitious power programme, it has been able to withdraw all restrictions on the

use of power from September 1975. In recent months, power has been pumped into the grid to feed Karnataka and Tamil Nadu and in October 1976, the maximum demand touched a new high of 871 mw with a maximum daily generation of 16,539 million units.

reversible units

Impressed by the efforts of the APSEB to sustain an integrated and economical hydro-thermal system, the Planning Commission has given clearance for erecting four reversible units of 110 mw each at Nagarjunasagar besides the conventional 110 mw unit for this hydel scheme now under erection.

Andhra Pradesh is fortunate in having the right combination of hydel potential and coal deposits for its power development. Investigations reveal that the hydro potential is about 2,500 mw and proved coal resources some 1,200 million tonnes which can sustain a thermal capacity of four to five million kw in four or five super thermal stations. This is the secret of the state's power stability contrary to that of some neighbouring states which are solely dependent on hydel resources.

A flashback on the growth of the power sector in the state reminds one that prior to 1956, the small power stations with the total installed capacity of about 100 mw provided power supply only to a few towns and villages. These were localised thermal and diesel stations. Of these, the Nizamsagar hydel scheme (three units of 5-mw) and Hussain Sagar (22.2 mw)

remain operable with capacities of 10 mw each. True to the spirit of co-operation, Andhra Pradesh set up its first power project as a joint venture with Orissa on the Machkund river. The station of 114.75 mw capacity was commissioned in two stages and the first stage comprising three units of 17 mw each was completed and commissioned by 1956 end. The Nizamsagar project was also completed in the same year. However, power supply was confined to a limited area as the grid was not yet formed. Consequent to the state's formation, diesel sets were installed in all district and taluk headquarters going without power till then.

heavy demand

The abysmally low per capita consumption of electricity—seven units—was indicative of the state's backwardness in power development at the time of its birth. The newly formed state inspired hopes of a rapid and balanced power growth. There was a heavy demand for power to increase agricultural production and for industrial development. This had to be met by quickening the pace of work on ongoing projects and taking up new ones. And a step in that direction to coordinate generation, supply and distribution was the formation of the Andhra Pradesh State Electricity Board in 1959.

By 1961, within five years of the formation of the state, generating capacity rose from around 100 mw to 213 mw while demand went up from 55 mw to 191 mw necessitating more power stations with greater capacities.

Thus, work began on Kothagudem-A (240 mw), Ramagundam-B (62.5 mw) and Upper Sileru (120 mw). The next five

years were not marked by any significant rise in either capacity or demand which were 292 mw and 258 mw respectively in 1966. Kothagudem-A was completed in stages by 1967. Upper Sileru was ready in 1968 while Ramagundam-B took longer time being commissioned only in 1972.

The state was then gripped by a power famine with cuts as high as 30 to 50 per cent, leading to heavy losses in industrial and agricultural production. It was not until 1974 that the power position could improve. The switching on of Kothagudem-B first unit in 1974, and the second in 1975 (110 mw each) and of the first two units of Lower Sileru (115 mw each) this year has thus eased the precarious position and enabled Andhra Pradesh to share its marginal surplus with Karnataka and Tamil Nadu.

Simultaneous work is going on briskly to complete additions to Kothagudem and Lower Sileru stations besides commissioning stage-one of the Nagarjunasagar, Vijayawada and Srisailem schemes, all before 1978-79.

The following is a review of the progress on the on-going schemes:

Kothagudem-C (thermal): The erection of most of the equipment for the two 110 mw units is in full swing. Hydraulic test of the boiler for the first unit was successfully completed and erection of the turbo-generators is in an advanced stage. The state-owned Bharat Heavy Electricals Limited, the main suppliers of power equipment, have contracted to supply, erect and commission boilers, turbo-generators and related equipment. The units are programmed to be commissioned before the end of the current fiscal year.

Lower Sileru (hydro): With two more 115 mw units to be put up in stage-one, this scheme will have the distinction like Kothagudem B & C stations on the thermal side in having indigenously made BHEL sets. The first two came from the USSR.

Under this project, a dam at Donkarayi has been constructed across river Sileru to utilise the drop in the river level between Donkarayi and Pollur villages. Lower Sileru station is in Khammam district.

Nagarjunasagar (hydro): The first and

the only conventional 110 mw unit being erected here is slated for switching on in June 1977. As many as four of the remaining seven penstocks already embedded in the dam will have imported reversible units of 100 mw each to utilise stored water so as to yield quick benefits for peaking purposes.

Initially, the station can generate 2,230 million KWhrs which will decrease to 1,000 million KWhrs ultimately on account of the upper riparian states utilising the waters of Krishna allotted to Andhra Pradesh.

Srisailem (hydro): A slow starter, the scheme envisages installation of four 110 mw units in the first stage and three 110 mw units in the second stage. All units are being made by BHEL, Hardwar. Work on the dam, located in a gorge in the river Krishna, is in progress. The first unit is planned to be commissioned by August 1978.

The quick implementation of this project will add 770 mw of power and 3,700 million KWh energy per annum.

Vijayawada (thermal): Two 220 mw units are proposed to be installed in the first stage of this scheme. Turbines, boilers and other equipment are being indigenously made by BHEL. Commissioning of the first unit is scheduled in December 1978, and the second, six months later. Coal for the power station will be met by the Kothagudem Yellandu coal mines about 140 kms away. The project is on the left bank of the Krishna near Ibrahimpatnam village on the Hyderabad-Vijayawada road.

Schemes for locating super thermal stations at Ramagundam and Manguru near Bhadrachalam with five units of 210 mw each have been prepared and efforts are being made to get them cleared by the Planning Commission. The projects have also been presented to the World Bank for financial assistance. When the fifth Plan was drafted, it was recognised that the highest priority should be given to these projects so that benefits would flow more evenly than before to meet the demand. Thus, the state's programme envisages addition of 950 mw even before the current Plan period ends.

The performance of the thermal stations

during 1974-75 led to the Nellore and Ramagundam-B stations topping the list of thermal stations in the country in percentage production capacity utilisation with Kothagudem-A and Hussainsagar gaining fourth and seventh places respectively. With the steep increase in power demand in the state, very little time was left last year for comprehensive overhaul of the thermal units which need constant attention together with arranging adequate number of spares, as low grade coal poses problems in boilers.

However, with the commissioning of more units, the APSEB has taken up the overhaul of the thermal units planning for 6,000 KWhs/KW generation mark so that the increasing demands can be fully met.

Transmission: The fourth Plan scheme for the addition of transmission and distribution lines is under execution. On completion, the system will be capable of handling a total demand of 1,000 mw.

The total length of transmission lines in 1956 was 5,700 kms and this rose to 56,700 kms by March end last year. The peak demand of power in Andhra Pradesh has increased sixteen times in 20 years contributing to substantial agricultural and industrial growth.

Compared to the all-India figure of 100 units, per capita consumption in Andhra Pradesh is only 64 units. Therefore, in order to level up with all-India standards, some of the backward regions are being developed by extending major lines and installing substations to facilitate adequate growth.

Efforts are being made to get the central government's sanction for construction of the inter-regional lines of (1) Ramagundam-Chandrapur (400 KV) (2) Parli-Hyderabad (220 KV) (3) Lower Sileru-Barsur (220 KV) with Maharashtra and Madhya Pradesh.

Rural Electrification: The Andhra Pradesh State Electricity Board is meeting the social obligation in providing power to agriculture at a subsidised rate. Today, the state has about three lakh pumpsets—the third largest in the country after Tamil Nadu and Maharashtra. Consumption of power for agricultural purposes is double the national figure. Compared to the national average of 12 per cent the con-

sumption of energy in the state is 24.87 per cent.

A leap in agriculture with modern agro-economic practices has been matched by an equally good growth in supply of power. From 1,49,000 consumers and 4,300 pumpsets in 1956, the figure has risen to 1.56 million consumers and 2,89,146 pumpsets in 1976. The backdrop to this change in the countryside is that from 630 towns and villages electrified in 1956, there has been a phenomenal rise to 12,478 in 1976 against the total of 27,445 in the state forming 45.5 per cent against the national

average of 33 per cent. Seventy per cent of the rural population is covered by the benefits of electricity. To keep up the accelerated tempo, the state government have sanctioned a special allocation of five crore rupees for the current year. Keeping the consumers' needs in mind, the Andhra Pradesh State Electricity Board has set up a committee to go into problems of consumers to ensure availability of power for their prosperity.

The new tariffs provide certain welcome features for consumers. Last three years have witnessed a phenomenal

sput of industrial activities in the state. Along with certain other concessions sanctioned by the state government, a rebate of 25 per cent in power tariff to new industries by the Andhra Pradesh State Electricity Board has given a fillip to the industrial development in the state.

For the board, the cost 'invertal' tariff for domestic consumption has paved the way towards conservation of energy. Several measures for effective conservation of energy are being studied at the power research stations of the APSEB.

The wealth of nations is also the welfare of individuals

Dr T. S. Venkataswami

This article is a summary of a paper entitled "For Whom the Bell Tolls" read in the seminars organised by the Centre for Development Studies and the University of Madras to celebrate the bicentenary of 'The Wealth of Nations'. The author who is Chief Professor and Head of the Department of Economics, Presidency College, Madras, presents a new interpretation of the basic philosophy underlying 'The Wealth of Nations'.

TWO HUNDRED years ago in 1776 Adam Smith published his magnum opus *The Wealth of Nations* and laid the foundations of a new science called Political Economy.

Like all great writers, Adam Smith has been a victim of misinterpretation and slogans. He is the philosopher of the capitalist order; therefore, he must be a great admirer of the capitalists and a mercenary in their service. He is the champion of *laissez faire* ideology; he must, hence, necessarily be a spokesman for the exploiters and the enemy of the working class. He has given dignity and sanctification to self-interest; he must, therefore, be an ardent advocate of unlimited profits and of low wages. He has argued for the expansion of the market, both domestic and foreign; he must, consequently, be deemed as a supporter of the British colonial policy.

Yet nothing could be further from the truth. *The Wealth of Nations* abounds, of course, in endless anomalies, puzzling and paradoxical statements, and ambivalent and indeed contradictory stands. While Smith is no great believer in consistency as a virtue, his concern for the great mass of the people—the poor, the oppressed,

the weak, and the downtrodden—is utterly consistent and affirmed with great force and conviction in numerous passages which are found widely scattered in *The Wealth of Nations*. Smith, no doubt, depended on competitive capitalism for economic progress; but he was not the apologist of the capitalist class as such. Economic progress will take place primarily because of the capitalist system and not necessarily because of the capitalists. He was not only the apostle of *laissez faire* and of freedom but he passionately pleaded for social justice and persuasively argued for the liberation of the colonies. He did not hesitate to denounce in unequivocal terms the mean and the malignant expedients of the merchants and the manufacturers. He expressed uncompromising opposition to high profits and extended unqualified support for rising wages. The great theme of *The Wealth of Nations* is the real long-term growth of per capita income and Adam Smith prescribed economic growth primarily for raising the standard of living of the labouring poor who constitute the great body of the people in any society.

In Smith's model, it is the pursuit of self-interest by each and all rather than the trail-breaking innovation of the

entrepreneur that propels the society towards economic progress. The natural effort of every individual to better his own condition will actually result in significant economic improvement only if the socio-economic system assures conditions of freedom and security. Smith found greater diversity in the systems than in the desire of the representative individual to better himself. Individuals do not show great variations in ability in similar circumstances and they possess only moderate capacity to initiate dynamic changes.

Change must originate mainly within the system, in modification of parameters of the system in such a way as to give full play to man's desire to better himself. Economic progress, according to Smith, depended upon the free functioning of the capitalist system subject to no constraint other than those imposed by unlimited competition rather than on the exceptional abilities possessed by the capitalists. Smith's conception of the entrepreneur was none too flattering and he attributed no great or special talents to the entrepreneur as Schumpeter did. What is required for a successful entrepreneur is hard work together with knowledge born of specialised experience which is little related to natural talent. He held that "the difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom and education. When they came into the world,

they were, perhaps, very much alike." Smith recognized, however, that the entrepreneur undertook the important function of directing resources into productive channels. At the same time, he perceived that the interests of the capitalists, unlike those of the landlords and labourers, rarely coincided with those of the society. Hence, he warned that any proposal for regulation of commerce originating from this class must be viewed with suspicion and examined with caution.

Smith, the most eloquent exponent of capitalism, did by no means approve of high profits; instead he condemned them as highly injurious. High profits would prevent resource mobility and result in misallocation of resources. More important is the fact that they would impair the capitalist's incentive and capacity to earn, destroy their frugality, and consequently, retard capital accumulation with adverse consequences on growth. There is no indication, however, that Smith wanted the state to adopt an active anti-trust policy; it was only necessary that it should ensure competition by withdrawing all types of monopoly privileges granted to corporations. The supreme virtue of competition is that while it permits the attainment of modest wealth, it places the easy amassing of great wealth virtually beyond reach.

compassionate treatment

While Smith's attitude towards the capitalists was extremely hostile, his treatment of the labouring poor was marked by great compassion and understanding. In directing his inquiry into the nature and causes of the Wealth of Nations, Smith was more concerned with the growth of the per capita income than with the total income and more concerned with the growth of the stream of revenue or subsistence for the people than with income as such. Rising per capita income was specifically desirable because it benefited the great body of the people. Writing about the observed contemporary upward trend in average wages, he says: "Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconvenience to the society? The answer seems at first sight abundantly plain. Servants, labourers and workmen

of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconvenience to the whole. No society can surely be flourishing and happy, of which the far greater part of the numbers are poor and miserable. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged."

egalitarian approach

In the context of the eighteenth century views which emphasised the undesirable consequences of high wages, Smith's advocacy of rising wages was certainly very much egalitarian, enlightened and advanced. The prevailing view was that high wages would induce the workers to work less, implying, in modern jargon, a backward-bending supply curve of labour. This view was graphically expressed by Arthur Young who wrote that "every one but an idiot knows that the lower classes must be kept poor or they will never be industrious." In contrast to such well entrenched notions of his contemporary world, Smith not only applauded high wages because they raised the standard of livings of the great body of the people but maintained that high wages would serve as an incentive for the workers to work more and not less.

Although Smith did not suggest redistribution of property, he did advocate progressive taxation and higher tolls on luxury carriages in order to alter the income distribution in favour of the poor. He was even willing to relax his cherished policy of free trade and recommend only gradual reduction of protective measures so that sudden and massive unemployment may be avoided. His views on land reforms were quite progressive. He criticised rackrenting and recommended conversion of tenants into proprietors. He favoured a system of small-scale and efficient land-cultivating proprietorship.

Thus Smith openly sympathised with the lot of the workmen, the labourers, the tenants, and the small farmers. Is his support for the labouring poor merely emotional or sentimental? Or is there a necessary coincidence between what is

desirable and what is bound to happen? A close examination of his theory of growth reveals that his support for the great body of the people is not just sentimental and that the growth process inevitably generates and sustains a growing real wage at least until the stationary stage is reached.

So long as growth continues, the economic conditions of the great body of the people would be comfortable. However, Smith did not envisage a ceaselessly progressive economy; on the contrary, he thought that the grand trajectory of economic development, propelled by self-interest and aided by division of labour, would ultimately terminate in a stagnant stationary state where the great mass of the people would not only be thrown back to their original subsistence level but would, in addition, be condemned to moral decay in the process of development. The relentless population growth and the exhaustion of the gains from the division of labour on the society achieving its full complement of riches would finally lead to the stationary state.

product of his time

Smith was unable to imagine that continued technical progress is capable of overtaking population growth and of leading to progressive increases in productivity and real wages. "Smith, albeit a major shaping intellectual force, was inevitably also a product of his time, sharing with it the limitations that seem to our age so patent and so crippling." Of course, he indicated that the arrival of stationary state was not imminent and that it lay only at the horizon of historical sight when a nation's full complement of capital had been amassed.

To sum up and conclude, Adam Smith was the philosopher of competitive capitalism, not of monopoly capitalism. He stood for high wages and was against high profits. He supported the labouring poor everywhere and nowhere did he approve of 'the mean rapacity, the monopolising spirit of merchants and manufacturers.' His sympathies—which were much more than sentimental expressions—were fully and wholly on the side of the labouring poor and he thought, rightly or wrongly, that competitive capitalism would ensure the welfare of the mass of the people.

Waiting in the wings

E. B. Brook

Whatever the reasons individual or groups of members may have for caution over enlargement of the Common Market, all are concerned about its effect on the Community's agriculture. If the four farm producers who have applied for membership joined it, the Community would find its own markets depressed by the produce from the Balkans and the Iberian peninsula.

ONE of the many lessons that history teaches is that institutions, like individuals, risk hardening of the arteries as they grow older. The European Community or Common Market, is no exception. It has expanded its membership with reluctance, even though its ideal is a politico-economic community of all nations in Europe and beyond adhering to democratic principles. The original Six were not always happy together; on more than one occasion they had to adopt the illusory tactic of 'stopping the clock' to give themselves sufficient time to agree on many important points of principle. They enlarged into the present 'Nine'

and narrowly avoided a communist type of government, but the Nine's ministers agreed that satisfactory solutions needed to be found to Portugal's economic, financial, social and agricultural problems before serious thought could be given to admitting the country to Community membership. The strong implication is that these satisfactory solutions are expected to be long in coming and that formal negotiations are to be regarded as what the Germans call 'future music'.

Similar is the Community's attitude to discussing Greek membership with a troubled political recent past as an excuse for extra caution. As for Spain and Tur-

WINDOW ON THE WORLD

with no little reluctance on both sides. In Britain today they speak of the 'Nine' but in France of the 'Original and three new members', making a painstaking distinction between the Six and those who joined them.

Now that other states, Greece and Portugal, with Spain and Turkey in the wings, are trying to edge their way into membership of the Community there is more wariness than ever. The 'Nine', new members as well as the originals, have just made it clear to Portugal that they will not be rushed into hasty negotiations to secure Portuguese membership. They agreed that it would be impolitic to rebuff Portugal, which has so recently

key, for very contrasting reasons, there is more caution, amounting to reluctance, even than in the cases of Portugal and Greece. The Community, like much of the rest of Europe, watches the enduring struggle of democracy in Spain with anxiety. The problem of Turkey is one that makes the admission of its rival Greece even more problematical and tactically undesirable.

The Community's unstated desire in the case of Portugal appears to be to take a political gesture of support towards the government of Dr Soares—now touring European capitals—while fending off opening actual membership negotiations long enough to permit a time-absorbing

assessment of the broader implications of Community enlargement. The Community leadership has arrived at a point where all major west European states which have shown a wish for membership have been absorbed as well as one or two useful make-weights from among smaller states. Any further enlargement, other than that of states such as Sweden or Austria which tenaciously remain with EFTA (the European Free Trade Association), still active but politically much less influential than the Community raises problems as to where the Community really wishes to go from here.

members' anxiety

Several Community governments have expressed concern about the effects of enlargement on existing Community policies and institutions. Several of them are particularly anxious to protect the common agricultural policy—of such immense benefit to France and Italy and, not a little, to Britain—before admitting any new members. Others, such as Ireland, are seeking to use any Community enlargement to safeguard and improve benefits from the Community's regional and social funds and yet others—notably the prosperous Benelux group—to use new memberships as means to improve the Community's decision-making procedures.

Whatever the reasons individual or groups of members may have for caution over Community enlargement, all are concerned about its effect on agriculture. All four potential member states are sizable producers of farm commodities, fruit, wine and poultry products. Spanish oranges would spoil the market for Italian produce; Spanish and Portuguese wines would only increase the at times violent quarrels between French and Italian wine producers; Greek and Turkish tobacco would disturb the already excessive production of tobacco by France and Italy which has been encouraged by the Community's compensation schemes for those failing to sell their leaf because of its quality. As to poultry, France is

Oil flows faster from the Forties field

Roland Gribben

By 1980, Britain is expected to be self-sufficient in oil. The British prime minister recently said that offshore oil and gas discoveries should produce balance of payments savings worth more than £ 4000 million in 1977. In this article Mr Roland Gribben of "Sunday Telegraph" describes development of the Forties field under the unpredictable waters of the North Sea.

BRITISH PETROLEUM's big Forties field in the North Sea will be producing 25 per cent more oil by the end of this year than originally forecast by the company. This boost to production will bring a double benefit for the British economy—ensuring more domestic oil demand will be met from the North Sea and bringing additional balance of payments savings. Earlier BP estimated that Forties—the first big oil discovery in the British sector of the North Sea and one which firmly established Britain as an oil producing nation—would be producing 400,000 barrels a day, equivalent to 20 million tons a year, at peak production.

Now on the basis of the first two dozen production wells drilled under the unpredictable waters of the North Sea the company is confidently forecasting that output will be running at the rate of 500,000 barrels, or 25 million tons, by the end of 1977. By then it should be producing around a quarter of domestic oil demand.

flowing faster

The flow of oil from the wells completed so far has proved to be more prolific than BP envisaged when it drew up the Forties production plans. Though the total expected size of the reservoir has not been increased, the oil can and will be extracted faster. This addition of 100,000 barrels a day to output is equivalent to bringing on stream a medium-sized oilfield in less than a year without additional cost and investment.

The bigger contribution from Forties will add significantly to the prospects that production in 1977 will reach the upper end of the 35 million to 45 million tons of oil the North Sea is expected to yield.

By that time output should be almost equivalent to half domestic consumption.

The prime minister said recently that Britain's offshore oil and gas discoveries should produce balance of payments savings worth more than £4,000 million in 1977. The Forties contribution alone should account for some £1,000 million.

favourable developments

Other changes can be expected in the levels of production and reserves as North Sea development moves deeper into the production phase and oil companies gain more operating experience. It is always a hazardous business estimating the size of an oil reservoir and assessing the production characteristics of geological structures which have shifted and been buffeted down the ages. There will be a mixture of encouraging revisions as well as some setbacks. But a recent reappraisal of reserves in the medium-size Claymore field, east of Orkney, has been among the favourable developments.

More detailed information from drilling and testing suggests that the amount of oil that can be recovered from the field will be 12 per cent greater than initially estimated 410 million barrels against 365 million barrels. The small Argyll field has also been producing oil at a faster rate than its developers originally anticipated. The field was the first to start production in the British sector but its life will be short compared with Forties.

By the end of 1977 seven North Sea oilfields should have reached the production stage—Argyll, Auk, Montrose, Beryl, Forties, Brent and Piper. Brent, the biggest in the British sector—it also has substantial reserves of gas—recently produced its first oil. When Brent and

Forties reach their production ceilings, they should be producing around a million barrels a day between them, equivalent to 50 million tons a year, and more than half of Britain's level of oil consumption. So far 14 fields have been declared commercial and are at one stage or another of the development phase. There have been further significant additions to oil reserves in 1976 with a series of new discoveries, although more wells have to be drilled on them before they can be designated as commercial prospects.

North Sea exploration and development is now entering its second major phase and the opening up of new exploration areas around the British Isles will provide further impetus. There has been a pause between the first and second phases as companies digested the lessons and mistakes of their earlier efforts.

towards self-sufficiency

The recent announcement that contracts have been awarded for developing the Murchison field, close to the borderline between the British and Norwegian sectors of the North Sea, is an indication that the pause is almost over. By the time Murchison is due to produce its first oil in 1980 Britain will be comfortably self-sufficient in oil and exporting considerable quantities of refined products. Forties by then will have been operating for four years and will have produced valuable data for other operators as well as considerable amounts of oil.

BP estimates that the Forties reservoir contains 4,600 million barrels of oil but only about 1,800 million are recoverable from the oval-shaped structure covering 90 km² and lying 2,200 m under the seabed. The recovery ratio is nonetheless high by international standards. Forties lies 177 km northeast of Aberdeen, has been producing oil since the autumn of 1975 and cost around £800 million to develop. The total could well be higher—the final bill is outstanding because work on the field is still in progress.

already slowly being forced out of its profitable Middle East markets by United States produce which has the advantage of being backed by the world's most efficient deep freeze installations. If four new chicken and egg producers joined the Community with its freedom of trade, today's suppliers of the Middle East would themselves find their own markets depressed by poultry meat and produce from the Balkans and the Iberian peninsula. It is small wonder that the Community's present principle is to hasten slowly.

dog in the manger policy

Less excusable is the European Community's dog-in-the-manger attitude to manufactured products from Asia, especially to those from Japan. The Japanese understandably reacted angrily to the 20 per cent anti-dumping duty announced this week by Brussels on Japanese ball bearing exports to the Community area. Japan will almost certainly appeal against this decision at the meeting on February 23 of the Anti-Dumping Committee of the General Agreement on Tariffs and Trade (GATT) in Geneva. This meeting is expected to receive a call for a detailed investigation of the Japanese pricing system for ball bearings and the basis for the European Commission's determination of injury. Japan will almost certainly push for a review of the validity of the Community's decision under the GATT anti-dumping code and seek an examination of the justification for the level of duty as well as the time limits. This requirement would be without prejudice to the Japanese rights of appeal under the complaints procedure provided by GATT.

The Japanese consider the Community's decision to be essentially a political act. It is regarded as a lever to hasten slow-progressing bilateral talks on shipbuilding and farm products between Japan and the Community. Almost simultaneously with the Community's 20 per cent anti-dumping duty Japan announced its more amenable decision to raise its shipbuilding prices and to introduce limited restraint on competition with European yards—which have been hard hit in that competition and to ensure conditions of

fair competition. Japan also intends to reduce the number of working hours in its shipyards. These measures were greeted privately in Brussels as a good base for continued negotiations, but the Community itself remains adamant on its duty decision.

The Community is certainly not alone in adopting obstructive attitudes to competition or attitudes which conflict with its interests. The new Carter administration in the USA has been objecting to the supply by West Germany to Brazil of a complete nuclear fuel cycle. The USA has taken the popular line of environmental protection and the risk included in ability by Brazil to make nuclear bomb. The general west European attitude is that this ability is acceptable in approved hands, but nations which can be regarded as developing or fast developing do not have such approved hands. Both West Germany and France are opposing this American attitude, doubtless very largely because the supply of nuclear potential is very good business in more than one way and not least because neither are willing to be party to a demonstration of north American influence in Latin America which is a rapidly developing interest area for the British, Germans, French and Japanese, not least Brazil.

This tale of 'world-wide' protection of advantages should not omit the recent near-disastrous weather in the east and mid-west of the United States which has not only inflicted physical suffering on a nation noted for its engineering efficiency in forestalling avoidable misfortune but has revealed some of the extent of the US immense fuel problem. A people comforted by central heating, air-conditioning, buying and producing heat energy as no other, has suffered death by cold, isolation by snowdrifts and dislocation of its communications. At the same time, productivity has fallen sharply, with resultant rising prices and sharply higher fuel bills. The American housewife is paying over nine per cent more for her household requirements than she did a year ago. The indications are that these upward pressures will intensify as the year goes along because of falling productivity and a lag effect of last year's expensive monetary policy. As a result, current American aggressiveness in its dealings with the cautious Community, in trading worldwide—not least with newly-rich Middle East—is likely to be intensified. Its success will be achieved more easily if other major world traders are spending their time haggling to keep prices high and production artificially reduced.

Eastern Economist 30 Years Ago

FEB. 21, 1947

On the industrial front, the record of consumer goods industries does not hold out much hope for 1947, for there is no machinery for replacement and reconversion and labour trouble continues to be acute. The Industrial Disputes Bill, yet on the anvil in the current session of the legislature, may, if it becomes law, improve the situation, but we must not forget Professor Laski's words of wisdom that making a strike illegal is not making it impossible, and society has yet to evolve an agreeable technique for preventing labour trouble. It is not with significance, that all the three labour representatives are opposed to the Government measure, which may be carried, but it hardly solves the real problem of making workers work against their will on conditions of

service and wages, which they refuse to accept. A popular Government, like the Labour Government in England, and an enlightened business community must devote their energies to the finding out of ways to secure the loyal support of workers in their production drive. It is not without historical significance, how workers are standing by the Labour Government in the coal crisis, which but for their loyal support would have caused a constitutional crisis of major dimensions. The community can only be sustained in its productive efforts by the loyal support of its workers; and the future will be fruitful to the extent that this realisation is borne in on men in authority, whether in business or government.

The first part of the financing operation, totalling some £360 million, involved BP arranging the biggest bank "overdraft" of its kind in an operation involving 66 banks. But everything in the North Sea is on a big scale. Forties has four huge steel production platforms, each with an installed weight of some 57,000 tons and pinned to the seabed by 11 steel piles driven to depths up to 76 m. And the platforms themselves are standing in water around 130 m deep. Twentyseven wells will be drilled in different directions from each platform to depths of up to 3,500 m to ensure that the maximum amount of oil is tapped.

The oil is carried down a 0.8 m dia-

meter pipeline 170 km to Cruden Bay on the Scottish mainland and then by a 210 km land pipeline to BP's refinery at Grangemouth before being transhipped. The whole development programme has been pushed ahead quickly. The field was discovered in October 1970 and less than four years later the first of the four steel jackets that form the basis of the platform structure was towed across the North Sea from its construction base on Teesside and placed on the seabed.

But it has not been all plain sailing. The new technology demanded by the North Sea meant design changes in the early stages, and throughout the entire

life of the project a close watch will be maintained, monitoring the performance of the field and testing equipment. The recent discovery of corrosion on one of the platform pipes underlines some of the difficulties involved in North Sea operations as well as indicating the thoroughness of the maintenance programme. Eventually about 200 people will be "living" on the Forties field. Each platform will house 50 men working on 12-hour shifts on 14-day tours of duty. BP describes them as "latter-day lighthouse keepers". It will take about £70,000 a month to keep them fed and housed comfortably—and providing a weekly exchange of films.

Chemical plants industry in GDR

The output of chemical industry in the German Democratic Republic is scheduled to increase to 151 per cent by 1980 as compared with 1970. Large complex plants are manufactured jointly with the USSR for long-term contracts. Apart from large-scale oil processing and natural gas treatment plants, this industry produces a wide range of petrochemical equipment as its contribution to the CMEA complex programme.

THE GERMAN Democratic Republic has a highly developed chemical industry. Considerable investments are used to constantly expand the scope of products made by the GDR chemical industry. For example, investments amounted to more than 3.4 thousand million Mark in 1975.

Industrial output in chemical plant construction is to be increased to 151 per cent by 1980 as compared with 1970. In solving this demanding task, the VEB Chemieanlagenbau (association of nationally-owned chemical plant construction enterprises) relies on five combines having a total of 28,000 employees.

The VEB Chemieanlagenbau Stassfurt has mainly specialised on grading processes. The VEB Chemieanlagenbau and Montagekombinat, Leipzig manufactures complete plant and complex units for oil refineries. The VEB Chemieanlagenbau Erfurt/Rudisleben supplies, among other products, fermentors for the biological production of albumen. The VEB Maschinen-und Apparatebau, Grimma produces crude flash towers, and additional equipment for degassing and desalting of oil is made by the VEB Chemie-und Tankanlagenbau, Fuerstenwalde.

The close cooperation between the plant

construction enterprises and the chemical combines and units ensures a successful process development, design and implementation as well as the introduction of research findings into practical production within the shortest time possible, taking advantage of the fact that chemical plant construction is a fully integrated industry in the GDR.

As a general contractor, the chemical plant construction complex has had a major share in all large-scale investments of the GDR chemical industry over recent years. For example, it was in charge of a large polyurethane complex in the VEB Synthesewerk, Schwarzeide with an annual output of more than 50,000 tonnes. Ethylene and propylene are produced in a new plant in Bohlen and part of these materials is pumped through a pipeline to Litvinov in Czechoslovakia.

Cooperation under CMEA is a firm basis for the ever-increasing efficiency of the GDR chemical plant construction industry. Large complex plants are produced in series in a joint effort with the USSR on the basis of stable long-term contracts. The specialised VEB Maschinen-und Apparatebau, Grimma at present has a large order from the USSR

covering the manufacture of four crude flash towers with a throughput of six million tonnes annually.

Known as 'Polymir 50' and designed and constructed within four years only in a joint effort of GDR and the USSR specialists, the first plant for the production of low density polyethylene is in operation in Novopolozk in the Byelorussian Socialist Soviet Republic. At present a similar plant of higher capacity is under construction in the GDR petrochemical centre at Leuna with all the required secondary processing plants.

Apart from large-scale oil processing and natural gas treatment plants which are the share of the GDR chemical plant construction in implementing the CMEA complex programme, this industry also offers a wide range of other petrochemical equipment such as for styrene production, for the production and cleaning of caprolactam, for the production of plastic materials, chemical fibres, technical gases, and for environmental control.

Exports of chemical plant and equipment are, however, not restricted to CMEA countries. Chemical apparatus has been, and is being delivered to numerous industrialised countries such as France, Great Britain, and the FRG. The exports are of oil treatment plant, complete soda factories, sugar factories and beer manufacturing plant. Also African countries are among the major buyers of highly efficient chemical plants such as oil treatment plant.

—Courtesy: GDR Economic Service.

TRADE WINDS

Rise in Exports

INDIA'S EXPORTS including re-exports during the first nine months of the current financial year were of the order of Rs 3546 crores as compared to Rs 2708 crores in the corresponding period of 1975-76, thus registering a rise of nearly 31 per cent. The imports during the same period came down to Rs 3592 crores from Rs 3916 crores during April-December 1975 indicating a contraction of 8.3 per cent. The huge trade deficit of Rs 1208 crores during the first three quarters of 1975-76 has come down to a small deficit of Rs 46 crores during the corresponding period of the current year.

This performance should, however, be viewed as a continuation of the rising curve of exports over the last few years, India's exports during 1975-76 increased 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.

Wide-spread Exports

The latest commoditywise data for exports is available for the seven months April-October 1976. This indicates that the expansion in exports has been wide-spread and has been shared by a large number of commodities both traditional and non-traditional. During this period among the traditional items exports of tea, coffee, cashew kernels,

cotton piece goods (both mill-made and handloom), other cotton manufactures were larger as compared to the exports in the same months of the preceding year. Among the non-traditional items exports of items such as oilcakes, fish and fish preparations, cotton apparel, leather and leather manufactures, engineering goods, iron and steel, handicrafts, rubber manufactures and cement showed substantial expansion.

Value Added Exports

A major element of our export promotion policy is to obtain larger export earnings from the same volume by promoting the exports of value added items as well as projects in place of commodities and consultancy services for which the country is eminently suited with the experience of establishing, running, managing, a large number of projects in basic fields over the last three decades. While promoting these latter type of exports the country's geographical position is an advantage since a large number of countries in the Indian Ocean Region and the South East Asia have undertaken development programmes and they are in need of the type of technology and equipment which we are in a position to supply.

Various consultancy organisations in India are currently in the process of establishing a number of projects relating to integrated steel plants,

power projects, housing complexes, roads, highways, airports and other infrastructural projects in a number of countries.

Import of Non-ferrous Metals

Liberal imports of non-ferrous metals would be allowed to meet the needs of the industry, stated Mr Chandrajit Yadav, union minister of Steel and Mines recently. Inaugurating a seminar on rolled products of copper and its alloys, he stated that the government would consider the industry's requests for any additional imports of metals in view of the improved foreign exchange situation. Mr Yadav, whose speech was read out in his absence by the secretary of the department of Mines, Mr S.K. Mukherjee, pointed out that metal production in the country had increased significantly in the past two years. More indigenous metal is now in sight with the sanctioning of Malankhand copper project, new smelter at Visakhapatnam and the expansion of Debari smelter of Hindustan Zinc.

Acrylic Fibre Import

The government has permitted direct import of acrylic fibre by certain categories of actual users. It has also been decided to include rayon grade wood pulp and nylon filament yarn under the scheme of direct allotment of imported raw materials to actual users by the canalising agency which in this case is the State Trading Corporation. According to public notices issued by the chief controller of imports and exports, it has been decided to allow direct import of acrylic fibre to such actual users as are engaged in the textile industry and are holding indus-

trial licences issued under item numbers 23(1), 23(3) or 23(5) of the first schedule to the Industries (Development and Regulation) Act, and spinners holding permits issued by the textile commissioner under clause 3(1) of the Woollen Textiles (Production and Distribution) Control Order, and such other persons engaged in the manufacture of woollen products and hitherto were recognised for release of wool under actual users quota conditions. Eligible actual users should submit applications to the regional licensing authorities for issue of import licences for acrylic fibre.

Terms of Allotment

The licences will be issued for the value applied and on the condition that the imported material will be used only in the licensee's own unit for production of goods for which the licence or registration certificate is held. Import licences will be issued having validity up to October 31 this year and no grace period for shipment of goods will be allowed. So far as rayon grade wood pulp is concerned, all actual users, both in the large and small scale sectors, should register their requirements with STC. The last date for receipt of applications is March 31 this year.

Regarding nylon filament yarn, the public notice states that the following categories of actual users should register their requirements with STC. It has, however, been clarified that import of base-flat nylon filament yarn will only be allowed. The last date for receipt of applications is March 31 this year. The categories specified are: units holding industrial licences or registration certificates under

item number 23(5) of the first schedule of the Industries (Development and Regulation) Act, and all art silk units registered with the textile commissioner and holding permits issued by him, including co-operative societies of powerloom owners whose looms are covered by the permits issued by the textile commissioner.

Import of Edible Oils and Oilseeds

The government's decision to allow free imports of edible oils and oilseeds was announced on January 17, 1977. According to this decision, this facility is intended for imports for direct consumption, or for refining and blending for direct consumption. This facility is not available for import of oils for use in vanaspati industry or for other industrial use.

Trade and industry are taking advantage of this facility, and so far, licences for a total value of around Rs 82 crores have been issued. These are for all categories of edible oils and oilseeds. Bulk of this licensing has been done at Bombay.

It has been clarified that both refined and unrefined edible oils are permitted to be imported under this system of free licensing. Also, all kinds of derivatives of edible oils are allowed to be imported under this facility. The fact that an intending importer is also a manufacturer of vanaspati or is an industrial user of oils, will not come in the way of importing edible oils so long as the import is intended to be for purpose of direct consumption or for refining or blending for direct consumption. There are no procedural difficulties in getting licences under this scheme. Licen-

cing offices in the country are in a position to deal with import applications under this scheme expeditiously and issue licences within two to three days of the receipt of the applications.

Development of Small Tools

Considering the need for accelerated growth and keeping in view of the export potential, the government has constituted a panel for the development of the small tools, cutting tools, coated and bonded abrasives and hand tools industries to consider and suggest measures necessary for further growth of these industries. The panel will devote special attention to aspects of technological and material inputs, reduction in cost of production through measures like value engineering and standardisation, so as to further stimulate demand. It will also take into account the present and future export market and suggest development programmes in order to achieve rapid growth of exports. The panel consists of representatives from the manufacturers, users, research institutions and the concerned government departments.

NPCC Output

The National Projects Construction Corporation (NPCC), a public sector undertaking under the ministry of Energy, has increased its construction turnover by 30 per cent during the third quarter of the current financial year over that of the same period last year. During this period it had completed construction works worth Rs 375 lakhs as against Rs 289 lakhs for the same period last year. The main contribution for this increase in turnover came from the composite dam at Potladoh

where the excavation and masonry work has picked up momentum which brought in a turnover of Rs 55 lakhs. It is closely followed by the Godavari barrage unit which accounted for Rs 43 lakhs. This unit is now fully geared and is expected to contribute a record output during the last quarter of 1976-77 when it has to complete priority works of 24 bays in the Dowlaiswaram arm of the barrage. The central projects at Bairasuil and Boktak as well as the section 12 of the tube railway at Calcutta have contributed over Rs 30 lakhs each. The overall output during the first nine months of the current financial year has reached Rs 982 lakhs as against Rs 747 lakhs for the same period last year showing an increase of 31 per cent.

Bhabha Hydro-Electric Project

The Planning Commission has accepted the recommendations of the department of Power in respect of the Bhabha Hydro-Electric project in Himachal Pradesh for proceeding with the infrastructural requirements of the project and for the preparation of the detailed project report. The project envisages exploiting the hydro-electric potential of Bhabhakhad, a tributary of the Sutlej river for power generation. The project will utilise a drop of 919.5 metres. The scheme is proposed to be planned as run of the river development with a pondage to take care of diurnal fluctuations for about four hours during the peaking demand period. The power house will have three units of 40 MW each. The scheme is estimated to yield an annual generation of 435 million units corresponding to 49.5 MW continuous in

a dependable year. The requirements on the preparation of the detailed project report and on the creation of infrastructural works from year to year would be considered at the time of the annual Plan discussions.

Sugar for March

The government of India has ordered the release of 290,000 tonnes of sugar for internal consumption for March 1977. It will consist of 205,000 tonnes of levy and 85,000 tonnes of free sale sugar.

Marketing Plantation Crops

Cooperatives are playing a major role in the marketing of plantation crops. These have shown a marked improvement during the recent years specially in respect of arecanut and coffee. As many as 120 cooperatives were engaged in the marketing of plantation crops during 1974-75 and their annual turnover was Rs 34.40 crores as against Rs 19.62 crores in 1973-74 and Rs 8 crores in 1961-62. Of these 18 cooperatives were operating for arecanut, 32 for coconut, three for cashewnut, 14 for cardamom, 12 for pepper, five for coffee, 12 for tea and 24 for rubber.

The National Cooperative Development Corporation had played and is further playing a major promotional role by encouraging these cooperatives to take up the marketing operations and also by setting up processing units based on plantation crops. NCDC provided technical expertise and financial assistance to the cooperatives for the purpose. As a result of the efforts of the corporation there had been a considerable increase in the number of processing units set up by the coopera-

tives dealing exclusively in plantation crops by the end of 1974-75. There were 71 such units in cooperative sector, out of which 54 have already been installed.

Landing & Navigation Charges of Aircraft

Revised landing and navigation charges for aircraft have come into effect from February 1, 1977. The new landing charges for three representative aircraft will be Rs 9675 for Boeing 747, Rs 3675 for Boeing 707 and Rs 530 for DC-9. The revised navigation charges will be Rs 3200 for Boeing 747 and other wide-bodied aircraft, Rs 2250 for Boeing 707 aircraft and other aircraft up to that weight and Rs 1400 for aircraft on short flights through Indian Flight Information Regions.

The intent to increase landing, navigation and other charges was notified in September 1976 by the International Airports Authority of India in respect of international airports and by the Ministry of Tourism and Civil Aviation in respect of domestic airports.

Rourkela Output

ERW pipe plant and sintering plant of Rourkela steel mills have surpassed the previous highest annual production made in 1975-76 with more than two months to spare in the current financial year. The cumulative production of electrical resistance welded pipes on January 9, 1977 reached 39,132 tonnes surpassing the previous highest annual production of 38,939 tonnes made in the last financial year. This is 3132 tonnes more than the annual target of 36,000 tonnes which was achieved in December, 1976. The current year's monthly average production works out to 4,227 tonnes as against the previous best of

3245 tonnes. Growth rate in ERW pipes is 30 per cent. A similar feat was performed in sintering plant on January 15, 1977. The previous highest production of 940,429 tonnes in 1975-76 which was surpassed with cumulative production in the current financial year reaching 941,383 tonnes. The current year's average monthly production is 99,261 tonnes. While the previous best year's monthly average production has been 78,369 tonnes. The growth rate in sinter has been 26.6 per cent.

Castor and Linseed Export Banned

The union government imposed a ban on future trading in castorseed and linseed with effect from February 5. The export of castor oil and linseed oil has also been banned. These steps have been taken to check the rising trend in prices of these items. There is already a ban on future trading in castor oil and linseed oil.

Names in the News

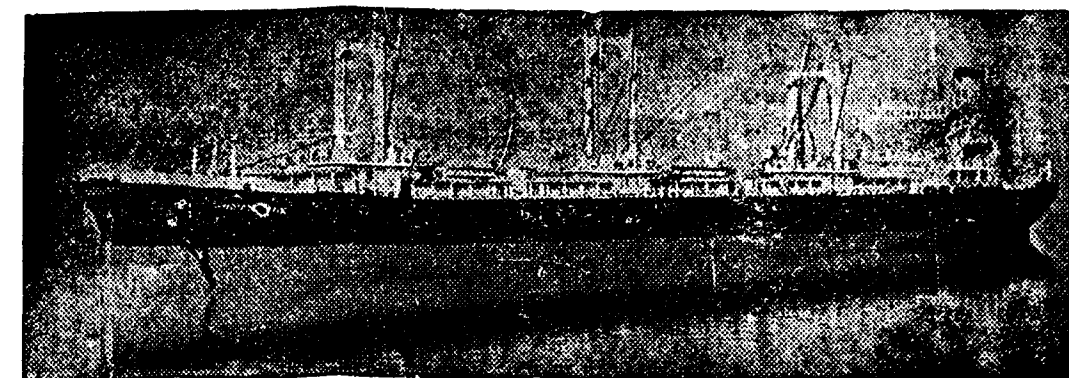
Mr G.C. Baveja has taken over as additional secretary and director general, Bureau of Public Enterprises in the ministry of Finance. Mr Baveja was planning adviser to the government of Mauritius before joining his present assignment. Earlier he was joint secretary in the ministry of Shipping and Transport (1967-71) and Planning Commission (1971-74).

Mr Paul Pothan, managing director of the Indian Farmers Fertiliser Cooperative Limited was awarded the honour of 'Padma Shri' in the Republic Day awards honours list. An engineer from Mysore University, Mr Pothan has had over three decades of practical experience in the fertiliser industry. Joining FACT in Kerala in 1945, he rose to the position of joint general manager in this organisation in 1965 and came to acquire wide and varied knowledge of all aspects of fertiliser and chemical plant

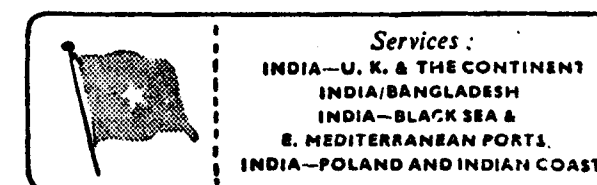
construction and operation. He joined Indian Farmers Fertiliser Cooperative Limited in 1968 as its managing director.

He is presently chairman of the Fertiliser Association of India, director, Fertiliser Corporation of India, Fertilisers and Chemicals Travancore Ltd., Indian Potash Limited, Indian Institute of Technology, Kanpur, and member of the Development Council for Inorganic Chemical Industries.

Mr E. S. Williams, managing director, TESCO HOME 'N' WEAR LTD, along with his wife Mrs Irene Williams and four buyers—Mrs C. Saunders, Mr R. Wilson, Mr N. Landau and Miss W. Bostock visited this country recently. Mr E.S. Williams is buying for the Garments and Houseware Division of TESCO. TESCO's turnover the UK amounts to over £ 700 million, and it is one of the largest supermarket chains, having 900 stores in Europe.



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COMPANY AFFAIRS

Siemens India

SIEMENS INDIA expects further expansion of business during the current year. According to the chairman, Mr K.M.D. Thackersey the measures taken by the government in curbing inflation and increasing productivity had created the right environment for investment and industrial activity and the company hopes to derive benefits from these measures.

The company is continuing the process of diversification and development of new products. While the company will continue to get improved technology from its principals, Siemens AG of West Germany, it will be placing emphasis on self-reliance in developing its own technology in the various fields of project and system engineering. This will enable the company to expand business in the project and system engineering in India and abroad.

To earn more foreign exchange the company will make further efforts to improve export performance by not only exporting products but by executing turnkey projects as well. Meanwhile Siemens AG has signed recently a collaboration agreement with Bharat Heavy Electricals for application engineering for certain electronic hardware and devices. Another collaboration agreement has been concluded with Kraftwerke Union, a subsidiary of Siemens AG, whereby the most sophisticated technological know-how for building super

thermal power stations would be transferred to Bharat Heavy Electricals.

Larsen & Toubro

L & T has achieved a record sale of Rs 52 crores during the period April 1, 1976 to December 31, 1976. The previous year's sale for the corresponding nine-month period, which was also a record, was Rs 45 crores. Production in the company's workshops has also shown a satisfactory increase. The impressive performance in the first three quarters of 1976-77 has created confidence that L&T will close 1976-77 with a strong base for future growth and profitability. L&T's subsidiary and associate companies, which are in the process of finalising their accounts, are reported to have achieved excellent results for 1976-77.

Coromandel Fertilisers

Coromandel Fertilisers Ltd has reduced the equity dividend to 20 per cent for the year ended December 31, 1976 from 22 per cent declared for the previous year. The proposed dividend is, however, expected to be tax-free in the hands of the shareholders.

Production of fertilisers at the company's factory at Visakhapatnam was appreciably higher at 247,000 tonnes as compared to 161,000 tonnes in 1975, marking an increase of 53 per cent. Sales totalled 235,000 tonnes, about 73,000 tonnes more than in 1975.

The revenue from sales and

other income at Rs 63.54 crores recorded a sizable increase of 33 per cent over the previous year's figure of Rs 47.84 crores. The gross profit before depreciation and taxation, however, was lower at 16.27 crores as compared to 17.59 crores in 1975. Out of the gross profit, a sum of Rs 5.22 crores was appropriated to depreciation reserve as against Rs 5.11 crores while an amount of Rs 6.87 crores was earmarked for taxation as against no provision in the previous year. The net profit, after these allocations, dropped steeply to Rs 4.18 crores from Rs 12.48 crores in 1975. The proposed dividend will absorb Rs 1.92 crores, Rs 0.19 crore less than in the preceding year.

Tungabhadra Industries

During the year ended September 30, 1976, the company has achieved a turnover of Rs 2,244 lakhs as against the turnover of Rs 2,899 lakhs in the corresponding previous period. In spite of the reduction in the sales, the company has earned a higher gross profit of Rs 62.35 lakhs as against Rs 57.45 lakhs in the previous year.

The directors have declared an equity dividend of 15 per cent as against 10 per cent in 1975 and 9.3 per cent preference dividend which will be paid out of the net profits of the company. The directors have also recommended to issue 3 bonus shares for every five existing equity shares.

The total production of vanaspati and refined oil was 23,517 tonnes as against 24,866 tonnes in the previous year. Production was lower due to the government guidelines for the compulsory use of imported oils. Failure of groundnut

crop and restriction on the inter-state movement of refined oil were also responsible for the curtailment of production. However, the production in the soap division was considerably higher at 9,503 tonnes as against 7,010 tonnes in the previous year.

Joint Venture

During the year the company has embarked upon a joint-venture outside India for setting up a copra crushing and solvent extraction plant in the Philippines. The total project cost of this venture is estimated at Rs six crores and the new company styled Philagro Edible Oils Inc, has been incorporated in the Philippines. The plant is located at Zamboanga City. The International Finance Corporation, USA an affiliate of the World Bank,

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)
7 1/2% Debenture Stock 1980
Interest for the Half Year
Ending 14th April, 1977

Notice is hereby given that Interest at the rate of Rs. 38.75 P (less Indian Income Tax) per Rs. 1,000/- of Stock will be paid on 15th April, 1977 to Debenture Stockholders registered in the Books of the Company on 2nd April, 1977. Applications for transfers received at the Company's Office at Victoria House, Post Box 304, Chowringhee Square, Calcutta, upto 2nd April, 1977 will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above interest.

Debenture Stock Transfer Book will be closed from 4th April 1977 to 14th April, 1977 both days inclusive.

By Order of the Board
S.K. NIYOGI
Secretary

Victoria House
Calcutta 700 001
7th February, 1977

has agreed to finance this project. This project is now at an advanced stage and it is expected to commence commercial production in May 1977. The company has exported major part of the plant, machinery and equipment for this joint venture. The total contribution towards the equity capital of the joint venture company is of the order of 16.47 per cent.

The directors of the company have negotiated with Messrs Hyderabad Vanaspati Limited for running on lease their composite unit situated at Maula Ali, Hyderabad, having oil mill, cottonseed plant, refinery, soapery and solvent extraction plant for a period of five years with three options to renew the lease for a period of five years at a time. This would fetch higher revenue to the company and thereby the profitability of the company is expected to improve in future.

State Bank of Travancore

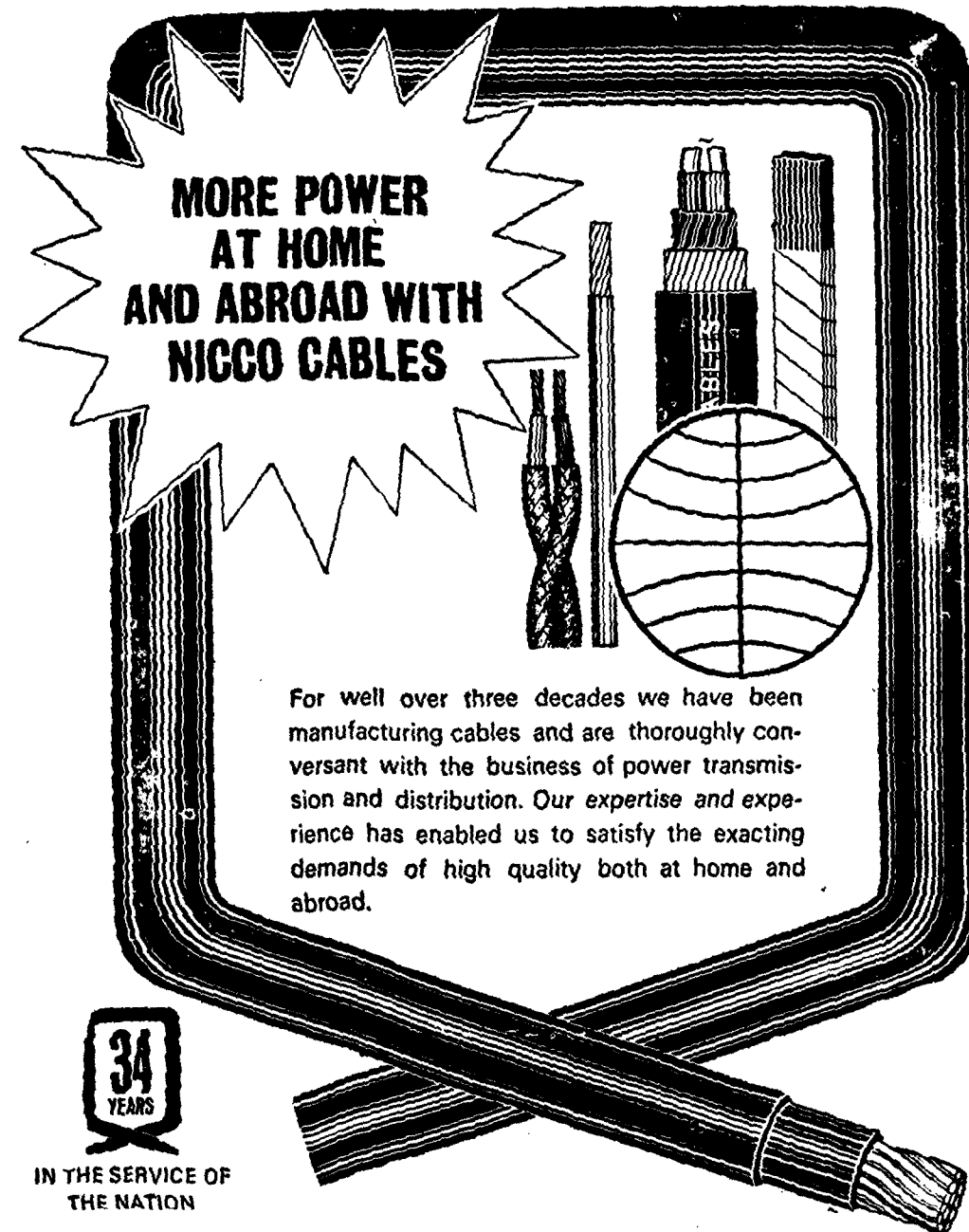
The State Bank of Travancore, is reorganising the present administrative set up in its head office in Trivandrum with effect from February 1, 1977. The administrative departments in the head office are being classified into two wing—the "operations" wing and the "planning and development" wing—each in charge of a general manager. The scheme of reorganisation aims at unification of command at the head office over all the activities of branches by a single functionary, better control system for performance and coordination, perspective business planning, deeper penetration into and wider coverage of markets with a

view to achieving greater trusts in the fields of resources mobilisation and development of business in various sectors such as small scale, small business, agriculture, economically weaker sections etc. The reorganised set up will have

functional and staff specialists whose main responsibilities will be to devise ways and means to offer more efficient customer service, simplification of procedures, formulating new schemes of financial assistance, locating areas for open-

ing new branches, with a special emphasis on spreading banking habit in rural and semi-urban areas, manpower planning, staff training etc.

To achieve effective operational control, the 331 branches of the bank are being divi-



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AGENCIES DIRECT: Ahmedabad, Bangalore, Bombay, Jaipur, Kanpur, Lucknow, Patna, Trivandrum.

ded into four geographically contiguous regions, each in charge of a regional manager. Some of the larger branches contributing sizeably to business of the bank will be directly controlled by very senior officials like assistant general managers of the bank. Mr N.S. Srinivasan will be the first General Manager (Operations) and Mr M. Krishnamurthi the first General Manager (Planning and Development) with effect from February 1, 1977.

Oriental Carbon

Oriental Carbon Limited, a company promoted by Phillips Carbon Black Limited, is setting up a project for the manufacture of 9,000 tonnes per annum of carbon black. The total cost of the project is estimated at Rs 465 lakhs to be financed by Rs 200 lakhs of equity capital, Rs 235 lakhs of term loans and Rs 30 lakhs as unsecured loans from promoters. Apart from the unsecured loans, Phillips Carbon Black Limited are also investing Rs 64 lakhs in the equity capital of Oriental Carbon Limited which forms 32 per cent of the total equity. For the remaining Rs 136 lakhs of the equity capital, the company proposes to make a public issue of 13,60,000 equity shares of Rs 10 each.

Phillips Carbon Black Limited are the pioneer manufacturers of carbon black and have a plant operating at West Bengal with a capacity of 36,000 tonnes per annum. The original collaboration for the manufacture of carbon black was obtained from Phillip Petroleum Company of USA in 1962. Of the three manufacturers who are at present engaged in the production of carbon black in India today, Phillips Carbon Black Limited is the only company who has

been able to obtain maximum capacity utilisation and the highest efficiency of operations.

Oriental Carbon Limited has entered into a unique collaboration agreement with both Phillip Petroleum Company of USA and the promoters Phillips Carbon Black Limited. By the terms of these collaborations Phillip Petroleum Company of USA will be providing upto date technical information and the recent developments in the manufacture of carbon black to Oriental Carbon Limited apart from training key personnel of the company at its plant in USA. Phillips Carbon Black Limited on the other hand would be providing the detailed technical know-how, engineering and process data to Oriental Carbon Limited.

Engineering Consultants

The company has appointed Duncan Brothers & Co Ltd, as the engineering consultants. They will carry out detail engineering design, drawing of specifications of plant and equipment, civil engineering, structural works, electrical services etc. They will also provide services for procurement and inspection of the plant and equipment and supervise erection and commissioning.

The plant is coming up at Ghaziabad in Uttar Pradesh mainly to serve the existing tyre companies and the new ones coming up in the northern region. At present the total demand of 7,500 tonnes per annum of carbon black in this region is being met from Bengal or Bombay with heavy expenditure on transportation.

Oriented Carbon Limited would be in a position to service its customers advantageously by its favourable location in northern India, and

would be easily able to sell its entire production there since the demand is expected to touch 12,000 tonnes per annum by 1978.

All orders for plant and machinery have been placed and the equipment have already started arriving at site. It is expected that the plant would go on stream by July 1977.

News and Notes

The public issue of 13,00,000 equity shares of Rs 10 each by **Citurgia Biochemicals** has been oversubscribed. The subscription list opened on February 7. The directors of the company decided to close the list on February 10 after banking hours, being the earliest closing data as per the announcement in the prospectus.

The public issue of **Punjab United Pesticides and Chemicals** for 3,67,500 equity shares of Rs 10 each has been oversubscribed. The subscription list was closed on February 7.

New Issues

S.N. Sunderson (Minerals) Limited of New Delhi, a running company incorporated in March 1969 and converted into a public limited company in April 1976, entered the capital market on February 14 with a public issue of Rs 13.40 lakhs. The subscription list will close on February 23 or earlier but not before February 17. The entire issue is underwritten.

The authorised share capital is Rs 25 lakhs while the issued and subscribed capital is Rs 6.60 lakhs. The present issue of Rs 13.40 lakhs, comprising 1,34,000 equity shares of Rs 10 each is now being offered for public subscription for cash at par.

The company is mainly engaged in trading and manufacturing activities in limestone

and lime. It has a refractory unit at Katni on lease for 30 years renewable for two similar periods with effect from May 1, 1976. It has also two mining leases. The proceeds on this issue will be utilised to modernise its plants and for expansion of the company's activities.

The sales of the company's own manufactures have more than trebled from Rs 23.20 lakh in 1971 to Rs 82.50 lakh in 1975. The gross profit has increased nearly seven-fold from Rs 2.45 lakhs to Rs 16.40 lakhs. As on June 30, 1976, reserves and surplus stood at Rs 7.45 lakhs against the share capital of Rs 6.60 lakhs.

Demand for lime and limestone is ever increasing as they are basic raw materials for steels, paper, sugar and some chemical industries. Refractory products are also having a ready market with steel plants and other industries.

The directors anticipate that barring unforeseen circumstances the company will make reasonable profits in the coming years to pay a satisfactory dividend on the equity capital.

Capital and Bonus Issues

Consent has been granted to six companies to raise capital of nearly Rs 23 million. The details are as follows:

Camlin Private Limited, Bombay, have been accorded

Deptt. of Atomic Energy Directorate of Purchase & Stores

The last date for submission of quotation against our tender No. DPS : BARC : R-5 : FAB : 31 for Shell and tube type Heat Exchanger (Ion Exchange cooler). Due on 2.2.77 has been extended upto 17.3.77 (3 p.m.), which will be opened at 4 p.m. on the same day at Mohatta Building 2nd floor, Palton Road, Bombay-400 001. davn 645 (404) 76

consent, valid for six months, to capitalise Rs two 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.

The Eriabaria Tea Company Private Limited, Calcutta, have been accorded consent, valid for six months, to capitalise Rs two lakh 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 two equity shares held.

The Industrial Gases Limited, Calcutta, have been accorded consent, valid for six months, to capitalise Rs 1.25 crore 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 two equity shares held.

Dharampal Premchand Ltd, Delhi, have been accorded consent, valid for six months, to capitalise Rs 9 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.

The Mysore Kirloskar Limited, Yantrapur (Karnataka), have been accorded consent, valid for six months, to capitalise Rs 9.6 million out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of three bonus shares for five equity shares held.

Sterling Steels and Wires Limited, Hoshiarpur, has communicated to government of its proposal to issue capital under clause (5) of the Capital Issue (Exemption) Order, 1969 for Rs 9 million (inclusive of the capital already raised) in 900,000 equity shares of Rs 10 each for cash at par, out of which shares worth Rs 5.4 million will be offered to the public by a prospectus and shares worth Rs 2.5 lakh will be issued to non-residents, to provide a part finance for the manufacture of various types of steel wires.

Old Village Industries Limited, have been rejected permission for issue of bonus shares of Rs 257,000.

Dividend

		(Per cent)	
Name of the company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Tungabhadra Industries	Sept. 30, 1976	15.0*	10.0
R.J. Shah & Co.	June 30, 1976	5.0	Nil
Excel India	Sept. 30, 1976	18.0E	16.0
Walchandnagar	Sept. 30, 1976	15.0	12.0
Panyam Cement	Aug. 31, 1976	15.0	12.0
Same Dividend			
Fit Tight Nuts and Bolts	Sept. 30, 1976	19.0	19.0
Otis Elevator Company (India)	Sept./30, 1976	18.0@	18.0
Amines and Plasticisers	Sept. 30, 1976	Nil	Nil
Reduced dividend			
Sri Sarvaraya Sugars	Sept. 30, 1976	9.0	14.0

*Besides a three-for-five bonus issue. @In addition to one-for-five bonus issue. EOn the enlarged capital.

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 December 1976. The list contains the names and addresses of the licensees, articles of manufacture, type 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 Surrendra Industries (Bombay) Pvt Ltd, 24, Baroda Street, Bombay-400009—(Thana—Maharashtra)—GI and black pipes—10,000 tonnes—(COB)

M/s Northern India Forgings Ltd, 11, Community Centre, East of Kailash, New Delhi—(Gurgaon—Haryana)—Forged Machined Steel Flanges, Discs and Rings—1000 Metric tonnes; Pipe Fittings—500 Metric tonnes—(NU)

M/s Welcast Steels Ltd, 72/5, Cunningham Road, Bangalore-560052—(Bangalore—Karnataka)—Alloy Steel Ingots and Castings—1,000 tonnes—(NA)

M/s Hakim Rai Jaichand Forgings Pvt Ltd, United Bank of India Bldg, Sir P.M. Road, Fort, Bombay-400011—(Maharashtra)—Steel Forgings—including Closed Die Forgings—From 3,300 tonnes (existing) to 6,300 tonnes (after expansion)—(SE)

M/s Jefferson Bolts (India) Private Ltd, 204, Okhla Industrial Estate, New Delhi-110020—(Delhi)—Bolts and Screws including Carriage Bolts—3,200 tonnes; High Tensile Bolts and Screws—600 tonnes—(NU)

M/s Somani Ferro Alloys Ltd, Everest Building, (15th Floor), 46-C, Chowringhee Road, Calcutta-700016—(Nadiad—West Bengal)—Angles, Joists Tee and other non-standard Sections Bars, Light Rails, Telegraph channels, Light weight and channel Sections, High Carbon wire rods—12,500 tonnes—(COB)

Metallurgical Industries (Non-Ferrous)

M/s Deepak Insulated Cable Corporation Ltd, 8th Mile, Bangalore-Tumkur Road, Dasarahalli-562189 (Bangalore Suburb)—(Bangalore—Karnataka)—Wire Enamels—320 tonnes—(SE)

Electrical Equipment

M/s West Bengal Electronics Indl. Dev. Corpn. Ltd, 225-E, Acharya Jagdish Chandra Bose Road, Calcutta-700020—(Calcutta—West Bengal)—Electronic Desk Calculators—5,000 Nos—(NU)

M/s The Bengal Electric Lamp Works Ltd, 4, Fairlie Palace, Calcutta-700001—(Calcutta—West Bengal)—Electrodes (Lead-in-Wires)—200 million pcs. both for captive consumption and for commercial sale—(NA)

M/s Kerala State Electronics Dev. Corpn. Ltd, Keltron House, Vellayambalam, Trivandrum-595001—(Trivandrum—Kerala)—Alpha-Numeric Display Terminals—100 Nos—(NU)

M/s Assam Conductors & Tubes Ltd, P.O. Bamunimaidan, Gauhati-781021 (Assam)—(Kamrup—Assam)—A.A.C./A.C.S.R.

Conductors of 37 and 61 strands—From 2,000 tonnes (existing) to 4,000 tonnes (after expansion)—(SE)

M/s English Electric Company of India Ltd, Pallavaram, Madras-43—(Madras—Tamil Nadu)—Phase Comparison Protection Scheme/Inter-Tripping System—35 Nos—(NA)

M/s Electronics Corp. of India Ltd, Industrial Development Area, Chorlapalli, Hyderabad-40 (AP)—(Hyderabad—Andhra Pradesh)—Automatic Warning System—150 Nos; Electronic Axle Counters—100 Nos—(NA)

M/s Hindustan Brown Boveri Ltd, Brown Boveri House, 264/265, Dr Annie Besant Road, Bombay-400025—(Baroda—Gujarat)—Extra high tension air blast circuit breakers above 220 KV upto and including 420 KV within the existing capacity of 216 Nos air blast circuit breakers upto 220 KV—36 Nos Extra high voltage instrument transformers above 220 KV—108 Nos—(NA)

M/s Mechanical Packing Industries Pvt Ltd, Parsi Panchayat Road, Andheri (East), Bombay-400069—(Bombay—Maharashtra)—TFE/FEP/TEFZEL/PFA and other Fluorocarbon and Fluoropolymers Insulated Cables and Wires—6,000 Core Kilometres—(NA)

Transportation

M/s Sankey Wheels Ltd, Feeder Road, Durgapur-I, Dist Burdwan (WB)—(Durgapur—West Bengal)—Car, Truck, Jeep, Tractor, front wheels—4,60,000 Nos; Tractor rear wheels—60,000 Nos; Bogies wheels—8,000 Nos; Earthmover wheels—2,000 Nos; Total capacity after expansion—5.30 lakh Nos—(SE)

Industrial Machinery

M/s Knitvel Needles Ltd, 81, P.N. Palayam Road, Ganapathy, Coimbatore-641006—(Dharmapuri—Tamil Nadu)—Hosiery Needles of all types—10 million Nos—(NU)

M/s Hindustan Lever Ltd, Hindustan Lever House, 165/166, Backbay Reclamation, Bombay-400020—(Bombay—Maharashtra)—Stamping Machines, Extruding/Plodding Machines, Milling Machine (Plastic Materials), Weigh Belts, Cutting/Billetting Machines, Proportionating Pump—Total capacity 24 Nos—(NA)

M/s Shree Lekha Engineering Co (Pvt) Ltd, 15A/17, East Patel Nagar, New Delhi-110008—(Visakhapatnam—Andhra Pradesh)—Paper Machine for Speciality Paper in small size up to 50 tonnes per day—One plant per year—(NU)

M/s Eastern Engineering Company, Jeevan Udyog (2nd Floor), 278, Dr D.N. Road, Fort, Bombay-400001—(Bangalore—Karnataka)—Take-up Machines—6 Nos; Draw Twisters—12 Nos—(NU)

M/s Batliboi & Co (P) Ltd, Apeejay House, 6th Floor, Bombay-400023—(Surat—Gujarat)—Water pollution control system and equipment for reclamation treatment and conservation of industrial/public health engineering effluents—50 installations—(NU)

M/s Larsen & Toubro Ltd, Gulab Bhavan, 2nd Floor, 6, Bahadur Shah Zafar Marg, New Delhi—(Maharashtra)—Ultra pressure vessels, including multi-purpose vessels, and high pressure heaters—2500 tonnes (Within the overall sanctioned capacity of 5,000 tonnes per annum of nuclear purpose equipment)—(NA)

M/s Mysore Kirloskar Ltd, PO Yantrapur, Harhar (Karna-

taka)—(Chitradurga—Karnataka)—Cylindrical Roller Bearings, Angular contact ball bearings, taper roller bearings (upto 16" outside dia)—15,000 Nos—(NA)

Machine Tools

M/s Jay Engineering Works Ltd, 23, Kasturba Gandhi Marg, New Delhi-110001—(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 Engineering Projects (India) Ltd, Kailash, Kasturba Gandhi Marg, New Delhi-110001—(Delhi)—Re-heating and Heat Treatment Furnaces—Rs 3 crores—(NA)

M/s The Mysore Kirloskar Ltd, PO Yantrapur-577602, Harihar (Karnataka)—(Chitradurga—Karnataka)—Thread Rolling Machines—75 Nos—(NA)

M/s Yuken India Ltd, 41-43, Lavelle Road (Behind Hotel Rama), Bangalore-560091—(Bangalore—Karnataka)—Hydraulic Equipment such as Valves, Pumps, Hydraulic Motors, Cylinders, Power Units, Flow Controls, Check Valves, Fittings, Filter Strainer Tank Accumulators—worth Rs 2 crores—(NU)

Miscellaneous Industries

M/s Vidyut Metalics Private Ltd, Bombay-Agra Road, PO Wagle Industrial Estate, Thana-400604—(Thana—Maharashtra)—Alloy and High speed steel Hacksaw Blades—72,00,000 Nos—(NA)

M/s P. Dalal & Company Pvt Ltd, 104, Kakad Chambers, 132, Dr Annie Besant Road, Worli, Bombay-400018—(Poona—Maharashtra)—Multigauging Fixtures—260 sets—(NU)

M/s Indicarbh Alloys Ltd, 10, 12th Main Vasanthanagar, Bangalore-560052—(Dharmapuri—Tamilnadu)—Hard Metal and Hard Metal Products—50 tonnes; Hydrogen Gas (for captive consumption only)—3,50,000 Cubic Metres—(NU)

Medical and Surgical Appliances

M/s Ruettgers Surgicals Pvt Ltd, 6, Bode Chawl, Princess Street, Bombay-400002—(Nasik—Maharashtra)—Surgical Detachable Scalpel Blades (Bard Parker Type) of different sizes and specifications—2 million Nos—(NU)

Fertilisers

M/s Madhuan Chemicals & Fertilisers Pvt Ltd, 111/112, Bapu Bazar, Udaipur—(Udaipur—Rajasthan)—NPK Granulated mixed Fertilisers—50,000 tonnes per annum—(COB)

Chemicals (other than Fertilisers)

M/s Industrial Oxygen Co Pvt Ltd, Majithia Industrial Estate, Sunderbaug Deenar, Bombay-400088—(Belgaum—Karnataka)—Dissolved Acetylene Gas—0.20 Cubic Metres (after expansion)—(SE)

M/s Burroughs Welcome & Co (India) Pvt Ltd, 16, Bank Street, P.O. Box 290, Bombay-400023. (Maharashtra)—Pseudo Ephedrine Hydrochloride—2 tonnes—(NA)

M/s Birla Jute Mfg. Co Ltd, (Calcium Carbide Division), 9/1, B.N. Mukherjee Road, Calcutta-1. (24 Parganas—West Bengal)—Calcium Carbide from 12,300 tonnes (existing) to 15,500 tonnes (after expansion)—(SE)

M/s Century Enka Ltd, 'Bakhtawar', Nariman Point, Bombay-400 021. (Dehra-Dun—UP)—Vinyl Acetate Monomer—5,000 tonnes—(NU)

Drugs and Pharmaceuticals

M/s Standard Pharmaceuticals Ltd, 24-Park Street, Calcutta-700016. (Hooghly—West Bengal)—Chorosol-165 tonnes within the existing capacity for formulation—(NA)

M/s Sarabhai Chemicals Ltd, Wadi-Wadi, Baroda (Gujarat), (Baroda—Gujarat)—Teslac Tablets-10 lakh tablets (50 kgs.)—(NA)

M/s Ranbaxy Laboratories Ltd, Okhla, New Delhi-110020. (Mohali—Punjab)—L-Dopa-2 tonnes—(NA)

M/s German Remedies Ltd, Shiv Sagar Estate, 'A' Block, Dr Annie Besant Road, Worli, Bombay-400018. (Bombay—Maharashtra)—Trimethoprim-6 tonnes. (i) Supristol tablets each tablet contain: Trimethoprim 80 mg Sulfamoxole 400 mg—18 million tablets. (ii) Supristol Paediatric tablets, each tablet contain: Trimethoprim 20 mg Sulfamoxole 100 mg—2 million tablets (iii) Supristol Suspension 5 ml. contains: Trimethoprim 40 mg sulfamoxole 200 mg—10,000 Litres—(NA)

M/s Bengal Chemical & Pharmaceuticals Works Ltd, 6 Ganesh Chander Avenue, Calcutta-700013. (Calcutta—West Bengal)—Dapsone-15 tonnes—(SF)

Textiles

M/s The Diamond Silk & Rayon Mills, 31, Silk House, Hamalwadi, Girgaum Road, Bombay-400002. (Ahmedabad—Gujarat)—Elastic Tapes-6 million metres—(NA)

M/s Importex International, Sadhana Rayon House, Dadabhai Naoroji Road, Bombay-1. (Maharashtra)—Synthetic Yarn Knitted Fabrics-6 warp Knitting machines inclusive of two existing warp knitting machines and 2 circular knitting machines—(SE)

M/s Shri Dinesh Mills Ltd, Padra Road, PO Box No. 65, Baroda (Gujarat) (Baroda—Gujarat)—Baroda-Gujarat Wool Tops (Combed top)-1.0 million Lbs—(NA)

M/s Vijay Synthetic Plants Private Ltd, Ruly Mansion, Barrack Rd, Bombay-400002. (Maharashtra)—Art Silk Fabrics-52 powerlooms (Acquired from M/s Dharampal Bros. Pvt Ltd, Bombay)—(COB)

M/s Modella Textile Industries Pvt Ltd, 4-C, Vulram Insurance Bldg., Veer Nariman Road, Bombay-400029. (Bombay—Maharashtra)—(a) Woollen Worsted Yarn-1,200 spindles. (b) Woollen Worsted Fabrics-20 Power Looms (SE)

Paper and Paper Products

M/s Saraf Paper Mill, Saraf Bhavan, 24, Pusa Road, New Delhi-110005. (Bulandshahr—UP)—Kraft Paper, Writting & Printing Paper-7,000 tonnes—(NU)

M/s Kolleru Papers Ltd, Marellavari Street, Bhimavaram-534201-(AP) (Krishna—Andhra Pradesh)—Writing and Printing Paper Manifold Kraft Wrapping and Speciality Paper-10,000 tonnes—(NU)

M/s Hindustan Paper Corporation Ltd, 'Vishal Bhavan', 95, Nehru Place, New Delhi-110024. (Kottayam—Kerala)—Newsprint-80,000 tonnes—(NU)

M/s Poddar Enterprises, 109, Shaikh Memon Street, 2nd Floor, Bombay-2. (Thana—Maharashtra)—Duplex Paper Board-4,000 tonnes—(NU)

Sugar

M/s Harinagar Sugar Mills Ltd, Harinagar (West Champaran) Bihar. (Champaran-Bihar)—Sugar-396 tonnes (existing) 1,920 tonnes (after expn.) in terms of daily cane crushing capacity—(SE)

M/s The Godavari Sugar Mills Ltd, Fazalbhoj Building, 45-47, M.G. Road, Bombay-1. (Bijapur-Karnataka)—Sugar from 2,500 tonnes (existing) to 5,000 tonnes (after expansion) daily cane crushing capacity—(SE)

M/s Shree Madhi Vibhag Khand Udyog Sahakari Mandli Ltd, Madhi Dist Surat (Gujarat) (Surat—Gujarat)—Sugar-1250 tonnes (Addl) 2,500 tonnes (after expansion) in terms of daily cane crushing capacity—(SE)

M/s Sayan Vibhag Sahakari Khand Udyog Mandli Ltd, Sayan, Dist Surat (Gujarat) (Surat-Gujarat)—Sugar 1250 tonnes of cane crushing capacity per day—(NU)

M/s The Kisan Sahakari Chini Mills Ltd, Dikhauli, Dist Sultanpur (UP) (Sultanpur—UP)—Sugar-1250 tonnes of cane crushing capacity per day—(NU)

M/s Madura Sugars Ltd, Pandiarajapuram-624209 Madurai Dist (Tamil Nadu) (Madurai—Tamilnadu)—Sugar-856 tonnes 1100 tonnes (after expansion) in terms of daily cane crushing capacity (SE)

M/s Jagatjit Sugar Mills Company Ltd, G.T Road, Phagwara, Dist Kapurthala (Punjab) (Kapurthala-Punjab)—Sugar-300 tonnes (Addl) 1300 tonnes (after expn) in terms of daily cane crushing capacity

M/s Swarup Vegetable Products Industries Ltd, Mansurpur, Dist Muzaffarnagar (UP)—(Muzaffarnagar-UP) Sugar-600 tonnes (Addl) 2,400 tonnes (after expn) in terms of daily cane crushing capacity—(SE)

Fermentation Industries

M/s West India Distilleries Pvt Ltd, No 10, 1st Main Road, Gandhinagar, Bangalore-9. (Belgaum-Karnataka)—Indian Made Foreign Liquors-1100 Bulk kilolitres (on a provisional basis)—(COB)

M/s Vinedale Distilleries (Pvt) Ltd, Nirmal, 3rd Floor, Nariman Point, Bombay-400 021. (Hyderabad-Andhra Pradesh)—Indian Made Foreign Liquors/Wine-128 bulk kilolitres—(COB)

M/s India Sugars & Refineries Ltd, (Pampasar Distillery Division), Chitwadigi-583211, Bellary Dist (Karnataka) (Bellary-Karnataka)—Indian Made Foreign Liquors and Country Spirit-8180 bulk kilolitres—(COB)

M/s The Mysore Sugar Company Ltd, Sri Jayachamaraja Wadiyar Road, PB No 6564, Bangalore-560 002. (Mandya-Karnataka)—Country Spirit (Arrack) and IMEL-206 bulk kilolitres—(COB)

M/s Ajudhia Distillery, Post Box No 3022, 1, Khan Market, New Delhi-110003. (Moradabad-UP)—Indian Made Foreign Liquors and Country Liquor-2959 bulk kilolitres—(COB)

M/s Travancore Sugars & Chemicals Ltd, Valanjavattom, Tiruvalla-689104, Alleppey Dist (Kerala) (Alleppey-Kerala)—Indian Made Foreign Liquors and Country Liquor-1600 bulk kilolitres—(COB)

M/s Gemini Distilleries Pvt Ltd, 6/1, 3rd Cross, Ramaswamy

Layout, H Siddhiah Road, Bangalore-560027. (Bangalore-Karnataka)—Indian Made Foreign Liquors and Country Liquor (Arrack)-9940 bulk kilolitres—(COB)

M/s Ugar Sugar Works Ltd, PO Ugarkhurd, Dist Belgaum (Karnataka). (Belgaum-Karnataka)—Indian Made Foreign and Country Liquor-6282 bulk kilolitres—(COB)

Food Processing Industries

M/s Konkan Fisheries Private Ltd, 'Chowgule House', Mormugao Harbour-403803 (Goa) (Junagadh-Gujarat)—Marine Products-1750 tonnes—(COB)

Vegetable Oils and Vanaspathi

M/s Advance Oils Private Ltd, Mandi No 1, Abohar-152 116. (Tehsil Fazilka-Punjab)—Cottonseed Oil-20,000 tonnes in terms of cottonseed—(NU)

Rubber Goods

M/s Madras Rubber Factory Ltd, 175/1, Anna Road, Madras-2. (Chingleput-Tamil Nadu)—Rubberised Tank Tyre and Boggie Wheels-15,000 Nos—(NA)

Ceramics

M/s Bhilai Steel Plant, Bhilai (MP) (Bhilai—MP)—(i) Fine clay refractories-60,000 tonnes. (ii) Silica refractories-20,000 tonnes. (iii) Basic refractories-30,000 tonnes—(NU)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Kishco Cutlery Ltd, Nirmal, 3rd Floor, Nariman Point, Bombay-400021. (Bombay-Maharashtra)—Stainless steel utensils, holloware and tableware—within the existing approved capacity—(NA)

M/s Guest Keen Williams Ltd, 3A, Shakespeare Sarani, Calcutta-700016. (Bangalore-Karnataka)—Double Shank Electric Rail Spike—15,00 000 Nos—(NA)

M/s Brook Bond India Ltd, 9, Shakespeare Sarani, Calcutta-700 016. (Aurangabad-Maharashtra)—O.T.S. Cans—1170 tonnes (for captive use only)—(NA)

M/s The Mysore Kirloskar Ltd, P.O. Yantrapur-577602, Harihar, (District Chitradurga) (Karnataka)—Machine tool grade castings—3,000 tonnes S.G. Iron Castings—1500 tonnes—(SE)

Metallurgical Industries (Non-Ferrous)

M/s Bharat Containers Pvt Ltd, Cecil Court Lansdowns Road, Apollo Bunder, Bombay-400039. (Ahmednagar-Maharashtra)—Aluminium Seamless Bottles and Rigid Containers of 500 M.L. and above—17.6 million pieces equivalent to 2100 tonnes—(NU)

Electrical Equipment

M/s Chloride India Ltd, Exide House, 59 E, Chowringhee Road, Calcutta-700020. (Midnapur-West Bengal)—Automotive Batteries—4,50,000 Nos Heavy duty batteries—50,000 Nos—(NU)

M/s Ralliwolf Ltd, Lal Bahadur Shastri Marg, Muland, Bombay 400080. (Hyderabad-Andhra Pradesh)—Universal Motors (AC/DC) 1/50 HP to 1 1/2 HP 24V to 240 V/250 V to 1500 RPM—12,000 Nos (to be achieved in 2 years time from the date of receipt of industrial licence Compound Wound D.C. Motors (1/2 HP to 1 1/2 HP, 24 to 240V, 1000 to 5000 RPM)—6,000

Nos (to be achieved in two years, time from the date of receipt of industrial licence)—(NA)

M/s Sanderson (Engineering) Private Ltd, 35, Malviya Avenue, Tiruvanmiyur, Madras-600041. (Madurai-Tamilnadu)—Mains Frequency Induction Melting Furnace and Medium Frequency (upto 10 KHz) Induction Heating Equipment—12 Nos (combined capacity) (NU)

M/s Larsen & Toubro Ltd, L&T House, Narottam Morarjee Marg, Ballard Estate, Bombay-400038. (Bombay-Maharashtra)—Moulded case air circuit breakers—20,000 Nos (after expansion)—(SE)

M/s Karnataka Vidyut Karkhana Ltd, Post Box No 579, Mysore Road, Bangalore-26. (Bangalore-Karnataka)—H.V. Oil Impregnated type Condensor Bushings from 72 to 420 KV range—750 Nos—(NA)

M/s Punjab State Electronics Development and Production Corp Ltd, 50/4A, Chandigarh. (Punjab)—Portable Battery Operated D.G. Defibrillator with memory Cardioscope—100 Nos Trend Monitor—50 Nos E.C.G.—200 Nos Foetal Heart Detector—500 Nos Echoscope and Plaw Detector—50 Nos—(NU)

M/s Punjab State Electronics Development and Production Corp Ltd, 50/4A, Chandigarh. (Punjab)—Electronic Digital Balance—500 Nos Digital P.H. Meter/Recorder and Controller—1000 Nos Digital Multimeter—1000 Nos I.C. Functional Tester—500 Nos—(NU)

M/s Punjab State Electronics Development and Production Corp Ltd, 50/4A, Chandigarh (Punjab)—Digital Power Meter—500 Nos Digital Line Voltage Meter—500 Nos Digital Phase Meter—500 Nos Digital Low Frequency Meter—500 Nos Digital H.F. Counter—500 Nos Digital Temp/Pressure/Indicator/Recorder—500 Nos—(NU)

M/s Gujarat Communications & Electronics Ltd, Express Building, R.C. Dutt Road, Baroda-390005. (Baroda-Gujarat)—Instrument Landing System—5 systems—(NU)

M/s Vijay Wires & Filaments (P) Ltd, 25, I Main Cross, Jayamahar Extension, Bangalore-560006. (Mysore-Karnataka)—Tungsten Filaments—30 million Nos Tungsten wire—30 million meters Molybdenum wire—2,500 Kilograms—(NU)

Dr S.N. Dhingra, C/o The Miniature Bulb Industries (Pvt) Ltd, 131, Kanwali Road, Dehra Dun (UP) (Uttar Pradesh)—Tungsten Filaments—45 million Nos—(NU)

Telecommunications

M/s Gujarat Communication & Electronics Ltd, Express Building, R.C. Dutt Road, Baroda-390005. (Baroda-Gujarat)—Telephone Instruments—2,00,000 Nos—(NU)

Transportation

M/s The Binani Metal Works Ltd, 103/24/1, Foreshore Road, Sibpur, Howrah-71101. (Midnapore-West Bengal)—Marine Propellers—600 tonnes—(NA)

M/s Tiger Locks Ltd, 119, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi. (Gurgaon-Haryana)—Hydraulic Jacks (1 tonne to 50 tonnes capacity)—50,000 pcs—(NA)

M/s International Instruments (Pvt) Ltd, 140, Hosur Road, Bangalore-560034. (Bangalore-Karnataka)—Tachographs

(including New Model Tachographs)—15,000 Nos (existing)—25,000 Nos (after expansion)—(SE)

M/s Bridge Roof & Co (India) Ltd, 427/1, Grand Trunk Road, Howrah-1 (West Bengal). (Howrah-West Bengal)—Marine Freight Containers—5,000 Nos—(NA)

Industrial Machinery

M/s Lohia Machines Private Ltd, 73-A, Fazalganj, Kanpur (UP) (Kanpur-UP)—Socks knitting Machines—100 Nos—(NA)

M/s Gherzi Eastern Ltd, Naville House, Graham Road, Ballard Estate, Bombay-400 038. (Maharashtra)—Machinery for ceramic industry—worth Rs 400 lakhs—(NU)

M/s Asha Industries, 21, Dalal Street, Share Bazar, Bombay-400 023. (Bhavnagar-Gujarat)—Labotex device to convert shuttle looms to shuttleless—2,500 sets Weft Selector Device—2,500 sets—(NU)

M/s Star Textiles Engg Works Ltd, Dhanraj Mahal, Chhatrapati Shivaji Maharaj Marg, Bombay-400039. (Baroda-Gujarat)—Lap formers (Silver drawing winder—30 units Combers—120 units. Accessories for above (Renewing and restoring equipments etc 30 sets—(NU)

M/s The Nizam Sugar Factory Ltd, Fateh Maidan Road, Hyderabad-500004 (AP) (Andhra Pradesh)—Boiling House Machinery for Sugar Factory—1,000 tonnes (after expansion)—(SE)

M/s Triveni Engineering Works Ltd, 1107, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi. (Bangalore-Karnataka)—Positive Displacement Pumps—720 Nos Massecuite Pumps—60 Nos Blending Systems—20 Nos—(NA)

Shri M.B. Bhukhanvala, C/o M/s Bhukhanvala & Sons, Meadows Mouse, Medow St, Bombay-400023. (Maharashtra)—Super hard materials, such as, single crystal diamonds, cubic boron nitride, polycrystalline sintered diamonds and tungsten carbide diamonds—9,60,000 carats—(NU)

Machine Tools

M/s Greaves Cotton & Company Ltd, 1, Dr V.B. Gandhi Marg, Fort, Bombay-400 023. (Nasik-Maharashtra)—Electro magnetic multidisc clutches and Brakes—4,000 pcs—(NA)

M/s Hindustan Machine Tools Ltd, 36, Cunningham Road, Bangalore-560052. (Bangalore-Karnataka)—Sliding Headstock Automatic Lathes—23 Nos Machines (existing annual capacity)—73 Nos Machines (after expansion)—(SE)

M/s Ghatge Patil Industries Limited, PO Uchagaon, Distt Kolhapur. (Kolhapur-Maharashtra)—Electromagnetic Clutches—6,000 Nos Valve Actuators—1,500 Nos (NA)

Earth-Moving Machinery

M/s Ghatge Patil Industries Ltd, PO Uchagaon, Distt. Kolhapur (Maharashtra) (Kolhapur-Maharashtra)—Fluid Couplings in the range: Below 50 HP—500 Nos 50-300 HP—1750 Nos above 300 HP—250 Nos Total: 2500 Nos—(NA)

M/s Usha Atlas Hydraulic Equipment Ltd, 14, Princep Street, Calcutta-700 013. (24-Pargana-West Bengal)—Multi-purpose hydraulic Material Handling equipment (capacity-upto 1 cubic yard)—300 Nos—(NA)

Miscellaneous Industries

M/s Mechanical Packing Industries Pvt Ltd, Parsi Panchayat Road, Andheri (East), Bombay-400069. (Bombay-Maha-

rashtra)—Products of Fluoropolymers Fluorocarbene-PTFR/TFE/FEP/CTFE/PFA/ETFF—50 metric tonnes (after expansion)—(SE)

Shri I.P. Anand 16-Nizamuddin East, New Delhi. (Solani-Himachal Pradesh)—LDPE (Low Density Polyethylene) Wide Width Film suitable for Canal Lining, Grain Storage and other industrial applications—3,000 tonnes—(NU)

M/s Hindustan Machine Tools Ltd, 36, Cunningham Road, Bangalore-560052. (Srinagar-J&R)—Vernier Instruments, Vernier Calipers, Vernier Height Gauge, Vernier Depth Gauge, Universal Bevel Protractor 10,500 Nos Micrometers: Standard Micrometers, Flare Micrometers, Thread Micrometers, Dial Micrometers 8,000 Nos Internal Micrometers—400 sets Micrometer Depth Gauge—500 Nos, Dial Indicators (Lever type & Plunge type)—10,000 Nos, Dial Comparators—500 Nos, Dial Instruments: Dial Bore Gauge, Dial Snap Gauge 600 Nos—(NA)

Office and Household Equipment

M/s Singer-TVS Ltd, 'TVS Building' West Veli Street, Madurai-625001. (Madurai-Tamil Nadu)—Sewing Machine Needles—350 lakh Nos (after expansion)—(SE)

Industrial Instruments

M/s National Instruments Ltd, 1/1, Raja Subodh Chandra Mullick Road, Calcutta-700 032. (Calcutta-West Bengal)—Domestic gas meters—20,000 Nos (NA)

Chemicals (other than Fertilisers)

M/s Industrial Promotion and Investment Corporation of Orissa Ltd, (A Government of Orissa Undertaking), 3-A, Satyanagar, Bhubaneswar-751007. (Mayurbhanj-Orissa)—Maleic Anhydride—3,000 tonnes—(NU)

M/s Haryana State Industrial Development Corporation Ltd, S.C.O. 4-5 Sector 17-A, Chandigarh-160017 (Haryana). (Mohindergarh-Haryana)—Elemental Phosphorous—2,500 tonnes—(NU)

M/s Hindustan Lever Ltd, 165/166, Backbay Reclamation, Bombay-400 020. (Bombay-Maharashtra)—Linalool—50 tonnes (after expansion)—(SE)

M/s Hindustan Organic Chemicals Ltd, PO Rasayani, Dist Kolaba (Maharashtra) (Kolaba-Maharashtra)—Concentrated Nitric Acid—20,000 tonnes—(NA)

M/s Indian Plastics Ltd, Poisar Bridge, Kandivli, Bombay-400067. (Bombay-Maharashtra)—Urea Formaldehyde Moulding powder—300 tonnes (after expansion). Melamini Formaldehyde Moulding Powder—100 tonnes (after expansion)—(SE)

M/s Sudarshan Chemical Industries Ltd, 162, Wellesley Road, Poona-411001 (Maharashtra) (Colaba-Maharashtra)—Ketene—2,500 tonnes, Diketene—1,000 tonnes, Acetic Anhydride—600 tonnes—(NA)

Shri Basisth Narayan Choubey, M-3/1, Srikrishnapuri, Patna (Bihar) (Vaisali-Bihar) Oxygen Gas—1.00 million cu. metres. Dissolved Acetylene Gas—0.20 million cu. metres—(NV)

M/s Hindustan Insecticides Ltd, Hans Bhavan (G. Floor, Wing I), Bahadurshah Zafar Marg, New Delhi-110002 (Colaba-

Maharashtra)—DDT (Technical)—5,000 tonnes DDT 50 per cent WDP Formulation—10,000 tonnes—(SE)

M/s Panyan Cements and Mineral Industries Ltd, Cement Nagar PO, Kurnool Distt (AP) (Nellore-Andhra Pradesh)—Chemical Lime—20,000 tonnes. Hydrated Lime—10,000 tonnes. Milk of Lime—10,000 tonnes. Precipitated Calcium Carbonate—10,000 tonnes—(NA)

M/s UP State Industrial Development Corpn. Ltd, 117/130, Sarvodaya Nagar, Post Box No 413, Kanpur (UP) (Backward Dist—UP)—Maleic Anhydride—3,000 tonnes—(NU)

M/s Indian Aluminium Co Ltd, 1, Middleton Street, Calcutta-700071 Midnapur—West Bengal)—Caustic Soda—33,000 tonnes (including fusion capacity upto 25 per cent—(NA)

M/s Hind Construction and Engg Co Ltd, 9 Brabourne Road, Calcutta-700001 (Raipur-Madhya Pradesh)—Fatty Acid—10,000 tonnes, Glycerine—1,000 tonnes—(NU)

M/s Andhra Sugars Ltd, Venkatarayapuram, Tanuku-534211 (West Godavari—AP)—Potassium Hydroxide (Caustic Potash)—5,000 tonnes—(NA)

Shri Bipinbhai P. Sheth, Gheekanta Wadi, Ahmedabad-380001 (Mehsana-Gujarat)—Filter Aid and Perlite Products—10,000 tonnes—(NU)

M/s Swastik Rubber Products Ltd, Swastik House, Khadki, Pune-411003 (Poona-Maharashtra)—Bullet Proof and Crash Helmets—1,50,000 Nos—(NA)

M/s Southern Gas Ltd, 'Levedale' Church Landing Road, Ernakulam, Cochin-16 (Bhadravati-Karnataka)—Oxygen Gas—1 million cu. metres, Dissolved Acetylene Gas—0.20 million cu. metres, Nitrogen Gas 0.50 million cu.—(NU)

Dye-stuffs

M/s Rathii Dye-Chem Private Ltd, 27, Shankarshet Road, Poona-411009 (Colaba-Maharashtra)—Disperse Dyes—65 Metric tonnes—(NU)

Shri Gopal Bajoria, 6, Ganesh Colony, Bhairav Path, Jaipur-302004 (Rajasthan) (Backward Dist—WB)—Diethylanniline—200 tonnes, Dimethyl Anniline—200 tonnes, P-Phenylenediamine—100 tonnes, P-Anisidine—75 tonnes, O-Nitroaniline—100 tonnes, 4-Chloro-0-Nitroaniline—100 tonnes, O-Chloro-aniline—75 tonnes, M-Chloreaniline—75 tonnes—(NU)

M/s Catalyst (India) Ltd, Chinai Building, 79, Masjid Bunder Road, Bombay-400003 (Maharashtra)—Cationic Dyes for Acrylic Fibre—150 tonnes—(NA)

Drugs and Pharmaceuticals

Shri Suresh Vora, 2nd Floor, Churchgate Chambers, 5, New Marine Lines, Bombay (Maharashtra)—Salicylic Acid BP—400 tonnes, Acetyl Salicylic Acid (Aspirin)—300 tonnes—(NU)

M/s The Atul Products Ltd, PO Atul (W Rlys) Dist Bulsar-396020 (Gujarat) (Bulsar-Gujarat)—Chloro Iodo Hydroxy Quinoline—170 tonnes (after expansion)—(SE)

M/s Orient Pharma Private Ltd, Old Trunk Road, Pallavaram, Madras-600043 (Chingleput-Tamil Nadu)—Valethamate Bromide (bulk drug)—3000 K. Grams—(NA)

M/s Sirohi Enterprises Private Ltd, 121, Ratanpole, Ahmeda-

bad-1 (Gujarat) (Ankleshwar-Gujarat)—8-Hydroxy Quinoline—35 tonnes—(NU)

M/s Sunil Synchem Ltd, 909, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi-110001 (Alwar-Rajasthan)—Hardshell Empty Gelatine Capsules—600 million capsules (existing)—800 million capsules (after expansion)—(SE)

M/s Bhartiya Agro-Industries Foundation, Uruli-Kanchan, Poona (Maharashtra) (Poona-Maharashtra)—Foot and Mouth Disease Vaccine—8.2 million quadrivalent doses (after expansion)—(SE)

M/s Searle (India) Ltd, Ralli House, 21, Reveline Street, Bombay-400 001 (Thana-Maharashtra) Gama Benzene Hexachloride—1 tonne—(NA)

M/s Nerurkar and Associates, 46-B, Narayan Baug, Indore (MP)—(Dewas-Madhya Pradesh)—Hydroxy-7-Chlore-Quinoline—36 tonnes, 1-Diethyl-Amino-4-Amino Pentane (Novoldiamine)—36 tonnes, Chloroquine Sulphate—10 tonnes, Metronidazole and its esters—12 tonnes—(NU)

Shri Vegunta Rama Mohana Rao, Q. No 97, SBI Staff Colony, New Bakaram, Hyderabad-500048 (Medak-Andhra Pradesh)—A. Bulk Drugs, Parahydroxy benzoic acid and its corresponding esters—30 tonnes, Metronidazole—18 tonnes, Sodium Pare-amino Salicylate—80 tonnes, Glibenclamide—0.060 tonnes, B. Formulations : Paracetamol Tablets—36 lakh Nos, Biethyl Carbomazine Citrate Tablets Ointment—24 lakh Nos, Antiscabies (Ointment tubes containing Benzyl Benzoate, Benzocaine and DDT)—0.96 lakh Nos—(NU)

Shri G.K. Somani, 21-B, Meher Apartments, Altamount Road, Bombay-400026 (Aurangabad-Maharashtra)—Empty Hard Gelatine Capsules—200 million capsules (NU)

Textiles

M/s Panna Knitting Industries, Mahidharpura, Gundi Sheri, (Surat-Gujarat)—Art Silk and Synthetic Fabrics—By installation of 4 additional warp knitting machines—(SE)

M/s Kareemsons Pvt Ltd, Ramanegaram-571311, Bangalore Dist (Karnataka) (Ramanagaram-Karnataka)—Silk Tops—150 lakh Kg—(NU)

Shri C.B. Gupta, C/o M/s Sunil Metal Industries, (Garments Division), A/4, Ravidarshan, Carter Road, Bhandara Bombay-400050 (Kandla Free Trade Zone-Gujarat)—Readymade garments—15 lakhs units per shift—(NU)

Paper and Paper Products

Shri B.D. Somani, Shreeniwas House, Hazarmul Somani Marg, Bombay-400001 (Lakhimpur Kheri—UP)—Newsprint—25,000 tonnes, Magazine grade light coated paper—25000 tonnes—(NU)

Fermentation Industries

M/s Echjay Overseas Trades, 19, Raj Mahal, 4th Floor, 84, Veer Nariman Road, Bombay-400 020 (Karnataka)—Furfuryl Alcohol—2,000 tonnes, Furfural—3,000 tonnes, Acetic Acid (By Product)—1,800 tonnes—(NU)

Food Processing Industries

M/s Raptakos, Brett and Co Ltd, 47, Dr Annie Besant Road, Worli, Bombay-400025 (Bihraich—UP) Whole Milk Powder—

1000 tonnes, Skim Milk Powder—500 tonnes, Infant Milk Food—1500 tonnes, Ghee (Bye-product)—1250 tonnes—(NU)

M/s WIMCO Ltd, Indian Mercantile Chambers, Nicol Road, Ballard Estate, Bombay-400 038 (Goa, Daman and Diu) Canned meat and minced meat products—13,500 tonnes, By-Products : (a) Tallow—2,000, tonnes (b) Blood/Bone/Meat Meal (including pet foods and extracts)—4,500 tonnes (c) Hides—3,000 tonnes, (d) Casings—500 tonnes (NA)

Vegetable Oils and Vanaspathi

M/s Punjab State Industrial Dev Corpn Ltd, SCO 54-56, Sector-17A, Chandigarh (Bhatinda-Punjab) Cotton Seed Oil,—40,000 tonnes in terms of seeds—(NU)

M/s General Foods Private Ltd, 150, Jaora Compound, Indore (MP) (Indore-Madhya Pradesh) Cotton Seed Oil/Minor Oil and Seed Oils—30,000 tonnes in terms of seeds (NA)

M/s Vijay Durga Cotton Trading Ltd, Bypass Road, Guntur-522003 (AP) (Guntur-Andhra Pradesh) Cotton Seed Oil—20,000 tonnes in terms of cottonseed (existing)—35,000 tonnes in terms of cotton seed (after expansion)—(SE)

Shri B.V. Anand, Chandramoulipuram Colony I, Vijayawada (AP) (Backward Area—AP)—Castor Oil—9,000 tonnes, Refined Castor Oil—1,350 tonnes, Dehydrated Caster Oil—2,550—tonnes Hydrogenated Castor Oil—1,425 tonnes, Sulphonated Castor Oil—300 tonnes, Sebasic Acid—600 tonnes, Capryl Alcohol—550 tonnes—(NU)

Soaps, Cosmetics and Toilet Preparations

Shri V.C. Burman, 43-A, Prithviraj Road, New Delhi (Sahibabad-UP)—Assorted Hair Cosmetics—5,79,000 litres/kgs—(NU)

Leather, Leather Goods and Pickers

M/s Delta Paper Industries Limited, 2nd Floor, 15 India Exchange Place, Calcutta-700001 (Calcutta-West Bengal)—Finished leather from semi-finished skins—9 lakh pcs. Shoe Uppers—3 lakh pairs—(NU)

M/s Gordon Woodroffe & Co. (Madras) Ltd, Gordon Woodroffe Leather Manufacturing Division, 1/21, North Beach Road, Madras-600001 (Chingleput-Tamil Nadu)—Chrome Tanned Upper Leather, Other types of Leather, Upholstry Leather etc.—2,40,000 Nos (existing)—4,80,000 Nos (after expansion)—Chrome Tanned Goat Skins, all types—6,00,000 Nos (existing)—12,00,000 Nos (after expansion) (SE)

Glue and Gelatin

M/s WIMCO Ltd, Indian Mercantile Chambers, Nicol Road, Ballard Estate, Bombay-400 038 (Kota-Rajasthan). Ossein—3,000 tonnes. By-Product Di-calcium phosphate—6,000 tonnes (NU)

Ceramics

M/s Bihar State Industrial Development Corpn Ltd, Bandar Bagicha, Patna-1 (Bihar) (Ranchi-Bihar)—Sanitaryware—6,000 tonnes (NU)

M/s Modern Tiles & Marble, 16, Sunlight Building, Asaf Ali Road, New Delhi (Kandla Free Trade Zone)—Gujarat—

Terrazo tiles, Chequered tiles, Heavy duty tiles, Oxychloride flooring composition—3 million pieces (NU)

Industrial Machinery

M/s Khusiram Tarachand Private Ltd, Broach Street, Dana Bunder, Bombay (Kandla Free Trade Zone-Gujarat)—Track maintenance machinery and equipment—9 Nos (NU)

Changes in Names (Owners or Undertakings)

(Information pertains to particular licences only)

From M/s Raibareli Flour Mills to M/s Raibareli Flour Mills Private Ltd.

From M/s Tamil Nadu Industrial Development Corpn Ltd, Madras to M/s Tamil Nadu Cements Corpn Ltd, Ariyalur.

From M/s Rajgangpur Engg Works to M/s Hari Yantra Udyog.

From Mysore Commercial Union Ltd to Mysore Plywoods Ltd.

From M/s Wester India Match Company Ltd to M/s WIMCO Limited.

From M/s Steel Containers Limited to M/s Balmer Lawrie Company Limited.

From M/s National Steel & General Mills, Ghaziabad to M/s National Steel & General Mills (P) Ltd.

From M/s West Bengal Electronics Industry Development Corpn Ltd, 225-E, Acharya Jagdish Chandra Bose Road, Calcutta-700020 to M/s Weibel Electro Ceramics Ltd.

From Shri KK Bhargava, C/o M/s Metal Stampings & Mouldings Pvt Ltd, Yediur, Bangalore-560011 to M/s Mystronics Private Ltd, Bangalore.

From M/s British Physical Laboratories India Private Ltd. to M/s Power Systems & Projects Pvt Ltd

From M/s Jairamdas Udyog Pvt Ltd to M/s Jairamdas Udyog Limited.

From M/s Kaveri Structurals to M/s Kaveri Engg Industries Pvt Limited.

From M/s Jindal Pipes (Pvt) Ltd, Liluah, Howrah to M/s Shree Raghunath Inds.

Licences Revoked, Cancelled or Surrendered

(Information pertains to particular licences only)

M/s Kirloskar Oil Engines Ltd, Poona (Maharashtra)—Road Rollers (Revoked)

M/s Hindustan Development Corpn, Calcutta—Vanaspathi (Revoked)

M/s Northern India Batteries Ltd, New Delhi—Storage Batteries (Revoked)

M/s Rajhans Steel Ltd, Calcutta—Mild Steel Ingots (Revoked) M/s Arat Electro Chemicals Private Ltd, Ahmedabad Hydrogen Peroxide (Lapsed)

M/s Modi Spg & Wvg Mills Co Ltd, Modinagar—Portland Cement (Revoked)

M/s Wood Polymer Ltd, New Delhi—Chip Board (Cancelled)

M/s Pearey Lal & Sons (East Punjab) Ltd, New Delhi—Cutting Edges and Blades for Earthmoving equipment (Cancelled)
M/s Usha Martin Black (Wire Ropes) Ltd, Calcutta—Various types of control cables for automobiles (Cancelled)
M/s Swastik Metal Inds, Bombay—MS Bolts & Nuts (Revoked)
M/s Indian Tool Manufacturers Limited, Bombay—Forged Hand Tools (Cancelled)
Shri N.R. Nair, Scientist, ECP Unit, National Physical Laboratory, New Delhi—Ferrites (Revoked)

Letters of Intent Cancelled, Lapsed or Surrendered

(Information pertains to particular Letters of Intent only)

M/s Anik Industries, B-86, Greater Kailash (Haryana)—Shoddy Yarn (Cancelled)
Miss C.A. Laxmi, Door No. 27-33-13, Gudavalliveri St. Governorpet, Vijayawada (Andhra Pradesh)—Industrial Gases (Lapsed)
M/s Delhi Cloth & Genl Mills Co Ltd, Najafgarh Road, PO Box No 6219, New Delhi (Delhi)—Sodium Tripolyphosphate (Lapsed)
M/s Tamil Nadu Indl Dev Corpn Ltd, 150-A, Anna Salai, Madras (Tamil Nadu)—Scooters (Lapsed)
M/s Electrical Control Apparatus (P) Ltd, 5/1, First St, Abiramapuram, Madras (Tamil Nadu)—Lightening Arrestors and Voltage Dependent Resistors (Lapsed)
M/s Modipon Ltd, Modinagar, (J&K)—HWM Viscose fibre (Lapsed)
M/s United Electrical Industries Ltd, Pallimukku, PB 87, Quilon, (Kerala)—SCRs & SRs (Lapsed)
M/s Electronics Equipment Co, Amin Estate, Sonawala Cross Road, Goregaon East, Bombay (Maharashtra)—Equipments for semiconductor devices (Lapsed)
M/s Anna Aluminium Co, Kizhakkambalam PO, Alwaye (Kerala)—(Kerala)—Aluminium strips, sheets circles, rods, foils (Lapsed)
M/s Traco Carbide Ltd, 77-1, A, Park Street, Calcutta (West Bengal)—Acetylene Black (Lapsed)
M/s Aluminium Cables & Conductors (UP) Ltd, 2-A, Shakespeare Sarani, Calcutta (Madhya Pradesh/Goa)—Aluminium sheets/coils (Lapsed)
M/s Andhra Pradesh Indl. Dev Corpn Ltd, B-1-174, Fateh Maidan Road, P.B. No 13, Hyderabad (Andhra Pradesh)—Printing Machinery (Lapsed)
M/s Associated Bearings Company Ltd, Mahatma Gandhi Memorial Bldg, Netaji Subhas Road, Bombay (Maharashtra) Forged Hand Tools (Cancelled)
M/s Kishore Engg Co, 32, Veer Nariman Road, Fort Bombay (Maharashtra)—Crimping Machine (Lapsed)
M/s Zenith Steel Pipes & Inds. Ltd Moti Mahal 195, Churchgate, Reclamation, Bombay (Gujarat)—Calcium Carbide (Cancelled)

M/s Bombay Oxygen Corpn Ltd, 5 Convent Street, Colaba, Bombay (Maharashtra)—Oxygen Gas (Lapsed)
M/s Indian Metals & Ferro Alloys Ltd, P.O. Rasulgarh, Bhubneshwar (Orissa)—Calcium Carbide (Lapsed)
M/s Emson Woollen Mills (P) Ltd, B-86, Greater Kailash, New Delhi (Haryana)—Worsted Yarn (Cancelled)
M/s Modipon Ltd, Modinagar, Uttar Pradesh (J & K)—Rayon Grade wood pulp and multi grade wood pulp (Lapsed)
M/s Ranbir Chemical Inds (P) Ltd, Distt Kharar, (Punjab)—Oxygen Gas (Lapsed)
M/s J, Mahabeer & Co, Pvt Ltd, 3620-21 Netaji Subhas Marg, Delhi (Haryana)—Paper Machinery (Cancelled)
M/s Kerala State Indl Dev Corpn Ltd PB No. 105, Trivandrum, (Kerala)—Cigarettes (Lapsed)
M/s West Bengal Indl Dev Corpn Ltd, 23A, Netaji Subhash Road, P Box No. 649, Calcutta (West Bengal)—Cigarettes (Lapsed)
M/s Delhi Cloth & Genl Mills Co Ltd, Najafgarh Road, PO Box No 6219, New Delhi (Delhi)—Sodium Tripolyphosphate etc. (Lapsed)
M/s Richardson & Crudas Ltd, First Line Beach, Madras (Tamil Nadu)—Refrigeration compressors (Lapsed)
M/s Pandit Kanhaya Lal Punj, Punj House, M-13, Connaught Circus, N. Delhi (Delhi)—Evaporators (Lapsed)
M/s Frick India Ltd, Jeevan Vihar, Parliament Street, New Delhi (Haryana)—Steamjet Vacuum Refrigerators etc. (Lapsed)
Sh Hiralal Goyal, 5, Mall Road, Opp. Sutlej Club, Ludhiana (Punjab)—Wrenches, pliers etc (Lapsed)
M/s Cynamid India Ltd, Nyloc House, 254-D, 2 Annie Besant Road, PO Box 9109, Bombay (Gujarat)—Paddigard (Lapsed)
M/s Barium Chemicals Ltd, Ramavaran PO (Distt. Khammam) Bhadrachalam Rd, Rly Station, (AP) (Andhra Pradesh)—Barium Salts (Lapsed)
The Mag Dir UP State Ind Dev Corpn Ltd, 117/130 Sarvodaya Nagar, PB No 413, Kanpur, (Uttar Pradesh)—Carbon Black (Cancelled)
M/s Lakshmi Machine Works Ltd, Perianaickempalayam GRK Vidyalya, PO Coimbatore (Madras—Tamil Nadu)—Precision Cone/Pine Apple Cone Winders (Cancelled)
M/s M.D. Mambiar, Dir M/s Dynamic Electronics (I) Pvt Ltd 171, Cambride Road, Layout, Bangalore-560008 (Karnataka)—HT PowerCapacitors upto 33 KV etc. (Lapsed)
M/s Shamsher Singh, 16, Aurangzeb Road, New Delhi (Uttar Pradesh) Domestic Refrigerators etc. (Lapsed)
M/s Sylvania & Laxman Ltd 68/2, Najafgarh Road, New Delhi (Uttar Pradesh)—Lamp Metal Caps (Lapsed)
M/s Anglo French Drug Co (Eastern) Ltd, 28, Tardec Road, Bombay (Maharashtra)—Amylobarbitone Sodium tablet etc. (Lapsed)
M/s Saru Smelting Pvt Ltd, Saru Nagar, Sardhana Road Meerut (UP)—Electroplating Annodes (Lapsed)

Finance of larges public limited companies

A SHARP decline of 12 to 14 per cent in the growth rates of total income, value of production and sales, from the peak growth rates of 27 to 30 per cent of the previous year, characterised the financial performance of 385 large public limited companies (each with a paid-up capital of Rs 1 crore or above) during the year 1975-76. The gross and net capital formation rates also declined from 16 per cent and 19 per cent in 1974-75 to 9 per cent and 8 per cent, respectively, in 1975-76. This, however, was on account of the slackening in the tempo of inventory build-up. Fixed assets formation rates (gross and net) at around 10 per cent were, in fact, marginally higher than in 1974-75. These are highlighted in a study prepared by the Division of Company Finances of the Department of Statistics, Reserve Bank of India.

Increased Sales

With the rate of growth in sales outpacing that in value of production, albeit by a small margin, there was a substantial fall in the rate of accumulation of finished goods and work-in-progress during 1975-76. Coupled with this, there was a drawing down of the stocks of raw materials, components, etc., and the overall growth in inventory during 1975-76 was only seven per cent, as against a phenomenal 31 per cent in the previous year.

While total income (excluding non-operating surplus) in-

creased from Rs 8,477 crores in 1974-75 to Rs 9,520 crores in 1975-76, total expenditure (including interest payments) rose by a larger margin, from Rs 7,702 crores to Rs 8,878 crores and, as a result, operating profits at Rs 641 crores were lower by Rs 134 crores as compared with the previous year. Raw materials, components, etc., contributed almost half of the rise of Rs 1,176 crores in total expenditure. Power and fuel, stores and spares, salaries, wages and bonus and the catch-all item 'other expenses' were the other prominent items which contributed substantially to the increase in total expenditure.

Operating Profits

An increase of Rs 25 crores in non-operating surplus offsetting to some extent the decline in operating profits, the pre-tax profits in 1975-76 were lower at Rs 700 crores against Rs 808 crores. This steep drop was almost fully reflected in the after-tax profits of 1975-76, tax provision having been pruned by only Rs 11 crores. In the result, the after-tax profits, which increased by 41 per cent to Rs 419 crores in 1974-75 declined by 23 per cent to Rs 321 crores in 1975-76.

Despite the decrease of Rs 98 crores in after-tax profits, the companies jacked up the dividends by Rs 34 crores to Rs 159 crores in 1975-76, thanks to the relaxation of restrictions on dividends in terms of the Companies (Temporary Restrictions on

Dividends) Amendment Act, 1975. Some of the loss-making companies had also declared dividends amounting to Rs 2 crores in the aggregate, taking advantage of this enactment. Of the total dividends declared, Rs 32 crores, or almost one-fifth, represented the deferred portion.

The fall in after-tax profits

and the hike in dividend distribution made their impact on retained profits which, at Rs 162 crores in 1975-76, were Rs 131 crores less than in the previous year.

The profitability ratios (viz, gross profits in relation to sales, gross profits in relation to total net assets and profits after tax in relation to net worth) of the

385 Large Public Limited Companies

	1974-75		1975-76	
	Amount (Rs crores)	Annual growth rate %	Amount (Rs crores)	Annual growth rate %
Value of production	8,330	30.0	9,334	12.1
Sales@	8,018	27.1	9,143	14.0
Gross profits	1,019	38.0	954	-6.4
Operating profits	776	39.3	641	-17.3
Profits before tax	808	42.3	700	-13.4
Profits after tax	419	41.4	321	-23.4
Dividends	125	-2.0	159	26.8
Profits retained	294	74.4	162	-44.8
Gross fixed assets	5,519	10.2	6,105	10.3
Net fixed assets	2,847	9.1	3,137	9.7
Inventories	2,653	31.2	2,839	7.0
Gross capital formation*	1,133	16.3	757	9.3
Net capital formation*	860	18.8	461	8.4
External sources*	691		551	
External sources of funds as percentage of total sources of funds*		49.2		52.0
Short term bank borrowings as percentage of inventories		41.2		45.3
Increase in bank borrowings as percentage of external sources of funds*		33.2		32.3
Ratio of current assets to current liabilities		1.38		1.33
Debt as percentage of equity		37.9		39.8

@Net of rebates and discounts and excise duty and cess

*Adjusted for revaluation due to devaluation/revaluation of foreign currencies, etc.

large public limited companies declined from the 1974-75 levels, but all these ratios continued to be above 10 per cent. Thus, although there was a dip after the steady increases of the past, especially of 1973-74 and 1974-75, the profit margins continued to remain fairly high.

There was a marked decline in the gross assets formation from Rs 1,405 crores in 1974-75 to Rs 1,059 crores in 1975-76, in view of the steep fall of over Rs 400 crores in inventory accumulation more than offsetting the increase in other items of assets. Slightly over half the assets formation was in the form of fixed assets. With the shrinkage of internal funds resulting from lower pre-tax profits, coupled with more liberal dividend distribution, the companies had to rely to a proportionately larger extent on external sources for financing assets formation during 1975-76. The main sources of external finance were borrowings and trade dues and other current liabilities.

Borrowings from banks increased by Rs 178 crores (or 15 per cent), although inventory build-up was only Rs 186 crores, and short-term bank borrowings as percentage of inventories rose from 41 per cent in 1974-75 to 45 per cent in 1975-76. Significantly, the role of sundry creditors as a source of finance declined sharply; the source which was substantially more important than bank borrowings in the previous year was markedly less important than the latter in 1975-76. On the other hand, sundry debtors assumed greater importance, proportionately and in absolute terms, in fund use during the year under review as compared with the previous year.

There was a fractional decline

in the ratio of current assets to current liabilities of the companies from 1.38 in 1974-75 to 1.33 in 1975-76. At the same time, debt as percentage of equity increased from 37.9 per cent in 1974-75 to 39.8 per cent in 1975-76.

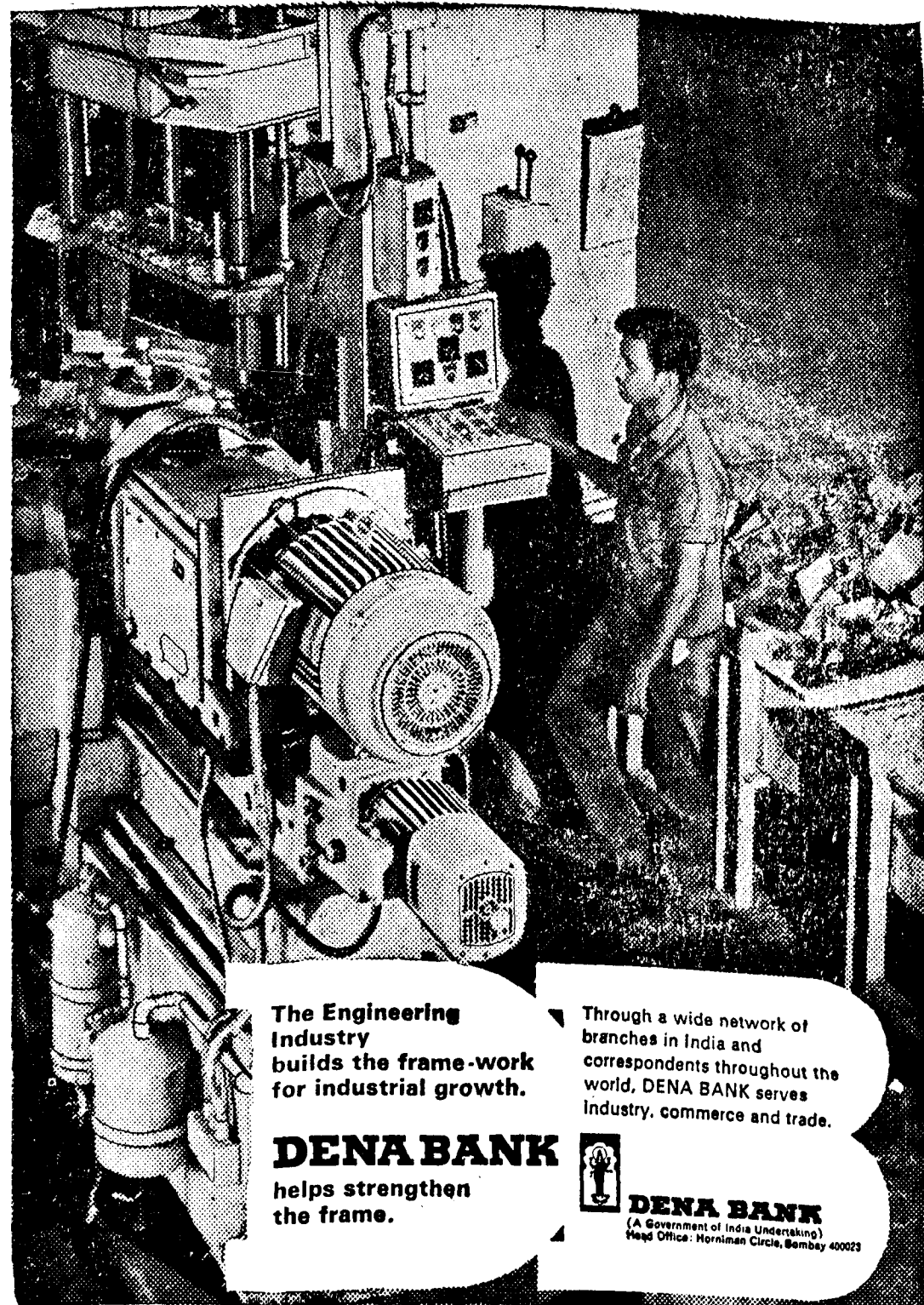
The industry-wise data show some divergence in pattern. Contrary to the trends shown by companies in other industries, aluminium and cement companies reported substantially higher growth rates in value of production and sales in 1975-76, than in the previous year. Companies in both these industries fared well, judging from profits indicators also. Aluminium companies which had only a marginal operating surplus in 1974-75 made after-tax profits of over Rs 5

crores in 1975-76. The after-tax profits of cement companies shot up from about one crore rupees to over Rs 16 crores. Tobacco companies maintained the growth rates in value of production and sales, but operating profits declined steeply. However, thanks to a

substantial non-operating surplus, the after-tax profits were marginally higher than in the previous year. 'Electricity generation and supply' and 'motor vehicles and accessories' were the only other industry groups in which there was an improvement in after-tax profits

over the 1974-75 level. The performance of cotton textile companies was particularly poor, with the pre-tax profit's sliding down from Rs 47 crores in 1974-75 to Rs 12 crores in 1975-76. These companies, however, made a tax provision of Rs 17 crores in 1975-76 and

as a result ended the year with an after tax loss of Rs 5 crores. This did not, however, deter these companies from dipping into reserves and declaring dividends aggregating Rs 11 crores—almost Rs one crore more than in the previous year.



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Branch expansion of commercial banks

A NOTABLE feature of branch expansion of commercial banks during the calendar year 1976 was the opening of offices in 1,324 more unbanked centres which is significantly larger than the 789 offices opened in such centres in 1975 and 526 offices in 1974. Offices opened in unbanked centres constituted 41.5 per cent of the total number of 3,191 new offices opened during the year against 31.6 per cent in 1975, the balance of 1,867 offices having been opened in banked centres.

The total number of offices opened during the year at 3,191 was markedly higher than the 2,337 offices opened in 1975 and 1,693 offices opened in 1974. Including these, no fewer than 15,501 offices have been opened since the nationalisation of 14 major banks in July 1969 and upto the end of December 1976, of which 7,115 offices have been opened in unbanked centres. They included 477 branches of Regional Rural Banks : 460 offices opened in 1976 and 17 offices opened in 1975.

Table I compares the branch expansion performance of public and private sector banks in 1976 with that in 1975 and also presents the group-wise data relating to offices opened in unbanked and bank-

ed centres during the seven and a half years from July 1969 to December 1976.

The progress made in expansion of branch network in the rural areas was well maintained during 1976. The increase in the number of bank offices in those areas was 1,442 against 747 in 1975. As at the end of December 1976, there were 8,820 rural offices, against 7,378 offices in 1975. The number of rural offices has risen by 6,988 and since nationalisation their proportion in the total number of offices moving up from 22.4 per cent in June 1969 to 37.3 per cent in December 1976.

The dispersal of commercial bank offices in rural, semi-urban, urban and metropolitan/port towns as at the end of December 1976, December 1975 and June 1969 is shown in Table II. With the establishment of 3,191 new offices in 1976, the average population per bank office has been further reduced from 29,000 in December 1975 (based on the estimate of mid-1975 population) to 26,000 in December 1976 (based on the estimate of mid-1976 population). The average as of June 1969 was as high as 65,000.

Banks continued their efforts

TABLE I
New Offices Opened in Unbanked and Banked Centres

	Unbanked	Banked	All centres
State Bank of India			
1975	218	201	419
1976	247	197	444
July 1969-Dec. 1976	1391	1239	2630
SBI Associates			
1975	21	72	93
1976	40	95	135
July 1969-Dec. 1976	525	524	1049
14 Nationalised Banks			
1975	312	791	1103
1976	449	967	1416
July 1969-Dec. 1976	3596	4423	8019
Private Sector Banks			
1975	173	532	705
1976	232	504	736
July 1969-Dec. 1976	1232	2094	3326
Regional Rural Banks			
1975	15	2	17
1976	356	104	460
Upto December 1976	371	106	477
All Commercial Banks—Total			
1975	739	1598	2337
1976	1324	1867	3191
July 1969-Dec. 1976	7115	8386	15501

TABLE II
Dispersal of Commercial Bank Offices in Different Categories of Centres

	No. of offices			Percentage share in total		
	June 1969	Dec 1975	Dec 1976	June 1969	Dec 1975	Dec 1976
Rural	1832	7378	8820	22.4	36.0	37.3
Semi-urban	3322	6172	7018	40.1	30.2	29.7
Urban	1447	3592	4135	17.5	17.6	17.5
Metropolitan/Port Towns	1661	3312	3657	20.0	16.2	15.5
Total	8262	20454*	23630†	100.0	100.0	100.0

Note: Classification of centres in June 1969 based on 1961 census and in December 1975 and 1976 based on 1971 census.

* Excludes 118 offices enclosed during the period from June 1969 to December 1975. † Excludes 133 offices closed during the period from June 1969 to December 1976.

to open more bank offices in the relatively underbanked states during the year 1976. Thus the number of bank offices increased by 86 in Assam, 201 in Bihar, 175 in Madhya Pradesh, 118 in Orissa, 463 in Uttar Pradesh, 10 in Manipur, 3 in Mizoram, 9 in Nagaland and 15 in Tripura. The population served per bank is above

50,000 only in five states, namely, Assam, Bihar Manipur, Orissa and Mizoram.

Table III shows the state-wise distribution of bank offices and average population per bank office as the end of June 1969, December 1975 and December 1976.

The year 1976 witnessed the

establishment of 34 more Regional Rural Banks, in addition to the six banks set up in the previous year. These banks had together opened 477 branches as at the end of December 1976.

The Indian banks opened 14 branches outside India in 1976. As at the end of the year, there

were in all 90 offices of Indian banks abroad—27 in the UK, 10 each in Hong Kong and Fiji Islands, nine in Kenya, six each in Mauritius and Singapore, five in UAE, three in Sri Lanka, two each in the USA, Japan and Guyana and one each in Maldives, West Germany, Bangladesh, Bahamas, France, Oman, Belgium and Thailand.

TABLE III
State-wise Distribution of Bank Offices and Population Per Office

State with an average population per office	No. of bank offices			Population per Office* (In thousands)		
	June 1969	December 1975	December 1976	June 1969	December 1975	December 1976
Below 25,000						
Punjab	346	1062	1231	42	14	12
Kerala	601	1435	1611	35	16	15
Gujarat	752	1666	1848	34	18	16
Himachal Pradesh	42	198	235	80	18	16
Karnataka	756	1857	2052	38	17	16
Haryana	172	490	578	57	22	19
Jammu & Kashmir	35	227	274	114	22	19
Tamil Nadu	1060	2058	2239	37	22	20
Maharashtra	1118	2335	2562	44	24	22
Nagaland	2	13	22	205	42	25
Between 25,000 and 50,000						
Andhra Pradesh	567	1494	1729	75	32	28
Meghalaya	7	28	37	141	39	30
Rajasthan	364	851	983	70	33	30
West Bengal	504	1239	1546	87	39	32
Uttar Pradesh	747	2098	2561	119	45	38
Madhya Pradesh	343	999	1174	116	46	40
Tripura	5	22	37	276	77	47
Above 50,000						
Assam	74	253	339	198	67	51
Orissa	100	356	474	212	67	51
Bihar	273	891	1092	207	68	57
Manipur	2	11	21	497	106	57
Union Territories						
Chandigarh	20	57	66	7	5	4
Goa, Daman and Diu	85	149	171	8	6	5
Delhi	274	604	680	10	7	6
Lakshadweep	—	4	5	—	8	6
Pondichery	12	30	37	31	16	13
Andaman and Nicobar Islands	1	5	7	82	23	16
Dadra and Nagar Haveli	—	4	4	—	19	19
Arunachal Pradesh	—	9	11	—	52	43
Mizoram	—	1	4	—	332	83
Total	8262	20437	23630	65	29	26

*The average population per bank offices is worked out on the basis of estimates of mid-year population.

Source : Reserve Bank of India

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ECONOMIST

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Counting casualties

TIME AND tide wait for no man. Not, certainly, for a general election. The govern-
ment, therefore, need not waste time through drift or inaction. As we had said earlier
in these columns, it is no caretaker government this. It is a fully functioning govern-
ment and is entitled to carry on without interruption. Indeed, it is obliged to do so
and must keep acting normally and continuously by taking all such decisions as may
fall due or become necessary in the public interest. It should not allow itself to be
deterred from doing this by allegations or insinuations that it is bribing or buying
the electorate. By the same token, it should not go back on or dilute policies or
administrative measures which, though meritorious in themselves, may still have
become electioneering liabilities. The ruling party is going to the polls on the
strength of its claim that it has given good and firm government to the country, parti-
cularly during the last 20 months. It is in its own interest to desist from doing any-
thing which may cause damage to its credibility.

Take, for instance, family planning or population control. A national policy
has been clearly stated and it must be faithfully and firmly implemented. This policy
has not ruled out compulsion. On the contrary, it provides for an element of com-
pulsion openly presented and equally openly pursued. Legislation for the purpose
has been expressly provided for wherever conditions are present for the successful
enforcement of compulsion. Initiative has to come from state governments and
approval from the centre. A carrot-and-stick approach on the administrative plane is
also implicit in the national policy for family planning.

It is of course unfortunate that in Delhi and some parts of Uttar Pradesh, Bihar
and, perhaps, a few other states, there should have been bureaucratic or other high-
handedness and even resort to police methods in the intensification of vasectomy cam-
paigns, particularly among economically or socially backward sections of the people.
These aberrations, however, do not validate slogan-mongering by political parties
against there being any kind or degree of compulsion whatsoever in the implementation
of the national family planning policy. Political compulsions notwithstanding, the
ruling party owes it to itself not to renege on its commitment to the fundamentals or
the imperatives of the family planning programme. The government ought to have
the courage of its conviction and it should stand by the self-evident proposition that
an element of compulsion does have its place in the national population control drive.

The government ought to have the guts. But it does not. There is for instance,
that naive announcement from Uttar Pradesh that the emphasis is being shifted from
sterilization to IUCD because the vasectomy campaign has fulfilled its purpose. The
excuse is thinner than the proverbial Dacca muslin and is easily seen through even
with half-shut eyes. Hardly more respectable is the unseemly haste with which an
elaborately built-up structure of disincentives intended to discourage resistance to
sterilization is being dismantled by the authorities concerned. The Delhi administra-
tion and the UP, Bihar and Madhya Pradesh governments seem to be in the forefront
of this retreat. The "gains of the emergency" may be in dispute, but not the fact that
the national population control policy has at last been given teeth. The government
committed an error of judgment when it allowed the sterilization campaign to become
in part a plaything of party politics, but it should not seek to compound that lapse by
making the even more grievous mistake of letting this invaluable means of population
control become a casualty of the battle of the ballot box.

It is only through years of organization and hard labour that the sterilization
campaign has been built up as the main drive of the population control machinery
and the government will be betraying its trust if it were to permit a few weeks of
electioneering to undo all that hard-won progress. The ruling party has a fine oppor-
tunity to employ its election propaganda to educate the public about the inescapable
imperatives of population control and it should not let a failure of nerve to cause it

to flee from the battle-field of debate. If there is to be any opportunism here, does not the ruling party have that feeling of strength which would enable it to leave it to the opposition to make such spurious capital as it may out of pockets of resentment against the strong-arm methods used in a few places for pushing through with mass sterilization?

Some state governments, particularly those of UP and Bihar, are distributing largesse of one kind or another to sensitive sections of the electorate. More will no doubt join them in the game before D-day is much nearer. There may be no objection in principle to reducing fiscal burdens on farmers or raising dearness allowance for government employees. But it is not easy to defend the current scramble among state governments to do the 'mostest' in these matters at a moment's notice. There is no evidence at all that the authorities concerned have adequately considered the revenue or expenditure implications or that they have paid any thought to the bearing their decisions may have on the central government's economic policies in the larger context of the national interest.

centre's liabilities

It is true, of course, that these state governments cannot be deciding these matters without New Delhi's advice or without being certain of its enthusiastic approval. But this does not excuse their undertaking fiscal obligations which may weaken their resources position and thereby compel them to shift more of their financial liabilities to the centre. This is not to argue that reliefs or concessions should not be extended to particular sections of the public as and when really needed, but they should certainly fit into some recognizable framework of management of state finances. It cannot be claimed, surely, that the state governments concerned are taking the trouble of imparting this kind of legitimacy to their decisions. At a time when inflationary pressures are again training at the leash, informed public opinion has a right to demand that fiscal discipline in government should not be allowed to become one of the casualties of election politics.

Finally, there is the Reserve Bank.

When further restrictions on the liquidity and advances of the commercial banking system were imposed with effect from January 14, this journal supported the basic concept of increased monetary discipline in conditions of rising prices and a high rate of expansion of money supply. At the same time, it took note of a genuine demand on the part of trade and industry that the specific credit regulations should be administered in a constructive and flexible manner so that funds were not denied for increased production. The Reserve Bank's announcement of January 13 itself provided for this kind of responsiveness to contingencies as well as to foreseeable developments. Consequently, we have no hesitation in welcoming the further steps announced by the Reserve Bank on February 16 to ensure that the credit needs of cotton textile mills or the seasonal requirements of the sugar industry are fully met or that, more generally speaking, bank loans are available for "supporting and enhancing production".

At the same time, the manner in which these measures have been presented cannot be allowed to pass without comment. Banks, we are informed, have been told "to respond quickly and effectively to the emerging needs of the economy". This verbiage, we are afraid, doth seek to cover up some sinning against the Holy Ghost. To speak of any "amended" credit policy is, given the facts of the case, an act of intellectual dishonesty. Explaining the need for an austere credit policy, the Reserve Bank governor said in January that the money supply with the public had in-

creased by 13.9 per cent in the first nine months of the current financial year as compared with 6.5 per cent in the corresponding period of 1975-76. There had also been an increase of 11.6 per cent in the wholesale price index over the 10 months since March last year. Nothing has happened in the few weeks between the middle of January and the middle of February to warrant the amendment in any significant sense of the decisions on credit control or credit planning which took effect from January 14. Nothing that is except the announcement on January 18 of a general election in March.

The credit policy, in fact, has not been amended and it is difficult to appreciate the need for a very high and responsible spokesman of the Reserve Bank (one of its deputy governors, in fact) bending over backwards to make it appear otherwise. The effort is entirely energy-wasting if only because the business community is not easily taken in; business borrowers are not going to be grateful for favours not shown. It could also cause some unintended mischief by confusing counsel within the banking system—it is hard on individual bankers that they should be left to figure out to what extent the Reserve Bank says what it means or means what it says. More seriously, it may even call into question the ability of the Reserve Bank to practise as well as seem to practise monetary policy strictly as a tool of management of the economy. There is absolutely no cause to risk the reputation of the central banking authority becoming a casualty of election politics.

Eastern Economist 30 Years Ago

FEB. 28, 1947

In the opinion of many commercially wise observers of Indo-American trade relations, Indians have too long been misled into thinking that Americans want the Indian market at any price. This is a fallacy. In the first place the traditionally shortsighted American manufacturers still have as their major objective, the supplying of pent up demand in this country, which, however, they have now lowered from five to two years capacity of production. Nevertheless, the second and the more important is their feeling that wooing the Indian market, whatever its potential value, is short-sighted until

they understand what that market consists of. To explain that they want to know many things: firstly, what is the sterling settlement going to be, what economic arrangement does the new Indian Government contemplate with the United Kingdom and what, in the final analysis, will be the Indian Government's attitude toward free commercial intercourse. When those questions are answered, American business men may take more than an academic interest in the Indian market. Until that time any dissertation less frank would be dishonest.

States and annual plans

THE PLANNING Commission has announced its decision to step up the annual Plan outlay of the states by Rs 909.56 crores from Rs 3694.46 crores in 1976-77 to Rs 4604.02 crores in 1977-78. For several states, the increase has been substantial. In the case of West Bengal, for instance, the outlay has been raised from Rs 233.00 crores in 1976-77 to Rs 310.92 crores, an increase of over Rs 77 crores. For Maharashtra there has been an increase from Rs 467.20 crores to Rs 646.80 crores, Uttar Pradesh from Rs 526.00 crores to Rs 648.25 crores, Tamil Nadu from Rs 217.20 crores to Rs 260.12 crores and Kerala from Rs 114.00 crores to Rs 135.52 crores. In the absence of details it is not possible to say how the state governments are going to spend the money on various projects. Obviously, the bulk of the expenditure will be on agriculture and allied activities, power, industry and transport. But is the Planning Commission taking adequate care to ensure that the funds are effectively spent for the purposes for which they have been earmarked?

Many state governments have been incurring huge losses in running their commercial and industrial undertakings. In 1975-76, the state electricity boards in 15 states incurred a loss of Rs 130 crores. In 1976-77, despite revision of tariffs, 12 state electricity boards are estimated to suffer a loss of Rs 106 crores. The loss on commercial irrigation in 1976-77 is Rs 235 crores. Road transport corporations in many states are also losing heavily. It is pertinent to recall the observations made by Mr P.N. Haksar, Deputy Chairman of the Planning Commission, in his address to the National Development Council in New Delhi, in September last year, on the performance of state governments. He said: "We all know that this poor country has made vast investments, let us say, in our irrigation system as a whole. But from 1974-75 to 1975-76, the accumulated losses as

suffered on commercial irrigation system are of the order of Rs 700 crores. I do not think we can live with that sort of thing. The accumulated losses on electricity boards during these years come to a little over Rs 300 crores, which add up to a loss of Rs 1,000 crores. All of us know what we could do with this money. If you take the transport undertakings of the states, after a series of losses in the first two years, we have a magnificent plus factor of Rs 0.6 crores this year. But if you take into account the capital invested and a reasonable return which you would expect if it were your own money, we realise that we are nowhere near optimisation of our resources which have already been invested, let alone new resources". Mr Haksar added that an amount of Rs 500 crores had been invested in various kinds of corporations by the state governments but the return on this investment was minus.

It seems doubtful whether Mr Haksar's disclosures about the colossal losses incurred by the states on running commercial and industrial enterprises will create an adequate awareness among the governments concerned on the imperative need to improve efficiency. The National Development Council at its last meeting made some specific proposals for this purpose. The council suggested that, in the case of power systems, while there was scope for raising tariffs, the improvement in financial results should come largely from a higher level of utilisation of the existing capacity, particularly thermal power plants, reduction in overheads and operation expenses as well as in transmission and distribution losses, prompt collection of dues and prevention of theft, and timely completion of projects. It was suggested that full advantage should be taken of the opportunities for exchanging surplus power between states and regions and for integrated operation of hydel and thermal plants.

Mrs Gandhi, the prime minister,

said some time ago that electricity boards were not welfare organisations or charitable institutions. This remark is significant. But how many state governments have taken, or are going to take, the necessary steps to weed out corrupt and irregular practices in the working of electricity boards and tone up their efficiency? Mrs Gandhi suggested that beneficiaries should pay a fair price for the benefits they receive. This is, of course, a sound approach but at the same time, the state governments should take care to see that they do not levy excessive charges in their anxiety to reduce losses.

lack of demand

Many major industries in the country continue to complain of lack of demand for their products despite the sharp step-up in the centre's Plan outlay year after year. It is worth enquiring whether it is a fact that the central government departments have been going slow in placing orders with industries and what are the reasons for doing so. In the meanwhile, the state governments should take the necessary steps to spend their Plan funds promptly and in the most efficient manner so as to make an immediate impact on industry and agriculture.

The chief minister of West Bengal has been claiming credit for being able to increase the Plan outlay ever since his ministry came into power. The total Plan expenditure in West Bengal in the first three five year Plans and in the first three years of the fourth Plan till 1971-72 was only Rs 687 crores. But from 1972-73 to 1976-77, the period since Mr Ray became the chief minister, the Plan outlay is placed at Rs 778 crores. The Plan size in West Bengal is estimated to have increased by 352 per cent between 1971-72 and 1976-77 compared to 256 per cent in Maharashtra, 286 per cent in Karnataka and 221 per cent in Tamil Nadu. Credit for this achievement should also go to Mr Sankar Ghose, the present union minister of state for Planning, who, as West Bengal's Finance minister, showed much energy and ingenuity in mobilising resources. But the fact remains that a large number of industries in West Bengal remain sick and many are closed while

the growth of new industries has been sluggish. Unemployment continues to be acute. In many other states also, the economic situation is far from satisfactory with shortages of essential commodities

and high prices. State governments therefore should spend their Plan outlays in such a way as to result in more orders for industries, more employment, and better standards of living for the masses.

Wanted: uniformity in sales tax

At a one-day seminar organised recently in the capital under the auspices of the Punjab, Haryana and Delhi Chamber of Commerce and Industry (PHD), the representatives of trade and industry pleaded for uniformity in sales tax law, and also in the structure of sales tax besides the relevant procedures. While the discussions resulted in no less than 17 recommendations, the main suggestion was in favour of ending the varying rates of levies on the same commodities in different states of this region. It may be recalled that the seven-member Jha committee—the Indirect Taxation Enquiry Committee—currently reviewing the existing structure of indirect taxes, is also looking into the working of sales tax in the country. The deliberations of the business community from the northern region will therefore come in handy for this commission to assess the changes desired and the problems currently being faced by traders.

highest contribution

An analysis of the tax revenue of north Indian states shows that sales tax makes the highest contribution among all sources of tax revenue. For instance, in 1975-76 (budget), out of the total tax revenue of Punjab at Rs 165.24 crores, sales tax yielded as much as Rs 69.03 crores. In Haryana, sales tax in the same year contributed Rs 38.25 crores out of the tax revenue at Rs 100.97 crores. In Delhi, the importance of sales tax by way of revenue was much greater than was the case with Punjab or Haryana. Here, out of the total tax revenue of Rs 101.43 crores in 1975-76 (revised estimates), sales tax alone accounted for Rs 64.85 crores. Similar was the case with Rajasthan where in 1975-76 (budget), sales tax at Rs 59.40 crores was more than half of

the total tax revenue at Rs 114.29 crores. One conclusion which emerges from these figures is that sales tax in the northern states is the back-bone of the tax revenue of these states. Hence there is urgent need to streamline it so that its share in the total tax revenue does not drop in the coming years but continues to rise through its easy applicability and also through the removal of all irritants which disturb retail and wholesale trade and the free flow of goods within the region.

considerable variation

In his inaugural speech, Mr Sankar Ghose, union minister of state for Planning, conceded that even though in recent years all the states had shifted sales tax for many items to the first point in order to minimise tax evasion, there were considerable variations in the rate structure and also in the points of levy. The same point was stressed by Mr S.P. Virmani in his key-note address when he said that the present system of different sales tax laws for each state providing different definitions, varying rates of taxes, different rules and forms required not only huge and detailed book-keeping but was responsible for hampering inter-state trade. Among other things, he suggested that the centre should draw up a model sales tax act and rules for the guidance of the states on the basis of which the state governments could have their own enactments. He also said that the central government could prescribe the maximum rate of sales tax which could be charged by the states on the same pattern as had been done in the case of declared goods under section 15 of the Central Sales Tax Act.

Mr Virmani is certainly not the first businessman to suggest uniformity in legislation and rates of sales tax. If the government has not been able to act

upon this reasonable advice it is because of the conflicting interests of the states and their yearning for independent operation in areas which are their exclusive preserve. The centre-state relations have come up for review many a time during the last three decades and invariably the states have pleaded for autonomy in specific fields including the jurisdiction over sales tax. Since the major sources of tax revenue have already been in the hands of the centre, the states have so far fought against any intrusion in the fields reserved for the states. Therefore, it looks highly improbable that all the states could be made to agree to an all-India pattern in sales tax structure though a beginning could certainly be made in the case of some of the regional groups.

reduction in evasion

In the northern region, uniform sales tax rates had in fact been promulgated in the case of tyres and tubes (10 per cent), luxury goods (10 per cent with the exception of Uttar Pradesh and for some products in Rajasthan), cosmetics (10 per cent with the exception of Uttar Pradesh which imposes 12 per cent) and lubricants (seven per cent). In many other commodities, the variations in sales tax from state to state are not much—only one to two per cent which could be removed without causing any substantial change in revenue receipts. The northern region states could certainly work out a programme of uniformity in sales tax laws and rates without much loss of revenue or sovereignty of operation in this field. If that could happen, all the cooperating states could hope to increase their revenue receipts through reduction in tax evasion.

In an exclusive interview with *Eastern Economist*, Mr Yash, minister for Excise and Taxation in Punjab, who was one of the participants at the PHD seminar, stated that tax evasion up to 15-20 per cent was still taking place. When asked why it was so, he opined that the absence of a climate of confidence was largely responsible for it. The trading community and the bureaucracy responsible for the recovery of sales tax had deep-seated distrust of each other with the result that tax evasion became difficult to eliminate. He earnestly pleaded for an atmosphere

wherein the trader was treated with respect and encouraged to practise complete honesty in this regard. In reply to the question if the high rates of sales tax were not the root cause of the evasion, he said that a trader who defrauded the exchequer when the sales tax was 10 per cent would not give up this tendency if the rate was halved to five per cent. Moreover, over the years, sales tax had emerged as the major source of revenue in the states and promised to be more elastic in tax yield than any source. Hence there was little possibility of any relief in this regard. He however conceded that improvements in procedures could certainly be initiated.

It may be stated here that the Federation of Indian Chambers of Commerce and Industry (FICCI) in its memorandum to the Jha committee has suggested that

the system of sales tax should be abolished and it should be replaced by additional excise duties to be levied by the centre. Since it will take the centre a few years to persuade the states to agree to this procedure, the FICCI has also recommended a thorough re-examination of the sales tax forms and procedures with a view to achieving uniformity in their content throughout the country. The FICCI has complained that the impact of sales tax at different stages is fairly heavy and constitutes a sizeable part of the final export prices of goods. Except the last sale which occasions the export, the burden of sales tax at earlier stages is not refunded and does not form a part of the drawback rates. It has therefore asked the Jha committee to look into the incidence of sales tax on exports and suggest ways and means to reduce it.

by a rapid increase in the number of institutions training teaching graduates for secondary schools. As against 14 institutions in 1964-65 turning out nearly 1,000 B. Ed. graduates, the state already had 34 institutions in 1975-76 with an annual capacity of training 4,575 graduates.

increased concentration

The concentration of students in relation to teachers in secondary schools also increased over the years. Against a rise in the number of secondary schools by 353 per cent between 1955-56 and 1973-74, the rise in the number of teachers was only 229 per cent from 7,212 to 23,982. The number of students increased by 309 per cent, so that the teacher-student ratio in secondary schools during these years deteriorated from 1:16 to 1:20.

It may be pointed out that the estimate of surplus teachers in 1974-75 in the state has been made from the registers of the employment exchanges. It is quite likely that non-registrations, double registrations and registrations even after employment may not give the real position of surplus stock in the state. It has, therefore, been assumed that about 15 per cent of those who were registered might have got employment. The unemployed stock has, therefore, been taken as 85 per cent of the number registered with the employment exchanges.

While the total developmental outlay in successive Plans has been rising rapidly, the outlay in the state on education has remained practically static. For instance, as against an outlay of Rs 10 crores for education during the second Plan and Rs 13 crores during the third Plan the outlay for the fourth Plan was Rs 15 crores. Obviously education was given a low priority in the state over these years. Under these circumstances the scaling down of outlay on education during the fifth Plan, from the proposed Rs 69.79 crores to Rs 26.70 crores, has not been a wise decision. This has resulted in a downward adjustment of the target for the additional enrolment in the state from 1.13 million to 567,000 (520,000 for primary education and 47,000 for secondary education), thereby reducing the possibility of increased employment for teachers.

Surplus teachers in Karnataka

THE REPORT on the demand and supply of primary and secondary school teachers during the fifth five-year Plan, prepared by the manpower unit of the department of planning in the Karnataka state, is indeed illuminating and timely. It has brought to light the malady of rising unemployment among the trained teachers in the state. The report reveals that the number of unemployed primary school teachers in the state, which in 1974-75 was around 4,200, was likely to reach 11,615 by 1978-79. Similarly the number of unemployed secondary school teacher graduates, which was estimated at around 1,500 in 1974-75, was likely to reach a staggering figure of 16,424 by 1978-79. This sad situation facing the state should be urgently attended to.

One positive aspect of the situation in the state is that the number of institutions training primary school teachers increased modestly during the last decade. As against 70 such institutions existing in 1966-67, the number increased to 88 by 1975-76—a rise of 25 per cent. During the same period the number of schools increased from 22,250 to 32,840—a rise of nearly 50 per cent. The number of students increased far more rapidly during

these years, rising from 1.89 million to 4.13 million. In other words, against 119 per cent rise in the number of students and nearly 50 per cent rise in the number of schools, the number of institutions training teachers for these schools increased by 25 per cent.

The above figures reveal that the problem of surplus teachers was more a result of the changed teacher-student ratio than the increased number of training institutions for primary school teachers. In 1955-56 the teacher-student ratio was 1:32 which changed to 1:41 in 1973-74. This increase in workload on teachers possibly could cause deterioration in the quality of education. It might further be pointed out that 32,840 schools in the state had 99,962 teachers, showing an average strength of nearly three teachers in each school, which again could be considered as low if proper training was to be imparted to students in their earlier years.

In the case of secondary school teachers in the state the situation was quite different. As against the unemployed stock of 1,485 secondary school teachers in 1974-75, the number by 1978-79 was expected to reach a figure of 16,424. In this case, the malady apparently was being created

CAPITAL'S CORRIDORS

R. C. Ummat

Power lags • Consultancy exports • Engineering exports target

ALTHOUGH THE addition to power generation capacity during the current financial year will be on a somewhat larger scale than has been the case during the last two years, it is not likely to come up to the expectations of the Planning Commission. The first two years of the current Plan witnessed an addition of 3,524 MW to this capacity. During the first ten months of the current financial year, the capacity has been augmented by 1,071 MW. It is expected that another 948 MW would be added before the year is out, taking the total addition to capacity during the year to slightly over 2,000 MW. The Planning Commission in the recently finalised fifth Plan document had estimated that as much as 2,387 MW capacity would be added during the current year. This indicates that notwithstanding the emergency, the developmental efforts in the power field have left much to be desired.

projects commissioned

The projects which have been commissioned during the current financial year include Ukai Unit II (Gujarat) 120 MW, Gandhinagar Unit I (Gujarat) 120 MW, Koradi (Maharashtra) 120 MW, Panki (Uttar Pradesh) 110 MW, and Patratu (Bihar) 110 MW in the thermal sector and Idukki Units II and III (Kerala) 130 MW each, Lower Sileru Unit II (Andhra Pradesh) 100 MW, Ramganga Unit II (Uttar Pradesh) 66 MW, Belimela Unit VI (Orissa) 60 MW, and Gumti Unit II (Tripura) 5 MW in the hydel sector.

Eleven other power generating projects are expected to be commissioned by the end of March. These include Panki Unit II 110 MW, Harduaganj (Uttar Pradesh) two units of 55 MW each, Amarkantak

Extension (Madhya Pradesh) 120 MW, Kothagundam (Andhra Pradesh) two units of 110 MW each, Gandhisagar (Gujarat) 120 MW, Sharavathy Expansion (Karnataka) 89 MW, Ramganga Unit III 66 MW and Subarnarekha (Bihar) 65 MW. The latter four units are in the hydel sector.

lags compensated

The lags in the implementation of some of the power projects currently under erection, however have been compensated to some extent by the improved working of the existing capacities, with the result that the power supply position in most parts of the country at present is fairly comfortable. If the current Plan target of adding about 12,500 MW to the 18,456 MW capacity available at the end of the last Plan period is to be achieved, more strenuous efforts will have to be made to bring the programmed units on stream according to their current schedules.

Incidentally, a new chapter has been opened on the thermal power front recently with the country going in for 200 MW thermal generators which are being manufactured indigenously by Bharat Heavy Electricals Ltd. Some work has also been taken in hand for setting up in the early 1980s 400 MW units. This should accelerate the augmentation to the generation capacity in the coming years.

Encouraged by the success achieved in bagging against stiff international competition by its subsidiary MECON a consultancy contract from Nigera for setting up two one-million-tonnes capacity steel plants in that country and earlier having undertaken on behalf of Abu Dhabi, Dubai and Bangladesh feasibility studies for

putting up steel plants in those countries, the Steel Authority of India (SAIL) is exploring the possibilities of offering its services for establishing steelworks and allied projects in west Asia. The Chairman of SAIL, Mr R.P. Billimoria, along with some experts from his organisation, is currently in this region visiting Saudi Arabia and Kuwait for top level discussions with the representatives of industry in the two countries. They will also explore the possibilities of Hindustan Steelworks Construction Ltd, another subsidiary of SAIL, taking up construction and erection work in respect of industrial projects. The SAIL will as well be offering training facilities at its various units for the west Asian nationals under the collaboration programmes it is offering to these countries.

The development of expertise in the design and construction of industrial plants and equipment, iron and steel, dams, bridges and even nuclear reactors, in fact, has been so rapid during the past decade that we are today in a position to provide sophisticated technology as well as complete plants on a turn-key basis to the developing nations.

turnkey jobs

Several of our consultancy firms have already executed a number of international projects in various industrial fields such as textiles, paper and hard board, cement and cement products, electric fans, domestic sewing machines, bicycles, sugar and light and medium structurals and fabrications. Turn-key projects have been taken up by them for high-tension power transmission lines, complete power sub-stations, pipelines for gas and petroleum, etc.

Our consultancy firms, both in the public and the private sectors, have built up an intermediate technology, which is very suitable for developing countries. They have gained valuable experience in technology under the limiting conditions of our own under-developed economy at the time of independence. There is, therefore, hardly any modern engineering or structural project which cannot be adequately and safely planned and designed completely by our consulting engineers. We have all the capabilities and capacities required for detailed engineering and construction and management services

relating to all types of industrial projects.

Our consultancy exports have shown an encouraging trend in the recent years. Turn-key projects have been taken up in many African and West Asian countries as well as in south-east Asia. In the public sector, the National Industrial Development Corporation has provided turn-key services to Tanzania, Zambia and Guyana in the field of small-scale industries. Complete industrial estates are being set up in these countries. The Engineering Projects (India) Limited has also supplied complete industrial plants to other nations and a whole new city is being built by it in Kuwait.

Several of our consultancy organisations in the private sector have also executed a number of projects in foreign lands. We, thus, have provided sophisticated consultancy services for the establishment of various types of industrial, civil and other projects to a large number of countries in Africa, South America, west Asia, south-east Asia and even in a modest measure to the industrially advanced countries like the United Kingdom, the United States of America, the Federal Republic of Germany, Canada and Yugoslavia.

significant developments

Two significant developments on the consultancy exports front last week have been the bagging of a \$1.68 million contract by Rail India Technical and Economic Services (RITES), a public sector undertaking under the ministry of Railways, from Ghana, and the offer of the minister for Petroleum, Mr K.D. Malaviya, to assist the Democratic Republic of Vietnam in oil exploration and production.

The Ghana contract secured by RITES in the fifth assignment this undertaking has successfully negotiated in the face of stiff competition from several advanced countries since its inspection a couple of years ago. The earlier assignments were in Iran, Syria, Sri Lanka and Zaire.

Encouraged by the good progress registered by engineering exports this year the Engineering Export Promotion Coun-

cil is thinking of raising the next year's target for these exports to Rs 625 crores, which will be higher than the target of Rs 575 crores contemplated earlier.

Exports of engineering goods this year are likely to touch Rs 550 crores—Rs 50 crores more than the original target. The original target was revised upwards to Rs 550 crores a few months ago. By November last, exports had aggregated to slightly over Rs 318 crores, compared to about Rs 241 crores during April-November, 1975.

orders on hand

The orders on hand too suggest that export next year can be stepped up significantly. Contracts to the tune of over Rs 800 crores are said to have already been entered till a few days ago. They represent an increase of about Rs 325 crores over the orders position at this time last year.

A tentative break-up of the next year's contemplated target suggests that exports of capital goods can be raised to Rs 214

crores from the likely exports of Rs 182.50 crores this year, those of steel-based items to Rs 165 crores from Rs 150 crores and of consumer durables to nearly Rs 215 crores from about Rs 184.50 crores. The exports of items based on non-ferrous metals, however, may not exceed Rs 35 crores, the level likely to be reached this year.

critical equipment

A major breakthrough has been achieved recently in the export of critical equipment for fertilizer plants. This is in the form of supply orders for heat exchangers, pressure vessels and towers placed on Larsen and Toubro by Kellogg International Corporation, Foster Wheeler Ltd, both of the United Kingdom, and Kellogg Continental B.V., Amsterdam. The orders are said to have been secured by the company from international prime contractors/consultants against stiff global competition. This suggests the acceptance by international fabricators of our high standards in fabrication technology. The equipment is to be used in Bangladesh and Sri Lanka.

RECORDS AND STATISTICS

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Thoughts on tea productivity

N. C. Kankani

Tea is the most organised crop in the country. Looking back at the industry over the past 25 years, the yield has gone up from 876 kgs per hectare to 1360 kg. Maintaining the rate of production is not enough. The author, who is vice-president, South India, Jaysree Tea & Industries Ltd, believes that the industry will have to use all its technical expertise to achieve much higher rate of growth to meet the growing internal demand of this common man's beverage and attain satisfactory level of export.

THE NATIONAL seminar on tea held in New Delhi late last year, which considered the tea production to 2001 AD, has brought into focus the urgent necessity of achieving a much faster rate of growth in tea production than hitherto achieved. This is absolutely necessary to maintain satisfactory levels of export after meeting the growing internal demand for this most popular beverage for the common man in India.

On analysing the various targets mentioned by the industry and the government from the same platform in the seminar a certain gap appears. The government has set a target of 610 million kgs for 1980 and 750 million kgs for 1985 whereas, the representatives of the industry put the total tea production (from the present areas) at around 540m kgs and 580m kgs for 1980 and 1985. This leaves a shortfall of 70m kgs for 1980 and 170m kgs for 1985 which is obviously intended by then to come from new planting and/or replacement of old tea areas.

impossible task

To fill in this gap of 170m kgs by 1985 the industry has to extend something like 25 per cent of the existing areas within next two or three years itself, i.e. about 90,000 hectares, so as to expect substantial crops from it by 1985. This, by any calculation is an impossible task as there is neither the financial nor managerial or other inputs regarding Mother Bushes, labour etc. available for this and certainly not all the planters have that much land to complete the programme. Further any replanting undertaken will first result in a setback of crop due to uprooting. Apart from these problems, any crash programme of such gigantic scale covering 90,000 hectares in two or three years in agricultural crop like tea may result in a substandard work

necessitating a never-ending "infilling programme" which in itself would defeat the very purpose of the exercise. Let us, therefore, be very practical in our approach and accept the situation as we can foresee today with all practical calculations.

The message therefore appears to me to be very clear that industry will have to use all its technical expertise and experience to achieve a much higher rate of growth from its existing tea areas, at least in the immediate future.

Under-utilisation is perhaps greater in agriculture than in industries and one has

POINT OF VIEW

only to assess the extent of such under-utilisation in tea-agriculture of our country covering about 3,63,000 hectares. Looking back I find that the Indian tea industry has in the past 25 years increased its yield from 876 kgs to 1360 kgs per hectare. But maintaining this rate of growth is not enough. After all "knowledge" is a cumulative heritage of human experience. In the present era, we have got to increase the rate of its accumulation and at the same time accelerate the efficiency in its application.

One may, of course, be tempted to say that in agriculture there must be some optimum where there is a limit to increase the crop. The theoretical answer is "yes", but in my opinion no one has so far been able to visualise this optimum, as progressive advances continue to be obtained

not only in tea but in all other crops as well. Well cared and well looked after tea bushes of more than 60 years of age are still continuing to make new records of yield year after year within our own country. Considering the fact that the difference between the highest yielding units and average yield per hectare in our country is more than double, the question is why cannot we pull up our lower yielding areas much faster?

areawise increase

An areawise analysis of the increase in the past quarter of a century shows that south India increased its crop by 84½ per cent whereas the north Indian increase is only 41 per cent. The increase in Bengal alone is a mere 26½ per cent. This indicates the range of possibilities.

Research has expanded the horizons of our knowledge on the necessity and optimum use of chemical and organic fertilisers, better control of mites and other pests/diseases, control of weeds through weedicides, rejuvenation pruning, mulching, better drainage and reorganisation of pruning cycles. But research has been an open book for all. Then, why is the divergent increase acceptable to the planters? It is obviously some factors beyond the reach of research which are working as inhibiting factors.

With these ideas, I would now attempt to enumerate the very salient points indicating urgent actions for short-term growth: Tackling the management and field problem of tea estates in each area which are yielding below the average of the district and certainly below the national average by voluntary management collaboration.

For attaining higher crops, i.e. to get more crop from the same unit area, one has to identify the problem of those areas which are presently low yielding because it is only here that much faster increase can be foreseen.

The average yield of tea for the country is 1360 kgs/hectare. Within this average there are units, even excluding Darjeeling and Tripura, yielding from 800 kgs to 3000

kgs. The immediate exercise should therefore be to identify and catalogue all such units, regionwise, yielding lesser than the national average of 1360 kgs. The entire attention of the industry must be focussed on these units. The higher yields achieved by other units itself indicate the sensitive and very progressive approach already existing there. What should thereafter be attempted is a 'unit by unit' analysis of the problems so as to evolve action programmes at micro levels for each unit.

After identification of units and their specific problems they must be set for improvement to achieve national average or beyond in terms of better production activities through a "time bound schedule". The national average of productivity will itself be going ahead in the process and they will have to strive hard to catch up with it. Their advances will also spur the progressive high yielding units to further improve their performance.

voluntary committees

Areawise voluntary committee of progressive planters and/or research scientists should be constituted to help these low yielding units in making these programmes in the interest of the nation. This is the only way whereby industry can march in the path of progress and avoid being sick. This will ensure a process of updating the technique in field management for overall better productivity by the use of the latest management and scientific techniques being made available to the marginal units by easily available export advice. In short, it will be voluntary management collaboration without any cost, yielding rich dividends in shorter time.

There is a necessity for reorientation of our tea culture with better exchange of knowledge between the research scientists and practical planters. For example:

(a) **Pruning cycles:** Pruning cycle in north-east India is a case for further study. Presently north-east India generally adopts three years' pruning cycle which is supposed to give the best balance of crop as well as quality. In my opinion the rejection of longer pruning cycles on the basis of experiments conducted several decades back, needs to be reexamined by fresh experiments, to see whether, on the

whole, this gives better crop as well as better profitability or not.

(b) **Controversial perennial plucking:** Similarly there is need to assess the benefits of the controversial perennial plucking introduced in some regions of north-east India from 1964. It is not the name that matters but this practice of tea culture should be given a fair trial by conducting conclusive experiments with an open mind to prove its benefits and not to decry it. The continuation of plucking beyond normal periods and early start given to the cropping in the season do tend to increase crop in the earlier flush period.

benefit not reaped

It is not difficult to see that the full benefit of this is not now being reaped. The often repeated readymade answers of equatorial distances and shorter light days and cold temperatures/dry weather need to be forgotten for a while for truthful and dedicated scientific approach in the overall national interest. It is only a matter of time whether we succeed in this direction or our next generation, which would mean saving from an avoidable loss the industry and the nation for a quarter of century, if not more. Agricultural Economics Department (at TRA) started functioning from December 1974 on the recommendation of the 26th Biennial Tocklai Conference (1973) should include these points for study already covered by its objective clause which required study of economic aspects of various agricultural practices in operation in the tea estates of north-east India.

By better factory management and upgrading of manufacturing techniques, the process of availability of tea can further be helped in following ways:

(a) By improving the liquoring properties so that more cups of tea are available per kg of dry tea.

(b) By increasing the made tea to greenleaf ratio by proper factory technique especially in withering process which will increase the total quantity of dry teas, and tea factories would thus assist in increasing the yield per hectare from tea fields.

(c) In my opinion a lot of improvement in the tea drying techniques are necessary by research to obtain a modified

drier which not only enhances the liquoring property of tea but also perhaps helps in obtaining better (higher) made teas to green leaf percentage, all other things being equal. Fluid bed dryer from Colombo does show a departure from the traditional dryer.

(d) Another point suggested is whether tea can be dried at low temperature. Dehydration at low temperature may be a point for consideration.

study overdue

Scientific studies are perhaps overdue to further establish the finer points on specific influence of inlet and exhaust temperatures, volume of air, quantity of leaf spread on trays, the ideal perforation, run through time and relative speed ratio of the circuits.

Bridging the communication gap and creating timely awareness with planters about unit-wise yield per hectare, month to month is important. Tea brokers in all selling centres issue weekly reports summing up garden-wise sale performance of all gardens, for the week and to date for the year. This creates awareness and generates better competition between all comparable units. It is strongly suggested that in the same way, tea brokers or some other agency issue not only the monthly crops, estatewise, but also publish monthly (as well to date) yield per hectare for each estate. It is only the information about yield per hectare (and not merely the monthly crops) that generates the competitive spirit.

Area-wise breakup of national targets: It is suggested that the national targets of crop-advances should be broken areawise and looking to the special circumstances of each area, their targets should be separately fixed.

It is highly improbable that all tea areas or states are likely to or expected to yield uniform increases in crop. Therefore, let the industry as well the Tea Board make a realistic approach to the estimated breakup of the targets set, whether it is for 1980 or 1985 or 2000 AD and come out with yearly assessments reviewing the performance of every area focussing every one's attention to shortfall in targets and suggest effective and timely measures to

deal with the situation and if necessary to recast the regionwise targets.

While doing so, crop increases due to weather conditions in any region in any year (as is the case during 1976) should be discounted while compiling and comparing the crop results. Similar exercise and accounting should be done for adverse weather in any year anywhere so as not to get discouraged (for no fault in spite of the efforts earnestly put in). The breakup should also be made for expected crop increases due to replanting/or new planting areawise and analysis of crops achieved from existing areas should be assessed separately. The breakup should better be made district (area)wise taking into consideration the various local factors, conducive to growth or otherwise, adjustable to replanting/new planting possibilities and resources available.

The concentration on improvement of units, in each area, yielding below the average of the area (district) by more than 10 per cent is bound to bring much faster results.

Replanting in specific areas: Replanting may be a greater national asset, if done in areas yielding lesser than the national average rather than in areas already yielding 1500/1800 kgs as district average and above. By the time the tea in later areas is uprooted, replanted and brought into full bearings to yield more than its uprooted yield of 1500/1800 kgs it is highly probable that the old yield of 1500 to 1800 kgs with advance in technology and management practices might very well reach 2200 kgs and above. This is therefore a very vital subject and needs a national level decision as well as direction.

high yielding clones

In my opinion, there is no doubt, that ultimately the higher yields are expected to come from the far greater use of high yielding clones. The selection of really high yielding clones therefore, becomes the factor of paramount importance. The promising clones, released so far in any part of the tea-world are hardly the answer. The clones released during sixties cannot be expected to hold the same weight with our aspirations in changed seventies or eighties. Selection of high yielding clones has got to be a continuous process and any expenditure in this line of science should always

be extremely rewarding to the industry and to the nation. We have got to march with the time, if not ahead of it, lest the time will leave us behind. Let us attach more importance to and focus our attention on prospective opportunities rather than relying on patterns that were successful in meeting past problems.

Under the circumstances now prevailing what would be a really high yielding clone? This is a 64 thousands dollar question that I ask myself.

As we are aware, the industry in commercial production has been able to obtain yields of something like 3500 kg per hectare and above with plant population of 6500 plants per hectare. Surely, in some of these fields, there are plants which are giving yields of about 4 times this average i.e. about 14000/15000 kg per hectare, more so, if the experience in rubber and other agricultural crops is any guide.

new formulae

Considering that all future planting will have to be much closer spaced than the present, to my mind, subject to corrections by scientists and fellow planters, we can use the formulae of 50 per cent extra crop for extra plants per hectare or for infillings. In other words any section or field planted with $4' \times 4'$ spacing yielding 2000 kg/hectare with 10 per cent vacancies, if infilled, should give more crop to the extent of not 10 per cent but only 50 per cent thereof i.e. 5 per cent to make 2000 kg or 2100 kg/hectare. The same applies to closer planting: 10,000 plants at $4 \times 2\frac{1}{2}'$ as compared to conventional 6750 plants in old planting $4' \times 4'$ yielding 2000 kg/hect should give, other things including the planting material remaining the same, 50 per cent of the extra crop based on increased plant population. This fact apart, the present highest yielding areas do have some vacancies and the present yield figures are therefore to be updated for any conception of a possible high yielding bush or bushes. It should therefore be possible to think in terms of a 100 per cent bush populated field of the suggested high yielding clone or clones with $4' \times 2\frac{1}{2}'$ spacing, with only 10,000 plants per hectare, to theoretically yield something like 20,000 kgs/hectare on commercial scale and much more than 20,000

kg/hect on experimental plots of one or two acres.

It must be noted that any experimental plot of tea, for that matter any crop, in plots of 1 or 2 or 5 acres, for the reason of its getting special and best attention for its being experimental—not always possible on commercial scale—shall produce about 20 to 25 per cent better result than the same raw material put on commercial scale—of 100-200 or 300 acres. And therefore, any clonal selection of tea on experimental trials must be capable of yielding around 24,000 kgs/hectare to stand for a commercial figure of 20,000 kg/hectare, and this high yielding clone should be the fore-runner of the very major break-through in crop potential.

It must also be recognised that high yielding does not necessarily mean to connote non-quality or below average quality or a filler. Nilgiris, Nilgiris Wynaad and Anamallais districts in south India respectively account for 34 per cent, 17 per cent and 42 per cent of the total south India crop and there are gardens in each of these districts from south India which are known for their high yields, mostly and consistently above 2500 kgs/hect and at the same time known for their top bracket quality not only in their districts but in the whole of south India, Cochin brokers' quality batting-order periodical statements bearing a documental testimony to this.

top rankers

There may be many estates as well in north which are top rankers in quality with substantially high yields. Conversely also it is common knowledge that there are gardens with the lowest productivity but producing the poorest of teas from those regions. The essence of quality, except the flavour, lies in the processing technology and the equipment. Scientific mind must therefore start its search for 20000/24000 kgs/hect mother clone which once achieved would serve as a light house for all our long term targets in growth.

Given a pragmatic follow-up of the humble suggestions made above about five per cent compound growth rate for short term and 10 per cent compound growth rate in long term may almost double the yields in a mere 15 or 7 years period. We

can well imagine the possibility of supply overstripping the demand but any country coming to this position by resorting to higher productivity due to its lower cost of production can very easily dislodge the other countries continuing to follow orthodox methods of growth (as we all are now following) and survival of the fittest amongst the countries as well amongst the units within our own country would come to prevail. If that be so, the comparatively unremunerative units, ultimately yielding only 2000 kgs/hect or below in the context of 10 per cent compound growth rate, shall have to resort to other crops for better utilisation of land in the overall interest of the nation. This, at present, of course appears to be an Utopian talk but with an open mind and creative approach in the present context of things the steps indicated above in my opinion are comparatively easy to implement.

The work on this vital subject must therefore begin by locating and releasing high yielding clones from highest yielding sections and plots available in the highest yielding gardens in the country with a yield potential of 20,000 kgs per hect on commercial scale.

What an incentive will such a clone give

to the whole industry for uprooting and replanting can easily be understood and appreciated and therefore I throw this challenge to the research scientists of India to isolate and propagate such a clone or clones. This in my opinion is a matter of high national priority.

Replanting: To isolate and release such potential clones may take some time for our scientists. It is therefore necessary in the intervening period to concentrate on replanting, with the best material available as on date, in such areas which are below the national average. Replanting as we know has an added economic cost to the planter in the form of loss of crop plus the direct cost of Rs 30,000 to 35,000 per hect. The present subsidy level of Rs 5000 per hectare is too low to act as an incentive.

Also in the present context of the internal resources available with the industry annual provision of Rs 45 to 50 crores for this purpose appears to be a need for government action at high level in various fields of taxation and loan advances so that the replantings can be taken up.

The national seminar on tea has brought out the case for a national policy on land if further extension of tea,

which is unavoidably necessary to achieve the crop levels desired, is to be done. Without the land being available adequately and immediately all other exercises will fail.

It is also my considered opinion that in addition to the existing five auction centres for tea in the country we should have further auction centres in Gujarat, Maharashtra, Rajasthan, UP and MP so that there is better appreciation of various qualities of tea that are available and can be used in the respective areas by the people who are really engaged in the trade of distribution of these teas.

Tea is a perennial monoculture crop grown in very large areas under different agroclimatic conditions but it is the most organised agriculture in the country functioning adequately with an industrial system of satisfactory management and production system. Therefore it should prove not very difficult for public authorities interested in developmental planning to achieve the set targets of growth and marketing. They could counsel the industry, motivate them to work for desired and set goals by prudent approach in conserving the available resources including human talent, experience and organisation with proven records.

Karim Nagar : magic, miracle or simply talk of the town

A Correspondent

While planning for backward areas, especially the rural poor, the author stresses the need for a "group approach to development". According to him, this is the only way in which we could help millions of idle hands now rusting in the countryside to become productive and self-reliant in a short span of time.

THE KARIM Nagar experiment has become the talk of the town. At any development seminar or intellectuals' gathering, this name pops up as a panacea for mass poverty. Plainly expressed, the Karim Nagar experiment is the most concerted effort in transplanting resources, both of man and materials to a backward area. In other words, we are trying to create an industrial Hollywood, whose spread-effect would be limited to a very small tract but which is bound to create the illusion of a highly technological and affluent enclave. This point is fully substantiated by the failure of massive investment in the south-eastern region of the

country which failed to radiate any significant socio-economic benefit or trigger off regional growth. While this region produces 90 per cent of the country's coal and steel, its per capita income is 50 per cent of the national average.

How much have our public sector giants in the states of Bihar, West Bengal or Orissa benefited the local population? The futility of this exclusive reliance on industrialisation as a solution to our poverty problem is illustrated by Da'Costa in his study "Indian Destitution and Deprivation — The Changing Picture 1960-61 to 1970-71". In Maharashtra,

the proportion of the urban poor went up from 39.5 per cent to 42.3 per cent and in West Bengal the rural poor increased from 23.4 per cent to 46.3 per cent and urban poverty from 27.0 per cent to 39.5 per cent. Earlier, Bhatta had shown in "Poverty and Income Distribution in India" that in 1968-69, the two most industrialised states, viz, Maharashtra and West Bengal had a per capita rural household income of Rs 347 and Rs 361, (8th and 7th rank) respectively against the all-India average of Rs 364. Further that the per capita expenditure of these states was Rs 325 and Rs 311 (6th & 8th rank), against the all-India average of Rs 333.

This clearly goes to vindicate the contention that the percolation theory of large-scale industrialisation

has abysmally failed to ameliorate the lot of the masses especially the rural poor. That apart, have we ever reckoned with the social costs and the cultural shocks too of injecting the high-cost technology into an area like Karim Nagar which is still passing through the bicycle age? Until and unless the people of the area are educated and socially motivated into accepting these techniques, this technology-transplant can throw out of gear the very fabric of the society we are trying to transform. Herein lies the relevance of the warning of Ronald Robinson that this sort of experiment would be only creating bastions of modern technology amidst squalor and destitution and that it leads to widening the gap between the rich and the poor.

The CSIR in its report on the Karim Nagar project depicts the herculean effort put in by its scientists in preparing the geological, geomorphological and geohydrological maps as also the forest and soil surveys of the district using very sophisticated techniques such as aerial photo-interpretation etc. On the basis of these techno-economic studies. The CSIR has prescribed the following industries for the region: Egg powder plant; speciality paper plant; oil milling complex; strawboard unit; mini-steel plant; enamelware unit; groundnut flour plant; large tanning unit; wood carbonisation and Rice bran oil plant.

some proposals

No economic or financial details have been given of these schemes, save for the fact that some industrialists have come forward to invest in a few of these schemes. Now let us examine some of these proposals. An egg powder plant is going to cost over one crore of rupees. An earlier egg powder plant established by a large industrial house in the thick poultry belt of Poona has not proved an outstanding success, as was expected by many and its spread effect too has not been very considerable. Similarly, the speciality paper plant, the strawboard unit or the mini-steel plant are all multi-million projects, where most of the men and materials will have to come from outside the region, save for one or two basic raw materials found locally. Often,

unskilled labour has to be imported from outside.

To say this is not to belittle the earnestness of our scientists who have also come out with some admirably simpler solutions/suggestions to the problems that normally beset any backward area. These are: Pest-proofing of the empty gunny bags for storage of foodgrains, which will be safe for 6-9 months, costs only 10 paise/bag; programme for the construction of mud hutments with improved fire proof thatched roof; bio-gas plant — should be small as well as community type; sludge and sullage utilisation scheme for agriculture; citronella plantation — both cultivation and extraction of citronella oil; a low-cost labour-intensive scheme; sanitary chemicals — to manufacture chlorine ampoules and alum tablets — should be a small plant; and a mini-rice mill to replace the hullers — capacity 500 kg/hour. One wishes that the CFTRI Mysore could come out with a smaller unit.

lavish spending

In all, over 100 schemes have already been taken up and some of those catering for the immediate needs of the people, such as drinking water supply, improved techniques for low-cost housing, installation of wind-mill and biogas plants are indeed most welcome. But plans for lavish spending on the buildings and construction programme cause grave concern. Various housing and building programmes have been earmarked Rs 6.25 millions and another Rs 26.5 millions has been allocated for developing and improving 500 km of roads in the district. This callous attitude towards limited public resources needs to be checked immediately.

Moreover, this excessive craze for the industrialisation of the Karim Nagar district has resulted in a lopsided situation, as shown by the CSIR's own appraisal. It admits that the much needed headway in agriculture, education and social services could not be made. How naive has been the CSIR's approach can be judged by its admission that progress in agriculture has been lacking for want of inputs of expertise. Now the ICAR is going to step in to correct this imbalance, but one only hopes that it does

not, Punjab-style, go for high-cost technology.

Of the two million people of the district, 90 per cent live in the villages and only seven per cent of the land is having irrigation facilities. Another 21 per cent of the land area is covered with forests. This makes it amply clear that simple-crop husbandry will not redeem the situation. More emphasis will have to be laid on animal husbandry especially the cross-breeding of cows, sheep and goats, small poultry units of 100-200 birds each and forest-based cottage industry and village crafts. Of the latter, spinning and weaving can be a major plank of action. With sesamum, gingelly and groundnut being cultivated in the area, we can have a large number of oil ghanis, rather than big extraction plants.

economic backwardness

The economic backwardness of the district can be gauged from the fact that 683 small scale industries employ 6200 persons and have a total turn-over of Rs 80 lakhs, i.e. nine persons each unit and the average turn-over of Rs 12000 per annum. To be a real organic development process, we must refashion our approach on the Japanese pattern of development, which proclaims that each house is a factory. By creating myriads of petty production units in the countryside, we will help solve the problem of unemployment, especially disguised unemployment in the rural sector.

In any area development programme, our endeavour must be to work for the concept of human viability and ensure that each and every man finds some gainful employment. However, it is most regrettable that the Karim Nagar report makes no mention of the employment potential of these schemes anywhere. As it is, the job opportunity cost in a large industry comes to Rs 80,000 on an average and in a small-scale industry to Rs 12,000-15000 per job. In this context, it is well to remember the warning of Dr. Schumacker that high-cost technology is not capable of solving the problem of poverty in the LDC's. Rather it adds to the growing hiatus between the rural poor and the elite, which could ultimately lead to serious social tensions in the country-side.

A more rational grass-roots ap-

proach, albeit less-technology biased, to the problems of the backward areas should have included the following schemes which involve lesser capital, more labour and, above all, shorter gestation period. Basket making, cane, coir and palm leaf products, each needs Rs 500 loan-assistance for materials and consumption purposes for 2-3 months, which could be paid back within 1-1½ years. Limestone and soapstone or ore-quarrying are to be taken up on the basis of labour-cooperatives. Consumption loans to be provided at Rs 100-150 pm. For the potters, shaila potters' wheel costing Rs 1800 would help double their earning to Rs 5-6 per day. Improved oil ghanis by introducing 2HP motor to the bullock driven ghani unit can raise the amount of seed crushed per day from 48 kg to 64 kg. It entails additional expenditure of only Rs 2500 but the income of an artisan can go up from Rs 250 to Rs 600 or more per month. For weaving of shawls, woollens, and carpets etc a household will need loan assistance of Rs 4500-5000 which can be repaid in 3-4 years and the weaver can then become fully self-supporting. Fibre and rope making. For hand-made

paper unit there is great demand especially for exports and a small unit costs only about Rs 35,000 and will employ 12-15 persons. Woodwork, toys and sports-goods making need loan assistance of Rs 1200-1500 only. Arrowroot and Catechu making offers good scope in many places in south India and need consumption loans of Rs 100-150 per month. Glue and gelatin making, palm gur and palm products, grinding and processing of cereals and pulses and non-edible oilseeds, collection and oil extraction, e.g. Mohwa, Neem, Karanja, Kusum and Sal etc. too have great potential.

Besides these, for the small and marginal farmers, we can plan for vegetable and seed production with loan assistance of Rs 800-1000 each. This will ensure a net income of Rs 100-150 per month.

While planning for the backward areas, especially the rural poor, we need an altogether new orientation, i.e., group approach to development. This would mean group planning, group financing, group management and collective marketing and processing. That is the only way we could help millions of idle hands, now rusting in the countryside, to become

productive and self-reliant in a short span. Thus, in the words of Nurkse, this unemployed labour force can become our vast saving potential and consequently a valuable capital asset with judicious planning. Failing this, we will just be trying the hit-and-miss tactics of western planners and, in the context of village-India, our planning process will for ever remain a sisyphian task.

It is high time that we took heed of the concepts of the new economics and changed our planning methodology from the GNP-orientation to the techniques of Gross Social Welfare. Only that way we can bring redemption to over 300 semi-starving Karim Nagars in the country. Let our scientists be not concerned only with what is technically attractive. They must also learn to reckon with what is readily acceptable and also conveniently feasible. More than Dr Schumacker's Appropriate Technology and Marsden's Progressive Technology, what India needs is its own brand of rural technology which takes up and upgrades the existing tools, skills and endowments of the region and wherein the job costs do not exceed Rs 3000 to Rs 5000 each.

Sheep farming in Haryana: Australia lends a hand

Hardev Singh

Even though India is world's sixth biggest sheep rearing country, the average annual yield per sheep is hardly 0.9 kg as compared to 5 kg given by Australian Corriedale. The author gives the impressions of his visit to the Hissar sheep farm, one of the biggest in Asia, run with Australian collaboration under the Colombo Plan.

NEARLY 20 kilometres from Hissar, on the Hissar-Chandigarh highway, the typical landscape of wheat-growing holdings of various shapes and sizes turns into large square pastures of lucerne and oats where Australian sheep graze in large flocks. Tall eucalyptus trees line the roads that run through these pastures to take you to the administrative office of the Indo-Australian sheep breeding project.

This location was selected by a team from the Department of Agriculture of the Australian State of New South Wales keeping in view the proximity of Hissar to Delhi, ideal soil and topography and easy access to canal irrigation water.

One of the biggest in Asia, the sheep farm is spread over 7,500 acres and

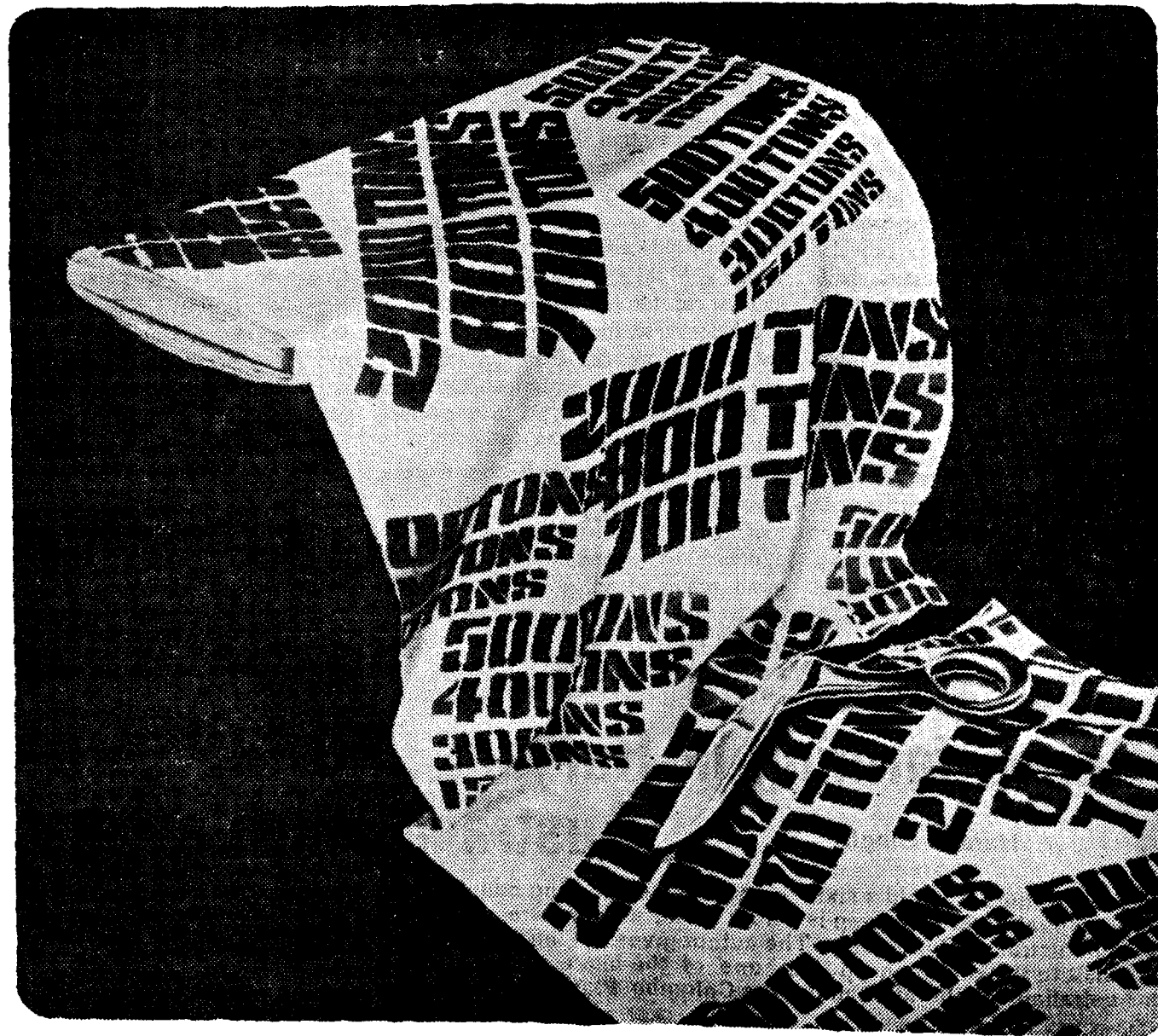
maintains today nearly 7,000 corriedale sheep. The number is gradually to be doubled in due course. Mr A.K. Basuthakur, director of the project, explained that the project maintains and develops a large scale farm for breeding and rearing Australian corriedale, an ideal dual purpose sheep providing high quality wool and meat. Large numbers of acclimatised pure corriedale rams born and brought up in India are being made available to various central and state sheep breeding centres. Here they are crossed with Indian ewes to produce half-bred rams, which are hardy and disease-resistant. These then go to the villages to upgrade the local stock.

Crossing the Australian and Indian

strains produces a sheep with a denser, heavier and finer fleece and large frame, but retaining the hardiness of the Indian breeds. It can survive the local environment and yield more for the Indian sheep owner. The dual purpose nature of the Australian corriedale makes it ideal for improvement programmes in India as it can boost production of both mutton and wool.

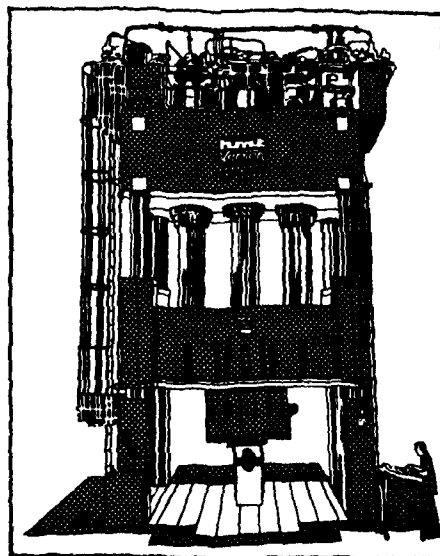
The urgent need for such upgrading of flocks in India is illustrated by the fact that being the world's sixth biggest sheep rearing country, the average annual wool production per sheep was 0.9 kg. The Australian corriedale produces 5 kg. Moreover, most of the Indian wool clip is suitable mainly for carpet making. Upgrading the flocks means good quality wool for the Indian textile industry. In terms of body weight, an Indian sheep produces about 12 to 17 kg of mutton after one

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year. The Australian corriedale yields 18 to 25 kg of meat after four to six months.

Mr Basuthakur revealed that, in the early stages, the farm posed seemingly insurmountable problems of high lamb mortality in summer from disease and predators. This was successfully reduced by the use of antibiotics and accommodation of the animals in sheds. Moreover, ewes in late pregnancy and ewes with young lambs were segregated from each other and from other animals and given first priority for fodder. Those sheep with high nutritional priority were grazed on legume pastures or crops in preference to cereals or grasses. Lambs are now brought to shelter with their mothers within the first few hours, irrespective of time of birth. Secondly lambs are kept in individual pens with their mothers for the first three to four days of life.

extension programmes

In 1974 the project expanded its objectives to include some crossbreeding with Indian sheep on the site, not to send out crossbred lambs but to understand the first hand experience with the problems of crossbreeding. This was likely to result in better planning of the project's extension programmes. A workshop on exotic sheep management held at the project in January 1975 was the first opportunity given to managers of other exotic sheep farms to inspect the Indo-Australian project and discuss their common problems of management. The conclusions and recommendations from this workshop provided a firm technical basis for future training courses. In fact an FAO expert considered this project as a useful place for the training of freshers from various Asian countries in sheep management. This was considered to be a better place for training than Australia or European countries where the climate was entirely different from the Asian countries from where the trainees came.

The process of sheep shearing has also been improved so as to avoid incorrect cutting of wool. When the first shearing was held at the project the majority of the 1,000 sheep were shorn by visiting New Zealand shearers. The annual course in mechanical sheep shearing, which has been held at the project since 1971 has,

however, trained many Indians for the task. In 1976 the majority of the 5,000 sheep were shorn by four project trained Indian shearers. These men were each capable of shearing more than 100 sheep per day, a performance equal to an average Australian shearer. The farm at present is training fresh shearers from various states in batches of 20 to 30 under Mr Brian Morrison who is an international record holder in sheep shearing. In a personal demonstration he could shear each sheep in nearly one minute, thereby showing his capacity to shear nearly 400 sheep in a single day.

A massive programme of land reclamation, irrigation and pasture establishment has been taken up at the site under the leadership of Mr W.J. Watson, chief of irrigation management. The first programme of preparing an area of 1600 acres of irrigated land has been completed. The entire work of levelling and making channels was accomplished with machinery provided by the Australian government. The water for irrigation is received from two canals adjacent to the farm and is distributed to various pastures through 40 kilometres of irrigation channels constructed within the project.

Perennial pastures are gradually replacing annual crops as the source of fodder on the farm. Each new developed area is subject to two to three years of seasonal fodder cropping to allow time for minor corrections to irrigation layout before committing the area to pasture. Oats and berseem clover in winter and millet and

cowpea in summer are the main annual fodder crops grown. Of the perennial pasture species used, lucerne gives the greatest supply of high quality fodder. Lucerne grows at its best during the spring and summer. The surplus growth during this period is converted into hay and stored for use during the periods of lesser growth. Crops of grain oats are also grown to supplement the supply of stored fodder.

The 1600 hectares of rainfed pasture, which are in the process of being prepared will serve as a good testing ground for new methods of range land reclamation. The fencing of this area has already provided a unique opportunity for observations on the performance of native species when free from overgrazing.

This project was conceived under the Colombo Plan and its cost is shared by the Indian and the Australian governments. This country has provided the land, irrigation water and permanent improvement including boundary fencing and buildings. The wages paid to Indian experts and staff also come from the Indian government. The Australian government is contributing sheep, machinery and technical personnel to the programme. Nearly half a dozen Australian technicians have gradually trained a number of Indians who can take over all important positions in the next few years. The success of the project is the result of the shared enthusiasm and competence of the Australian and Indian technicians at the site.

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Manager

ADB loans in 1976

The tenth annual meeting of the Board of Governors of the Asian Development Bank will be held in Manila from April 21 to April 23, 1977. Mr Tarochi Yoshida, former vice-minister of Finance for International Affairs, government of Japan has taken over as president of the Asian Development Bank from Mr Shiro Inoue with effect from November 24, 1976.

THE ASIAN Development Bank's activities in 1976 showed a further increase of 17-1/2 per cent in total lending.

The Bank took important steps during the year for raising additional resources from member governments and the international capital markets.

The Bank's activities during the year were also marked by continued emphasis on projects with social significance and increased resort to co-financing arrangements in assisting relatively large projects.

The total loans approved during the year were \$775.90 million as compared with \$660.31 million in 1975. Lending

The Bank's technical assistance to developing member countries and regional activities during 1976 totalled \$5.43 million as compared with \$7.0 million in the previous year. These amounts included financing by the United Nations Development Programme of \$1.74 million in 1976 as against \$2.84 million in the preceding year. The decline was attributable to a number of factors including the financial difficulties faced by the UNDP which led to a temporary reduction in the scope of collaboration between the two agencies in technical assistance activities, unavoidable delays in development programming and revision of development

approach, which has been a special feature of several Bank projects in the agricultural sector, was further strengthened with the incorporation of new elements of economic and social significance to the rural areas. A Bank-financed rural development project in northwestern Bangladesh, for instance, includes, aside from traditional aspects of irrigation and supporting facilities, pilot schemes for rural industries and rural education, provision for organisation of rural women and youth through selected economic activities and facilities for improvement of health and family planning services in the project areas.

A package of six rural development projects in Papua New Guinea involve such diverse aspects as construction of

WINDOW ON THE WORLD

from the Bank's ordinary capital resources amounted to \$540.04 million, an increase of 9.3 per cent over the previous year. Loans from the Special Funds resources to the Bank's poorest member countries were up by 41.9 per cent to \$235.86 million.

The substantial increase in concessional loans reflected partly the Bank's efforts to make up the shortfall in the previous year and the normal growth in the tempo of lending following additional contributions to the Asian Development Fund.

The average size of Bank loans recorded a further substantial increase from \$16 million in 1975 to \$21 million in 1976.

The total loan approvals at the end of 1976 were \$3,359.47 million comprising \$2,464.78 million in ordinary loans and \$894.69 million in concessional loans.

programmes in certain countries. At the end of the year, the Bank was involved in 214 national and regional technical assistance projects at a total cost of about \$34.64 million, including UNDP funding of \$7.97 million.

The Bank's financing activities in 1976 were evenly distributed among four major sectors — agriculture and agro-industry (25.9 per cent), industry (26.3 per cent), public utilities (26.3 per cent) and transport and communications (21.5 per cent). There was no lending in the education sector in 1976, but a loan proposal for an engineering education project in the Philippines was in an advanced stage of consideration at the end of the year. In addition, Bank technical assistance for a technical education project in Nepal may pave the way for another such loan in 1977.

The integrated area development

roads, staff housing, school building, community center, establishment of a buffalo breeding herd, promotion of inland fishing, agricultural research and strengthening of agriculture and nutrition education.

Other Bank loans in the agriculture sector were made for fisheries, seeds and beef cattle development.

Bank assistance to medium and small-scale industries through lending to national development banks was maintained at a high level. Support for large-scale industries included a loan for a coal development project in the Republic

of Korea and another for a cement plant in Nepal.

Nearly one-half of Bank lending during the year was directed at strengthening the infrastructure facilities of nine developing member countries in such areas as power development, water supply, roads, railways and ports.

Gilbert Islands and Solomon Islands received their first loans from the Bank during the year.

The Bank continued financing, in suitable cases and to a limited extent, a portion of the local currency expenditures of Bank-assisted projects by lending foreign exchange. The total amount of such local cost financing approved in 1976

for five projects was \$19.1 million—\$2 million from ordinary capital resources and \$17.1 million from special funds.

Co-financing arrangements were made in seven major projects in 1976 as against three in 1975. In assisting the seven projects with a total cost of \$570 million, the Bank provided \$202 million and other sources \$121 million of foreign exchange financing. It is also significant that for the first time two commercial banks participated in the co-financing arrangements for a water supply project in Singapore and a power project in the Philippines to the extent of \$13 million.

The Bank also approved a cooperative

arrangement with the European Economic Community during 1976, under which the latter will provide the equivalent of \$1,875,000 on a grant basis for the ADB's technical assistance operations in several developing Asian member countries of the Bank.

Disbursements under Bank loans amounted to \$284.9 million for ordinary loans and \$77.0 million for special funds loans in 1975 as compared with \$263.4 million and \$63.3 million, respectively, in 1976. The decline in 1976 was attributable to the exceptionally high level of disbursements in 1975 (disbursements nearly doubled that year), larger cancellations

TABLE I
Loan Approvals by Country and Source of Funds : 1968-76

(Amounts in \$ Million)

Country	1975			1976			Cumulative (1968-76)		
	Ordinary loans	Special funds loans	Total	Ordinary loans	Special funds loans	Total	Ordinary loans	Special funds loans	Total
Afghanistan	—	—	—	—	24.80	24.80	—	58.85	58.85
Bangladesh	—	51.63	51.63	—	53.50	53.50	11.40	178.88	190.28
Burma	—	31.40	31.40	—	45.90	45.90	6.60	106.10	112.70
Cambodia	—	—	—	—	—	—	—	1.67	1.67
China, Republic of	—	—	—	—	—	—	99.99	—	99.99
Fiji	—	—	—	—	—	—	6.70	—	6.70
Gilbert Islands	—	—	—	—	1.75	1.75	—	1.75	1.75
Hong Kong	20.00	—	20.00	—	—	—	41.50	—	41.50
Indonesia	78.25	—	78.25	109.34	—	109.34	263.27	113.28	376.55
Korea, Republic of	101.50	—	101.50	114.00	—	114.00	547.60	3.70	551.30
Lao People's Democratic Republic	—	—	—	—	—	—	—	11.69	11.69
Malaysia	47.60	—	47.60	42.00	—	42.00	290.56	3.30	293.86
Nepal	—	16.83	16.83	—	44.30	44.30	2.00	99.84	101.84
Pakistan	63.00	34.00	97.00	62.80	32.80	95.60	297.97	132.85	430.82
Papua/New Guinea	—	—	—	—	21.24	21.24	—	35.54	35.54
Philippines	106.00	—	106.00	116.20	—	116.20	448.85	15.30	464.15
Singapore	—	—	—	23.60	—	23.60	124.98	3.00	127.98
Solomon Islands	—	—	—	—	3.57	3.57	—	3.57	3.57
Sri Lanka	—	30.00	30.00	—	5.00	5.00	14.13	61.71	75.83
Thailand	77.70	—	77.70	72.10	—	72.10	305.30	8.10	313.40
Tonga	—	—	—	—	—	—	—	1.30	1.30
Viet Nam, Socialist Republic of	—	—	—	—	—	—	3.93	40.67	44.60
Western Samoa	—	2.40	2.40	—	3.00	3.00	—	13.59	13.59
Total	494.05	166.26	660.31	540.04	235.86	775.90	2,464.78*	894.69	3,359.47

*Excluding three loans totalling \$1.35 million approved but incorporated in subsequent loans.

of loans and the suspension of the loans to the former Republic of Vietnam.

The Bank borrowed a record amount of \$528.8 million equivalent from the international capital markets during 1976, a rise of 63.8 per cent over the borrowings in the preceding year. The amount borrowed during the year represented a substantial increase over the original borrowing target of \$400 million for the year. The borrowings in 1976 were in the Federal Republic of Germany, Japan, the Netherlands, Saudi Arabia, Switzerland, United Arab Emirates and the United States. A two-year dollar bond sale totalling \$50 million was also made to 24 of the Bank's regional and non-regional member countries.

The Board of Governors decided in November to increase the authorized capital from \$3,707 million to \$8,711 million—an increase of 135 per cent. It was considered necessary to ensure that the increase became effective before the end of 1977 in order to enable the Bank to continue its ordinary lending operations at an appropriate level in 1977 and in the years beyond.

Aside from the proposed general capital increase, two non-regional members—Canada and the Federal Republic of Germany—enlarged their participation in the Bank's capital stock through special

Bank reduces interest rates

The Board of Directors decided in November to reduce the standard interest rate on loans from the Bank's ordinary capital resources from 9.10 per cent per annum to 8.90 per cent per annum.

The lending rate to borrowers from developing member countries, whose per capita gross national product exceeded US\$850 per annum at the end of 1972, was also reduced from 9.70 per cent per annum to 9.50 per cent per annum.

The reduced lending rates followed an improvement in borrowing conditions in the world's capital markets in relation to the Bank's operations, and have been applied to ordinary loans approved on or after October 1, 1976.

Loans made from the Bank's Special Fund: resources continue to carry only a service charge of one per cent per annum, with repayment over 40 years, including a 10-years grace period.

capital increases. Canada's capital subscription was increased by \$156.3 million and the Federal Republic of Germany's by \$89.1 million.

The Board of Governors passed a resolution in December 1975 covering a proposed replenishment of the Asian Development Fund totalling \$830 million, to be provided over a three-year period commencing in 1976. The replenishment became effective on June 28 when total contributions received by the Bank had exceeded the "trigger" figure of \$475 million. This resulted in the release of first instalments, equal to one-third of such total contributions. However, further conditions must be met before the Bank can obtain the release of the second

TABLE II
Loan Approvals by Sector: 1968-76

Sector	(Amount in \$ million)					
	1975		1976		Cumulative 1968-76	
	Amount	%	Amount	%	Amount	%
1. Agriculture & agro-industry	245.86	37.23	200.89	25.89	789.75	23.51
A. Agriculture	98.73	14.95	198.39	25.57	545.28	16.23
B. Agro-industry (other than industry)	147.13	22.28	2.50	.32	244.47	7.28
2. Industry (other than Agro-Industry) including development banks	128.50	19.46	204.50	25.36	772.47	22.99
3. Public utilities	189.90	28.76	203.95	26.28	1,111.52	33.09
4. Transport & communications	81.55	12.35	166.56	21.47	658.13	19.59
5. Education	14.50	2.20	—	—	27.60	0.82
Total	660.31	100.00	775.90	100.00	3,359.47	100.00

TABLE III
Loan Approvals: 1968-76

Year	(Amounts in \$ million)		
	Ordinary loans	Special funds loans	Total loans
1968	41.6	—	41.6
1969	76.1	22.0	98.1
1970	211.9	33.7	245.5
1971	202.5	51.5	254.0
1972	221.8	94.3	316.1
1973	303.3	118.2	421.5
1974	374.8	172.9	547.7
1975	494.1	166.3	660.3
1976	540.0	235.9	775.9
Total	2,464.8*	894.7	3,359.5

*Excluding three loans totalling \$1.35 million approved but incorporated in subsequent loans.

instalment which is needed to support lending operations in 1977.

At the end of 1976, the total resources in the Asian Development Fund amounted to \$899.3 million and in the multipurpose special fund \$17.4 million. Of this, \$894.0 million had been committed by way of special funds loans, leaving a balance of \$22.7 million, excluding accumulated net income, repayments and exchange adjustments on loans.

Contributions to the technical assistance special fund during the year amounted to \$4.4 million. The total contributions to the fund amounted to \$23.7 million at the end of the year, of which \$12.8 million had been utilized in the Bank's technical assistance operations. —ADB Quarterly Review

Economic recovery in the era of international cooperation

Yasuo Oki, general manager of Mitsubishi Corporation's Corporate Communications Office and concurrently editor of its Tokyo Newsletter, discussed with Mr Masaki Nakajima, president of Mitsubishi Research Institute, Inc., the prospects of the economy this year. The discussion is presented here by courtesy of Tokyo Newsletter.

Oki: The economic gap between nations, between industries, and between companies in the same industry has been widening recently and is becoming a major global problem....

Nakajima: when I toured several countries in western Europe recently, I received the impression that such a gap was being created even in western Europe. There is a tendency for the disparity in economic power to widen when the world economy is going through a phase of unstable low growth. There probably are many reasons which give rise to such a phenomenon. In my observations in Europe this time, three reasons seemed to stand out most strongly. They were class struggle, nationalism and pampered democracy. These three factors, moreover, are common in differing degrees to the North-South problem and in the problems of the EC, the US and Japan.

Oki: Internationally, Japan has been graded as an honour student in the way she has handled her economy in the midst of the worldwide inflation. However, Japan might not gain acceptance by the world if she were to stick only to getting high marks as an honour student.

Nakajima: Japan must fulfill her international responsibilities in the international environment surrounding her. In determining her economic policy, Japan must base her thinking on how she can contribute to the recovery of world business.

Oki: I understand that Mitsubishi, Research Institute has drawn up a forecast of Japan's real economic growth rate for the ten years from 1976. The forecast is that the real annual growth rate will average 5.2 per cent, with the average growth

rate in the first five years being 5.3 per cent and the average in the last five years 5.1 per cent.

Nakajima: In the past, Japan was apt to emphasize speed in thinking about economic growth. We believe that a zig-zag growth consisting of excessively rapid growth and sudden downslide has created domestic problems and generated frictions in the world. Even when the growth is slow, if it is stable there would not arise any problems.

Up to now, the US has been pulling the world towards recovery, but it does not seem that her growth rate will reach the expected level. With the unemployment rate at eight per cent, the new US administration will have to adopt some stimulative measures. Affected by the poor business in other EC countries, business in West Germany, too, is not going so well.

In Japan's case, it appeared at one time that business would recover as a consequence of active exports. But lately, exports have come to an impasse and, as a result, business recovery has slowed down. On top of that, other countries are now demanding that Japan hold back on her exports.

Oki: The EC is an already established economic entity, but it has many internal problems such as those concerning unemployment, currency and balance of international payments. Therefore, if Japan should expand her exports, insisting only on free competition, the Europeans fear that their established social order would be undermined.

Nakajima: If Japan is to avoid generating friction by her exports, she would

have to make efforts to sell her products at the same price as similar goods manufactured in the importing country.

Because of their high quality, many Japanese products would sell even at a higher price than local products. By doing so, even if we do not increase the volume of exports, we would be able to earn enough additional foreign exchange to cover the increase in the price we would have to pay for crude oil. Japan and the US solved in the past a similar problem that cropped up between them.

On my trip to Europe, I had a talk with the French federation of economic organizations. It seems that there is reason in half of what the Japanese say and in half of what the French insist on. If both sides should insist only on their respective stands, it would not be possible to expect expansion of world trade. It will also have a negative effect on the Free World as a whole. Competition should be conducted on a mutually sensible plane.

At any rate, in Japan's case, if exports fail to grow she would lose the prop for economic recovery. In addition, domestic investment in plant and facilities has failed to recover to the extent hoped for. The United States is in about the same position as Japan is. If the economy should continue in the present way, business in Japan in 1977 would not be so good.

At a time like the present, there is an even greater need for those who manage the government to make efforts to solve the problem from the domestic and international standpoints. If a Third World summit conference should be held, pressure will surely be applied on the US, Japan and West Germany to adopt measures for the stimulation of business. Japan would probably take measures to stimulate business in the second half of 1977. If she does not do so, not only the

Japanese but the world economy might decelerate.

Oki: Through most of last year, economic issues were not discussed much in the Diet (Parliament) mainly because of the Lockheed pay-off scandal. From now on, Japan will have to take the initiative where domestic and international problems converge.

Nakajima: The measures taken by Japan's fiscal and monetary authorities seem too often to be always one step behind. The fiscal authorities say that tax reduction is not possible because there is no other source of state revenue. But, a tax cut would mean at the most a decrease of about one-thirtieth. If a drastic tax cut were carried out and should result in business recovery, it would all come back in the following year in the form of increased tax revenue. I hope that our government leaders would take measures which are one step ahead of events. If such measures materialise, the Japanese economy would recover in the second half of the year. It is a good chance for Japan to win international recognition as having contributed to the world economy.

The earnings ratio of domestic enterprises has declined and there is a conspicuous limping phenomenon. Things like this, too, will have to be solved one by one.

Other countries are making an issue out of the surplus in Japan's balance of international payments. However, they should not forget that Japan has an annual deficit of \$5,000 million—\$6,000 million in her invisible trade account. This keeps down the margin of surplus in the overall account.

Oki: In forecasting Japan's economy, it would be necessary to take into account the possible policies which the new US president might take.

Nakajima: When he was selecting his vice-presidential running mate, Mr Carter displayed a very minutely thought-out strategy. Judging from this fact, I would say that he would probably not resort to risky and adventurous measures. But, he will probably adopt a policy which places emphasis on business recovery rather than on prices. After all,

he made an election promise with respect to unemployment and would have to place emphasis on business recovery.

In my view, the unemployment rate is beginning to lose its significance throughout the world as a business indicator. This is because today, unlike in the days when social welfare was inadequate, close to 90 per cent of the income is guaranteed even when one becomes unemployed.

Oki: There is quite a bit of apprehension about the new hike in crude oil price and its repercussions.

Nakajima: If there should arise a situation in which there is a quantitative shortage of oil, its effect would be enormous. But at the present stage, it is not expected that a worldwide oil shortage would occur.

Even if the crude oil price was raised, if the increase margin is small, we would be able to cope with it. In Japan's case, it is possible to economise in oil consumption by about five per cent. The countries of west Europe are taking very severe energy-saving measures. For instance, their economising is so severe as to install a device in lavatories so that the light would not switch on until a person enters. When that is considered, Japan still has a lot of room for economising. In fact, at the time of the first oil crisis, the oil supply was cut by 10 per cent, but that did not cause a drop in industrial production.

Oki: What are the characteristics of the Japanese which make them internationally strong?

Nakajima: After touring the countries of western Europe, I became keenly aware that Japan's strength lies in the fact that her trade unions are organised on a company basis. A leader of America's AFL-CIO once said: "All Americans love capitalism. But they hate capitalists. In Japan, unionists are forever spouting socialism. Yet, they are on very good terms with the management".

This is a big feature of the company trade unions of Japan. The trade union in France is opposed to participation in management except in the form of autonomous supervision. Their reason is that they are absolutely opposed to participation in management which might be

disadvantageous when they want to stage a strike.

The sense of solidarity seen in labour-management relations in Japan is due largely to Japan's homogeneous society which is the result of racial homogeneity and homogeneous language. Moreover, there is no other country where there is as much class mobility as in Japan. Therefore, in today's Japan, it can be said that a class system based on social status is almost non-existent. This social characteristic plays a big part in fanning the Japanese people's zeal for work.

Recently countries which have highly developed social welfare and a high burden of contribution, such as Sweden, are being troubled by workers taking vacations at will. In other words, people in such countries tend to play more and work less.

Therefore, I believe that we should make as our objective a highly developed welfare society in which people work. Plenty of welfare without work is not good. Man cannot make effective use of resources unless he works. But people now expects more welfare benefits without labouring.

Oki: Welfare with work is welfare that makes life worthwhile. If welfare means getting as much money as one can, it will eventually lead to an increase in suicides of the aged and to many other problems.

Nakajima: Fortunately in Japan, many people feel that work makes life worthwhile. As long as there are many Japanese who think that work makes life worth living, the Japanese economy will not lose its vitality.

Oki: Thank you very much for your views.

Eastern Economist

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What precisely is this

Janta party? Nobody seems to know for sure. Some see in it a mummy from the past, dug out of the grave of that ill-starred grand alliance on the eve of the "great split". Others hail it as "the resurrection and the life", a star in the east, a god-child of the future. To some, again, the Janta party is a chariot drawn by lily-white Arabs. To others it is a creaking wagon hitched to bullocks going their different ways. There are also those who find it a ramshackle contraption dragged in all directions by donkeys. Beauty, it is said, lies in the eyes of the beholder. Variety results whenever there are more beholders than one.

Talking of the Janta party, I had a semi-public discussion or debate with Mr Subramanian Swamy quite some time ago. This was in Lucknow and the subject was family planning. Mr Swamy was 'against' and I 'for'. One of his main arguments was that the larger the number of children born in India the brighter the chance of Indians winning the Nobel Prize. In other words he was not for potential geniuses being vasectomised out of existence. Mr Swamy's father is a distinguished statistician and this might have had something to do with the son's approach. It was of course ridiculously easy to laugh out of court that particular contention against family planning. Mr Swamy, I now find, has become less dogmatic in his opposition to family planning; he objects to compulsion, but has declared himself to be amenable to persuasion. This, perhaps, could be counted as one of "the gains of the emergency".

What is definitely not among "the gains of the emergency" is the Maharashtra government's retreat from its tough population control policy. The chief minister, Mr S.B. Chavan, is reported to have said that the Compulsory Sterilisation Bill (passed by the state legislature last year and awaiting presi-

dential assent since then) is being "returned" to the state government for reconsideration. Mr S.B. Chavan indicated that the state government would not be pursuing the measure since the Congress manifesto for the ensuing Lok Sabha election has categorically ruled out compulsory sterilisation. Does this mean that the National Population Policy proclaimed by the central government in capital letters last year has become a dead letter in that part of it which says that state governments may legislate for compulsory family planning where the necessary medical and administrative facilities are forthcoming as also the support of public opinion? It is worth noting that Mr S.B. Chavan has not suggested that, if the state government is having second thoughts, it is because there has been a change in public opinion in the state between the framing and passage of the bill and now.

Ministers in state go-

vernments no doubt desire, that, like all good men, they should go to the aid of the party. I suggest that they could do this in ways which are entirely consistent with the public interest and the long-term good of the nation. For instance, shortages of some essential commodities and the consequent increases in their prices are causing distress to housewives, and encouraging among the electorate negative attitudes towards the ruling party. Surely, state governments can serve legitimate party interests as well as the public cause by taking measures for improving the availability of essential goods at fair prices. Vigorous administrative action is necessary to facilitate movement of goods into deficit areas and in the case of food-grains, releases from official reserves should be promptly and adequately effected so that prices are kept in check all over the country. This is possible only if the time, energy and other resources

of government machinery are not diverted away from its legitimate work and responsibilities. In any case the impression should not be created that ministers in the states are involving themselves in electioneering to an extent which does not permit them to attend to their official duties.

Incidentally, state go-

vernments or other administrations should not hesitate to take action under the Essential Commodities Act wherever hoarding or profiteering calls for such intervention. There could be no objection from any quarter to the authorities exercising their normal powers for the purpose of safeguarding the interests of the general public. What could bring state governments into disrepute is any suspicion that, influenced by election considerations, they are closing their eyes to malpractices on the part of traders. Since consumers are a very large community — in fact, every one is a consumer whatever else he may be — even political arithmetic ought to encourage state governments to do their duty by the public, election or no election. In passing, I may remark on the curious fact that the humble groundnut (or peanut, as the Americans call it) seems to be falling into the habit of receiving star billing during national elections. The current jump in groundnut oil prices in our country is receiving as much campaign publicity as Mr Jimmy Carter's peanut-farm background did when he was slogging towards the White House.

Mr Amol Palekar is an

esteemable young man and is well-liked by film-goers as a low-profile male lead in quite a few low-budget populars. When you meet him in an advertisement assuring you that what puts him right after a hard day before the camera is a spot of "Vinkola", you therefore do try to believe him. Mr Raj Kapoor, saying the same, would sound hardly plausible. He will of course give more than his money's worth if paid to advertise Scotch. I am not sure that Mr Dharmendra would risk pitching for "Okasa For Men" for love or money, but I have a feeling that Mr I.S. Johar could be persuaded to tout for "Juvente Strong" (suitable for both men and women).



MOVING FINGER

EASTERN ECONOMIST

TRADE WINDS

Credit Curbs Relaxed

THE RESERVE Bank of India announced on February 16 a significant relaxation in the unprecedentedly stringent credit policy it had announced last month.

The amended policy provides for a production oriented relaxation of the provision under the January policy for increasing the margins by 10 per cent, and reliefs to the cotton textile industry as also seasonal industries, such as sugar mills.

The new directives to banks were conveyed in a letter to them by Mr J.C. Luther, deputy governor of RBI.

Judicious Restraint

In his letter, Mr Luther has reiterated that the implementation of the present credit policy necessitates a delicate balance to be maintained between "judicious restraint" as an overall objective and "full support" at the same time to the drive towards economic growth and increased production.

The task involved, he has emphasised, calls for an imaginative exercise of judgement and discretion at all levels of bank's management, supported by administrative procedures which respond quickly and effectively to the emerging needs of the economy.

In this context, RBI has suggested to banks that this provision for increasing the margin by 10 per cent, announced in January, may be relaxed

in individual cases on merits to the minimum extent that it is found absolutely necessary to cover existing gaps in credit requirements for supporting and enhancing production.

It is also suggested that indiscriminate cut or freeze credit limits without due regard to the essential needs of industry for seasonal requirements (as, for instance in the case of the sugar industry) or for enhanced production should be avoided and cases, including cases of new industrial units, in which such action has already been taken should be promptly taken up for a careful and immediate review.

Having regard to the special problems of the cotton textile industry, RBI has advised banks to keep in view the following guidelines while dealing with the credit requirements of this industry,

Totally Exempted

The units which have been totally exempted from the production of controlled cloth by the Textile Commissioner may be exempted from the enhanced margins of 10 per cent.

The request from individual units (both spinning mills and composite mills) for enhanced limits of the working capital and or including bill limits should be appraised on a realistic basis so that the viable units having a good record of management are able to maintain and increase production.

For example, the banks

should make available to these units the minimum funds required to finance purchases of imported cotton from the Cotton Corporation of India and/or to import man-made fibres within the framework of the policy announced by the government in this regard.

The banks have also been asked to issue necessary instructions to all branches/offices to ensure that the penal rates of interest are imposed only in cases which merit this punitive treatment in the light of all the relevant circumstances.

National Income

The national income in 1975-76 increased by 8.8 per cent over 1974-75. During 1974-75, the national income increased by 0.2 per cent only. The net national income for 1975-76 is estimated at Rs 21952 crores at 1960-61 prices, as against Rs 20183 crores in 1974-75. At current prices the national income in 1975-76 is Rs 60293 crores with a per capita income of Rs 1005. The corresponding estimates for 1974-75 were Rs 58137 crores of national income and Rs 988 of per capita income at current prices. Per capita income increased by 6.6 per cent during 1975-76, while it fell by 1.7 per cent during 1974-75. This impressive increase in national income is due to the increase in food-grains production of 120.83 million tonnes in 1975-76 as against 99.83 million in 1974-75. This records an overall increase of 13.2 per cent in the net product of the agricultural sector. Increase in other sectors during 1975-76 has been: (i) Banking and insurance — 13.2 per cent. (ii) Electricity, gas and water supply — 13.1 per cent. (iii) Railways — 11.9 per cent. (iv)

Minning and quarrying — 10.2 per cent.

New Groundnut Policy

The export of groundnut oil outside Gujarat state has been again handed back to private traders under the second revised policy announced by the Gujarat government recently. The state government had decided to export edible oil outside the state only on government - to - government basis to deny huge profits to private traders. Under the new policy, the export of surplus oil, which would be about 30 per cent of the total production, would be done through the normal private trade channel as was the practice in the past. Announcing the government's policy, the state Civil Supplies minister, Mr Jashwant Mehta, stated that the government has also stepped up the levy on groundnut oil millers from 16 per cent to 30 per cent of the production to create a buffer stock of 80,000 tonnes of oil for distribution through fair price shops to the weaker sections of society. The state government has also withdrawn the complete control on the distribution of edible oil, 40 per cent of the production will be left for sale in the open market.

Bonus with Productivity

Coal India Limited has decided to link bonus with productivity for its 600,000 workers who will receive this benefit for the first time. This will be implemented with effect from the year 1975-76 and continue for four years ending in 1978-79 to ensure a steady growth in productivity, Lt. General K.S. Garewal, chairman of CIL, told a news conference recently. Details

of the scheme drawn up in this connection would be announced shortly. Reviewing the achievements of the industry after nationalisation, Gen. Garewal stated that production of coal had increased steadily. During the first 10 months of 1976-77, coal production rose to 3.5 lakh tonnes per day against 2.8 lakh tonnes in the corresponding period last year.

The performance of coal washeries, Gen. Garewal said, was more spectacular. Production had increased from 53.6 per cent in 1974-75 to 68 per cent in 1977. The output per man-shift had increased by over 20 per cent in 1976-77 compared to 1973-74. Coal stocks with major consumers now reached the level of 25 days requirement, while those at pit heads went up to 38 days. The CIL chairman also dwelt on the massive welfare schemes undertaken by Coal India for miners and their families. These included housing, family planning, water supply, medical and educational facilities, opening of banks, cooperative credit societies and consumer stores in the coal fields.

Cotton Development Council

The fourteenth meeting of the Indian Cotton Development Council was held in Bombay recently to review the progress of the cotton development scheme during 1977-78 and to discuss and chalk out cotton production targets and programme of work for 1977-78. Mr V.C. Patel, a leading cotton grower of Gujarat and chairman of the Council presided over the meeting. The Council also had before it for consideration, the recommendations made by the national seminar on "Self-

sufficiency in Cotton", which had been organised by the Directorate of Cotton Development. Officials of the government of India, directors of agriculture, cotton specialists, cotton development officers and representatives of growers, trade and industry attended the meeting.

Fertiliser Price Cut

The Gujarat State Fertiliser Company has reduced the price of urea by Rs 100 from Rs 1,750 a tonne to Rs 1,650 a tonne with immediate effect in line with the central government policy, the managing director of the company, Mr D.C. Gami, stated recently.

Markfed Milestones

Markfed in Punjab has made substantial progress in recent years. Mr Man Mohan Singh, IAS, Managing Director, Markfed revealed recently that it has already three fertilizer plants at Ludhiana, Dhuri and Anandpur Sahib, each having a capacity of 45,000 tonnes per year. The Pesticides and Insecticides Formulation Plant has been based in Sahibzada Ajit Singh Nagar to meet the requirements of insect killing chemicals with a production capacity of 900,000 litres of insecticides per year. Dotted over three different places at Sarna, Ropar and Singhpura, Markfed has reinforced cement pipes required by the farmer for laying out irrigation channels and for conservation of water resources. Markfed Canneries at Jullundur processed mustard leaves and tomatoes for canning.

A huge oil complex of Markfed has just been commissioned at Kapurthala. It will produce 100 tonnes of compounded animal feed a day for which orders of importers have already started pouring in. It will also process 50 tonnes of

solvent extraction, and equal amount of other oilseed crushing. Considerable effort was made to commission it to coincide with the groundnut processing season. In Gidderbaha Cotton Seed Processing Mill has been set up with a capacity of crushing 100 tonnes of cottonseeds a day. Deoiled cakes produced by the mill are being exported.

Markfed Vanaspati & Allied Industries, Khanna has a capacity of 1500 tonnes of production of vanaspati per moth. The unit recently touched the peak by producing more than 1100 tonnes of vanaspati a month and that too in season when vanaspati was most desperately required. Its groundnut crushing capacity is 1500 tonnes with an additional solvent extraction plant for processing of 1500 tonnes per month. It is located in the area which is known for groundnut production.

It is fascinating to see how the products of one project is the raw material of the second and how the finished product of the second becomes the constituent of another com-

pounded product of the third. Markfed has now a complex in which the ginning factory at Goniana, the Cottonseed Plant at Gidderbaha, the Vanaspati Mill at Khanna and the compounded animal feed at Kapurthala are all involved in a series of linkages for mutual progress and development. Another unit coming up in a backward region of the state at Kot Kapura—the Markfed Spinning Mill—will cost approximately Rs 5 crores when completed and its cotton consumption intake would be more than 30,000 bales per year. Its yarn production per year will be 4.3 million kgs and the spinning material would be hosiery yarn, coarse yarn etc. for handloom industries.

Iron Oxide Black from Waste

A process to convert waste iron chloride liquors into useful iron oxide black and red pigments has been successfully developed by the Regional Research Laboratory, Bhubaneswar. The method is very simple and it will be feasible to put up a small plant to

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:

Tender No. DPS/BARC/R-5/FAB/34 due on 11-4-77.

Preparation of shop drawings, manufacture and inspection of components, assembly, inspection and testing of S.S. magazine assemblies, dismantling, packing, transportation and delivery to R-5 Project Stores, Trombay, Bombay as per purchaser's tender documents and drawings—2 Nos. Brief Scope of work

(a) Fabrication of stationary shell assembly (457.2 mm O.D. and 12.15 Metres long) to a straightness of 1 in 4000 from S.S. 304 L welded pipe (457.2 mm O.D., 9.5 mm wall thickness and 6.1 Metres long) supplied as free issue material having a straightness of 1 in 1000. 12.354

(b) Fabrication of 425 mm O.D. and 12.354 Metres long drum assembly (which rotates in the shell assembly) to a straightness of 1 in 8000 with 12 mm thick S.S. 304 L plates supplied as free issue material.

(c) Vertical assembly and testing of magazine assembly requires a dust free clean room having a head room of about 26 metres. Tender documents priced Rs. 300/- 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. Tenders will be received upto 3.00 p.m. on the due date shown above and will be opened at 4.00 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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roduce about 200 kg iron oxide per day. The black oxide or iron is obtained in the first step. On roasting black oxide, a good quality red oxide is produced which has both high iron content and excellent pigmentary properties for use in paint or as an additive in rubber, linoleum and flooring.

Ferrous chloride liquors are obtained as waste products in metal or steel pickling operations in which hydrochloric acid is used to clean the metal surfaces. Such liquors are also produced in large quantities when ilmenite

(titanium-bearing ores) is treated by the chloride route for the production of synthetic rutile or titaniumdioxide white pigment. A number of small engineering units obtained ferrous chloride liquors which are, by and large, thrown away causing environmental pollution. The ilmenite processing units located in south India mostly dispose off the waste liquors into the sea. The RRL(B) has worked out the techno-economic feasibility of producing pigment quality synthetic iron oxide black by reaction of ferrous chloride

solutions with lime under controlled experimental conditions. Earlier the laboratory developed a method for the production of red oxide of iron simultaneously with sodium sulphate by a solid state reaction between ferrous sulphate and soda ash.

Poznan Trade Fair

This country will participate in the Poznan International Trade Fair in Poland to be held from June 12 to 21 this year. The ministry of Commerce attaches considerable importance to India's partici-

pation in the fair this year so that full advantage could be taken of the expanded export opportunities under the Indo-Polish Agreement. The object of this participation would mainly be to assist Indian manufacturers and exporters to convince the buying organisations about the wide choice and excellence of Indian products and their competitive prices.

Among the items which have been suggested for display in the India pavilion, the engineering sector predominates. Machine tools, hand tools,

pneumatic tools, textile machinery, commercial vehicles and automobile components, railway bogies, and railway equipment, hoisting and lifting equipment, castings and forgings, steel pipes and fittings, steel structurals, galvanised products, electrical equipment and machinery, electrical appliances, air conditioning equipment, electrical insulators, refrigerators, electronic equipment, telephones and telephone equipment, builders hardware, aluminium conductors, knitting machinery, bicycle components, sanitary fittings and storage batteries are among the major items in the engineering group.

Indo-US Business Meet

The second meeting of the Indo-US Joint Business Council was inaugurated by Mr Orville L. Freeman, president of the Business International Corporation and chairman of the US Section of the Indo-US Joint Business Council in Washington recently. Mr Freeman stated that since its last meeting in Delhi in February 1976, the Indo-US Joint Business Council's deliberations have progressed satisfactorily and that tangible results can be foreseen in Indo-US economic relations.

Speaking on the occasion, ambassador Kewal Singh stated that in bilateral terms and in the sphere of joint ventures in third countries, India and USA can work closely together for mutual benefit and for the development and progress of all parts of the world. He stated that the business leaders of both the countries, during the course of their exchanges, will naturally make an evaluation of the policies and procedures of the two countries to assess how they affect Indo-US economic relations. The delegations

can also convey their advice and suggestions to their respective governments on the basis of this evaluation.

Dr Richard Leshner, president of the Chamber of Commerce of the United States, welcomed the Indian delegates to the meeting of the Council and assured them of the US Chamber of Commerce's full support to the activities of the Indo-US Joint Business Council. The leader of the Indian delegation to the Council's meetings and the president of the Federation of Indian Chambers of Commerce & Industry, Mr M.V. Arunachalam was accompanied by Mr K.N. Modi, chairman of Modi Enterprises, Mr T.T. Vasu, president of the Indo-American Chamber of Commerce and Mr P. Chentsal Rao, secretary-general of the FICCI.

Annual Plan

Pondicherry

The annual plan outlay for 1977-78 of the union territory of Pondicherry will be of the order of Rs 842.60 lakhs. This is Rs 146 lakhs more than the current year's annual Plan approved outlay of Rs 697 lakhs. The outlay was finalised at a meeting in New Delhi on February 9, between the deputy chairman, Planning Commission Mr P.N. Haksar and the union territory Lt. Governor, Mr Bidesh Kulkarni. The annual Plan of the union territory fully provides for provision of adequate housing for the weaker sections. As regards the development of harbour facilities for fisheries, the deputy chairman observed that Planning Commission would consider after the project has been cleared by the concerned ministry. The fifth Plan outlay of Pondicherry is of the order of Rs 3404.22

lakhs. The actual expenditure during 1974-75 was Rs 425.01 lakhs and during 1975-76 it was Rs 514.81 lakhs. The outlay for the two terminal years of fifth Plan (1977-79) is Rs 1757.47 lakhs.

Apprentices Awards

Mr Koshy P. Mathew and Mr R.H. Henriques of Voltas Limited were awarded the President's gold medals under the All-India Skill Competitions for Apprentices. The awards were presented by the secretary to the union ministry for Labour, Dr N.A. Agha, at Vigyan Bhavan recently. Mr Mathew and Mr Henriques secured the highest percentage of marks among all the gold medal winners. They also received certificates of merit, tool kits and cash prizes of Rs 5,000 each. The Thana works of Voltas Limited has been, twice in succession declared as the best establishment in India. The company received two President's trophies and certificates of merit. Voltas has a large and well equipped training centre at Thana, near Bombay. So far more than 900 apprentices have taken the benefit of systematic training.

Gold Production

The production of gold in Bharat Gold Mines Limited in Karnataka has touched an all time high of 18 lakh grammes during 1976-77. This is 50,000 grammes more than its production for the whole of 1975-76. It is estimated that before the financial year is out next month, the production of gold will reach 2.2 million gramme mark. Bharat Gold Mines at Kolar Gold Fields is a public sector company with a total investment of the order of over Rs 25 crores. Another Rs 6 crore have been allocated in

the current Plan period for the development of these mines.

Names in the News

Mr B.P. Poddar has been elected unanimously as president of the Federation of Indian Chambers of Commerce and Industry (FICCI) for the year 1977-78. He will take over the presidency from Mr M.V. Arunachalam at the 50th annual session of the FICCI. Mr Poddar has served as a member of West Bengal Legislative Assembly for 11 years and has been actively associated with several organisations such as Bharat Chamber of Commerce, Calcutta, Marwari Association and Marwari Relief Society.

Mr Mahendra Kumar Modi, the managing director of Modipon Ltd, was recently elected as the President of Western UP Chamber of Commerce. He is member of a number of business bodies such as Association of Indian



Mr Mahendra Kumar Modi Engineering Industry (Northern Region), All India Manufacturers Organisation, Federation of Indian Chambers of Commerce and Industry, Vanaspati Manufacturers Association, Association of Synthetic Fibre Industry, Indo-American Chamber of Commerce and Western UP Productivity Council.

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BHEL GOES OFF THE TRACK AT CALCUTTA

And Calcutta's transport system gets on to the right track—with the introduction of the all-new trackless electric trolley bus, designed and developed by BHEL for the first time in India.

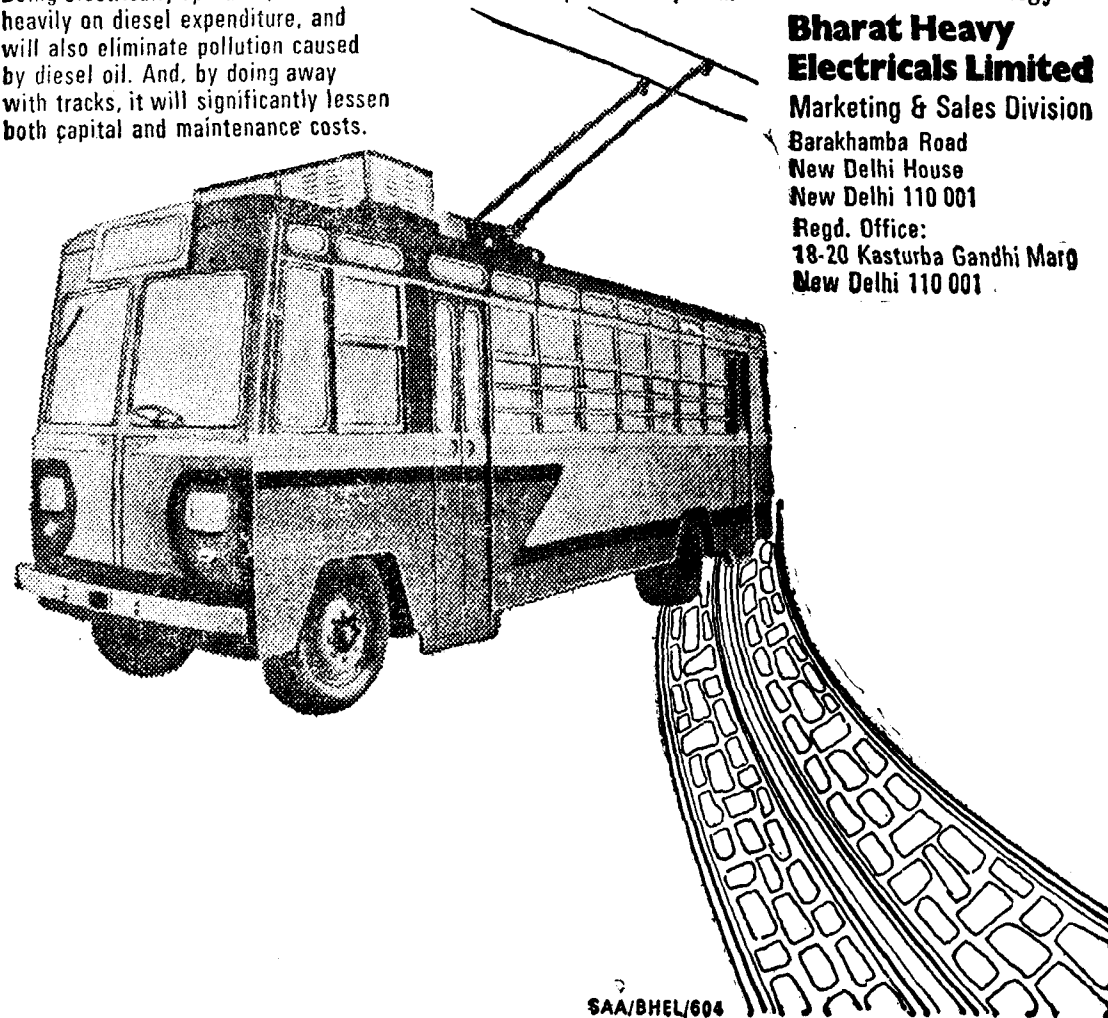
The trolley bus incorporates all the advantages of trams and buses, and does away with all their defects. Being electrically operated, it will save heavily on diesel expenditure, and will also eliminate pollution caused by diesel oil. And, by doing away with tracks, it will significantly lessen both capital and maintenance costs.

It was but natural that the Calcutta Metropolitan Development Authority asked BHEL to design and develop a model electric trolley bus, as BHEL makes a wide range of traction equipment, not only for the Indian Railways but also for exports.

Yes, BHEL has gone off the track at Calcutta, only to help put Calcutta's traffic on the right track—with a brand-new transportation system.



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COMPANY AFFAIRS

Warner Hindustan

WARNER HINDUSTAN has reported considerable improvement in its working results for the year ended November 30, 1976—sales profits, and margins all being appreciably higher than in the previous year. A final equity dividend of 10 per cent has been declared. This together with the interim dividend of 15 per cent, makes a total dividend of 25 per cent as against 23 per cent paid for 1974-75. Besides the shareholders have been rewarded four-for-five bonus issues by capitalising a sum of Rs 101.92 lakhs from the general reserves.

Net sales advanced from Rs 8.77 crores to Rs 10.02 crores while gross profit moved up to Rs 154.42 lakhs from Rs 117.83 lakhs in 1974-75. The appropriation to depreciation reserve was stepped up from Rs 19.79 lakhs to Rs 20.07 lakhs and for taxation from Rs 62.50 lakhs to Rs 79.25 lakhs while a sum of Rs 0.40 lakhs was earmarked for investment allowance reserve as against no provision in 1974-75. The net profit, after these allocations, was still substantially higher at Rs 54.70 lakhs as compared to Rs 35.54 lakhs in the earlier year. The dividends, equity and preference, will absorb Rs 33.35 lakhs in 1975-76.

Firth (India) Steel

The Rs 4-crore alloy steel plant of Firth (India) Steel Co Ltd at Nagpur, has commenced commercial production. The company claims to be the first in the country to employ revo-

lutionary new electroslag refining process. This process enables a company to manufacture products of high purity and homogeneous grain orientation and structure. The refining technology is a consumable electrode resmelting process, in which the conventional air-melted steels are progressively remelted a second time, through tailor-made synthetic slags, thereby removing most of the impurities. The steels refined by this process have more uniform grain structure and better mechanical properties than the steels produced by the conventional processes.

The company's plant has a licensed capacity of 6,000 tonnes of billets a year. The product mix undertaken by the company includes high speed steels, valve steels for engines, ball bearing steels and other special purpose steels.

Bihar Caustic and Chemicals

The Gwalior Rayon Silk and Manufacturing (Weaving) Co, Hindustan Aluminium Corporation and Pilani Investment Corporation of the Birla group have entered into a collaboration agreement with the Bihar State Industrial Development Corporation and promoted a new company styled Bihar Caustic and Chemicals Ltd. The project is envisaged to have a rated capacity of 32,000 tonnes of caustic soda and 28,480 tonnes of chlorine per annum.

The Bihar State Industrial Development Corporation will subscribe for 26 per cent paid-

up capital of the company, while the other collaborators will together subscribe for 25 per cent of the capital (10 per cent by Gwalior Rayon, 10 per cent by Hindustan Aluminium and five per cent by Pilani Investment). The balance 49 per cent of the capital will be offered to the public at an appropriate time.

Hindustan Aluminium

Hindustan Aluminium Corporation has reported spectacular improvements in its working results for the year ended December 31, 1976. Production, turnover, and profits, all are considerably higher than in 1975. What is more, the company has returned to the dividend list and an equity dividend of 10 per cent has been recommended for 1976. But what is more significant and striking is that the directors have visualised brighter prospects for the company. They say that the plant is at present working at its full rated capacity. A five-year agreement has been signed with the UP State Electricity Board for supply of adequate power for the current installed capacity of 95,000 tonnes per annum. The company's Renu-sagar power station has been operating at full capacity. There is remarkable change in labour cooperation and discipline for improving the efficiency of the plant. The company, therefore, hopes that the progress will not only be maintained in the current year but further all-round improvement will be effected.

Gross sales crossed the Rs 100 crore-mark by a wide margin and stood at Rs 111.37 crores as against Rs 71.01 crores in 1975 while net sales too recorded a smart rise to Rs 71.65 crores from Rs 45.00 crores in the preceding year.

The gross profit almost trebled to Rs 9.63 crores from Rs 3.32 crores in the previous year. Out of the gross profit a sum of Rs 2.84 crores was appropriated to depreciation reserve, Rs 24.00 lakhs to development rebate reserve, Rs 21 lakhs for investment allowance reserve and Rs 52 lakhs for taxation. After providing Rs 61.44 lakhs for income tax for 1972 and clearing the arrears of preference dividend for the years 1974 to 1976 totalling Rs 137.18 lakhs, equity dividends amounting to Rs 100.40 lakhs will be paid.

Higher Production

Primary metal production at 83,815 tonnes exceeded the 1975 performance by 21,388 tonnes. The installed capacity to be raised to over 100,000 tonnes by the end of this year with the completion of the remaining half of the fourth potline in the reduction plant. The UPSEB has agreed to release additional power supply for this. It has been possible to expand the pot room in stages mostly with internal resources. This, however, is not possible with the alumina plant where an entirely new plant with a capacity of about 100,000 tonnes per annum at an estimated cost of about Rs 30 crores will have to be installed. Negotiations are in progress in arranging finances for the same. It will take almost two years for installing this plant after financing arrangement have been completed. Meanwhile the deficit in alumina production will have to be met by purchases from outside at a much higher price than that of the company's own production.

Exports during 1976 amounted to Rs 6 crores. The tempo of exports is expected to be

maintained with increased production. For this the directors suggest that the government should allow the industry to continue to export a part of its production so that export markets established with great efforts could be kept alive.

Sundatta Foods

Sundatta Foods and Fibres Ltd is proposed to be amalgamated with the Modern Mills. Under the scheme of merger, shareholders of Sundatta Foods will be offered two equity shares of Rs 50 each of the Modern Mills for every share of Rs 50 each of Sundatta Foods held by them. A preference shareholder of Sundatta Foods will be offered one preference share of Modern Mills. The appointed date of the merger scheme is the close of business as on December 31, 1975. It is subject to the approval of the shareholders of both the companies, Controller of Capital Issues, the High Court of Bombay and other authorities concerned.

The merger is expected to result in integration of activities of both the companies and improvement in the profitability of the merged company. It will also result in tax benefits and saving in managerial and administrative expenses.

Indian Aluminium

Indian Aluminium Company, Limited has recommended a final dividend of Rs 1.00, thus making a total dividend of Rs 1.70 per fully-paid ordinary share for 1976. The directors have also recommended a dividend of Rs 6.25 per preference share.

India's production of aluminium in 1976 was 84,101 tonnes as against 77,975 tonnes in 1975, representing an increase of eight per cent. The output could have been higher, but for cuts and interruptions in

power supply at the company's smelters.

The permission granted by the government to export aluminium ingot on a limited scale, enabled the company to reduce finished goods inventories which had accumulated in 1975. The total value of exports of ingots, sheets, extrusions, foil and paste was Rs 12.49 crores, an all-time record.

Increased Sales

Indal's sales totalled Rs 132.2 crores in 1976, compared with Rs 90.4 crores in 1975, including aluminium price regulation levy. The increase in sales revenue is attributable to the improvement of aluminium shipments during the year which totalled 94,337 tonnes as compared with 61,681 tonnes in 1975. Profit before provision for taxes and transfer to investment allowance reserve was Rs 13.48 crores as compared with Rs 8.71 crores in 1975. Net profit after taxes and investment allowance reserve was Rs 5.60 crores against Rs 4.45 crores. With the exhaustion, in 1975, of tax reliefs available on earlier expansions, there has been a significant increase in the effective tax rate for 1976.

The off-take of levy metal improved following the increase in plan allocation of funds for transmission and distribution of power by the government. Demand for non-levy metal, i.e. commercial grade metal and semi-fabricated products is stagnating, mainly due to heavy excise duties, which have increased from 10 per cent of basic price in 1966 to about 50 per cent of basic price at present.

In respect of its diversification efforts, the company has received a letter of intent for

setting up a 33,000 tonnes per annum caustic soda/chlorine plant at Haldia, in West Bengal. Negotiations are also taking place for the export of alumina to Iran on a long-term basis.

In order to bring the issued share capital of the company more in line with the capital employed in business, the directors have recommended capitalisation of a sum of Rs 8,48,54,550 out of reserve of the company by the issue of 84,85,455 fully paid-up bonus shares in the proportion of two new ordinary shares for every five existing ordinary shares. The proposed issue of bonus shares is subject to the approval of the shareholders at the annual general meeting and also approval of the Controller of Capital Issues. It is the inten-

tion of the directors, unless prevented by unforeseen circumstances, to recommend the declaration of a dividend of not less than Rs 1.22 (subject to deduction of tax) per fully paid ordinary share on the increased share capital of the company after the allotment of the bonus shares.

The annual general meeting will be held on April 21, 1977. The company's Register of Members and Share Transfer Registers will be closed from April 1, to April 21, 1977, both days inclusive.

News and Notes

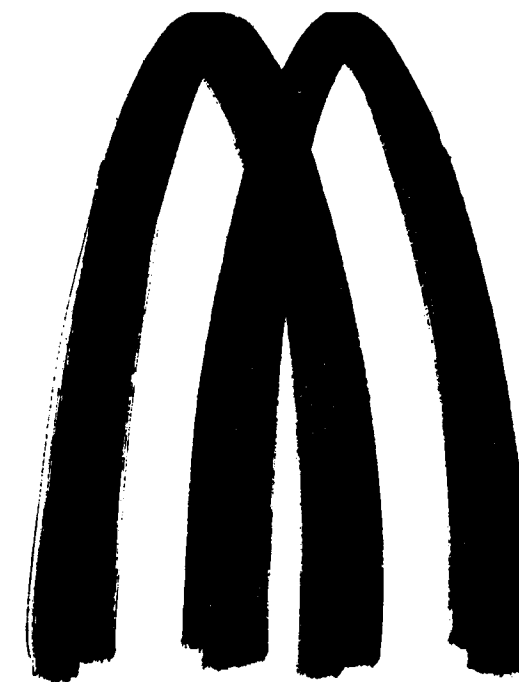
The Monopolies and Restrictive Trade Practices Commission has initiated proceedings under Section 10(a)(i) and Section 37 of the Monopolies and Restrictive Trade Practices Act, 1969 in respect of Mr

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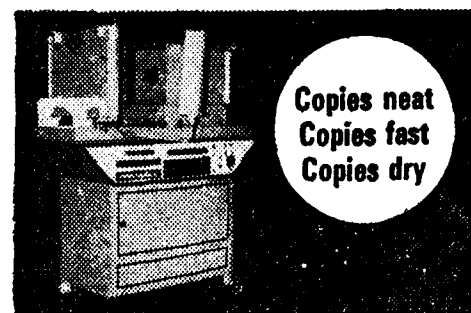
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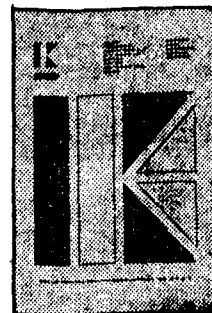
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Ranjit Singhji Mills Company Ltd., Sholapur. The proceedings were started on the basis of a complaint filed by The Whole Sale Cloth Merchants Association, Sarafa Bazar, Ujjain. The respondent company is engaged in sale of cloth. The notice alleges that in its distribution and sale the respondent is indulging in certain restrictive trade practices as alleged in the complaint. The complaint was looked into by the commission and it found that there was prima facie case for investigating the matter. The enquiry has therefore been started to go into various allegations made by the Complainant and to see whether they constitute restrictive trade practices causing prejudice to public interest.

Simon Carves India has secured a large contract for the erection and commissioning of there animal feed mills in Iraq. The order will enable the company to earn Rs 85 lakhs in foreign exchange and will be completed in 15 months from April 1977. The contract has been received from Simon-Barron of UK. The plants are located at Suweera, Babylon and Nineva.

New Issues

Mercantile Credit Corporation Limited, a leading and well established hire purchase company engaged in financing the purchase of commercial vehicle etc, is offering 4,85,000 equity shares of Rs 10 each and 2,00,000 (11 per cent) redeemable cumulative preference shares of Rs 10 each to the public for subscription for cash at par. The subscription list opened on February 23 and will close on March 7 or earlier but not before February 25. The proceeds of the issue will be utilised for meeting the additional financial require-

ments of the expanded volume of business.

The growth in business of the company during the last few years has been spectacular as reflected in the vastly improved financial results from 1969 onwards. The stock covered by hire purchase agreements which stood at a more Rs 0.57 crore as on December 31, 1971 shot up by nearly 16 times to Rs 9.24 crores by end 1975, the gross profits registering a big jump from Rs 2.51 lakhs to Rs 22.13 lakhs during the same period. The dividend has been progressively stepped up from 16 per cent to 22 per cent during the period 1970-73 and since then it has been maintained at 22 per cent for the years 1974 and 1975.

Satisfactory Results

The working results for the nine months ended September 30, 1976 are quite satisfactory, revealing a further rise in the stock covered by hire purchase agreements to Rs 9.64 crores and showing a gross profit of Rs 17.68 lakhs. Bonus shares in the ratio of one share for every six shares held have been issued in September 1976. The company has fared very well during the last three months of 1976 and is expected to come out with excellent results once again. The remarkable improvements in working results have been made possible by skilful handling of its resources and by the pragmatic and imaginative policies pursued by its dynamic management.

Viewed against the outstanding performance achieved by the company during the past and taking into account the good scope for its activities, the company is confident of retaining adequate profits for declaring a reasonable dividend on the enlarged capital in the years to follow. A significant

point to be noted in this connection is the substantial relief in surtax liability that will be derived by the company on account of the enlargement of the capital base.

Capital and Bonus Issues

Consent has been accorded to five company to raise capital. The details are as follow:

Kunnathara Textiles Limited, Calicut has been accorded consent, valid for 18 months to the issue of equity shares of Rs 60 lakhs for cash at par. The proceeds of the issue will be utilised as part of finance for setting up a unit at Kunnathara (Kerala) with 400 power-looms to produce yarn and cloth.

Vimco Limited, Bombay, a public company having a paid-up capital Rs 620 lakhs has been accorded consent for issue of further capital of Rs 225 lakhs in equity shares of Rs 10 each for cash to the Indian national at a premium of Rs 3.25 per share.

The proceeds will be utilised for meeting a part of the capital expenditure of the company

on rehabilitation, modernisation, expansion schemes, diversification schemes for the manufacture of ossein etc. The consent order is valid up to September 3.

Chande Exports Private Limited, Bangalore, has been accorded consent, valid, for six months to capitalise Rs 3,80,500 out of its general reserve/profit and loss account and issue fully paid equity shares of Rs 100 each as bonus shares in the proportion of one bonus share for each equity share held.

Macphil and Co Ltd, Thana has been accorded consent valid for six months, to capitalise Rs 1,87,200 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.

SMP Private Limited, has been accorded consent, valid for six months, to capitalise Rs 8,35,000 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 one equity share held.

Dividend

		(Per cent)	
Name of the company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Walchandnagar Industries	Sept. 30, 1976	15.0	12.0
Hindustan Aluminium	Dec. 31, 1976	10.0	Nil
Same Dividend			
Andhra Sugars	Sept. 30, 1976	12.0	12.0
Aruna Sugars	Sept. 30, 1976	Nil	Nil
Electrosteel Castings	Sept. 30, 1976	18.0	18.0
Internal Combustion	Dec. 31, 1976	20.0	20.0
Schrader Scovil Duncan	Dec. 31, 1976	18.0	18.0
Reduced Dividend			
Coromandel Fertilisers	Dec. 31, 1976	20.0	22.0
Madras Rubber	Sept. 30, 1976	Nil	12.0
Paper Products	July 31, 1976	7.5	10.0

Wholesale prices

THE OFFICIAL wholesale prices index of "All Commodities" (base 1970-71=100) stood at 178.8 during the week ended January 29, 1977 as against 178.6 for the immediately preceding week. Compared with the previous week, the index for the week under review showed a marginal rise of 0.1 per cent.

Groupwise analysis of price movements is shown below:

Primary Articles

Among primary articles, the index for "Food Articles" stood at 156.2 during the week under review as against 156.3 during the previous week, showing a fall of 0.1 per cent. The decline in the index was due to a fall in prices of onions & turmeric (-8 per cent each), peas green (-6 per cent), barley & gram (-4 per cent each), tapioca & ginger (-3 per cent each), masur & meat (-2 per cent each) and wheat, bajra, moong, urad, eggs & coffee (-1 per cent each). However, prices of arhar & fish (+5 per cent each), potatoes & tea (+3 per cent each), oranges & apples (+2 per cent each) and jowar, bananas, ghee & betelnuts (+1 per cent each) showed a rise.

Non-Food Articles

Lower prices of copra (-11 per cent), raw silk (-3 per cent), groundnuts & niger seed (-2 per cent each) and cottonseed and gingelly seed (-1 per cent each) brought down the group index for "Non-Food Articles" (which

includes industrial raw materials) by 0.5 per cent to 185.6 as against 186.6 for the earlier week. However, prices of soyabean (+7 per cent), raw jute, mesta and safflower (+3 per cent each), rape & mustard seed and castor seed (+2 per cent each) and linseed and logs & timber (+1 per cent each) increased.

Minerals

The index for "Minerals" remained unchanged at its last week's level of 443.1. Compared with the corresponding week of the last year, it showed a decline of 2.1 per cent.

The index for the major group "Fuel, Power, Light & Lubricants" stood stationary at the earlier week's level of 232.1.

Manufactured Products

Among manufactured products, the index for the group "Food Products" advanced by 0.9 per cent to 183.2 as compared to 181.6 for the earlier week due to a rise in prices of kardi oil (+4 per cent), gur (+3 per cent), salt (+2 per cent) and mustard oil & gingelly oil (+1 per cent each). However, prices of coconut oil (-10 per cent), mahua oil (-2 per cent) and khandari & cottonseed oil (-1 per cent each) declined.

Beverages and Tobacco

The index for "Beverages, Tobacco & Tobacco Products" group stood stationary at its last week's level of 166.0. At this level, the group index

recorded a fall of 1.2 per cent when compared with the corresponding week of the last year.

Textiles

The index for "Textiles" group recorded a rise of 0.4 per cent to 162.0 as against 161.3 for the previous week owing to an increase in the prices of jute manufactures and cotton yarn (+2 per cent each). The prices of art silk and artificial yarn (-1 per cent), however, declined.

Paper & Paper Products

The index for "Paper & Paper Products" witnessed a fall of 0.8 per cent to 183.0 as against 184.4 for the earlier week due to a decline in the prices of newsprint (-8 per cent).

The index for "Leather & Leather Products" group stood stationary at its previous week's level of 232.5.

The index for "Rubber & Rubber Products" remained unchanged at its earlier week's level of 157.2.

Chemicals

The index for the "Chemicals & Chemical Products" group stood at 173.0 as against 172.9 for the previous week. Prices of essential oils (+5 per cent) and linseed oil (+2 per cent) however advanced.

The index for "Non-metallic Mineral Products" group stood stationary at its previous week's level of 190.2.

The index for "Basic Metals, Alloys & Metal Products" remained unchanged at its previous week's level of 190.6.

Machinery & Transport Equipment

The index for "Machinery & Transport Equipment" group remained constant at its earlier week's level of 170.0. Compared with the corresponding week of a year ago the index at this level was however lower by 1.1 per cent.

Miscellaneous Products

The index for "Miscellaneous Products" went up from 164.8 in the previous week to 167.0 during the week under review because of an increase in the prices of crushed bones (+7 per cent).

The Gwalior Rayon Silk Mfg. (Wvg.) Co. Ltd.

Regd. Office:
Birlagram, Nagda (M.P.)

NOTICE
NOTICE is hereby given that an Extraordinary General Meeting of the Shareholders of the Company will be held at its Registered Office at Birlagram, Nagda (M.P.) on Monday, the 14th day of March, 1977 at 4.30 P.M. to transact the Special business mentioned in the Notice dated 12th February, 1977 separately posted to the Shareholders of the Company individually at their registered addresses.

The explanatory statement as required under Section 173 of the Companies Act, 1956, relating to the special business is annexed to the Notice.

Note
A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

By ORDER OF THE BOARD

B.N. Puranmalka
Secretary

16th February, 1977

Index Numbers of Wholesale Prices by Major Groups, Groups & Sub-Groups

(Base 1970-71=100)

Major groups, groups & sub-groups	Weights in relation to all-commodities	Week ended				
		29.1.77	22.1.77 (Provisional)	1.1.77	4.12.76 (Final)	31.1.76
1	2	3	4	5	6	7
All commodities	(1000.00)	178.8	178.6	177.0	177.0	166.0
I. Primary articles	416.67	172.3	172.6	169.2	166.9	156.7
Food articles	297.99	156.2	156.3	153.4	153.3	151.9
Foodgrains	129.22	159.1	159.4	156.1	152.9	156.3
Cereals	107.43	157.8	158.0	156.8	154.6	153.2
Pulses	21.79	165.8	166.8	152.5	144.5	171.3
Fruits & vegetables	61.32	136.1	136.9	133.5	135.5	129.5
Milk & milk products	61.50	151.0	150.8	150.5	156.3	152.9
Eggs, fish & meat	10.97	187.3	187.0	185.9	186.7	178.7
Condiments & spices	10.94	153.2	157.1	153.7	159.8	164.4
Other food articles	16.04	194.1	189.2	181.3	168.4	158.8
Non-food articles	106.21	185.6	186.6	181.1	172.8	135.4
Fibres	31.73	196.3	195.8	193.8	191.2	146.3
Oilseeds	42.01	179.5	182.3	174.7	159.6	107.8
Other non-food articles	32.47	183.0	183.1	177.0	172.1	160.3
Minerals	12.47	443.1	443.1	443.1	443.1	453.6
Metallic minerals	2.29	172.8	172.8	172.8	172.8	195.0
Other minerals	4.16	181.3	181.3	181.3	181.3	193.9
Petroleum crude & natural gas	6.02	727.4	727.4	727.4	727.4	731.9
II. Fuel, power, light & lubricants	84.59	232.1	232.1	232.1	232.1	220.9
Coal mining	11.47	197.7	197.7	197.7	197.7	197.7
Mineral oils	49.12	267.6	267.6	267.6	267.6	267.1
Electricity	24.00	175.8	175.8	175.8	175.8	165.7
III. Manufactured products	490.74	175.2	174.6	174.2	176.2	163.1
Food products	133.22	103.2	101.6	102.6	190.3	151.8
Dairy products	3.00	101.4	101.4	101.4	101.4	101.4
Canned preserved fruits & vegetables	0.39	155.5	155.5	155.5	155.5	155.5
Canned & preserved fish, sea food	0.36	229.2	229.2	229.2	229.2	191.0
Grain mill products	4.64	156.9	156.9	157.8	157.8	170.4
Bakery products	1.05	159.8	159.8	159.8	159.8	162.4
Sugar, khandari & gur	72.41	187.2	184.0	192.1	211.5	173.6
Sugar confectionary, cocoa & chocolate	0.53	160.2	160.2	160.2	160.2	160.3
Miscellaneous food products	49.16	180.8	101.2	171.9	164.4	115.0
Edible oils	37.16	170.8	171.6	162.6	154.9	110.3
Oil cakes	9.05	227.4	226.1	212.3	205.6	123.2
Other misc. food products	2.95	164.5	164.2	163.7	157.0	147.8
Beverages, tobacco & tobacco products	27.00	166.0	166.0	166.0	166.0	168.0
Wine industries	6.77	132.2	132.2	132.2	132.2	131.0
Soft drinks	0.82	224.9	224.9	224.9	224.9	173.8
Tobacco manufactured	19.49	175.3	175.2	175.2	175.2	180.6
Textiles	110.26	162.8	161.3	159.0	158.6	145.4
Cotton textiles	81.02	165.3	164.5	162.0	161.8	144.1

--Contd

Index Numbers of Wholesale Prices by Major Groups, Groups & Sub-Groups—(Contd.)

1	2	3	4	5	6	7
Woollen yarn & textiles	2.44	211.2	211.2	211.2	209.8	194.4
Silk, art silk & synthetic fibres textiles	12.83	155.4	156.8	155.9	157.7	157.8
Jute, hemp & mesta textiles	12.14	132.5	129.8	126.3	123.5	125.1
Textiles products n.e.s.	1.83	192.5	192.5	191.5	191.5	182.3
Paper & paper products	0.51	183.0	184.4	179.5	179.8	181.5
Leather & leather products	3.05	232.5	232.5	230.1	235.4	218.8
Tanned and cured finished leather	2.95	241.4	241.4	238.3	245.2	221.6
Footwear & other leather products	0.90	203.1	203.1	203.1	203.1	209.6
Rubber & rubber products	12.07	157.2	157.2	157.2	157.2	156.8
Tyre & tubes	9.04	155.2	155.2	155.2	155.2	154.8
Other rubber products	2.23	166.3	166.3	166.3	166.3	165.9
Chemicals & chemical products	55.40	173.0	172.9	172.4	171.7	173.5
Basic industrial chemicals	7.26	189.0	189.0	189.4	188.2	198.0
Fertilisers	12.52	185.8	185.8	185.8	185.8	207.2
Pesticides	1.16	232.7	232.7	232.7	232.7	232.0
Paints & varnishes	1.92	207.2	207.2	205.5	206.7	195.9
Drugs & medicines	9.03	134.7	134.7	134.7	134.7	120.6
Cosmetics, soap & detergent	5.06	168.2	167.7	167.6	167.6	169.5
Inedible oils	1.54	186.1	183.5	173.0	161.2	105.7
Synthetic resins & plastic materials	0.30	165.6	165.6	165.6	164.0	167.7
Dyestuffs & other chemicals n.e.s.	7.09	178.0	178.0	176.8	176.6	171.4
Non-metallic mineral products	14.15	190.2	190.2	190.3	190.1	189.8
Structural clay products	1.02	209.8	209.8	210.4	210.2	201.2
Glass & glass products	1.90	189.6	189.6	190.3	189.3	214.6
Earthenware & earthen pottery	0.96	253.3	253.3	253.3	253.3	253.3
Cement, lime & plaster	7.07	173.8	173.8	173.8	173.8	171.7
Misc. non-metallic mineral products	2.32	199.1	199.1	198.6	198.6	186.4
Basic metals, alloys & metals products	59.74	190.6	190.6	190.5	190.6	187.5
Basic metals & alloys	46.51	192.8	192.8	192.8	192.8	190.8
Iron, steel & ferro-alloys	34.73	187.0	187.0	187.0	187.0	185.7
Non-ferrous metals & their alloys	11.78	210.0	210.0	209.6	209.9	206.8
Metal products	13.23	102.6	182.6	182.6	182.6	175.0
Machinery & transport equipment	67.10	170.0	170.0	169.9	169.9	171.9
Machinery & machine tools	50.45	170.6	170.6	170.5	170.5	172.3
Non-electrical machinery	30.91	175.7	175.7	175.5	175.5	175.7
Electrical machinery	19.54	162.7	162.7	162.7	162.7	166.9
Transport equipment	16.73	167.9	167.9	167.9	167.9	170.6
Motor vehicles & parts	13.73	173.2	173.2	173.3	173.2	176.9
Motor cycles, scooters, bicycles & parts	3.00	143.3	143.4	143.2	143.3	142.0
Miscellaneous products	7.20	167.0	164.0	164.0	166.3	166.4
Wood & wood products	1.74	160.2	160.2	160.2	160.2	160.1
Other mfg. industries n.e.s.	5.46	169.2	166.1	166.2	168.3	160.4

Source: Office of the Economic Adviser (Deptt. of Industrial Development)

Reserve Bank of India

(Rs crores)

Week ended	1976	1977		Variations over		
	Jan. 30	Jan. 21	Jan. 28	Week	Month	Year
Notes in circulation	6,270	7,416	7,361	—55	109	1,091
Notes issued	6,312	7,460	7,396	—64	130	1,084
Notes held in banking department	42	44	35	—9	22	—7
Deposits						
Central & state governments	67	74	68	—6	—40	1
Scheduled commercial banks	566	871	884	13	102	318
Scheduled state cooperative banks	19	26	27	1	—5	8
Other banks	2	3	3	—	—	1
Others	1,453	1,945	1,959	14	35	506
Other liabilities	2,108	2,135	2,121	—14	34	13
Total liabilities/assets	10,485	12,469	12,422	—47	234	1,937
Foreign exchange assets*	951	2,370	2,392	22	106	1,441
Gold coin and bullion	183	188	188	—	5	5
Rupee securities†	5,439	6,379	6,340	—39	111	—99
Loans and advances						
Central & state governments	196	160	147	—13	—58	—49
Scheduled commercial banks	671	944	939	—5	—19	268
State cooperative banks	509	467	476	9	1	—33
Others	458	622	623	1	1	165
Bills purchased and discounted						
Commercial	170	168	166	—2	10	—4
Treasury	294	198	192	—6	9	—102
Investments††	85	36	36	—	—	—49
Other assets	529	937	923	—14	67	394

*Foreign securities plus balances held abroad. †Government of India rupee securities including ad-hoc treasury bills.

††Excluding investments in rupee securities.

Scheduled Banks—Business in India

(Rs crores)

Week ended	All scheduled banks			Scheduled commercial banks		
	1976	1977		1976	1977	
	Jan. 30	Jan. 21	Jan. 28	Jan. 30	Jan. 21	Jan. 28
Aggregate deposits	14,263	17,779	17,811	13,773	17,151	17,183
Demand	5,737	6,776	6,822	5,624	6,636	6,682
Time	8,527	11,002	10,989	8,149	10,515	10,501
Borrowings from Reserve Bank	1,173	1,408	1,410	671	944	939
Against usance bills/pro. notes	481	253	255	107	11	11
Others	692	1,155	1,154	564	933	928
Cash and balances with Reserve Bank	895	1,239	1,258	876	1,211	1,229
Cash	311	342	348	309	340	345
Balances	584	896	911	566	871	884
Investments	4,667	5,649	5,671	4,516	5,463	5,485
Government securities	3,274	3,970	3,993	3,187	3,863	3,885
Other approved securities	1,393	1,679	1,678	1,329	1,600	1,600
Bank credit	11,324	14,125	14,088	10,323	13,093	13,057
Loans, cash-credits and overdrafts	9,173	12,358	12,344	8,172	11,327	11,314
Inland bills—purchased	832	637	620	832	637	620
Discounted	856	550	545	856	550	545
Foreign bills—purchased	295	343	352	295	343	352
Discounted	168	237	227	168	237	227
Cash-deposit ratio	6.27	6.97	7.06	6.36	7.06	7.15
Investment-deposit ratio	32.72	31.77	31.84	32.79	31.85	31.92
Credit-deposit ratio	79.39	79.45	79.10	74.95	76.34	75.99

Source: Reserve Bank of India

Centre	1965- 66	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	1976							
									May	June	July	Aug.	Sept	Oct.	Nov.	Dec.
All India	—	177	186	192	207	250	317	313	290	291	297	298	302	304	306	306
Ahmedabad	130	169	176	181	198	245	305	293	269	269	276	279	283	281	280	284
Alwaye	145	197	198	202	215	267	346	358	313	321	326	318	322	322	328	330
Asansol	140	178	189	194	206	245	316	317	306	307	314	319	319	321	323	321
Bangalore	144	183	186	194	212	265	318	332	299	301	312	312	319	326	335	330
Bhavnagar	132	178	186	194	217	273	327	315	291	291	291	297	301	303	300	298
Bombay	130	175	182	190	203	233	289	300	290	294	298	294	298	297	299	300
Calcutta	131	172	182	187	197	228	288	287	288	293	296	293	298	306	303	298
Coimbatore	132	154	163	177	189	218	209	319	283	285	300	312	313	315	313	312
Delhi	136	185	199	211	222	265	337	333	320	324	328	334	335	334	331	332
Digboi	138	180	189	188	198	234	310	317	308	317	309	311	310	309	308	310
Gwalior	139	184	191	197	214	271	348	324	305	308	316	322	322	320	314	314
Howrah	137	176	186	191	206	239	298	290	286	286	291	285	290	296	300	294
Hyderabad	140	185	189	195	211	251	304	316	293	295	301	303	304	311	317	321
Jamshedpur	136	170	183	187	202	249	313	293	274	275	280	284	284	297	297	293
Madras	134	160	170	182	203	229	301	314	273	276	281	280	283	289	298	305
Madurai	128	152	183	192	206	236	334	333	284	287	291	293	295	303	316	321
Monghyr	151	188	205	204	225	292	263	325	289	292	313	317	325	330	322	323
Mundakayam	138	191	197	199	210	263	337	346	301	304	309	303	305	305	309	310
Nagpur	138	176	187	192	203	256	314	326	283	289	298	294	305	305	303	295
Saharanpur	141	181	186	198	213	253	338	313	300	299	303	297	298	298	298	307
Sholapur	128	176	185	191	216	277	325	342	393	288	291	306	314	310	320	318

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	1976							
									May	June	July	Aug.	Sep.	Oct.	Nov.	
All-India	132	167	174	180	192	221	270	277	268	270	275	277	279	280	280	
Bombay	132	162	168	172	183	204	241	249	249	253	256	256	256	256	255	
Delhi-New Delhi	131	168	174	180	190	217	262	273	270	272	273	276	277	274	273	
Calcutta	126	162	170	174	180	204	238	243	244	246	249	252	250	255	254	
Madras	133	161	175	188	204	231	291	306	285	287	290	291	293	296	299	
Hyderabad-Secunderabad	133	167	174	180	195	223	270	283	271	273	277	278	280	283	287	
Bangalore	133	164	172	180	194	228	272	284	273	273	278	280	285	288	293	
Lucknow	132	161	166	174	185	215	255	270	266	266	272	272	272	274	274	
Ahmedabad	131	168	171	173	188	222	271	272	254	258	262	263	266	264	262	
Jaipur	133	176	183	188	205	244	308	311	301	306	310	311	314	313	316	
Patna	139	180	191	190	199	229	286	284	273	274	279	278	284	288	286	
Srinagar	134	174	184	191	200	215	262	283	294	293	296	296	298	302	301	
Trivandrum	131	172	178	184	198	231	280	297	295	295	300	299	302	304	305	
Cuttack-Bhubaneswar	142	169	176	184	196	221	266	270	259	259	267	271	274	278	280	
Bhopal	133	172	180	188	204	238	295	296	285	288	298	297	296	297	295	
Chandigarh	129	171	178	183	194	217	265	278	277	278	283	286	286	283	282	
Shillong	123	164	166	175	183	208	257	274	265	264	268	270	270	267	267	

Source: Central Statistical Organisation.

Plan outlays for states, 1977-78

AN AGGREGATE outlay of Rs 4,771.27 crores has been sanctioned by the Planning Commission for the next financial year's Plan programmes of the governments of the states and the union territories. This represents an increase of Rs 945.53 crores over the outlay of Rs 3,825.74 crores approved last year for the current financial year.

While an outlay of Rs 4,604.02 crores has been approved for the states, the outlay approved for the union territories is Rs 167.25 crores. The recently finalised fifth Plan document had earmarked

TABLE I
Annual Plan 1977-78 of States and Union Territories—A Comparative Study of Outlays and Actual Expenditure (Rs crores)

States & Union Territories	Fourth Plan actual expenditure	Fifth Plan approved outlays	1976-77 approved outlay	1977-79 approved outlay	1977-78 approved outlay
STATES					
Andhra Pradesh	425.51	1333.58	267.85	674.12	365.75
Assam	198.41	473.84	75.25	295.19	115.97
Bihar	479.21	1296.06	255.99	691.28	299.74
Gujarat	545.02	1166.62	218.50	570.65	280.58
Haryana	358.26	601.34	129.53	297.82	148.40
Himachal Pradesh	113.43	238.95	37.36	137.23	56.35
Jammu and Kashmir	162.22	362.64	79.99	176.75	89.68
Karnataka	374.14	997.67	215.93	495.00	230.50
Kerala	333.31	568.96	114.00	268.27	135.52
Madhya Pradesh	475.51	1379.71	275.50	700.00	344.77
Maharashtra	1004.51	2347.61	467.20	1247.97	646.80
Manipur	31.15	92.86	17.53	50.15	23.19
Meghalaya	36.24	89.53	20.22	40.22	24.46
Nagaland	38.52	83.63	17.70	36.09	19.27
Orissa	249.34	585.02	131.77	292.19	150.00
Punjab	428.47	1013.49	222.00	500.00	257.50
Rajasthan	308.81	709.24	144.07	324.23	168.00
Sikkim	—	39.64**	12.20	27.44	12.47
Tamil Nadu	551.69*	1122.32	217.20	595.18	260.12
Tripura	34.66	69.68	15.67	32.65	15.78
Uttar Pradesh	1162.58	2445.86	526.00	1145.88	648.25
West Bengal	363.55	1246.83	233.00	650.00	310.92
Total States	7674.58	18265.08	3694.46	9248.31	4604.02
UNION TERRITORIES					
Andaman and Nicobar Islands	14.70	33.72	6.75	18.13	8.21
Arunachal Pradesh	21.12	30.30	9.70	39.40	13.63
Chandigarh	17.37	39.76	7.15	22.07	11.04
Dadra and Nagar Haveli	2.33	9.41	1.30	6.29	2.04
Delhi	155.10	316.01	74.80	171.30	90.10
Goa, Daman and Diu	41.93	85.00	14.64	45.64	21.06
Lakshadweep	1.90	6.23	1.30	3.39	1.67
Mizoram	9.30	46.59	8.67	24.07	11.07
Pondicherry	14.37	34.04	6.97	17.58	8.43
Total Union Territories	278.12	634.06	131.28	347.87	167.25
Grand Total of States and Union Territories	7952.70	18899.14	3825.74	9596.18	4771.27

*Excludes Rs 19 crores on power as outside Plan. **1976-79

an outlay of Rs 18,899.14 crores for the states and the union territories for the entire five-year period. This comprised an outlay of Rs 18,265.08 crores for the states and Rs 634.05 crores for the union territories.

The outlay approved for the two terminal years of the Plan, i.e. 1977-78 and 1978-79, was Rs 9,596.18 crores. As the outlay for 1977-78 has now been approved at Rs 4,771.27 crores, the 1978-79 outlay will

be of the order of Rs 4,824.91 crores.

Table I (p 363) gives the 1977-78 outlays approved by the Planning Commission for the individual states and the union territories. Table II

gives the outlays approved by the commission for the execution of the major and medium irrigation programmes and the benefits likely to accrue from them in the various states and the union territories.

TABLE II

Fifth Plan—Outlays & Benefits from Major and Medium Irrigation Programmes

(Rs crores)					
State/Union Territories	Draft fifth Plan outlays	Fifth Plan outlay			Benefits from fifth Plan ('000 hectares)
		1974-77	1977-79	Total	
STATES					
Andhra Pradesh	198.00	145.46	182.65	328.11	311
Assam	21.00	11.74	17.26	29.00	58
Bihar	239.70	129.00	126.00	255.00	476
Gujarat	218.00	133.34	125.00	258.34	295
Haryana	103.00	65.44	91.11	156.55	170
Himachal Pradesh	1.05	0.58	4.00	4.58	—
Jammu and Kashmir	28.25	13.21	21.50	34.71	18
Karnataka	201.00	79.72	105.70	185.42	224
Kerala	82.00	40.43	41.10	81.53	98
Madhya Pradesh	200.00	121.29	129.28	250.57	382
Manipur	10.26	8.05	14.46	22.51	5
Maharashtra	375.06	197.59	244.80	442.39	435
Meghalaya	0.41	0.07	0.10	0.17	—
Nagaland	—	—	—	—	—
Orissa	71.00	42.41	53.50	95.91	200
Punjab	30.00	31.22	34.40	65.62	120
Rajasthan	133.95	113.85	95.25	209.10	251
Sikkim	—	0.50	0.45	0.95	—
Tamil Nadu	68.03	38.58	46.54	85.12	50
Tripura	0.09	0.07	0.10	0.17	—
Uttar Pradesh	294.71	257.25	217.04	474.29	1812
West Bengal	56.25	29.83	40.00	69.83	200
Total States	2331.76	1459.63	1590.24	3049.87	5105
UNION TERRITORIES					
Dadra and Nagar Haveli	4.99	0.61	1.82	2.43	—
Goa, Daman and Diu	11.12	5.54	11.15	16.69	—
Pondicherry	0.67	0.28	0.48	0.76	2
Total Union Territories	16.78	6.43	13.45	19.88	2
Central Sector Unallocated	52.90	7.76	17.42	25.18	700
Grand Total	2401.44	1473.82	1621.11	3094.93	5807

(Rs crores)

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	212208 8.11.62	2	Dyes (not for toilet or laundry purpose)
	212208 8.11.62	5	Pharmaceutical preparations
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Through me
J. T. Trivedi
Patents & Trade Mark Attorney.
Arab Manzil, Tilak Road, Near Jakaria Masjid,
Ahmedabad-380 001.

(S. K. Lalbhai)
Managing Director

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Run Run Sha(w)hs

ONE OF the more colourful personalities who attended the last international film festival in Delhi was the film magnate from Hong Kong, Mr Run Run Shaw. Mr Shaw, indeed, has been running to some purpose for some time; his celluloid empire must be the envy of Hollywood moghuls should any of that tribe still be alive and kicking. For two months now a great many number of Shaws in this country has been doing their own kind of running. Most of them have been running scared. The net result seems to be that all of them, collectively, are now on the run.

The greater part of the millions who are exercising their franchise this week are doing so both out of fear and without fear. 'Out of fear', in the sense that they dread the possibility of the horrors of the emergency being given a new lease of life in some form or the other and would prevent this if their votes could. 'Without fear', in the sense that they have realized that it is their right to choose their government in a free and fair election and that nobody, however high or powerful, has any title to determine or dictate to them how their votes should go. This election, then, will always be a unique chapter in the long history of our land.

Whichever way the verdict of the electorate goes—, and there is not much doubt which way it is going—, the next government in New Delhi will have to be a government of the people for the people—not a government which assumes that it alone knows what is for the good of the people, but a government which must act in the belief that the people know what is good for them and know also how to get it sooner or later. For more years than the men and women of this country would count with pride or could recall with pleasure they have been ruled by certain self-styled saviours of the people who have reigned in the arrogant belief that they alone have the answers since so many of their countrymen are poor and illiterate. Next week the public may have dispensed with these saviours or swept away those who have become *sevaks* or *sevikas* under duress. Hopefully, it will be looking for those who, because they respect the public and value public opinion, would be real servants of the public good.

Thus there rests on the political parties and their leaders a tremendous responsibility. The eight weeks of the immediate past and the 19 months that preceded them have, in their wildly different ways, educated our citizens in town and country in habits of thought which are truly revolutionary against the historic Indian background of submission to feudal authority. They have recharged the conscience and consciousness of our people with those impulses of protest and challenge to the dignity of the individual which were sparked off in the nation during the Gandhian years—years which are so recent and which yet seemed only so lately to have been left so far behind. An electorate thus aroused and motivated is surely not going to stand any nonsense or brook any betrayal should politicians start manoeuvring for personal power or profit or manipulating party positions in any post-election game of forming government.

The Congress party has appealed to voters to forget and to forgive. To forgive may be less difficult than to forget though neither would be easy. Politicians notoriously tend to underrate the public's memory even more than they may overestimate its charity. Here is a warning even for the party which may walk away with the prize from the ballot box. The victory in this election can belong only to the people—theirs to dispose of in their best judgment.

Gilts set a record

THE GOVERNMENT of India could not have visualised even in its most optimistic moments that the borrowing programme in respect of open market loans in 1976-77 would be such a spectacular success and it would become necessary to effect reissues of earlier loans for meeting an unsatisfied demand for gilt edged securities. Even the budget estimates were generously conceived as gross borrowing was placed at Rs 810 crores and net borrowing at Rs 535.06 crores, against Rs 660.54 crores and Rs 453.42 crores respectively in 1975-76 (revised). The actual developments, however, have come about in an entirely unexpected manner. It has been necessary for the gilt-edged market to be fed by the government on five occasions even with the state governments and public bodies mobilising the resources on a much larger scale than in the previous year.

borrowing programme

The floatations were aimed in the first three stages at securing subscriptions from the investing public. In July 1976, three loans were offered for a notified amount of Rs 475 crores and the lists were oversubscribed resulting in gross collections of Rs 523.79 crores. As conversion terms were offered for the maturing $4\frac{1}{2}$ per cent 1976 loan outstanding to the extent of Rs 260.16 crores, the net amount raised was Rs 263.63 crores. In October, two loans were offered for cash subscription and the amount raised was Rs 303.68 crores against a notified sum of Rs 275 crores. In the third tranche two loans were again offered and the amount raised was Rs 110.10 crores against the notified figure of Rs 100.00 crores. It had been generally expected that the borrowing programme for 1976-77 had been completed as the net amount raised, even after repaying $2\frac{3}{4}$ per cent 1976 loan for Rs 14.78 crores, was Rs 662.63 crores, considerably in excess of the budget estimate of Rs 535.06 crores.

Subsequently, however, the Reserve Bank felt compelled to augment its holdings of terminable loans as net open market loans were being effected to the scheduled commercial banks, provident funds and Life Insurance Corporation. The government also thought it desirable to take advantage of this opportunity for raising resources and avoiding deficit financing. In the first week of February this year, there were reissues of two earlier loans for Rs 100 crores. It would not have been anticipated that during the height of the busy season banks would be adding to their holdings of government securities sizeably when there was good demand for funds. However, with Life Insurance Corporation and Provident Fund also having investible funds and banks feeling obliged to comply with the statutory obligation, the reissues were fully absorbed.

In the first week of March it was therefore again necessary to hand over to the Reserve Bank reissues of two more loans for Rs 85 crores. The $6\frac{1}{2}$ per cent 2003 loan was reissued for Rs 35 crores and $6\frac{1}{4}$ per cent 1997 loan for Rs 50 crores. On five occasions, the new loans could be easily made a success and such a performance has not been witnessed in living memory.

the reissues

The latest reissues for Rs 85 crores may also be fully sold out before the end of the financial year, as stated above. Net borrowing has exceeded the budget estimates by Rs 312 crores at Rs 847.53 crores. There were only two floatations in 1975-76, besides a funding operation of Rs 100 crores by creating terminable loans and cancelling ad hoc securities for an equal amount.

There could have been a funding operation instead of reissues in the first week of March for even Rs 150 crores by creating terminable loans and cancelling ad-hoc securities appropriately. This pro-

cedure was not perhaps adopted as the holding of treasury bills and investments in the Banking Department were not large. Also, as cash resources could be raised through open market sales out of reissues, the government decided to maximise its revenues from various directions. There may still be a funding operation for Rs 100 crores by effecting transfer of rupee securities from Issue Department against transfer of foreign securities from Banking Department. This procedure would facilitate a continuance of open market sales in April and May.

the strategy

The revised estimates for 1976-77 to be presented to the new parliament during the last week of March will provide an indication of the strategy adopted by the government. It may not even be surprising if the funding operation was skipped or restricted in character as there will be need for maximising borrowing through new loans in 1977-78. It has already been indicated by the union Finance minister, Mr C. Subramaniam, that Plan outlay for 1977-78 is likely to be of the magnitude of Rs 10,000 crores against Rs 7,850 crores in the current year. The centre's share of the increase in Plan expenditure of Rs 2150 crores will be Rs 1000 crores.

It will, therefore, be imperative to mobilise additional resources in various forms. This task however will not be difficult, as credit can be taken out of foreign exchange reserves of Rs 400 crores even with the latest decision of the government to earmark Rs 500 crores out of foreign balances for purchasing ships and there will not be any need for incurring heavy subsidies on fertiliser transactions. There may, of course, be heavy increase in interest charges on the maintenance of buffer stocks, as the Food Corporation cannot be expected to carry the whole burden on its own account. There may also be an increase in non-Plan expenditure of Rs 300-400 crores.

In 1975-76 too Plan allocation in the central sector increased by nearly Rs 950 crores and as events have turned out tax revenues and capital revenues have exceeded the budget estimates by over

Rs 1000 crores and it has been possible to extend liberal assistance to states apart from meeting the increase on non-Plan account. The borrowing through open market loans in 1977-78 can be easily Rs 1100 crores net or about Rs 250 crores in excess of the record performance of the current year. There may also be larger net foreign aid and brisker collections under the small savings campaign apart from generation of internal resources of public sector undertakings on a larger scale. The tax collections too may be expected to go up by Rs 500 crores even with the existing rates of taxation.

The Finance ministry will not, therefore, have any difficulty in framing the budget proposals for 1977-78. While it is generally expected that there will be rationalisation of indirect taxes, it is also hoped that there will be some reliefs in direct taxes apart from major policy decisions relating to the provision of positive incentives for promoting new industrial units on the basis of present-day high capital cost. The strategy in this regard may be unfolded when the regular budget is presented in May next.

upward trend

The borrowing programme however will have to be fashioned on new lines. As it is expected that the upward trend in deposits of scheduled commercial banks will remain impressive and the co-operative credit societies and rural banks also will be adding to their working funds substantially, the banking system alone may have to invest a net amount of Rs 1500 crores. There will, then, be the investible resources of Life Insurance Corporation and provident funds. In order to meet this large demand for gilt-edged securities and ensure regular supplies of different types of loans, the central government may have to issue loans every two months for sizeable amounts as there is only one large maturing loan in October this year. The state governments may have to stagger their borrowings while the public bodies may issue bonds for larger amounts.

The open market operations of the Reserve Bank have, therefore, to be carried out more elaborately and scientifically and it will be desirable if the contradictions in the fixation of issue prices

for different loans could be eliminated and appropriate types of securities offered for being absorbed at suitable intervals. Since there is preference for medium-long-dated and long-dated securities for

maximising yield on fresh investments, it is also expected that there may be a mild retreat from dear money. The developments in the gilt-edged market in the coming months are bound to be exciting.

Jute industry revives

THE OUTLOOK for the jute industry has brightened in recent weeks as a result of improved offtake by the domestic market and by several foreign countries. With the revival of the American economy and the impetus to house construction, the demand for carpet backing cloth and other jute goods is expected to pick up in the coming months. Purchases by Russia and some countries of West Asia and Africa are also reported to have shown a substantial increase. The total export contracts registered with the Export Registration Committee in October-December 1976 were 182,250 tonnes, representing an increase of 35 per cent over the preceding quarter and 15 per cent over the similar quarter of 1975. A marked improvement in registration took place in respect of hessian, sacking and cotton bagging. The production of jute goods rose from 94,000 tonnes in December 1976 to 96,200 tonnes in January this year while the stocks with the mills declined by 4000 tonnes to 109,000 tonnes in this period.

wrong conclusions

These figures however should not create an impression that the jute industry's revival is complete and that it can look forward to a period of prosperity in the months ahead. But this is what Tata Economic Consultancy Services seek to convey in their review of the jute industry, which appears in their publication, *Economic Scene*, for January, 1977. It says that "the woes of jute growers and gunny manufacturers are at last over", that "jute and gunnies are now in cheers" and that "the recovery in jute goods was indeed as spectacular as that in fibre". The offtake of all jute constructions during last November has been described as "excellent". It will be wrong to come to conclusions about the prospects of the jute

industry merely on the basis of the performance for just one or two months. The fact is that, for the past few years, the industry has been passing through a severe financial crisis due to the persistence of the recessionary conditions in India and abroad, the levy of excessive export duties for a prolonged period, the uneconomic prices offered by the Directorate General of Supplies and Disposals, and the frequent load shedding which caused heavy losses to many mills.

worthwhile proposal

The *Economic Scene* says that "it is not a journal of opinion trying to criticise or approve economic policies". But consider its following remarks: "Not surprisingly, the government is reported to have rejected the recommendation of the Bose-Mullick Committee to abolish totally the excise duty of Rs 600 a tonne on sacking. As it is, in the present sellers' market, there seems little case for even a partial reduction of duty. In fact, with total November-end jute goods stocks only marginally higher than those at the end of November last, it appears that the government may now keep in cold storage most of the Bose-Mullick committee's recommendations". The Bose-Mullick committee's proposals have not been officially released. But it will be unfortunate indeed if New Delhi decides to keep its report in abeyance on the ground that the jute industry is now well set on the road to prosperity. On the other hand, the government should do its best to improve the industry's competitive capacity by enabling it to expedite its programme of modernisation and renovation. The industry has suggested that 50 per cent of the amount collected as excise duty on jute goods may be earmarked for subsidising the mills to modernise their machinery. But if any

mill fails to utilise this money in a specified period, it will revert to the government. This proposal is worth consideration.

Meanwhile, the uncertainty about the availability of power has been causing anxiety to the jute industry. The mills are reported to be receiving only 89 MW per day from the state electricity board and the Calcutta Electric Supply Corporation compared to the usual supply of 105 MW. Not only is the supply inadequate but also highly irregular. It is estimated that, as a result, the cost of production has increased by about Rs 200 per tonne on an average. A press report said that, at a meeting held in Calcutta on February 26 this year with the representatives of the jute industry, Mr Bose-Mullick, the union Commerce secretary, and Mr S.N. Chakravartee, the jute commissioner, "fully appreciated" the problems arising from the unscheduled power cuts. But what the industry wants is not "appreciation" of its difficulties but immediate and effective action in order to ensure adequate supply of power. In the past, the industry used to suffer heavily from power shortage—in 1973 the loss in production on this account was about Rs 25 crores—and therefore the government of West Bengal should give special attention to this problem.

cash assistance

The government of India is reported to be considering the extension of the 10 per cent cash assistance to jute mills on the f.o.b. price of carpet backing cloth and decorative fabrics for another year after March 31. It is not clear why New Delhi could not make this announcement much earlier so that the industry could plan its exports with a feeling of confidence. The industry is also unhappy that while the Jute Corporation and the State Trading Corporation have been allowed to discount prices for the export of carpet backing cloth and hessian, the private exporters are not allowed this facility. The government should not give scope to complaints of discrimination especially at a time when the prospects of augmenting exports have become brighter.

The increasing trend in the price of raw jute has also been causing concern to the industry. The price of W5 grade went up

to Rs 217 per quintal in the last week of February, representing a rise of nearly 10 per cent in recent months. The jute crop in 1976-77 is estimated at 69 lakh bales against the earlier figure of 76 lakh bales. There has been a sharp decline in the daily crop arrivals in the terminal markets. The problem of ensuring adequate availability of raw jute, good quality, at prices which are fair to the industry and the cultivators has been engaging the attention of the government of India and the state governments for the past several years but not much progress seems to have been achieved in this direction. While inaugurating the Jute Manufactures

Development Council in April last year, Mr J.P. Goenka said that the yield per acre of jute had not registered any significant breakthrough in the last 20 years. He revealed that though research had sufficiently progressed and projects had been clearly identified to achieve higher yields and better quality, the results had not percolated to the field level. The Jute Development Council and the other agencies concerned with the cultivation of the fibre should examine what exactly has gone wrong with these research projects and what effective measures need to be taken in the short period to improve the production and productivity of jute.

Problems of coal consumers

IN HIS presidential address at the 30th annual general meeting of the Coal Consumers' Association of India, held in Calcutta on February 21, Mr K.Z. George praised the government for its efforts to improve the quality of coal. He declared that 1976 was "one of the best in recent years for industrial coal consumers". This statement is significant because, in the past, the deterioration in the quality of coal used to be one of the major themes at the annual meetings of the Coal Consumers Association. In fact, about two years ago, the association declared that quality was the biggest casualty of nationalisation of the coal industry. The speech of Mr George, however, did contain a few complaints regarding quality. He said that in the steel plants there had been "a steady increase in ash content and decrease in volatile matter of coal and a reduction in the strength of coke".

The increase in the ash content of Bhilai was from 23.7 per cent in 1972-73 to 26.25 per cent in 1975-76, in Durgapur from 26.60 per cent to 27.33 per cent, in Rourkela from 24.80 per cent to 27.16 per cent and in Bokaro from 25.08 per cent to 26.71 per cent. Mr George said that fuel technologists at the steel plants were "alarmed" at this trend which had also caused surprise among foreign experts

who visited these plants. He listed some specific complaints of steel plants, namely, failure to supply prime, medium and blendable coal in the right proportions, increase in ash even in washed coal, fluctuation in the ash percentage from the same source, and supply of oversize coal as well as non-tested grades which upset the coal blend. Mr George said that once the coal was loaded and despatched, the consumers could hardly do anything to improve the quality or even segregate it in their plants. He therefore suggested that "a great responsibility" rested with the supplying collieries and washeries.

Lt-Gen K.S. Garewal, chairman of Coal India Ltd, who inaugurated the annual meeting of the Coal Consumers' Association, described the various steps that were being taken to improve the quality. He explained that most complaints arose from the actual quality being different from the grade labels. Coal India therefore had undertaken an extensive programme for regrading coal. Besides, it was proposed to modify shortly the present conversion formulae for determining the useful heat values of non-coking coal. The scheme of joint sampling and analysis would also help to reduce complaints about quality. Already 93 per cent of despatches to steel plants, 61 per cent to power houses and 41 per

cent to cement factories were covered by joint sampling, and additional facilities were also being set up for inspection of loading by consumers. The chairman of Coal India appealed to consumers to bring about appropriate changes in the design and use of their equipment to suit the quality of coal to be produced in the future. He suggested that even in the non-coking sector it would be necessary to go in for sophisticated techniques of beneficiation. Coal consumers can be expected to give careful consideration to these suggestions. But as their implementation will naturally take some time and involve much expenditure, Coal India should see to it that as far as possible, the consumers are supplied with the kind of coal they require for the efficient maintenance of their plants.

Mr George complimented Coal India for its significant achievements in its first year, resulting in an increase of 8 per cent in total production, 21 per cent in the production of coking coal, 13 per cent in that of soft coke and 21 per cent increase in stocks at consumers' level. Coal production in 1975-76 reached a record level of 99.88 million tonnes, making India the sixth largest coal producer in the world. But the fact remains that the demand for coal has not picked

up to the extent anticipated due to the recessionary conditions. In the current year the demand was projected to reach 111 million tonnes but now it is expected to be only around 100 million tonnes. Mr George suggested that, instead of cutting down the production or reducing the capacity, Coal India should try to improve the export of coal without "seriously disturbing the internal demand and quality requirements." He said that with the tempo of industrialisation and improvement of production, "we can easily estimate that the demand of coal would soon pick up after the implementation of the fifth five year Plan". He pointed out that the consumption of power houses alone would go up by 100 per cent and that of steel plants by 75 per cent and other industries by 30 per cent.

Lt-Gen Garewal explained that there was no basis for any fear that the export of coal would affect the country's economy. He observed: "Our exports are mostly confined to Grade I coals, though occasionally some selected grade coals are included to meet quality specifications. The production of Grade I coal has increased by 6 million tonnes i.e. 24 per cent and selected grades by two million tonnes (32.6 per cent) during the last two years which is more than adequate

to meet all the existing demands, new demands inside the country and still meet export commitments of a much higher quantity. A major step up in exports as planned will not cause any hardship to internal consumers of Grade I or better qualities of coal". He pointed out however that for logistics of bulk loading and to cater for the specific quality requirements in respect of low volatile content and ash content, "certain readjustments of pilots and shifting of consumers to alternative but comparable sources of supply have had to be done". He assured that the new sources allotted "are very much within the technological considerations of quality requirements of the internal consumers so shifted". But the task of assessing the country's requirements of coal and promoting its exports cannot be left entirely to Coal India.

The Planning Commission as well as the various economic ministries should also be involved in these exercises so that adequate quantities of the right quality are always made available to all our industrial and other consumers. In recent months New Delhi had to impose a sudden ban on the export of some items and go-slow in respect of others. Caution therefore is necessary in promoting the export of basic items like coal.

RECORDS AND STATISTICS

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- औद्योगिक उत्पादन में ३०१ प्रतिशत की वृद्धि हुई है ।
- उद्योग निदेशालय के पास पंजीकृत लघु उद्योगों की संख्या ११,७०० से बढ़कर ४०,००० हो गई है ।
- कार्यान्वित केन्द्रीय क्षेत्र परियोजनाओं की संख्या ६ से बढ़कर १६ हो गई जिन पर २९० करोड़ रुपये का विनियोजन निर्दिष्ट है ।
- कार्यान्वित औद्योगिक लाइसेंसों की संख्या १३२ से बढ़कर ६०४ हो गई और उन पर विनियोजित पूंजी २७२ करोड़ रुपये से बढ़कर ७१७ करोड़ रुपये हो गई ।
- ९ संयुक्त-क्षेत्र परियोजनाएं प्रारम्भ की गईं और २५ कार्यान्वित हो रही हैं ।
- निर्यात २८ करोड़ रुपये से बढ़कर ६० करोड़ रुपये हो गया ।
- ११०० करोड़ रुपये के विनियोजन से ३३ औद्योगिक केन्द्र स्थापित किए जा रहे हैं ।
- ७२ करोड़ रुपये की लागत से दक्षिण पूर्व एशिया की सबसे बड़ी सीमेंट परियोजना कार्यान्वित की जा रही है ।
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१० सूती मिलें—३ में उत्पादन प्रारम्भ हो चुका है;
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CAPITAL'S CORRIDORS

R. C. Ummat

Oil matters • Indo-GDR trade • Sales tax collection

THE COMPAGNIE Francaise des Petroles of France (CFP), in which the French government has 40 per cent interest, is envisaged to provide technical services for optimising the production of crude oil from Bombay High in the shortest possible time. An agreement for this technical consultancy back-up is expected to be signed shortly between the Oil and Natural Gas Commission (ONGC), a wholly-owned government of India undertaking, and the CFP. High-level discussions in this regard have taken place recently between the two organisations. The CFP has already collaborated with the ONGC in the first two phases of the development of the Bombay High oilfields.

Under the new agreement, the CFP will provide technical assistance in certain specified fields relating to reservoir assessment, management and engineering in the Bombay High field for a period of four years. The arrangement can be extended by another year at the option of the ONGC. The ONGC, it is expected, will be able to absorb the relevant technology during the four to five years during which the above agreement will be operative. Thereafter, it would become self-reliant in the concerned disciplines.

commandable job

Although the ONGC has done a commendable job in starting commercial production from the Bombay High area within a record period of 27 months from the date of the discovery of oil and has had long experience of exploration and development of on-shore fields where oil so far has been found in sandstone reservoirs, its experience of off-shore exploration has

not been extensive. Further, the off-shore oil deposits have been discovered in limestone formations. This has necessitated the securing of consultancy services from the CFP.

new strikes

The Bombay High oilfield is expected to be developed to its optimum annual production potential of 10 million tonnes of high quality crude by the turn of the current decade. But besides this structure, several other structures have been found in its neighbourhood to be promising oil-bearing areas. Oil has already been struck in two other structures around Bombay High, namely the Bassein structure and the fault structure between Bassein and Bombay High. Drilling of the first well is expected to be completed shortly in another structure off the west coast, about 80 km from Ratnagiri and nearly 180 miles south of Bombay High. Called the "Angria Bank", this structure is also placed by ONGC experts in the same class as Bombay High. If this exploration effort proves successful in yielding oil and the structure turns out to be as big as Bombay High, it would not only improve greatly the chances of the country becoming self-sufficient in oil by the middle of the next decade but also provide good stimulus to the development of the Konkan coast which is a backward area.

The production of crude oil from Bombay High, where the development work has been going on for nearly 18 months, however, seems to have failed to come up to expectations as only 0.23 million tonnes of crude had been produced from this area by the end of December, Earlier, it

had been anticipated that this output by the end of the above month would be approximately double this figure.

This shortfall in production, of course, can be expected to be more than made up during the current calendar year as developmental work is understood to be being accelerated.

The initial lag in production, however, should not raise any doubt about the programme of developing the Bombay High oilfield to yield by the turn of the current decade the optimum output of 10 million tonnes of crude.

internal production

The overall production of crude within the country during 1976 is stated to have been of the order of 8.43 million tonnes—approximately 0.63 million tonnes more than in the previous year. The ONGC produced 5.28 million tonnes from its on-shore concessions and 0.23 million tonnes from the off-shore Bombay High area—an increase of 7.4 per cent over the output in 1975. Oil India raised its output from Upper Assam marginally by nearly 0.2 per cent to about 3.09 million tonnes. The Assam Oil Company, which suspended its drilling programme some time ago, yielded 63,000 tonnes—about 5,000 tonnes less than in the previous year.

The latest data and the projections about the refining capacity in the country suggest that with the commissioning of the one million tonnes capacity per annum refinery part of the Bongaigaon refinery and Petrochemicals Limited and expansion of the Koyali refinery to 7.3 million tonnes from 4.3 million tonnes at present by early 1978 the total refining capacity in the country by then would go up to 31.4 million tonnes, spread over 11 refineries. At present we have 27.4 million tonnes refining capacity—Digboi 0.5 million tonnes; Hindustan Petroleum, Bombay, 3.5 million tonnes; Burmah-Shell, Bombay, 5.25 million tonnes; Caltex, Visakhapatnam, 1.55 million tonnes; Gauhati 0.8 million tonnes; Barauni 3.0 million tonnes; Koyali 4.3 million tonnes; Cochin 3.3 million tonnes; Madras 2.7 million tonnes and Haldia 2.5 million tonnes. The eleventh refinery is being set up at Bongaigaon. By 1980-81 the refining capacity is

expected to be raised further by six million tonnes with the commissioning of the twelfth refinery at Mathura.

The demand for petroleum products is understood to have been well contained during 1976. This is suggested by the facts that whereas the crude run at the refineries during the year was raised, compared to the previous year, by about 0.92 million tonnes to 22.76 million tonnes, the imports of refined products were stepped up by about one lakh tonnes to 2.31 million tonnes. The imports of crude oil at 13.8 million tonnes were higher by one lakh tonnes.

The foreign exchange expenditure involved in these imports, however, rose sharply due to the increase in the prices of both crude oil and refined products. While the imports of crude cost in 1976 Rs 1124 crores and the refined products cost Rs 224 crores, the corresponding figures for the previous year were Rs 958 crores and Rs 189 crores, respectively.

rise in crude bill

This year, even if the imports of crude oil and refined products are maintained around the last year's levels, the foreign exchange expenditure on this account is likely to be significantly higher as the international prices of crude have been raised by 10 per cent with effect from January 1 (5 per cent in the case of the Saudi Arabian and the UAE crudes) and are envisaged to be increased further by five per cent with effect from July 1. We import crude oil from Iran, Iraq, Saudi Arabia and Abu Dhabi and petroleum products from the Soviet Union.

Some surplus petroleum products are exported. In 1975, these exports—mainly comprising naphtha, gasoline, kerosene, high speed diesel oil, etc., to Bangladesh, the United Kingdom, West Germany, Kenya, Indonesia and Singapore—aggregated to about 166,000 tonnes valued at Rs 12.14 crores. Last year, consisting of mainly asphalt, wax and some small quantities of gasoline, kerosene and diesel oil, they aggregated to 82,000 tonnes and yielded Rs 7.6 crores.

Meanwhile, reports suggest that oil has been struck in the Cauvery basin after

nearly a 10-year exploration effort. Inter-mittent flow of about one to 1.5 tonnes a day has been registered in the well No 10 drilled recently near Tittacherry village in the Karaikal area. It is, however, considered to be premature to predict about the commercial exploitability of this oil strike.

* *

A new trade and payment agreement covering the four-year period to December, 31, 1980, and also a trade protocol under this agreement for the current calendar year were signed here last week between the governments of India and the German Democratic Republic. The agreement was on the same lines as the one concluded in 1971. The system of trading between the two countries under the new agreement continues to be on a balanced basis in non-convertible Indian rupees. The agreement takes effect from January 1.

Although the agreement covers the four-year period to the end of 1980, the target for trade has been fixed for the current calendar year only. The total trade turnover between the two countries this year is expected to grow by slightly more than 50 per cent—from Rs 80 crores last year to Rs 123 crores.

major breakthrough

While the GDR will continue to supply to us during the current calendar year muriate of potash, ships, cinematographic films, printing machinery and machine tools, and also some quantities of urea, our main exports to the GDR till last year comprised such traditional items as de-oiled cakes, tea, coffee, semi-processed hides and skins, cotton textiles and jute manufactures and also such non-traditional items as sanitary fittings, machine tools, finished leather products and hand tools. A major breakthrough is expected to be made this year in the export of boots and shoe uppers. The exports of boots and shoe uppers are envisaged to register nearly 10-fold increase over the exports effected last year.

Another equally significant provision made in this year's protocol is for the export for the first time of motor vehicle parts, tractors, agricultural machinery and

silver nitrate. Iron ore exports also are envisaged to be increased substantially.

The long-term agreement contains a provision for a steady diversification of the trade between the two countries in the light of the changes that may take place in the production and supply patterns in the two countries. It has been emphasised that the growth in trade in the coming years can be ensured only through further diversification of the trade pattern.

* *

The union government is stated to have suggested an eight-point action plan to state governments for reducing corruption and acceptance of legal gratification by officials of the sales tax department and for avoiding harassment to middle-level and small traders.

The action plan suggests constitution of a survey wing of the sales tax department with good officers to prepare biennially lists of marginal cases and displaying of these lists in the offices of the superintendents of taxes, making it obligatory for marginal traders to deposit the tax dues on self-assessment basis after the notification.

The returns of such assessment would be accepted without any further scrutiny if the assessee is agreeable to pay 10 per cent more sales tax every year or any other limit prescribed by the state governments.

These assesseees would not be called for regular assessment as is the case with big traders. There could be some test checks of these self-assessments by inspectors of taxes with the prior approval of the superior authorities.

The government has also suggested that such marginal assesseees could be encouraged to form associations either professionally or trade-wise and take up jointly cases of harassment by tax officials with higher officers. There should also be small committees at the district level which could advise the district sales tax officers regarding problems of the traders.

It has also been suggested that powers to enter shop premises and conduct surprise checks of accounts should be limited to certain special staff or squads.

Factory expenses in the aluminium industry

Dr N. P. Agarwal

The author, who is a lecturer in the Department of Accountancy and Business Statistics, University of Rajasthan, Jaipur, has studied the proportion of factory expenses to the total cost of production in the various units of the aluminium industry. He has come to the conclusion that with proper control it has succeeded in reducing over the years the proportion of factory expenses in the total cost of production and there is scope for more economies under this head.

PROPER CONTROL over factory expenses is essential, if the cost of production is to be brought down in any industry. An attempt has been made in this article to study the proportion of factory expenses to the total cost of production of aluminium for the years 1963-64 to 1973-74. Cost data have been mainly collected from the published financial statements of aluminium companies. Stores consumed, labour welfare expenses, rent, rates, repairs, insurance and depreciation have been included in works expenses. Statistical techniques have been applied to test the significance of varying differences in the proportion of this expenditure. In the present study data of aluminium industry as well as each individual company have been analysed. In India there are five aluminium companies of which four are in the private sector and one in the public sector. As up to 1973-74 only four aluminium companies, all in private sector, were working the article covers only these four companies.

proper control

In the aluminium industry in India the percentage of factory expenses to the total cost was 23.3 during the period of study from 1963-64 to 1973-74. The proportion of the expenses to total cost varied from 19.7 per cent in 1973-74 to 32.4 per cent in 1963-64 constituting a range of 12.7. However, it appears from Table 1 that the aluminium industry exercised proper control over these expenses and succeeded in reducing their proportion. The proportion registered a declining trend

*Annual Report and Accounts, 1966-69, Alcoin, page 6.

**Annual Report and Accounts, 1970-71 Alcoin, page 9.

throughout the period of study from 1963-64 to 1973-74 except in 1965-66. The proportion in 1973-74 was about 60 per cent of that in 1963-64. One of the reasons for the declining trend in the proportion of these expenses is that the industry was getting economies of large scale production as the capacity to produce aluminium increased substantially from 56,550 tonnes in 1963-64 to 198,170 tonnes in 1973-74.

In Alcoin the proportion of factory expenses to total cost registered a fluctuating trend throughout the period of study from 1963-64 to 1973-74. The average proportion being 38.4 for the study

POINT OF VIEW

period which varied from 32.8 per cent in 1971-72 to 47.4 per cent in 1966-67 forming a range of 14.6. The average proportion of expenses in Alcoin was the highest among the companies under study as well as aluminium industry in general. In other companies the proportion of this expense had decreased substantially while in this company it fluctuated from year to year. The proportion was 34.3 per cent in 1963-64 which increased to 47.4 per cent in 1966-67, the highest for the period of study. During 1966-67 "the cost of stores and spare parts, particularly imported, has further registered sharp increase."* During 1967-68 to 1971-72 the proportion decreased considerably from 39.6 per cent in 1967-68 to 32.8 per cent in 1971-72, but it was 41.4 per cent

in 1970-71 which was higher as compared to 36.1 per cent in 1969-70. However, the proportions registered an increase during 1972-73 and 1973-74 as compared to 1971-72.

The production of this company has been affected greatly by labour troubles and the company was forced to declare a lockout since September 15, 1973. The main reason of the fluctuations in the proportion of this expense has been labour trouble and power problems in the plant. It is worth noting that "production in different sections of the plant was affected by frequent labour disturbances. Apart from go-slow, the plant was stopped for 11 days on different occasions due to strikes and bandhs motivated mainly by political considerations. It is unfortunate that such practices have become a sort of normal feature in West Bengal."**

fluctuation range

In Indal the proportion of factory expenses to total cost varied from 22.7 per cent in 1973-74 to 30.8 per cent in 1965-66 constituting a range of 8.1 during the period of study from 1963-64 to 1973-74, the average for the period being 25.5 per cent. The proportion of this expenditure fluctuated from 1963-64 to 1967-68, but from 1968-69 to 1973-74 it had a declining tendency. The proportion of this expense was higher in this concern as compared to Hindalco and aluminium industry in general. The company is having its production facilities in six different states so the expenditure on rent and insurance was higher, but on the other hand the company was getting economies of large-scale production which decreased the proportion substantially.

The proportion of factory expenses was lowest in Hindalco, the average for the period being 17.9 per cent, but the proportion varied in a wide range of 23.3 from 14.1 per cent in 1972-73 to 37.4 per cent in 1963-64. The year

1963-64 was the initial year for the company and due to this reason the proportion in 1963-64 was highest, but it decreased substantially to 19.8 per cent in 1966-67. The proportion registered a slight increase in 1967-68 to 28.4 but thereafter the proportion decreased continuously up to 1972-73; the proportion in 1968-69 was 20.1 while it decreased to 14.1 in 1972-73. In 1965-66 and 1967-68 the machine performance was found poor. "There were teething troubles in the alumina plant, whose annual capacity was expanded from 50,000 tonnes to 1,50,000 tonnes during the year. The new alumina plant went into production in August 1967, but did not start working smoothly till the early part of the present year."* However, the proportion increased in 1973-74 to 15.9 per cent as compared to 14.1 per cent in 1972-73, this was mainly due to lesser production as compared to 1972-73 as the company faced problems of power cut and labour troubles also.

In Malco the average proportion of factory expenses to total cost for the period 1965-66 to 1973-74 was 26.0 per cent which is higher as compared to Indal and Hindalco but was lesser as compared to Alcoin. The proportion

*Annual Report and Accounts, 1967-68, Hindalco, page 7.

varied from 12.5 per cent in 1973-74 to 34.9 per cent in 1965-66; constituting a range of 22.4. However, the proportions registered a declining trend from 1963-64 to 1970-71 but in 1971-72 the proportion slightly increased to 26.8 per cent as compared to 24.6 per cent in 1970-71. During 1971-72 production decreased from 13,154 tonnes to 12,719 tonnes. Perhaps this was also one of the reasons of increase of this proportion apart from others like price increase of stores and spare parts and machine performance etc. In 1973-74 the proportion sharply decreased to 12.5 per cent as against 24.5 per cent in 1972-73. This was mainly due to the fact that during 1973-74 no depreciation was provided which affected the proportion of this expenditure to a great extent.

It will be seen from Table II that the 'F' ratio is 3.40. The table values of F at one per cent and five per cent levels of significance for $v_1=2$ and $v_2=28$ are 5.45 and 3.34 respectively. This shows that the differences in the percentage expenditure on factory expenses in the three companies are significant at five per cent level of significance while it is not significant at one per cent level of significance.

One of the most important elements of cost in the aluminium industry during the

period under study was factory expenses. The percentage of factory expenses to total cost during the period of study was 23.3 for the industry while it varied for the individual companies from 17.9 for Hindalco to 38.4 for Alcoin. It was 26.0 in case of Malco and 25.5 for Indal.

TABLE II
Analysis of Variance of Proportion of Factory Expenses in Aluminium Companies

Source of variation	Sum of squares	Degree of freedom	Mean square	F
Between companies	227.6	2	113.8	F=113.8
Within companies	936.1	28	33.4	=3.40
Total	1163.7	30		

Some of the reasons associated with the wide variation in this proportion from one company to another and within the same company are as follows:

(1) Some of the companies like Indal and Hindalco and to some extent Malco had taken advantage of large scale production while others like Alcoin was not able to get it. During the period of study Hindalco and Indal undertook huge expansion programmes while Malco expanded capacity on a small scale and Alcoin's installed capacity was stagnant at 9000 tonnes from 1968-69 to 1973-74. The percentage of installed capacity utilised by various companies also differed significantly.

(2) Labour troubles had also affected production more in some cases than in others.

(3) The machine performance differed from company to company and even from year to year due to labour troubles and power cuts. Old units also gave lower performance than the new machines of Malco and Hindalco.

(4) Rise in the prices of stores and spare parts caused variation in this expenditure in various years.

(5) The amount of depreciation charged to profit and loss account calculated on written down value also resulted in variation of this expenditure.

(6) The concentration of plants at one

place as in the case of Hindalco resulted in lower proportion of this expense as compared to location of plants at different places as in the case of Indal with production facilities scattered over six places in different states.

The wide difference in the proportion of this expenditure among different alu-

minium companies and in different years within one company suggests that there is wide scope for reducing and controlling the cost of this expenditure. A devoted effort toward better process control, rationalisation, improved production planning and research and development in this field can help to reduce cost of this ex-

pense. In recent years, due recognition has been given to research and development by government as well as by the industry which will not only control the cost but will help to increase production and export of the metal which has a good demand in the international market and we have a great potential to produce this metal.

K. S. Ramachandran

The basis of demand pressure

The author feels that it is necessary to institute studies into the nature and pattern of consumer demand for mass consumption goods to devise a mechanism for accurately gauging shifts in demand rather than go solely by market behaviour. The partial switchover in Kerala and West Bengal from rice to wheat as a consumer reaction to shortages is a case in view. So is the shift of demand from coarse foodgrains like jowar and bajra to finer varieties such as rice and wheat.

THE ASSUMPTION of growth in money supply leading to demand pressures rests on the plank that while speculative trade practices could boost market demand, the multiplier effect could raise effective consumer demand. In the industrialised, advance economies of the West, the income analysis acting through the multiplier is expected to sufficiently explain the emergence of demand pressures following growth in money supply. In developing countries the impact of multiplier is considered negligible, though it cannot really be ignored. Government, of course, is seriously concerned about market demand changes and invariably attributes an increase to speculative trade activities and not so much to a natural, spontaneous rise in effective consumer demand following generation of new employment and incomes on a significant scale.

But it is high time that the possibility of genuine shifts in consumer demand was actively considered in official circles in this country. To the extent that growth in money supply, both in the form of increased budget deficits and rise in bank credit, leads to additional investments and creation of new employment opportunities, a significant improvement in consumer demand can be anticipated. This expectation is certainly related to the level of poverty prevailing in this country and to the large number of people living below the subsistence level, implying that creation of additional jobs and individual incomes could result in a significant shift in the level of aggregate demand. This shift is also natu-

rally followed by a change in the consumption pattern, which can be attributed to the influence of what Dusenbery called the 'Demonstration effect' and of what Giffin called the paradox of 'inferior goods'; these two related influences explain adequately the substitution of coarser and less priced goods by finer and costlier goods.

These factors were in evidence in India after the beginning of second five year Plan, with latter's strong emphasis on the growth of basic industries leading to a noticeable generation of new employment and new individual incomes. Then the shift from coarser foodgrains like jowar and bajra to finer and costlier rice and wheat occurred causing demand pressures in respect of the latter and subsequently, both shortages and rise in their prices. There can be no doubt of the continuing presence of these influences in various areas of the country, taking into account the steady and progressive increase in Plan investments year after year and in secondary investments in related sectors.

But if one makes the assumption of consumer rationality, then the combined effect of these influences on aggregate demand could be somewhat neutralised by shifts in the pattern of consumption arising from growing consumer resistance to inflationary price increases. The switchover in both Kerala and West Bengal noticed some years back from total dependence on rice to inclusion of wheat in the consumer pattern was the average consumer's natural reaction to shortage and to high market price of rice; in case of the

latter, the difficulty experienced in securing mustard oil at reasonable prices drove the more rational consumer to take to cheaper edible oils like the Canadian rapeseed oil and vanaspati. Thus if the demonstration effect could cause consumer preference for costlier goods, the natural resistance to inflationary price increases could bring about a preference for cheaper substitutes.

But official circles ignore these possibilities and go mainly by changes in market demand and are apprehensive of the impact of speculative trade on demand pressures, the availability position and on the price situation. The fact that speculative trade practices could be countered by restraints on bank advances against trade in sensitive commodities cannot be the reason for this, even though, often policies are formulated to suit administrative expediency and conveniences. Possibly, government expects demand pressures originating from a natural rise in the level of aggregate demand to be adequately reflected in market demand, which of course, can be gauged quite easily from the behaviour of prices. But then, market demand need not reflect only genuine domestic demand but could easily represent the impact of speculation. In the case of exportable goods, trade prospects abroad influence market demand far more than domestic consumer demand.

Though positive action on the supply side could take care of natural demand pressures and prevent the emergence of shortages, it is necessary for government to institute studies into the nature and pattern of consumer demand for all essential and mass consumption goods and to devise a mechanism by which shifts in demand could be accurately gauged, rather than continuing to go solely by market behaviour. Efforts in this direction could greatly help in the formulation and pursuance of a policy of effective price control.

TABLE I
Percentage of Factory Expenses to Total Cost of Aluminium Companies during 1963-64 to 1973-74

Years	ALCOIN	INDAL	HINDALCO	MALCO	Aluminium Industry
1963-64	34.3	28.8	37.4 H	—	32.4 H
1964-65	41.1	28.7	29.3	—	30.8
1965-66	46.4	30.8 H	27.1	34.9 H	32.3
1966-67	47.4 H	30.1	19.8	31.7	28.0
1967-68	39.6	30.3	20.4	29.2	27.1
1968-69	38.5	29.8	20.1	28.7	26.0
1969-70	36.1	26.2	18.0	27.8	22.9
1970-71	41.4	24.6	16.5	24.6	22.1
1971-72	32.8 L	22.8	15.3	26.8	20.6
1972-73	35.2	22.9	14.1 L	24.5	20.0
1973-74	34.1	22.7 L	15.9	12.5 L	19.7
1963-64—1973-74	38.4	25.5	17.9	26.0	23.3
Range	47.4—32.8 = 14.6	30.8—22.7 = 8.1	37.4—14.1 = 23.3	34.9—12.5 = 22.4	32.4—19.7 = 12.7

H = Highest

L = Lowest

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Washington—and its not so invisible hand

E. B. Brook

The world listens closely to Washington these days. Its attitudes receive uncommon attention. The author says that it is almost a universal hope that these attitudes will reveal the beginning of a greater awareness of the heavy responsibility that goes with world economic leadership for the well-being of the rest of mankind.

BUDGETS ARE commonly watched with anxiety; few are more widely scanned than the American. For a very long time—certainly since President Nixon announced, without consulting any other country though it was obvious all would be deeply affected, the severance of the convertibility link between gold and the dollar—it has been clear that the USA is the major motor in world financial and commercial affairs. Since this event in 1971—a mere 5½ years ago—other evidence has accumulated. When, in 1973, the rise in oil prices produced heavy damage to the world economy no one moved to eliminate the demand infla-

the money that constitutes the present sterling safety net.

Since it is to Washington that the world listens closely, attitudes and budgets in that capital attract uncommon attention. It is always an almost universal hope that those attitudes and budgets will reveal the beginning of a greater awareness of the heavy responsibility that goes with world economic leadership for the well-being of the rest of mankind. For many years Washington has been cautious, almost cagey, in some of its attitudes. The new Carter administration has promised to give a more expansionary flavour to US policies. Something of a similar

to a point where servicing commitments has grown into a damaging strain.

The Carter budget this month, an amended version of the lame-duck federal budget proposed by former President Ford, boosted federal spending for the 1978 fiscal year by \$19.4 billion. The increase in the fiscal 1977 deficit at \$10.7 billion more than Mr Ford had projected is worrying the American business and financial communities. These worries may cramp President Carter's more open-handed style if they produce business recessions at home; his benefits are home-directed and, however laudable for improving health service show no evidence yet of American realisation of world-wide economic responsibilities in initiative. President Carter, it is true, was essentially bringing forward his predecessor's fiscal and budgetary plans but his own contribution in ideas was essentially home-looking though on a more liberal level.

the great contrast

The great contrast between the American and the British budgets—and those of many other countries—is that the Americans are able to increase spending while almost everyone else has to try to economise. Almost simultaneously, the British are setting up a permanent system of price controls, cutting central and provincial budgets so heavily that many areas of civil life feel the pinch and unemployment is increased. While the introduction of these controls is undoubtedly an effort to calm workers and their unions and to hold off a threatened refusal to continue the social contract and restrain wage claims, the basic fact is that Britain and others are forced to hold back while America can expand its social expenditure with a comparatively pleasantly low inflation rate of between five and six per cent.

Over in Europe the British are standing alone in the Common Market to try res-

training a threatened agricultural price rise. Two proposals threaten household spending in Britain: a proposed three per cent increase in 1977-78 common farm prices and a six per cent devaluation of the 'green pound', the Common Market's figurative currency for agricultural transactions between members. The overall effect of the Market Commission's package, with the last two transition steps laid down in the 1972 Accession Treaty will push British retail food prices up by a total of four per cent, although Market statisticians insist it will be only 1.9 per cent. The basic conflict lies between the British purchaser and the continental farmers whose cost liabilities have during the past year risen by 10 per cent.

The Market is now in the unenviable position of trying to reconcile the interests of every member country. The British opposition to three per cent increase contrasts with a European farmers' union's demand for an increase of 7.4 per cent. The difference might be resolved but for the fact that devaluing the 'green pound' by six per cent will mean that farmers in countries with revaluing currencies will in fact receive no increase in prices at all and may even find themselves worse off. Ironically, some would say scandalously, the Market has once again a milk mountain of 1,130,000 tons and a butter mountain of 260,000 tons

despite the fact that it could easily sell at least half its stored powdered milk to Japan. The excess produce of the excessive number of European dairy farmers remain one of the most difficult and shameful problems of the Common Market.

Textile trading is another area where the British are on the defensive. It proposes to seek complete protection for sections of British textile industry hit hardest by low-cost imports in the renegotiation of the Multi-Fibre Agreement. Proposals to be made next month by the Common Market, which is negotiating a new MFA when it expires at the end of the year, will include a measure to enable Britain to protect its producers against cumulative disruption—individually small increases in imports from a large number of countries. A new safeguard proposed will allow introduction of a single quota to deal with all disruptive or potentially disruptive imports affecting sensitive products and one where import penetration was high.

Another economically perplexed country, Italy, has just abolished its special foreign currency surcharge imposed in October as one measure to protect the lira; the abolition caused virtually no change in the currency's rate of exchange. The lira is still supported by, among other things, exceptionally high domestic interest rates and the special import deposit scheme

introduced last May and now operating at the rate of 25 per cent. The government intends this rate to fall to 10 per cent at the end of this month and the deposits will be eliminated in April. As more long term support for the lira, the Italian government hopes to have concluded by about mid-April the protracted negotiations with the International Monetary Fund on an additional Italian drawing of at least \$530m under the terms of the Jamaica agreement.

An IMF team is due in Rome to examine the government's limited measures towards reducing the rise in labour costs and the increased treasury spending covered by higher indirect taxes. Any final agreement with the IMF will provide for a phased release of the projected loan, each instalment being subject to a fairly detailed quarterly review. Formal approval by the Fund would release additional funds, since the Common Market council of Finance ministers is believed to be waiting a successful outcome of the Italian-IMF negotiations before agreeing formally on a \$486m Community loan. Europe's debtors reveal increasingly the growing influence of the IMF and other international financial aids on the west of that continent and, through them, the guiding hand of Washington in international affairs.

WINDOW ON THE WORLD

tionary consequences—the world economy's tendency to cut the spending of the oil importing countries without producing an increase of similar proportions elsewhere—because the United States was not prepared to consider a restructuring of the world's economic set-up of the fundamental character required.

Last year it was the United States' insistence, seconded by the other western economic giant, West Germany, that Britain must make expenditure cuts of the order they considered essential before they would agree, under cover of the Group of Ten and the IMF to provide

change of heart—or was it reflection of the American liberalisation?—has been shown by W. Germany's Chancellor Schmidt who recently admitted that the global recession has now to be seen as a crisis comparable to that of the 1930s and "calling for a concerted operation between the American economy, the Japanese economy and some European economies."

Three years of trying to cope with the results of the 'demand inflationary consequences' of the oil price rise has either depleted the reserves of many countries and/or increased their international debts

Growth rates in China and India

Hardev Singh

The author reviews the study made by Sarwar Lateef of the growth rates of India and China since 1950 and projections made up to 1980. Though India has achieved better results in agriculture than China and there is further scope in this field, the study notes that China has done better than India in industry.

ECONOMIC PROGRESS achieved by India and China during the last thirty years has attracted the attention of economists because both these countries have followed two basically different strategies for growth. Planning in India is essentially an enlargement of the role of the public sector without disturbing the free market economy. In China, planning has played a more significant role with centralised control over allocation of resources for various sectors, accompanied by diminishing area for free market. Both these coun-

tries have been able to raise agricultural production to make themselves self-sufficient in foodgrains, in spite of a sharp rise in their population. Similarly, both countries have built up an industrial base capable of handling the manufacture of a wide variety of products for domestic markets as well as for exports, ranging from textiles to nuclear plants. Nevertheless, precise facts about China are so scanty and scattered that only a broad comparison is possible. It is primarily for this reason that the study on economic

growth in China and India, 1950-80 by Mr Sarwar Lateef is both interesting and useful.*

Both countries have emphasized the modernisation of agriculture. As the study has revealed, the Chinese period of thrust accompanied by better inputs was from 1963 to 1967 while in the case of India it was from 1967 to 1971. Significantly, in both cases emphasis on raising of foodgrains output resulted in a comparative neglect of non-foodgrain crops. Moreover, the pressure of population was so substantial that in spite of a notable rise in foodgrains

*Economic Growth in China and India, 1950-1980 by Sarwar Lateef; Vol I—Report; Volume II—Appendices; Published by the Economist Intelligence Unit Ltd, London; Available from Exclusive Representative in India; J.A. Shah, 67, Marine Drive, Bombay-400020; Price Rs 603.45.

output, the two countries were not really free from foodgrains imports. Their imports, however, constituted a small proportion of their total demand.

The study has brought out the fact that "Indian agricultural growth rates have been higher than China's". Double cropping which was common in large areas of south China, has had little further scope so that the future multiple cropping ratio would rise only modestly by 1980. In terms of irrigation too, huge investments had already been made in tubewell construction in north China and potential for exploitation of water resources would depend on the water table which has already been falling. The change in the direction of the waters of the southern rivers for the benefit of north China plains is likely to take a long time and would not yield much gain by 1980. The use of fertilizers also has reached a high level of concentration in the irrigated areas where yield responses have begun to decline. The study, therefore, predicts that the rate of foodgrains output in China during the next few years up to 1980 might be between 1.7 per cent and 2.0 per cent and even during favourable years, it might not be more than 3.0 per cent.

scope for improvement

On the other hand, the scope for further improvement is substantial in the case of India. The multiple cropping ratio is likely to improve from the present 1.21 to 1.26 by 1980. The fifth Plan has proposed to bring an additional area of 11 million hectares under irrigation by 1978-79—about half the increase coming from major and medium irrigation projects and the remaining half from the groundwater development and minor irrigation schemes. Fertilizer consumption which is nearly three million tonnes at present is expected by the Fertiliser Association of India to reach around 4.2 million tonnes by 1978-79. The study estimates the nutrient consumption to increase further by 1980 to 4.9 million tonnes. All these factors put together are likely to raise the foodgrain production in India to nearly 139 million tonnes by 1980-81 which implies an annual growth of 3.8 per cent.

In the field of industry, China had a better start in 1949 with a complex indus-

trial base and "a whole range of industrial, technical and managerial skills". China also received a large variety of equipment from the Soviet Union during the years 1949-57 which helped that country to lay the foundations of heavy industry. However, as has been pointed out in the study, China's industrial base was unbalanced, with very rapid growth in the production of producers goods, particularly machinery, which grew around 25 per cent annually during the years 1949-57. The progress in the field of consumer goods industries, was rather slow, with the annual rise in outputs of vegetable oils and cotton textiles remaining around two per cent and five per cent, respectively.

the great leap

It may be added that China was also better equipped than India to raise its industrial output because of the national discipline, though this advantage was not always put to the best use, as was evident during the great leap forward of 1958, when "production was pushed hard irrespective of the capacity of man or machine to cope". While this undoubtedly resulted in both substantially higher production and sizeable additions to capacity in 1958 and 1959, the permanent gains were more open to dispute. "China's economy, far from leaping forward, collapsed prematurely with exhaustion". For instance, steel output, which was claimed to have doubled during 1958, from 5.3 million tonnes to 11.1 million tonnes, included three million tonnes produced by 'indigenous methods' much of which was totally unusable.

One of China's major achievements has been in the petroleum industry. Production of crude oil increased from nearly 1.5 million tonnes in 1957 to 65.3 million tonnes in 1974, an annual rate of increase of 25 per cent. From a net importer of crude oil, China started exporting nearly eight million tonnes of crude every year. Similarly, steel output increased substantially, along with most other items of basic industry, giving an overall increase in China's industry to the extent of 11 per cent during the years 1952 to 1974. While making projections towards 1980, the study has indicated that the rapid growth of rural industries experienced in China during the last decade in key items such as

cement and fertilizers might experience some slackening in the near future. Moreover, China's major industries, particularly steel and coal, are in urgent need of large investments for modernisation to overcome several technical problems. With oil exports growing, foreign exchange is unlikely to be a serious constraint. Consequently, China's industrial growth has been placed in the range of from eight per cent to 11 per cent during the years up to 1980.

favourable circumstances

In India the industrial base at the time of independence was made up of consumer products, though steel, coal, cement and electricity were being produced indigenously. A number of favourable circumstances helped the Indian industry to achieve a fairly high rate of growth during the years 1951-65. Assistance received from various industrial countries such as the USA, the UK, West Germany, the Soviet Union, Canada, Japan, France, Italy and some of the east European countries, made a valuable contribution to industrial progress. However, during the last decade the rate of industrial growth has come down to nearly 3.3 per cent and with the exception of a few basic industries, growth in most sections of industry has been considerably low. The study has pointed out that the level of public investment would continue to be an important factor influencing the growth rate in industry. As the climate for private sector investment has improved during the last two years, substantial additions to capacity are expected in several sectors. The overall growth rate is expected to be around six per cent during the years till 1980.

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TRADE WINDS

IDA Credit for Singrauli

A CREDIT of US Dollars 150 million from the International Development Association (IDA), an affiliate of the World Bank, will help finance the construction of the first phase of a 2,000 megawatt thermal power station in India.

In view of the immense task of providing sufficient generating capacity to meet the requirements of the economy, the government proposes to supplement the efforts of the states by constructing a number of large centrally owned and operated generating stations. The project being assisted by the IDA credit is part of this effort.

The project consists of the construction of the first 600 mw of capacity in the Singrauli thermal power station, together with ancillary equipment and related works and the 400 kv transmission facilities to convey this amount of power to bulk supply points. The power station will be constructed on the Singrauli coal field at Kota in Uttar Pradesh state. It is expected to reach 2,000 mw capacity by October, 1985. The total Singrauli development, including associated transmission, is estimated to cost about US \$ 397 million. Implementation of the project will be the responsibility of the National Thermal Power Corporation Limited. The IDA credit to India is for 50 years, including 10 years of grace. It is interest free except for a

service charge of 3/4 of one per cent to meet IDA's administrative expenses. The government will re-lend the proceeds of the credit to the National Thermal Power Corporation for 20 years, including five years of grace, at an effective interest rate of 10 1/4 per cent per annum. The Bank and IDA have been involved in the development of India's power sector since 1950. Today's credit brings the total of Bank and IDA assistance to the country's power sector to US \$ 775.5 million.

Sugar Output

According to the Indian Sugar Mills Association, the sugar production in the month of January, 1977, the fourth month of the season 1976-77 was about 1,050,000 tonnes as against 968,000 tonnes during the corresponding period last season. This brings the total production during the first four months of the season 1976-77 to about 24,46,000 tonnes as against 1,992,000 tonnes during the corresponding period last year. The off-take of sugar from factories during the month of January, 1977 was about 303,000 tonnes for internal consumption and 81,000 tonnes for exports as against about 330,000 tonnes for internal consumption and 123,000 tonnes for exports in the corresponding period last season. The total despatches in the first four months in 1976-77 was 1,245,000 tonnes for internal consumption and 164,000 tonnes for export as against 1,252,000 tonnes for internal

consumption and 346,000 tonnes for exports during the corresponding period last season. The total closing stock of sugar with the factories as on January 31, 1977 was about 1,874,000 tonnes as against 1,601,000 tonnes on the same date last season.

Yen Loan from Japan

A 10 billion yen commodity loan agreement between India and Japan for the fiscal year 1976-77 was signed recently by Mr S. Okita, president overseas economic cooperation fund and Mr Eric Gonslaves, the Indian ambassador in Tokyo. The loan according to information received here is repayable over a period of 30 years, including a 10 year grace period at an interest rate of 3.5 per cent per annum. The amount can be utilised for financing import of steel equipment components and spare parts and chemical fertilisers. Commitment to India by Japan under the sixteenth yen credit agreement including the debt relief loan for an amount of 12.2 billion yen (Rs 37.78 crores) agreed to on November 30 last year would be 22.2 billion yen (Rs 68.74 crores).

Loan for Shipping Companies

The government has decided to provide Rs 500 crores as loan in foreign exchange to Indian shipping companies for the expansion of merchant fleet during the remaining two years of the fifth five-year Plan.

These loans will be sanctioned by three Indian banks—State Bank of India, Bank of Baroda and Bank of India. Applications for grant of this loan will be considered and decided by the Shipping Development Fund Committee with which the representatives of

the above banks will be associated.

Two Central Loans

The union government has decided to create further tranches of the two outstanding central loans, 6 1/4 per cent loan for Rs 50 crores and 6 1/2 per cent loan for Rs 35 crores.

The entire amount will be taken up initially by Reserve Bank for being made available to investors at prices to be notified from time to time. The tranches have been created to replenish the holdings of long-dated securities of the Reserve Bank so as to cater to the requirements of provident funds in particular and institutional investors in general.

Productivity in Steel Industry

No manhours were lost in the steel industry during the current financial year with the result, the increase in production of steel during 1976-77 as compared to 1974-75 was of the order of 32 per cent. Production of saleable steel rose from 4.85 million tonnes in 1974-75 to 6.27 million tonnes during this period. If the trend continues the actual production by the end of the year would be around 6.8 million tonnes. Capacity utilisation in the industry had gone up from 64.7 per cent in 1973 to over 90 per cent during the current financial year, with Bhilai and TISCO achieving over 100 per cent capacity utilisation. Good industrial relations had enabled the industry to earn a profit of over Rs 44 crores, likely to rise further by the year end.

Rourkela has fulfilled the annual target of 1.05 million tonnes of saleable steel for 1976-77 with one month still to go. The anticipated production of saleable steel during the current year is 1.17 mil-

tion tonnes. The average monthly production of saleable steel in the current year has been 96,074 tonnes against 86,782 tonnes produced in 1975-76. This represents a growth rate of 11 per cent. The capacity utilisation in the plant has also gone up to 94 per cent in the current year compared to 85 per cent last year. By the end of the year the capacity utilisation is expected to be around 96 per cent.

The increase in quantity production has also been backed by matching performance in the field of quality. Tested saleable steel production has been increased by nine per cent, while boiler quality production has been increased by 22 per cent weldable quality plates by 43 per cent and ship-building by 115 per cent. The Durgapur steel plant will close the current financial year with a production of 900,000 tonnes of saleable steel against the target of 825,000 tonnes.

Salem Steel

The centre has decided to take up the Salem steel plant in two stages, the union Home minister K. Brahmananda Reddy announced the government decision in the Rajya Sabha recently. The first stage of the plant with a production capacity of 32,000 tonnes of finished stainless steel costing Rs 127 crores would be taken up immediately, he said. The detailed project report by the Dastur and Company had been cleared by the Steel Authority of India and the public investment board. The project had been found to be commercially viable. He said that considerable work had already been done at the site and expected the completion of the stage

one of the plant at the earliest.

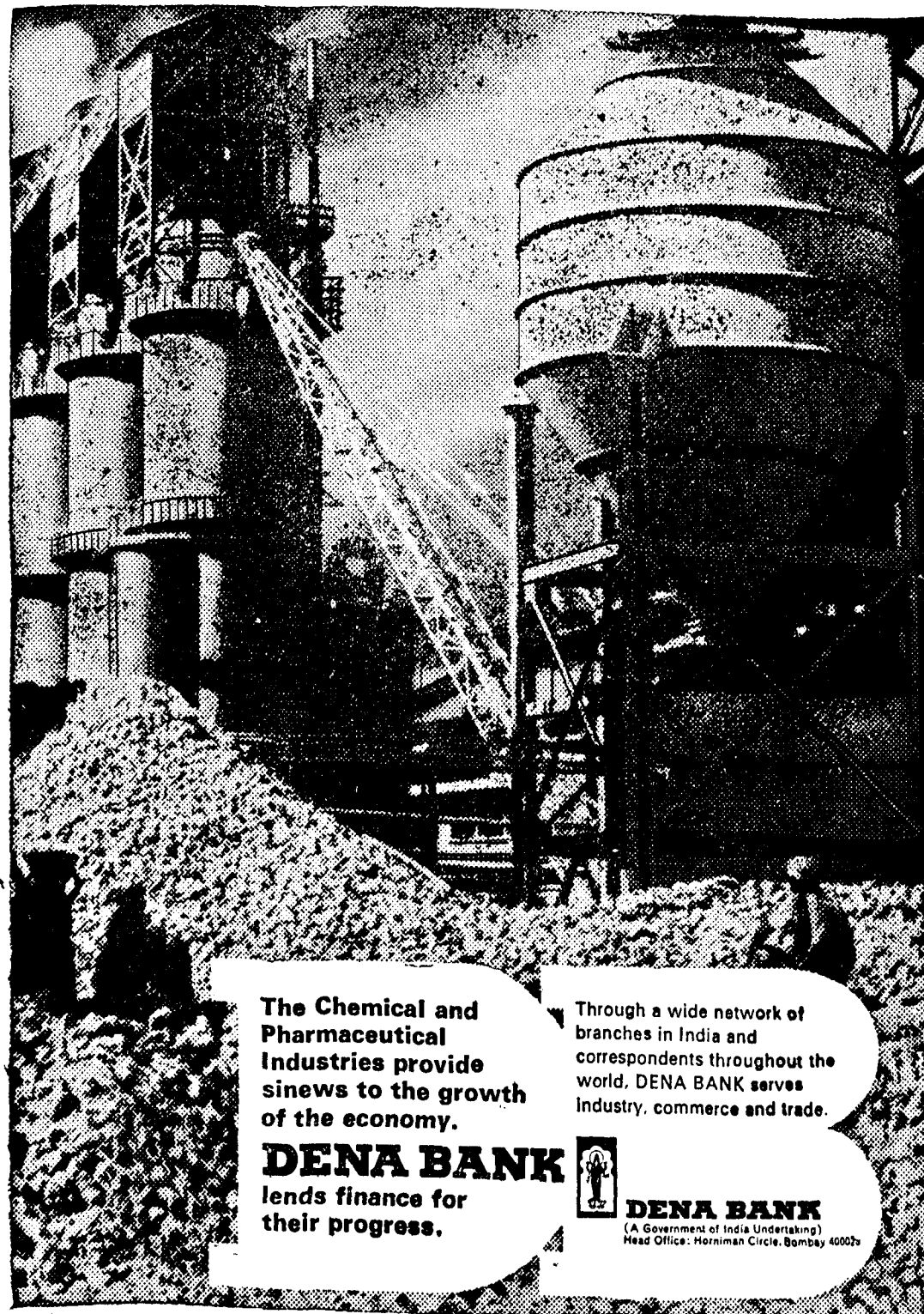
Bhatinda Fertilizer Unit

The government has made available free foreign exchange to the National Fertilizer Limited to make up for the shortfall in the 33 billion yen

(Rs 90 crore) credit provided by Japan for setting up fertilizer projects at Bhatinda in Punjab and Panipat in Haryana.

The Bhatinda and Panipat fertiliser factories are being set up at an estimated cost of about Rs 350 crore including a foreign exchange component

Rs 102 crore. Since the foreign exchange made available through the Japanese credit was found inadequate, NFL had approached the government for additional funds which were readily made available. Apparently the government is keen to ensure



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that there are no delays in setting up fertilizer factories owing to paucity of funds. With the demand for fertilizer picking up at a fast rate, the government desires that there should be no slippages in the commissioning of new projects.

Talcher Fertilizer

The third boiler of Talcher fertilizer project in Orissa has been commissioned. The other two boilers are already in operation. These boilers are to supply steam to meet the process requirements of the project. The boilers have been supplied by Bharat Heavy Electricals Ltd, Trichy, and erected by their contractors, the Hindustan Steel Works Construction Ltd. Each of these boilers is capable of producing 182 tonnes of steam per hour at a high pressure of 95 kg per square centimetre. The Talcher fertilizer project is one of the three coal-based fertilizer projects being constructed by the Fertilizer Corporation of India. The project with an estimated cost of Rs 166 crores will have a capacity to produce 495,000 tonnes of urea per year and is likely to go on stream towards the end of this year.

Industrial Machinery to West Indies

The Indian Sugar and General Engineering Corporation, Yamunanagar, Ambala (Haryana) has secured an order for design and manufacture of vacuum pan, evaporators, juice heaters and condensers worth Rs 42 lakhs from a government owned sugar company in Trinidad (West Indies). The West Indies company have found the design and equipment as one of the best in the world. The order has been secured in the face of stiff global competition from many countries including

Japan, the UK and the USA.

National Welding Seminar

The Indian Institute of Welding (IIW) held a national seminar on "Welding Technology in India—Present Status and Future Needs" on February 25 and 26, 1977, at Ashoka Hotel, New Delhi. The seminar was inaugurated by Mr S. Varadarajan, chairman and managing director of Engineers India Ltd. There were five technical sessions and papers were presented by people who are eminent in various spheres of welding technology.

Gujarat Chamber of Commerce

Mr Hasmukhlal C. Shah, vice-president of Gujarat Chamber of Commerce and Industry while addressing the annual general meeting appreciated the measures taken by the government recently to revive the textile industry but he was doubtful as to how far they will prove fruitful in restoring health to this industry. Even though cotton prices have increased by 62 per cent in one year the cloth prices have increased hardly five per cent and despite increase in the prices of controlled cloth, the mills concerned will have to bear a loss of 60 ps to 70 ps per square metre as yet. Despite good intentions of the government to assist this industry, the measures taken after the diagnosis of the disease are inadequate and incomplete. To restore health of this industry which has vital bearing on our economy, it is highly essential that effective remedies be adopted which in turn call for bold steps on the part of the government.

Mr Hasmukhlal Shah added

that by 1980-81 about one crore tonne of crude oil per year and 30 lakhs C.M. of gas per day is likely to be available from Bombay High. Besides associated gas is also estimated to be available from Vasai-Tarapur region. He emphasised that oil and gas are national assets and maximum use thereof should be made in the highest national interest. With this end in view he suggested that highest priority should be given to utilisation of gas for the manufacture of fertilizers and electricity. Since transport of gas to other places is likely to be costly, he emphasised that the same be made available to Narmada valley fertilizer project at Broach by laying pipeline, gas cracker be established and adequate planning be made to ensure that associated gas is not required to be flared up.

ADB Lowers Lending Rate

The board of directors of the Asian Development Bank decided on March 3 to reduce the standard interest rate on loans from its ordinary capital resources from 8.90 per cent per annum to 8.70 per cent per annum. The new lending rate will apply to ordinary loans approved after January 1, 1977. For higher-income developing member countries whose per capita gross national product exceeded US \$850 as at the end of 1972 (corresponding to US \$1,075 as at the end of 1975), the board decided that the maturity period of loans made after January 1, 1977 would be subject to a limit of 15 years, inclusive of a grace period of three years. The amount of lending to such countries is to be kept at modest levels and would preferably

be for projects with a significant social content.

The decisions of the board of directors do not affect the terms applicable to loans made from the Bank's Special Funds resources, which will continue to carry only a service charge of one per cent per annum, with repayment over 40 years including a 10-year grace period.

Indo-French Power Agreement

An agreement envisaging cooperation between India and France in the field of power development was signed in New Delhi recently.

The agreement is in pursuance of the joint declaration signed in January 1976, by Mr K.C. Pant, the union minister for Energy, and Mr Raymond Barre, the French minister of Foreign Trade, envisaging promotion of cooperation in the field of electric power generation and transmission between Indian Central Electricity Authority (CEA) and the Electricite' de France (EDF).

The agreement between the CEA and EDF provides for a collaboration covering exchange of information and documentation, study tours and training in organisations of the EDF and CEA and deputation of experts to India from EDF to advise on technical, economic and commercial aspects relating to the power supply industry. It also provides for studies of the problems relating to administrative and commercial aspects and studies relating to commissioning and operation of power plants and power systems.

The agreement provides for the representatives of both parties to meet once a year to draw annual programme for collaboration. It is expected

that the first programme would cover areas of hotline maintenance of transmission and distribution [networks; and instrumentation and automation and control of super-thermal power stations. In addition areas of development of bulb hydro plants and manpower development, cadre management and other matters of general interest.

World Trade

The *Yearbook of International Trade Statistics, 1975* issued by the United Nations, reflects a slight increase in world trade in 1975 in value terms. World exports were approximately US \$870,000 million in 1975 compared with US \$842,000 million in 1974. However, this slight increase of the value of the world trade—about three per cent—is lower than the rate of price increase and it is estimated that in real terms, the exports of the market economy countries was seven per cent lower in 1975 than in 1974. This drop in volume was unprecedented since World War II.

Because of the slight decrease in realised prices of crude petroleum, the share of the Oil Producing Exporting Countries (OPEC) in the value of exports of all of the developing countries decreased from 55 per cent of the total exports of developing countries in 1974 to 53 per cent in 1975. However, the share of imports of OPEC countries continued to increase from 21 per cent in 1974 to 28 per cent in 1975. Thus, the imbalance of the trade of the OPEC countries decreased and the surplus was reduced from US \$86,700 million to US \$58,500 million.

In current dollars the exports of the other developing countries were in 1975 at the same level as in 1974, whereas imports

increased by about six per cent. Their imbalance of trade thus increased from US \$28,900 million to US \$36,200 million. During the same period the price of their imports increased by about 12 per cent, whereas a slight decrease in the price of their exports has been noted.

As far as developed countries are concerned, their trade imbalance was almost halved from US \$68,800 to US \$35,700 million. In current dollars their exports have increased by six per cent and their imports are at the same level as in 1974.

Railway Traffic

Freight Traffic : The originating revenue-earning freight traffic of the railways in January, 1977, amounted to 19.48 million tonnes, up by 1.54 million tonnes as compared to the corresponding month of last year and 1.98 million tonnes as compared to the target.

Cumulative total revenue-

earning tonnage lifted by the railways from April, 1976 to January, 1977, was 173.07 million tonnes, 13.33 million tonnes more than the corresponding figures for the previous year and 7.07 million tonnes over the proportionate budget target for the period. There was increased movement under all the plan head-wise commodities except iron ore for export as compared to the corresponding period of last year.

Passenger Traffic : The number of passengers booked during the month of January, was 291.54 millions, an increase of 34.28 millions (13.3 per cent) compared to January, 1976. Both suburban and non-suburban traffic registered an increase during January, 1977, the former of 12.5 per cent and the latter of 14.5 per cent over the corresponding figures for the previous year.

The number of passengers booked in the period April,

1976 to January, 1977 totalled 2734.09 millions, registering an increase of 379.27 millions or 16.1 per cent over the previous year's level of traffic. The increase in non-suburban traffic (21.3 per cent) was relatively more than the increase in the suburban traffic (12.1 per cent).

ITDC to Build Five New Hotels

The India Tourism Development Corporation plans to build five new hotels during the next two years. These will be located at Chandigarh, Siliguri, Gauhati, Jaipur and Agra.

The new hotel at Windsor Place in New Delhi is also to be commissioned partially during this period. This will be ITDC's biggest venture involving an investment of about Rs 10 crores. The capacity of two existing hotels, the Lalitha Mahal Palace hotel at Mysore and the Qutab Hotel in Delhi is to be expanded by 30 rooms and 50 rooms respectively. In addition to the forest lodge

at Bharatpur, three more forest lodges at Kaziranga, Sasangir and Dandeli are to be commissioned on behalf of the Department of Tourism. The new hotels and forest lodges will add over 600 rooms to the existing accommodation.

ITDC is today the largest accommodation chain with 15 hotels, two motels, two beach resorts, 14 travellers lodges and one forest lodge having a total capacity of 2253 rooms. ITDC also runs ten restaurants at various places of tourist interest.

Blending Technology

With a view to supplementing the limited availability of cotton, the government has allowed liberal imports of celulosic (viscose staple/polynosic) fibres, besides non-celulosic (polyester) fibre, and has made it obligatory on mills to ensure that 10 per cent of textile fibres used by them would be in any or all of these man-made fibres.

Not all mills are familiar with the technology of blending man-made celulosic fibres with cotton. Indian Cotton Mills' Federation had, therefore, requested Mr T. V. Ananthan, director of Bombay Textile Research Association, to explain briefly the various aspects of technology of blending viscose staple and polynosic fibres with cotton. This he has done with admirable clarity in the booklet entitled "Technology of Blending Viscose/Polynosic with Cotton".

The statutory obligation on the cotton textile industry to use man-made staple fibres provides an opportunity to widen the raw material base as well as the spectrum of products through a progressive implementation of a multi-fibre policy. As bulk of the blends would presently comprise those

of cotton with the rayons, the technological aspects of processing cotton/rayon blends are discussed in the booklet with particular emphasis on optimum proportions of rayon, methods of blending, changes required in mechanical and chemical processing techniques, and organizational problems like usage of waste and coding for segregation of different lots and qualities along the processing line. Even though this booklet has restricted itself essentially with the problems of addition of rayon staple to the existing all-cotton range of apparel fabrics, there is wide scope for innovation with various types of blends, e.g., triple blends containing polyester, cotton and viscose or polynosic, and possibilities for evolving new fabric constructions with better aesthetic appeal and functional properties.

Soviet Aid for Malanjkhland

Government has decided to take Soviet technical assistance for the execution of the Malanjkhland copper-project. As this will be the first large sized open pit mine in hard rock, assistance is required in mine designing and planning. A team of Russian specialists had detailed discussion with representatives of Hindustan Copper to finalise the scope of consultancy needed for the project. A contract stipulating detailed terms and conditions of technical assistance is expected to be entered into shortly.

Hindustan Copper has drawn up an action plan for the project for the preparatory period of 16 months. Rs 6 crores have been provided for 1977-78, in addition to Rs 0.5 crores during 1976-77. The total cost of the project is likely to come to Rs 91.90 crores. For preparing

detailed mine plans for operations beyond the first six years, additional drilling spread over five years is being carried out. ten drilling rigs have been deployed at Malanjkhland by the Mineral Exploration Corporation.

Singda Multi-purpose Project

The Singda multi-purpose project (revised) in Manipur estimated to cost Rs 7.93 crores has found acceptable, subject to the concurrence by state Finance department. The apportionment of cost to irrigation and water supply sector is Rs 4.79 crores and Rs 3.14 crores respectively.

The project was cleared by the Planning Commission in December, 1974 at an estimated cost of Rs 3.75 crores (irrigation Rs. 1.20 crores and water supply Rs 2.55 crores). The revised scheme envisages construction of a dam 50 metres high across Singda stream 20 km. north-west of Imphal for water supply to Imphal and irrigation from the right bank canal taking off from the dam. The annual irrigation would be for 4148 hectares.

Madras Metropolitan Area

The union ministry of Works and Housing, have sanctioned loans worth Rs 4 million to the Tamil Nadu government as Plan assistance for 1976-77 towards the Integrated Urban Development Schemes in the Madras Metropolitan Area. Out of this amount, Rs. 1.5 million are for water supply and sewerage. An equal amount is meant for construction of roads. The remaining rupees one million will be spent on the area development.

The loans are for a period of 25 years and carry an interest

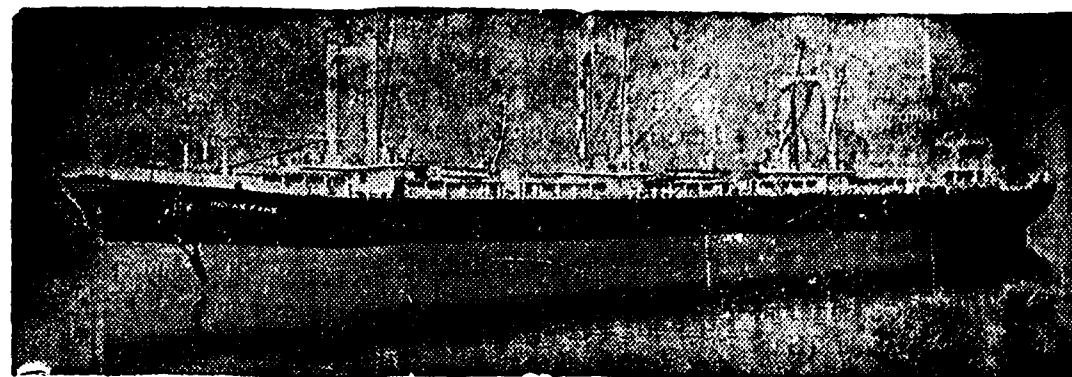
rate of 5½ per cent per annum. These loans are also subject to the condition that the state's contribution for the execution of the projects will be at least double the central government's contribution in the sectors of water supply and sewerage and roads and at least equal in the sector of area development. The amount will also be required to be passed on to the implementing agency at the same rate of interest.

The International Development Association (IDA), an affiliate of the World Bank, is also providing \$ 24 million to help finance a project designed to improve urban services and employment opportunities for the poor in the Metropolitan Area of Madras. This IDA credit will finance about 50 per cent of the cost of the project.

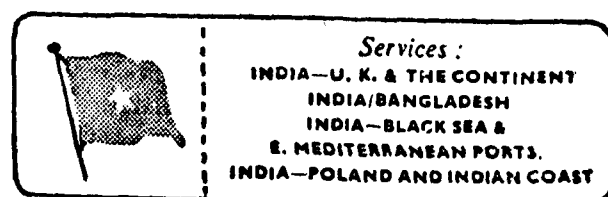
Indian Books Abroad

India's export trade in printed matter has picked up in recent years. The value of the exports stood at Rs 3.36 crores in 1975-76 and Rs 1.58 crores in the first half of 1976-77. Printed books realized Rs 2.38 crores and Rs 1.11 crores in the respective periods. Bangladesh, the USA, the UK, Singapore, Malaysia and Nepal are among the leading buyers in the current year. Newspapers, journals and other periodicals have also been active on export front. Their foreign exchange realisation was of the order of Rs 6.26 million in 1975-76 and Rs 14.2 lakhs in the first half of 1976-77. Other printed matter which India exports, includes picture post cards and greeting cards, paper labels, plan and drawings, calendars, posters and advertising matter.

India today is stated to be the eighth largest book-producing country in the world and the second largest in Asia (excluding China) after Japan.



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ASEAN

The five members of the Association of South East Asian Nations (ASEAN)—Asia's only regional grouping—have taken a first, cautious step towards establishing a common market after nearly ten years of trying. An agreement was signed recently in Manila on preferential trading arrangements designed to stimulate the low level of trade

among themselves and to eventually lower tariff barriers. This is still largely a statement of principle. All the foreign ministers—from Malaysia, Singapore, Thailand, Indonesia and the Philippines—stressed that the agreement was an important breakthrough.

Indian Joint Ventures in Third Countries

A relatively new development in the export of Indian know-how and industrial competence has been the advent of joint ventures in third countries. These joint ventures cover a number of countries all over the world. Malaysia has the largest number of joint ventures with Indian participation. There are 23 units in production and 14 joint ventures under implementation in Malaysia. Next come Mauritius and Kenya with 10 and 9 pro-

jects, respectively, in production or under implementation.

Indian joint ventures have also been established in advanced countries like Canada, the United Kingdom, West Germany and the USA. Other Indian joint ventures have been operating successfully in Iran, Philippines, Sri Lanka, Hong Kong, Indonesia, Singapore, Malaysia, Thailand and Afghanistan. There are projects under implementation at present in Iraq, Saudi Arabia and Nepal. Among the African countries in which successful joint ventures have been established are Ethiopia, Kenya, Uganda, Nigeria and Zambia.

The joint ventures have generally been in collaboration with companies of other developed countries as well as with local promoters. Through these projects, Indian industry is able to participate in pro-

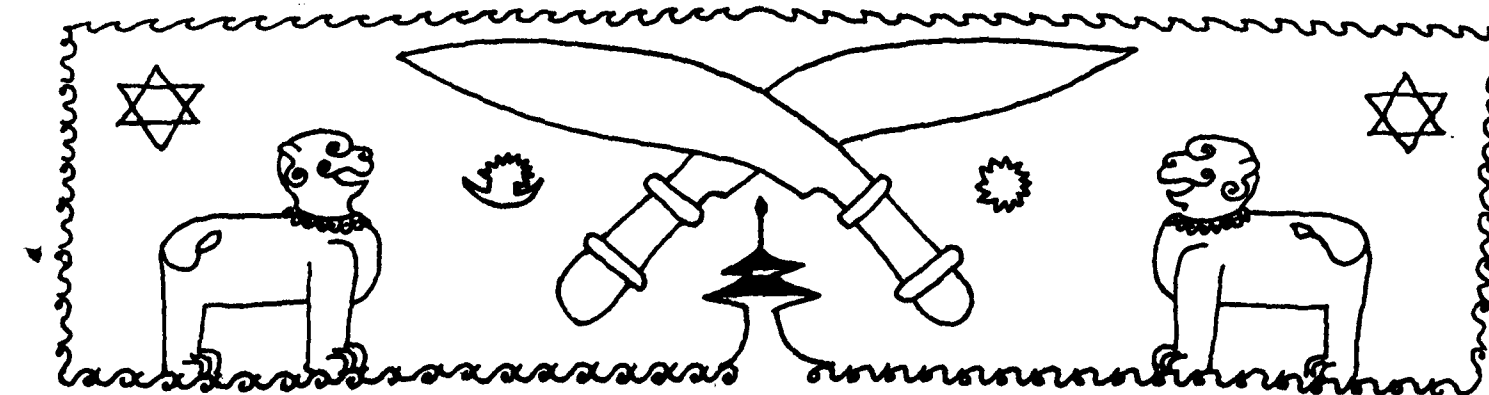
jects abroad which may not have been feasible otherwise. While being instrumental in promoting and forging new economic links with various countries, the joint projects make a substantial contribution towards India's economic growth as well as that of the countries where the projects are located. India has been able to earn a substantial volume of foreign exchange through royalties, profits and consultancy fees.

Cables for Kuwait

The Indian Cable Company Limited has recently won on behalf of consortium of Indian Power Cable Manufacturers an order for 11 KV paper insulated power cables and accessories valued at Rs 4.48 crores from the ministry of Electricity and Water, Kuwait.

An Eastern Economist Feature

Nepal on the March



Plan for Economic Growth

NEPAL is rectangular in shape and is bordered by China in the north and India in the south, east and west. The country's area is approximately 54,000 square miles, extending from the Terai plains in the south to the mountainous regions in the north. In 1975, the population was estimated at 12.5 million and the per capita income at about \$100 per year. Nepal has only a few natural resources, and being a land-locked country, its access to the sea is only through India.

First Plan

For more than a century, till the early 1950's the country was insulated from the rest of the world. No serious efforts towards its development were made. It was only in 1956 that the country launched its first five-year Plan and got into the process of development. But the Plan was a failure. Unstable political system was the major factor which hindered the development of the economy. For nine years until 1960, the

country had multi-party system and all through the decade the ruling government failed to deliver the goods. The hopes of the country and the people for a better life were not realized. As a result, the parliament was dissolved and the cabinet was dismissed on December 15, 1960.

Partyless Democracy

Having given serious thought to an alternative political system, His Majesty King Mahendra introduced the Partyless Panchayat Democracy as the country's viable political system. Under this system the country has consistently marched ahead on the road to progress during the last 15 years, and it has now proved that this system is suitable for the country's development. The structure of this system has been strengthened further under the dynamic leadership of His Majesty King Birendra. His Majesty's directive, which may be summed up in the terse phrase "politics for development", has been very effective in gearing the country's

politics towards development.

With the Panchayat system at the grass roots level and with the guidance of the King, the country is trying to further accelerate the pace of development through planned processes. It completed the fourth development Plan a couple of years ago and is now in the third year of the fifth Plan. This Plan unlike the previous ones accords priority to productive investment and emphasises balanced regional development on the very lines laid down by His Majesty King Birendra earlier in 1972. Keeping in view its geo-physical structure, the country has been divided into four regions—the Far Western, the Western, the Central and the Eastern with regional centres respectively at Surkhet, Pokhara, Kathmandu and Dhankuta.

Growth Centres

The growth centres monitor development work in respective regions, and at the same time, study the feasibility of estab-

lishing different projects. With the implementation of suitable projects in these regions and the linking up of growth centres by road, and the attainment of growth targets, the remote areas of Nepal will finally be able to get out of the vicious circle of underdevelopment and backwardness. There are indications that this approach to regional development has already started to yield positive results.

Self-reliance

As explicitly stated by His Majesty King Birendra, the country's ultimate aim is "to move along the road to self-reliance through mobilization of internal resources and their effective utilisation of stepped up production and exports by diversifying the development activities". Since the country is severely constrained by the absence of various prerequisites of development the task towards self-reliance is a difficult one. In the past most of the programmes designed for raising the level of self-

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sufficiency could not be achieved because of flaws in project formulation and implementation. To avoid such pitfalls several measures are now being taken to reduce the gap between target and achievement.

One of these is the constitution of the National Development Council (NDC). This council, consisting of members of the Planning Commission and persons drawn from various walks of life, provides under the chairmanship of His Majesty King Birendra, a good forum for constructive discussions and feed-back mechanism in the formulation of national level programmes and evaluating achievements. His Majesty's addresses to the meetings of the Council work as guidelines for development plans and focus on steps which should be taken in the coming years. In the 1975 meeting of the NDC, His Majesty stressed

the need for the proper implementation of people-oriented projects and evaluation of progress on the basis of assessments of benefits derived by the people. This directive makes it clear that projects which bring about a substantial improvement in the living condition of the masses have to be designed and implemented properly in the coming years. The National Planning Commission has already taken steps to ensure proper implementation of the projects. Also, the king's frequent visits to the growth regions and inspection of different projects have contributed a lot in checking the loopholes and weaknesses in project implementation.

Since agriculture is the mainstay of the Nepalese economy, agricultural development is a precondition for growth and industrialization.

In recent years, the government has taken a number of measures to raise agricultural production. The fifth Plan has accorded top priority to agricultural development by allocating 34.5 per cent of the total outlay to this sector. The institutions entrusted with the task of providing finance and other inputs to agriculture have been expanded and made more efficient. The year 1975 was celebrated as "The agricultural Year" which put increased emphasis on agricultural development. While emphasising agricultural development, equal attention is also given to industrialization. The fifth Plan aims at expanding the existing industries and establishing several others so as to produce goods of daily necessities and some construction materials. The new industries include a rosin and turpentine unit, a magnesite and MFP

fertilizer plant, a paper and pulp factory, and a cement industry in the public sector and 127 different factories based on agriculture, forestry and minerals in the private sector. Every effort is now being made to get these industries established and it is expected that with their going into production, the country's dependence on imports will be reduced and an increased level of self-sufficiency will be attained gradually. Besides, the country's exports are also expected to go up with a rise in agricultural production and in exportable commodities.

The New Education Plan mooted some years ago has started to turn out the manpower required for development. Similarly, the implementation of the New Communication Plan under the "Communications for Development" programmes, has

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Location :

Chovar, Kathmandu.

Investment :

Rs. 5,44,30,000

Capacity :

Production of 160 t. of Ordinary Portland Cement/day in three shifts (24 hours)

No. of Employees :

300 (both, technical & non-technical)

Start of Production :

17th, February, 1975.

Commercial Production :

14th. May, 1975.

Production target :

1975-76 at 60 p. c. of capacity.
1976-77 at 80 p. c. of capacity.

Achievement :

FY 1975-76

FY 1976-77 (as upto the
15th, of December, '76)

Production :

29565 t. Cement,

18010 t. Cement.

Sales :

32779 t. Cement,

15218 t. Cement.

*At present, this Company is selling its
Cement at two Zones, Bagmati and Gandaki.*

been very helpful in integrating the national economy and awakening masses to co-operate in the processes of development. On the administrative front, the theory of reward and punishment has brought a new wave of administrative efficiency. While all these have undoubtedly contributed a lot in accelerating the process of development,

the emphasis on people-oriented production and maximum utilization of manpower has added a new dimension to the country's development strategy.

As in the past, the country is receiving assistance from many nations, big or small, and multilateral agencies. Because of the national policy of non-alignment and peace-

ful co-existence, friendship with other nations has been strengthened further under the leadership of His Majesty King Birendra, resulting in increased assistance to Nepal's economic development.

The major overriding concern of all policies whether domestic or foreign is now focused in raising the level of Nepal's development and there-

by promoting the well-being of the people. The country is fortunate indeed, to have Birendra as the leader who says, "I consider my well-being in the well-being of my countrymen. I have no interest other than those of my country and people".

—Nepal Rashtra Bank,
Kathmandu.

Industrial Support Services

A Special Correspondent

DURING THE past few years, a number of new institutions have been established in Nepal in order to encourage the speedy implementation of the agricultural and industrial programmes and for the promotion of foreign trade. A training centre has been set up for bankers and another centre has come into being for training administrators and managers. Given below are brief write-ups on these institutions :—

The Industrial Service Centre (ISC) was established in November 1974 to assist in the implementation of the new industrial policy by providing non-banking services for industrial development. Nepal Industrial Development Corporation, established in 1959, had hitherto assisted in the preparation of projects and provided funds for private investment. The task of preparing industrial projects was assigned to the ISC in 1974.

The principal objective of the ISC is to promote industrial development and its main functions are the following :

- to carry out feasibility studies;
- to organize training in industrial management;

—to advise on ways of modernising, expanding, diversifying and increasing the efficiency of industries;

—to provide details of viable projects to potential investors,

—to assume responsibility for the management of industrial districts;

—to advise the government on matters of industrial policy and problems of implementation.

The centre's activities are divided into three divisions: Industrial Promotion, Planning and Feasibility Studies; Industrial Districts; and Industrial Extension Services. However, the activities are inter-disciplinary and the centre utilizes the services of personnel from different divisions to handle its projects.

The centre's activities are controlled by a board consisting of the chairman nominated by the government and representatives of concerned ministries and other institutions as members.

Agricultural Projects Services Centre (APROSC) was established in 1975 for the following objectives :

- to help make improved

decisions by the institutions such as commercial banks, Agricultural Development Bank, concerned ministries of the government, international financing agencies, private institutions and individuals interested in investing in the rural sector;

—to identify and formulate economically sound and financially viable projects readily amenable to speedy implementation;

—to evaluate rural development programmes and projects

and suggest improvements for effective implementation commensurate with pre-envisaged goals;

—to develop a well-trained and practical-minded cadre of agricultural project analysts and evaluation experts in the country, and

—to provide project management and other related consultancy services to interested parties.

The centre uses a scientific approach in finding solutions to problems related to project

Salt Trading Corporation

Dr C.L. Shrestha

For ages Nepal has been dependent on Tibet and India for its supplies of salt. The salt from India was imported by private traders who, very often, were not able to keep the country continuously fed by this vital mineral in adequate quantities. In order to maintain a regular flow of salt into Nepal, the Salt Trading Corporation Ltd. was established on September 11, 1963 which went into business with the State Trading Corporation of India. Operational centres were opened at Biratnagar, Birganj, Kathmandu and Bhairahawa.

The Corporation took upon itself the responsibility not only to distribute salt in different parts of the country but other essential commodities as well such as sugar, flour, oilseeds, maida, atta, suji and bran. It did not intend to compete with private traders who were allowed the freedom to work independently or as its agents.

It is not widely known that deficiency of iodine in the diet of the vast sections of the people of Nepal has very often led to the spread of goitre which resulted in sub-normal growth. Iodine administration through iodised salt intake is the only practical step to correct this malady. The financial assistance of Rs. 50 lakhs in 1973-74 and Rs. 75 lakhs in 1974-75 extended by the government of India was meant to subsidise the cost of iodisation, transport, storage and salt distribution in the remote areas of the country. The programme for making iodised salt available to the people which started in 1973-74 has already made headway despite various impediments to distribution in the highly difficult terrain of the country. This gesture of goodwill by the government of India has been highly appreciated by the people of Nepal.

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analysis and evaluation in diverse fields of agriculture including horticulture, livestock, poultry, fishery, irrigation, water management and integrated rural development. While preparing projects for investment main stress is put on rural areas in general and small farmers in particular. The centre aims at preparing a portfolio of readily implementable projects for financing by both the internal and external financing agencies.

The centre, an autonomous organisation, is responsible to and governed by a board of directors consisting of representatives from concerned ministries and financial institutions.

The Trade Promotion Centre (TPC) established in 1971 is a government undertaking to promote the export trade of the country. The TPC is also an official liaison for International Trade Centre (UNCTAD/

GATT), Geneva. It is engaged in product development programmes, market research studies, building up of commercial infrastructure and trade information and counselling services, etc. It also undertakes activities related to export promotion strategy as envisaged in the national Plan of the country so as to diversify the foreign trade pattern.

The TPC is an international trade medium which centralizes the flow of business opportunities on behalf of businessmen both in Nepal and abroad. It also offers information to exporters on customs and transit problems and assists the business community in international market research. The Documentation Unit provides free documented information to all exporters. Free trade information and counselling services are also

Raghupati Jute Mills

Incorporated in 1946 as a public limited concern, Raghupati Jute Mills was later turned into a public sector undertaking. After Biratnagar Jute Mills, the pioneer jute mill of Nepal, it is the second jute mill established to utilise jute products in a scientific way. It has the capacity to produce 15,000 tonnes of jute goods. The ratio of production is 30 per cent hessian and 70 per cent sacking.

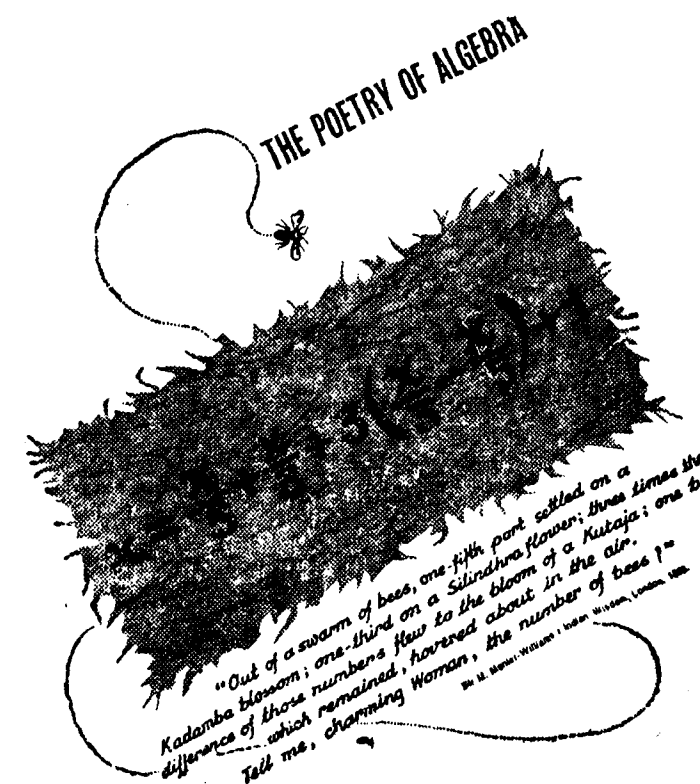
This jute mill was in bad shape while it was in private sector. It could not be managed well. In order to save it from liquidation, the government took it over in public sector in 1955 and since then it is making visible progress. At present the government owns shares worth Rs. 46,50,000 while other shareholders have the investment of Rs 24,88,000. It has undergone considerable changes in administration and also in its operational works. New machineries have been added and it has been toned up for better production and efficiency. In recent years, it has begun to show profit in its balance sheet and has been considered a promising jute mill having a bright future.

provided to all interested parties.

Established in Kathmandu in 1970 by Nepal Rastra Bank the Bankers' Training Centre (BTC) has provided training in general courses covering banking, introductory banking, pre-service induction, central banking, seminar-cum-training on personnel management, training on financial services for the

small-scale sector and agricultural finance. These courses have been provided to assistants, head assistants, officers and senior officers from various financial institutions and other organisations.

The Centre for Economic Development and Administration (CEDA), a research institute under Tribhuvan University, conducts various training



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programmes for persons involved in administration and management in government departments and ministries and private organisations. These training courses on management and public administration cover marketing management, inventory control, personnel management etc. Regular programmes of three months' duration are based on development planning and administration for civil servants. A new programme under the District Administration Plan provides training courses to Chief District Officers and

Panchayat Development Officers who play major roles in the country's local government system.

The industrial policy of Nepal has provision for the establishment of the Institute, of Standards the chief

functions of which will be to determine standards for the production process; to determine standards on the quality of products and certify the quality; and to issue trade marks for high quality products so as to safeguard the interest of consumers.

Royal Nepal Airlines

I. K. Pradhan

AIR TRANSPORT system was introduced in Nepal as a basic socio-economic necessity. Considering the topographical diversities of the country aviation seemed to be the only viable means of connecting its far-flung areas to expedite socio-economic mobility and cohesion among the people. The history of development of air transport in Nepal is closely associated with the history of development of RNAC (Royal Nepal Airlines). Though a beginning in air service was made as early as 1950 by an outside carrier called the Himalayan Aviation, the Royal Nepal Airlines Corporation (RNAC) was established in July 1958. The routes operated then by one DC-3 were a few stations within the country, such as Simra, Bhairawa, Biratnagar and Pokhara, whilst the external network covered Kathmandu-Patna, Kathmandu-Calcutta, and later on Kathmandu-Delhi and vice versa.

Fleet Increase

With the increase of fleet strength to 5 DC-3 by 1962, air service to Dacca was also started—a new landmark in RNAC's route expansion then. By 1965, the airline was in possession of as many as 8 DC-3s, and the internal services were expanded to cover

more than a dozen stations. During the same period Pilatus porter service on charter basis had also been introduced to air-link higher altitude resorts such as Jomosom, Jiri etc, in the northern Himalayan region. Later, in pursuance of the policy of fleet modernisation, the first turbo-prop (F-27) aircraft was added to the hitherto existing fleet of DC-3. The Fokker Friendship service was introduced in April 1966, in the external routes of RNAC.

Augmented Strength

Subsequently, two HS-748 turbo prop aircraft were also brought to further augment the fleet strength. The Avros continued to operate in the external routes in place of the Fokker Friendship. These Avro services were introduced even in some of the domestic routes such as Pokhara, Bhairawa, Biratnagar, etc—thus providing increased comfort and payload for the increasing volume of internal traffic. In pursuance of the gradual phasing out of obsolete DC-3 aircraft, and in keeping with the need of opening up more remote areas of the country, RNAC took steps to establish the STOL air service (Short take-off and landing at higher altitude airfield) on a more permanent basis. Ini-

tially two twin Otter aircraft and two Pilatus Porters operated in 1971-72. By 1973, additional three twin Otters were obtained from De Havilland Aircraft of Canada. The STOL planes helped RNAC to extend its operations to new points such as Lukla, Jumla, Tumlingtar, Rumjatar, Lamidanda, etc. Opening of these remote mountain resorts greatly widened the prospects of developing mountain tourism and trekking in Nepal, besides serving as vital lifeline of transport and communication for the far-fetched areas of Nepal.

During 1972, a vital change was witnessed in the re-equipment plan of RNAC, when it decided to start its Boeing 727

non-stop jet service to Delhi, and Calcutta (September 15, 1972), and to Bangkok, from October 1, 1972.

The international operation is a basic necessity to maintain contact with the outside world in view of the landlocked situation of Nepal. Since tourism industry is one of the important components of Nepal's national economy, the international services are indispensable for the promotion of tourist traffic to Nepal. Also, the development of external trade and commerce through air-cargo and freight carriage services are also essential.

The scheduled domestic flights to such places as Birat-

Beema Sansthan

In order to mobilise the internal resources and capital for the economic development of the country, to minimise the expenses on foreign currency and to check the drain of national capital on account of life as well as general insurance business, the corporation was established on December 15, 1968 under the Rastriya Beema Sansthan Act 2025.

Among others, some of the main functions of the corporation are to underwrite life and general insurance business.

Financial Position:

Authorised Capital	Rs. 1,00,00,000
Issued Capital	Rs. 44,00,000
Subscribed Capital	Rs. 42,00,000
Paid-up Capital	Rs. 47,00,000

Though one of the main functions of the corporation is to carry out life and general insurance business, it at present underwrites general insurance business only. It has made remarkable progress within the short period and presently almost all general insurance business of Nepal is handled by it.

Preliminary work has almost been completed to start life insurance business and the corporation will commence this business soon.

nagar, Pokhara, Simra, Bhairawa, Nepalgunj, Dang, Dhangadi, Gorkha, Janakpur, Raj Biraj and Bhadrapur cater for the needs of tourists.

STOL charter operations serve the tourist traffic. In order to divert a substantial percentage of the international tourist traffic to outer resorts of Nepal, regular charter services are provided for group travels to such places as Lukla, Phaplu, Langtang, Jomosom, Shyangboche and Jiri. Thus, the visitors can find convenient access to the snow-peaks and hidden valleys of the Himalayas.

Substantial socio-economic mobility has been achieved as a result of air transport development in Nepal, as would be clear from a study of the statistics given in Table I of passengers carried in the domestic sector.

The period 1966-69 shows a positive growth while a gradual

fall is indicated from 1970 to 1973-74. It may be stated that prior to 1970, most of the surface transport facility connecting various stations such as Kathmandu-Pokhara, Pokhara-Bhairawa, Kathmandu-Janakpur, etc, had not been opened, and the air service was

TABLE I
Passengers Carried : Domestic Network

Year	Number of passengers carried
1966	74,023
1967	95,683
1968	144,135
1969	163,453
1970	152,206
1971-72	134,234
1972-73	133,303
1973-74	111,611

the only means of connection. During this period, the DC-3's were gradually phased out and replaced by modern Twin Otters. In the case of the STOL aircraft the load factor proved much better than the larger DC-3. Subsequently, surface transport also increased as a result of the completion of different feeder roads. This fall in domestic traffic does not however indicate lesser utilisation of RNAC fleet.

As a result of the well-knit operational network covering practically every part of Nepal, RNAC has been able to make significant contribution in enhancing trade and commerce of the country. The extent to which air transport services have helped in expeditious haulage of commercial goods, and in the promotion of export trade by RNAC's external air cargo service, may be easily

assessed from the data given in Table II.

TABLE II
Volume of Cargo

Year	Volume of cargo uplifted in kg (international)
1971-72	320,465
1972-73	464,178
1973-74	644,228

TABLE III
Freight, Baggage and Mail Carried

Year	Total weight of freight and baggage	Mail in kg
1967-68	24,12,319	1,14,330
1968-69	24,26,153	1,17,281
1969-70	22,03,487	98,484
1970-71	18,11,593	99,578
1971-72	17,18,551	1,04,698
1972-73	15,50,503	1,10,369
1973-74	9,56,162	78,576

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National Trading Limited

National Trading Limited was incorporated in March 1962 to stabilise the domestic trade market of Nepal. In 14 years, it has handled goods worth more than Rs 200 million and has gained good experience in trade and commerce.

It has taken appropriate steps to increase Nepal's exports and it also ventured to undertake other measures to contribute its due share to Nepal's trade and commerce. By establishing various branches in the country, it has given an impetus to domestic trade.

It has established a section to handle "Clearing and Forwarding" work. It runs a duty-free shop at Tribhuvan International Airport, Kathmandu. It maintains a research section to improve Nepal's trade and commerce. It runs workshops to facilitate repairs of vehicles handled by this organisation.

Registered as a limited concern, it has a board of directors constituted by the government to formulate plans and policies. As executive head of the organisation, the government of Nepal details one of its senior officers to run the organisation.

Rastriya Baniyya Bank

Established in January 1966 the Rastriya Baniyya Bank is a government-sponsored commercial bank. It was started with a paid-up capital of Rs 3 million all of which was subscribed by the government. It has made marked progress and has provided banking facilities to all areas of Nepal.

The establishment of this bank fulfilled a long-felt need of a banking organisation to inculcate banking habit among the people. The efforts of Nepal Bank Limited alone were not sufficient to cover the entire country and to provide sound banking facilities to the people. Besides, Rastriya Baniyya Bank being a bank fully-owned by the government has enough scope for speedy development. Banking has yet to be developed in many remote areas of Nepal.

Within a short period of its existence Rastriya Baniyya Bank has established its own distinct place in commercial banking and is now poised to serve its ever-increasing clients in an improved manner.

Progress of Salt Trading Corporation

Rs. in million			
Fiscal Year	1963-65	1968-69	1973-74
Share	0.50	1.00	3.83
Proprietorship	0.59	1.74	4.44
Total liabilities	0.97	3.19	6.85
Fixed assets	0.03	0.35	1.24
Total current assets	1.56	4.59	32.21
Total capital employed	1.56	4.94	33.45
Sales	4.6	12.98	122.3
Salt sold (in value)	1.71	5.19	18.27
			(1974-75)
Sugar sold (in value)	2.63	6.91	89.63
			(1974-75)
Expenses	0.17	0.55	2.1
Percentage of sales	3.6	4.2	1.75
Profit	0.14	0.38	1.4
			(1972-73)
Tax paid	0.04	0.2	0.76
			(1972-73)
Interest on borrowed money	—	0.05	0.46
Wages/salaries	0.09	0.29	0.77
Rate of return on net capital employed in	11.0	9.6	19.9
			(1971-72)
Figure of Inventory in % of sales	10.5	22.7	22.6
Bank loan plus interest in % of total asset employed	—	13.3	25.78
Rate of total employed capital turnover	—	—	7.7
Maximum	—	—	(1969-70)
Minimum	—	—	7.0
			(1971-72)

Himal Cement Factory

It is one of the large industrial units of Nepal and is the first of its kind. It is located at Chover about five km. to the west of Kathmandu city, within the Kathmandu valley.

The credit for setting up this unit goes to the government of Nepal. West German technical help was sought for its construction. Its machinery was imported from West Germany though it is managed by Nepalese personnel.

In view of the increasing demand for cement, this unit is at present working three shifts. Its annual production is worth four crores of Nepalese rupees.

Quality control measures are very strictly adhered to by this unit. The main raw material for this industry is limestone which is carried to the factory by means of conveyer belts from the quarries. The other raw materials are red earth (mud) and Beeza Coke. As for the red mud it is available at the factory site whereas Beeza Coke is imported from India.

The number of passengers carried by RNAC from 1958-59 to 1973-74 since its inception is given in Table IV.

From 32,206 passengers carried in 1958-59, the traffic has multiplied six times to 194,578 during 1973-74.

TABLE IV

Passengers Carried by RNAC

Year	Total number of passengers carried
1958-59	32,206
1959-60	50,584
1960-61	61,955
1966-67	165,676
1967-68	167,696
1968-69	190,232
1969-70	182,538
1970-71	196,646
1971-72	166,529
1972-73	190,455
1973-74	194,578

Type of flight	Sector	Aircraft & frequency	Approx. number of tourists utilising the flight
Mountain flight (ex-Kathmandu)	1 hour excursion covering Eastern Himalayan Range	HS-748 (44 seater) 2-3 flights per day operation subject to weather and other conditions.	15,000-20,000 per season
STOL service to mountain resorts	Kathmandu-Lukla, Kathmandu-Phaplu, Langtang, Shyangboche etc.	Twin Otter (18-20 seater) Pilatus Porters (5-7 seater) 2-3 charters per sector per day subject to weather condition etc.	more than 15,000 per annum
Wildlife for adventure (Royal Chitwan park)	Kathmandu-Meghauli	Avro, or Twin Otter or Pilatus Porter—once a day scheduled charter.	5,000 to 7,000 approx.

One of the most significant contributions made by RNAC is in the sphere of promoting the tourist industry and travel trade business. This has been done both by increasing the volume of tourist traffic to

Nepal, as well as by operating special tourist-oriented feeder air services to tourist resort centres. The performance of RNAC's international operations may be assessed with reference to the passengers

carried during 1971-72 to 1973-74 given in Table V.

As a result of the increasing volume of international tourist traffic to Nepal, some of the flights have been intensified as may be observed from the schedule covering the tourist season (October-May) given in Table VI above.

A comparative study of 1974-75 and 1975-76 given in Table VII also indicates that RNAC has made significant improvement in its performance:

The year 1975-76, thus, has shown marked progress. Passenger traffic recorded 13.5 per cent increase over the previous year. Similarly, mail carried increased by 14.5 per cent as compared to 1974-75. Reve-

TABLE VI

RNAC Flight Schedule for Tourists

TABLE V

RNAC's International Sector

Year	Number of passengers carried (total)
1971-72	32,295
1972-73	57,152
1973-74	82,967

TABLE VII

Performance of RNAC in 1974-75 to 1975-76

Year	Mail carried in tons	Passengers carried	Hours flown	Revenue earned (Nepali Rs)
1974-75	104	2,22,691	7,736	9,85,00,707
1975-76	108.7	2,53,002	8,851	11,57,90,867

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nue passenger kilometre flown during 1975-76 registered a rise of 10.1 per cent over the previous year.

With the opening of more airfields in various parts of Nepal, addition of new equipment, both for internal as well

as external expansion of routes, RNAC as a vital public sector corporate institution is expected to play in the coming years a

more dominant role in keeping with the development-oriented national policy of the country.

Agriculture Inputs Corporation

AGRICULTURE is the major enterprise of Nepal, employing over 90 per cent of the labour force and accounting for more than 65 per cent of gross domestic product. The traditional method of farming can provide subsistence standard of living only. Therefore, modernisation in farming practices in Nepal has become important.

Agricultural production could be increased either by extensive or by intensive farming. Among these alternatives extensive farming method seems quite impracticable in the long run due to the limited land factor. Intensive farming wherein production is optimised from a given piece of land with the help of modern agricultural inputs is the only reliable solution to meet the problem of agricultural growth. Agriculture Supply Corporation was, therefore, established in 1966 in the public sector.

Intensive Farming

The present Agriculture Inputs Corporation (AIC) is the reorganised form of the Agriculture Supply Corporation. During the period mid-July 1972 to end of 1974, this corporation was also entrusted the task of food management. The present AIC has the main objective of marketing modern agriculture inputs essential for intensive farming throughout the country.

Prior to the establishment of this corporation in 1966, modern technology of farming

was almost unknown to the farmers of the country, except in a few districts. Use of chemical fertilizers, farm machineries, plant protection materials, etc. has been sizably increased after the establishment of this corporation.

Main Objectives

The Agriculture Inputs Corporation has grouped the following main objectives to achieve the final goal of increasing agricultural production:—

(a) to import chemical fertilizers by inviting global tenders so long as the country does not have its own production.

(b) to undertake seeds multiplication programme in different regions, collect the seeds, process, treat and store them and then supply to farmers,

(c) to import or procure locally chemicals for plant protection and grain preservation and supply them whenever required to farmers,

(d) to encourage the use of locally-produced agricultural tools and implements as well as to import agricultural tools and implements not produced in the country, and distribute them throughout the country.

The AIC being a government undertaking is under the Food, Agriculture and Irrigation ministry. The board of directors consisting of seven directors including the chairman nominated by the government, is the supreme body of the

corporation. The secretary of the Food, Agriculture and Irrigation ministry is the chairman of the board of directors.

All agricultural inputs which are not produced in the country are imported from abroad by tenders. Both fertilizer and farm machineries are imported from other countries. Usually fertilizer procurement takes place twice a year. The quantities of fertilizers to be procured are assessed on the basis of demand forecasts made separately for dry and wet cropping seasons. All fertilizers are shipped to Nepal through the port of Calcutta and are transported by Indian Railways to different railheads on the Indo-Nepal border.

Besides the commercial import of fertilizers, the requirements of fertilizers are also met by supplies received under different aid programmes. During the last ten years (from

1966-76) AIC procured 1,77,186 tonnes of different chemical fertilizers by commercial imports and about 77,724 tonnes of fertilizers were received in the form of aid.

The corporation presently has warehouses totalling 30,700 capacity and further 12,500 tonnes capacity warehouses are under construction. Also the corporation has a master Plan to build further 23,000 tonnes capacity of godowns in the various parts of the country by the end of the current five-year Plan (1975-80).

The progress so far made by AIC is remarkable (see table below) In the first year the total consumption of chemical fertilizers was 2,098 tonnes whereas in the fiscal year 1975-76 the total consumption of chemical fertilizers was 31,131 tonnes which is almost 15 times more in comparison to 1966. The figures given in the table represent the progress made by the corporation in the last six years.

Performance of AIC—1970-71 to 1975-76

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Chemical fertilizer (in tonnes)	17,728	25,434	32,575	36,779	36,361	31,131
Improved seeds (in tonnes)	475	1,135	2,086	1,826	1,934	2,055
Agricultural tools (in Rs thousand)	979	13,58	31,86	209,25	18,59	47,23

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Statistics

Nepal's Fifth Plan

Agriculture		Increase	2. Suspension Bridge :	
1. Total agricultural production		19.2%	Number of incomplete bridges to be completed:	17
2. Foodgrains and potato production			New construction (Number)	(Minimum) 25 (Maximum) 50
From 4287800 to 5004720 tonnes		16.72%	3. Small Airfields (STOL)	(Minimum) 4 (Maximum) 5
3. Cash crops production		68.08%	4. Local telephone exchange (addition)	13900 lines
From 446761 to 750945 tonnes			5. Micro-wave communication system : to establish 6 link channels	
4. Fruits production		6.44%	6. Highway frequency duplex trunk system: to establish 4 link channels.	
From 254000 to 270380 tonnes			7. Establishment of postal services:	
5. Area under fruit trees		24.61%	Small post office	32
From 32500 to 40500 hectares			Additional post office	316
6. Vegetable production		59.1%	Internal moneyorder	The services will be made available to 45 districts
From 407500 to 648000 tonnes				
7. Fish production		102.0%		
From 2600 to 5241 tonnes				
8. Other livestock production:		15.01%		
Meat— From 64839 to 74573 tonnes				
Milk (processed)	15 million litres			
Annual production capacity	92 tonnes			
Cheese: Annual production capacity	100 tonnes			
Butter: Annual production capacity	146000 hectare			
9. Additional irrigation facilities	Rs. 142.3 crore			
10. Total agricultural loan	162875 tonnes			
11. Total sale of chemical fertilizer				
12. Area under improved seeds in 1979-80	91167 hectare			
Foodgrains and potato	77790 hectare			
Cash crops				
13. Resettlement:	52150 hectare			
Net new area to be cultivated				
No of families to be settled	47500 families			
(including 25000 families to be settled in a planned way) :	560000 hectare			
14. Cadastral survey	Additional 17 districts			
15. Land administration:	Additional 26 districts			
16. Number of districts where fixed rent will be enforced	20000 hectare			
17. Afforestation	8080 K.M.			
18. Demarcation of forest boundary				
B. Transport & Communications:			D. Social Services:	
1. Roads:			1. Education:	
Black top :	KM 490	545	Primary education facility: To 64% of the primary school going children.	
Gravelled :	KM 546	783	Lower Secondary education: To 50% of the total primary school population.	
Fair Weather :	KM 137	262		
Total KM	(Minimum) 1173 (Maximum) 1590			

Higher Secondary education: To 40% of the total lower secondary school population.

Adult education 6,00,000 adults to be made literate.

Malaria eradication:

Family Plannig:

Of the total 7.25 million malaria affected people, 6.30 million will be under surveillance.

Family planning services to be made available to 7,00,000 couples between the age of 15 and 45. 1,00,000 married females will receive Ante-natal and Post-natal Services. 5,00,000 children below 5 years of age, will be inoculated with B.C.G., Small-pox and D.D.T. vaccines.

Crude birth rate will be brought down from 40 per 1000 to 38 per 1000. Mortality of children will be reduced from 200 per 1000 to 150 per 1000.

Higher Education (Number of students)	High level	Middle level	Low level	Total
(a) Institute of Engineering	48	2897	3930	6875
(b) Institute of Medicine	—	1885	2705	4590
(c) Institute of Agriculture	396	638	1093	2127
(d) Institute of Forestry	15	178	644	837
(e) Applied Science and Technology Centre	—	904	—	904
Total	459	6502	8372	15333

2. Health:

Establishment of new health post: 459

Establishment of new hospital : 15 (minimum)
: 24 (maximum)
(15bed each)

Small-pox eradication: Total eradication from the country.

Tuberculosis control: B.C.G. Inoculation to all the children up to the age of 14 in all the districts.

3. Drinking water:

Carry-over drinking water projects to be completed (number)

New drinking water projects to be completed (number) 90 (maximum)
Rural drinking water programme: 72 (minimum)
Additional drinking water per day: Number of projects not yet specified.

(excluding rural drilling water programme but including drinking water and sewerage Master Plan Project.) 14.6 million gallons.

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COMPANY AFFAIRS

Mahindra Spicer

TURNER, HOARE & Co. Ltd, an affiliate of Mahindra & Mahindra Limited, will change its corporate name to Mahindra Spicer Limited. This will be effective from March 1, 1977.

A premier engineering company established in 1895, Turner, Hoare in collaboration with the world's leading automobile ancillary manufacturer, Dana Corporation of the USA, manufactures in India automotive clutch assemblies suitable for tractors, passenger cars and commercial vehicles. The company will now broaden its manufacturing base by adding Spicer propeller shafts, axle shafts and universal joint kits at its plant in Nasik, Maharashtra.

Turner, Hoare pioneered in India the manufacture of hydro pneumatic ash handling plants and travelling water screens for thermal power stations, and continues to be the leader in this field. The company also manufactures the wellknown 'Pennwalt' range of centrifuges, vegetable oil refining plants, transformer and mineral oil purifiers in collaboration with Pennwalt Corporation, USA.

Later, during 1977, Mahindra Spicer will expand its capital base and enter the capital market offering equity shares to the Indian public.

New Bank of India

For New Bank of India Ltd, the year 1976 was one of splendid performance, spectacular progress and significant achievements. Deposits pierced the target of Rs 190 crores fixed in the last business plan and

touched the all-time high of Rs 211.64 crores, registering a phenomenal increase of 45.1 per cent over 1975. Advances too recorded an astronomical rise of Rs 50 crores to Rs 131 crores—a jump of 60.5 per cent over 1975. A record number of 65 branches was opened during 1976 as against 34 in the preceding year. The bank is thus making all round remarkable progress in all spheres of its operations under the dynamic stewardship of Mr D.R. Gandotra.

Utkal Machinery

The directors of Utkal Machinery Limited (UTMAL) have proposed a maiden dividend of 10 per cent for the year ended September 30, 1976. UTMAL's sales rose to Rs 8.6 crores in 1975-76 from Rs 6.6 crores in the previous year. Correspondingly, the company's profit after depreciation amounted to Rs 1.31 crores in 1975-76 as against Rs 1.05 crores in 1974-75. The dividend will claim Rs 33.5 lakhs.

Founded by Larsen and Toubro Limited in collaboration with three West German companies in 1960, UTMAL became a subsidiary company of L & T in 1973. Its heavy engineering works at Kansbahal in Orissa are engaged in the manufacture of steel plant equipment, pulp and paper plant, crushing and screening plant, hydraulic equipment, metallic recuperators, heavy duty steel plant cranes and foundry products.

Most of these items have

been made for the first time in India. UTMAL continues to play an increasingly important role in import substitution. Over the last few years, UTMAL's design and development departments have been considerably strengthened.

Gujarat State Fertilizers

The Gujarat State Fertilizers Company Limited has announced dividend of Rs 22 per equity share to its shareholders for the year 1976. This is the highest dividend so far declared by GSFC. The company has also silverlined its performance by satisfactory production, sales and profits, surpassing all the previous records.

During the year 1976 GSFC was able to maintain its pace of progress satisfactorily. The company's sales and other income reached a new high of Rs 109.76 crores against the previous year's (nine months' operation) revenue of Rs 89.38 crores. During the year 1976, GSFC produced 4,50,783 MTs of fertilizers and 15,687 MTs caprolactam. The impact of this performance is reflected in the gross profit of Rs 34.78 crores against Rs 28.99 crores in the previous year. After providing for depreciation (Rs 6.79 crores), investment allowance reserve (Rs 0.25 crore) and provision for taxation (Rs 16.10 crores), the net profit turned out for 1976 is Rs 11.64 crores, inspite of increases in important elements of production costs of raw materials, utilities and plant repairs and maintenance, which the company had to absorb during the year. In the previous year (nine months operation) the profit was Rs 9.53 crores. The recommended dividend on equity and preference shares

will absorb an amount of Rs 2.92 crores. A sizeable amount of Rs 9.74 crores has been transferred to general reserve.

The company's reserves and surpluses and net worth have further advanced impressively after making required provisions, which indeed is an outcome of the company's financial stability, progressive outlook and enlightened management with ever-consciousness for maximising production and sales.

Eagle Flask

The well-known Eagle Flask has signed a joint venture agreement with TANSI (Tamil Nadu Small Scale Industries), at Madras on March 2, 1977, for manufacturing Eagle Vacuum Flasks at Guindy, Madras. The increasing demand for Eagle flask has made it necessary for Eagle to augment its production capacity. Eagle is thus revitalising the TANSI plant at Guindy, Madras to begin the manufacture of Eagle vacuum flasks. Eagle will supply the latest technical know-how and sophisticated machinery to TANSI based on Eagle's Japanese collaboration and world-wide experience. The proximity of Guindy to the Madras port for export shipments has been an added incentive in persuading Eagle to join hands with TANSI. Many ancillary industries will be called upon to supply the new Eagle-TANSI plant. Eagle flask finds its major markets in the coffee-drinking and selective southern markets and the new plant at Guindy will shorten the supply routes to these consumers.

The sales of Eagle flask have increased by 30 per cent in 1976 over 1975. For the seventh year (1975-76) in succession Eagle flask has

won the export badge and Certificate of Export Recognition from Chemicals & Allied Products Export Promotion Council (CAPEXIL) for its export achievements. From an export consignment of Rs 27,000 FOB in 1963-64 Eagle flask have soared to an export of over Rs 40,00,000 FOB in 1975-76. Eagle flask has been exported to over 54 countries including technically advanced countries such as Japan, West Germany, Russia (USSR), France, Poland and Yugoslavia. The international buyer is attracted by the range of 123 different models of Eagle flask. This is the largest range available in the world today from any one single vacuum flask manufacturer (photographs etc. of special models recently developed for export, available on request for Press).

Century Tubes

Century Tubes Ltd is setting up a project to manufacture steel pipes and tubes, of high precision nature which are primarily used for the manufacture of boilers, transformers, shock absorbers, automobiles, bicycles etc. The installed capacity will be 12,000 tonnes per annum using the most modern process of manufacturing such tubes. The factory will be located at Bhiwani, a backward district in the state of Haryana. The company has placed order for the purchases of high frequency welding set with General Electric Co. of India Ltd. who are under the technical collaboration with Messrs. Radyne Ltd. UK, well known in this line. It is proposed that the main tube mill and slitting line, which are most important items of machinery will be fabricated at the company's own site while the re-

maining machinery will be procured indigenously.

At present, there are about eight manufacturers in the country manufacturing such tubes in the various sizes with the total installed capacity of about 64,000 tonnes, whereas the demand is much more. It is estimated that the demand of these tube by 1977-78 will be more than one lakh tonnes. There is only one worthwhile unit manufacturing such tubes in north India, while the consumption of these tubes in this zone is much more. The company will thus enjoy the benefit of the plant situation.

The company entered the capital market on March, 7, 1977 with a public issue of 1,42,000 equity shares of Rs 10 each and 5,000 (11 per cent) redeemable cumulative preference shares of Rs 100 each at par. The subscription list will close on March 17 or earlier but not before March, 9, 1977. Out of the present issue, on 1,35,500 equity shares and 5,000 (11 per cent) redeemable cumulative preference shares have been underwritten.

The directors of the company are of the opinion that in the absence of any unforeseen circumstances, the company will be able to earn sufficient profits to pay dividends to equity shareholders within a reasonable time after the plant goes into commercial production.

Modi Carpets

Modi Carpets Limited is the first joint venture in India to be promoted by companies in three countries. These are:

M/s. Arova Schaffhausen of Switzerland belongs to the famed Heberlein Group which has to its credit a 100 year old standing in the trade with branches, subsidiaries and affiliated companies all over the world. Today, they are recognised as the world leaders in producing top-quality carpet yarns.

M/s. Wiltax of Denmark are the largest manufacturers and exporters of tufted carpets in Denmark with an annual production of four million sq. metres and Modi Group of industries have already a well established re-

putation in the country, for their various commercial activities in different fields, such as cotton and synthetic textiles, man-made fibres, automotive tyres and tubes, chemicals and steels.

This relationship of rich experience, sophisticated technology and expertise will make Modi Carpets Limited, a highly successful venture.

Modi Carpets Limited is the first of its kind to be established in a backward area. Land has already been acquired in village Kotwara near Rae Bareilly.

The total project cost initially estimated at Rs 589 lakhs has been reduced to Rs 531 lakhs with the help of its collaborators. The above project cost is being met by raising ordinary share capital of Rs 200 lakhs from the authorised capital of Rs 500 lakhs and from term loans of Rs 331 lakhs already sanctioned by the financial institutions. Of the ordinary share capital of Rs 200 lakhs, Modi group will subscribe and be allotted Rs 58 lakhs, M/s Arova Schaffhausen Rs 32

Eastern Economist 30 Years Ago

MARCH 21, 1947

This emphasises the need for encouraging joint stock banks to take a much greater part in the financing of agriculture than they have hitherto done. It also means that we should so reconstruct and plan our co-operative movement that it may not only help the agriculturists to get out of the mire of indebtedness that has engulfed them, but may also teach and train them in ways of better living, better farming, and better business. One way of encouraging the banks to take greater part in the provision of rural finance will be to give them a first charge on crops and all or any of the farming stock. This, however, will have the effect of stopping finance from all other sources and banks cannot become the sole suppliers of credit. But while banks cannot play a large part in the provision of ordinary finance, they can do much in the field of marketing finance.

The measures like the grading and standardisation of staples and of contracts, proper storage facilities and the creation of regulated local and forward markets can considerably increase the volume of marketing finance supplied by joint stock banks. The establishment of licensed warehouses is the most important step in this direction. It will also enable the Reserve Bank of India to play a larger part in rural finance, because in that case section 17(4) D will become operative. This will also have the effect of cheapening credit. In this connection it may be pointed out that sufficient capital from the public is not likely to be available for the purpose of construction of godowns and warehouses. The State itself should therefore undertake their construction as part of the scheme for the development of means of communications in rural areas.

lakhs and M/s Wiltax Rs 16 lakhs and the remaining Rs 94 lakhs would be issued to the public in April 1977 for which all underwriting arrangements have been completed.

The company hopes to make substantial profits right in its first year of operations and hopes to declare dividends in 1979.

The orders for machinery have been placed with foreign suppliers. The trial run will be held in March 1978 after which the unit will swing into full production giving 1136 tons of tufted carpets/carpet yarn annually valued at about Rs 10 crores.

Modi Carpets Limited is an export oriented unit with an assured export market of 75 per cent of its output. This is in a form of a marketing tie up with foreign collaborators who have guaranteed to pick-up 75 per cent of annual production for the first 10 years of company's operations. The rest 25 per cent would be easily consumed by the homemarket, considering the high rate of growth and developments.

Keeping the future demands in mind, the unit has an in-built expansion capacity of four times its initial outlay. Though initially only wollen tufted carpets will be manufactured, the plant is versatile and flexible enough to manufacture carpets with synthetic fibres such as polyester, nylon, acrylic etc.

Union Carbide

The Monopolies and Restrictive Trade Practices Commission initiated suo moto proceedings in respect of Union Carbide India Ltd, Calcutta. The respondent is manufacturing, selling and supplying dry cell batteries and flash light cases and it is a dominant undertaking in respect of these products. The notice alleges

that the company is adopting certain trade practices in the sale and supply of dry cell batteries and flash light cases which appear to be restrictive in nature. The trade practices relate to imposition of exclusive dealings, allotment of areas/territories amongst dealers resulting in area restrictions on the dealers, supply of goods without orders or in excess of orders placed, and/or tie-up of slow moving items with fast moving items as also re-sale price maintenance. Such trade practices appear to be preventing, distorting or restricting competition in various ways. The enquiry has, therefore, been started to ascertain whether the respondent is indulging in the above referred trade practices and whether they were restrictive in nature causing detriment to public interest.

Bayer (India)

Bayer (India) has revised the terms of the bonus issue from nine-for-ten announced earlier to one-for-one. The proposal is however subject to the approval of the shareholders, Controller of Capital Issues, the RBI and the financial institutions. The directors have also stepped the equity dividend to 20 per cent for 1976 from 18 per cent paid for the previous year.

Although there was a significant improvement in sales from Rs 25.35 crores to Rs 29.77 crores, gross profit declined to Rs 4.97 crores from Rs 5.82 crores in 1975. Out of the gross profit, a sum of Rs 86.74 lakhs was appropriated to depreciation reserve as against Rs 85.74 lakhs in the preceding year while the allotment to investment allowance reserve amounted Rs 5.10 lakhs against Rs 1.15 lakhs provided for development rebate reserve

previously. Taxation absorbed Rs 2.23 crores as against Rs 2.60 crores in 1975. The net profit, after these allocations, was lower at Rs 1.82 crores as compared to Rs 2.35 crores in the previous year.

The company has made good progress in the implementation of the expansion of its rubber chemical plant. The capacity has been expanded from 2003 tonnes to 3500 tonnes a year and the management hopes to raise the capacity further during the current year.

Rallis India

The chairman of Rallis India Limited, Mr D.S. Seth, commenting on the results for 1975-76 highlighted confluence of adverse factors which made for one of the most difficult years for the company in recent times. A deep demand recession in consumer durables affecting the fans industry, technical teething problems for its new fractional horsepower engine, inventory losses in fertilisers, low off-take experienced by the pesticides industry generally, a set-back in cotton trading following the distress in the textile industry, contributed to a drop in gross profit from Rs 352 lakhs in 1974-75 to Rs 192 lakhs, despite a 17.5 per cent increase in aggregate turnover. After provisions of Rs 72.19 lakhs for depreciation and Rs 62 lakhs for taxation, the net profit for the year was Rs 62 lakhs. The directors have proposed a dividend of 12 per cent on the equity enhanced by a 1:5 rights issue.

The Controller of Capital Issues has approved a bonus issue of three shares for every 10, slightly modifying the company's proposal of one bonus share for three. The directors have recommended the acceptance of the 3 for 10 issue.

The company has completed

the expansion of its Rogor (systemic insecticide) plant from 350 tonnes a year to 1000 tonnes a year. It has also received a letter of intent for its 3000 tonnes a year chemical auxiliaries project.

Reporting on the current year's progress, Mr Seth stated that total sales for the first five months were 16 per cent higher than in the corresponding period of last year. However, profit margins continue to be under pressure. The depressed conditions in the fans industry persist.

The company's pharmaceutical activities continue to show steady and satisfactory progress, and agrochemicals and Wolf tools have maintained their expected trends. Barring unforeseen circumstances, the company hopes to show somewhat encouraging results in the current year.

Indian Overseas Bank

The first ever regional rural bank in Tamil Nadu commenced operations at Sattur, a small town in Ramanathapuram district on March 9.

Sponsored by Indian Overseas Bank, Pandyan Grama Bank will work for the economic upliftment of the weaker sections of Ramanathapuram and Tirunelveli. Pandyan Grama Bank will have an authorised capital of one crore rupees. The issued capital of Rs 25 lakhs will be shared by government of India, government of Tamil Nadu and Indian Overseas Bank at the rate of 50:15:35. The bank will commence business with two branches—one at Sattur (Ramanathapuram district) and the other at Pazhayakayal, an unbanked rural centre in Tirunelveli district.

This is the second regional rural bank sponsored by Indian Overseas Bank. The first was

Puri Gramya Bank inaugurated in Pipli, Puri district, Orissa in February 1976.

State Bank of India

The State Bank of India's net profit for 1976 was significantly higher at Rs 7.75 crores as compared to Rs 6.53 crores in 1975. The board has decided to declare a total dividend of Rs 30 per share inclusive of the interim dividend to compensate for the shortfall for the year 1974. It has been

decided to transfer a sum of Rs 6 crores to the statutory reserves. A further sum of Rs 25 crores has been brought to disclosed reserves from the inner reserves. The total addition to reserves of Rs 31 crores compares with an increase of Rs 25 crores in 1975. The bank's capital and reserves stand at Rs 107.5 crores which works out to 2.3 per cent of the bank's deposits and other liabilities.

A very significant decision

taken by the Bank pertains to promotion of research and development activity in the country in areas of relevance to the banking system. A sum of Rs 5 crores has been set apart from the bank's profits for 1976 for promotion of research and development effort in the country. The areas of research and development which will receive special attention are activities connected with rural development and the new economic programme.

Another important area which will receive attention is the development of entrepreneurship in the country. In addition, part of the special fund will be utilised for the benefit of the handicapped persons, which occupies a high priority in the bank's general scheme of aiding the weaker sections of the community.

An important feature regarding the bank's performance in 1976 pertains to the re-opening of sick industrial units

and prevention of closure of some others to ensure continued production and employment. To look after the problems of such units, the bank has established an Industrial Rehabilitation department at central office and similar cells at the local head offices.

The prime minister's new economic programme, came in for special emphasis in the bank's lending operations in 1976 and special arrangements were made to coordinate the progress in financing schemes under the programme. The existing schemes were geared up and simultaneously new schemes were prepared. Assistance provided since the inception of the programme amounted to Rs 179 crores covered by 8,78,433 accounts. The efforts gained momentum during the second half of 1976, when the bank could provide assistance to the extent of Rs 105.72 crores covered by 5,69,185 accounts, as compared to Rs 39 crores in 1,18,601 accounts during the second half of 1975. The total outstandings at the end of the year amounted to Rs 340.80 crores in 11,65,224 accounts.

Pfizer

Pfizer has announced the second interim of 7.5 per cent for the year ended November 30, 1976. This together with the first interim of 12 per cent, makes the total interim so far to 19.5 per cent.

ICICI

The net profit of Industrial Credit and Investment Corporation of India Ltd after providing for depreciation, taxation, etc. amounted to Rs 345.08 lakhs in 1976 as compared to Rs 289.66 lakhs in the previous year. The directors have recommended an

equity dividend of 12 per cent as against 11 per cent paid in 1975.

Glaxo

Glaxo Laboratories (India) Limited have received sanction from the Controller of Capital Issues, to capitalise Rs 360 lakhs out of their general reserve and share premium account.

The company will shortly be issuing fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for every two equity shares held.

ICI Group

Britain's Imperial Chemical Industries (ICI) group expects to spend £550 million this year on expansions that will take in one step towards a plan to become the leading firm in the world's chemical industry.

Sir Rowland Wright, chairman of the £3,500 million company, said that following record sales, exports and profits last year, ICI would step up further its high rate of investment of recent years. The £550 million likely to be spent this year on new and expanded plant would be £110 million more than that invested in 1976.

Sir Rowland said that more than £700 million had been sanctioned for new projects over the next few years. Included in this programme were several major schemes. Some £370 million of the capital investment sanctioned will be spent in Britain. This represents a £100 million increase over that sanctioned for the UK last year.

Sir Rowland, announced that £105 million of this year's investment would be spent on two new production plants in Scotland and on Teesside in North-East England. Of this,

£90 million will be spent on a 250,000 tonnes-a-year acid plant at Teesside.

The other £15 million will go towards a major expansion of manufacturing capacity for procion fibre-reactive dyestuffs at the Grangemouth (Scotland) works of ICI's organic division. This will more than double the capacity of the present works and enable ICI to meet expected world demand for procion dyestuffs into the mid-1980s.

News and Notes

Out of the dividend declared by Golden Tobacco Company Limited at the last annual general meeting, 81 per cent of the dividend is now exempted from Income Tax. A provisional certificate to this effect has been issued by the income tax authorities.

Industries can now switch over to speed reducing gear systems which combine the characteristics of worm gear reducers and helical gear speed reducers. The new systems which work on the principle of differential epicyclic gearing, are developed and manufactured by Gyrox Gears Private Limited, Ahmedabad and marketed by Larsen & Toubro Limited.

Gyrox geared motors and speed reducers are more compact and streamlined and weigh less than conventional geared motors. Unlike in conventional gearing, where speed is reduced due to the ratio of the number of teeth on mating gears, in Gyrox systems the speed is reduced due to the difference in the number of teeth on two mating gears. Differentials between the number of teeth on the two pairs enables any speed reduction ratio, ranging from 4 : 1 to 2,000,000:1. Gyrox geared

motors have wide applications in industries like process industries, steel, cement and sugar plants, cranes and hoists, material handling equipment and conveyors.

Mrs. Sumati Morarjee, executive Director of the Scindia Steam Navigation Co, Ltd. and chairman of Narottam Morarjee Institute of Shipping, inaugurated the shipping Orientation Programme for export executives organised by Narottam Morarjee Institute of Shipping in collaboration with Indian Institute of Foreign Trade in Bombay.

In her speech Mrs. Sumati Morarjee explained that this programme is intended to orient export executives in shipping operations and practices with a view to establishing a better rapport of shippers with shipping lines and thereby facilitate movement of export cargo. She added that our country is committed to export promotion and it has become a national duty to export more and more with a view to earning foreign exchange. In this process, exporters have increased in substantial number all over the country and our export trade has made impressive progress.

Problems of Export

With exports, come the problems of shipping and it has been observed that there is information gap and want of rapport between the carriers on the one hand and shippers or exporters on the other. This lacuna has led to many misunderstandings.

It is therefore imperative that the exporters should have close acquaintance with the operation of shipping services, their problems and the procedures involved so that many of

DELHI THEN AND NOW

AT A GLANCE

	1970-71	Present
* State Income	Rs 521 crores	Rs 981 crores (1974-75)
* Plan Expenditure	Rs 93 crores (III Plan)	Rs 350 crores (V Plan)
* Industrial Production	Rs 300 crores	Rs 430 crores
* Industrial Units	30000	38000 (Approx)
* Foodgrain Production (000 Tonnes)	119.61	123.73
* Number of Beds in Hospitals	9800	12000
* Number of Dispensaries	240	321 (61 in rural and backward areas)
* Expenditure on Housing	Rs 14.96 crores	Rs 30.94 crores
* Expenditure on Education and Health	Rs 23.77 crores	Rs 46.28 crores
* Availability of Electricity (in K.W)	13,89,194	17,80,123
* Availability of Water	114 MGD	253 MGD

SOME SALIENT FEATURES OF PROGRESS

- * Educated unemployed became masters of their enterprises.
- * Harijans & Weaker Sections are on priority.
- * Women have a place of honour. They are working hand in hand with the Administration in fighting price rise, social evils and helping in welfare activities of the weaker sections.
- * Production in fields and factories went up—trade and business flourished.
- * Discipline and efficiency in offices and establishments increased—schools enjoyed a spell of uninterrupted studies.
- * Crime rate appreciably fell—no eve teasing, no molestation.
- * Shortages no more—essential commodities at door steps.
- * More water, more electricity, better cleanliness—unbroken civic services.
- * Better, quicker and safer transport.

DELHI TODAY IS A CLEANER, GREENER AND A BETTER PLACE TO LIVE IN THAN WHAT IT WAS YESTERDAY

Issued by the Directorate of Information and Publicity, Delhi Administration, Delhi

their problems can be solved.

New Issues

Trackparts of India Limited, an existing track components manufacturing industry, entered the capital market on March 7, with a public issue of 4,28,200 equity shares of Rs 10 each for cash at par, to finance its project for the manufacture of closed-die steel forgings. The issue is fully underwritten.

Trackparts was established as a partnership firm at Kanpur in 1960 and was subsequently taken over in 1969 by Track Parts of India Pvt. Ltd. It was functioning as a private limited company until November 1975 when it was converted into a public limited company.

The company has pioneered "under-carriage parts industry" in the country. It had the technical collaboration of Track-

parts (Hatfield) Ltd., Hatfield, England, for 15 years until June 30, 1976. During this period, it has not only perfected the technology itself but also has become self-reliant with its own research and development facilities.

The company manufactures quality track components for crawler tractors in the country. Crawler tractors are used in a variety of nation building activities such as agriculture, defence, dams, reservoirs, roads and power projects.

Under the expansion programme, the company would soon take up manufacture of closed-die forgings essentially required as an input raw material in the manufacture of under-carriage parts and thus a significant part of the project's production shall be used for captive consumption and partly to meet both domestic and overseas demands.

Dividend

Name of the company	Year ended	(per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Dalmia Cement (Bharat) Ltd.	Dec. 31, 1976	22.5	20.0
Varadalakshmi Mills	Sept. 30, 1976	10.0	7.5
Wimco	Dec. 31, 1976	17.0	15.0
Herdillia	Dec. 31, 1976	20.0	12.0
Same Dividend			
Lakshmi Machine Works	Dec. 31, 1976	12.0	12.0
United Carbon India	Dec. 31, 1976	12.0	12.0
Parrys Confectionery	Sept. 30, 1976	Nil	Nil
Khandelwal Ferro Alloys	Dec. 31, 1976	12.0	12.0
Andhra Sugar	Sep. 30, 1976	12.0	12.0
Reduced Dividend			
Andhra Pradesh Paper	June 30, 1976	9.0	12.0

*Besides a one-for-two 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 January 1977. The list contains the names and addresses of the licensees, articles of manufacture, type 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 Pennar Steels Ltd, 'Nalanda', 23/967, Ashok Nagar, Nellore-524003 (AP) (Nellore-Andhra Pradesh)—Cold Rolled Mild Steel Strips and Box Strapping—1,500 tonnes—(COB)

M/s Jindal Strips Ltd, Delhi Road, Hissar (Haryana) (Hissar-Haryana)—Mild Steel Blooms, Plates and Slabs—50,000 metric tonnes—(NA)

M/s Steel Tubes of India Ltd, Station Road, Dewas-455001 (MP) (Dewas-Madhya Pradesh)—Ferrous and Non-Ferrous Finned Tubes—500 tonnes—(NU)

M/s Visvesvaraya Iron & Steel Ltd, Bhadravati (Karnataka) (Shimoga-Karnataka)—Ferro Titanium—100 tonnes. Ferro Boron—20 tonnes—within the overall licensed capacity—(NA)

Electrical Equipment

M/s Debikay Electronics, Prop. Dhruva Woollen Mills Pvt, Ltd, New Sun Mill Compound, Sun Mill Road, Lower Parel, Bombay-400313 (Calcutta-West Bengal)—Static Convertors, Invertors and Control System for Industrial/Professional applications—500 Nos—(NU)

M/s The Bengal Electric Lamp Works Ltd, 4, Fairlie Place, Calcutta-700001. (Bangalore-Karnataka)—Fluorescent Tube Lamps—3.6 million pcs (after expansion)—(SE)

M/s Coimbatore Premier Corpn Pvt Ltd, 262, Avanashi Road, Coimbatore-641018 (Coimbatore-Tamilnadu)—Electric motors single phase three phase, 1 HP to 10 HP—17,600 Nos. FHP electric motors 1/8th HP to below 1 HP single phase/three phase—900 Nos—(COB)

M/s National Radio & Electronics Co Ltd, Mahakali Road, Chakla, Andheri (East), Bombay-400093 (Maharashtra)—Precision Electronic Equipment using CRT Readouts Ociloscopes—300 Nos Curve Tracers—50 Nos. Industrial Wave-form monitors—50 Nos. Precision Electronic Instrument using digital and analogue readouts: Multirange DVMS—300 Nos. Multirange Analogue Voltmeters—200 Nos. High Grade Electronic Signal Generators Sine Wave Generators—150 Nos Sweep Generators—50 Nos. Square wave generators and pulse generators—100 Nos. (NA)

M/s Kerala State Industrial Dev Corpn Ltd, 'Purushotham' Sasthamangalam, Trivandrum-695010 (Trivandrum-Kerala)—Nickel Cadmium Cells—2 million Nos—(NU)

M/s Semiconductors Ltd, Radio House, 6, K. Dubash Marg, (Rampart Row), Bombay-400001 (Poona-Maharashtra)—Electronic Musical Equipment—800 Nos—(NA)

M/s Metal Lamp Caps (India) Ltd, 2, Murphy Road, Post Bag No 876, Ulsoor, Bangalore-560008 (Bangalore-Karnataka)—Lead-in-Wire—400 million pcs (after expansion)—(SE)

Industrial Machinery

M/s T. Maneklal Manufacturing Co Ltd, Vaswani Mansion, Dinshaw Vacha Road, Marine Lines, Bombay-400020 (Maharashtra)—Direct Beaming Plant—20 Nos—(NA)

M/s Dalal Engg Ltd, 36-37, Jally Chambers II, Nariman Point, Bombay-400021 (Maharashtra)—Lyophilisers—Rs 25 lakhs—(NA)

M/s Mining & Allied Machinery Corpn Ltd, PO Durgapur-10 Dist Burdwan (WB) (Burdwan-West Bengal). 100 tonnes capacity Hydraulic installation each set comprising of : Chock—50 Nos. Rams (Pushers)—50 Nos. Optional Powerpack-1 No and accessories like houses T joints clamps etc—20 sets. (470 tonnes). Ram & Stall (Pusher) installation each set comprising of : (a) Rams (Pusher)—25 Nos. (b) Stell Props—25 Nos. Optional Power Pack-1 No and accessories like hoses T-joints Clamps etc 25 sets (156.25 tonnes). Double Drum Shearer—50 Nos (800 tonnes)—(NA)

M/s Stovec Screens India Ltd, 43, Dr V.B. Gandhi Marg, Bombay-400001 (Ahmedabad-Gujarat)—Special Lacquers and Chemicals for rotary nickel screens—15 tonnes—(NA)

M/s Indian Dairy Corpn (A Govt of India Undertaking), Darpan Building, R.C. Dutt Road, Baroda-390005 (Baroda or Gujarat)—Plate heat exchanger : Milk surrounding Dist—Gujarat—Plate heat exchanger : Milk chiller pasteuriser. Cream pasteuriser—140 Nos. Separators: (a) Good Milk (b) Sour Milk 140 Nos. Butter making: 50 Nos. Milk Pumps: 500 Nos—(NU)

M/s RMT Drill (P) Ltd., Private Indl. Estate, Indl Estate Post. Coimbatore-641021 (Coimbatore-Tamil Nadu)—1 Water Well Rigs and Blast Hole Rings—100 Nos. 2. Accessories for both type of Drills—Rs 250 lakhs. 3. Allied Products—Rs 250 lakhs—(NA)

M/s Sri Ramakrishna Sihi Pumps Ltd, 2/9, Netaji Road, Pappanaicken—Palayam, Coimbatore-641037 (Coimbatore-Tamil Nadu)—Glandless Pumps for Effluent/Sewage/Chemicals/Water—840 Nos. Self-priming Pumps—1320 Nos. High consistency non-clogging pumps—Heat Transfer Pumps—High Pressure Pumps—Chemical Process & Industrial Pumps—Vertical Inline Pumps—600 Nos—(NU)

Miscellaneous Industries

M/s Harsha Industries Ltd, 42, Janpath, New Delhi-110001 (Ghaziabad—UP)—Stainless Steel Safety Razor Blades—150 million Nos (NU)

M/s Dagger Forst Tools Ltd, First Pokhrun Road, Thana-400606 (Maharashtra) (Maharashtra)—Threading Tools—2,00,000 Nos—(NA)

M/s Mechanical Packing Industries Pvt Ltd, Parsi Panchayat Road, Andheri (East), Bombay-400069 (Bombay-Maharashtra)—Products of Fluoropolymers including Fluorocarbon-PTFE/TFE/FEP/CTFE/PFA/ETFE—50 metric tonnes—(SE)

Industrial Instruments

M/s Audco India Ltd, L&T House, Ballard Estate, Bombay-400 038 (Madras-Tamil Nadu)—Cast and forged steel and stainless steel gate, globe and check valves and valves for water services in ferro steel size range $\frac{1}{2}$ " to 16" Pressure ratings range ASA 150 lbs to 800 lbs—25,000 Nos—(COB)

Scientific Instruments

M/s Industrial Electrodes & Gauges Ltd, 15, Ganesh Chandra Avenue, Post Box 853, Calcutta-700001 (Lucknow-Uttar Pradesh)—Pressure/Vacuum Gauges—500 Nos—(SE)

Chemicals other than Fertilisers

M/s Universal Chemicals & Industries Pvt Ltd, 317, Neelam (3rd Floor), 108, Worli Sea Face Rd, Bombay-400 018, (Maharashtra)—Sodium Chlorate—1,500 tonnes—(NA)

M/s Kanoria Chemicals & Industries Ltd, 16-A, Brabourne Road, Calcutta-700001 (Renukoot—UP)—Benzene Hexa Chloride—6,000 tonnes—(SE)

M/s Pesticides India, Prop: Mewar Oil & General Mills Ltd, Udaisagar Road, Udaipur-313001 (Udaipur-Rajasthan) Pesticidal Formulations: BHC, DDT, DIMETHOATE COC, DDVP, MALATHION, METHYL PARATHION, MEMC, PMA, ALDRIN, CHLORDANE, CARBARYL, ENDRIN, ENDOSULFAN, HEPTACHLOR, KITAZIN, LINDANE, PHORATE, PHOSVEL, TOXAPHENE—1205 tonnes in terms of technical material—(COB)

M/s Cibatul Ltd, PO Atul, Dist Valsad (Gujarat) Valsad—Gujarat—Formaldehyde—10,000 m tonnes—(COB)

M/s The Asiatic Oxygen & Acetylene Co. Ltd, 8, BBD Bag East, Calcutta-700 001 (Durg-Madhya Pradesh)—Oxygen Gas—0.48 MCM (existing)—1 MCM (after expansion). Dissolved Acetylene—0.36 MCM (existing)—0.36 MCM (after expansion)—(SE)

M/s Industrial Oxygen Co Pvt Ltd, Majithia Indl Estate, Sunder Baug, Wadala-Barla Road, Deonar, Bombay-400088 (Thana-Maharashtra) Oxygen Gas—1 MCM after expansion—(SE)

Drugs and Pharmaceuticals

M/s Unique Chemicals, Sheth Govindrao Smriti, 88 B & C, Dr A.B. Road, Worli, Bombay-400018 (Thana-Maharashtra)—Oxyphenybutazone—14 tonnes. Metronidazole—50 tonnes. Nitromethylamidazole intermediates—100 tonnes. Paracetamol—100 tonnes—(NU)

M/s East India Pharmaceutical Works Ltd, 6, Little Russell Street, Calcutta-700 071 (Calcutta-West Bengal)—Tetracycline Capsules (250 mg)/Tablets (500 mg)—1 million Nos. Chloramphenicol Capsules (250 mg)—1 million Nos. Chloramphenicol-streptomycin Capsules (125 mg+125 mg)—1 million Nos—(COB)

M/s Cyanamid India Ltd, Nylex House, 254-D2, Dr A.B. Road, Bombay-400 025 DD (Bulsar-Gujarat)—Thiotepa—328.7 grams. Methotrexate—3820.5 grams. Calcium Leucovorin—59.6 grams—(NA)

M/s Kerala State Drugs & Pharmaceuticals Ltd, Post Box No 30, Kalavoor, (Alleppey-Kerala) (Kerala)—Tablets Phthalyl Sulphathiazole 500 mg—Sulphadimidine 500 mg Piperazine Phosphate 250 mg. Phenobarbitone 30 mg—630 lakh Nos—Capsules Chloramphenicol 250 mg. Chloramphenicol Streptomycin (Chloramphenicol 125 mg & Streptomycin (base) 125 mg—110 lakh Nos. Liquid (Bottles) Syrup Piperazine Citrate 135 mg/litre—70,000 litres. Parenteral (Ampules) Nikethamide 50 mg/2ml.—5 lakh Nos—(COB)

M/s Chemical Industrial & Pharmaceutical Laboratories Ltd, 289, Bellasis Road, Byculla, Bombay Central, Bombay-400008

(Maharashtra)—Ulcenil Tablets (50 mg)—Corresponding to 500 Kg of Corbonoxolons—(NA)

M/s Organon (India) Ltd, 38, Chowringhee Road, Post Box 9070, Calcutta-700016. (24-Parganas-WB)—Ethisterone. Testosterone & its Esters. Testosterone Propionate. Methyl Testosterone. Progesterone & Salts. Prednisone. Dexamethasone. Doca/Doc PP. Oestriol Succinate—500 kilograms. Human Chorionic Genadetrophin—20,000x10⁶ IU. Pregnancy Test Kits like Pregnosticon Planoset, Pregnostiset etc—10x10⁶ units Test Kits—(NA)

M/s Smith, Stanistreet & Co Ltd, 18, Convent Road, (Calcutta-700014 (Calcutta West Bengal)—Chloroquin 250 mg—40.0 million Nos. Methyl Dopa BP/USP 250 mg—10.0 million Nos. Frusemide BP 40 mg—12.0 million Nos. Cobastan-6 (B1, B6, B12 & Niacinamide)—10.0 million Nos. Cobastan-6 Forte (B1, B6, B12)—10.0 million Nos Capsules: Indomethacin B.P. 25 mg—20.0 million Nos—(NA)

Textiles

M/s Vikas Processors Ltd, Sudhama House, Checkpet, Bangalore-560053 (Bangalore-Karnataka)—Processing of Cotton Blended and Synthetics Fibres—320 lakh metres—(NU)

Paper & Paper Products

M/s Eastern Paper Mills Ltd, 2, Dakshindari Road, Calcutta-48 (Calcutta West Bengal)—Pulp & Paper or Board Plant—50-100 tonnes 2 Nos. worth Rs 12 crores only. Pulp & Paper or Board Plant 150 tonnes 1½ Nos. worth Rs 12 crores only or Pulp & Paper or Board Plant 200-250 tonnes 1 No. worth Rs 12 crores only (NA)

M/s Lakshmanan Isola Ltd, 37/10, Cunningham Road, Bangalore-560052 (Bangalore-Karnataka)—Mica Paper—300 metric tonnes. Reconstructed and Integrated Mica Products out of Mica Paper—200 metric tonnes—(NU)

M/s Gwalior Rayon Silk Mfg (Wvg) Co Ltd, Birlagram, Nagda (MP) (Dharwar-Karnataka)—Pulp (Rayon Grade)—12,000 tonnes (existing)—48,000 tonnes (after expansion)—(SE)

Sugar

M/s Shri Valsad Sahakari Khand Udyog Mandali Ltd, Govindji Vakils Bungalow, Tithal Road, PO Valsad, Dist Valsad (Gujarat) (Valsad-Gujarat)—Sugar—1250 tonnes in terms of cane crushing capacity per day—(NU)

M/s Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd, Kagal, Dist Kolhapur, Maharashtra (Kolhapur-Maharashtra)—Sugar—1250 tonnes in terms of cane crushing capacity per day—(NU)

M/s The National Coop. Sugar Mills Ltd, Alanganallur Post, Madurai Dist. (TN) (Madurai-Tamilnadu)—Sugar—500 tonnes (additional)—1500 tonnes (after expansion) (in terms of cane crushing capacity per day)—(SE)

Fermentation Industries

M/s Mohan Goldwater Breweries Ltd, Mohan Meakin Road, Daliganj, Lucknow (UP) (Lucknow-UP)—Beer—49,000 HL—(COB)

M/s Kay Distillery Industries Ltd, Forbes Bldg, Charanjit Rai Marg, Bombay-400001 (Nasik-Maharashtra)—Indian Made Foreign Liquors and Country Liquor—1100 bulk kilolitres (on provisional basis)—(COB)

M/s Jamner Taluka Sugar cane Producer's Processing Coop. Society Ltd, Jamner, Dist Jalgaon, Maharashtra. (Jalgaon-Maharashtra)—Indian Made Foreign Liquors—675 bulk kilolitres (on provisional basis)—(COB)

M/s Narang Industries Ltd, 3-Cavalry Lines, Delhi-110007 (Gonda-UP)—Indian Made Foreign Liquors and Country Liquor—2672 bulk kilolitres—(COB)

M/s Brihan Maharashtra Sugar Syndicate Ltd, 980, Sadashiv Peth, Cammonwealth Bldg, Laxmi Road, Poona-30 (Sholapur—Maharashtra)—Indian Made Foreign Liquors and Country Liquor—3686 bulk kilolitres—(COB)

M/s Polychem Ltd, 7, Jamshedji Tata Road, Churchgate Reclamation, Bombay-400020 (Poona—Maharashtra)—Indian Made Foreign Liquors and Country Liquor—500 bulk kilolitres—(COB)

M/s Vidarbha Liquor Corporation, 5, New Cotton Market Road, Nagpur-449002 (Nagpur—Maharashtra)—Country Liquor—450 bulk kilolitres (on provisional basis)—(COB)

M/s The United Agencies Ltd, 2130, E Ward, Vikramnagar, Poona-Bangalore Road, Kolhapur (Kolhapur—Maharashtra)—Indian Made Foreign Liquors—419 bulk kilolitres—(COB)

Food Processing Industries

M/s Raptakos Brett & Co Ltd, 47, Dr A B. Road, Worli, Bombay-400025 (Thana—Maharashtra)—Special infant milk food with low (6 per cent) fat—1250 tonnes (after expansion)—(SE)

Soaps, Cosmetics and Toilet Preparation

M/s Chesebrough-Pond's Inc, 19, C-In-C Road, Madras-600 008 (Madras—Tamil Nadu)—'Vaseline' Hair Tonic—120 tonnes, 'Vaseline' Hair Cream—120 tonnes, 'Vaseline' Liquid Shampoo—54 tonnes, Blue Seal Pomade—300 tonnes, 'Vaseline' White Petroleum Jelly—240 tonnes, Blue Seal Snow—180 tonnes, Blue Seal Talc—600 tonnes Pond's Vanishing Cream—360 tonnes, Pond's Cold Cream—360 tonnes, Pond's Dry Skin Cream—120 tonnes—Pond's dreamflower Talc—2892 tonnes, Ponds dream flower face powder—300 tonnes, Pond's angel face powder (compressed)—75 tonnes, Pond's angel face Lavender talc—108 tonnes, Pond's angel face liquid makeup—90 tonnes, Cutex nail polish—16 tonnes, Cutex lipstick—12 tonnes, Angel face mascara—2.1 tonnes, Total : 5949.1 tonnes—(COB)

Leather and Leather Goods

M/s Bombay Footwear Private Ltd, Deonar, P. Box 7218, Bombay-400071 (Maharashtra)—Leather Foodwears etc—1,56,000 pairs (after expansion)—(SE)

M/s Leather Industries Corp of Marathwada Ltd, Vikas Bhavan, Dr Rajendra Prasad Road, Aurangabad (Maharashtra) (Bhir—Maharashtra)—Finished Leather from hides—75,000 Nos—(NU)

Timber Products

M/s Mikir Hills Saw & Plywood Factory, PO Diphu, Dist Mikir Hills (Assam) (Diphu—Assam)—Plywood of all types excluding teachest Plywood—24,00,000 sq metrs—(NU)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Greysham & Co, 7249, Roop Nagar, Delhi-7 (Ghazi-

bad—UP)—S.G. Iron Castings—240 tonnes as diversification within the overall capacity of 1200 tonnes for the manufacture of Malleable Iron Castings and Cast Iron Castings registered with the DGTD—(NA)

M/s Snail Spanners (India) and Tools Ltd, 87, Nagdevi Cross Lane, Bombay-400003 (Bhandup—Maharashtra)—Closed Die Steel Forgings—500 tonnes (by way of diversification within the overall licensed capacity of Forged Hand Tools and Industrial Knives) as licensed under licence No L/12-2/17/MEI/61 dated 27.2.61 and licence No L/12-2/139/71-MEI dated 18.3.71—(NA)

Metallurgical Industries (Non-Ferrous)

M/s Bharat Aluminium Company Ltd, F-41, NDSE Part I, New Delhi-110049 (Bilaspur—MP)—Aluminium Wire Rods—22,000 tonnes additional—35,000 tonnes (after expansion)—(SE)

Electrical Equipment

Shri Dilip S. Patel, 'Shivanjali', M.G. Road, Bilimora (Gujarat) (Bharoach—Gujrat)—Midget Electrodes—150 million Nos (NU)

M/s Punjab State Electronics Development and Production Corp Ltd, 50/4A, Chandigarh (Punjab)—Quartz Blanks—30,00,000 Nos, Quartz Crystal Units—8,00,000 Nos—(NU)

M/s Punjab State Electronics Development and Production Corp Ltd, 50/4A Chandigarh (Punjab)—OEM Recorders—1000 channels, UV Recorders—50 Nos Fibre optic recorders—50 Nos—(NU)

Transportation

M/s Bimetal Bearings Ltd, No 2, Arts College Road, Coimbatore—641 008 (Coimbatore—Tamilnadu)—Bimetal Strips—12'0 tonnes (after expansion)—(SE)

Industrial Machinery

M/s Needle Roller Bearing Co Ltd, Pokharan Road No 2, Majiwada, Thana-400606 (Aurangabad—Maharashtra)—Loose Needle Rollers—200 million Nos (additional)—400 million Nos (after expansion), Needle Roller Bushes/Needle Roller Cages—1.6 million Nos (additional)—3.6 million Nos (after expansion), Needle Thrust Bearing—Combined Needle Bearings—1 million Nos—(SE/NA)

M/s Elecon Engineering Company Ltd, Vallabh Vidyanagar-388120 Dist. Kaira (Gujarat)—Electric overhead travelling cranes and Goliath cranes—230 Nos—(NA)

M/s The Anup Engineering Ltd, The Anil Starch's Premises, Anil Road, P.B. No 1164, Ahmedabad-380002 (Gujarat) (Ahmedabad—Gujarat)—Industrial Centrifuges—100 Nos (after expansion)—(SE)

Earth Moving Machinery

M/s Ghatge Patil Industries Ltd, P.O. Uchagaon, Dist Kolha- (Maharashtra)—(Kolhapur-Maharashtra) Pneumatic Clutches and Brakes—3,500 Nos—(NA)

Scientific Instruments

M/s Matchwel Electricals (India) Ltd, Off Nagar Road, Poona-411014 (Poona—Maharashtra)—Gas Leakage Detector—5,000 Nos—(NA)

Chemicals other than Fertilisers

M/s The Industrial Gases (Bihar) Ltd, P.O. Khijari, Via : Namkum, Ranchi-10 (Bihar) (Monghyr—Bihar)—Oxygen Gas

—0.55 MCM (existing)—1.00 MCM (after expansion), Dissolved Acetylene Gas—0.10 MCM (existing)—0.20 MCM (after expansion)—(SE)

M/s Punjab Sulphur Products Ltd, 3-E/13, Jhandewalan Extn, Link Road, New Delhi-110055 (Hoshiarpur)—Punjab—Alumina Ferric—10,000 tonnes—(NA)

M/s Sulfur (India) Ltd, 3/189, Vishnupuri, Kanpur (UP)—(Kanpur—UP) Alumina Ferric—15,000 tonnes—(NA)

M/s Shalimar Industries Pvt Ltd, 25, Ganesh Chandra Avenue, Calcutta-700013 (Howrah—West Bengal)—High Molecular High Density Polythene Components—50 tonnes—(NA)

Drugs and Pharmaceuticals

M/s K.C.A. Ltd, Rang Bhavan, Sitladevi Temple Road, Mahim, Bombay-400016 (Bulsar—Gujarat)—Vitamin 'A'—35 MMU—(NA)

M/s Searle (India) Ltd, Ralli House, 21, Raveline Street, Bombay-400001 (Colaba—Maharashtra)—Xanthanoic Acid—20,000 kilograms—(NA)

M/s Boehringer Knoll Ltd, United India Building, P. Mehta Road, Bombay-400001 (Maharashtra)—Phenformin Hydrochloride—1.00 tonne—(NA)

M/s Cibatul Ltd, P.O. Atul (W. Rly), Dist Bulsar (Gujarat) (Valsad—Gujarat)—2 Aminopyrimidine—120 tonnes—(SE)

M/s IDL Chemicals Ltd, Kukatpalli, Post Bag No 1, Sanathnagar (I.E.) P.O., Hyderabad-500018 (AP) (Bangalore—Karnataka)—Mebendazole—5 tonnes, Aminophylline Theophylline 75 tonnes, Nitrazepam—100 kgs—(NA)

M/s IDL Chemicals Ltd, Kukatpalli, P.B. No 1, Sanathnagar (I.E.) P.O., Hyderabad-500018 (AP) (Bangalore—Karnataka)—Nitro Furfuryl Di Acetate—100 tonnes, Orphenedrine—0.600 tonnes, Diphenhydramine—0.5 tonnes, E. Amino Caproic Acid 25.0 tonnes—(NA)

M/s Alembic Chemical Works Co Ltd, Alembic Road, Baroda-390003. (Baroda—Gujarat)—Erythromycin—6 tonnes (additional)—12 tonnes (after expansion)—(SE)

Textiles

M/s Hanspanit Pvt Ltd, C/o Shri S.M. Shah, G.P.O. Box 14446, Hong Kong (Kandla Free Trade Zone—Gujarat)—Pull-overs/Cardigans—24,000 doz. Ladies Blouses—240,000 doz. Childrenwear—24,000 doz.—(NU)

Leather and Leather Goods

M/s Mysore Chrome Tanning Co Ltd, G.E.F. Post, Mysore Road, Bangalore-560026 (Bangalore—Karnataka)—Finished leather from semi-finished skins—9 lakh pieces—(NA)

Shri Anil Kumar, R-62, Greater Kailash, New Delhi (Madras—Tamil Nadu)—Leather Board Sheets—1,800 tonnes—(NA)

Changes in Names (Owners or Undertakings)

(Information pertains to particular licences only)

From M/s Janata Machine Tools Ltd to M/s Chowgule Engineers and Machines Ltd.

From M/s Janata Machine Tools Ltd to M/s Chowgule Engineers and Machines Ltd.

From M/s EID Parry Ltd to M/s EID Parry (India) Ltd.

From M/s Euphoric Pharmaceuticals to M/s Euphoric Pharmaceuticals Private Ltd.

From M/s Nitin Castings Pvt Ltd to M/s Nitin Castings Ltd.

From M/s Industrial & Development Syndicate, Agartala to M/s IDS Roller Flour Mills, Agartala.

From M/s Amin Chand Payare Lal, Jullundur City to M/s Apeejay Steels Pvt Ltd, Jullundur City.

From M/s Chandan Engineering Industries Private Ltd to M/s Kristeel-Shinwa Microponents Private Ltd.

From M/s K.G. Khosla Compressors Pvt Ltd to M/s K.G. Khosla Compressors Ltd.

From M/s Swastik Textile Trading Co Pvt Ltd to M/s Twastik Textile Engineers Ltd.

From M/s K.G. Khosla Pvt Ltd to M/s K.G. Khosla Compressors Ltd.

From M/s Gas Enterprises, Delhi to M/s Baroda Industrial Gas Pvt Ltd, Baroda.

Licences Revoked, Surrendered or Cancelled

(Information pertains to particular licences only)

M/s Forbes Forbes Campbell & Co Ltd, Bombay—Concrete Vibrators—(Revoked)

M/s R.S. Traders, Bombay—Aluminium Lamp Caps for Electric Bulbs etc—(Revoked)

M/s Mohita Alloys and Steels Ltd, New Delhi—Grinding Media—(Revoked)

M/s Amco Batteries Ltd, Bangalore—Dry Cell Batteries—(Revoked)

M/s R.S. Traders Ltd, Bombay—Caps for Fluorescent Lamps etc—(Revoked)

Shri Dinesh C. Gupta, Bombay—Semiconductor Devices and Integrated Circuits—(Revoked)

Shri Arvind Narayandas, Akola (Maharashtra) — Pulp, Packaging, Wrapping, Writing and Printing Paper—(Revoked)

M/s Bhattacharya A.K. & Son (Pvt) Ltd, Calcutta—Threading Tools—(Cancelled)

M/s Perfect Tractors Ltd, New Delhi—Agricultural Tractors 'Hanomag' (32 HP) —(Revoked)

Shri Vinay Rai, New Delhi—Electronic Desk Calculator—(Revoked)

M/s Universal Tyres Ltd, Allahabad—Rubber Conveyor Belting—(Revoked)

M/s GEM Electronics & Electricals (P) Ltd, Jaipur—Semiconductor Devices—(Revoked)

M/s Elgi Equipments Ltd, Coimbatore—Crank Shaft—(Cancelled)

M/s Delhi Cloth & General Mills Co Ltd, Delhi—Cottonseed Oil—(Revoked)

M/s Allied Engineering Works, Delhi—Bright Bars and Conduit Pipes—(Cancelled)

Letters of Intent Lapsed, Cancelled or Surrendered

(Information pertains to particular letters of intent only)

M/s The Delhi Cloth & General Mills Co Ltd, Sugar Divn-Project Section, 18, Barakhamba Road, 10th Floor, Kanchenjunga Bldg, New Delhi-110001 (Rajasthan)—Portland Cement—(Lapsed)

Dr S.G. Chandra, 18, Uma Nilaya, Police Station Road, Basavanagudi, Bangalore-560004 (Karnataka) — Plastic Film Capacitors—(Cancelled)

Shri M.M. Chopra, B-258, Greater Kailash, New Delhi (UP) —Lamp Caps—(Lapsed)

M/s Laxmi Industries, 10, Homi Mody Street, Fort, Bombay-400001 (Gujarat)—Multilayer Dialectic Ceramic Capacitors—(Lapsed)

Shri K.K. Singh, 22, Joy Colony, Palsia, Indore-1 (MP) (Madhya Pradesh)—Forged Hand Tools—(Lapsed)

Shri P. Hariharan, E-2/78, Area Colony, Bhopal (Tamil Nadu)—Vernier Callipers, Micrometers etc—(Lapsed)

M/s Hindustan Conductors (P) Ltd, Dharmam Park, National Highway No 8, Post Box No 69, Nadiad (Gujarat)—Transistor & Diodes and Processed Transistor Chips —(Lapsed)

M/s Laxmi Industries, 10, Homi Mody Street, Fort, Bombay-400001 (Gujarat)—Multilayer Dialectic Ceramic Condensers—(Lapsed)

Shri C.C. Sheth, C/o M/s Chandra Industries, Old Nagardas Road, Andheri (East) Bombay-400069 (Maharashtra)—Drawing Instruments—(Lapsed)

M/s Star Textile Engg Works Ltd, Lakshmi Nivas 8, 8-Bhagat Singh Marg, New Delhi-110001 (Maharashtra)—Hydraulic Copying Attachments and Quick Change Tool Posts —(Lapsed)

Shri Deepak Anantrai, 195, Palace Upper Orchards, Bangalore-500006 (Karnataka)—Relays—(Lapsed)

M/s Hindustan Machine Tools Ltd, 36, Cunningham Road, Bangalore-560052 (Rajasthan)—Centre Lathes (Lapsed)

Shri N. Banerjee, Promoter, M/s Kanpur Construction Co, 15/92, Civil Lines, Kanpur-1 (Pondicherry) — Scooters—(Lapsed)

M/s New Prahlad Mills Ltd, 55, Apollo Street, Fort, Bombay (Himachal Pradesh)—Packing and Wrapping Paper and Boards —(Lapsed)

Shri Ashok Kumar Nanda, 1 E/23, Jhandewalan Extn, New Delhi-110055 (UP)—Engine Valves—(Cancelled)

Shri Ramesh R. Gupta, 32, Sahkar Building, B-Road, Churchgate, Bombay-400020 (Maharashtra) — Gaskets —(Cancelled)

M/s Harman Sales Union, B-50, Connaught Place, New Delhi-110001 (Haryana)—Automobile Gears—(Cancelled)

M/s Diwakar Electronics, 1/5-8, Asaf Ali Road, New Delhi-110001 (Delhi)—High Frequency Induction Heater (60 KV-160 KV)—(Lapsed)

M/s Sheba Fisheries Ltd, Niranjani, No 2, Netaji Marg, Ellisbridge, Ahmedabad (Gujarat)—Processed Marine Products —(Lapsed)

M/s Repetition Parts Private Ltd, Opp Naval Dockyard Colony, L.B. Shastri Marg, Bhandup, Bombay-400078 (Maharashtra)—Gear and Worm Hobs etc—(Lapsed)

M/s Madhya Pradesh Electricals Ltd, 'D' Sector, Industrial Area, Govindpura, Bhopal (Madhya Pradesh—Various types of strips, flats, sections, commutators, segments etc—(Lapsed)

M/s Gammon India Ltd, Civil Engineers & Contractors, PB 9129, Prabhadevi, Bombay-400025 (Karnataka) — Methanol Nitric Acid etc—(Surrendered)

M/s Jayshree Timber Products, Jhandewalan Extn, New Delhi-110055 (Andaman & Nicobar Island, Port Blair)—Plywood —(Lapsed)

Exports of cotton textiles in 1975

EXPORTS OF millmade cotton textiles from India during 1975 stood at Rs 263.56 crores. This falls short of the performance of Rs. 318.95 crores achieved during 1974 which was a record reached under buoyant trading conditions when all commodities enjoyed a sustained demand. However, as compared with the level of Rs 226.35 crores touched in 1973, there was reasonable improvement.

The prices of various staples of raw cotton in the international markets were lower during the year as compared to the corresponding staples in India. Consequently our cotton textiles were uncompetitive in a number of international markets. Exports of piecegoods, in particular, could not be maintained at the level witnessed a year earlier. The unit value realisation had also receded from Rs 3.41 per sq. metre in 1974 to Rs 3.02 per sq. metre in 1975. Consequent to the slack demand for cotton textiles in a number of world markets, the free trade markets like Japan, Hong Kong, Malaysia, Singapore and Indonesia did not buy any quantity of textiles from India.

Sluggish Demand

The mill industry in India passed through another bad year because the manufactures fetched unremunerative prices and the demand from both domestic and export markets was sluggish. Consequently the production of both cloth and yarn in 1975 were lower. The spindle activity during 1975 in the first shift stood at 70.8 per

cent which was considerably lower than the level of 73.7 per cent in 1974. In the second and third shifts also, the spindle activity was lower by 2.8 per cent and 3.5 per cent respectively at 71.7 per cent and 65.3 per cent respectively. The loom activity in the first shift declined from 82.7 per cent in 1974 to 78.8 per cent in 1975. There was also a fall in the loom activity in the second and third shifts from 80.8 and 56.2 per cent in 1974 to 77.0 and 54.4 per cent respectively.

Table I gives the average price of raw cotton in India between 1971 and 1975.

Price Fluctuations

The cotton prices in 1974 like those of all other commodities rose to peak levels. Following the recession, the prices fell back during 1975 but the prices of raw-cotton in the international markets ruled far below than the prices of corresponding staples of cotton in India. It had therefore become difficult for the Indian shippers to maintain the level of their shipments notably cotton piecegoods, and made-up items.

During the year, the U.K. quota was to follow the same pattern of the EEC quotas covering only three groups of cotton textiles viz. millmade cotton cloth, household linen, women's shirts and blouses. The UK government, however, decided unilaterally to follow the pattern prevailing earlier upto the end of 1974 viz. 22 categories of cotton

textiles and quantitative restrictions were placed under what is called a phase-out programme. This runs contrary to the letter and spirit of the bilateral agreement between the UK and India. In the EEC, the bilateral agreement was concluded earlier in the year and will be in force for three years ending December 1977 and provides for the relaxation of a few constraints. The major of them are :

- A quantity not taken by a particular state of the Community can be reallocated to another member state within the overall limits agreed to by the Community;
- There will be no quota restrictions on imports of textiles which are purely for re-export.
- Cotton fabrics of the cottage industry containing less than five per cent man-made fibres by weight will fall outside quota limits.

In the bilateral arrangement with the USA, export of cotton handloom made-ups and garments fell outside quota restrictions. In late 1975, the US authorities decided to include exports of handloom garments in the quota arrangement, on the pretext that handloom garments are not manufactured in the cottage industry nor they are hand stitched/hand embroidered. An Indian delegation discussed the issue in Washington to solve the problem. As a result of the negotiations, new quantitative ceiling were fixed for the quota year commencing from October 1, 1975.

The Generalised Scheme of Preferences (GSP) continued to be in operation during 1975. This scheme has been introduced by the enlarged EEC, Japan, Canada, Australia, New Zealand and Switzerland. The Generalised Scheme of Preferences continued to suffer from the same deficiencies. The only beneficial change

Table I
Average Prices of Cotton in India between 1971 and 1975
(Prices in Rs./candy ex-Bombay)

Variety	1971	1972	1973	1974	1975
Wagad	2,090	1,455	1,950	3,085	2,330
Jayadhar	2,740	1,860	2,445	3,685	2,760
197/3 Khandesh	2,670	2,025	2,470	3,375	2,895
Kalyan	2,505	1,780	2,280	3,305	2,555
Punjab American					
320 F	2,770	1,910	2,440	3,420	2,755
Digvijay	3,230	2,630	3,085	4,260	3,210
L-147	2,940	2,400	2,910	4,025	3,230

introduced by the enlarged EEC was that there was a five per cent growth over the previous quota.

Table II gives the production of cotton fabrics in India during 1975.

The total production of cotton cloth in the mill sector and the decentralised sector during 1975 stood at 80,330 lakh metres. This shows a decline of three per cent from the level of production of 82,839 lakh metres during 1974. The production in the mill sector fell back from the peak level of 43,156 lakh metres in 1974 to 40,322 lakh metres in 1975 or by 6.2 per cent. The production in the decentralised sector continued to maintain an

upward growth, though small from 39,683 lakh metres in 1974 to 40,008 lakh metres in 1975. As compared to the level in 1971, the increase in production during 1975 in the mill sector amounts to 1.9 per cent, while in the decentralised sector, the comparison between the production in the same two years reveals an increase of 17.7 per cent. In the international markets, there is a good demand for wide width sheeting, dobby and jacquard towellings, denims and canvas etc. This could be fulfilled only by increasing the installed capacity in the organised sector.

Table III gives the category-wise production of millmade

TABLE II
Production of Cotton Fabrics in the Mill Sector and in the Decentralised Sector

	1971	1972	1973	1974	1975
Production in the mill sector	39,568	42,449	41,688	43,156	40,322
Production in the decentralised sector (estimated)	33,990	37,770	36,016	39,683	40,008
Total	73,558	80,219	77,704	82,839	80,330

TABLE III
Categorywise Production of Cotton Piecegoods

Year	Coarse	Medium B & A	Fine	Super-fine	Total
1975	5579 (13.8)	29,544 (73.3)	2516 (6.2)	2683 (6.7)	40,322
1974	5541 (12.8)	52,292 (74.8)	2766 (6.4)	2557 (6.0)	43,156
1973	6045 (14.5)	28,376 (68.0)	3683 (8.9)	3584 (8.6)	41,688
1972	5900 (14.0)	31,090 (73.2)	2050 (4.8)	3409 (8.0)	42,449
1971	5025 (12.7)	27,911 (70.5)	2474 (6.3)	4158 (10.3)	39,568

Note: Figures in brackets represent percentage to the total production.

cotton piecegoods during 1975.

The composition in the production of cotton piecegoods underwent some minor changes between various categories. The share of production of coarse fabrics improved from 5541 lakh metres in 1974 to 5579 lakh metres in 1975. There was a short-fall in the production of medium B and A category from 32,292 lakh metres in 1974 to 29,544 lakh metres in 1975. Percentage-wise, the share of this group fell from 74.8 per cent in 1974 to 73.3 per cent in 1975. The production of fine fabrics also fell from 27,661 lakh metres (6.4) per cent in 1974 to 2516 lakh metres (6.2 per cent) in 1975. The production of superfine category fabrics, however, reveals an increase from 2557 lakh metres (6 per cent) in 1974 to 2683 lakh metres (6.7 per cent) in 1975. The production of long staple cotton in India of the categories should give fillip to the production of fine and superfine fabrics.

Cotton Yarn

Table IV gives the count-wise production of cotton yarn during the last few years.

The production of cotton yarn which reached a new peak, in 1974, of 10069 lakh kgs, fell back to a level of 9893 lakh kgs in 1975. In percentage terms, the fall works out to 1.6 per cent. All count groups barring the two groups viz., 21-30s and 31-40s, have registered increase during the year under review. The count group from 1 to 10s rose from 1036 lakh kgs in 1974 to 1068 lakh kgs in 1975. Likewise, the production in the count group 11-20s, improved from 2766 lakh kg to 2955 lakh kgs during the corresponding years. The production in the group

21-30s fell from 3188 lakh kg in 1974 to 2706 lakh kgs in 1975. The production in 31-40s declined from 2039 lakh kg in 1974 to 1927 lakh kgs in 1975. Consequent to the sizeable production of long staple cotton within the country, the production in the count group 41-60s rose from 713 lakh kgs in 1974 to 764 lakh kgs in 1975. The production in the count group 61-80s also improved from 293 lakh kgs to 335 lakh kgs in 1975. The production of count group "above 80s" improved from 104 lakh kgs in 1974 to 138 lakh kgs in 1975.

Table V gives the figures of cloth processed in the mill sector.

Bleached Cotton

The quantity of bleached cotton fabrics, fell from 17,096 lakh metres in 1974 to 16,854 lakh metres in 1975. The production of piece dyed cloth improved marginally from 11,641 lakh metres in 1974 to 11,991 lakh metres in 1975. There was a sharp increase in the production of printed fabrics from 9,543 lakh metres in 1974 to 10,870 lakh metres in 1975. Mercerised fabrics have also registered an improvement from 6383 lakh metres in 1974 to 6800 lakh metres in 1975. There was a fall in the production of sanforised fabrics from 3230 lakh metres in 1974 to 2882 lakh metres in 1975. The production of other chemically processed fabrics suffered a marginal fall from 716 lakh metres in 1974 to 711 lakh metres in 1975.

Table VI gives the exports of millmade cotton textiles during the last five years.

Exports of cotton textiles during 1975 stood at Rs 26,356 lakhs. This reveals a fall of Rs 5539 lakhs or 17.3 per cent

over the record performance of Rs 31,895 lakhs during 1974. As compared with the performance of Rs 22,635 lakhs during 1973, exports during 1975 have fared well. During 1975, exports of cotton piecegoods and cotton yarn suffered a serious setback. The levels of performance of cotton apparel items and cotton hosiery items were however higher than recorded a year earlier. Shipments of cotton made-up items revealed a decline during the year under review.

Piecegoods Exports

Exports of cotton piecegood revealed a considerable short-fall during 1975. Quantitatively, there was a fall for the second year in succession from a record level of 6309 lakh square metres in 1973 to 4498 lakh square metres in 1974 and again to 3323 lakh square metres in 1975. Value-wise, shipments rose from Rs 13,757 lakhs in 1973 to a record of Rs 15,328 lakhs in 1974, but declined to Rs 10,027 lakhs in 1975. The unit value realisation rose from Rs 2.18 per sq. metre during 1973 to Rs 3.41 per sq. metre during 1974. In 1975, the unit realisation stood at Rs 3.02 per square metre, indicating a sharp decline in the prices of cotton textiles in the world markets. Our shipments of cotton piecegoods to the markets such as West Germany, the UK, the USA, Australia, Sudan, Iran and Bangladesh were considerably lower. This shortfall was made good to some extent by increased shipments to Dubai, Saudi Arabia, France, Poland and the USSR.

Exports of cotton yarn, on account of high prices, were considerably lower during 1975. Shipments aggregated to

38.7 lakh kgs, valued at Rs 624 lakhs. This reveals a sharp fall from the level of 114 lakh kgs, valued at Rs 1938 lakhs recorded during 1974. On account of the everchanging policies governing the exports of cotton yarn from this country, overseas buyers have shied away from the Indian market to seek their regular supplies from other producing countries. During 1975, the UK, Czechoslovakia and New Zealand were the major markets for cotton yarn, though their offtakes during 1975 were considerably below the levels of purchases during 1974.

Exports of cotton apparel have grown ten-fold from Rs 1,177 lakhs in 1971 to Rs 11,190 lakhs in 1975, which also compares well with the performance of Rs 9206 lakhs recorded during 1974. The USA, the UK, France, West Germany, Italy, Netherlands, Australia, Sudan, Iraq and Canada have been the important buying countries of cotton apparel from India. Shipments to

the USA sharply rose from Rs 2695 lakhs in 1974 to Rs 5227 lakhs in 1975.

Shipments of cotton hosiery have grown twenty-fold from Rs 37 lakhs in 1971 to Rs 759 lakhs in 1975. This also compares favourably with the performance of Rs 528 lakhs during 1974. Iraq was the leading market in 1975 with a maiden purchase of Rs 178 lakhs. The other leading markets for cotton hosiery items during 1975 were France, Italy, West Germany, the UK,

TABLE V
Cloth Processed in Mills Sector : 1971-1975

Year	Bleached	Piece-dyed	Printed	Mercerised	Sanforised	Other chemically processed
1975	16854 (41.8)	11991 (29.7)	10870 (26.9)	6800 (16.7)	2882 (7.1)	711 (1.7)
1974	17096 (39.6)	11641 (26.9)	9543 (22.1)	6383 (14.8)	3230 (7.5)	716 (1.6)
1973	16602 (39.8)	11851 (28.4)	9462 (22.7)	7695 (18.5)	4058 (9.7)	996 (2.3)
1972	17566 (41.4)	12749 (30.0)	10668 (25.1)	6761 (15.9)	3264 (7.7)	846 (2.0)
1971	16446 (41.6)	11700 (29.6)	9231 (23.3)	7447 (18.8)	3753 (9.5)	836 (2.1)

Note: Figures in brackets represent percentages to the total production in the mills sector.

TABLE IV
Countwise Production of Cotton Yarn

Year	1-10s	11-20s	21-30s	31-40s	41-60s	61-80s	Above 80s	Total
1975	1068 (10.8)	2955 (29.9)	2706 (27.3)	1927 (19.5)	764 (7.7)	335 (3.4)	138 (1.4)	9893
1974	1036 (10.2)	2766 (27.4)	3188 (31.6)	2039 (20.1)	713 (6.9)	293 (2.8)	104 (1.0)	10069
1973	1232 (12.4)	2958 (29.6)	2678 (26.8)	1910 (19.1)	765 (7.7)	273 (2.7)	166 (1.9)	9982
1972	1160 (11.9)	2639 (27.2)	2900 (29.8)	1851 (19.0)	695 (7.2)	281 (2.9)	197 (2.0)	9723
1971	1035 (11.7)	2243 (25.5)	2529 (28.7)	1772 (20.1)	736 (8.4)	279 (3.2)	216 (2.4)	8810

Note: Figures in brackets represent percentage to the total yarn production.

Czechoslovakia, East Germany, Poland, the USSR, the USA and Australia.

Exports of other made-up items recorded a fall from Rs 4892 lakhs during 1974 to Rs 3754 lakhs in 1975. Cotton towels, handkerchieves, sewing thread, bed-sheets, pillowcases, cotton sacks and embroidered cloth were the major items during 1975. If the production base for dobby and jacquard towels can be increased, we will be able to satiate the large demand for such items in the world markets.

Table VII gives the process-wise composition of trade in cotton piecegoods.

Composition of Trade

The share of grey cotton piecegoods in the total exports of cotton piecegoods from India stood at 53.4 per cent in 1971 rose to 62.7 per cent in 1973 and has since declined to 51.9 per cent in 1975. The phenomenal increase in the shipment of greys in 1973 was on account of the commodity boom in that year. The quantity of grey piecegoods in absolute terms has declined sharply from 3954 lakh square metres in 1973 to 2455 lakh square metres in 1974 and to 1726 lakh sq. metres in 1975. Grey drills, grey long cloth, grey sheetings and grey canvas were the items which shared the shortfall in shipments. The UK was the leading market for Indian greys during 1975, taking as much as 494 lakh sq. metres.

Exports of bleached fabrics accounted for 20 per cent of the total exports during 1975. In quantitative terms shipments have considerably receded from 1150 lakh sq. metres in 1973 to 855 lakh sq. metres in 1974 and again to 666 lakh sq. metres in 1975. The USSR was the

leading market for bleached fabrics with an offtake of 261 lakh sq. metres. Bleached sheetings, bleached voiles/mulls, bleached long cloth and bleached shirtings were the major items shipped during 1975.

Shipments of printed fabrics, although in percentage terms increased from 12.5 per cent in 1973 to 18.2 per cent in 1975 in absolute terms, it receded from 789 lakh sq.

metres in 1973 to 603 lakh sq. metres in 1975. Shipments of printed goods to Australia, the USA, Sudan and Iran were considerably lower during the year. Exports to Russia were however well maintained. Shipments of printed goods to the principal Middle East markets like Saudi Arabia were also high.

Exports of piece-dyed goods declined from 327 lakh sq.

metres in 1973 to 318 lakh sq. metres in 1974, and again to 256 lakh sq. metres in 1975. As a share expressed on the total exports, the percentage of piece-dyed goods to total exports of cotton fabrics have improved from 5.2 per cent in 1973 to 7.7 per cent in 1975. Shipments of piece-dyed fabrics to Australia, New Zealand and the USSR were considerably lower during the year. The

offtake of piece-dyed goods by other traditional markets was steady.

Exports of yarn-dyed fabrics suffered a serious set-back. Shipments rose from 89 lakh sq. metres in 1973 to 136 lakh sq. metres in 1974, but fell back by half to 69 lakh sq. metres in 1975. Iran slashed down her offtake of yarn-dyed goods from 62 lakh sq. metres in 1974 to 36 lakh sq. metres in 1975. This accounts for the sharp decline in the overall position. The offtake of yarn-dyed goods by Australia and New Zealand were also lower during the year.

Table VIII gives zonewise exports of cotton piecegoods from India during the last five years.

Fall in Volume

During 1975, there was a fall for the second consecutive year in the total export volume of cotton piecegoods from India. From a peak level of 6,309 lakh square metres (l.s.m.) in 1973, exports fell to a level of 4,498 l.s.m. during 1974 and again to 3,323 l.s.m. in 1975. As compared to 1973, the fall works out to 47.3 per cent during 1975. In order to improve the export qualities of cotton textiles, the quality inspection standard has been raised from Standard III to Standard II and the mills are required to conform to this higher standard for all export markets. After some initial difficulty, the mills are expected to improve their quality standards which will have a beneficial effect in reducing complaints from overseas buyers.

Shipments to Asian zone fell from the peak level of 1,804 l.s.m. in 1973 to 980

l.s.m. in 1975 by almost 45.6 per cent. Iran which had accounted for an offtake of 409 l.s.m. in 1974 restricted her

offtake to 172 l.s.m. in 1975. Hong Kong, Malaysia, Singapore and Japan which were the other major buyers of cotton

piecegoods in 1973, hardly bought any quantity during 1975. Even Thailand reduced her offtake substantially during

TABLE VIII
Zonewise Exports of Cotton Piecegoods : 1971-1975

Year	Asia	Africa	Europe	America	Oceania	Total
1975	980.1	94.1	1757.3	371.8	120.4	3323.7
1974	1234.6	188.7	1888.9	790.1	407.0	4498.3
1973	1804.0	231.3	3029.6	954.2	230.7	6309.8
1972	834.4	295.1	2238.9	780.3	156.9	4305.6
1971	649.8	952.7	1418.8	647.5	223.6	3892.4

TABLE IX
Zonewise Exports of all Cotton Textiles from India in 1974 and 1975

Zone		Cotton piecegoods		Cotton yarn		Apparel Hosiery		Other	Total
Year		L.Sq. Mtr.	L. Rs.	L. Kgs.	L. Rs.	L. Rs.	L. Rs.	madeups	
								L. Rs.	L. Rs.
Asia									
1975	..	980.1	2,780.3	11.3	146.2	377.4	224.2	825.8	4,353.9
1974	..	1,223.6	3,398.4	12.2	155.0	310.3	31.2	1,027.6	4,922.6
Africa									
1975	..	94.1	310.4	6.3	173.7	79.8	10.2	364.8	910.9
1974	..	188.7	639.3	7.8	173.7	66.4	8.3	441.3	1,329.0
Europe									
1975	..	1,757.3	5,382.7	17.4	270.9	4,665.0	329.1	2,085.5	12,733.2
1974	..	1,888.9	6,639.1	88.3	1,514.9	5,158.4	334.2	2,586.5	16,233.1
America									
1975	..	371.8	1,053.9	neg.	0.9	5,774.2	172.7	364.6	7,366.3
1974	..	790.1	2,956.6	0.1	0.9	3,028.6	138.9	644.4	6,768.4
Oceania									
1975	..	120.4	500.6	3.7	61.2	294.3	22.8	133.3	992.2
1974	..	407.0	1,626.4	6.1	94.4	643.2	15.8	192.6	2,642.2
Total									
1975	..	3,323.7	10,027.9	38.7	624.7	11,190.7	759.0	3,754.0	26,356.4
1974	..	4,498.3	15,328.8	114.5	1,938.9	6,206.9	528.4	4,892.4	31,895.4

Note : Figures in brackets represent percentage to total.

TABLE VI
Exports of Millmade Cotton Textiles from India : 1971-1975

Year	Cotton piecegoods		Cotton yarn		Cotton apparel	Cotton hosiery	Other cotton mfrs.	Total
	Qty. L sq. mtrs.	Value L. Rs.	Qty. L Kgs.	L Rs.	L. Rs.	L. Rs.	L. Rs.	Value L. Rs.
1975	3323.7	10027.9	38.7	624.7	11190.7	759.0	3754.0	26356.4
1974	4498.3	15328.8	114.5	1938.9	9205.9	528.4	4892.4	31895.4
1973	6309.8	13757.5	119.3	1307.5	4764.1	174.9	2631.5	22635.5
1972	4305.6	8109.0	222.3	2274.4	2481.7	88.4	2055.9	15009.4
1971	3892.4	6659.5	124.0	1288.5	1177.1	37.7	1722.9	10935.7

TABLE VII
Processwise Exports of Cotton Piecegoods : 1971-1975

Year	Grey	Bleached	Printed	Piece-dyed	Yarn-dyed	Total
	(Lakh sq. metres)					
1975	1726.3 (51.9)	666.9 (20.1)	603.9 (18.2)	256.9 (7.7)	69.7 (2.1)	3323.7
1974	2455.6 (54.6)	855.2 (19.0)	733.2 (16.3)	318.1 (7.1)	136.2 (3.0)	4498.3
1973	3954.0 (62.7)	1150.7 (18.2)	789.1 (12.5)	327.0 (5.2)	89.0 (1.4)	6309.8
1972	2310.1 (53.6)	605.4 (14.1)	920.8 (21.4)	378.3 (8.8)	91.0 (2.1)	4305.6
1971	2078.5 (53.4)	597.3 (15.3)	709.8 (18.3)	393.4 (16.1)	113.4 (2.9)	3892.4

1975. However, the oil rich Middle East countries like Muscat, Saudi Arabia and Dubai increased their offtake substantially from India during 1975.

In the African zone, shipments continued to drift to lower levels. From 188 l.s.m. in 1974 exports fell by half to 94 l.s.m. in 1975. The major market for this zone, viz., Sudan reduced her offtake from 120 l.s.m. in 1974 to 46 l.s.m. in 1975, accounting for almost the total fall in the shipments to this zone. The performance in Ethiopia was also lower during the year. Shipments to smaller markets like Mauritius, Nigeria and Seychelles were steady.

Record Level

Exports to European zone which touched a record level of 3,029 l.s.m. during 1973 fell back to 1,888 l.s.m. in 1974. Shipments during 1975 deteriorated to a still lower level of 1,757 l.s.m. Shipments to France, the USSR and Poland were higher during 1975. However, other markets such as Italy, West Germany, East Germany and Sweden considerably reduced their offtake during the year.

In the American zone, shipments stood at 371 lakh sq. metres during 1975 which is far below the level of 790 l.s.m. in 1974 and the record level of 954 l.s.m. in 1973. Exports to the USA, the major market in this zone, fell by more than half from 710 l.s.m. in 1974 to 328 l.s.m. in 1975. Exports to Canada were also lower at 38 l.s.m. during 1975 as against 74 l.s.m. in 1974.

Shipments to Oceania which rose continuously from 156

lakh sq. metre in 1972 to 407 l.s.m. in 1974, fell back to 120 l.s.m. in 1975. The major market in this zone, viz. Australia, reduced her offtake from 209 l.s.m. in 1974 to 85 l.s.m. in 1975. The shipments to New Zealand also declined from 134 l.s.m. in 1974 to 23 l.s.m. in 1975. Shipments to Fiji were also lower.

Table IX gives the zonewise exports in value terms of all millmade cotton textiles, during 1974 and 1975.

Exports of all cotton textiles fell from Rs 31,895 lakhs in 1974 to Rs 26,356 lakhs in 1975. While shipments of piecegoods, made-ups and yarn fared badly exports of cotton apparel and hosiery reached new heights. Garments rose from Rs 9,206 lakhs in 1974 to Rs. 11,190 lakhs in 1975, while hosiery goods rose from Rs. 528 lakhs in 1974 to Rs 759 lakhs in 1975.

Major Buyers

Europe emerged as the major buyer for all cotton textiles items accounting for as much as Rs 12,733 lakhs during 1975 or 48.3 per cent. The American zone was the second major market accounting for 27.9 per cent in 1975. European and American zones together account for as much as 76 per cent of the total exports of cotton textiles from India during 1975. Shipments of the individual items have also followed the same pattern, except that cotton yarn was shipped more to the Asian/African zones and some quantity to the Oceania. The demand for cotton garments and hosiery was well sustained but for the limitations on our exports by way of quota restrictions, shipments would have been even higher.

TABLE X

Major Consumers of Indian Cotton Piecegoods in 1974-1975

1974			1975		
Rank	Country	Lakh sq. metres	Rank	Country	Lakh sq. metres
1.	USA ..	710.6	1.	UK ..	598.4
2.	UK ..	690.7	2.	USSR ..	595.3
3.	USSR ..	530.7	3.	Nepal ..	364.1
4.	Iran ..	409.6	4.	USA ..	328.1
5.	Nepal ..	306.8	5.	Poland ..	296.1
6.	Australia ..	255.3	6.	Iran ..	172.2
7.	Poland ..	144.2	7.	Saudi Arabia ..	105.0
8.	New Zealand ..	134.4	8.	France ..	90.9
9.	West Germany ..	133.8	9.	Dubai ..	88.2
10.	Bangladesh ..	132.4	10.	Australia ..	84.9
11.	Sudan ..	120.9	11.	Bangladesh ..	66.3
12.	Canada ..	74.7	12.	Sudan ..	46.5
13.	France ..	67.4	13.	Canada ..	38.2
14.	Sweden ..	59.6	14.	Muscat ..	37.4
15.	Hong Kong ..	54.3	15.	Italy ..	35.7
16.	Hungary ..	51.9	16.	West Germany ..	35.2
17.	West Germany ..	51.1	17.	Bahrain ..	29.8
18.	Italy ..	48.2	18.	Bulgaria ..	28.0
19.	Saudi Arabia ..	41.7	19.	New Zealand ..	23.0
20.	Dubai ..	39.2	20.	Sweden ..	20.3
			Sub total		3083.9
21.	Afghanistan ..	34.2	Or 92.8 per cent of the total exports of 3323.7 lakhs sq. metres.		
22.	Iraq ..	33.8			
23.	Malaysia ..	31.5			
Sub total		4157.0			

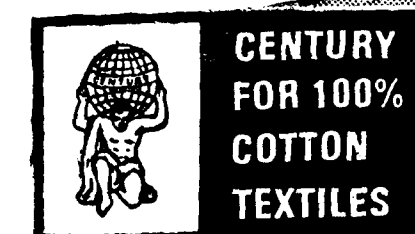
Or 92.4 per cent of the total exports of 4493.3 lakh sq. metres.

Source : "India's Exports of Cotton Textiles in 1975", The Cotton Textiles Export Promotion Council.

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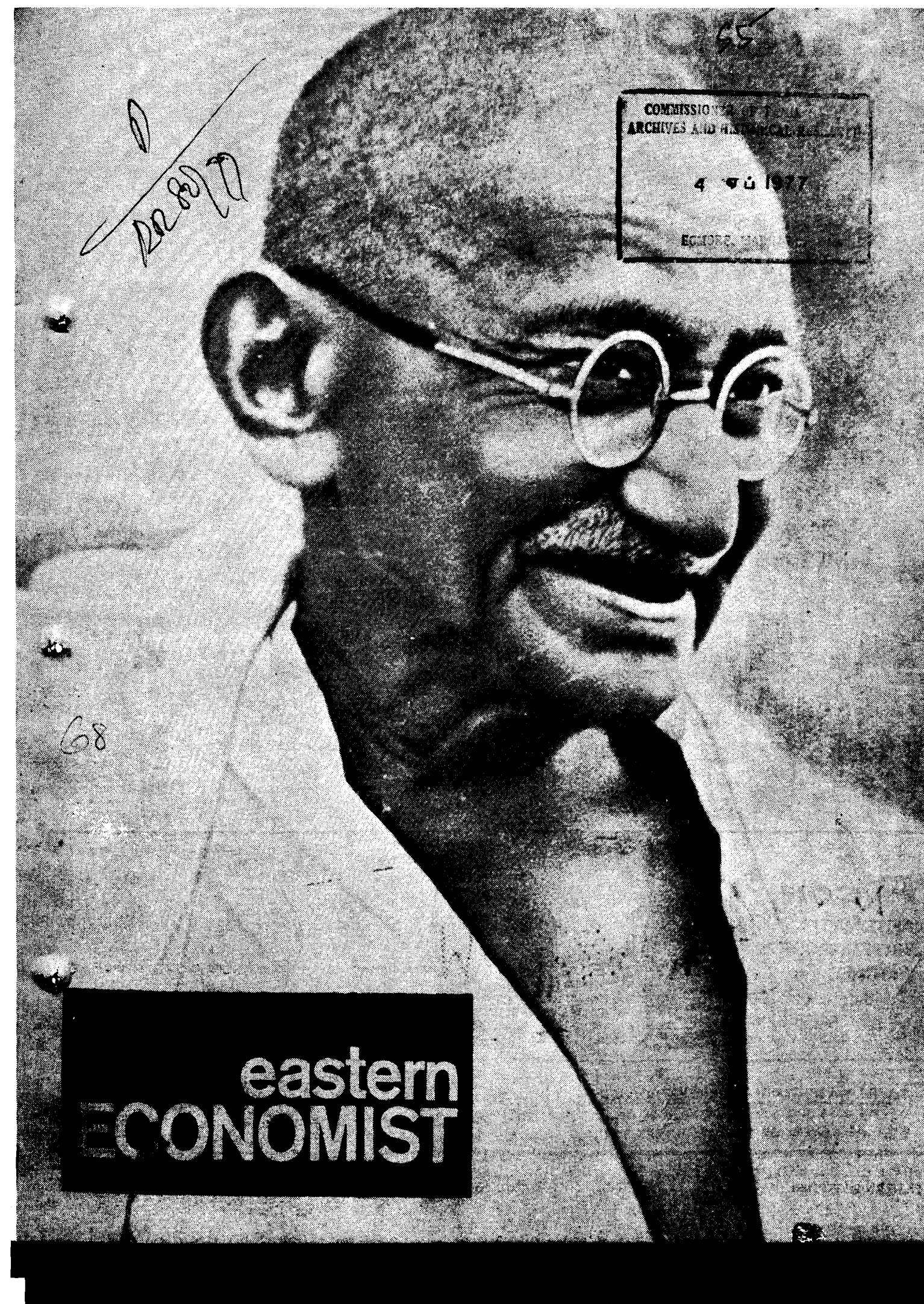
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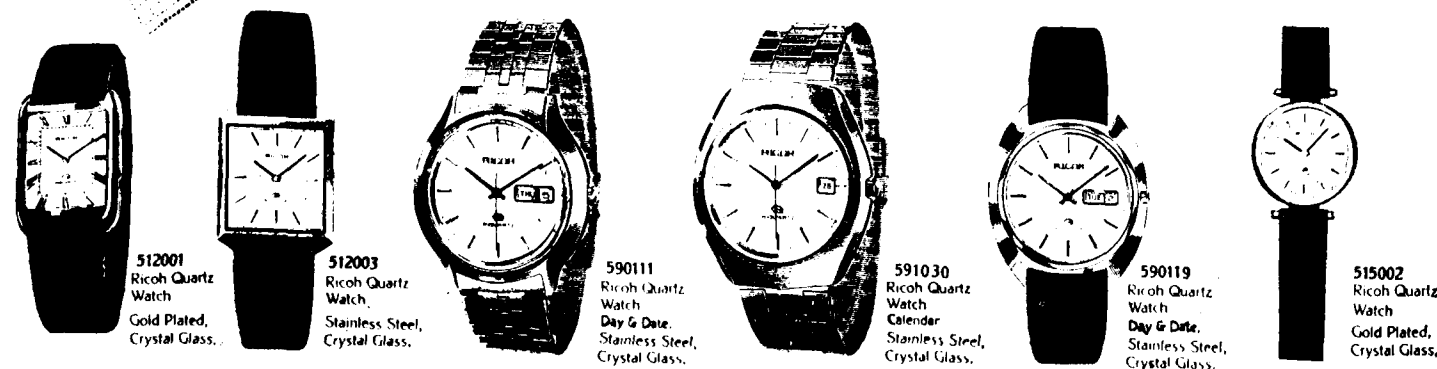
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A rising in the north

THE NORTHERN states rose in revolt—and the Congress party found itself down and out. The result is wholly gratifying. An evil attempt at establishing a tied and tutored “democracy” in our country has collapsed in the nick of time. How this result has been achieved is a question which may have many answers and these need to be carefully sorted out. It need not be doubted, of course, that a vast number of people from among the many, many millions who voted against the Congress candidates, did so because it did comprehend even the finer points of the distinction between democracy and demagoguery, between government by the norms of a parliamentary system and rule or reign through a personality cult. It may be assumed also that an equally large number of voters sensed that the “gains of the emergency” even to the extent they were real, were not worth the relentless repression of all political opposition and the savage suppression of civil liberties which the government resorted to in order to make the emergency work. All the same, it would be grossly naive to assume that all of those hordes of citizens who went to war with the ruling party that was, that was, at the hustings, had their ire aroused because Mrs Gandhi and her advisers had violated the Constitution of the Republic of India.

If hundreds of thousands of men and women from the villages of the teeming “Hindi belt”, the industrial townships of Punjab, Haryana, Uttar Pradesh, West Bengal and Maharashtra and the slums and government offices of the metropolitan or other cities in the states north of the Vindhyas went to the polling booths with anger in their heart and turned their faces away from the “cow and calf” on their ballot papers, it was essentially because the political and bureaucratic excesses of the emergency and the criminal act of the cloak-and-dagger men who exploited it to their own advantage had hurt to a greater or less extent the selves or sensibilities of themselves or their neighbours. The Swaran Singhs, the Gokhales and the Niren Des might have outraged the conscience of the nation by the cavalier manner in which they discussed or dealt with the right of the citizen in a democracy to the rule of law, but it was the Bansilals, the Bhagats and the (unspeakable) Shuklas who saw to it that the Nehru name became synonymous with a tyranny that dug deep into the bowels of individuals and the everyday existence of ordinary families.

Strangely enough, all this—but also something more—seem to explain how the Congress has managed to survive in the south. To start with, Mr Sanjay Gandhi's blitz against fertility in the male had stopped short of the Krishna if not the Godavari. Secondly, the DMK government in Tamil Nadu—whatever its faults—had not left much scope for the Jag Mohan-Vidya Behn Shah-Tamta tactics of urban beautification. Mr Karunanidhi had established that, while graft was easy and might be admissible in slum clearance, intimidation and other strong-arm techniques were dispensable. In the third place, apart from stray abominations such as the barbarities perpetrated against some individuals such as Snehlata Reddy and Lawrence Fernandez in Karnataka, the southern states were mercifully spared the kind of organized gangsterism symbolised by the mid-night knock on the door which disgraced the mopping up operations directed by the powers-that-be against their political opponents or personal enemies in places such as Haryana, Madhya Pradesh, UP, Bihar, Gujarat, Maharashtra and Delhi. The DMK men were no doubt hounded, harassed and impounded in Tamil Nadu, but there was a feeling in that state that many of them deserved what came to them. It is not at all rare in the history of governments and peoples for the persecuted to fail to enlist sympathy because they have succeeded only too well by their conduct earlier in persuading the public that hanging might be too good for them.

Hence the absence of any sweeping anti-Indira or anti-Congress current in the south. Mr Asoka Mehta's phrase about “from Kashmir to Kanyakumari” was geographically impressive, but politically inaccurate. There now remains the amazing

roul of the Janta or its allies in this part of India to explain. The case of Kerala is simple enough. It is also a straight forward one. The Achutha Menon government had given the state more political stability and better administration than it had seen at any time in the past. This reasonably broad-based coalition seemed to reflect well enough the range of political affiliations or sectional interests of the people of Kerala. In any case, with growing prosperity, they seem to be losing interest in the excitement of more "extreme" politics; the CPI(M), clearly, is no longer the force it was in coconut-land. In Karnataka and Andhra there has been no functioning opposition, whether above ground or underground, for quite a long time—much longer, in fact, than the emergency. The counter-force to the Congress got together in a hurry in these

turning approver in time. The Kamaraj Congress, which is in effect the Janta party in the south, was landed in a tragic situation. Not having enough financial or other resources to enter the contest in a sufficient number of constituencies, it blundered into a half-hearted electoral understanding with the DMK. Thereby it got caught in a common debris. It is possible that the Janta party in Tamil Nadu might have got more than the three seats it actually won had it gone it alone. Even so the final results would not have been materially affected. The problem was that there was no sufficiently

dynamic emotive force working for the Janta party in this state. Had Rajaji or Kamaraj been alive, things might have turned out differently. The Tamil country, however, could identify itself with the nation only through the adoption of a leader of national dimensions. Gandhi and the Gandhian leadership brought about this synthesis during the freedom struggle and thereafter. The Nehru name carried the magic forward for three decades. Mrs Indira Nehru Gandhi has shown that she could exploit at least this southern tradition to the last despite the rising in the north.

Export prospects

WITH OUR exports during the first ten months of the current financial year around Rs 3,979.4 crores exceeding those during the whole of 1975-76 by nearly Rs 37.8 crores, the expectation which came to be entertained a couple of months ago that the year would end with approximately Rs 4,800 crores export realisation appears to be materialising. This would mean that whereas compared to the last year, exports this year would increase by about Rs 820 crores, they would exceed the target set for the year by nearly Rs 300 crores. No small accomplishment, indeed, especially when note is taken of the fact that exports of sugar and silver, which imparted substantial buoyancy to exchange earnings last year, would register a marked decline this year. Sugar exports this year may not be even half of what they aggregated to last year (Rs 472.3 crores).

heartening performance

Against the international background, our export performance this year as well as in 1975-76 can be termed heartening. Last year our exports registered an increase of slightly over 18 per cent, whereas the global trade grew only by about six per cent. This year the world exports are expected to record approximately 12 per cent growth. Our exports, on the other hand, may go up by slightly over 20 per cent. This should go some way in correcting the persistent decline in

our share in global exports till 1974-75. By that year, our exports had come to constitute just about 0.5 per cent of global exports, as against 1.2 per cent a decade earlier. Last year this percentage worked out to approximately 0.54 per cent. Some further modest improvement can be expected in this percentage this year.

appreciable increase

Against the sharp drop in the exports of sugar, substantial gains are anticipated to accrue in our exports of several other commodities. The latest commoditywise data available for the eight months to November suggest that the items the exports of which went up appreciably during this period included iron and steel products (+Rs 134.3 crores), handicrafts (+Rs 115.4 crores), engineering goods (+Rs 95.3 crores), oilcakes (+Rs 78.2 crores), finished leather (+Rs 41.8 crores), fish and fish preparations (+Rs 41.2 crores), basic chemicals, pharmaceuticals and cosmetics (+Rs 32.8 crores) and coffee (+Rs 32.7 crores). Exports of tea and iron had registered moderate increases to the extent of Rs 18.4 crores and Rs 15.8 crores, respectively. The export earnings went up moderately also in the case of cashew kernels, fresh and frozen meat, cotton piecegoods (both mill-made and handloom), other cotton manufactures, cotton apparel, leather and leather manufactures, coir products and a host of other items. Apart from sugar

and silver, the prominent commodities the exports of which suffered included edible oils and jute manufactures.

The progress of exports during the recent months and the state of order books suggest that exports of engineering goods, iron and steel and leather and leather products would show a very impressive increase during the 12 months to March. A major breakthrough has been achieved in the exports of engineering products and iron and steel, particularly in the west Asian and the other neighbouring developing countries thanks to going in a big way for undertaking turn-key projects there—both civil construction and industrial projects. Exports of finished leather and leather goods are picking up well to the western advanced countries.

larger exports

While in the case of several items, particularly iron and steel, engineering goods, leather products, tea, coffee, etc., the quantities exported this year have been significantly larger, in the case of some of these items, especially tea, coffee, handicrafts and such other items as fish and fish preparations, there is stated to have been some heartening improvement in the price realisation also.

The improvement in the terms of trade in regard to tea and coffee can be expected to be maintained for some time. Due to the policy of fostering value-added exports of leather and its products, the exchange earnings from this item too can be anticipated to grow in the coming year. But the same cannot be assumed in the case of iron and steel, food items and some other items of export. The current recessionary trends in the global and steel market can be anticipated to have a significant bearing on our exports of iron ore and ferro-manganese. The international competition in the export of iron and steel products too can be expected to become more intense, particularly from Japan and western Europe. It may, therefore, be difficult to maintain the exports of these raw materials as well as products after a few months according to the recent experience. The internal demand for steel should also grow with the envisaged stimulus to house construction activity at home, particularly in the public sector

enterprises. The domestic sales of steel are said to have gone up by about 21 per cent during the 10 months to January—from a monthly average of 3.94 lakh tonnes during this period last year to 4.62 lakh tonnes. In February, the domestic sales, it is understood, touched the level of 5.48 lakh tonnes. The export realisations from iron ore, ferro-manganese and iron and steel products, thus, may not be kept up at high levels despite the efforts being made to negotiate better prices for iron ore exports.

In the case of textile exports, the resistance being encountered in the European Economic Community and the United States as well as the keen competition from Hong Kong, Japan, Taiwan, etc., are negative factors to be contended with. The recent clamour for the curtailment of tea exports in the interest of containing the prices in the domestic market may bring down these exports in physical terms. But the firmness in the international market due to below-average output in the competing countries can mitigate to some extent the rigours of smaller physical exports. The future export performance on the engineering front depends a great deal on the care taken to execute the orders received recently. If these orders, particularly those for turnkey projects, are fulfilled according to the tight schedules governing them and we are scrupulous

about quality, the uptrend in these exports, in fact, may gather momentum.

There is stated to be some revival of demand for our jute goods. This is a helpful factor for our export performance. The international sugar market too should improve somewhat if the current efforts of the major sugar exporting countries of the western hemisphere to secure a minimum price of Rs three per kg fructify. The uptrend in the overall global trade, if maintained, also should help in introducing more items in our export list, the most important among them being electronic products.

The overall export outlook in the near future, thus, continues to be quite promising despite the fact that, as indicated above, there may be setback to exports of some items, either due to recession in international prices or growth in the domestic demand for them. But if we have to take advantage of the improved outlook, care has to be taken that not only the export drive is vigorously kept up but also inflationary tendencies in our economy are contained. The uptrend in our price level during the recent months, though it still continues to be moderate compared to the rate of inflation in several advanced countries, surely, can erode considerably the advantage which we could derive from the containment of

Eastern Economist 30 Years Ago

MARCH 28, 1947

The coffee industry has made remarkable progress in the early post-war era. In 1946, the industry set a new production record by producing more than 25,000 tons of coffee or about 50 per cent more than the previous year. Outstanding among the war-time gains to the industry has been a persistent rise in the internal consumption of coffee. It is estimated that during the war years, consumption in the country amounted to 17,000 tons as against 7,000 tons before the war. At present, it is gratifying to note that the home market can absorb almost the whole normal production of the country. This satisfactory position is mainly attributable to the sales promotion activities of the India Coffee Board. The sales turnover of coffee houses maintained by the Board

in different parts of the country amounted to Rs. 45 lakhs as against Rs. 73,353 in 1939-40. The habit of drinking coffee is likely to spread with the rise in the standard of living of the people, if accompanied by strenuous propaganda for this beverage. Since the war, the quantity and direction of coffee exports has changed a lot. Before the war, France was the leading buyer, but during the war years, off-take by UK, Ceylon and Iraq increased considerably. As compared to the pre-war average of 8,000 tons, exports of coffee came down to 3,000 tons in 1943-44, declined further to 1,292 and 1,437 tons in 1944-45 and 1945-46 respectively. If efforts are made to recapture pre-war markets, a considerable export trade in coffee can also be built up.

Father of the Nation

We, in *Eastern Economist*, have great pleasure in carrying a picture of Gandhiji on the cover page of this issue. On July 11, 1975, we published a cover picture of him, walking away, with his back to the viewer. The censor cut out the caption "Whither India?" We repeated the censored picture for the next two weeks. Then we were asked why we were publishing this picture again and again. The meaning, we replied, was self-evident; Gandhi has turned his back on us. All this over the phone. The result was that the entire picture was censored then and there and the journal appeared without a front cover from August 1 onwards, until we hit upon the idea of repeating a picture of Nehru planting a sapling. The sapling of a free India? The censor dared not touch the picture of the father of the (then) prime minister, although he had "killed" earlier the picture of the Father of the Nation.

states on the eve of the poll was in fact a spent force even before it took the field.

There is still Tamil Nadu. The voting has made it clear that people's anger against, disgust with and distrust of the DMK, thanks to that party's record of institutionalized corruption, have become rooted beyond the point of forgetting and forgiving. The electorate's dominant mood clearly was that whoever opposed the DMK deserved to win. The Congress party has been able to cash in on this sentiment, particularly through its alliance with the AIADMK, which seems to have successfully lived down its ancestry by

the price level between September, 1974, and June last year. Currently, the whole-sale prices index has marginally exceeded the 1974 peak level. More important, however, is the fact that the inflationary

tendencies are gathering momentum. The poll-eve concessions announced by several state governments will only add to the inflationary pressures. Serious thought needs to be bestowed on this issue.

Too hot to drink

THE INDIAN producers of coffee and tea would not have imagined in their wildest dreams that there would be an unprecedented boom in world prices and the major consuming countries in the world would compete actively for snapping up whatever supplies of these beverages are available. The flare up in coffee prices has of course been in evidence for over a year now though it was not anticipated that the fantastically high prices would be sustained over a long period. The expectations of some international dealers of the drop in the prices of coffee have not materialised and there is a virtual scramble for Indian coffee and the Coffee Board is finding it extremely difficult to meet the needs of its regular customers.

creditable performance

Even by the middle of last year world prices had more than doubled in a few months and it was felt that foreign exchange earnings through exports of over 56,000 tonnes would constitute an all-time record of Rs 100 crores. This performance should be considered highly creditable as the value of exports in 1974-75 was only Rs 51.36 crores. The recent developments, however, have come about in an unexpected manner as the Brazilian crop has again been disappointing and availability is likely to be short of earlier estimates by 3.5 million bags, at six million bags. With no significant increase in exportable surpluses of other major producers, hectic buying has led to unbelievable rise in prices and the London quotation crossed the £4,000-mark early this month and there has since been a further rise to over \$7000 per tonne in New York.

It is hard to believe that the present high prices will be maintained in the coming months. However, the quotations

for forward position several months ahead are unchanged and there is even a premium at some stages. Will it be justifiable then to assume that the average prices realised on exports in 1977-78 will be £3000 per tonne? Indian exports can be easily 58,000 tonnes as it is expected that the 1976-77 crop will exceed easily 95,000 tonnes, and the yield in 1978-79 too may be even 100,000 tonnes. The foreign exchange earnings secured through coffee can thus be even Rs 260 crores which is equal to the contribution likely to be made by tea in 1976-77.

one-way rise

The Coffee Board has been carefully regulating releases at the export auctions with a view to securing maximum advantage for the growers. But the actual exporters have derived greater advantage out of the purchases in the past few months on account of the one-way rise in prices. It has been possible for them to overcome more than fully the losses sustained in the last quarter of 1976 when there was an abrupt rise in the export duty to Rs 13,000 per tonne from Rs 5,000 per tonne. There has naturally been keen bidding at the recent auctions and the price fetched was around Rs 40,000 per tonne exclusive of export duty and other levies.

Even allowing for freight and other charges the profit margin is quite handsome as available stocks can be easily disposed of in a sellers' market. Not long ago the coffee growers were happy if a net price of Rs 15,000 per tonne could be realised on exports. They cannot probably now grumble that the export duty is burdensome though the Karnataka government can legitimately complain that it is losing considerably by way of its share as taxes on profits of coffee

producers, because of the levy of high export duty. The revenue realised by the centre in 1977-78 can be even Rs 75 crores assuming that there is no change in the export duty. If anything, the central exchequer may be tempted to raise the duty to even Rs 15,000 per tonne if world prices remained around £4000 per tonne. Apart from the windfall revenues, the foreign exchange earnings will be useful in implementing Plan schemes. There is of course no dearth of foreign exchange resources and with the prospect of even a trade surplus in 1977-78, the union Finance ministry is likely to feel embarrassed that the allocations in foreign exchange for Plan purposes would serve no useful purpose unless some novel methods were devised for realising counterpart rupee funds.

internal prices

Happily there has been no abnormal rise in prices in the internal auction. For a time, it was feared that inadequate releases might have a disturbing effect. As arrivals against the new crop were delayed and export commitments had to be fulfilled, open market prices tended to rise and only with the larger releases at recent auctions a further increase in values has been prevented. The coffee addict may however complain that there has been a rise of over 40 per cent in 12 months at the retail end and coffee depots cannot meet the needs of all consumers. The system of issuing rationed quantities at fixed prices in some centres is appreciated but the full requirements of card holders cannot be met, not to speak of those of all consumers at the lower fixed prices.

The Coffee Board however may claim that it had done a good job as the average price is only Rs 16 per kg against the world price of Rs 65 per kg. The system of pooled sales has been helpful in preventing a flare up in internal prices as has happened in the case teas, at the recent internal and export auctions. There will be no shortage of coffee for the home market as a quantity of 38,000 tonnes can be earmarked for its use. It may however be said that another 5,000 tonnes of exports can fetch foreign exchange earnings of over Rs 30 crores. This quantum is not needed in the present context of affluence in foreign exchange reserves.

What is needed is internal price stabilisation without exports inducing inflationary effects.

The south Indian tea producers also are extremely happy. In spite of unfavourable weather conditions in 1976 at some stages, the output of estates in the southern region has been quite satisfactory at 110 million kg against 106.6 million kg in 1975. The spurt in London prices has come about unexpectedly as a rise of over 70 per cent has been recorded in less than seven months. The boom has been pronounced particularly since January and at the latest Cochin auctions CTC grades were fetching double the prices secured at the same time in 1976. While latest prices are double those of the same week in March last year, the average since the beginning of this year is higher by more than 50 per cent as compared to the average for the corresponding period in 1976. The question is for how long the uptrend will last and to what extent Indian exports can be maximised.

bumper profits

As north Indian teas may be available in volume only from April, the holders of stocks out of the output of last year are realising bumper profits. The south Indian tea estates on the other hand, are producing teas all the year round and with a careful policy, high prices are being realised on current production. Even if an average price of Rs 15 per kg can be realised on aggregate exports in 1977-78 the foreign exchange earnings can be Rs 350 crores. However, having regard to the fact that the current price is over Rs 20 per kg, an average of Rs 18 per kg can secure foreign exchange earnings of over Rs 410 crores. There is, therefore, the prospect of coffee and tea earning through exports as much as Rs 600 crores in 1977-78 on a conservative estimate and even Rs 650 crores with the realisation of higher average prices. These earnings will be Rs 250-300 crores more as compared to 1976-77.

The sudden rise in world prices and free bidding at the internal and export auctions have resulted in a concurrent rise in internal prices and the government of India is concerned about the abrupt rise in the cost of a popular beverage. The packeting companies are feeling

awkward as there is a rush for their packets which are sold at fixed prices. The changes in selling prices can be effected only with reference to the government and it remains to be seen how packeted teas will be marketed in the coming months. There is, perhaps, no alternative to levying a high export duty on tea.

A decision in this regard may be taken after the new Parliament is formed and the new government takes charge. A specific duty of Rs 3 per kg can be realised or it can be stipulated that there can be varying specific duties on the basis of the prices realised for different grades. In that event

the exchequer can secure revenues of Rs 60 crores in a year which can be utilised for developing the sick gardens and maximising production. It is needless to say that the tea and coffee producers should utilise the present opportunity for improving the yield per acre, and adopting modern practices in all estates so that a larger output can be achieved even while replantation programmes are implemented vigorously. It may even be necessary to delay replantation programmes in some cases if it is found that the existing acreage can help to realise larger foreign exchange earnings.

Public sector : improving performance

A RECENT review of public sector undertakings for 1975-76 reveals an impressive all round growth in terms of turnover, capacity utilisation, generation of internal revenue and foreign exchange earnings. The turnover increased by 14 per cent in 1975-76 to Rs 11,688 crores against Rs 10,212 crores a year earlier. When seen against the turnover of Rs 3,310 crores in 1970-71, the performance for 1975-76 seems remarkable showing a rise of 250 per cent in five years. The gross profit before interest and tax in 1975-76 was Rs 668 crores against Rs 146 crores in 1970-71.

resource mobilisation

The improvement in turnover and profits has been accompanied by an increase in resource mobilisation for the Plan through the payment of dividends, interest, income tax and excise duty. The contribution under these categories during 1975-76 was Rs 1,368 crores as against Rs 1,130 crores in 1974-75. This contribution during the first two years of the fifth Plan therefore added up to nearly Rs 2,500 crores against Rs 3,120 crores for the entire fourth Plan period.

The public sector has shown a good performance in the field of exports too. A number of heavy equipment manufacturers such as BHEL and HMT have

found markets abroad for their products and have earned substantial foreign exchange. Moreover, the State Trading Corporation and the MMTC have also made significant contribution, so that the foreign exchange earnings of the public sector amounted to Rs 1,536 crores in 1975-76 as against Rs 1,113 crores during 1974-75 and only Rs 675 crores in 1973-74.

public sector contribution

The recent improvement in the foreign exchange reserves therefore has received some contribution from the public sector units. Prospects of a still better performance in this field are bright in view of the fact that the products of a number of public sector units are finding favour in Arab and other international markets.

Much of the gain in turnover has been achieved through higher capacity utilisation which, in the case of the manufacturing group of industries, went up to 69 per cent in 1975-76 as against 45 per cent in 1973-74. Capacity utilisation in steel industry has been reported to have reached 90 per cent, with Bhilai achieving over 100 per cent utilisation. Rourkela achieved a utilisation of 91 per cent while Durgapur approached 72 per cent. This improved utilisation has shown spectacular results in the steel industry, where the position regarding availability of

steel has changed from one of chronic shortage to a comfortable surplus. Capacity utilisation in some of the refineries of the Indian Oil Corporation has also gone beyond 100 per cent. Most of the engineering industries also improved their utilisation, yielding increased range of products and output.

Some of the public sector undertakings have complained that the relatively large debt component in their capital has had an adverse effect on their profitability, as interest was being paid even before the project went on stream. This argument is valid only in the initial stages but once the unit starts functioning, it should make provision for the interest in the same way as private sector units provide for the dividend on equity capital. A comparison of the working of the public sector with the private sector companies in a study undertaken by the Economic and Scientific Research Foundation revealed that the cost of borrowing for the public sector has been lower than that of the private sector. During the years 1970-71 to 1973-74, for instance, the average cost of borrowing, calculated as percentage of interest paid to total borrow-

ing has been around 5.5 for the public sector as against nearly 9 for the private sector companies. Most of the public sector units secured cheap credit from financial institutions. The private sector companies, on the other hand, tried to keep the ratio of inventories to capital employed low in order to reduce the quantum of interest to be paid on borrowings. In the case of the public sector, this ratio of inventories to capital employed has always been higher than that of the comparable units in the private sector. This is an area where the public sector can still improve its performance.

The public sector units claim to be model employers, by providing residential accommodation to their workers. At the same time, expenditure on townships is cited as a factor contributing to increased costs which bring down profitability. It may be pointed out that there has possibly been some avoidable expenditure on this account, though it cannot be forgotten that most of the public sector units are located at places away from urban complexes so that residential accommodation has neces-

sarily to be provided. The recent review of the public sector reveals that the number of houses provided in public sector units has already crossed the 300,000 mark. At least one benefit of this expenditure in favour of labour is the comparatively low time spent by the latter in reaching their places of work.

Although sufficient information has not been made available on cost-price relationship, it appears that in many fields the costs in the public sector continue to be high when compared to the similar products in the private sector or similar imported products. For instance most of the products of the IDPL have prices which are substantially higher than those of the import prices. Similarly, Bharat Electronics has been selling products at prices which are three times those of the comparable imported products. Although it will not be possible to precisely locate the reasons for the differences in costs without sufficient facts, it is obvious that there is considerable scope for improvement in productivity, including selection of proper raw materials as well as plant and machinery.

RECORDS AND STATISTICS

A Quarterly Bulletin of "Eastern Economist" this publication surveys important developments in each quarter in the various fields of the national economy as well as in the world economy, organizes its material in convenient form and illustrates it with diagrams, graphs and charts. Its features are a business roundup, an analysis of markets and an investment supplement.

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CAPITAL'S CORRIDORS

R. C. Ummat

Congress rejected • Morarji Desai takes over as new PM

THE NATION has given its verdict. The Lok Sabha election, the results of which were announced early this week, contained many surprises—not a few very startling.

Although, as the polling dates drew near, it came to be felt that the Congress might not be returned to power at the centre, yet even the ardent supporters of the Janata party and its allies could hardly predict that the strength of the Congress and its allies would be reduced to just about one-third of the total membership of the Lok Sabha from over two thirds in the dissolved House.

Of the aggregate 542 seats results have been announced for 539 seats. In two constituencies—one in Himachal Pradesh (Mandi) and the other in Jammu and Kashmir (Laddakh)—polling is yet to be completed as some areas in the two constituencies are snow-bound. Their results would be available some time in May. In one constituency—Ferozepore in Punjab—repoll has been ordered due to ballot papers being damaged or destroyed in significant numbers during the disturbances which marred counting.

route in the north

Of the 539 results declared, 153 went in favour of the Congress, which ruled the country for nearly 30 years. The allies of this party captured 31 seats—the Communist Party of India (CPI) seven, the All-India Anna Dravida Munnetra Kazhagam (AIADMK) 19, the Muslim League two; the Kerala Congress two and the revolutionary Socialist Party (RSP) one. The RSP, in fact, won three seats, but adjustment with the Cong-

ress was only in Kerala. The other two seats were won by this party in West Bengal.

Against the above tally of the Congress and its allies, the Janata party secured 268 seats and among its allies the Congress for Democracy (CFD) 28 seats, the Communist Party of India (Marxist) CPI(M) 22 seats, the Akali Dal eight seats; the Peasants and Workers Party (PWP) five seats; the Republican Party of India (Khobragade group) three seats and the DMK one seat. The remaining seats were shared by independents and some regional parties. Two independents won with Congress support and a couple of others with the assistance of the Janata party.

startling feature

Another very startling feature of the election results has been that whereas the Congress has suffered practically complete rout in the northern states of Himachal Pradesh, Punjab, Haryana, Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar and West Bengal and the union territories of Delhi and Chandigarh and to a substantial extent in Orissa, it has been returned to the new Lok Sabha with a resounding victory in Andhra Pradesh and Karnataka and along with its allies in Kerala, Tamil Nadu and Pondicherry. In Gujarat and Maharashtra, the results have been more balanced, although the Congress and its allies have not fared as well as was expected in Maharashtra and the Janata party and its allies have conceded more seats than anticipated to the Congress in Gujarat. The CPI has shared the fate of the Con-

gress. Its seven representatives have been elected from Kerala and Tamil Nadu.

The results from the states of Jammu and Kashmir, Meghalaya, Nagaland, Sikkim and Tripura and the union territories of Andaman and Nicobar Islands, Arunachal Pradesh, Dadra and Nagar Haveli, Goa, Daman and Diu, Lakshadweep and Mizoram have been more or less according to expectations, the Congress capturing majority of the seats there.

The state-wise pattern of results came as a complete surprise to most observers. Few expected that the Congress would fail so miserably in the north and the Janata party in south India.

matter for reflection

This pattern of voting, indeed, is a matter of deep reflection by all concerned. The rout of the Congress and its allies in northern India is primarily attributed to the excesses committed during the emergency, particularly, in the implementation of the family planning programme, curtailment of civil liberties and emergence of authoritarian trends. Since the family planning programme was implemented much more judiciously in the southern states than in north India and also the repression to which the public was subjected there was not as severe as in the north, the anti-Congress feeling in the south, it is argued, was not so pronounced. In Kerala and Tamil Nadu, the position, it is stated, was also slightly different in the sense that stability brought about by the Congress and its allies at the state level and the bitter memories of the CPI(M) regime some years ago went in favour of the ruling alliance, the disenchantment with the DMK regime—popularly styled as a corrupt regime—went against the Janata party-DMK-CPI(M) alliance in Tamil Nadu.

To a substantial extent, the outcome of the election certainly can be attributed to the above factors. But the emergence of the above regional pattern cannot be wholly attributed to these reasons. To some extent at least it is the result of such factors also as the top hierarchy of the Janata party and the CFD concentrating their poll campaign in north

India, leaving it to the state units to carry the burden in the south, the limited time available to the opposition to organise its rank and file to mount the campaign, the extent of in-fighting in the Congress etc. The handicap of the limitation of time was overcome in north India by the strong anti-Congress feeling that had percolated deep in north India. The setback to the Congress in Maharashtra and Assam can be attributed to not an insignificant extent to the massive campaign that came to be organised as the polling date neared.

Incidentally, the election has exploded the myth that the rural areas traditionally vote for the Congress and that the illiterate rural folk are not so politically conscious. The fact that despite the handicap of contesting the election on the BLD symbol in a short span of time at its disposal to popularise this symbol, the Janata party could come out with flying colours speaks volumes of not only its election campaign but also of the political consciousness of the electorate in both the urban and the rural areas.

hawks defeated

The Janata wave in north India gathered into a storm with the passage of time with the result that not to speak of all the union ministers with the exception of Dr Karan Singh and a couple of others from Rajasthan and Assam, even the prime minister and Mr Sanjay Gandhi were defeated convincingly. Apart from the above states, the only ministers of the erstwhile central government to be returned were from the western and the southern states—most of them with reduced majorities. The ministers popularly known to be the hawks were rejected by the electorate squarely. Their appeals for forgiveness for the excesses apparently fell on deaf ears.

Another significant fact about the election is that the straight contests strategy of the Janata party and its allies has proved to be the correct one. It has prevented the splitting up of their votes to the advantage of the Congress.

The outcome of the election convincingly proves that democracy has taken deep roots in the country. If approached in the right manner for specific causes,

the electorate is capable of responding overwhelmingly.

Consequent upon the Janata Party and its allies securing good majority in the new Lok Sabha, the Chairman of the Janata Party, Mr Morarji Desai, who was elected from the Surat constituency of Gujarat, was chosen through consensus to head the party in Parliament. He was sworn in as the new prime minister in the afternoon of March 24.

Soon after the swearing in ceremony, Mr Morarji Desai declared at a press conference that some of the immediate tasks before his government would be to undo the wrong things that had been introduced in the Constitution through the 42nd amendment, restoration of the rights and liberties of the people, removal of the shackles on the press and ensuring of the independence of the judiciary. The Constitution, he said, would be amended to ensure that any future government would not be able to clamp emergency at will. In fact, endeavour would be to ensure that in future there was no occasion to impose emergency. The internal emergency has already been revoked by the President on the advice of the outgoing prime minister, Mrs Indira Gandhi. Asked about the revocation of the external emergency imposed in 1971, Mr Morarji Desai said that it would be revoked as soon as possible.

freedom of press

Referring to the freedom of press, Mr Desai indicated that the Publication of Objectionable Matters Act would have to go. The proceedings of Parliament would be allowed to be reported as they used to be before the repeal of the popularly known Feroze Gandhi Act.

Replying to a question on instituting enquiries into complaints of oppression during the emergency, Mr Desai declared that his government would look into all the specific complaints which might be brought to its notice. He, however, assured that his government would act in this regard in a manner that would not only be not vindictive but also appear to be so.

On the economic front, the immediate task before the government, Mr Desai

said, would be to see that prices came down and the economic policies were geared to provide employment opportunities and removal of poverty. The fifth five-year Plan, he indicated, would be recast in terms of the Janata party manifesto. There would not be over-emphasis on the development of heavy industries. What could be produced with less capital would be allowed to be produced by the small and cottage industries.

Mr Desai felt that unemployment could be eradicated in a period of 10 years. It, of course, might not be possible to provide everyone work to one's liking, but the government had to see that everyone was provided a livelihood to maintain oneself and one's family.

centre-state relations

On the centre-state relations, Mr Desai observed that both the centre and the states had to be strong and their relations cordial. If either was not strong, both would go down. His government, Mr Desai declared, would not make any attempts to topple state governments. If they went down otherwise, the necessary consequential steps would be taken by the centre.

The centre, Mr Desai clarified, would not impose Hindi on the non-Hindi states. "We do not believe in forcing anything on the people", stressed Mr Desai. At the same time he expressed his confidence that people could be persuaded to accept Hindi as a link language in due course.

Asked about the foreign policy of his government, Mr Desai stated that he believed in friendship with all countries. The relations with one country would not be allowed to come in the way of friendship with any other. The Indo-Soviet treaty, Mr Desai declared, could not be disowned by his government, as the commitments of any previous government in a democratic country could not be disowned by the successor government. This treaty, however, would not be allowed to come in the way having cordial relations with other countries, added Mr Desai. If it did, the relevant provisions in it would be reconsidered. Mr Desai also declared that his government did not believe in the acquisition of atomic weapons by the country.

Still a woman's next best friend

V. Balasubramanian

The results of IMF gold auctions suggest that there is not sufficient warrant for apprehensions expressed in some quarters that the sales would so depress gold prices that the profits accruing to the Trust Fund would not be very substantial. It has become clear enough that the market is tuned to respond quite bullishly to the slightest rise in buying interest.

ON FEBRUARY 17, a Thursday, standard gold, in the Delhi bullion market peaked at an all-time high of Rs 606 per 10 grams. The price of the yellow metal has been rising steadily, especially since the turn of the year, when it was being traded around Rs 570. The underlying factor, of course, was the squeeze exerted continuously on smuggling and the trade in contraband gold, reducing arrivals often to a trickle. The special circumstance, explaining the spurt in prices in February, was the emergence of seasonal demand, particularly marriage season offtake in northern India—a matter of dowry by some other name, perhaps. Hence the substantial gap in market rates between Delhi and Bombay. For instance, on February 17, standard gold, at the latter centre, was traded around Rs 595 or about Rs 11 lower than in Delhi.

There has been some subsequent easing of prices. The March 20 rates for standard gold were Rs 589 in Bombay and Rs 594 in Delhi. Even so, appreciation since the beginning of the year has been substantial; the Delhi quotation at the start of January was Rs 568. If prices could not be sustained at or about the peak levels of February it was evidently because consumer resistance had been at least partially successful in preventing potential demand becoming effective.

bullish undertone

The undertone, however, is unmistakably bullish, with sellers chronically inclined to turn active buyers at the slightest sign of paucity of stocks. The pronounced advance in the prices obtainable for silver for export—from Rs 1,196 per kilo ('999) in the Bombay market on January 1 to Rs 1,322 per kilo ('999) on March 20—is also probably encouraging investors in the precious metals to convert their holdings from silver to gold. Exports of silver from this country are

expected to be of the order of 1,650 tons during the year ending March 31, 1977 fetching foreign exchange equivalent to Rs 200 crores. Inflation risks and uncertainties relating to the economic outlook, moreover, should impart a push to the bullion market generally and trading in gold, in particular. Current political developments, however, may help to stabilise sentiment.

The gold market in India is of course commercially isolated from gold markets abroad. Nevertheless the upward trend

POINT OF VIEW

in world gold prices since November last year has not been without its influence, if only because of its impact on such traffic in smuggled gold as may still persist. Fixings in the London market showed some very interesting movements in the course of 1976. At the start of the year, the price stood around US \$140 per fine ounce and this turned out to be the high point of those 12 months. Prices however remained on a high plateau throughout the first quarter of the year, but eased somewhat over the following three months. A more pronounced downward trend set in during the latter part of July and this reached its nadir towards the close of August, when it hit a low of US \$103. However, gold prices started recovering steadily after the middle of September and regained over the next two months most of the ground lost since January. As 1976 drew to a close, gold was quoting in the London market around US \$135 per fine ounce. The upward

trend has continued into the new year with prices further improving to nearly US \$146 on March 4.

The vicissitudes of the yellow metal during the period from April to October last year reflected to some extent the efforts of the market to find its bearings in the context of the official "dethroning" of gold as a reserve asset with the ratification of changes to the IMF articles. Of immediate relevance to the trading in gold in world markets was the series of seven auctions held by the IMF between June 2, 1976 and March 2, 1977, for effecting sales from its gold holdings.

trust fund

These auctions were part of a policy adopted by the Fund to divest itself of some of its gold holdings for the benefit of its member-countries. One-sixth of these holdings, amounting to 25 million ounces, are to be auctioned over a four-year period for the benefit of a Trust Fund for developing countries. Another one-sixth of the Fund's gold holdings or 25 million ounces is to be restituted—that is, sold at the official price of SDR 35 per fine ounce to members in proportion to their quotas. The profits from sales at the auctions—that is, the excess of sale proceeds over payment to the IMF by the Trust for the gold at the official price—are to be credited to the Trust Fund.

The first six auctions were held at intervals of roughly six weeks and a total of 4.68 million fine ounces was sold in equal lots of 780,000 fine ounces. In the process, the Trust Fund benefited to the extent of US \$393.1 million. Some particulars of these auctions are given below:

	Common or average price (US dollars per ounce)	Proceeds to Trust Fund (Million US dollars)
1976-77		
June 2	126.00	66.0
July 14	122.05	64.0
September 15	109.40	54.0
October 27	117.71	60.2
December 8	137.00	75.0
January 26	133.26	72.5

The start of the IMF auctions was also the beginning of a controversy of international proportions. Critics freely alleged that the auctions would disrupt a market which was already involved in the difficult process of sorting out its future prospects in an uncertain world economic situation. Protests became shriller when the price of gold slumped first to US \$110 and then to a low of US \$103 in the weeks following the second auction held in the middle of July. Soon, the Italian and the French governments, with some EEC backing from Brussels, were demanding that the IMF should at least stagger its auctions over a longer period so that central banks might be spared undue devaluation of their gold reserves.

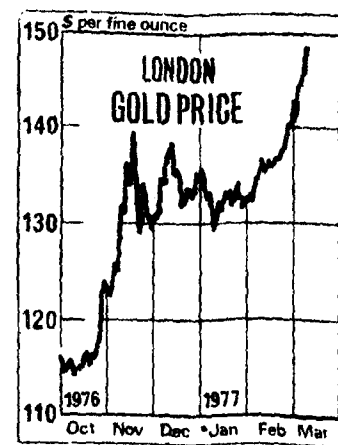
touch of drama

A touch of drama was imparted to these representations when some market analysts began to suggest that the question was not whether gold would sink beyond US \$100 per ounce, but where beyond that point the slide would stop. *The Economist* (London), often more percipient about the esoteric politics of distant lands than the bread-and-butter economics nearer home, somehow found itself in this rather hysterical company. In its issue of September 11, it gravely pronounced that "there seems to be little to stop the gold price going below \$100 an ounce". Warning gold bugs around the world, *The Economist* asserted that the medium-term implications of the abolition of the official price of gold, first announced in January of 1975, "are bad for holders of gold". It went on to predict that "if sales by central authorities are moderate and restrained, jewellery and other demand might keep the price in the \$75-90 range". At this stage, this journal exhibited an almost superstitious dread of the impending IMF auction on September 15, but, fortunately for its morale, it was able to report in its next issue dated September 18 that the gold price managed to bounce up to \$115 from the eve-of-auction level of \$111 $\frac{3}{4}$, in the light of prices at the IMF sale ranging from \$108 $\frac{3}{4}$ to \$114 and yielding an average of \$109.40

As was noted earlier, the trough in the gold market was seen only from

July to October so much so the Franco-Italian concern over the IMF auction procedures was soon seen to be exaggerated. Announcing its policy for the next round of gold auctions, the IMF disclosed that these auctions would be held on the first Wednesday of each month. The amount to be auctioned monthly was fixed at 525,000 ounces. Following this, at the auction held on March 2 (the seventh since these sales began), the IMF was able to dispose of 524,400 ounces on the bid price method, at prices from \$145.55 to \$148.0 an ounce, the average price working out to \$146.51, in alignment with movement in market rates.

The results of this auction and the two immediately preceding it suggest that there is not sufficient warrant for apprehensions expressed in some quarters that the IMF sales would so depress gold prices that the profits accruing to the Trust Fund would not be very substantial. Inclusive of the profits from this



auction, amounting to US \$55.6 million, the Trust Fund has so far received a total of about \$448.7 million. Initially, 61 countries, with per capita incomes in 1973 of not more than SDR 300 a year (India figures in this list) are eligible for assistance from the Trust Fund. About 70 per cent of the funds of the Trust are available for disbursement to eligible countries in the form of loans for balance of payments purposes. The remaining portion of the assets (about 30 per cent) will be transferred to developing members beginning from July, 1977. The loans will carry an interest rate of $\frac{1}{2}$ per cent and is repayable in 10 equal semi-annual instal-

ments beginning 5 $\frac{1}{2}$ years from the date of each disbursement.

Meanwhile, the Fund arranged in January this year the first sale of gold for "restitution" to member countries. The amount of gold sold in restitution was calculated in proportion to members' quotas as of August 31, 1975 and sold at a price equivalent of SDR 35 per ounce. The amount of gold actually transferred on this occasion has totalled nearly six million ounces and India's share has come to about 201,145 fine ounces equivalent to SDR 7.04 million (US \$8 million). India has paid in US dollars (at about \$42 per ounce) for this gold which is added to its foreign exchange reserves.

stable market

Samuel Montagu, the London bullion dealers, believe that the market for gold should be relatively stable through 1977—an assessment with which *The Economist* now finds it prudent to agree. Industrial demand for gold went up by 14 per cent in the United States last year, while offtake for jewellery picked up at the lower levels of prices touched in the course of 1976. China sold some 80 tonnes of gold on the London market in December last since it was in need of foreign exchange to meet its trade deficit. These sales were easily absorbed by the market, but this, however, does not guarantee that prices will not be sensitive to large offers, if any, in the coming months.

The USSR, blessed with a bumper grain harvest, may not find it necessary to unload any substantial quantities of gold in the world market, although consistently higher prices might tempt it to convert some of its gold holdings or output into hard currency required to pay for its industrial imports. South African gold production in 1976 at 22.78 million ounces was slightly higher than what it was in 1975, when production was the lowest for 14 years. If the better trend in bullion prices holds, South African mines may be encouraged to step up output to the extent the labour bottleneck permits.

The big question on the supply side, however, is to what extent central banks will become active sellers in the gold market later this year when the IMF

policy of dethroning gold as a monetary reserve reaches its next stage of allowing central banks to trade in the market. The IMF gold agreements decree that central banks should take no action to peg the price of gold. They also stipulate that the total stock of gold now in the hands of the Fund and the monetary authorities of the Group of Ten are not to be increased. As the Samuel Montagu

Annual Review of the bullion market sees it, "one can only envisage sales of gold by countries to cover balance of payments deficits". Even such sales are likely to be restrained to some extent by the stake central banks have in protecting the value of their own gold holdings.

Meanwhile, buying interest from the Far East is pushing up prices steadily since the IMF auction held on March 2. Gold

was actively traded upto \$150.375 per ounce in the London market on March 18 before easing to \$150.125. This was the first time in 18 months that gold went over the \$150 mark and it has become clear enough that the market was tuned to respond quite bullishly to the slightest rise in buying interest. Gold, thus, is likely to remain a woman's next best friend in India as elsewhere.

Price inflation and depreciation allowance in cotton textile industry

Dr. N. K. Sharma

The author, who is Lecturer in Accountancy and Business Statistics, University of Rajasthan, Jaipur, has studied a number of units in the cotton textile industry to see how rational the depreciation allowance made to the industry is. He recommends that our income-tax law should recognise more accelerated methods of writing off fixed assets and government should impose a permanent legislative check on the maximum rate of dividend

THE COTTON textile industry has a significant number of old mills which need to be modernised and replaced by up-to-date plant and machinery. Under inflationary pressure the need for higher depreciation allowances, therefore, becomes all the more important. In a dynamic economy characterised by changing prices and production techniques, depreciation allowances cannot be provided on a static formula. It is the duty of the taxing authority to match revenue and cost of the same time dimension. Therefore, tax should be imposed on profits which remain after making good the loss in the purchasing power of money invested in the organisation. If it is not done tax is levied in part on real capital rather than on real profit alone. Since World War II almost every country has changed the provisions relating to depreciation allowance in order to incorporate the effect of price inflation.

In our country government allowed written down value method of providing depreciation since 1939 (except of ocean-going ships) on the basis of the recommendations of Income-tax Enquiry Committee 1936. With the help of the written down value method more depreciation can be written off in the earlier life of the fixed asset and this excess

depreciation is tax-free loan to the organisation. The second important amendment is provision of initial depreciation in the Income-tax Act. This allowance was made for the first time in 1946 to help business in meeting the increased cost of replacement of plant, machinery and building during the post-Second World War period. It was discontinued in respect of plant and machinery installed after March 31, 1954, due to the introduction of development rebate. It was further discontinued in respect of new building after April 1, 1956. The Finance Act, 1961 reintroduced initial depreciation for new buildings used for certain specific purposes. Initial depreciation allowance of 20 per cent of the cost of machinery and plant installed was allowed in selected industries including cotton textile industry after May 31, 1974. It would provide additional resources to the concerned enterprises in the early years of their development.

Prior to the assessment year 1963-64, where an asset was used for a part of previous year the depreciation allowed in respect thereof was proportionate according to the complete months of use. But since the assessment year 1963-64 and before the assessment year 1970-71 depreciation was allowed if the asset was used

for 180 days or more at full prescribed rate; if the asset was used for less than 180 days but more than 30 days at 50 per cent of the prescribed rate. If it was used for 30 days or less no depreciation was allowed. Since the assessment year 1970-71 the normal depreciation is allowed at the full prescribed rate even though the machinery may be used for a single day. Development rebate was first introduced in 1955 just before the second five year Plan was launched. Development rebate was inserted in the Income-tax Act, 1961 under Section 33 till its discontinuance after May 31, 1974. Investment allowance is allowed with effect from April 1, 1976 in lieu of development rebate.

incentive to industry

A look into the above provisions pinpoints the fact that the government has on its own part not only tried in all these years to create an industrial complex in our country by developing public sector but also motivated individual and institutional entrepreneurs to take advantage of tax incentives for setting up new plants. Due to continuous efforts of the government, supply of fixed assets is ensured on cheaper rate. The situation as it exists in the cotton textile industry in India has been examined in the following paragraphs.

In the present study, the percentage of gross blocks to total assets of 36 units varied between 38 and 131 in 1956; this percentage ranged between 53 and 148 in

1965 and between two and 152 in 1975. This variation is due to difference in the size of the units and difference between the date of registration. The percentage of net block to total assets varied between four and 88 in 1956, between 21 and 78 in 1965 and between two and 73 in 1975. It has been found that the fixed assets accounted for less than 50 per cent in 25 units out of 36 units in 1975. It clearly indicates less purchasing power in the case of net blocks.

It is observed that 22 units used long-term borrowed capital and preference capital to a considerable extent in 1956; because the ratio of equity capital to long-term loans plus preference share capital varied between 1:1.25 and 1:17.02 in 1956 in these 22 units. But this ratio was only 1:0.06 to 1:0.98 in the rest of 14 units. This ratio increased in 1965 and 34 units used long-term borrowed capital and preference capital to a considerable extent. The ratio varied between 1:1.25 to 1:10.64 in 1965. In 1975, 35 units used long term borrowed capital and preference capital to a considerable extent and the ratio ranged between 1:1.03 and 1:12.72.

alternative methods

Twenty five units are of the view that some other methods of providing depreciation are also allowed under the Income-tax Act i.e., straight line method, sum of years digits method, production method, and machine-hour method. Three units suggested that the assessee should have some freedom in the selection of the rate of depreciation. Eighteen units suggested that increased replacement cost should be allowed for purposes of scientific basis for tackling this problem. One unit was of the view that depreciation should also be provided on the cost of land. One more unit suggested that the full cost of these assets which cost less than Rs 10,000 be allowed as depreciation in the year of acquisition or installation. Another unit suggested that the rates of depreciation would be increased in a suitable manner so that the full cost of asset can be written off within 10 years. Two units are of the view that extra shift allowance can be replaced by a suitable alternative.

One unit said that it should be laid down in law that no company shall declare

dividend at a rate exceeding the bank rate prevailing at the end of its relevant accounting year if the closing balance of free reserves falls below the excess of accumulated depreciation based on current replacement cost over the actual balance of accumulated depreciation based on historical cost. Five units are of the view that a unit should be allowed to adopt higher rates of depreciation if the actual replacement practices justify such decision. Three units are of the view that tax credit certificate scheme may be introduced in order to enable industry to finance its replacement. All the 28 units are of the view that Companies Act may make compulsory provisions regarding depreciation whether company declares dividend or not. One unit is of the view that it should be made obligatory on the units to determine their rate of depreciation on a systematic basis for the purpose of financial accounts.

modified form

Twenty-eight units are of the view that it is good if Companies Act allows same method of depreciation in declaring dividend and computing managerial remuneration. One unit is of the opinion that at least the amount set aside by way of depreciation be utilised to purchase new fixed assets. Five units are of the view that the amount set aside by way of depreciation must be earmarked and invested in gilt-edged securities so that funds are available at the time of replacement. Eighteen units suggest that replacement cost may be allowed as depreciation base.

One unit is of the view that depreciation can be provided in a modified form as in the case of Electricity Supply Companies Act of India.

oldest industry

The cotton textile industry is the oldest industry of our country. Some of its fixed assets are about 100 years old. Actually these should have been replaced long before because the operating and maintenance costs have now become very high. Huge funds will be required to finance replacement of fixed assets and in our country no unit is in a position to arrange these funds from internal sources. If our income-tax law would recognise more accelerated methods of writing off fixed assets such as the double declining balance method and sum of the years digits methods, then it can be hoped that the cotton textile industry will finance its replacement within a period of 10 years.

It is strongly recommended that government may impose a permanent legislative check on the maximum rate of dividend. And surplus amount of profit gathered in this way will compulsorily be invested in the purchase of fixed assets. Finance may be available either interest-free or on a cheaper rate. Replacement cost based on fixed base index number is permitted. Tax-credit certificates should be issued. The government, chambers of commerce, or the Cotton Textile Mill Owners' Federation should undertake monthly publication of current cost of fixed assets used in the cotton textile industry.

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Manager

Protectionist wind blowing through the west

E. B. Brook

The world's richer and the less rich nations have finally got down to basic negotiations on the establishment of new rules for international trade. The developing countries' basic demand is for a six billion dollar common fund for stabilising commodity prices by financing buffer stocks. The author believes that the current talks may not bring agreement any nearer. They may at best be adjourned to be resumed in autumn.

IN MORE than one respect the western world appears to have a seasonal attack of spring madness. Because they are dissatisfied with their wages, but only in comparison to lower paid workers a small section of its employes look like sending the prestigious and economically important firm of British Leyland into something akin to limbo. Because the city authorities of New York consider the Anglo-French Concorde plane would make too much noise on landing, the world's fastest inter-continental plane, flying daily in all other directions, may not serve the United States' eastern metropolis, a fact which

currency values and steadily rising taxes appear to have left some of west Europe's populations too bemused to be more than temporarily ruffled by yet another blow. What bemuses them even more is the padding of higher wages, social security benefits and other economic buffers that surround them. They have become so accustomed to socialist governments that adopt conservative attitudes and a few conservative governments that lean towards socialist attitudes that the competitive interest is beginning to leave politics. Politicians and MPs in more than one country count now far less than

more than the west's working men and women.

The explanation of this contradictory fact is that insufficient opportunity for economic growth in industrially developed countries increases almost automatically the unseen friction between different bands of workers in economic growth. If all economies are growing (or developing) there is relatively little friction; if the industrialised countries lack sufficient chance to grow their workers, though willing enough to buy textiles, radios and motor cycles as cheaply as India, China and Japan can strain themselves to provide, they will quickly deny the workers of those countries the opportunity to send much in the way of supplies of any of these commodities. There is no protectionist so narrow as the western worker who sees his job threatened. Nor is there anyone so insistent on the creature comforts of life at almost any price.

WINDOW ON THE WORLD

north-south dialogue

At the present moment the world's richer and less rich nations have finally got down to basic negotiations on the establishment of new rules for international trade in commodities. The outcome of the month's discussions which began under the aegis of UNCTAD in Geneva on March 7 will have a major influence on the climate of the wider "north-south dialogue" between industrialised and industrially-developing countries in Paris. The latter are hoping that the Geneva talks will reveal the first indications of President Carter's policies on international trade, an issue to which he gave high priority in his election campaign. So far the triumvirate of the US, Britain and West Germany, backed by Japan, has persistently resisted the developing countries' demands.

The developing countries' basic demand for a new \$6 billion Common Fund intended to stabilise commodity prices by fin-

gives opportunist politicians in west Europe an opportunity to gain local popularity in election time by drumming up hate of America, one of their biggest trading partners. The Common Market, raising the price of butter within its own jurisdiction, sells butter which costs 76 pence a pound in London to the Russians for a bargain price of 22 pence a pound. If it were only a little butter no one would be interested, not even the Russians, but the amount sold is all of 245,000 metric tonnes, more than 540 million pounds. But, apart from passing discomfiture in Brussels and another scandal story in west Europe's press nothing happens.

Some ten years of inflation, falling

trades union leaders or even than leaders of minority splinter groups within unions.

The one thing that will stir the average citizen of west Europe, be he British, French or what you will is to have relatively poorly paid labour in developing countries working harder than the European and flooding his markets with highly price competitive textiles, electrical goods, toys, motor cycles and cars and putting the cushioned western worker out of a job. That sort of circumstance produces speedy reaction, especially from socialist governments who, to protect their political followers, slap on almost savage quotas against the alien. No one denies the developing countries' workers opportunity

ancing buffer stocks—a fund to which the industrialised states would be major contributors—has met with stubborn opposition from the industrialised countries. No one is sanguine that this month's talks in Geneva will bring agreement at all significantly nearer; the best realistically hoped for is adjournment to talk again in the autumn. Since the aim is that any new agreements should be concluded by the end of next year there is a fairly general desire to talk but not to reach decisions. The resolution at UNCTAD's Nairobi conference last May set no clear dateline for the actual establishment of the Common Fund, a fact which greatly encourages those who wish no agreement to be reached or who hope by attrition to whittle down the proposition to something very much less expensive and enduring.

the common fund

The western states and Japan have persistently made it clear they have reserved their final positions on the Common Fund proposition, although President Carter has lately adopted a soft line. Only the smaller industrialised countries show any enthusiasm for the proposition of the Common Fund at all. They can provide moral support for the developing countries but their own financial resources are too limited to be of much help. For the Common Fund, if it is to be formed, to be of any size and if it is to correspond to the ideas of its proponent the support of the US, Germany and Japan is essential. If the US were now to move in support of the Fund at least Japan and the UK would feel impelled to lend support also and West Germany would probably grudgingly come in to avoid being isolated.

While the communist states remain carefully on the sidelines in this matter the western states stay suspicious of the proposition. It would, in their opinion, interfere with free market forces. There is a fear that the industrially developing states would use the Fund's finances to move some commodities prices to unacceptably high levels and at the same time build up massive reserve stocks at the Fund's contributors' expense. The western states also make the more valid point that some of the commodities such as tea, coffee,

cocoa, meat and some fruit cannot be stocked for very long without spoiling.

The basic point of the developing countries' position is that the Common Fund should be set up primarily to act as a catalyst for the negotiation of individual agreements which have previously too often failed through lack of finance. Vast surpluses would be accumulated in any commodity only if the Fund's resources were unlimited and no other measures were taken. If the money available for price support looked like running out prices would have to be lowered or export quotas introduced. The aim would be to buy time to allow longer term remedial measures to be taken. The UNCTAD secretariat has suggested that for measures in addition to buffer stocking no more than \$500 million should be set aside out of the Fund.

The western states suspect that one aim of the Fund would be to stabilise prices by eliminating price fluctuations or actually to push prices upwards. The general view in UNCTAD seems to be that stability means that prices should move progressively upwards to take inflation and the rising cost of imported goods into account.

If the negotiations ultimately fail the Fund may go ahead with the support of as many countries as possible. In that event a good deal would depend on the attitude of the OPEC countries who so far have not made their position at all clear. What might even more certainly emerge would be a drive to create OPECs for a whole range of other commodities with all its possibilities of open confrontation with the purchasing-consumer countries who from the most industrialised section of the world. Meanwhile, in west Europe itself, there is no rush to get together any more firmly than is at present the case. Direct elections to the European parliament are more than likely to be delayed by lack of national legislation permitting such elections to be held. In several countries there will be more discussion before it is finally decided whether election to a European parliament should be direct or carried by a sort of secondary election by MPs and possibly provincial representatives. The date set is May-June next year but the project arouses no public interest and, like the Common Fund and a good many other projects, may emerge, if at all, in very altered form at a distant time not yet clearly discernible.

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US economy is in from the cold

The momentum that sales and production had displayed later in 1976 may not be lost through bad weather that had hit the United States. This is the conclusion drawn by the monthly survey of Morgan Guaranty Trust Company for March 1977. No doubt prices of non-food goods and services have jumped but the spurt is not at all broadly based. The survey feels that during the rest of the year the rate of inflation in the United States may be between five and six per cent.

THE FIRST real clues are in, and they tend to confirm that, while hard hit for several weeks when the weather was at its worst, the US recovery has not suffered lasting damage. Concern about the impact of drought conditions in the west, to be sure, remains. But fears of a month ago—that the momentum that sales and production displayed in late-1976 might be lost—have eased.

Car sales, for example, have performed creditably in both January and February. Together, the two months point to a first-quarter-1977 domestic-make sales rate unmatched in any quarter last year. Relatively good numbers seem to hold as well in broader measures of consumer demand. Although based on a small sample, weekly retail-trade data often provide a good insight into consumer markets, and right now the February data are encouraging. That is especially good news in view of the prior indication that sales in January fell only slightly more than seasonally from the very strong Christmas-period performance. All in all, it appears that the first-quarter increase in "real" consumer spending will be about the same as last year's average quarterly gain.

signs of recovery

The Federal Reserve Board's index of industrial output, it is true, dipped in January by 1 per cent. But the industries most severely hit—particularly steel and autos, which accounted for about half the drop in production—have shown signs of bouncing back.

Auto production in the second half of February averaged 200,000 units per week, almost one fourth above the first two weeks of the month. And March production schedules are also heavy.

Raw steel tonnage, too, has recovered nicely: by the end of February, it was back above its December level.

Less reassuring, however, are the price statistics. As cold as winter itself has been, January's advance in consumer prices of 0.8 per cent (a figure which is dramatised when viewed as an annual rate of 10 per cent) was just as chilling. But, weather was not the main culprit: the food component of the index was sampled before the frost in Florida, and although energy prices rose sharply, they increased no faster than they had in December when the CPI as a whole rose at a five per cent annual rate. The February index, out later this month, therefore should show an outsize increase too as winter's effects are factored in for the first time.

spurt in prices

Of particular concern are recent jumps in prices of nonfood goods and services (at annual rates of nine per cent and 12 per cent, respectively, in January). The prices of used cars—as heavily weighted in the CPI as new cars—failed to show a normal seasonal decline. Seasonally adjusted, they jumped four per cent, accounting for most of the acceleration in prices of nonfood goods. The cost of services was pushed up by a four per cent increase in property taxes, even more than the increase in the previous year. Largely responsible were Los Angeles and New York, both of which saw large increases last year and these were picked up in the January index.

Significantly altered judgments, however, about the fundamental factors affecting this year's inflation rate do not seem required by recent evidence. Cons-

piciously, the January-February spurt is not at all broadly based. Rather, it appears to be part of a pattern of monthly fluctuations—in this case on the high side due to the timing of increases in property taxes and in used-car prices plus the cold, just as the 4.2 per cent annual rate of increase in the CPI in the last three months of 1976 was on the low side. A five to six per cent rate of inflation during the rest of the year still appears the most likely outcome.

increased spending

Nevertheless, inflationary expectations, both bond and stock markets indicate, continue high. Such concern may have been relieved somewhat by Washington's latest acknowledgement that spending is again running below budget this year. Nonetheless, the nation's price jitters must have played a key role in the administration's decision not to enlarge its earlier proposals for fiscal stimulus. Targeted outlays for fiscal 1978 of \$459 billion, it is true, top President Ford's recommendation by \$19 billion. But increased spending had been anticipated by budget analysts. They had fully expected the president to reaffirm his earlier support for enlarged public works and other jobs programmes, and to reincorporate into the budget most of the spending President Ford had proposed be cut—factors that account for the additional \$19 billion.

Once again, a president's first formal budget underscores his lack of flexibility. Existing programmes cannot be cut easily without more careful scrutiny than time allows. And, in this case, the tax and spending proposals made earlier this year already promise a sizable fiscal boost. In that light, it is little wonder that President Carter's first budget message broke no new ground.

Congress, of course, may put its own stamp on the budget. For now, though, that prospect seems muted by Ways and Means Committee approval of a tax bill

that, in terms of over-all revenue impact, parallels the president's January tax package closely. Its particulars, however, have been altered, and many people have been distressed at the committee's handling of the business tax-cut proposal.

The new approach—which would replace the administration-supported credit against certain payroll taxes or investment spending—is supposed to encourage new hires by paying part of a firm's added payroll costs this year and next. Offered to business is a tax credit each year of 40 per cent against the first \$4,200 of earnings of new workers, with the "cap" of \$40,000 per firm. New, in this case, are those employed in excess of 103 per cent of the previous year's employment—a threshold figure designed to reward only above-average increases in employment. Total wage payments must also be at least 103 per cent of the previous year's payments, a requirement intended to discourage a business from switching to part-time help just to take advantage of the credit. In effect, under the committee's bill, firms of any size will have the first \$1,680 (40 per cent of \$4,200) of the earnings of 24 new workers paid for by Washington in each of the next two years.

A basic problem with the bill is that it will not do much to promote additional employment, let alone spur investment in new capacity for fuller employment years later. The credit would have no impact on marginal-hire decisions made by most firms in industries in which employment is either declining or growing slowly. This is because of the requirement that employment increase three per cent, a device the committee apparently believed essentially to label is as a bill to spur new jobs. Nor would the bill provide extra employment incentive for firms growing rapidly, or for very large firms irrespective of their growth status. The reason: the \$40,000 cap which the lawmakers apparently thought was essential to deflect criticism that "big business" would profit. Indeed, as Assistant Secretary of the Treasury Laurence N. Woodworth has pointed out, the threshold and cap features of the credit would exclude two thirds of the labour market. An important by-product of the threshold feature that must be distressing to many governors of depressed northeast states: the bill would help those regions that need federal largesse least.

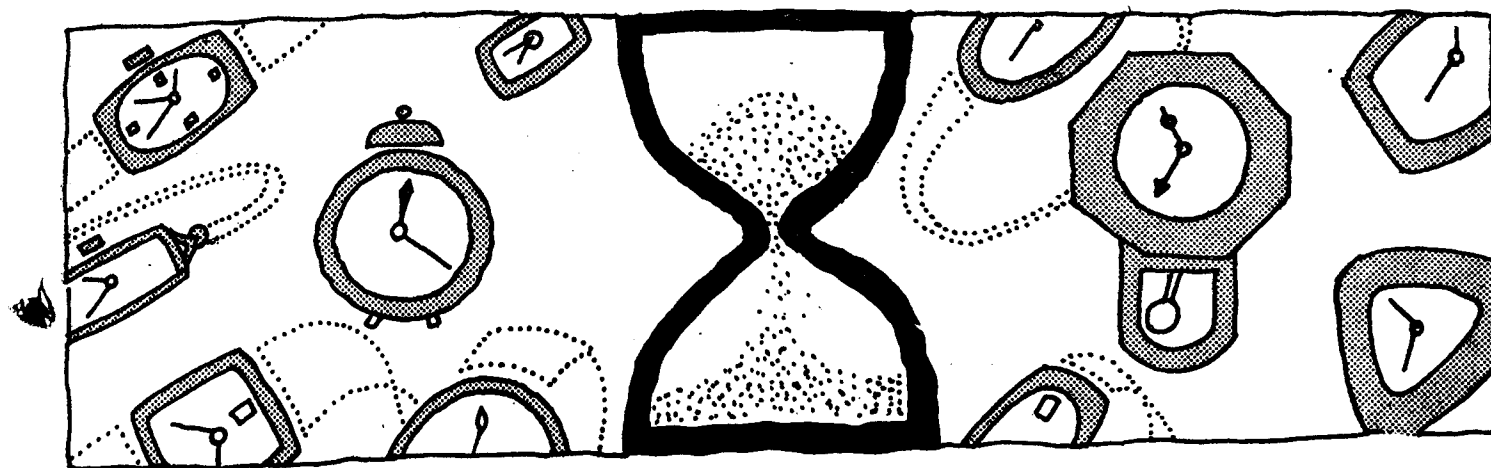
In addition to these unwelcome fea-

tures, the bill is not without other defects. For example, the requirement that wage payments be 103 per cent of the previous year's would be meaningless in preventing a shift to part-time employment when wage rates are rising by about seven per cent a year. A 40 per cent subsidy of a part-time worker's wage is a pretty powerful incentive to fire a full-time worker and hire two part-timers in his place. Such spread-the-work schemes are hardly a constructive response to the nation's unemployment problems.

If it was the intent of the Committee to aid small business—and there is little evidence that it had anything else in mind in fashioning the jobs credit—the lawmakers should have done so directly rather than have created this unwieldy and possibly harmful device. Direct assistance would at least have the virtue of budget integrity. Moreover, sending out \$40,000 "rebates" to targeted firms would be a more efficient way of parceling out \$5 billion. All in all, such congressional response to the president's tax proposals does little to inspire confidence that the nation will ever move toward a revenue code that makes more sense in economic or fairness terms.

An Eastern Economist Feature

Watch Industry on the Move



Time, Please

V. Balasubramanian

TO START with, a very short story about a young man of Warsaw who was robbed of his watch. He went to the police to lodge a complaint. He said that the watch was Russian and the robbers a pair of Swiss. The constabulary thought that he was mixing up things. "You mean it was a Swiss watch and that two Russians took it. Don't you?" he was asked. Came a quick reply: "You said it. I didn't".

Falling Swiss Export

Today, if the Swiss watch industry were disposed to be amused by this joke at all, it would probably be able to manage only a wry smile. Not that its industry has lost any of its historic pride in its product or craftsmanship. Only, for years now the rest of the world has stopped acting as though only the Swiss could make good watches. Even as late as five years ago, every other watch sold in the world market was Swiss. But, in

1976, for every watch the Swiss could sell abroad, other exporters collectively could sell two. In other words, the Swiss share of the world watch market has fallen from nearly 50 per cent to about 35 per cent in this period.

Enter Japanese

This challenge to Swiss supremacy has developed in three stages. First, there was the amazing success of Japanese watch-makers, through the 'fifties and the 'sixties, in carrying through a massive penetration of the market in the less expensive ranges. The Japanese watch industry proved that it could market on a large scale utility watches at prices which took them out of luxury or semi-luxury consumption. Soon Hong Kong, with its advantages of relatively low wages and abundant supply of skilled or semi-skilled labour, was also forging ahead as a source of watches and watch movements or other components which were more

and more layers of a highly elastic demand. Not long after, the East European countries made their entry.

Status Symbols

At the next stage, leading Japanese watch-makers were soon demonstrating they could compete effectively also for world custom in the luxury watch trade. Firms such as Seiko were marketing automatic or other increasingly sophisticated products on equal terms quality-wise with famous names in the Swiss watch industry and often on better terms price-wise. It was only as status symbols that the more elaborately ornamental, or fancy-priced aristocrats among Swiss watches were able to lord it over any longer in the quality watch trade.

The third major development in this Swiss vs. the Rest situation in the world watch market is now in its most exciting phase. This is the entry of microelectronics into

the manufacture of watches. The Japanese are very much in this game, with Seiko lavishly publicising its LC Digital Quartz Chronograph as the watch that "tells the time and date and turns into a stopwatch at the touch of a button" and predicting with a confident flourish that "some day all watches will be made this way". Currently, however, the leadership in this field belongs clearly to the Americans, with the US electronics industry dominating research, development, manufacture and sales.

Electronic Watches

The world watch industry seems to have decided that the future belongs to electronic watches. Seiko's all-out faith is shared to some extent by other leading watch-makers. In the United States, Fairchild, which is the world leader in the electronic watch industry, believes that electronic digital watches would account for 50 per cent of sales in the world

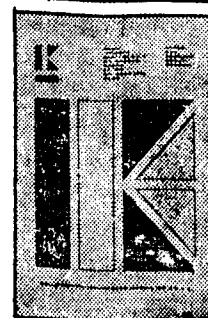
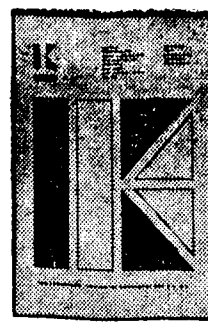
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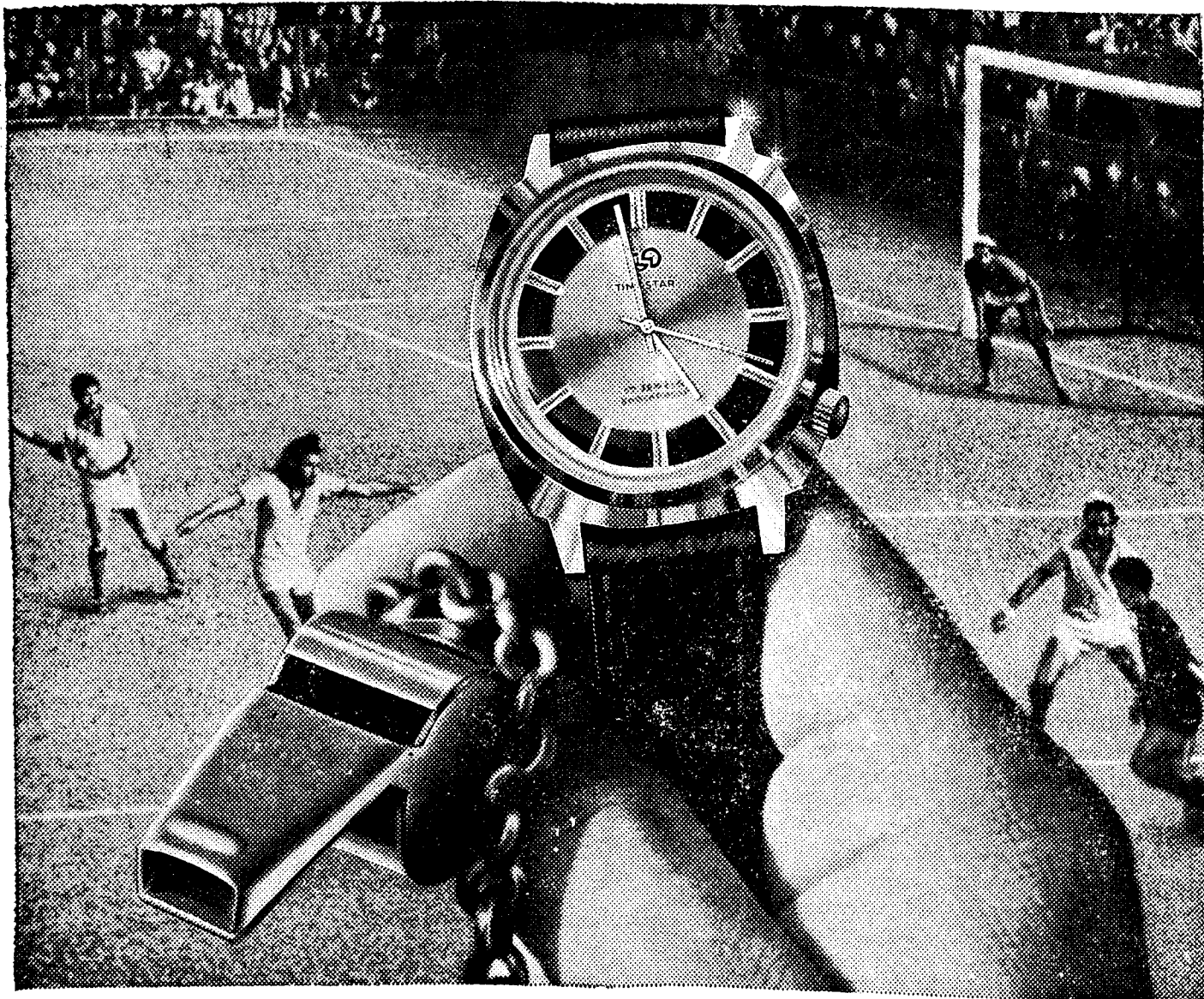
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market by 1980. American industry-wide expectation, however, is more modestly pitched at 30 per cent. Word comes from Britain that sales of electronic watches in that country could double in the current year to 2.6 million, capturing 22 per cent of the total watch market. Sales of mechanical watches in Britain are expected to decline from 10.2 million in 1976 to 9.2 million in 1977.

The Swiss watch industry has been somewhat slow to figure out for whom the bell tolls. The message, however, is ringing increasingly loud and clear. Swiss firms, such as Ebauches, the largest Swiss manufacturer of watches and movements, are now avid and anxious listeners. Ebauches' own worldwide forecasts show falling sales of mechanical watches not only in terms of market share (from over 91 per cent to 60 per cent), but also in absolute volume (from about 200 million units to about 180 million units) between 1976 and 1980 in the context of the total watch market growing from 220 million units to 300 million units. These are projections which the Swiss watch industry, already facing formidable competition in the area of conventional (mechanical) watches, can ignore only at its peril.

Integrated Circuits

Fighting back, however, would involve large investment in establishing the manufacture of integrated circuits. Only three or four firms in the Swiss industry may immediately be able to opt for the necessary capital outlays, especially as the Swiss watch industry has experienced a slump in exports and decline in profitability in the last two

years and is apprehensive of another difficult year ahead. Ebauches, however, has already invested Sw. Frs. 55 million in this field and it plans to maintain further outlays at a rate of Sw. Frs. 10 million a year. About 14 per cent of its output last year was electronic watches. It has purchased technology from Hughes Aircraft in the United States and has a fully integrated production line for liquid crystal watches.

Liquid Crystals

The market for liquid crystal watches (or continuous display electronic watches) known as LCDs is expected to grow much faster than that for light-emitting ones (or intermittent display watches), known as LEDs, in the next few years. The latter have dominated the market up to now and are less expensive. Most have red displays and require the user to press a button to see the time whereas liquid crystal ones have a continuous display, usually silver-on-white.

While the Americans are betting on electronic watches with digital faces, the Swiss seem to believe that consumers may increasingly prefer internal electronics, but traditional moving hands (analogue displays). An estimate by Ebauches is to the effect that a quartz analogue watch should be able to capture 20 per cent of the world market by 1980 as compared with its market share of less than 1.5 per cent in 1976. In the UK, continuous display electronic watches are being retailed at prices from £20 up, but there are indications that the price range could ease to £15 up later in the year. The least expensive intermittent display

watch is now priced at just under £10.

Over the last 30 years in this country the demand for watches has been growing apace. In the earlier part of this period, the whole of this demand had to be met by imports, most of which were being smuggled into the country. The government's severe import restrictions were quite unrealistic since there was a genuine need for watches but no local production to satisfy this need. Virtually every Indian returning from abroad, after a short trip or a long stay and most other foreign visitors got into the habit of bringing with them as many watches as they could manage. There was also organized smuggling on a commercial scale, watches being the most fancied merchandise, after gold and synthetic textiles, in this contraband trade.

A healthy change was effected in this unwholesome situa-

tion with the successful establishment of watch manufacture in this country by Hindustan Machine Tools Ltd, in collaboration with the Citizen Watch Company of Japan. It is only fair to recall here that this initiative of HMT did meet with a cynical reception in many quarters at the outset. The venture, however, has yielded impressive results. India has now a fast-growing watch industry, producing for the home market not only a wide range of manual winding utility watches, competitive in quality but also more sophisticated versions, such as automatic watches with day-and-date display.

HMT's pioneering effort and aggressive programmes for expansion of output or diversification of products have provided leadership and inspiration for a number of other firms or projects which are joining the widening family of watch manufacturers in our

Rates of Import Duty On Horological Products

The rates of import duty levied on horological and allied goods differ from item to item. The table below gives the rates currently applicable to different types of horological products:—

Sl. No.	Description	Rate of import duty
1.	Watches & parts thereof	120%
2.	Watch cases, dials, hands	120%
3.	Alarm clock parts	
	— Hair spring	
	— Balance wheel/Precision screws	
	— Balance staff/Time lever	
	— Balance bearing	
	— Escape wheel (alarm & time)	120%
4.	Radium power	120%
5.	Free-cutting steel, Phosphor bronze	70%
6.	Wall clock, Lever escapement assembly	120%
7.	Watch & clock lubricating oil	65%
8.	Electroplating salts, solutions, compounds	45%
9.	Acrylic sheets for watch glass industry	240%
10.	Stop watches, Tell-tale clocks, Time recorders, Scientific goods	75%
11.	Stainless steel strips (through MMT)	125%
12.	Strips for main springs for watches, timepieces, clocks, hardened & tempered 98% carbon	65%
13.	Stainless steel wires for watch-strap industry	125%
14.	Machinery (capital goods)	50%
15.	Horological brass	65%
16.	Watch-makers tools	70%

country. Simultaneously the government's current policy of permitting assemblers to import watch movements or other parts is assisting in augmenting domestic production in line with increasing demand as well as in introducing an element of competition in quality and price. As a natural consequence, leading watch manufacturers abroad, such as Ricoh Watch International of Hong Kong, are showing keen interest in developing trade contacts with importers and assembling firms in this country, while offers of knowhow or technical collaboration are coming from abroad and are being availed of by Indian firms. The growth of the watch industry in this country is discussed further in the following pages and here the hope may be expressed that the Indian watch industry will soon be manufacturing and marketing electronic watches in large numbers and at competitive prices.

Growing, But not Fast Enough

S. P. Chopra

ON JAI Singh Road, near Parliament Street, New Delhi, is located the sales section of watches manufactured by Hindustan Machine Tools (HMT), a public sector undertaking which is the largest watch-making company in the country. A few days ago, while passing by this sales depot of HMT during the lunch interval, I was surprised to see a big crowd in its courtyard. As I moved in to find out what it was all about, I met a young man hardly 20 years of age and not well-dressed (he appeared to be a domestic servant) whose beaming face showed that he had been successful in one of life's most arduous missions. He told me that he had been waiting since 9'o clock in the morning to buy a watch costing Rs 196 which should be equi-

valent to two months' wages for him. His efforts had borne fruit after more than four hours of vigil. He ventured the comment that not many in the crowd would be able to buy the HMT watch that day because the stocks were almost exhausted. This brought home to me the acute scarcity of watches prevailing in our country.

In the organised sector, besides HMT, there are four other manufacturers of watches. They are Indo-French Time Industries Ltd, Sondhi Tressa, Hegde & Golay Ltd and Sandoz (India) Watch Industries. The total number of watches produced by them in 1975 was 844,000 (see Table I) and in 1976 there was reported to be a substantial improvement to 1.26 million (Table II).

Since the five units have in the aggregate, an installed capacity of 1.99 million watches, the industry incidently were able to press into service nearly two-thirds of its available capacity in the organised sector. Even if these units had produced watches up to 100 per cent of installed capacity, the demand in the country would still have exceeded supply by a large margin. In the current year, the private sector units are reported to have increased their capacity further by 690,000 watches. The capacity of Indo-French Time Industries has risen from 310,000 to 500,000 watches per annum and that of Hegde & Golay Ltd from 100,000 to 600,000 watches per year.

The government has sanctioned additional capacity

equivalent to 3.24 million watches per annum in the case of eight private units which have yet to go into production. The units in this category are:

	Capacity
M/s HES Ltd	300,000
M/s Nasa Watch Pvt Ltd	300,000
M/s Camy Ltd	480,000
Mr Dilip Kumar Dey	300,000
Mr H.G. Bangera	360,000
Mr G.S. Purewal	600,000
Indo-Swiss Time Ltd	600,000
M/s Jayna Time Industries Ltd	300,000
Total	3,240,000

The total approved capacity, thus, is 5.92 million watches per annum.

It is reported that HMT

TABLE I
Production of Watches, Timepieces and Clocks in 1974 and 1975

Name of industry	Accounting unit	1974			1975			Remarks
		No of units	Installed capacity	Annual production	No of units	Installed capacity	Estimated (annual production)	
Watches	Number	5	1,630,000	684,000	5	1,630,000	844,000	
Timepieces	"	7	1,600,000	950,000	6	1,435,000	700,000	One unit manufacturing timepieces has been transferred to SSI.
Clocks	"	6	315,000	169,000	5	312,000	200,000	One unit manufacturing electronic clocks has been transferred to Elect. Dte. of DGTD.

conducted a survey in 1972 in order to determine the annual demand for watches in this country. This survey disclosed that the number of watches needed in this country in that year was around 4.5 million. Since then, the demand has certainly increased and may be around six million. In other words, for every five watches needed in the country, the manufacturers are able to produce only one. The shortfall in production has so far been largely due to low installed capacity which in turn has been the result of the past licensing policy of the government of India.

Heavy Smuggling

Watches are no longer a luxury in our country, but a necessity for vast sections of society who have become time-conscious and who rightly feel that time can be turned into money through human effort. Also, it is not a secret that during the last three decades, particularly during the last 15 years, watches have been smuggled into this country in large numbers. Unofficial estimates put the number of watches smuggled into the country before the declaration of emergency in June 1975 at no less than four to five million a year. After the promulgation of the emergency, the number of smuggled watches seems to have been sizeably reduced. The best indicator in this regard is the number of smuggled watches seized by the government which has fallen steeply.

Those who are engaged in the manufacture of watches in this country feel that every year the gap between demand and supply continues to widen. Dr M.P. Shah, general manager of Indo-French Time Industries Ltd is of the view

that "with the increase in the standard of living and the growth of population, the demand is going to increase and in a decade's time it would be of the order of about eight to 10 million watches. Thus there is a good potential for manufacturing watches in India".

Widening Gap

As sta'ed earlier, the widening gap between demand and supply was the main reason for the heavy inflow of smuggled watches. While the activities of the smugglers have been considerably reduced since June 1975, the demand for indigenous watches has increased significantly and the government of India is now reported to be keen to increase the manufacture of watches in the country. The government expects a manufacturing project to start producing 100 per cent indigenous watches within a period of five years which seems to be an unrealistic target. Even HMT which has been manufacturing watches for over ten years, continues to use even today imported components up to 25 per cent. In these circumstances, it is Utopian to think that any new project could achieve 100 per cent indigenous production in just five years.

There is a wide-spread impression that there is no dearth of watch-assembling experience in this country; from this policy-makers jump to the conclusion that every new unit should be able to start with the manufacturing of watches from the very first year. The fact is that watch assembling expertise is available in hardly half a dozen factories in the country and for any new unit the staff will have to be trained.

The central question which

has arisen is whether the government should allow the import of watches or "movements" so as to match domestic demand. The choice is between competition from smuggled watches or genuinely imported wrist watches. A section of the industry feels that, until the domestic supply of watches rises to match demand, there will be need for a liberal import policy. The government of India has at last realised that the maximisation of watch manufacture in the country in the shortest possible time can be attained by encouraging the industry to undertake the assembly of SKD/CKD* imported components and at the same time launch a phased programme for the manufacture of components and complete watches in the country. In these circumstances the manufacture of watches in the country will

*SKD—Semi-Knocked-Down
CKD—Completely Knocked-Down

require normal expansion of manufacturing units coupled with SKD/CKD assembly, the concurrent aim being the progressive raising of the indigenous content.

In the normal course, manufacture of watches in the country by six units in the private sector is expected to rise to 1.43 million during the current year. If all the facilities which the nine private sector licences have requested for the success of the crash programme are provided, their combined output may rise to 3.77 million watches and if the anticipated production of HMT units at about a million watches is added to it, it will be seen that the gap between demand and supply will be sizeably reduced.

II

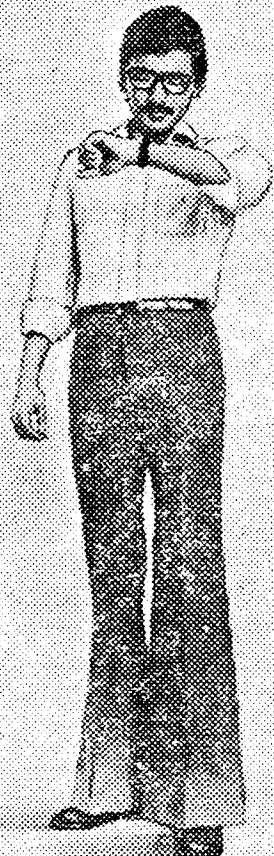
The production of timepieces in this country by the organised sector since 1965 is shown in Table III. In 1965 four units produced timepieces

TABLE II Production of Watches—1974-76			
Year	Public sector* (numbers)	Private sector (numbers)	Total (numbers)
1974	316,000	268,000	684,000
1975	566,000	278,000	844,000
1976	782,000	478,000	1,260,000

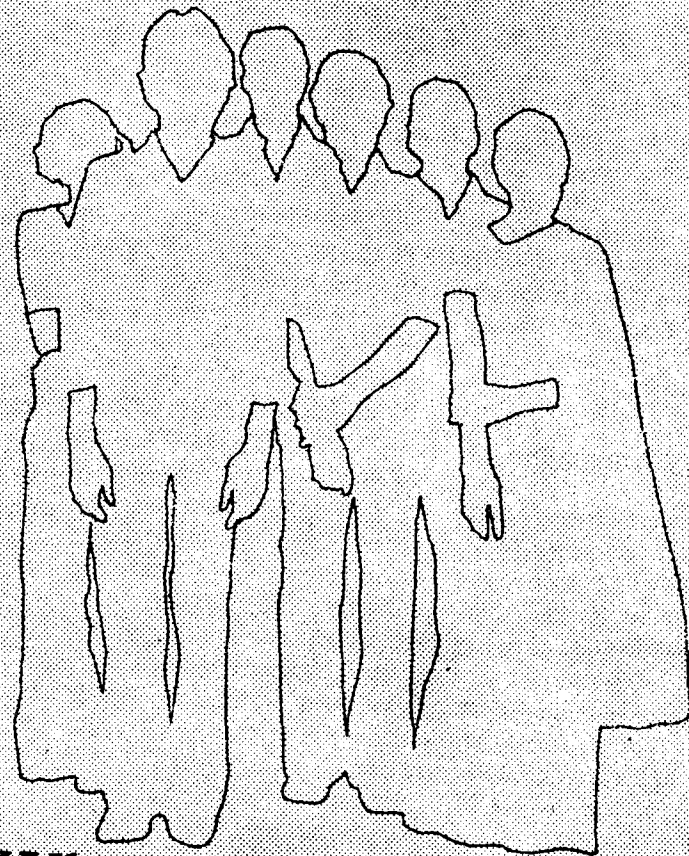
* Bangalore and Srinagar units of HMT.

TABLE III Production of Timepieces—1965-75			
Year	Number of units	Installed capacity ('000 numbers)	Production ('000 numbers)
1965	4	510	407
1966	4	510	427
1967	4	510	460
1968	6	1080	530
1969	6	1080	579
1970	7	1280	630
1971	7	1280	753
1972	7	1400	838
1973	7	1400	900
1974	7	1600	950
1975	6	1435	700

Every year, 70 lakh Indians want to buy a watch.



Just 1 out of 7 can
'Buy Indian'.



What are we doing about
the other 6?

Despite dramatic annual increases in production, the unsatisfied demand for watches in the country is nothing short of phenomenal.

Right now, over 10 lakh Indian watches are made every year. Out of which about 6.5 lakhs come from HMT.

So why can't HMT get more machines and increase watch production?

Are they totally indifferent to their customers' needs? Or are they just plain inefficient?

These are the questions people ask. And here are the answers...straight from the shoulder.

We already make ten times as many watches as we did when we started.

Today, we make 29 different kinds of quality watches. And we're increasing production at a fantastic rate every year. In March '76,

we crossed the 6.5 lakh mark—that's 2.20 lakh more watches per annum over '75.

What's more, before the year is out we aim to reach 9.10 lakhs.

That's not all. Within four years we'll be making four times as many watches per annum.

Surely that isn't inefficiency!

Why couldn't we show such a dramatic increase upto now?

Because increasing production isn't just a question of getting more machines. It's a question of getting more men. Men with special skills.

That's the difficult part. We've got to build up a whole task force of experts. Teach them what micro-precision means. Train them in specialised techniques...altogether different ways of working. All of which takes time.

Meanwhile, with our three factories

making watches to full capacity and several captive assembly units being put up in various states, we are making every effort to meet the demand for HMT watches.

Making watches that are as good, if not better, than comparable foreign makes. So it's just a matter of time before every Indian who wants to buy a watch, can 'Buy Indian'...with pride.



TIMEKEEPERS TO THE NATION!
MARKETING DIVISION,
HMT LTD.,
BANGALORE 560052.

numbering 407,000. By 1974, the number of units had risen to seven and their total production was 950,000. In 1975 one of the units manufacturing time pieces was transferred to the small-scale sector and hence the total output of units in the organised sector was reduced to 700,000.

No scientific survey has been conducted in this country to find out the annual demand for timepieces. Long ago, the government of India had appointed a panel which estimated the total demand for timepieces at 1.2 million a year by 1965 and 1.5 million by 1970. This demand figure has been revised to 1.85 million by 1975 and 2.3 million by 1980. Production has lagged behind demand so long with the result that all the output has been taken up by the market. Currently the position seems to have stabilised. The six units in the organised sector and some others in the small-scale

sector are estimated to produce one million pieces a year which is roughly equal to the current demand. By 1980, the output may rise to 1.5 million timepieces depending upon a number of other factors. One of the relevant factors is the price of the timepiece which has been steadily going up. This in itself can be a limiting factor in so far as the size of the domestic market is concerned. The prices of raw materials and components have risen in recent years. The cost of wages, administration and overhead charges has also increased. Even then the manufacturers will have to keep down the sale price if they wish to market rising numbers of timepieces. One of the essential items in the manufacture of time pieces is spring steel strip whose import has been canalised through Hindustan Steel Ltd. (HSL). The industry is of the view that HSL has not been able to serve adequately the

TABLE IV
Exports of Watches—1975-76

	April 1975 to March 1976	
	Quantity (numbers)	Value (Rs)
Wrist watches		
Australia	2,120	182,956
Dubai	400	75,243
Iraq	40	7,953
Malaysia	27	3,654
New Zealand	2	255
Philippines	4	1,121
Poland	40	7,103
U. Arab Republic	130	12,660
Total	2,763	291,045
Clock with watch movements		
Ken	1,500	94,000
Madagascar	70	9,380
Singapore	150	11,000
Total	1,720	114,380
Watch movements assembled		
Australia	1,700	75,590
Total	1,700	75,590
Grand Total		481,015

TABLE V
Imports of Watches—1975-76

	April 1975 to March 1976	
	Quantity (number)	Value (Rs)
Wrist watches		
Bahrein Islands	23,258	749,560
Dubai	7	1,670
German, F. Rp.	80	10,415
Hongkong	378	63,175
Iraq	4	1020
Italy	2	550
Japan	18	4,086
Muscat	2	1,350
Singapore	750	90,000
Switzerland	182	96,327
USA	10	1,320
Total	24,691	1,029,473
Stop watches		
German, F. Rp.	12	4,854
Singapore	1	530
Total	13	5,384
Other watches		
Bahrein Islands	16,880	599,900
German, F. Rp.	17	4,625
Japan	610	152,287
Kuwait	851	24,380
Muscat	30	6,000
Saudi Arabia	15	3,600
Switzerland	3	2,850
Thailand	39	13,050
Total	18,445	806,692
Clock with watch movements		
Singapore	70	12,502
Total	70	12,502
Watch movements assembled		
German, F. Rp.	6,559	317,086
Italy	1,060	55,766
Japan	1,117	33,069
Switzerland	7,123	190,551
Total	15,859	596,472
Watch cases and parts thereof		
France	260*	290,940
German, F. Rp.	1,100*	233,191
Hongkong	222*	59,964
Italy	257*	111,801
Japan	808*	1,646,377
Switzerland	331*	205,876
USSR	90*	99,125
Total	3068*	2,647,274
Grand Total		5,087,797

*KG

TABLE VI
Exports of Clocks and Timepieces—1975-76

	April 1975 to March 1976	
	Quantity (number)	Value (Rs)
Oneday alarm clock		
Czechoslovakia	36,500	1,172,065
Israel	15	1,300
Kenya	500	11,875
Kuwait	346	15,285
Malaysia	2,000	56,600
Malta	312	23,856
Mauritius	288	20,200
Nigeria	260	23,000
Qatar	400	11,198
S. Yemen, P. Rep.	6	300
Somalia	130	4,420
UK	11,000	324,035
Total	51,757	1,664,134
Timepieces		
Singapore	250	6,400
UK	99	14,000
Total	349	20,400
Other clocks		
Bahrain Islands	66	5,800
Czechoslovakia	4,300	260,313
Iran	1,790	151,000
Jordan	7	370
Mauritius	378	31,150
Muscat	96	8,600
Nigeria	1,926	157,496
S. Yemen, P. Rep.	2,400	18,200
Syria	342	27,380
UK	323	34,705
USA	62	16,433
Yemen, Arab Rep	1,500	17,530
Total	13,190	728,977
Time recording apparatus Nes		
Sri Lanka	70	16,055
Total	70	16,055
Clock cases and parts thereof		
Czechoslovakia	30	2,862
Total	30	2,862
Clock parts Nes		
German, F. Rp.	400*	34,130
Kuwait	14*	6,100
Total	414*	40,230
Watch parts Nes		
Australia	4*	5,291
Iran	1,000*	13,000
Kuwait	32*	1,726
Muscat	10*	636
Nigeria	80*	19,030
Total	1,126*	39,683
Grand Total		2,512,341

*KG Nes—Not exactly specified

TABLE VII
Imports of Clocks and Timepieces—1975-76

	April 1975 to March 1976	
	Quantity (number)	Value (Rs)
Instrument panel clocks for vehicles etc.		
Netherlands	36	12,996
Total	36	12,996
Electric clocks		
Czechoslovakia	30	47,932
France	10	15,859
German, F. Rp.	5	2,855
Netherlands	1	3,780
USA	25	43,764
Total	71	114,196
Other clocks		
Czechoslovakia	40	55,507
German, F. Rp.	10	10,071
Japan	1	145
Spain	1	150
UK	119	46,022
USA	112	60,020
Total	283	171,915
Time recording apparatus Nes.		
Belgium	8	20,166
German, F. Rp.	509	79,039
Switzerland	7	7,906
UK	48	85,210
USA	7	288,263
Total	579	221,184
Clock movement assembled		
Sweden	1	372
Total	1	372
Clock parts Nes.		
Czechoslovakia	473*	187,558
France	429*	232,339
German, D. Rp.	15*	12,038
German, F. Rp.	492*	420,385
Hongkong	70*	28,917
Japan	13*	13,568
Spain	16*	800
Switzerland	791*	275,752
UK	107*	95,376
USA	2*	801
Total	2,408*	1,267,554
Watch parts Nes.		
France	2,954	2,408,712
German, F. Rp.	1,668	328,143
Hongkong	366	146,961
Italy	426	234,463
Japan	2,104	7,228,844
Switzerland	996	641,442
UK	308	22,154
USSR	296	301,285
Total	9,119	11,312,004
Grand Total		13,100,215

*KG Nes—Not exactly specified

variegated needs of the industry resulting in impediment to production.

It is encouraging to note that some manufacturers have started exporting timepieces, though the number is extremely small. In 1975-76, 250 timepieces valued at Rs 6,400 were exported to Singapore. To United Kingdom, 99 timepieces were exported valued at Rs 14,000. This is no doubt a small beginning but if adequate incentives are provided to exporters, there is no doubt that the manufacturers of timepieces will be able to earn valuable foreign exchange for the country.

A new trend has been witnessed in the developed countries. Switzerland, Japan and West Germany have started specialising in the manufacture of electronic timepieces. This in itself provides a good opportunity to our manufacturers

to supply mechanical timepieces to countries in Africa, South America and Eastern Europe. The only snag in this regard is the high prices of Indian timepieces. The timepieces produced by China and other socialist countries are cheaper than those of ours. If we are really keen on exploring foreign markets, the government will have to come to the succour of the exporters by framing an export policy which provides sufficient incentives to be able to compete in markets abroad. For example, the percentage of the replenishment import licence against exports of timepieces needs to be raised. Again, the cash incentive against exports of alarm timepieces also needs to be raised. The industry has rightly pleaded for liberalisation of procedures, for example, it has asked for the issuance of advance

licences against export orders so that the exporters get these licences in the shortest possible time.

The information about foreign markets in regard to timepieces is meagre and therefore it is high time that a team of delegates is sent abroad to make an on-the-spot study of the conditions prevailing there. Such a survey should provide guidelines to entrepreneurs who wish to export timepieces to foreign markets.

III

The wall clock industry came into existence in our country in 1950. The first successful unit, namely, Scientific Clock Manufacturing Company, was started in that year on a small footing. Since then it has made significant progress and is currently one of the biggest units in the country. At Morvi

(Gujarat), there are about 20 units out of which 19 are small-scale units which are all manufacturing wall clocks. The capital investment in these units is of the order of a crore of rupees. The production of wall clocks at Morvi covers nearly 50 per cent of the total output in the country. In the organised sector, there are only five units whose installed capacity is 312,000 pieces a year. The total production in 1975 was no more than 200,000 pieces (see Table I). This is a precision type industry and needs precision machinery and perfect craftsmanship. Since 1950, Morvi has collected quite a large number of skilled workers who are acquainted with the techniques of manufacturing clocks. This explains the reason why this industry is concentrated at that place. Manufacturers in this country are not only in a position

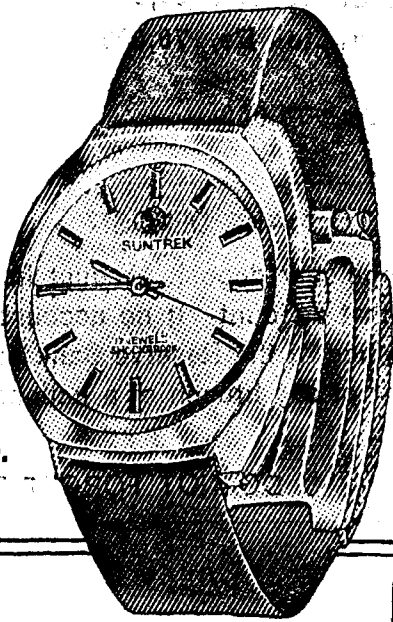


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(INCOME TAX PAYERS) ACT, 1974

LAST DATE : MARCH 31.

The last date for making compulsory Deposit is March 31 for :

- | | |
|------------------------------------|--|
| * Individuals | } Whose current income is Rs. 15,100 and over and who are not required to pay Advance Tax. |
| * Hindu Undivided Families | |
| * Trustees of discretionary trusts | |

HOW MUCH TO DEPOSIT :

From the amount worked out in accordance with prescribed* rates, reduce the amount of deductions made during the year under the Additional Emoluments (Compulsory Deposit) Act, 1974, for determining the amount to be deposited.

* If current income is :	The amount of deposit shall be :
Rs. 15,100 to Rs. 15,620	The whole of the amount exceeding Rs. 15,000;
Rs. 15,621 to Rs. 25,000	4% of the income;
Rs. 25,001 to Rs. 70,000	Rs. 1000 plus 10% of the amount exceeding Rs. 25,000;
Above Rs. 70,000	Rs. 5,500 plus 12% of the exceeding Rs. 70,000.

WHERE TO MAKE DEPOSIT

If a compulsory deposit account has already been opened, the deposit should be made only in that account. If no account has so far been opened, the deposit may be made at any office of the Reserve Bank or at a branch of the State Bank or of its subsidiary banks, or at any branch of a nationalised bank.

DO NOT FORGET TO MAKE YOUR DEPOSIT IN TIME

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davp 76/980

meet the domestic demand but are also able to export a part of its production. As Table VI shows, more than 51,000 alarm clocks were exported to various countries in

1975-76, earning foreign exchange worth Rs 16.6 lakhs. Other clocks numbering more than 13,000 earned foreign exchange worth Rs 7.3 lakhs. Czechoslovakia, the UK and

Malaysia were the main importers of time clocks from our country. Manufacturers, however, face difficulties in regard to the acquisition of modern techniques. Even the technical

literature needed for this purpose is not easily available. The result is that the industry is not able to keep abreast of latest developments taking place elsewhere in the world.

Mechanical Watches have a Long Future

Dr M. P. Shah

AS MAN became civilised, measuring time to coordinate his activities became an important aspect of life. Centuries passed between the crude way of measuring time to the present accurate measurement with highly precision instruments. With the development of sophisticated engineering techniques smaller and smaller measuring instruments were invented which resulted in manufacturing watches. However the largest contribution for manufacturing watches came in the 20th century. In the second half of the 20th century, electronic, quartz and liquid crystal watches have been manufactured. However, the conventional mechanical watches play a dominant role in so far as the total demand for watches is concerned.

Percentage Share

During 1973, about 208 million watches were manufactured all over the world. Of this, 40 per cent were manufactured in Switzerland alone. Contributions from Japan, the USSR, the USA, France and West Germany were 14 per cent, 13 per cent, 10 per cent, eight per cent and five per cent, respectively. Thus about 90 per cent of the watches were manufactured by the developed

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countries. It is also obvious, therefore, that the market in the developing countries is captured by them. During 1973, of the total of 126 million watches exported by the developed countries, 65 per cent were exported by Switzerland. The contributions from Japan, the USSR and France towards exports were 15 per cent, 10 per cent and seven per cent respectively. About 97 per cent of the total exports were made by only four countries, viz. Switzerland, Japan, the USSR and France.

World Production

The year 1974 registered a record world production of about 230 million watches, Switzerland making the largest contribution. However, during the following two years of 1975 and 1976, the contribution of Switzerland was reduced by 24 per cent and 29 per cent respectively. This reduction took place on account of reduced imports of watches by North and South America and the shrinking of markets in Asia and the far east. The sudden increase in the exchange rate of Swiss Franc also made it more difficult to export watches from Switzerland besides the keen competition from the solid-state Light Emitting Display (LED) and Liquid Crystal Display (LCD) watches.

It will also be interesting to study the consumption pattern

of watches per 1,000 inhabitants in various geographical parts of the world. The 1973 data reveal that western Europe and the USA-Canada together consumed the largest number of watches per 1,000 inhabitants. They were 171 and 243, respectively. Similar figures for Asia (without Japan) and Africa were only 16 watches per thousand inhabitants.

Although more than 75 per cent of the world population is concentrated in Asia, Africa and the far east, the lowest number of watches is consumed in this area. There are several reasons—economical, social, as well as political—for low

consumption of watches. However, consumption would have definitely gone up had watches been manufactured in these countries.

Although our country became independent in 1947, efforts to manufacture watches were made only in the early 1960 when the two factories viz. HMT in the public sector and Indo-French Time Industries Ltd, manufacturers of famous Timestar matches in private sector, were established. Since then, several proposals have either been sanctioned or are under the scrutiny of the government for manufacturing watches with foreign collabora-

Indian Watches Exported to Switzerland

For the first time India has sold wrist-watches to Switzerland. No less than 20,000 watches representing the latest in watch technology—liquid crystal display (LCD)—have been sold realising Rs 40 lakhs in foreign exchange. The export of remaining 15,000 watches will complete the contract valued at Rs 70 lakhs.

The watches are manufactured at the Santa Cruz Electronics Export Processing Zone (SEEPZ) by CENTURY ELECTRONICS Ltd. in collaboration with an American manufacturer.

This watch is completely solid state. It contains two batteries, Quartz Oscillator, Integrated Circuit Driver, time set and command switches and a continuous operation liquid crystal display.

There are very few manufacturers of this sophisticated item in the world. CENTURY ELECTRONICS has adapted the overseas technology using entirely indigenous labour; it has been able to achieve 40 per cent value added.

The unit plans to manufacture 10,000 watches per month from April this year. After September, the monthly production will be increased to 25,000.

tion. In spite of more than 25 years of independence, this industry has not progressed in the private sector, and the gap between production and demand has widened.

It is unofficially estimated that about five million watches were smuggled into India before the promulgation of the emergency. Against this, a total of 1.4 million watches are manufactured in India today. The precise demand for watches in India is not known. With the increase in the standard of living and the growth in population, the demand is expected to increase and in a decade's time, the demand would be of the order of about eight to 10 million watches. Thus there is a good potential for manufacturing watches in India.

Indo-French Production

Starting with an annual production of 50,000 watches in 1967, the Indo-French Time Industries Ltd is manufacturing 500,000 watches per annum at present. With government's approval, the company (which is producer of well-known Timestar watches in the private sector) has taken up a very ambitious project for manufacturing 1.2 million watches per year.

Normally, the watch calibres are patented and are, therefore, protected under the patent rights. In order, therefore, to manufacture any calibre, one has to get the permission of the patent-holder. A lot of technical know-how, documentation, design and specifications have also got to be procured. All the finer points in manufacturing are normally got by experience and hence it becomes necessary to get a good technical collaboration for manufacturing such a calibre. In watch industry, such

collaborations are shy, and developed countries are not in a mood to part with their technical know-how, which till now was considered to be secret. Furthermore, it becomes implicit to manufacture all parts under one roof in India and such suitable collaborations for manufacturing all parts in developed countries are very few and far between. In most of the collaborations, the collaborators have a larger interest in selling their components during the phased manufacturing programme rather than technically assisting the receiving party to go into the manufacture of watches.

The watch industry needs large investment in plant and machinery as well as in stocks in trade. To manufacture 360,000 watches per year, it is necessary to have plant and machinery of the order of about five crores of rupees. Besides, about a crore of rupees is invested in dies and tools, jigs and fixtures and stocks in trade. The ratio, therefore, between capital and sales comes to 2:1, as against many engineering and chemical industries where the ratio is very much less than one.

Sophisticated Equipment

The watch industry needs highly precise and sophisticated equipment, which is normally not manufactured in India. The import of such equipment, therefore, needs a good amount of foreign exchange from hard currency areas and the gestation period in all such cases is very high. Negotiating for foreign exchange and the rupee investments for the project with several financial institutions is also a herculean task. Share capital in this country is not

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THEY DO CREDIT TO THE MOST EXPENSIVE WATCH

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shy and if a project is sound, subscription to shares is easy.

In order to establish the industry in the organised sector, the ministry of Industry has launched upon a crash programme for increasing the production of watches. All the projects in the private sector have been followed up closely and vigorously. HMT in the public sector has drawn up a plan to manufacture three million watches by the end of the seventies, and as an immediate measure to market watches, they have been given licences to import 1.5 million complete movements, cases, dials and market them.

Import Facility

Projects in the private sector such as Indo-French Time Industries Ltd, Hegde-Gholey Ltd, Indo-Swiss Ltd, and some other projects in an advanced stage of establishment are being given similar licences for the import of semi-knocked down (SKD) and completely knocked-down (CKD) movements for immediate production of watches. Such production, however, will be merged with indigenous production over a period and the imports will be reduced progressively till a total production of six million watches is achieved. Such an encouragement will definitely help establish the industry in the organised sector.

Recently the mechanical watches in western Europe and the USA have been facing competition from solidstate LCD and LED watches. Mass production technology in electronic industry has reduced the prices of such watches, thus creating a fear of replacing the mechanical

watches. Although opinions have differed on the extent of replacement, the future of LED does not seem to be very bright, against LCD which is a recent introduction. However, the future of quartz analog watches seems to be very bright and is gaining ground.

In India, where a large part of the population is poor, traditional and illiterate, good mechanical watches at very reasonable prices have good future for many years to come.

Although watch-manufacturing is capital-intensive, the return on capital invested is reasonably good. However, with the prices of machinery, plant and building, labour and technicians and interest on capital going up, it will no more be profitable to limit the installed capacities to 500,000 watches per year.

Slow Progress

At the moment, the watch industry is making a very slow progress because it is not treated as a priority industry. In order not to induce smuggling, and to fill up the gap, the watch industry has got to be encouraged by the government. It is, therefore, necessary that the industry should be put on the priority list. Establishment of this industry will also be an asset for defence in case of an emergency.

Several raw materials and tools required for manufacturing watches are special items not manufactured indigenously, although similar types are manufactured. According to the present policy of the government, a number of raw materials is canalised and more and more such items will

Ministry of Defence Indian Ordnance Factories

The General Manager of the following factories invites sealed tenders for supply of the following items:—

Ordnance Factory KATNI (M.P.): •

(1) Tender No 1563/PV/LP/Adv/663. Chain for 15 Tonne Draw Bench 13.5 Metre Long approx as per drawing No 1, Kat/Ext/428—1 No.

(2) Tender No. 1563/PV/LP/Adv/634, Brass Billet 190.50 mm dia × 559 mm to 609 mm long (7—1/2" dia × 22"—24" long) Specn. : BS 2872/CZ—122 OR BS 2874/CZ—121. Qty: 200 M/T. N.B. 7030 Brass Scrap in loose form will be supplied by Ordnance Factory, Katni.

Closing date: 3.5.77. Tender forms available @ Rs 5 each through crossed postal order upto 15.4.77.

Ordnance Factory Dehradun:

Tender No PR/OFD/L/240. (i) Aluminium Alloy Pressure Die castings for Body Right as per Drg. No ODD/C/550—5000 Nos. (ii) Aluminium Alloy Pressure Die castings for Body Left as per Drg. No ODD/C/551—5000 Nos. Closing date 29.4.1977. Tender forms available upto 12.4.77.

Ordnance Factory, Bhandara, 441906:

Tender No SP/3018/1293 dt 1.3.77. Graphite Sulphur Free conforming to the specification No JSS 1-59-49(a) size 63 Micrometre I.S Sieve...660 kg. Closing date: 17.5.77. Tender forms available @ Rs 2 by hand or through M.O. upto 20.4.77.

Ordnance Equipment Factory, Kanpur:

(1) Tender No PV/1212. COIR Fibre Grade II KGMS 80,000 Specification No IND/TC/2220(d).

(2) Tender No PV/1250. Wire Brass 12 SWG—KGMS 1530 Specification No BS: 2373—1969 (CZ—108) Conditions Hard.

(3) Tender No PV/1248. Clay Fire—Kgms. 15,000. Specification No IS:195 of 1963.

(4) Tender No PV/1249. (i) Telephones PVC Cable 10 Pairs and PVC sheathed indoor wiring 22 S.W.C—Mets 1000.

(ii) Telephone PVC Cable 20 Pairs and PVC sheathed 22 S.W.G—Mets. 1000.

(iii) Telephone PVC Cable 5 Pairs and PVC sheathed 22 S.W.G. Mets 1000.

(5) Tender Notice No PV/1273. (i) Brass rod hex 22 MM (7/8") .F—Kgms 900. Specification No IS:319 | CUZN 42 PB 3.

(ii) Brass sheet hard 1.6 MM (16 SWG) thick—kgms 1500 Specification No IS:410—BS—60 (CUZN 40) 1/2 hard.

(6) Tender No PV/1262. (i) Holder goggle left complete with Frame strengthening left nose Bridge:Sets 7156. As per Drg. No. ARDE 1424 Det No 6 and ARDE 1424 Det No 8.

(ii) Holder goggles right complete with frame strengthening right—Sets 7156. As per Drg. No. ARDE 1424 Det No 7 and ARDE 1424 Det No 9.

Closing dates: 28.4.77 for item 1, 5.5.77 for item No 2, 3 and 4, 12.5.77 for items 5 and 6. Tender forms available @ Rs 5 by Indian Postal Ord. r.

Note: Other details and specification etc. will be supplied alongwith tender forms. Tender fees are non-refundable. Further details can also be seen in Indian Trade Journal.

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be canalised in future. Since the requirement of this industry is of a specialised nature and the quantities involved are very small, such raw materials should not be canalised, but the units should be allowed to import directly.

A well-equipped testing laboratory should be established, and ISI horological standards should be determined. The adoption of such ISI standards should be made obligatory. Recently there has been a move in this direction and a committee has been appointed to work out the

details. Micro mechanic courses for precision engineering should be established in the degree courses and post-graduate engineering facilities. Similar courses also should be adopted for lower level at the polytechnic and diploma courses. A training institute for horological training should also be established for training qualified watch repairers. Above all, a research institute should take up designing, development and research of watch calibres. Manufacturing numerous calibres in a developing country is not desirable. Standardisation,

therefore, on only a few standard calibres, should be adopted if we want to benefit from the mistakes of other countries in watch industry.

The recent notification of the government to allow import of any amount of components for repairs and replacement is likely to be misused by the trade and the unorganised sector. Such a step will not only discourage watch manufacturing in the organised sector but also put the clock twenty years behind time.

At present, 120 per cent

import duty is levied on watch components. In order to encourage the industry, varied import duties should be levied for industries in phased manufacturing programme, established importers, imports under repairs and replacements, CKD and SKD imports, it being not more than 50 per cent for industries in phased manufacturing programme and heavy duties on others. Such a step will not only help entrepreneurs to overcome financial problems, but will encourage manufacturing and avoid unhealthy competition.

**For the first time
made in India**



**SANDOZ
INDIA
WRIST WATCHES**



Some of my well-mean-

ing friends have always been warning me that there will be occasions in my life when I am bound to call on the name of God (the capital 'G' is theirs). Could the present occasion be one such? *Vox populi, vox dei*? In any case, the people have spoken and God must but nod. Quoting more Latin, *Victrix causa d'is placuit, sed vieta Catoai*, meaning: the cause that conquered pleased the gods, but the cause that lost pleased Cato. Are there any Catos among Mrs Gandhi's entourage? Mr Deb Kant Borooah, will you please stand up?

Without prejudice to my carefully cultivated atheism, I am tempted to say that god (small 'g' this time) is in his heaven and all is right with the world. The provocation is obvious. First, look at all those defeats:

Mrs Indira Gandhi's—the most pitiable;
Mr Sanjay Gandhi's—the most acceptable;

Mr Bansilal's—the most popular;

Mr V.C. Shukla's—the most pleasurable;

Mr Karunanidhi's—the most deserving.

There have of course been some other defeats which dilute our enjoyment of these defeats. Among the former is Mr George Verghese's. He should have won. A clear case of Kerala's loss being also the nation's loss. Now let us look at these highly gratifying successes:

Mr Raj Narain's—it ought to restore our faith in Robert Bruce's spider, if not in human nature;

Mr A.B. Vajpayee's—he looked so lost when I briefly shared a ward with him at the All India Institute of Medical Sciences in November-December, 1975;

Mr Subramaniam Swamy's—he can now complete his education in Economics by serving in one of the Economic ministries;

Mr Sanjiva Reddy's—he once paid dearly for other people's freedom of conscience;

Mr C. Subramaniam's—he after all

found a constituency he could win on his own;

Mr Karan Singh's—the fault lay only in his stars which let the thugs take family planning away from him.

To preserve our satis-

faction with these successes, we have to avoid thinking of some others. Take, for instance, Mr R. Venkataraman's from a Madras city constituency. His opponent, DMK's Murali Mani is no angel. On the contrary, Mr Mani needs no spoon, short or long, to sup with the one-horned One. Nevertheless there is nothing in Mr Venkataraman's victory to please decent people. For a man who was never tired of professing loyalty to the late Kamaraj, his principles and his politics, when Kamaraj was alive, Mr Venkataraman's most recent political history has nothing to commend itself. I resent particularly the way he ran Rajaji's *Swarajya* during the emergency. Preferring prudence to valour, Mr T. Sadasivam had delivered this journal into Mr Venkataraman's custody for the duration—and no jailor could have done a better job. Incidentally, much of the mess in Yojana Bhavan during the closing phase of the late D.R. Gadgil's vice-chairmanship was due less to the professor's senility than to Mr Venkataraman's too-Brahmin cleverness.

Now that the rock of the emergency has been rolled away we must expect some very odd or unwholesome creatures to crawl and creep from down under. Mr Sham Lal, with a fine sense of timing, has put his name to a leader page article in *The Times of India* just a few hours ahead of Mrs Gandhi submitting her resignation to the Acting President. Bursting with all that righteous indignation which he had so virtuously bottled up in himself during those hard and uncomfortable 19 or 20 months, he fires off a barrage of questions and charges at Mrs Gandhi, castigating her and "the little men she dressed in absolute authority", for their various sins of commission

and omission. He is furious with the neo-fascists around her who "resorted to bluff and bluster and even blackmail to bludgeon independent minded persons into conformity and surrender." Since Mr Shamlal is so ready with questions for other people, may I ask him one: How much bludgeoning did it really take to make the "independent-minded persons" editing *The Times of India* or editorialising in it conform or surrender? Show us the scars, please.

Mr V.C. Shukla, says

Mr Sham Lal, "managed the press for Mrs Gandhi and Mr Gandhi, but the people trusted rumours more than newspapers." True enough. But who made it so easy for Mr V.C. Shukla—a man not gifted with great abilities by any means—to "manage" the press in which, I presume, *The Times of India* was included? Who, if not those editors and journalists who have started rationalising their three-monkey stance during the emergency, arguing that a safe spell of silence, while hoping that the evil would go away, was somehow the moral equivalent of risky non-conformism? An editorial in *The Times of India* of the same date (March 22) speaks of the press being "completely muffled". Even the most violent act of rape cannot remain a unilateral exercise beyond a point. At what last stage of resistance did some of the editors or other journalists decide bravely to live to fight another day? Many of them, like Casabianca, no doubt, stood on the burning deck, but they knew that the deck was not meant to burn out—and, in any case, they were always at a safe distance from the flames.

Some of them, of course, avoided all decks, whether they were on fire or not. Mr Girilal Jain, who edits *The Times of India*, Delhi edition, was one of them. He simply sat on the fence, more delicately balanced always than the most worldly-wise feline. Soon, of course, the cat should be jumping—and, we know, on which side it would jump. Meanwhile he has had good pickings from the government's (or the much-maligned V.C. Shukla's) mass media. With that put-on punditry and ever-recurring smirk, Mr Jain will go far on Delhi's *Doordarshan*, unless he leaves soon for Bombay—there to take over from Mr Sham Lal.



MOVING FINGER

EASTERN ECONOMIST

563

TRADE WINDS

Lakhya Dam

WORK ON the Rs 8 crore Lakhya Dam, to contain ore tailings of the giant Kudremukh iron ore project, got off to a good start recently at Kudremukh site ahead of schedule. The 670 metre long and 66 metre high dam across the Lakhya, a tributary of the Bhadra, is the first of the two large earthen dams aimed at prevention of pollution of the waters of the Bhadra. The completion of the dam, designed by the Central Water Commission, a government agency, in keeping with the time-bound nature of the project, has the deadline of June 1978. This involves three million cubic meters of earth work and a storage capacity of 118 million cubic metres. The dam will cover a reservoir over three million square metres, storing tailings or the ore rejects, after the iron ore is concentrated. Huge silt deposits of tailings will settle in this reservoir thus preventing the impurities getting into the Bhadra.

Performance of Public Sector

Over the past 10 years, the total investment in the public sector has increased to Rs 6,800 crores and the turnover is expected to touch Rs 10,000 crores. The total investment in 1965-66 was Rs 1,368 crores and the turnover was Rs 1,000 crores. The quantum of gross profits before tax and the interest during the period from 1965-66 to 1974-75 has increased from Rs 51 crores to Rs 574 crores.

The enormous increase in production achieved by the public sector units in important fields is indicative of their important role in strengthening the industrial base of the country.

Remarkable Performance

In some important industrial sectors, the production performance has been really remarkable. Output of cement increased from 96,000 tonnes in 1970-71 to 344,000 tonnes in 1975-76, while that of newsprint rose, during this period, from 37,300 tonnes to 52,900 tonnes. The value of production of precision instruments has increased from one crore rupees in 1970-71 to 8.56 crores in 1975-76. The Bharat Heavy Electricals Limited, which manufactures hydro-turbines, thermal turbines and high power traction motors, registered a more than five-fold increase in value of production from Rs 78 crores to Rs 415 crores. The Hindustan Machine Tools also made a four-fold increase from Rs 207 million to Rs 800 million. The Heavy Engineering Corporation (HEC) also increased its output value from Rs 29 crores to Rs 80 crores. In the last two years, public sector enterprises have generated as much gross internal resources as during the entire fourth five year Plan period.

In the building of the new industrial structure through rapid and widespread expansion in the production of critical inputs, basic goods and

machinery, the contribution of the public sector has been highly impressive. Apart from attaining a high growth rate of production, the progressive expansion of the activities of the public sector in a number of core and critical industrial fields is in itself quite significant. At present, there are two central public sector undertakings engaged in the production of steel, 13 in the production of minerals and basic metals, eight in the production of petroleum and petroleum products, 11 in the production of chemicals and pharmaceutical products, eight in the production of heavy engineering goods, 16 in the production of medium and light engineering goods, eight in the production of transportation equipments and 10 in the production of consumer and agro-based products.

Gold Output

There has been 13 per cent increase in the production of gold at the Bharat Gold Mines during the current financial year. Gold production has risen from 1,748 kgs in 1975-76 to 2,200 kgs in 1976-77. With the result gross cost of production of 10 grammes of gold has gone down from Rs 547 in 1975-76 to Rs 499 in 1976-77. Total production of gold by the end of current financial year is expected to be 3,120 kgs which is seven per cent higher than the total production of 2,918 kgs during the last financial year. 1,941 kgs of Gold was produced up to February this year by the BGML.

Bharat Gold Mines is diversifying its activities by manufacturing mining equipment not only for their own mines but also for other mining companies. A sophisticated 160 HP double drum winder was

manufactured for the Chitradurg Copper company and handed over to it last month. Work is in progress on two headgear sheave wheels and safety dogs for the main shaft headgear for this company. It has taken a contract for mine construction at the Kolihaan mine of Hindustan Copper. The erection of the 400 KW Polish winder has been completed and successful trial runs have been carried out.

Coal for Steel Industry

Investigations on coal quality assessment indicate future possibilities of utilisation, for steel making of coals from barren measure and newer areas of Jharia coalfields as well as assistance in planning of coals, besides grading and industrial application by concerned organisations. Graphite in Palamau district of Bihar can also be upgraded and market survey on its uses and demand by various industries has been completed. The Central Fuel Research Institute (CFRI), Dhanbad investigated 128 sub-projects, including 20 sponsored by outside organisations during 1975. According to the *Institute's Progress of Research: 1975*, released recently, the institute's work on coal quality assessment included the examination of over 12,000 metre bore hole core length and analysis of about 25,000 coal samples in its seven coal survey laboratories.

Schemes in coal washing comprised technical audit of performance of existing coal washeries; development of flow schemes for proposed installation of plants at Kedla and Ramgarh, (both in Hazaribagh district in Bihar) and recovery and upgrading of coking coal fines in slurry

from newer sources. Commercial viability tests were taken up. With oil agglomeration, Bharat Coking Coal Limited plans to set up a two-tonne per hour coal slurry beneficiation unit and Hindustan Steel Limited envisages using upto 7.5 tonnes per hour direct coal injection in blast furnace to reduce coal consumption in the Bhilai steel plants.

In coal oil programme, a coal dehydrogenation experimental plant of 0.5 tonnes per day coal charge capacity for production of synthetic oil is being set up. Work on a continuous one kg per hour bench scale coal hydrogenation unit was also taken up. Raniganj coal was hydrogenated, although in comparison with Assam coal the conversion into oil was a little less, the results, however, were encouraging. The institute also undertook hydrogenation studies of coal and coal tar including development of catalysts, kinetics and mechanism of conversion, coking characteristics of heavy oil, hydrogenation of low temperature tar, middle oil etc.

Pooling System by Shippers

The All India Shippers Council has requested the Monopolies and Restrictive Trade Practices Commission to inquire into the restrictive trade practice followed by the India-Pakistan-Bangladesh-UK-Continental Conferences by adoption of the pooling system. It has been pointed out that as a result of the adoption of the combined cargo revenue pool by the conferences, the competition between the member lines of the conferences in the provision of shipping services has completely disappeared and there is no motivation for the

member lines to compete among themselves. This restrictive trade practice followed by the conferences is adversely affecting the interests of India's exporters in the matter of shipment of their goods on account of inadequacy of shipping services provided and as such does not enable the country to maximise its exports to western Europe.

The commission has been urged to direct the conferences to discontinue the pooling system or pass such orders as may be considered desirable to ensure adequate shipping services to the destinations served by the conferences.

Incentives for Industrial Investments

A number of measures have been taken by the government during the current financial year to boost investments in industries. New investment has been considered absolutely essential for accelerating economic growth, particularly in view of the rise in the capital costs of industrial projects. The problems faced in achieving this objective have been tackled through budgetary measures and licensing and import policy liberalisation. The main thrust of the budget for 1976-77 was towards accelerating industrial and economic growth. It provided for maximum increase in investment, consistent with the overall resource position. The annual Plan for 1976-77 had visualised an outlay of Rs 78,520 million on industrial development. It represented an increase of more than 31 per cent over the Plan outlay for the previous year.

Among the fiscal measures taken for boosting investment in the national economy was the introduction of an investment allowance at the rate of

25 per cent for investment in plant and machinery for specified industries. Another significant measure was the excise relief of 25 per cent granted on additional production over the base year. This investment allowance also qualified for additional tax relief in order to offset the disadvantages arising from higher costs. The production-linked excise relief has not only encouraged higher production in the existing units but also met the problems of the new units whose capital costs were higher.

New units in the specified priority industries were made eligible for excise relief on their entire production. Another important step was taken for the reduction of capital costs in the fertiliser and newsprint industries, where imported capital equipment forms a substantial part of total costs. Import duties on equipment for these industries were reduced from 40 per cent to 30 per cent.

Modernisation Process

Modernisation in selected industries like cotton, jute, textiles, sugar, cement and engineering industries was sought to be encouraged by providing soft loan assistance through the public financial institutions. Adequate funds were given to these institutions for meeting the higher cost of investment.

Far-reaching changes have also been introduced in the Industrial Licensing Policy during the last couple of years for increasing production as well as investments in the economy. The licensing policy was liberalised to permit diversification in industrial machinery, machine-tools, electrical equipment, steel castings and steel forgings industries, etc. Cement manufacturers

have been permitted to fabricate cement machinery for their own use in order to scale down costs. Additional capacity arising out of modernisation and replacement has been recognised. In addition to these measures, exports were encouraged by allowing 15 engineering industries to increase their capacity by 25 per cent during a five-year period.

Total Exemption

An important policy change has been the grant of total exemption from industrial licensing in respect of 24 selected industries and the freedom given to 29 medium-scale industries for fuller utilisation of installed capacities. This was done in order to encourage direction of the maximum resources to productive purposes and to create more employment opportunities.

Besides the above steps, the government also liberalised the facilities for non-resident Indians in order to attract remittances and capital investments by them in the priority and export-oriented industries in the country. Procedures have been liberalised and investments made more attractive. These measures have succeeded in increasing remittances and investments substantially.

Electrification Project in Saudi Arabia

Saudi Arabia has offered a big order for the implementation of an electrification project to India. This was the result of discussions held between the Saudi Arabian delegation and the representatives of the union government. A memorandum of understanding to this effect was signed between the two countries recently. Dr Ghazy Al-Gosaibi, minister of Industry and Electricity, the government of

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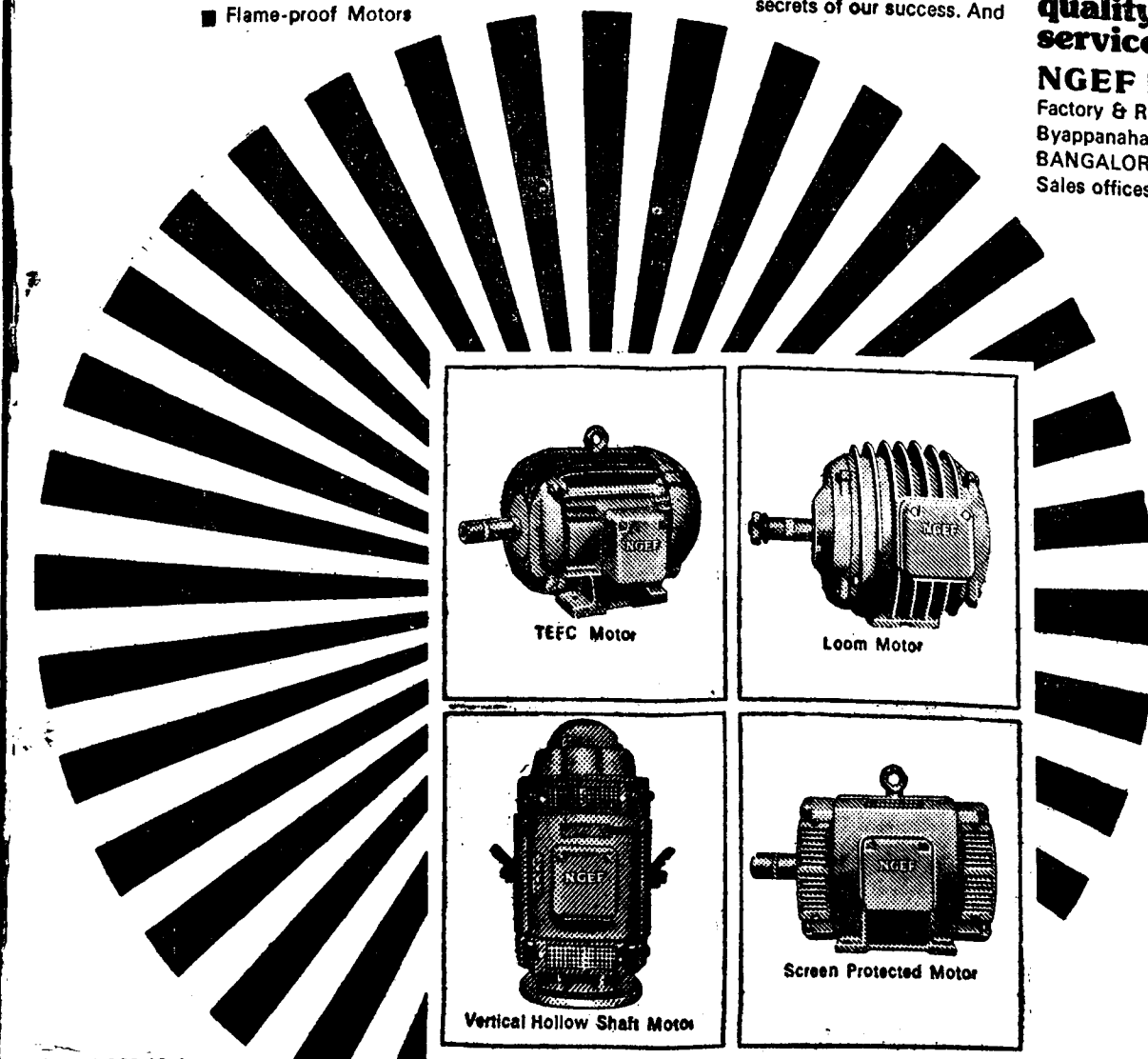
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Saudi Arabia signed on behalf of his country and Mr T.A.Pai, minister of Industry, on behalf of India. It was noted in the memorandum of understanding that a vast potential existed for cooperation between the two countries. Both India and Saudi Arabia have agreed to take necessary steps for further strengthening of industrial cooperation.

The proposed electrification project in Saudi Arabia involves the generation, transmission and distribution of power in that particular region. The project documents were presented by Dr Gossaibi to Mr T.A. Pai for detailed examination. He desired the participation of Indian companies in the implementation of this project. Mr Pai told Dr Gossaibi that the project was well within the manufacturing and engineering competence of the Indian companies and agreed to the project being taken up and fully executed by Indian agencies. The project is being taken up by the Bharat Heavy Electricals Limited in cooperation with other Indian companies in the public and private sectors. It is expected that the fruitful results achieved at this meeting will lead to further Indian participation in the industrial development of Saudi Arabia.

IDA Replenishment

Twenty-six countries at a meeting on March 14 and 15 at Vienna, pledged about \$7,600 million for the fifth replenishment of the financial resources of the International Development Association (IDA) for the three years beginning July 1, 1977. The United States pledged \$2,400 million of this total, subject to authorisation and appropriation

by the Congress. IDA, the concessionary loan window of the World Bank, provides help to the poorer countries in the world—those with per capita incomes below \$520. In recent years, over 80 per cent of IDA loans have gone to countries with per capita incomes below \$200. These credits are extended for periods of 50 years, with ten-year grace periods and service charges of 0.75 per cent.

Bokaro Hot Rolled Coils for USA

Bokaro steel has despatched 1000 tonnes of hot rolled coils for its onward journey to the USA. An order to export 15,650 tonnes to the USA was booked by Bokaro against a tough competition in the world market. Bokaro got the order because of the high quality of its products. This despatch marks the beginning of the future export of hot rolled coils from Bokaro steel. It may be mentioned that already Bokaro has exported slabs, hot rolled plates and sheets to different countries.

Aerospace Exports

After record overseas sales of more than £904 million for 1976, the British aerospace industry has reported a healthy start to 1977 with deliveries to other countries in January worth over £76 million. Figures issued by the Society of British Aerospace Companies show that the United States' last year's biggest customer for aircraft, engines and parts, took the lead again in January with purchases worth £18.5 million.

In second place in the aircraft and parts sector was Ecuador, which took delivery of goods worth £4.28 million. Reports that this country has begun to take delivery of the Anglo-French Jaguar strike aircraft

may account for this figure. In third place in this sector was France (£4.04 million). In the engines and parts sector, France was in second place to the US with purchases worth £6.11 million followed by West Germany (£3.99 million) and Saudi Arabia (£1.72 million).

New Gear System

Industries can now switch over to speed reducing gear systems which combine the characteristics of worm gear reducers and helical gear speed reducers. The new systems which work on the principle of differential epicyclic gearing, are developed and manufactured by Gyrox Gears Private Limited, Ahmedabad and marketed by Larsen & Toubro Limited. Gyrox geared motors and speed reducers are more compact and streamlined and weigh less than conventional geared motors. Unlike in conventional gearing, where speed is reduced due to the ratio of the number of teeth on mating gears, in Gyrox systems the speed is reduced due to the difference in the number of teeth on two mating gears. Differentials between the number of teeth on the two pairs enables any speed reduction ratio, ranging from 4:1 to 2,000,000:1. Besides, many teeth of both mating gears meshing together and sharing the load results in lower bearing pressure on teeth.

Synthetic Fibre Industry

Mr K.K. Modi, President Association of Synthetic Fibre Industry, pointed out recently at the annual general meeting of the Association that in spite of adverse market conditions and rising costs, the industry has stepped up production of nylon and polyester filament yarn (excluding tyre cord) from 12,700 metric

tonnes in 1974-75 to 16,400 metric tonnes in 1975-76, a rise of about 30 per cent. During the current year as well the industry was working on near cent per cent capacity and still higher production was expected during 1976-77. The industry had to resort to intensive sales drive. As a result, the average monthly delivery of nylon yarn during July-November 1976 period has been raised to nearly 1,350 tonnes from 950 tonnes delivered during the January-June 1975 period. However, the weavers could not consume larger quantities of yarn at fair prices. The result of the higher production and larger delivery of yarn was steep fall in the yarn prices and a loss to the manufacturer.

Names in the News

Mr K. Kuppusamy, the welder apprentice of Bharat Heavy Electricals Ltd (BHEL) Training Centre has won the President's Gold Medal this year. He has been adjudged the best apprentice in the seventeenth All India Skills Competition held at Kanpur in August 1976. Besides President's Gold Medal, he will be awarded a cash prize of Rs 5,000, a tool kit, and will be entitled on an all India industrial tour, to acquaint himself with the modern techniques and technology in welding.

The awards have been instituted by the National Council for Training in Vocational Trades, New Delhi, which conducts local, regional and national level competitions for apprentices under the Apprentices Act with the objective of fostering healthy competition among apprentices and institutions that train them. Under this scheme Mr Kuppusamy has won the President's Gold Medal.

COMPANY AFFAIRS

Ashok Leyland

ASHOK LEYLAND during the 15-month period ended December 31, 1976, has reported record production, sales and profits. It will be recalled that the change in the accounting year has been made to conform to that of British Leyland, the major shareholder and is now January-December. Consequently the working results are for 15 months ended December 31, 1976. Sales for 15 months accounted for Rs 127 crores out of which export earnings were Rs 1138 lakhs. As many as 11,031 vehicles were sold during this period of 15 months out of which exports accounted for 1141 vehicles.

Profit before depreciation and taxation amounted to Rs 1564 lakhs as compared to Rs 1011 lakhs last year. After stepping up the appropriations for depreciation by Rs 63 lakhs to Rs 168 lakhs and for taxation by Rs 176 lakhs to Rs 744 lakhs, the profit after tax worked out to Rs 652 lakhs as for the 15-month period under review as against Rs 338 lakhs last year for 12 months. Investment allowance reserve absorbed Rs 86 lakhs as against Rs 23 lakhs earmarked for development rebate reserve last year while the allotment to debenture redemption reserve was enhanced by Rs 4 lakhs to Rs 21 lakhs.

The directors have recommended a dividend of 18 per cent subject to deduction of tax on the old equity shares

and bonus shares recently issued, which appropriates an amount of about Rs 168 lakhs from the net profit, leaving a balance of Rs 376 lakhs which has been transferred to general reserve.

Ashok Leyland Ltd, thus had another successful year and this has been made possible by improved productivity, stringent cost control and all round application and hard work.

Hindustan Aluminium

Hindustan Aluminium Corporation has reported impressive improvements in its working results for the year ended December 31, 1976. Production, turnover and profits all are significantly higher than in 1975. What is more, the company has returned to the dividend list and an equity dividend of 10 per cent has been recommended for 1976.

The directors have visualised bright prospects for the company. They say that the plant is at present working at its full rated capacity. A five-year agreement has been signed with the UP State Electricity Board for the supply of adequate power for the current installed capacity of 95,000 tonnes per annum. The company's Renusagar power station has been operating at full capacity. There is a remarkable change in labour cooperation and discipline for improving the efficiency of the plant. The company therefore hopes that the progress will not only be maintained in the current year but further all-

round improvement will be effected.

Gross sales recorded a phenomenal increase from Rs 71.01 crores to Rs 111.37 crores while gross profit jumped to Rs 9.63 crores from Rs 3.22 crores in 1975. The arrears of preference dividends for the years 1974 to 1976 have been cleared. The proposed equity dividend will absorb Rs 100.40 lakhs.

Primary metal production outstripped the 1975 performance by 21,388 tonnes and stood at 83,815 tonnes. The installed capacity will be raised to over 100,000 tonnes by the end of this year with the completion of the remaining half of the fourth potline in the reduction plant.

Exports during 1976 amounted to Rs 6 crores. The tempo of exports is expected to be maintained with increased production.

New Projects

Meanwhile Hindustan Aluminium Corporation, Bihar State Industrial Development Corporation (BSIDC), Gwalior Rayon Silk (Wvg) Co Ltd and Pilani Investment Corporation have entered into a collaboration for promoting a new company for the implementation of a joint venture project for the setting up of plant for the manufacture of caustic soda and chlorine having a rated capacity of 32,000 tonnes and 28,480 tonnes per annum, respectively. The new company styled Bihar Caustic and Chemicals Ltd (BCCL) has already been registered in the state of Bihar. The BSIDC will subscribe to 26 per cent of the total paid-up capital of BCCL. Whereas Hindustan Aluminium, Gwalior Rayon and Pilani Investment Corporation will respectively subscribe for 10 per cent, 10 per

cent and five per cent of the paid-up equity capital of BCCL. The balance of 49 per cent will be offered to the public for subscription at an appropriate time.

Atlas Copco

Atlas Copco (India) Ltd has maintained the equity dividend at 16 per cent for 1976. Sales during the year receded to Rs 9.91 crores from Rs 10.31 crores while gross profit declined to Rs 1.64 crores from Rs 1.98 crores in 1975. Out of the gross profit, a sum of Rs 10.44 lakhs was set aside to depreciation reserve, Rs 49,000 for investment allowance reserve and rupees one crore for taxation, leaving a lower net profit of Rs 53.19 lakhs, as compared to Rs 54.17 lakhs in the previous year. In 1975 the allocations to depreciation amounted to Rs 12.29 lakhs, Rs 1.31 crores for taxation and Rs 35,000 for development rebate reserve.

Out of the net profit, Rs 4.03 lakhs was appropriated to special reserve, Rs 36.31 lakhs to general reserve while the balance of Rs 12.85 lakhs was transferred to the proposed dividend account.

Molins of India

Despite lower sales and profits the directors of Molins of India Ltd. have maintained the equity dividend at 10 per cent for the year ended December 31, 1976. Sales dropped from Rs 246.69 lakhs to Rs 224.83 lakhs but income from other sources went up steeply from Rs 6.11 lakhs to Rs 21.44 lakhs. The profit before taxation declined to Rs 44.38 lakhs from Rs 51.81 lakhs in the previous year. After providing for taxation and making other adjustments the net surplus amounted to Rs 21.07 lakhs as compared to Rs 22.88 lakhs in 1975. A sum of Rs 10,200 was earmarked for

investment allowance reserve as against no provision in 1975 while dividends will absorb Rs 10 lakhs, the same as in the preceding year. The balance of Rs 10.97 lakhs has been transferred to general reserve as against Rs 12.88 lakhs in 1975.

State Bank of Mysore

State Bank of Mysore has reported spectacular improvement in its working results during the year ended December 31, 1976. Deposits of the bank jumped to Rs 150.33 crores from Rs 114.75 crores in 1975, recording an all time high increase of 31.01 per cent.

Advances too recorded a marked rise to Rs 96.10 crores from Rs 86.62 crores in the preceding year. The emphasis of the bank's lending has been to assist the small and weaker sections of the society. Priority sector advances increased from Rs 33.21 crores as at the end of December 1975 to Rs. 40.53 crores as at the end of December 1976. The percentage of priority sector advances compared to the total advances rose from 38.79 per cent 42.17 per cent, far exceeding the national expectation of 33.33 per cent to be achieved by March 1979.

The bank continues to play an active role in extending assistance to agriculture. The bank's lendings to this sector rose from Rs 16.58 crores as at the end of December 1975 to Rs 21.38 crores as at the end of 1976, constituting 22.25 per cent of bank's total advances as against the all-India average of 10 per cent to this sector.

In regard to financing of small scale industries, the number of units financed by the bank rose from 2534 to 5830, and the total assistance extended at the end of 1976

amounted to Rs 13.80 crores. The bank had also financed under its small business scheme the small traders, retail shop keepers, transport operators etc., to the extent of Rs 2.23 crores at the end of December 1976.

During the year, the bank

has opened 25 branches and seven extension counters carrying the total number of offices to 303. About 64.68 per cent of the bank's offices are situated in rural and semi-urban areas.

The bank also sponsored Cauvery Grameen Bank dur-

ing the year. The regional rural bank, which was inaugurated on October 2, 1976, has already opened five branches in Mysore district.

The net profit for 1976 was Rs 18.91 lakhs as against Rs 16.98 lakhs recorded during the previous year. A dividend



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of 11 per cent has been declared as against 10 per cent paid in the past several years.

Silver Jubilee of Atul Products

The Atul Products Limited completed 25 years of service to the nation. On March 17, 1952 when Pandit Jawaharlal Nehru inaugurated the company's first manufacturing plant, Atul's product range consisted of simple basic dyes and chemicals.

Today, Atul has grown to be a giant chemical complex manufacturing a very wide range of dyes, dye intermediates, basic chemicals and pharmaceutical intermediates.

Over the years several sophisticated products have been introduced with the technical expertise of three world renowned collaborators viz. American Cyanamid Co, USA, Imperial Chemical Industries Ltd, UK and CIBA Geigy Ltd, Switzerland. Today, the four companies which form the Atul complex have an annual production potential of about 30,000 tons of chemicals and a turnover of about Rs 110 crores.

Export Target

From a capital base of one crore rupees in 1947, Atul's own 1975 balance sheet shows a paid-up capital of Rs 4.92 crores. Reserves stand at Rs 7.12 crores and the gross block at Rs 23.04 crores. The company has also made award winning progress on the export front and is aiming at a 4 crore rupee export target in 1977.

Atul is a flourishing township in Valsad district. Thousand acres of barren land have been converted into a sophisticated complex providing employment to some 5,300 people including over 30 per cent from schedule caste and

schedule tribes. Living amenities as well as social and cultural facilities are provided in a very organised programme. In this way, the pace of Atul's expansion has always been continuously integrated with the needs of the country in terms of self-sufficiency, exports, import substitution, as well as generating of more and more employment, capital formation, career development and employee welfare.

News and Notes

The Monopolies and Restrictive Trade Practices Commission has initiated two *suo moto* enquiries in respect of M/s Ch'loride India Ltd of Calcutta and M/s Lucas Indian Services Pvt Ltd of Madras, and M/s AMCO Batteries Ltd of Bangalore and M/s George Oakes Ltd of Madras.

The respondents are manufacturing and distributing automotive storage batteries under different brands. The main allegation in the notices issued relates to the terms and conditions of sales arrangements entered by the manufacturers with their distributors. The said arrangements are stated to be on certain terms and conditions which appear to be restrictive in nature. For instance, in respect of Chloride India and Lucas Ltd the said trade practices relate to provision of extra discount to cover distribution expenses in marketing, limiting the quantities of batteries supplied to the quantities sold in the replacement market and preventing the distributors from approaching other battery manufacturers to make batteries under their respective brand names.

The notice issued to AMCO Batteries Ltd of Bangalore and George Oakes Ltd of Madras refers to the agreement entered by the former with the

NOTICE

It is hereby notified for the information of the public that M/s. Sundaram Industries 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 & Restrictive Trade Practices Act, 1969, for substantial expansion of its activities. Brief particulars of the proposals are as under :

- | | |
|---|---|
| (i) Name(s) of person(s)/ body corporate owning the undertaking. | SUNDARAM INDUSTRIES LIMITED
7-B, West Veli Street
MADURAI-625 001.
Authorised Capital: 5,00,000 Equity Shares of Rs. 100/- each—Rs. 5,00,00,000/-
Issued, Subscribed and Paid up Capital: 2,52,000 Equity Shares of Rs. 100/- each—Rs. 2,52,00,000/- |
| (ii) Capital structure of the applicant undertaking. | |
| (iii) Details of the proposed substantial expansion : | |
| (a) Name of new goods to be produced, supplied, controlled or distributed or of new services to be rendered | Not applicable |
| (b) In case of substantial expansion of existing activities: | |
| (i) Name of goods: | Mechanical Rubber Goods including Oil Seals. |
| (ii) Capacity before expansion : | 480 Metric Tonnes per annum. |
| (iii) Expansion proposed : | From the present production of 1,50,000 Oil Seals which is included in our existing capacity of 480 Metric Tonnes per annum of Mechanical Rubber Goods, the production of Oil Seals of various types for automotive and non-automotive applications will be increased to 20,00,000 Nos. |
| (iv) Location of the Project for substantial expansion : | Kochadai
Madurai-625 016
Madurai District
Tamil Nadu State |
| (v) Brief outline of the cost of the Project, the scheme and source of finance | Estimated capital expenditure of Rs. 12.75 lakhs to be financed by internally generated funds. |

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.

V.V. VARADARAJAN
SECRETARY
SUNDARAM INDUSTRIES LIMITED
(Name and designation of the Principal Officer of the Undertaking issuing the Notice)

Registered Office :
7-B, West Veli Street,
MADURAI-625 001.
Date : 18-3-77

latter. The said agreement contains differential discounts, restriction on terms and conditions of re-sale and certain restrictions on terms of guarantee. These terms and conditions appear to be preventing competition between the respondents and other manufacturers of automotive storage batteries, etc.

The commission has, therefore, ordered *suo moto* enquiries in respect of the respondents above-mentioned regarding the trade practices alleged to be adopted by them in respect of the production, sale and supply of automotive storage batteries. The proceedings have been started to ascertain whether the respondents are indulging in the said trade practices and whether they are restrictive in nature causing detriment to public interest.

New Issues

A new undertaking for the manufacture of rectified spirit will be set up near Gazipur, UP, by PVK Distillery. The company holds an industrial licence for manufacturing 11,000 kilolitres of rectified spirit per annum. Molasses are available in abundance near the factory site. The project cost is estimated at Rs 88 lakhs which will be financed by share capital of Rs 35 lakhs and loans of Rs 53 lakhs. The UP State Financial Corporation has agreed to grant loans of Rs 50 lakhs to the company. Of the share capital of Rs 35 lakhs, the promoters have taken up shares worth Rs 14 lakhs while the public issue of Rs 21 lakhs, consisting of 1,80,000 equity shares of Rs 10 each and 3,000 (11 per cent) redeemable cumulative preference shares of Rs 100 each, will be made shortly.

The Himachal Wool processors Limited promoted by

the Himachal Pradesh Mineral and Industrial Development Corporation Limited (a wholly owned corporation of the government of Himachal Pradesh) is installing 2,800 woollen spindles at its factory at Nalagarh, located in the industrially backward district of Solan. The cost of the project has been estimated at Rs 245 lakhs.

The Himachal Pradesh Mineral and Industrial Development Corporation Limited has already contributed Rs 49 lakhs towards the equity share capital of the company. The company now proposes to go in for a public issue of Rs 46 lakhs. The entire public issue is fully under written.

The construction of the building has been completed. Already 1,000 spindles, as envisaged in the first phase, are in operation. From the date of commercial production i.e., April 1, 1976 the company has produced 105 MT of wollen yarn (both scoured and unscoured) valued at about Rs 28.30 lakhs up to November 30, 1976. Further, the parent company, the Himachal Pradesh Minerals and Industrial Development Corporation Limited, is purchasing carpet yarn for their carpet manufacturing units.

As per the accounts of the company up to November 30, 1976, the company has effected sale of wollen yarn of Rs 7.59 lakhs and the stocks of finished and semi-finished yarn lying with the company stand at Rs 22.77 lakhs. The net loss after accounting for depreciation and interest as on November 30, 1976 is Rs 5.70 lakhs.

There is a good demand for wollen yarn from the carpet weaving units located in the state of Himachal Pradesh and in the neighbouring states of Uttar Pradesh, Jammu and

Kashmir, etc. The company, therefore, expects that its products will be greatly absorbed in the domestic market.

To raise part of the resources required for the implementation of the project, the company proposes to issue 4,60,000 equity shares of Rs 10 each for cash at par to the public. The subscription list opened on March 10, 1977 and was closed on March 21, 1977.

Capital and Bonus Issues

Consent has been granted to the following companies to raise capital :

The Ganges Rope Company Limited, Calcutta, has been accorded consent, valid for six months, to capitalise Rs 700,000 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 two equity shares held.

Hindustan Milkfood Manufacturers Limited, Nabha (Punjab)

a public limited company registered in the state of Punjab and having a paid up equity capital of Rs 7,088,650 has been granted consent, valid for a period of three months, to issue 236,289 equity shares of Rs 10 each, for cash at a premium of Rs 20 per share.

F.C. Sondhi and Co (India) Pvt Ltd, Jullundur, has been accorded consent, valid for six months, to capitalise Rs 142,500 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.

The Morarjee Goculdas Spinning and Weaving Co Limited, Bombay, has been accorded consent, valid for six months, to capitalise Rs 9,343,700 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 fully paid equity shares held.

Dividend

(per cent)

Name of the company	Year ended	Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Anil Starch	Dec. 31, 1976	15.0	12.0
Woolcombers	Dec. 31, 1976	12.0*	8.0
State Bank of Mysore	Dec. 31, 1976	11.0	10.0
Roopacherra Tea Co.	March 31, 1976	10.0	Nil
ICICI	Dec. 31, 1976	12.0	11.0
Trichy Steel Rolling Mill	Sept. 30, 1976	5.0	Nil
Triveni Engineering	Oct. 31, 1976	15.0	12.0
Same Dividend			
Atlas Copco (India)	Dec. 31, 1976	16.0	16.0
Andhra Sugar	Sept. 30, 1976	12.0	12.0
Ballarpur Industries	June 30, 1976	14.0	14.0
Amrit Banaspati	March 31, 1976	Nil	Nil
Premier Automobiles	June 30, 1976	Nil	Nil

*In addition to two-for bonus issue.

Wholesale prices

THE OFFICIAL wholesale prices index of "All-Commodities" (base 1970-71=100) stood at 182.4 during the week-ended March 5, 1977 as against 182.9 for the immediately preceding week. Compared with the previous week, the index for the week under review showed a fall of 0.3 per cent. Group-wise analysis of price movement is shown below.

Primary Articles

Among primary articles, the index for "Food Articles" stood at 162.8 during the week under review as against 162.5 for the previous week, showing a rise of 0.2 per cent. The increase in the index was due to a rise in prices of jowar, ragi, fruits and vegetables, fish and spices and condiments (+2 per cent each) maize and arhar (+1 per cent each). However, prices of bajra (-5 per cent), moong and eggs (-2 per cent each) and rice, barley, milk, ghee and meat (-1 per cent each) showed a fall.

Lower prices of kardi seed (-7 per cent), copra (-6 per cent), lac (-5 per cent), raw cotton (-4 per cent), groundnut & raw tobacco (-3 per cent each), rape & mustard seed and castor seed (-2 per cent each) and raw jute, linseed, raw hides & raw skins (-1 per cent each) brought down the group index for "Non-Food Articles" (which includes industrial raw materials) by 2.4 per cent to 182.2 as against 193.9 for the earlier week. However, prices of cottonseed

(+2 per cent) & raw silk (+1 per cent) increased.

The index for "Minerals" remained unchanged at its previous week's level of 441.3. Compared with the corresponding week of the last year, it showed a decline of 1.6 per cent.

Fuel, Power, Light & Lubricants

The index for the major group "Fuel, Power, Light & Lubricants" stood at 232.0 as against 232.1 for the previous week.

Manufactured Products

Among manufactured products, the index for the group "Food Products" registered a fall of 0.4 per cent to 193.3 as compared to 194.0 for the last week due to a decline in prices of coconut oil, mahua oil (-5 per cent each), solvent extracted groundnut oil (-4 per cent), kardi oil, cottonseed oil (-3 per cent each) and gingelly oil (-1 per cent). However, prices of khandasari, rice bran oil (+2 per cent each) and oilcakes (+1 per cent) increased.

The index for "Beverages, Tobacco & Tobacco Products" group stood stationary at the last week's level of 166.1. At this level, the group index recorded a fall of 1.1 per cent when compared with the corresponding week of the last year.

Textiles

The index for "Textiles" rose by 0.2 per cent to 162.8 over last week's index of 162.4

owing to an increase in prices of handloom & powerloom (+2 per cent) cotton yarn and silk & art silk fabrics (+1 per cent each). However, prices of jute manufactures and art silk & artificial yarn (-1 per cent each) witnessed a fall.

The index for "Paper & Paper Products" declined by 0.2 per cent to 182.2 as against 182.5 for the earlier week due to a fall in prices of board (-1 per cent).

The index for "Leather & Leather Products" group re-

mained stagnant at its earlier week's level of 224.2

Rubber & Rubber Products

The index for "Rubber & Rubber Products" group remained unchanged at its earlier week's level of 156.9.

The index for the "Chemicals & Chemical Products" group receded by 0.2 per cent to 171.4 when compared with 171.8 for the previous week due to a fall in prices of linseed oil (-4 per cent).

RECORDS AND STATISTICS

However, prices of essential oils (+1 per cent) increased. The index for "Non-Metallic Mineral Products" stood at 189.9 as against 189.8 for the earlier week.

The index for "Basic Metals,

Alloys & Metal Products" stood at 191.0 as against 190.9 for the earlier week.

Machinery & Transport Equipment

The index for "Machinery

& Transport Equipment" group declined by 0.1 per cent to 169.1 as against 169.2 for the earlier week due to a fall in prices of boilers (-2 per cent) and rims (-1 per cent). At this level, the index was

lower by 2.0 per cent when compared to that of a year ago.

The index for the "Miscellaneous Products" stood stationary at its previous week's level of 168.3.

Index Numbers of Wholesale Prices by Major Groups, Groups & Sub-Groups

(Base: 1970-71=100)

Major groups, groups & sub-groups	Weights in relation to all-commodities	5.3.77	26.2.77	5.2.77	8-1-77	6-3-76
		(Provisional)			(Final)	
All Commodities	(1000.00)	182.4	182.9	179.8	178.6	162.9
I Primary Articles	416.67	177.9	178.9	173.5	172.2	150.6
A. Food Articles	297.99	162.8	162.5	197.1	155.5	144.8
Foodgrains	129.22	163.1	163.7	160.0	160.4	145.8
Cereals	107.43	160.6	161.3	158.2	159.0	144.5
Pulses	21.79	175.5	175.5	168.8	167.5	152.1
Fruits & vegetables	61.32	146.2	143.1	136.6	135.8	122.9
Milk & milk products	61.50	150.4	151.5	151.0	149.0	154.2
Eggs, fish & meat	18.97	178.4	179.2	187.1	182.2	168.4
Condiments & spices	10.94	170.0	167.0	153.5	156.0	137.0
Other food articles	16.04	248.3	247.0	203.2	184.2	162.1
B. Non-food Articles	106.21	189.2	193.9	187.7	187.5	131.7
Fibres	31.73	196.3	203.3	194.1	199.1	145.2
Oilseeds	42.01	189.7	194.5	185.7	182.5	97.0
Other non-food articles	32.47	181.6	183.7	184.0	182.5	163.4
C. Minerals	12.47	441.3	441.3	443.1	441.3	448.5
Metallic minerals	2.29	172.8	172.8	172.8	172.8	172.8
Other minerals	4.16	181.3	181.3	181.3	181.3	191.0
Petroleum crude & natural gas	6.02	723.6	723.6	727.4	723.6	731.9
II Fuel, Power, Light & Lubricants	84.59	232.0	232.1	232.1	232.1	228.9
Coal mining	11.47	197.1	197.7	197.7	197.7	197.7
Mineral oils	49.12	267.6	267.6	267.6	267.6	267.1
Electricity	24.00	175.8	175.8	175.8	175.8	165.7
III Manufactured Products	498.74	177.8	178.0	176.3	174.9	162.0
A. Food Products	133.22	193.3	194.0	187.2	183.1	147.9
Dairy products	3.00	180.9	180.9	180.9	180.9	181.4
Canned & preserved fruits & vegetables	0.39	155.5	155.5	155.5	155.5	155.5
Canned & preserved fish & sea food	0.36	229.2	229.2	229.2	229.2	191.0
Grain-mill products	4.64	159.8	159.8	159.8	161.5	170.4
Bakery products	1.05	159.8	159.8	159.8	159.8	162.4
Sugar, khandasari & gur	72.41	197.7	198.2	190.3	187.4	172.2
Sugar, confectionary, cocoa & chocolate	0.53	160.2	160.2	160.2	160.2	160.3
Miscellaneous food products	49.1	192.8	193.7	186.8	180.1	106.2
Edible oils	37.16	184.1	186.0	176.3	171.9	100.8
Oilcakes	9.05	237.4	234.8	237.4	218.7	114.7
Other miscellaneous food products	2.95	164.7	164.7	164.7	164.2	148.6

—Contd.

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INDIA.

1	2	3	4	5	6	7
B. Beverages, Tobacco & Tobacco Products	27.08	166.1	166.1	166.0	166.0	168.0
Wine industries	6.77	132.2	132.2	132.2	132.2	131.0
Soft drinks	0.82	224.9	224.9	224.9	224.9	173.8
Tobacco manufactured	19.49	175.4	175.4	175.3	175.3	180.6
C. Textiles	110.26	162.8	162.4	161.7	160.8	144.9
Cotton textiles	81.02	166.2	165.2	164.3	164.5	143.0
Woollen yarn & textiles	2.44	210.6	210.6	211.2	211.2	197.7
Silk, art silk & synthetic fibre textiles	12.83	155.6	156.9	155.4	154.6	154.1
Jute, hemp & mesta textiles	12.14	133.8	135.5	135.9	127.7	132.2
Textiles products n.e.s.	1.83	192.5	192.5	192.5	192.5	182.3
D. Paper & Paper Products	0.51	182.2	182.5	183.0	179.3	181.5
E. Leather & Leather Products	3.85	224.2	224.2	228.3	232.5	219.0
Tanned and cured finished leather	2.95	230.6	230.6	236.0	241.4	221.9
Footwear & other leather products	0.90	203.1	203.1	203.1	203.1	209.6
F. Rubber & Rubber Products	12.07	156.9	156.9	156.9	156.9	157.9
Tyres & tubes	9.84	154.7	154.7	154.7	154.7	156.1
Other rubber products	2.23	166.3	166.3	166.3	166.3	165.9
G. Chemicals & Chemical Products	55.40	171.4	171.8	173.4	173.0	173.0
Basic industrial chemicals	7.26	189.2	189.2	189.0	189.2	195.0
Fertilisers	12.52	178.6	178.6	185.8	185.8	207.2
Pesticides	1.16	232.7	232.7	232.7	232.7	232.0
Paints & varnishes	1.92	207.4	207.4	207.2	207.2	195.9
Drugs & medicines	9.03	134.7	134.7	134.7	134.7	121.6
Cosmetics, soap & detergent	5.06	169.8	169.7	169.9	168.1	167.3
In-edible oils	1.54	187.2	194.1	193.6	186.8	100.8
Synthetic resins, resins & plastic materials	0.30	164.4	165.6	165.5	165.6	167.8
Dyestuffs & other chemicals n.e.s.	7.09	178.0	178.0	178.0	178.0	171.8
H. Non-metallic Mineral Products	14.15	189.9	189.8	190.2	189.8	189.7
Structural clay products	1.82	209.8	209.8	209.8	209.8	203.2
Glass & glass products	1.98	190.6	189.8	189.6	190.1	214.5
Earthenware & earthen pottery	0.96	253.3	253.3	253.3	253.3	253.3
Cement lime & plaster	7.07	173.8	173.8	173.8	173.8	171.7
Miscellaneous non-metallic mineral products	2.32	196.3	196.3	199.1	196.3	186.4
I. Basic Metals, Alloys & Metals Products	59.74	191.0	190.9	190.9	190.6	187.4
(Basic metals & alloys)	(46.5)	192.8	192.8	192.8	192.8	190.4
Iron & steel and ferro alloys	34.73	187.0	187.0	187.0	187.0	185.7
Non-ferrous metals & their alloys	11.78	210.0	210.0	209.9	210.1	205.2
Metal products	13.23	184.5	184.3	184.2	182.8	177.0
J. Machinery & Transport Equipment	67.18	169.1	169.2	170.1	170.2	172.5
Machinery & machine tools	50.45	169.6	169.7	170.8	170.9	173.0
Non-electrical machinery	30.91	173.8	174.0	176.0	176.0	176.5
Electrical machinery	19.54	162.9	162.9	162.7	162.9	166.3
Transport equipment	16.73	167.8	167.8	167.8	167.9	171.9
Motor vehicles & parts	13.73	173.1	173.1	173.2	173.2	176.9
Motor cycles, scooters, bicycles & parts	3.00	143.2	143.2	142.9	143.4	144.1
K. Miscellaneous Products	7.20	168.3	168.3	168.3	167.0	166.6
Wood & wood products	1.74	160.8	160.8	160.8	160.2	160.1
Other manufacturing industries n.e.s.	5.46	170.7	170.7	170.7	169.0	168.7

Source : Office of the Economic Advisor, (Dept. of Industrial Development)

Reserve Bank of India (Rs crores)						
Week ended	1976			1977		
	Feb. 20	Feb. 11	Feb. 18	Week	Month	Year
Notes in Circulation	6,449	7,580	7,558	-22	142	1,109
Notes issued	6,479	7,592	7,602	10	142	1,123
Notes held in Banking Department	30	12	44	32	—	14
Deposits						
Central & state governments	74	66	114	48	40	40
Scheduled commercial banks	536	835	891	56	20	355
Scheduled state cooperative banks	17	26	27	1	1	10
Other banks	2	3	3	—	—	1
Others	1,503	1,981	1,995	14	50	492
Other liabilities	2,107	2,148	2,184	36	49	77
Total liabilities/assets	10,689	12,640	12,773	133	304	2,084
Foreign exchange assets ¹	1,024	2,469	2,547	78	177	1,523
Gold coin and bullion	183	188	188	—	—	5
Rupee securities ²	6,612	6,450	6,485	35	106	-127
Loans and Advances						
Central & state governments	177	158	165	7	5	-12
Scheduled commercial banks	646	932	923	-9	-21	277
State cooperative banks	505	482	480	-2	13	-25
Others	470	630	641	11	19	171
Bills Purchased and Discounted						
Commercial	180	169	168	-1	—	-12
Treasury	327	217	231	14	33	-96
Investments ³	29	39	41	2	5	12
Other assets	537	907	903	-4	-34	366

1. Foreign securities plus Balances held abroad. 2. Government of India rupee securities including ad-hoc treasury bills. Source : Reserve Bank of India.
3. Excluding investments in rupee securities.

Scheduled Banks—Business in India						
Week ended	All Scheduled Banks			Scheduled Commercial Banks		
	1976	1977		1976	1976	
	Feb. 20	Feb. 11	Feb. 18	Feb. 20	Feb. 11	Feb. 18
Aggregate deposits	14,329	17,821	17,911	13,857	17,110	17,280
Demand	5,736	6,787	6,869	5,644	6,645	6,727
Time	8,594	11,034	11,043	8,212	10,545	10,552
Borrowings from Reserve Bank	1,14	1,407	1,400	646	932	923
Cash and balances with Reserve Bank	850	1,209	1,266	831	1,180	1,237
Cash	297	347	347	295	345	345
Balances	553	862	918	536	835	891
Investments	4,656	5,668	5,679	4,504	5,481	5,493
Government securities	3,263	3,998	4,008	3,176	3,891	3,901
Other approved securities	1,393	1,669	1,671	1,329	1,590	1,592
Bank credit	11,399	14,103	14,121	10,400	13,068	13,087
Loans, cash-credits and overdrafts	9,348	12,368	12,406	8,350	11,333	11,372
Inland bills—purchased	701	607	595	701	607	595
discounted	895	553	552	895	553	552
Foreign bills—purchased	285	347	346	285	347	346
discounted	170	229	222	170	229	222
Cash-Deposit Ratio	5.93	6.78	7.07	6.00	6.86	7.16
Investment-Deposit Ratio	32.49	31.80	31.71	32.50	31.88	31.79
Credit-Deposit Ratio	79.55	79.14	78.84	75.05	76.02	75.73

Source : Reserve Bank of India.

Consumer Price Index Numbers for Industrial Workers

(Base 1960= 100)

Centre	1965- 66	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	1976							1977
									June	July	Aug.	Sept	Oct.	Nov.	Dec.	Jan.
All-India	—	177	186	192	207	250	317	313	291	297	298	302	304	306	306	307
Ahmedabad	130	169	176	181	198	245	305	293	269	276	279	283	281	280	284	286
Alwaye	145	197	198	202	215	267	346	358	321	326	318	322	322	328	330	320
Asansol	140	178	189	194	206	245	316	317	307	314	319	319	321	323	321	322
Bangalore	144	183	186	194	212	265	318	332	301	312	312	319	326	335	330	336
Bhavnagar	132	178	186	194	217	273	327	315	291	291	297	301	303	300	298	297
Bombay	130	175	182	190	203	233	289	300	294	298	294	298	297	299	300	301
Calcutta	131	172	182	187	197	228	288	287	293	296	293	298	306	303	298	297
Coimbatore	132	154	163	177	189	218	209	319	285	300	312	313	315	313	312	312
Delhi	136	185	199	211	222	265	337	333	324	328	334	335	334	331	332	336
Digboi	138	180	189	188	198	234	310	317	317	309	311	310	309	308	310	312
Gwalior	139	184	191	197	214	271	348	324	308	316	322	322	320	314	314	322
Howrah	137	176	186	191	206	239	298	290	286	291	285	290	296	300	294	293
Hyderabad	140	185	189	195	211	251	304	316	295	301	303	304	311	317	321	321
Jamshedpur	136	170	183	187	202	249	313	293	275	280	284	284	297	297	293	294
Madras	134	160	170	182	203	229	301	314	276	281	280	283	289	298	305	298
Madurai	128	152	183	192	206	236	334	333	287	291	293	295	303	316	321	315
Monghyr	151	188	205	204	225	292	263	325	292	313	317	325	330	322	323	330
Mundakayam	138	191	197	199	210	263	337	346	304	309	303	305	305	309	310	313
Nagpur	138	176	187	192	203	256	314	326	289	298	294	305	305	303	295	298
Saharanpur	141	181	186	198	213	253	338	313	299	303	297	298	298	298	307	312
Sholapur	128	176	185	191	216	277	325	342	288	291	306	314	310	320	318	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	1976						
									June	July	Aug.	Sept.	Oct.	Nov.	Dec.
All-India	132	167	174	180	192	221	270	277	270	275	277	279	280	280	280
Bombay	132	162	168	172	183	204	241	249	253	256	256	256	256	255	255
Delhi-New Delhi	131	168	174	180	190	217	262	273	272	273	276	277	274	273	272
Calcutta	126	162	170	174	180	204	238	243	246	249	252	250	255	254	256
Madras	133	161	175	188	204	231	291	306	287	290	291	293	296	299	302
Hyderabad-Secunderabad	133	167	174	180	195	223	270	283	273	277	278	280	283	287	289
Bangalore	133	164	172	180	194	228	272	284	273	278	280	285	288	293	293
Lucknow	132	161	166	174	185	215	255	270	266	272	272	272	274	274	274
Ahmedabad	131	168	171	173	188	222	271	272	258	262	263	266	264	262	262
Jaipur	133	176	183	188	205	244	308	311	306	310	311	314	313	316	316
Patna	139	180	191	190	199	229	286	284	274	279	278	284	288	286	285
Srinagar	134	174	184	191	200	215	262	283	293	296	296	298	302	301	302
Trivandrum	131	172	178	184	198	231	280	297	295	300	299	302	304	305	308
Cuttack-Bhubaneswar	142	169	176	184	196	221	266	270	259	267	271	274	278	280	279
Bhopal	133	172	180	188	204	238	295	296	288	298	297	296	297	295	295
Chandigarh	129	171	178	183	194	217	265	278	278	283	286	286	283	282	283
Shillong	123	164	166	175	183	208	257	274	264	268	270	270	267	267	268

Source: Central Statistical Organisation.

General Election Statistics

Lok Sabha Elections March 1977 Party-Wise Position

State/union territory	Total seats	Results declared	Congress	BLD*	CPI	CPI(M)	Congress (O)	Other parties	Independent
STATE									
Andhra Pradesh	42	42	41	1	—	—	—	—	—
Assam	14	14	10	3	—	—	—	—	1
Bihar	54	54	—	52	—	—	—	—	2
Gujarat	26	26	10	16	—	—	—	—	—
Haryana	10	10	—	10	—	—	—	—	—
Himachal Pradesh	4	3	—	3	—	—	—	—	—
Jammu & Kashmir	6	5	2	—	—	—	—	2	1
Karnataka	28	28	26	2	—	—	—	—	—
Kerala	20	20	11	—	4	—	—	5	—
Madhya Pradesh	40	40	1	37	—	—	—	—	2
Maharashtra	48	48	20	18	—	3	—	7	—
Manipur	2	2	2	—	—	—	—	—	—
Meghalaya	2	2	1	—	—	—	—	—	1
Nagaland	1	1	—	—	—	—	—	1	—
Orissa	21	21	4	15	—	1	—	—	1
Punjab	13	12	—	3	—	1	—	8	—
Rajasthan	25	25	1	24	—	—	—	—	—
Sikkim	1	1	1	—	—	—	—	—	—
Tamil Nadu	39	39	14	—	3	—	3**	19	—
Uttar Pradesh	85	85	1	1	—	—	—	—	—
West Bengal	42	42	3	15	—	17	—	2	5

UNION TERRITORY

Andaman & Nicobar Islands	1	1	1	—	—	—	—	—	—
Arunachal Pradesh	2	2	1	—	—	—	—	—	1
Chandigarh	1	1	—	1	—	—	—	—	—
Dadra & Nagar Haveli	1	1	—	7	—	—	—	—	—
Delhi	7	7	—	—	—	—	—	1	—
Goa, Daman & Diu	2	2	1	—	—	—	—	—	—
Lakshadweep	1	1	—	—	—	—	—	—	1
Mizoram	1	1	—	—	—	—	—	1	—
Pondicherry	1	1	—	—	—	—	—	—	—
Total	542	539†	153	293	7	22	3**	46	15

Other parties include :

ADMK	19	Muslim League	2
Akalis	8	Kerala Congress	2
DMK	1	RSP	3
Peasants and Workers Party	5	National Conference	2
RPI(K)	2	United Democratic Front (Nagaland)	1
		MAG (Goa)	1

†Three results awaited

*Janta Party (265) & Congress for Democracy (28)

**A part of Janta Party. This raises the strength of the Janata Party to 268. One candidate of RPI(K) contested on BLD ticket. He is shown in the above table as RPI(K) candidate.

Contest According to Parties in Lok Sabha Election 1977

State/union territory	Constituencies	INC	BLD*	CPI	CPM	Others	Independent	Total
STATE								
Andhra Pradesh	42	42	37	10	6	3	67	165
Assam	14	14	11	2	1	3	9	40
Bihar	54	54	52	22	2	24	186	340
Gujarat	26	26	26	—	—	—	60	112
Haryana	10	9	10	2	1	4	24	50
Himachal Pradesh	4	4	4	1	1	—	4	14
Jammu & Kashmir	6	3	3	—	—	3	20	29
Karnataka	28	28	28	3	—	2	37	98
Kerala	20	11	3	4	9	11	25	63
Madhya Pradesh	40	38	39	3	—	1	71	152
Maharashtra	48	48	30	4	3	13	113	211
Manipur	2	2	2	2	—	2	3	11
Meghalaya	2	2	—	—	—	—	5	7
Nagaland	1	1	—	—	—	1	—	2
Orissa	21	20	20	5	1	3	12	61
Punjab	13	13	3	3	1	14	45	79
Rajasthan	25	25	25	3	2	1	46	102
Sikkim	1	1**	—	—	—	—	—	1
Tamil Nadu	39	15	18	3	2	41	116	195
			Cong(O)					
Tripura	2	2	—	1	2	2	1	8
Uttar Pradesh	85	85	85	13	2	8	250	443
West Bengal	42	34	15	8	20	14	80	171
UNION TERRITORY								
Andaman	1	1	—	—	—	—	1	2
Arunachal Pradesh	2	2(1)**	—	—	—	—	2	4
Chandigarh	1	1	1	1	—	—	7	10
Dadra & Nagar Haveli	1	1	1	—	—	—	1	3
Delhi	7	7	7	1	—	2	24	41
Goa, Daman & Diu	2	2	2	—	—	2	9	15
Lakshadweep	1	1	—	—	—	—	1	2
Mizoram	1	1	—	—	—	2	1	4
Pondicherry	1	—	1	—	—	1	2	4
			Cong(O)					
Total	542	493	404 (BLD)	91	53	157	1222	2439
			19 Cong(O)†					

*Janta party and Congress for Democracy **Uncontested †A part of Janta party

EASTERN ECONOMIST

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ABBREVIATIONS

Leading Article	LA
Point of View	PV
Capital's Corridors	CC
Window on the World	WW
Trade Winds	TW
Books Briefly	BB
Records and Statistics	RS
Feature	FE
Supplement	ST
Interview	IW
Annual Number	AN

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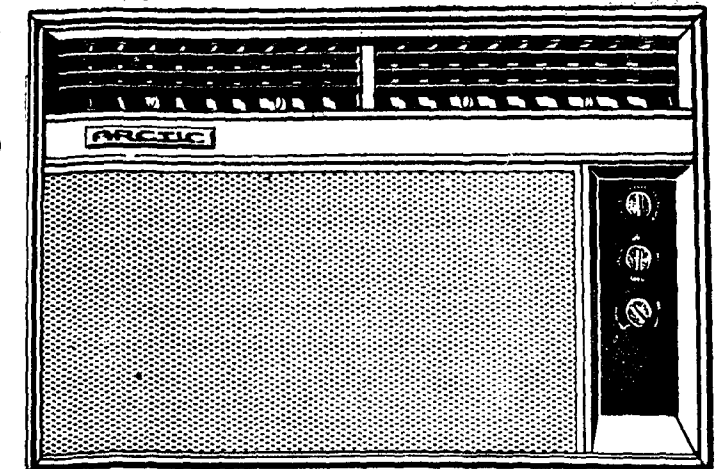
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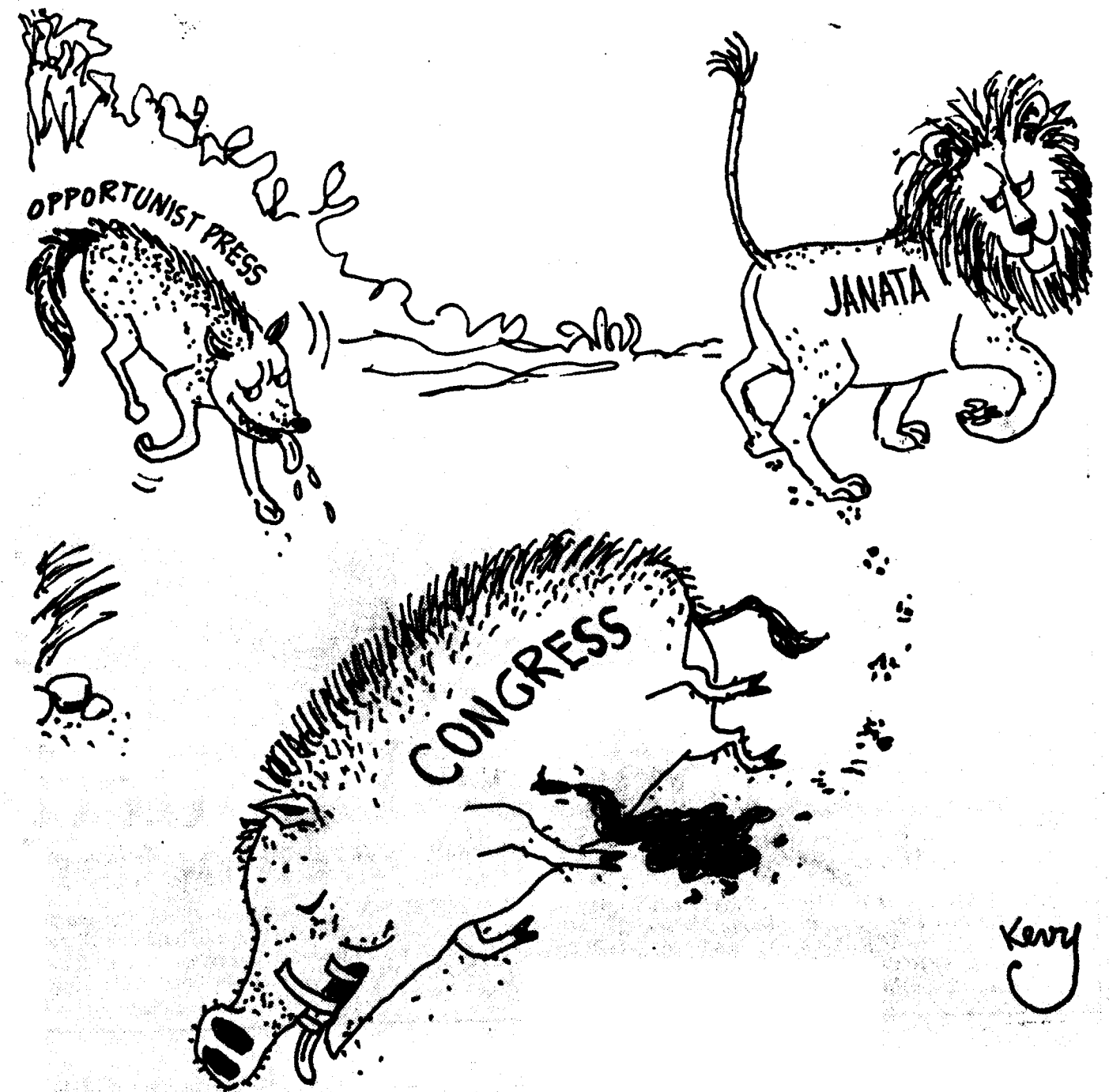
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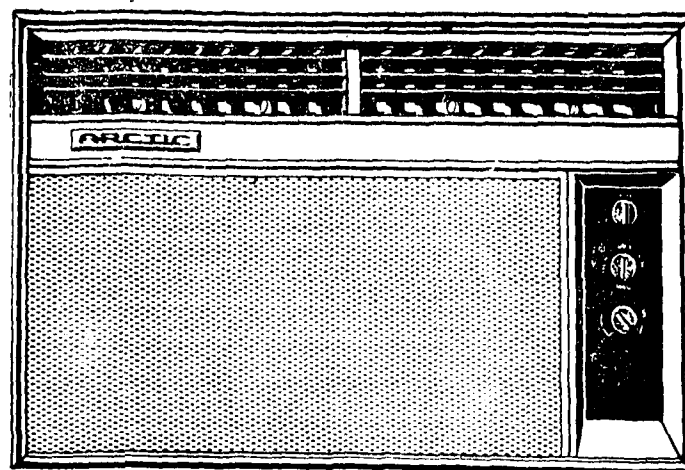
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Hatchet job for Patel

WHILE PRESENTING the interim budget to the Lok Sabha on March 28, the Finance minister in the new government clearly explained that, as "there was no time since we assumed office to recast these estimates and to print the budget documents afresh", the annual financial statement and the demands for grants prepared earlier (by the previous government) "will serve the limited purpose of fulfilling the constitutional requirements for taking a vote on account before the 31st March, 1977". We need not therefore take this interim budget and its demands for grants any more seriously than Mr H.M. Patel has done; to quote him, "they do not reflect our philosophy, policies and programmes".

Nevertheless, the present government or its Finance minister clearly does not have a blank slate to write on. The immediate past will certainly cast its shadow heavily on the immediate future. The interim budget estimates present a picture which is altogether disturbing. Revised estimates for the financial year 1976-77 show that there will be a revenue deficit of Rs 47 crores instead of an anticipated revenue surplus of Rs 529 crores. This is in spite of an improvement of over Rs 288 crores in total revenue receipts, which has come about in the difficult context of stalled investment in industrial expansion and a demand recession in many industries. Worse still, the overall deficit has gone up from Rs 328 crores to Rs 425 crores, although total capital receipts have gone up by Rs 829 crores thanks partly to spectacular stepping up of open market borrowing.

Taking part in the debate on the interim budget, the Finance minister in the previous government naturally defended its management of the economy. He did not have to put his neck out, however, by laying claim to excellence. Even he who runs may read from the budget figures a story of fiscal profligacy which is an ironical commentary on the disciplinary ethics of the emergency. Apart from the direct financial costs of the emergency reflected in increased expenditure on such attractive items as police and jails, the dismissed Congress government, evidently, was liberal with the people's money in financing its massive effort to make India safe for Indira. Revenue disbursements on such items of expenditure as "General Services", "Social and Community Services", "Economic Services" and "Grants-in-aid to States etc" have increased very substantially as also capital disbursements on "General Services", "Economic Services" and "Loans and Advances". It would be useful, indeed, if Mr H.M. Patel would instruct the Finance ministry to undertake a detailed analysis of the nature of, justification for and returns from these increases in disbursements and share the resulting information with the public. Meanwhile, it should be easy for us to see the point of his forthright assertion that the present government can obviously assume no responsibility "for the budgetary developments during the current year".

That these developments have made their own contribution to the vigorous reappearance of bottled-up inflationary pressures is a reasonable assumption. The previous government was waving the big stick of monetary discipline at trade and industry all the time, but it itself was observing very little fiscal discipline. The emergency, certainly, seems to have had its own set of values, economic as well as ethical. The electorate has settled the political account of the old regime at the hustings, but the economy has still to pay the bill for the fiscal mismanagement of the fallen politicians. The budget estimates for the new financial year, as prepared by the previous government, indicate a net deficit of Rs 632 crores at existing levels of taxation and after taking into account special borrowings of the order of Rs 800 crores against drawal of foreign exchange reserves. Mr Patel has rightly said that "in the context of the rise in the wholesale price index of 12.5 per cent that has occurred since March 1976, any deficit financing has to be viewed with concern". He has also declared that "in order to reverse the rising trend of prices and to usher in a period of reasonable price stability, the government is of the firm

view that financing of public expenditure in a manner which would generate inflationary pressures should be eschewed".

This is also the broad principle on which the present prime minister, Mr Morarji Desai, had attempted to act during his terms as Finance minister in previous governments. But, on those occasions, the emphasis was on raising more resources through additional taxation. This approach has outlived whatever utility it might have had. In fact, if the tax policies of the last two budgets of the previous government have any positive lesson to teach us it is that even small reductions or reliefs in taxation, both direct and indirect, could actually help the government to improve its tax revenues although the economy may not be functioning at its full efficiency yet. Mr Patel may do worse than pushing this wisdom to its logical limit.

Simultaneously, the government has to reassert control over public expenditure, including Plan outlays. This is the precondition of relative price stability or other factors of economic normalcy. The Finance minister has promised to carry out this exercise by revising the budget

estimates in time for the presentation of the regular budget in May. Meanwhile he has asked the various ministries, departments and public sector undertakings under the control of the central government not to take up new schemes and not to enter into fresh major commitments. Even more meaningfully, he has decided that the possibility of rephasing or re-scheduling continuing schemes should be explored. We may welcome this holding operation as an earnest of the government's resolve to dedicate itself to the realities of the development process instead of losing itself in the fictions of 'big' planning. Mr C. Subramaniam was tactless enough to twit the new Finance minister with his Swatantra past. Little did he realise that, by reminding Mr Patel of that affiliation, he was doing the country a service in a way not intended by him. There is more in the Swatantra credo that is relevant to the current problems of the economy and the community than is dreamt of in the philosophy of which Mr Subramaniam has been a practitioner for so many years. Truth is too strong to be destroyed by a label.

Cotton causes concern

AMONG THE many problems facing the cotton textile industry in this country, the uncertainties relating to the availability of raw cotton is an outstanding one. The indigenous production of this fibre has always been supplemented by imports in order to meet the rising demand of cotton textile mills. The volume of yearly imports has varied according to the state of the domestic crop. For example, the highest consumption of imported cotton in the last two decades was witnessed in 1960-61 at 1.19 million bales (one bale = 170 kg.) while the lowest was 0.2 million bales in 1974-75. An early, accurate estimate of the domestic crop, therefore, is central to the fixation of the volume to be imported in any year. Unfortunately, the official and non-official estimates of the probable yield of the cotton crop usually differ widely every year leading to delayed official decisions to sanction

imports. In the meantime, mills undergo hardships either through the non-availability of raw cotton or through its fluctuating prices.

The current cotton year, for instance, will end in August 1977 and at the time of writing, the East India Cotton Association (EICA) was not able to put forth a reasonably accurate forecast of the yield of cotton. All that the president of the EICA stated recently at the 55th annual general meeting of the association was: "I will not venture to forecast a crop estimate for this year but it is almost certain that the crop is substantially less than 6.6-6.7 million bales as estimated at the last cotton Advisory Board's meeting". Informed circles placed the crop for the current year between 5.5 and 5.7 million bales. Surely, this order of difference in official and unofficial estimates of cotton crop had a disastrous

impact on cotton prices in the market. The Bombay market reported a rise of more than 41 per cent in the price of Laxmi (A) cotton, more than 75 per cent for RG-320F variety of cotton and more than 83 per cent for CJ-73 variety of cotton between February 28, 1976 and February 28, 1977.

past experience

The spurt in cotton prices in the past year was not unique. In similar circumstances, fluctuations in cotton prices were witnessed in earlier years as well. For example, the percentage change in the index numbers of wholesale prices between the highest and the lowest levels was 38.3 per cent in 1970-71, followed by 56.9 per cent in 1971-72, 55.7 per cent in 1972-73 and 46.2 per cent in 1973-74. The National Commission on Agriculture which studied this problem in depth came to the conclusion that the various steps taken by the government at different times had failed to reduce the amplitude of the fluctuations in cotton prices. Stated the Commission: "Past experience indicates that measures taken to influence cotton prices either by price regulation or indirectly through regulation of movement of indigenous cotton, imposition of limits on stocks held by the mills or restricting availability of credit to the trade and mills have not been quite effective in containing price fluctuations of cotton within reasonable limits". It put forward the suggestion that this task could best be performed by an agency in the public sector.

The government of India set up the Cotton Corporation of India (CCI) on July 31, 1970, which, among other things, was asked to "purchase, sell and otherwise dispose of and deal in raw cotton imported from abroad" in an effort to impart stability to cotton prices in this country. During the current year, the government allocated foreign exchange worth Rs 250 crores in order to import cotton from abroad in view of the expected shortfall in domestic production. At the end of February this year, the CCI had already imported 800,000 bales of foreign cotton worth Rs 215 crores, and all of it had been offered to the cotton textile mills. While the CCI had thus played an extremely useful role in providing the

mills with much-needed long staple imported cotton, it had failed to curb the sharp rise in prices due to the big gap between demand and supply of this fibre.

The monopoly procurement scheme in Maharashtra has come in for severe criticism in recent years. There is a view that this scheme has been instrumental in reducing the production of cotton in this state. The data tend to support this thesis. Whereas the production of cotton in Maharashtra was 1.20 million bales in 1972-73 and had risen to 1.76 million bales in 1974-75, the output in the current cotton year i.e. 1976-77 was expected to be no more than 0.75 million bales. This sharp fall in production was indeed intriguing and needed to be investigated. The National Commission on Agriculture had recommended in 1975 in its interim report that the working of this scheme should be watched for a few years before any decision was taken about its continuation in Maharashtra or its adoption by other states. In view of the sharp fall in production of cotton in Maharashtra, the time had come to review the scheme before further damage was caused to the output of cotton in the state.

undependable target

The Planning Commission is of the view that the demand for cotton in 1978-79 would be of the order of 8.2 million bales. While the production of cotton in 1976-77 is estimated to be less than six million bales, as stated above, the target for 1977-78 has been set at 7.5 million tonnes. It does not seem to be possible to attain this target because the output of this crop is highly dependent on rainfall. The irrigated area under cotton in 1970-71 was only 16 per cent of the total and not much improvement has taken place in this regard during the past seven years. The major strategy for increasing cotton production on long-term basis has to be concentrated on bringing additional area under irrigation. The only states which have made significant progress in this regard are Haryana, Punjab and Uttar Pradesh. Maharashtra and Madhya Pradesh which claim nearly half of the area under cotton in the country have little irrigation—not more than two per cent of the area under this crop.

It may be stated here that cotton prices

all over the world have been moving upwards since the beginning of the current decade. According to statistics compiled by the International Monetary Fund, cotton prices in 12 US markets multiplied almost three times from 25.10 US cents per pound in 1970 to 72.70 US cents per pound in December 1976 after having touched an all-time peak at 78.60 US cents a month earlier. In Sudan, cotton prices more than doubled during the same period. A similar trend prevailed in Egypt, Brazil and Mexico. The CCI has imported cotton both from the USSR and other cotton-surplus countries at prices much higher than those prevailing in our

country. Consequently, the subsidy involved in the disposal of CCI cotton stocks will need to be recovered elsewhere. Already the cotton mills have been asked to use at least 10 per cent of cellulosic staple fibre and polynosic fibre. It is believed that the cost of the subsidy would be neutralised by the accrual of the import duty to the exchequer on the import of man-made fibres. This is at best a short-term solution. The long-term solution to this problem lies in steadily increasing production for which intensive effort needs to be made in the next few years, especially in the area of stepping up the yield per acre.

AP economy making good

ANDHRA PRADESH has surpassed the neighbouring states in respect of the mobilisation of resources for implementing Plan schemes and economic development in a manner which could not have been visualised even at the beginning of the fifth Plan. Not long ago it was considered highly backward and Tamil Nadu used to boast of buoyant tax revenues and bold Plan implementations. The latter is now stagnating and without a new approach to outstanding issues, the lost momentum may not be regained. Karnataka, of course, has potential for large-scale development though the harnessing of available resources has not yet been attempted ambitiously and the required momentum may be gained after the throttling effect of the power shortage is overcome with the commissioning of generating sets under the giant Kalinadhi Project and the installation of gas turbines on an emergency basis.

The example of Andhra Pradesh however should provide inspiration to other states similarly placed in regard to the availability of natural resources and there is no reason why Madhya Pradesh, Uttar Pradesh, Bihar and Orissa which have abundant water and mineral resources cannot record similar gains. Uttar Pradesh is probably getting over the ill-effects of earlier slack in progress though MP, Bihar and Orissa are yet to get into full stride.

An analysis of the data relating to Plan outlays and budgetary resources in the current Plan period shows that strident progress can be achieved on a near self-financing basis without soaking the tax payer. This is because of a big rise in tax and non-tax revenues, increased central assistance, building up of reserves and the scope for borrowing in other directions.

The expansion of the base for collecting taxes has been helpful in realising larger revenues even without heavier taxation, though latterly the larger devolution of revenues from centre has also been a helpful factor. The revenue receipts of the state government will be increasing by Rs 111.17 crores in three years with budget estimates for 1977-78 placing aggregate revenue receipts at Rs 763.36 crores against Rs 652.19 crores in 1975-76 (accounts). Plan expenditure is being incurred on an increasing scale out of revenue receipts and the substantial revenue surpluses also have been helpful in meeting capital expenditure.

The revenue surplus in 1975-76 was as much as Rs 147.14 crores and there will also be a sizable surplus in 1977-78 at Rs 65.80 crores even with an increase in revenue expenditure to Rs 697.55 crores against Rs 505.04 crores in 1975-76 (accounts). The capital budget too has swelled in size, total disbursements in

1977-78 being assumed at Rs 350.19 crores against Rs 279.17 crores in 1975-76 (accounts). As a result of the growth in the state's resources and reasonable assistance from the centre along with borrowed funds for productive purposes, the cash position has been quite satisfactory.

The closing balance of Rs 29.10 crores was converted into a surplus of Rs one crore at the end of 1976-77. There will, of course, be a closing balance of Rs 52.50 crores at the end of 1977-78 on account of a big increase in Plan outlay. While the Finance minister, Mr Ranga Reddy, has sought only a vote on account for meeting expenditure up to July and has not formulated tax proposals for bridging the gap, it is confidently stated that the required resources will be found "by drawal of reserves, by better collection of revenues and arrears, increase in central assistance etc". This is indeed a happy state of affairs.

Plan outlay

The Plan outlay for 1977-78 at Rs 365.75 crores will be nearly 2½ times the expenditure of Rs 148 crores incurred in 1974-75. It has been possible to exceed substantially the budget allocations every year because of heavy expenditure on major irrigation projects like Nagarjunsagar and Pochampad, minor irrigation schemes, power generation, transmission and rural electrification. The potential of the Nagarjunsagar and Pochampad is yet to be fully developed in spite of the massive expenditure on these schemes in recent years. The Godavari barrage at Dowlaiswaram is also being reconstructed while many other medium and small irrigation schemes are under execution and quicker progress can be recorded if only the necessary organisational facilities are strengthened and additional resources located.

The scope for development is vast as the utilisation of waters of the Godavari alone will call for systematic execution of many projects in the next two decades, while the Krishna waters too have to be fully utilised. There are many proposals for constructing a number of barrages across the Godavari and the schemes will take shape in the next few years when the required preliminary work has been

completed. The brisk execution of the Srisailem project on the Krishna river and the canal system in the command area of the Nagarjunsagar project will, however, lead to better use of water resources of the Krishna and the linking of Pennar river with the completion of Somasila project. It will then be possible for Krishna waters to reach Madras by taking advantage of the offer of the concerned riparian states.

irrigation facilities

The creation of new irrigational facilities and stabilisation of minor irrigation schemes have enabled an increase in food production by 40.5 per cent in three years and the growth would have been more pronounced but for a set-back suffered in recent months through cyclones and the breach of the Godavari barrage. It can be expected that with reasonably favourable weather conditions the 10-million-tonne mark will be surpassed in 1977-78 in respect of output of food-grains, and there will also be larger availability of oilseeds and sugarcane. The mineral resources too are being better exploited while the Visakhapatnam industrial complex is increasing in stature all the time.

While the progress on the agricultural front has been truly remarkable and a further increase in food production will add to the surplus and be helpful from the national angle, the performance on the power front has been spectacular and is in marked contrast with the poor achievement of earlier years. It is anticipated that the generating capacity will increase to 1648 MW by the end of 1977-78 from only 688 MW in 1974-75. The addition to capacity in 1977-78 alone will be over 400 MW as two sets under the Lower Sileru Project, one unit under the extension scheme of the Kothagudam thermal station and one unit under the Nagarjunsagar project are due to be commissioned. The phase of construction of Srisailem project is being hastened and the outlay will be Rs 32 crores in the new financial year against Rs 27.73 crores in 1976-77, the earlier allocation being Rs 25 crores. It is expected that external assistance will be available for this project.

The increase in power availability has

naturally resulted in quicker progress in rural electrification and energisation of pumpsets. With a fairly high proportion of thermal capacity to total, power generation has been stepped up significantly and the daily consumption has more than doubled to 16 million units in four years and the prospect of surplus being available to the neighbouring states has not materialised to any significant extent. The difficulties in this regard may be overcome with better rainfall in the catchment areas of hydel reservoirs and an increase in the operating efficiency of thermal units.

The emphasis on progress recorded in recent years will have to be sustained if shortages are not to be allowed to emerge in coming years. With the commissioning of a new zinc smelter in the Visakhapatnam area and increasing emphasis on promoting power intensive industrial projects and energisation of pumpsets, there will have to be a doubling of generating capacity in the next five years with the erection of a superthermal station at Ramagudam or Kothagudam and the harnessing of the remaining hydel potential. With vast irrigation facilities and increasing power generation, the growth in the regional income can continue to be ahead of the national average in the foreseeable future.

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Eradication of poverty

It HAS been universally recognised that the removal of poverty and destitution in developing countries is possible only through the provision of productive employment for the unemployed and inadequately employed people. An effort was, therefore, made to evolve a strategy for increased employment at the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour held at Geneva towards the middle of 1976, a report on which has now been made available.* This international employment conference, held under the aegis of the International Labour Organisation (ILO), touched a whole range of issues, particularly national employment strategy including technology for the generation of productive employment as well as international manpower movements and employment.

An important principle adopted by the conference stated that the provision of basic needs—food, shelter and clothing—for the millions in developing countries is possible only through a national strategy for mobilising increased investment and encouraging the utilisation of natural resources as well as the establishment of basic industries generating self-reliance. It has also been pointed out that increased investment will encourage diversification in employment and technological progress.

rural development

High priority should be given to rural development programmes, which include agro-industries, rural crafts and ancillary services. Stress should also be laid on the provision of credit, know-how and marketing facilities to people in rural areas. A significant suggestion was that mass participation of rural population in the political process should be encouraged which would safeguard interests of the rural people and assure redistributive

**Meeting Basic Needs, Strategies for eradicating mass poverty and unemployment*; published by the International Labour Office, Geneva.

justice. The conference, therefore, proposed that governments should try to involve employers' organisations, trade unions and rural workers in the implementation of various programmes for employment generation.

An important subject discussed at the conference was the selection of technologies for productive employment creation in developing countries so as to maximise economic growth and employment. The developing countries have been advised to arrive at a reasonable balance between labour intensive and capital intensive techniques in order to reduce the technological gap between the advanced and developing countries, while maximising employment. Emphasis should also be placed on the building up of national infrastructure for human resource development, particularly the training of workers, technicians and managers for the selection of appropriate technology.

protection from discrimination

In the context of international manpower movements in order to reduce unemployment in some countries and shortage of labour in others, it was felt that the migrants and their families should be protected against discrimination. In fact the migration of workers should not be prejudicial to the rest of the population in either the country of origin or the country of employment.

Workers should be protected against exploitation by the provision of equality in terms of occupation, social security and cultural rights. The conference, therefore, proposed that efforts should be made to encourage the migrant workers and their families to preserve their national and ethnic identity as well as their cultural ties with their country of origin, including the possibility for their children to be given some knowledge of their mother tongue. A social policy in favour of the migrant workers should include reunification of families, protection of the health of migrant workers, establishment of adequate social service

and minimum guarantees as regards employment and residence.

It was suggested that multilateral and bilateral agreements should be drawn up to deal with the migration of workers and the problems concerning their families. As far as possible, representative organisations of employers and workers should participate in their preparation and implementation. Such agreements should be based upon the economic and social needs of the countries of origin and the countries of employment and should take into account short-term and long-term social and economic consequences of migration. As far as possible, fluctuations in migration movements, return migration flows and remittances should be regularised so as to facilitate the implementation of long-term programmes of economic and social development in both the countries of origin and employment.

exchange of information

It has been emphasised that there should be periodic exchange of information between the countries concerned on the occupational categories and the number of workers to whom jobs could be offered and who would be ready to migrate or return to their country of origin. Skilled manpower pools or data banks should be established to provide reliable information on the supply of and demand for skilled professional and technical manpower.

It is obvious that priority should be given to the recruitment of workers who are underemployed or unemployed. At the same time the country of employment should refrain from recruiting skilled and highly trained workers when there are recognised or potential shortages of such workers in the country of origin. In fact it should be possible to limit losses in the country of origin due to the departure of skilled personnel whose education and training it had provided. It should be possible to establish training facilities for those workers who wished to return to their country of origin, taking into account the needs of those countries. In such cases it should also be possible for the country of employment to adopt necessary measures to facilitate the voluntary return of migrant workers to their countries of origin.

CAPITAL'S CORRIDORS

R. C. Ummat

Rabi procurement • Patel on state of the economy • Railway board restructuring • Production trends in public undertakings • Mineral exploration

HAVING DECLARED in its election manifesto that agricultural development would be accorded primacy in its economic programme, the Janata party government is, expected to face a testing time while deciding on the rabi procurement policy.

The Agricultural Prices Commission (APC) has recommended that the procurement price of wheat this year should be continued at the last year's level of 105 per quintal and the procurement target for this farm product should be set at 5.5 million tonnes. The farm lobby apparently has a powerful voice in the new government. Not only the ministry of Agricultural and Irrigation is headed by a representative of this community but also the Home minister, Mr Charan Singh, is a vociferous advocate of enhancing support to agricultural development.

impetus to growth

While the surplus producing states, particularly Punjab and Haryana, which are in the hands of the Congress at present, can be expected to repeat their claim for a raise in the procurement price of wheat on considerations that the agriculturists need to be provided impetus to grow more and the prices for farm products should have a reasonable relationship with the prices of consumer goods which the agriculturists have to buy, the deficit states are bound to contend this plea on considerations of containing the overall prices spiral.

The procurement prices of wheat and other rabi grains have not been raised during the past two years and the erst-

while government instead has been following the policy of reducing the prices of farm inputs to contain production costs.

reconciling of interests

But the prices of farm inputs have been primarily brought down in the case of fertilisers only. Electricity charges and water rates, on the other hand, have shown some upward trend. It remains to be seen how the new minister for Agriculture and Irrigation, Mr Prakash Singh Badal, will reconcile the contending interests of producers and consumers in the circumstances. To some extent, the situation may be retrieved by following the policy of wheat procurement directly from farmers eliminating the middle men so that the farmers get the full support price. This, indeed, has been suggested by the APC.

With the zonal restrictions on the movement of wheat products having been removed a few months ago, the procurement of wheat in line with the target suggested by the APC apparently is not going to be an easy task. With the stock position with government (18 million tonnes) being very comfortable, a somewhat lower rabi procurement need not worry. It will not put the food economy of the country in jeopardy unless difficulties arise in the way of the next kharif crop which will have a crucial bearing on the economy.

The current rabi crop, of course, is expected to be normal and ordinarily should have enabled procurement to the order of 5.5 million tonnes. In the event

of this target not being hit, the availability of foodgrains in the open market should be quite comfortable. Any possibility of open market prices showing a marked uptrend, therefore, can be ruled out because in case scarcity conditions arise in any part of the country, the governmental stocks can easily be harnessed to meet such a contingency. As has been the experience of the recent past, what the consumer resents is unduly high prices. He is amenable to pay something extra over the price at the fair price shops if he can get wheat according to his choice.

issue of subsidy

In case the procurement price of wheat has to be raised, the government may have to provide a higher subsidy for food in the central budget, for it is very unlikely that the issue price of grains to fair price shops would be allowed to go up. Even at the present level, the off-take from the fair price shops this year has been substantially lower than in the previous years despite increase in population, reflecting that the consumer has been showing some preference to open market purchases on quality considerations.

The scaling down of the 5.5 million tonnes target suggested by the APC to some extent, in fact, may have the beneficial effect indirectly, for it will not only augment the supplies in the open market but also assist in containing the cost of buffer-stocking of foodgrains and warehousing. The procurement of 5.5 million tonnes of wheat will raise the governmental stocks to nearly 24 million tonnes the servicing of which obviously will not be an easy proposition. Its implications in regard to expansion in bank credit and the money supply with the public are too obvious to be dwelt upon at any length.

It, of course, goes without saying that as in the past, the government will have to purchase whatever is offered to it at the procurement price if the faith of the farming community in the government's promises is not to be eroded.

It also remains to be seen whether the policy of compensating the surplus producing states with some bonus for procurement above the targets fixed for them will be maintained in case the procure-

ment price of wheat itself is stepped up.

The interim central and railway budgets presented by Mr H.M. Patel and Mr Madhu Dandavate, respectively, were approved by the two houses of parliament by March 31. The two regular budgets are expected to be brought before Parliament in May.

The highlight of the Lok Sabha discussion on the interim central budget was the rebuttal by the new Finance minister of the claim of the former minister, Mr C. Subramaniam, that the new government had inherited a sound economy. Mr Patel pointed out that agricultural production during the current year was expected to be substantially lower than in the previous year and trends were highly discouraging in the case of the coarse grains, pulses and oilseeds. He as well stressed that the rise of about 12.15 per cent in the wholesale prices index during the past 12 months could not be viewed with equanimity. The national income during 1976-77, Mr Patel observed, was expected to increase only by two per cent. It was also a matter of serious concern that higher production in sectors like coal, steel, textiles and engineering had not been adequately observed by the economy and there was no significant growth in employment opportunities. A large number of industries, Mr Patel further stated, were showing signs of sickness. All this could not be styled as a healthy state of affairs.

faulty management

The rise in prices was attributed by Mr Patel to faulty management of the economy by Mrs Indira Gandhi's government. The satisfactory growth of the economy in 1975-76, during which year the national income rose by 8.5 per cent, Mr Patel opined, was mainly due to favourable weather conditions as a result of which the output of foodgrains had reached the record level of 120/121 million tonnes and the agricultural production in general showed a significant rise.

A 17 per cent growth in money supply during 1976-77, when the national income was expected to increase by just two per cent, Mr Patel said, could not but push up prices.

Mr Patel also questioned that adequate

resources had been made available for increasing irrigation facilities. If there was no constraint of financial resources for augmenting irrigation facilities, he wondered why inter-state water disputes were permitted to drag on despite the need for more irrigation. Mr Patel expressed the view that there had been no systematic planning of vast ground water resources, particularly in eastern India.

The rate of growth in industrial production, Mr Patel pointed out, had not been higher than four per cent per annum during the last one decade, although it rose to nine per cent in 1976-77. This was a sad commentary on the performance of Mrs Gandhi's government in the industrial sector.

Mr Patel alleged that despite comfortable foreign exchange position, the previous government had failed to augment supplies of essential commodities. Adequate imports of edible oils and cotton were effected only after considerable delays.

Mr Patel expressed the view that credit squeeze was not good in itself. The credit policy should be formulated in such a manner that it was flexible enough to provide adequate incentive for increasing production without generating inflationary pressures.

In the Rajya Sabha, Mr Patel asserted that the Janata party had the mandate to recast the fifth Plan. This assertion was made by him in reply to the suggestion by the former minister for Planning, Dr

Shankar Ghosh, that the planning process should not be interrupted and the new schemes should be allowed to be proceeded with as they had been decided upon by the National Development Council.

During the debate on the interim railway budget, Mr Madhu Dandavate made two important observations. He assured the two houses that he would examine the need for restructuring the Railway Board on the basis of the recommendations made by the Administrative Reforms Commission and the suggestions of the trade unions and others. The issue, he said, had to be examined in depth not only in regard to railway employees but for the entire country. Mr Dandavate also announced that the work on new railway lines in backward areas would be expedited wherever surveys have been completed.

The sixteen public sector undertakings under the charge of the ministry of Industry, indeed, have done well during the first eleven months of the current financial year. Their aggregate production during this period around Rs 703 crores exceeded the output during the corresponding period last year by approximately Rs 64 crores, although compared to the proportionate overall target for the 11 months to February, it turned out to be 91 per cent. The overall target had been set at Rs 772.91 crores.

With the tempo of activity continuing

Eastern Economist 30 Years Ago

APRIL 11, 1947

One of the baneful effects of British rule in India has been the ruthless and deliberate destruction of India's shipping industry in order to make room for Britain's expanding interest in the field. The report of the Reconstruction Policy Subcommittee on Shipping makes a scathing condemnation of the policy of the Government of India, not as a cheap appeal to political sentiment, but as a faithful record of historical facts. All manner of discriminations and unjust practices were used to oust Indian shipping. Indian

ships were banned from entering British waters and the Government of India imposed heavy discriminating import duties on goods carried in Indian bottoms. British companies plying ships in Indian waters were given all possible encouragement in the form of liberal mail contracts, diversion of traffic under government influence, and so on. They used questionable methods such as deferred rebates and waged ruinous rate wars against their Indian counterparts without any penal action by the Government of India.

at high pitch, the month of March was expected to have record some further improvement in respect of the realisation of the overall yearly target of approximately Rs 860 crores. An evidence of this is available from the fact that since November, the overall monthly target has been exceeded except during December. The output in February around Rs 86.32 crores worked out to 104 per cent of the target of Rs 83.01 crores. In January, it exceeded the target of Rs 81.37 crores by three per cent, the actual output being Rs 83.46 crores.

Bharat Heavy Electricals had produced goods by February to around 96 per cent of the target of Rs 388.78 crores. The aggregate value of the production of the undertaking amounted to Rs 374.52 crores—five per cent higher than the outturn of Rs 355.57 crores during the corresponding period of the previous year.

Among the undertakings which in February yielded production equal to or higher than their monthly targets were included: Tungabhadra Steel Products (195 per cent); Richardson and Cruddas (144 per cent); Bharat Pumps and Compressors (144 per cent); Hindustan Machine Tools (128 per cent); Triveni Structural (124 per cent); Arthur Butler (117 per cent); Gresham and Craven (113 per cent); Bharat Heavy Electricals (108 per cent); Braithwaites (104 per cent); Burn-Standard (102 per cent); Heavy Engineering Corporation (101 per cent); and Jessop and Company (100 per cent).

lagging units

Among the undertakings which were unable to hit their monthly targets were included: Mining and Allied Machinery Corporation (62 per cent); Bharat Heavy Plates and Vessels (89 per cent); Scooters (India) Limited (29 per cent); and Britannia Engineering (82 per cent). The shortfall in production at the Mining and Allied Machinery Corporation was attributed to inadequate supply of components and paucity of funds. The shortage of castings and forgings was responsible for the low production at Scooters (India) Limited. The output at Britannia Engineering Works suffered from power inter-

ruption and non-receipt of certain components.

The achievement of the various undertakings in regard to the targets set for them for the 11 months to February was as follows: Bharat Heavy Electricals (96 per cent); Hindustan Machine Tools (81 per cent); Heavy Engineering Corporation (84 per cent); Jessop and Co (89 per cent); Mining and Allied Machinery Corporation (88 per cent); Burn-Standard (99 per cent); Bharat Heavy Plates and Vessels (92 per cent); Braithwaites (89 per cent); Richardson and Cruddas (105 per cent); Triveni Structural (103 per cent); Scooters (India) Limited (54 per cent); Bharat Pumps and Compressors (77 per cent); Tungabhadra Steel Products (126 per cent); Gresham and Craven (99 per cent); Arthur Butler (92 per cent); Britannia Engineering (80 per cent).

cumulative production

The cumulative production in terms of value of the various undertakings during the 11 months to February was as follows (the figures in brackets are the proportionate targets for the 11 months and the production during the corresponding period last year): Bharat Heavy Electricals Limited, Rs 374.52 crores (Rs 388.78 crores, Rs 355.57 crores); Hindustan Machine Tools, Rs 79.61 crores (Rs 98.68 crores, Rs 70.43 crores); Heavy Engineering Corporation, Rs 75.17 crores (Rs 89.66 crores, Rs 67.57 crores); Jessop and Company, Rs 35.23 crores (Rs 39.40 crores, Rs 35.04 crores); Mining and Allied Machinery Corporation, Rs 26.86 crores (Rs 30.40 crores, Rs 22.91 crores); Burn Standard, Rs 28.03 crores (Rs 28.34 crores, Rs 25.36 crores); Bharat Heavy Plates and Vessels, Rs 25.09 crores (Rs 27.38 crores, Rs 18.39 crores); Braithwaites, Rs 16.94 crores (Rs 19.14 crores, Rs 14.52 crores); Richardson and Cruddas, Rs 9.94 crores (Rs 9.44 crores, Rs 8.62 crores); Triveni Structural, Rs 8.02 crores (Rs 7.77 crores, Rs 7.04 crores); Scooters (India) Limited, Rs 10.26 crores (Rs 19 crores, Rs 5.10 crores); Bharat Pumps and Compressors, Rs 6.56 crores (Rs 8.54 crores, Rs 3.07 crores); Tungabhadra Steel Products, Rs 3.39 crores (Rs 2.68 crores, Rs 2.08 crores); Gresham and Craven, Rs 1.60 crores (Rs 1.62 crores, Rs 1.26 crores); Arthur Butler, Rs 71

lakhs (Rs 77 lakhs, Rs 32 lakhs); Britannia Engineering, Rs 99 lakhs (Rs 1.24 crores, Rs 80 lakhs); total Rs 702.92 crores (Rs 772.91 crores, Rs 639.11 crores).

The Mineral Exploration Corporation, set up five years ago to accelerate the prospecting of the mineral wealth of the country in certain critical areas, is envisaged to step up its operations a great deal during the next two years. Its total drilling capacity, which during the current financial year has reached the level of 100,000 metres, is proposed to be increased to 166,000 metres next year and nearly 200,000 metres in 1978-79—the terminal year of the current Plan period.

Besides using about 76 per cent of its drilling capacity for exploration in the coal sector in the last two years, the corporation has completed two other important programmes. These are the completion of the top-priority time-bound bauxite exploration project on the east coast where vast bauxite deposits have been located and the establishment of 1970 million tonnes of iron ore reserves with about 62 per cent Fe content at Chiria in the Singhbhum district of Bihar. This is stated to be the largest single iron ore deposit discovered in the country. Detailed investigation in the more promising west-central part of deposit under phase II of the programme is in progress. These deposits are likely to cater for the needs of the expansion programme of Bokaro steelworks.

During 1977-78, the corporation envisages to take up detailed investigations for manganese and chromite in Orissa, Madhya Pradesh and some other areas.

In addition, exploratory pitting work in manganese and iron ore areas in Orissa, Bihar and Karnataka is to be undertaken.

The corporation has as well proposed taking up of five investigations for copper, lead and zinc in Madhya Pradesh, Rajasthan, Orissa, Uttar Pradesh and Bhutan. Investigations for limestone are proposed to be taken up in the Siju area of Meghalaya.

Identifying potential growth centres: an alternative method

D. Vasudeva Rao

The author who is connected with the Institute for Social and Economic Change, Bangalore, tries to bring out the importance of Composite Index of Development in fixing the priority for selecting towns for development purposes.

REGIONAL PLANNING and development is a very vast and complex subject covering multi-faceted development of all human activities such as demographic and socio-cultural aspects.

The central place theory by Christaller¹ and identification of growth centres and ordering them by Tinbergen², theories evolved by Brain, J.L. Berry³ and Richardson⁴ are still the leading works in the field. No doubt they are all unparalleled works in their own way—mostly applicable in the west. By the bifurcation ratio (K) technique (and use of entry point technique) when applied to the really underdeveloped regions of some of the command areas in India,⁵ the value of 'K' is going up to 8 or 9. This gives us only one or two II order centres and a chunk of lower order centres, i.e. only two or three administrative centres like taluk headquarters or block headquarters coming as 'developed' centres and the rest grouped as 'lowest order'. This actually does not solve the problem of the regional planner or administrator. As a matter of fact, for social justice and like reasons, the lowest group should be taken up for development much earlier than the already developed ones.

deficient coverage

In many of our towns (of lower order) functions exist at various levels which are not commensurate with their population size or developmental stage.⁶ The study of the existing facilities, their types, their standards and the level of development needed—i.e. the quantification of infilling required—is the first and the foremost task to be taken up by the planner. Apart from quantifying the deficiency of the coverage of the existing functions, facilities and services, the planner should look into such future needs as power, housing, etc.

This article deals with a 'Composite

Index' of development, covering some major and important variables that quantify and indicate the extent of development at a given place. This requires only collection of some primary data and the calculations are simple unlike methods mentioned earlier which requires statistical calculation.

In Karnataka (India), two tributaries of Krishna river—Ghataprabha and Malaprabha—irrigate around 1.1 million acres in the three districts of Belgaum, Bijapur and Dharwar of the north Karnataka region. The benefit is derived in 19 taluks of the three districts—covering 29 towns classified as urban areas by census 1971.

POINT OF VIEW

From the concerned district census hand-books, the following data for all the towns is collected:

- Area (sq. km.).
- 1961 and 1971 total population.
- No. of occupied houses and households,
- No. of domestic power connections.
- No. of Industrial power connections.
- Road length (km.).
- Total workers and workers engaged in tertiary sector (trade, commerce, transport, communication, storage, other services).

Derived Variables: (For each town)

- Density/km²=Population/Area
- Decennial growth rate=1971-1961/1961 population.

(iii) No. of persons per household
=1971 population/No. of households.

(iv) Road length/10 sq. km.=Road length (kms)/Area (sq. km.).

(v) Per cent domestic power connection.

(vi) Per cent industrial power connection.

(vii) Per cent tertiary workers to total workers.

The units are different for different variables, hence some of them (i, ii, v, vi) are converted to the common base as proportion to the highest value in their respective range.

composite index

The arithmetic values, from the seven variables, are added up for each of the towns and the totals are arranged in the ascending order (Annexure-I). For the final value—'Composite Index of Growth'—the mean, SD are calculated. Mean=128, SD=85.

The new classification is made on the basis of Mean + SD technique.⁸ The classification of town, according to index, is as follows:

- Class I—Between Mean+3 SD and Mean+2 SD
- Class II—Between Mean+2 SD and Mean+1 SD
- Class III—Between Mean+1 SD and Mean
- Class IV—Below Mean

The towns, according to census data, are classified into the following categories:

	Census	Index	k=2*
Class I	3	2	2
Class II	1	2	2
Class III	6	9	8
Class IV	19	16	16

*at Bifurcation Ratio=2

The new classification is more realistic, i.e. evenly spread (not thick base) and is nearer to K=2 bifurcation ratio.

Some interesting observations can be

made by studying the upward or downward change in the positions of some towns.

Bijapur though a district headquarters, Class I according to census, becomes II order in the new classification. This is due to its underdevelopment of the variables considered — not commensurate with the fellow class I towns. In the perspective plan, it should be given sufficient push, so that it can catch up and maintains its I order with relatively lower, if not the least, investment than any other town.

The only class II town 'Gadag' came down to III order due to low density, household occupancy.

Two III order towns Jamkhandi and Gokak became IV order, due to very low density, power connection and road length.

A miracle happened in IV order towns. Navalgund shot up to II order due to its higher road length; relatively higher percentage of power connection and decennial growth rate. Other four IV order towns that became III order (Mudhol, Mudalgi, Ramdurg, Gajendragad) had some speciality for a lift, viz. industrial power connection, decennial growth rate, road length, density, respectively.

first priority

Thus, when the command area development plan is drawn up and the growth centres are selected for future development, it is stressed that, the lower order centres which have got the potentiality for early and easy catch up should be considered first. Out of the seven variables considered, those that are slightly lagging behind can be given a small push, so that the centre as a whole will respond quickly: the objective of Regional Planning—less investment, quick return—will be achieved.

The class IV towns which become III or II should be given top priority, for development for reasons more than one. Equal importance should also be given to those class II & III towns which have registered a downward trend. That is to be arrested by timely investment.

This article brings out the importance of the "Composite Index of Development" in fixing the priority—for selecting the towns of different orders—for development purpose.

It is always better to look into/for more variables, than going either by population or tertiary workers alone to fix up the rank of a settlement in the process of growth and development—more so in the case of a developing region.

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Annexure-I

District	Name of the town	1971 population	Town class	Index of development	Ranking (Mean +SD method)
Bijapur	1. Badami	11651	IV	56.0	IV
	2. Guledgud	26365	III	145.7	III
	3. Jamkhandi	29981	III	126.6	IV
	4. Kerur	10820	IV	61.6	IV
	5. Mahalingapur	12635	IV	68.2	IV
	6. Mudhol	15619	IV	128.3	III
	7. Rabkhavi/Banahatti	37509	III	172.5	III
	8. Terdal	15537	IV	64.2	IV
	9. Bijapur town	103931	I	213.4	II
Belgaum	1. Athani	24378	III	140.9	III
	2. Bailhongal	19440	IV	126.0	IV
	3. Chikkodi	18338	IV	90.5	IV
	4. Gokak	29960	III	125.8	IV
	5. Konnur	15817	IV	18.0	IV
	6. Kudachi	14085	IV	57.8	IV
	7. Mudalgi	10557	IV	127.6	III
	8. Nippani	35116	III	172.0	III
	9. Raibag	12241	IV	36.9	IV
	10. Ramdurg	19697	IV	161.2	III
	11. Sadalga	12508	IV	19.4	IV
	12. Belgaum town	193472	I	354.8	I
Dharwar	1. Annegeri	14681	IV	42.6	IV
	2. Gadag-Betegeri	95426	II	178.6	III
	3. Gajendragad	15509	IV	172.9	III
	4. Hubli-Dharwar Corporation	379166	I	346.6	I
	5. Nakgal	12707	IV	59.3	IV
	6. Nargund	17338	IV	121.3	IV
	7. Navalgund	11985	IV	253.5	II
	8. Ron	13097	IV	67.0	IV

Source: District Census Handbook of Bijapur, Belgaum and Dharwar, 1971.

Abolition of octroi : government must act

Subhash J. Rele

Octroi is irritating and cumbersome, says the author. Many committees appointed by the government over the past 50 years have recommended its abolition but the government has been dragging its feet. The author has commended the scheme prepared by the Indian Merchants' Chamber which suggests changes in the mode of collection to avoid waste and inconvenience.

THE CENTRAL government's effort at exploring possibilities of octroi abolition on a national scale continues unabated. The aim is quite laudable—to ensure free movement of goods traffic throughout the country. One is heartened to know that the controversial issue is now being examined by a committee of five chief ministers. All the committees appointed by the government during the course of the last fifty years have recommended the abolition of octroi. The first committee—the Taxation Enquiry Committee in 1924-25, followed by others—the Local Self-Government Committee 1939, the Dalal Committee on Motor Vehicles Taxation Enquiry, 1950, the Taxation Enquiry Commission, 1959, the Committee on Transport Policy Co-ordination 1966 and the Rural Urban Relationship Committee, 1966, have been unanimous in their recommendations.

important milestone

For the smooth movement of road transport a system of national permits was introduced in September 1975. Though it is conceded that this is an important milestone in the development of road transport, it meets the problem half-way. The answer lies in the abolition of octroi. Though convinced of the necessity of such a step, the central government has been dragging its feet.

On February 24, 1976, the then minister of state for Shipping and Transport had observed, "The government recognises the need to remove the obstacles created by the octroi checkpoints. The question of eliminating octroi duty collectors at octroi checkpoints in different states by evolving an acceptable alternative tax or levy or evolving a different mode of

collection is under active consideration of the government."

Other checkpoints set up by other departments of state governments also inhibit the free flow of traffic. The solution to this problem lies in setting up consolidated checkpoints at single point for several functions. The government of Orissa has already taken a lead in this matter and set up six consolidated checkpoints in the state. The government of India has recommended the Orissa model to other states for adoption.

retrograde tax

Octroi is irritating and cumbersome. It offends all canons of taxation. It is a serious obstruction to the flow of goods transport and therefore serves as a brake on essential economic activity. The Keskar Committee termed it as a "fertile source of corrupt practices." It is uniformly condemned as a retrograde and obnoxious form of taxation. The states have retained this for fear of losing revenue. The Taxation Enquiry Commission found that octroi and terminal taxes on goods formed over 26 per cent of the total tax revenue of all municipalities and municipal corporations. It is admitted that proceeds from these taxes constitute the largest item of receipts for municipal bodies in Bombay, Madhya Pradesh, Punjab, Uttar Pradesh, Madhya Bharat, PEPSU, Rajasthan, Saurashtra, Delhi and Himachal Pradesh.

The abolition of octroi has gained special urgency after the introduction of the system of national permits for inter-state road transport. The report of the Road Transport Enquiry Committee revealed that the detention time of trucks at octroi and other checkpoints was high; it varied from 20 to 80 per cent of the truck's journey time. It is estimated that

on an average the time lost by trucks at these checkpoints amounts to a colossal 50,000 truck-hours per day, while in terms of value it means crores of rupees. The Keskar Committee found that the detention time for trucks as a percentage of total journey time because of octroi levy was nearly 80 per cent in the case of the Mangalore-Bombay route.

Octroi has resulted in the perpetuation of regional disparities, concentration of industries in metropolitan cities and the stunted growth of the rural economy. According to the Estimates Committee of the Lok Sabha, the slowing down of vehicles and idling of engines consume about 15 per cent of the fuel required and that the removal of the checkpoints would add 30 per cent to the transport capacity without any addition to the number of vehicles or increase in road mileage. All these add to transport costs which are ultimately borne by consumers.

search for a substitute

Can there be a viable substitute for octroi? It seems that municipalities and local bodies are keen not to lose revenue from octroi unless they are assured of an alternative source of finance. In some states, octroi has been abolished but now it is learnt that certain local bodies are either planning to reintroduce octroi or are contemplating to bring additional items under its purview. Very recently, the government of Madhya Pradesh abolished octroi but it proposes to make good the loss by imposing an "entry tax" on merchandise moving into the state and also by increasing "turnover tax" and property tax.

The Keskar Committee had suggested as many as four alternatives as substitutes for octroi: (1) Surcharge on sales tax or additional sales tax; (2) (a) municipal sales tax; (b) municipal surcharge on sales tax. (3) municipal turnover tax; and (4) other complementary levies. Since conditions differ from state to state, the committee thought it wise to leave each

state to pick and choose whichever substitute, one or more, suited its particular circumstances. Mr G.S. Dhillon, former Shipping and Transport minister was of the view that a multipurpose unit should be constituted to substitute the various existing authorities for conducting different types of checks.

More recently, the study group on octroi which was appointed by the government of Maharashtra, under the chairmanship of Mr S.K. Wankhede, while dealing in details and considering various alternative ways of raising revenue in lieu of this levy recommended introduction of multipoint turnover tax at a flat rate. The study group referred to the high cost of collection and the corrupt practices to which it gives rise to and the resultant delays and needless harassment. It lowers industrial and other efficiency and therefore the study group has made an earnest recommendation that "the levy of octroi needs to be eliminated".

objectionable features

The business community however finds some objectionable features in the scheme. They feel that the scheme "would disturb the organisational arrangements connected with the handling of trade; it would bring within the purview of the tax even those commodities which are at present outside the pale of the state sales-tax such as textiles, sugar and tobacco and are covered by the scheme of additional duties of excise in lieu of sales-tax and it will bring in the taxation net a large number of additional dealers irrespective of their turnover." Having regard to all these considerations, the business community had suggested that the existing framework of the sales tax law should be utilised for the purpose of raising the requisite revenue for compensating the municipalities and other local bodies for the loss that would be sustained by them as a result of the abolition of octroi.

The Indian Merchants' Chamber has prepared an alternative scheme. At present, octroi is collected at checkpoints from the road transport operators. The IMC scheme contemplates change in the mode of collection with a view to avoiding inconvenience and the tremendous waste of capacity resulting in detention of a large number of vehicles for physical

checks at every octroi post. The main features of the scheme are:

1. Octroi will continue to be levied and collected.

2. It will be collected from the consignees to whom goods are despatched from outside the city limits.

3. All octroi checkpoints will be abolished.

4. The transport operators will be able to take the goods straight to the factories or godowns of the consignees.

5. The consignees will have to pay directly to the authorities octroi at the rates leviable on concerned commodity.

6. The octroi authority will collect from the truck-driver at the time the truck enters the city limits a statement showing details of the goods carried in the truck and the names, addresses and sales tax registration numbers of the importing dealers. This statement will serve the purpose of verification of the figures furnished by the dealers. Penalty will be prescribed for deliberate mis-statements.

7. The purchase registers and accounts maintained by the consignees for sales tax purpose will have additional columns for "octroi goods", the rate of octroi, the octroi amount due and the statement number. In order to avoid duplicating of authority for checking the same records, it is suggested that octroi assessment should also be done by the sales tax department on behalf of the municipality, According to the IMC scheme, the

transport operators will be able to take the goods straight to the factories or godowns of the consignees and the liability to pay octroi will be shifted from the transport operators to the consignees. This change in the agency for paying octroi would involve a change in the procedure for collection of this impost. Whereas the present system involves physical check at the checkpoints without any further formalities after the goods cross the checkpoints, under the new scheme there will be no need for maintenance of registers and other books of accounts, verification of these documents and determination of the octroi assessment.

The scheme is flexible. Under it, octroi will be collected like purchase tax on the goods imported from outside the city limits. For this purpose separate columns will be maintained in the purchase register. These entries in the purchase register could be verified, if necessary with the relevant statements. Payment will be made on a monthly basis. Assessment, however, will be yearly along with the sales tax assessment. In the case of consignments imported into the city by railway or steamer, octroi may continue to be collected at the railway yard or in the docks as per the present practice.

The scheme has several economically sound elements and needs a close scrutiny by the committee of the five chief ministers who are at the moment going into the issues involved in octroi abolition.

RECORDS AND STATISTICS

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Interview : Dr Attiat Ott

The north-south dialogue

S. P. Chopra

The mechanisms of the 'New International Economic Order' can only be created by a cooperative dialogue that recognises economic realities—not by political devices such as cartels of raw material producers, says the distinguished American economist, Attiat Ott.

Chopra: Dr Ott, the poor nations of the world have failed to achieve any significant improvement in the level of living of their people during the last three decades though a number of assurances were given to them by the rich countries through the United Nations and its various agencies. Do you think that there is much hope of the "New International Economic Order" delivering the goods?

Ott: I think we should distinguish between the label itself and the political aspect of it. You may recall that the United Nations General Assembly had pleaded for the establishment of a New

it, I do not think it is a new economic order.

Chopra: Leaving out peripheral issues, let us move to the heart of the matter. The NIEO, as I understand it, seeks a just and equitable relationship between the prices of primary products and raw materials exported by developing countries and the prices of capital goods and equipment imported by them. Do you think if we concentrate our attention on this element of the NIEO, we will get somewhere in fulfilling the expectations of the developing countries?

Ott: If obtaining equitable prices for

mechanism would have been new but we have no such mechanism as yet.

Chopra: The oil-exporting countries took courage in joining hands and establishing a cartel for the sale of crude oil which has come to be known as the OPEC. In one move, they not only obtained a fair price for oil but also caused substantial shifts in world monetary reserves. In your view, can producers of other commodities improve their fate by following the footsteps of the OPEC?

Ott: Let me go over a few of the historical landmarks. The OPEC—Organisation

Dr. Attiat Ott, 42, is a professor of economics at Clark University, Worcester, Massachusetts. She has taught at several other universities as well, and has been an economic consultant to a number of US Government agencies—such as the Department of Health, Education and Welfare and the Treasury Department's Office of Tax Analysis. She has published three books including *Macroeconomic Theory*, and papers on a variety of economic subjects.

Visiting India in December-January, Dr. Ott delivered lectures on the "New International Economic Order" and allied subjects in Bangalore, Mysore, Madras, Patna and New Delhi. She was interviewed in New Delhi by S. P. Chopra, Senior Assistant Editor of the *Eastern Economist*.

WINDOW ON THE WORLD

International Economic Order (NIEO) after the failure of the International Development Strategy to boost the over-all annual growth rate of the poor countries. The NIEO implied that the UN acknowledged the right of developing countries to have full and permanent sovereignty over their resources (including the right to nationalisation), to organise cartels or producers' associations to improve their terms of trade, and to be increasingly self-reliant. In fact, that is a complete blueprint of the NIEO. Let me state that drawing up a blueprint is one thing and having a new system in operation is an entirely different thing. But as I look at

raw materials is taken as the foundation of the NIEO, then there is hardly anything new about it. Way back in 1964, Dr Raul Prebisch had advanced the same argument. In my view, the developing countries have been getting more and more from the developed countries while the producers of raw materials have not been giving the poorer developing countries a fair share of their export earnings. Thus, the new economic order hardly says anything new. It would be really new if it could set up a mechanism by which a fairer system of pricing raw materials vis-a-vis manufacturers could be had. Saying it does not make it new. Setting up a

of Petroleum Exporting Countries—did exist before the unilateral hike in oil prices in October 1973. They were not selling oil in a freely competitive market. The producers had their association. One element in their favour was that they were handling a large commodity in international trade. Oil alone constituted four per cent of world trade. No other raw material had that important practical significance in world trade. That was why the OPEC was a success. Similar cartels in

the case of cotton, cocoa, coffee, tea, etc could not succeed.

Chopra: Why not?

Ott: Because these commodities had low income elasticity of demand. As buyers' incomes rose, the amount that they bought did not rise as fast as the rise in their incomes. Furthermore, there are substitutes. When the price of copper rises, the buyers can use scrap copper or aluminium. When the price of raw rubber rises, they can switch to synthetic rubber. So these commodities do not have the same capability that oil has.

Chopra: Do you mean to say that all these commodities cannot get adequate prices by following the OPEC approach? Or do you think these primary products must satisfy certain conditions to claim recognition on the same lines as oil? If so, what are these conditions?

Ott: In my view, there has to be a case-by-case study. Take the case of bauxite. Jamaica decided unilaterally to quadruple the price of bauxite in 1974. No newspaper even picked up this news. Nobody ever talked of forming a "Bauxite Association". Since the cost of bauxite in the manufacture of aluminium is insignificant even if its price is doubled, trebled or quadrupled, it does not affect the price of aluminium. But as soon as the recession set in, the demand for bauxite in developed countries fell, leading to a decline in prices. Today the price of bauxite is below where it started. Thus, such commodities as bauxite may enjoy a forced price rise in the short run, but in the long run they have no chance whatsoever.

Chopra: This brings us back to square one. We know that during the last three to four years, the terms of trade have moved against the developing countries. In the case of the non-oil-exporting countries, the terms of trade moved unfavourably by 12 per cent between 1973 (100) and 1975 (88) and they are believed to have deteriorated further in 1976. So the dilemma that these countries face is how to get out of this difficult situation. The success of the OPEC had heartened them, but if that experience cannot be repeated in the case of other commodities—and there is some weight in the argu-

ment advanced by you—then what is the way open to these poor countries?

Ott: Let me first comment on statistics. I think that bracketing all the countries together and talking about the terms of trade is meaningless. Look at the OPEC. With 1973 at 100, their terms of trade in 1974 and 1975 did not worsen; they went up to 365. Again, if you look at the group of developing countries that export manufactured goods—South Korea, Mexico, Israel fall in this category—they were placed in a happy position in 1973 when the raw material prices fell; the raw material boom of 1971 and 1972 had affected them adversely because they had to pay a high price for the raw materials that they imported. If you look at other groups of countries, you see a different picture. Developing countries with per capita income above \$250 have improved their terms of trade and those below this level of income have suffered a setback. And there is no doubt that 63 per cent of the population of developing countries lives in areas that continue to experience deteriorating terms of trade. The picture thus changes from area to area.

Chopra: Despite the differences between the various groups of developing countries, the central argument in regard to deteriorating terms of trade for the bulk of the population has not been convincingly refuted by you. How long can these countries put up with this unfavourable trend? Why not devise ways and means to increase the earnings of these people, failing which the quantum of assistance should be increased.

Ott: The OPEC countries have acquired resources since October 1973 that could no doubt be used in the poor countries. Billions of petrodollars are today floating around Europe. They could be used for investment in the developing countries. The OPEC provided only a fraction of its newly gained resources for use in these countries, while the bulk of it went in various cycles to developed countries. Why the OPEC ignored the interests of the developing countries—of course this is a separate problem.

Regarding imitation of the OPEC by the developing countries, all I would like to say is that even the OPEC may not be able to sustain its power because of the break

between Saudi Arabia and other members of the OPEC. In my view, the creation of producers' associations may be good politics but it is bad economics. As an economist, I have to frame my answer within the expertise at my command. It seems to me that moving away from politics, we have to recognise economic realities. The problem really boils down to providing help to the developing countries for their economic growth, and for this purpose, we should direct the dialogue within that framework. We must find out the most viable and efficient way to transfer technology and resources to the developing countries. I do not think the producers' associations are capable of performing this function. This is hardly the right approach to the problem.

Chopra: The conclusion is irresistible—from what you have stated—that the number of countries even among the developing ones that have improved their terms of trade is small. A majority of the poor countries have not fared well except in the matter of receiving the same parrot-like advice that they should try for a consensus and not a confrontation. Unfortunately, this line of argument is becoming difficult to sell to the hard-hit poor countries. They find that it is leading them nowhere. Hence the search for new ideas. For example, the concept of indexation: Do you think it can help in coming up to the expectations of the developing countries?

Ott: Before I answer your question on indexation, let me state that the developing countries differ widely in the stages of economic development. Take the cases of India and Tanzania. India is surely not in the same stage of economic development as Tanzania. There was a time when India depended on a few traditional commodities for its export earnings. But today the picture has changed completely. You have today an extensive industrial facility backed by the necessary infrastructure. That is all that is required for economic development, and you have already acquired it. You have successfully marketed industrial products abroad. Your problem is no longer one of seeking increased prices for raw materials. So even for your country, this is not the right policy to pursue even though you may do

so on grounds of solidarity. Now let us look at Tanzania. More than 90 per cent of its export earnings are based on two products—coffee and sesame. Tanzania is not in a stage of development where it may be able to diversify its exports. It does not have the basic infrastructure. It does not have enough food to feed its people. Surely, its major concern is procurement of adequate prices for its raw materials.

If you look at these two groups of countries, you become aware of the conflict in interests. Politicians may not like to talk about it, but the economists can not help talking about it. The interest of India as India is not the interest of Tanzania as Tanzania. Their common interest as members of the Third World may be common because after all, they are still—all of them—way behind the developed world.

Turning to indexation, this idea was put forth by Iran with the support of Algeria. It did not gain ground anywhere, not just because the developed countries opposed it but because the developing countries themselves did not agree to pursue it further and for a very simple reason: What prices to choose and what commodities to include while computing the index numbers? The wholesale price index of all manufactured goods taken together is not indicative of anything. You have to look at it industry by industry. Similarly, the clubbing together of all raw materials to estimate changes of their prices is also indicative of nothing because each one of them is under the spell of a different elasticity of supply and demand. How sensitive is the demand for each commodity and how much is demand versus supply?

Besides this, there were the technical problems. The United Nations Conference on Trade and Development (UNCTAD) tried to compute the index, but the attempt failed in regard to the selection of goods in the basket.

If a country such as South Korea buys primary commodities from other countries and processes them for export, how can you talk of indexation for it? It is important for it to get cheap raw materials; what

indexation can be applied to the manufactured export goods in this case?

Again, the basket of goods bought by a country depends on its level of development and also its military needs. Iran is the champion of indexation, but 50 per cent of its import basket consists of military hardware. The prices of new military weapons due to inputs of technology have risen far above the prices of manufactured goods even with inflated prices. Selecting Iran for the representative basket of goods is being unfair to other countries. Until the conflicting interests of these countries are reconciled, no indexation can take place. That is why no progress has been made in this regard so far. Even the developing countries have stopped discussing it.

Chopra: The picture you have painted looks a little depressing. While the new order is not expected to succeed, as you

'Developing countries differ widely in stages of economic development. India is surely not in the same stage of development as Tanzania' whose exports are based solely on coffee and sesame. India has an extensive industrial facility backed by the necessary infrastructure.

stated, let us remember that the old order also failed despite the multiple arrows in its armoury, such as economic aid technical assistance, increased flow of capital as well as technical know-how through multinationals, tariff preferences, generalised system of preferences, compensatory finance and so on. Now, may we pass on to a specific thing like technical assistance? Do you think it is possible for the poor countries to imbibe highly sophisticated technology, which the industrialised nations are developing at breakneck speed? You know that in the United States and western Europe, technical know-how is doubling every 20 years, while in the developing countries the bulk of the people have not as yet assimilated what was discovered at the beginning of the current century. How fast can the new technology be transferred to improve the lot of the people in poor countries?

Ott: I think that in regard to the assimilation of technology, I am a little more

optimistic—and there are two reasons for it. First, it is true that technology in use in advanced societies cannot be transposed into any other society that has not had some ingredients to absorb it. But we will have to determine the appropriate technology suitable for a developing society before taking steps to introduce it. Second, we will have to study the experience of those countries that have hitherto succeeded in making use of relatively advanced technology. Your own country got technology from the west, modified it a great deal and then put it to use. At a recent conference in India I was told about the measures taken to improve the efficiency of the bullock cart! Similar experiments will have to be tried in other countries.

But I must say that technology has a price. Most of the technology, as you know, is developed in the private sector in the west. The government does not produce technology. It is usually the private entrepreneur, who charges an extremely high price for his ideas. The new order should try to find a way to get cheap technology. I am deeply concerned with this problem facing the developing countries as a person who originally belonged to a developing country—I was born in Egypt. India, Egypt and other developing countries have to acquire technology at prices cheaper than those currently available to them.

Chopra: Here is the last question. Taking stock of all the ideas that have been mooted to mitigate the misery of the poor countries, will you as an economist enumerate in the order of priority how the problem of poverty of the developing countries can be resolved? What do you think is the first step that ought to be taken, followed by the second, third, fourth and so on?

Ott: Now, if I could give you the answers in order of priority, I would probably get the Nobel Prize! But I do not think I can do it. However, I will make an attempt. First, there is the political stability that must exist before we can freely move to concrete solutions. Let me elaborate on that point. It is not the lack of capital that is preventing the economic progress of the developing countries. Take the OPEC for example. It has \$300 billion. That money could have been made avail-

able to the developing countries for investment. They gave the poor countries very little, though they did set up the oil facility. Recently, the OPEC met at Qatar but adjourned without agreeing on the quantum of aid they would give to the poor countries. They are afraid to invest even in the neighbouring Arab countries for fear of the future of that investment as well as the rate of interest on investments. So, we have to eliminate the fear that exists between countries.

Second, we have to reconcile private benefit and private cost with social benefit

and social cost. Let me illustrate it. As an individual I am earning a certain amount of money. My first responsibility is toward the education and welfare of my children. They are to be given good schooling, good clothes and good food. Part of my income I give to the government, without grudging, by way of taxes because of my social responsibility as an individual. The government in turn may part with a fraction of the taxes so collected for the benefit of the developing countries. But it is bound to be insufficient, keeping in view the massive needs of the poor countries.

We can make a start by creating awareness in the developed countries about the social consequences in developing countries if aid in the requisite volume does not reach them in time. Without that, any proposal that may be put forward will be no more than a blueprint having slender chances of being implemented. As an economist I believe that these resources should be transferred within the apparatus of a market system—though grants, aid and foreign investments—rather than through the distortion of commodity prices.

The Roman circus comes to town

E. B. Brook

On March 25, the European Economic Community began celebrations of the signing of the Treaty of Rome. During these two decades the community has achieved a good deal, but the transition from the Common Market to Community has proved difficult. The Community needs an agreed strategy to deal with the problems of flagging economic growth.

THE EUROPEAN Economic Community, better known as the Common Market, has had a birthday which it regards as something of a milestone. On March 25, the Community began celebrations of the signing of the Treaty of Rome which brought it into existence. If all the leaders who assembled in Rome for this event were by no means of one mind they were certainly of one intent—to make the occasion as amiable and enjoyable as possible; even President D'Estaing was able to relent sufficiently to agree that the President of the European Commission, Mr Jenkins, might attend the coming world economic summit in London early in May within certain restrictions.

In its first twenty years the Community has achieved a good deal. The French feel themselves to be the founder fathers of the community idea with good reason. It was the French Foreign minister, M. Schumann who, on May 9, 1950, set the ball rolling by proposing the setting up of the European Coal and Steel Community, the first of the three Communities ECSC, EUROTOM and the EEC which fused in July 1967 to become the European Community. Despite enduring difficulties, the first Six achieved a tremen-

dous amount. Now Nine very different states are, after 20 years, still striving to create a new form of political and economic union, more comprehensive and binding than even the European Community itself. It is a noble ideal; in a world full of lack lustre in the matter of true cooperation, it is a remarkable achievement and one worthy of public sympathetic if critical support. The immediate aspects are that the Nine will become Ten before many years with the addition of Greece to their number, with Portugal, Spain and later Turkey in the corridors of approach to membership. Of all European nations who have been asked their national opinion whether to join or not only Norway has said no.

Apart from the fact that the Kennedy Round brought its long and difficult labours to successful conclusion during the period of the Market in the 'sixties, the Community has extended its attention to other continents with generally beneficial results. First was an association agreement with Kenya, Tanzania and Uganda signed in Arusha. French benefit to its former overseas territories was achieved through the Yaounde agreements, with Mauritius joining in 1970. The Lome

agreement extended Market customs benefits to many other non-European countries and several agreements over beneficial tariff rates for such commodities as textiles, tobacco, and tropical products have brought Market benefits to many overseas traders in many countries, benefitting not only the overseas trader but greatly enriching the commodity content of the European markets.

the great danger

A long list of disadvantages and failures (so far) could be compiled; the greatest danger to the Community in recent years has been that it would stagnate in face of its many internal frustrations.

It is more to the point to enquire briefly how the Community has come to reach this pass. In a sense it has been a victim of its own success. The early treaties were limited in scope. Aims were generally to remove all man-made obstacles to the free movement of goods, labour and capital. Autarchy in trading was to go. It is the next stage the transition from the Common Market to the Community that has proved to be so much more difficult than knocking down impediments to free trading. As the first aims have been fulfilled there has tended to grow an increasing vacuum, with the Market institutions becoming more confused in their working as integration slipped ever beyond reach. The Community has joyfully celebrated its twentieth year

to emerge facing something of a dilemma.

In its search for a new dynamic, Europe has tried several paths which have proved to be blind alleys. The idea of a technological community' has foundered; the concept of EMU, an economic and monetary union, has so far failed because it runs straight up against the increasing divergence of Europe's national economies. The concept of the currency 'snake' has served only to emphasise how weak are the weak and how strong the strong. Even the concept of 'Europe with a human face' to protect the environment, which might be thought to be more meaningful to men and women generally, has run into trouble despite some progress. The reasons for the disappointment are instructive. The reforms envisaged involve not only spending large sums of money but impinge on national sovereignties. From 1973 onwards every government has been obsessed with the need to take all steps possible to reduce inflation and to defend what remained of their balances of

payment. The strain has made the rich countries unwilling to help the poorer ones; the poorer are unable to afford the luxuries of the Community's ideas.

Despite all efforts, unemployment has not diminished; currencies are still unstable; governments cling to their areas of prerogative in order to have means to shield themselves from ever-threatening economic storms which could lead to social security storms later.

The two great issue of concern to every European are inflation and jobs. If the Community is to retain creditability and a measure of political support it must be seen to be tackling these problems. There is no willingness by trade unions to accept the idea of forced mobility—a concept that workers must move to where there is work if necessary. The individual everywhere demands more job security and at home. Unemployment will undoubtedly remain a significant problem for the Community and for all in Europe well into the '80s and will then be aggra-

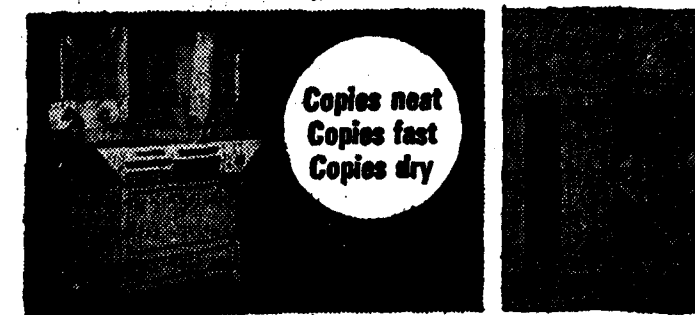
vated by the growing impossibility of maintaining a ban on immigration from outside the Community.

To continue to succeed, the Community needs an agreed strategy to deal with the problems of flagging economic growth, unemployment, diverging national economies and inflation. It needs to give attention to social issues also and all at European and not national level. It needs a clearer and more discriminating sense of priorities and realisation that problems that nations fail to solve do not become easier through being tackled internationally—rather the reverse. The Community now needs clearly defined purpose, strategy and great facility for adapting to changing political and economic environment. It is an ideal that should not be allowed to fail; to succeed it needs far more drive and deliberate expertise than it shows at the present time. A stronger European parliament as critic and spur would be one to achieve a more efficient machine in Brussels to help solve west European and partly world problems.

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Healey links tax cuts to pay restraint

WINDOW ON THE WORLD

Reviewing Britain's economy in the course of his speech during the "no confidence" debate in the House of Commons on March 23, the prime minister, Mr James Callaghan, claimed that "since the events of last autumn there has been a new stability in the financial and monetary affairs of this country." He pointed out that reserves had risen by \$ 307 billion in the last two months, more than £6 billion worth of gifts had been sold to help finance borrowing requirements, interest rates had come down, domestic credit expansion was being kept well within the target of £9 billion in a full year, unemployment figures were showing some decline and the rise in import prices had slowed down to 2½ per cent "in the last three months." According to him, confidence in sterling has been restored, thanks partly to the IMF "safety net" and the \$ 1.5 billion medium-term credit negotiated with commercial banks, business confidence is on the upturn and there are good prospects of inflation being brought down by the end of the year to a rate below the 15 per cent estimated last December. Against this background, Mr Pat Reynolds (BIS Economic Correspondent) reports on the highlights of the British budget presented last week.

BIG INCOME-TAX cuts paving the way for third year of pay restraint from the heart of Britain's annual budget presented to the House of Commons on March 29 by the Chancellor of the Exchequer, Mr Denis Healey.

Stressing the scope for a carefully controlled fiscal stimulus, Mr Healey announced £2½ billion tax cuts, partly conditional upon a continuation of pay restraint in 1977-78. To offset part of the impact of these cuts, there would be an increase of £750 million in government revenue as a result of indirect tax increases and other minor measures. Such was the "hard news" of Mr Healey's announcement. But on a wider plane he outlined three major objectives for the British economy: the reduction of inflation, an improved trading performance and increased manufacturing competitiveness.

Pay policy, he suggested, was the key to improving the inflation rate. By the end of a third year of pay restraint—that is, by mid-1978—Britain had the chance of reducing inflation to the level of its principal trading rivals.

Mr Healey said he believed a satisfactory 1977-78 pay agreement could be reached. With such an agreement, the prospect was for a single-figure rate of inflation by the second quarter of 1978.

On the trading front, Mr Healey expected the current-account deficit to be progressively eliminated. There were

good prospects of a healthy surplus in 1978. He however added: "We must not only eliminate our balance-of-payments deficit but also earn substantial surpluses, so that we can start repaying our accumulated international debt while still maintaining adequate reserves."

On industrial performance, he called for improvements in both price competitiveness (through higher productivity) and non-price competitiveness (better product design, for instance). The £2½ billion tax cuts consist of an immediate reduction of £1½ billion and a further reduction of £1 billion conditional upon a pay deal consistent with the country's inflation policy. The £1½ billion consists of: (1) increased personal allowances—that is, the amount of income allowed before any tax becomes payable; and (2) an increase in the levels of income required before the higher tax rates—that is, those rates above the basic rate—are triggered. The increase in these levels will be of special benefit to middle management.

The £1 billion of tax cuts conditional on pay restraint is planned to be brought about by a reduction of the basic (lowest) tax rate from 35 per cent to 33 per cent of income after allowances. Although all workers will benefit from this, the biggest proportionate benefit will go to the highly skilled worker.

To offset the tax cuts in part, the Chan-

cellor announced increased taxes on cigarettes, road fuel and heavy oil as well as increased vehicle excise duty. Such increases would combine with other minor measures to raise government revenue by £750 million. There was to be no change in corporation tax. Stability in company taxation was an important part of Britain's industrial strategy. But the Chancellor approved improved tax treatment for smaller companies. He was concerned that the government's prices plans would not damage the rate of return on investment.

The budget was building on the success of the economic measures (mainly public spending cuts) announced last December. Since then there had been a striking restoration of financial stability. The monetary aggregates (the money stock) were under tight control. Interest rates had fallen, and sterling had stabilised.

The government intended to stick firmly to its announced public spending plan. Measures to relieve unemployment would be accommodated within these plans.

public borrowing

For 1976-77, the Public-Sector Borrowing Requirement (PSBR) was now estimated at only £8.8 billion, compared with the £11.2 billion forecast last December. Domestic credit expansion in 1976-77 was now expected to be only half the £9 billion ceiling agreed with the International Monetary Fund.

Looking ahead from now to the first half of 1978, the Chancellor said he expected output to grow by about 1½ per cent and manufacturing output by about 2½ per cent. Manufacturing investment should increase by some 15 to 20 per cent. Living standards, which had recently fallen sharply, should at least stabilise at something close to their present level. "We are now through the worst," he said.

The PSBR for 1977-78 could be some £8.5 billion—within the ceiling of £8.7 billion agreed with IMF. Domestic credit expansion in 1977-78 should be safely within the £7.7 billion previously forecast while the growth in the sterling component of the money stock, broadly defined, would again be in the 9 to 13 per cent range.

Mr Jaya Prakash Narayan

desires that elections to state assemblies should be held as early as possible so that "we have new representatives who are in tune with the new union government". May I respectfully suggest that Mr Jaya Prakash Narayan should give himself a holiday from politics and also give a chance to his much-taxed body to rest and recuperate? I urge this course on him particularly because there is some danger that his pronouncements on public affairs may automatically attract the reverence due to divine injunctions merely because it is he who makes them. The Father of the Nation to whom the Lok Nayak is now being compared frequently had, in his practical wisdom, set in these matters an example which "JP" would do well to emulate. For most of the time Gandhiji allowed the Nehru government formed on August 15, 1947 to conduct the business of the state according to its lights. He did offer advice or otherwise intervene occasionally, but he had to learn more often than not that he should have left well alone and it was to his credit that he did so quickly. Back-seat driving is bad enough, but it would be fatal, indeed, if the man in the driver's seat is required to keep his eye on some writing on the sky. Astral messages could be a grave traffic hazard.

Take, for instance, JP's ideas on state assemblies. Their implication is that he wants Janata party governments in the states as early as possible. If such governments come to be set up in the normal course, we will have to accept them as the workings of the democratic process. But, in a federal polity, there is no great virtue in the same political party being in power at the centre and in the states. On the contrary such monopolising of political authority or responsibility could unduly

strengthen the central political apparatus of the party in power and, in due course, impart to it a monolithic character undesirable from any point of view. After all this was what happened to the Congress, engendering in its leaders delusions of grandeur. Just as the evolution of a healthy two-party system is essential to the proper functioning of a parliamentary democracy, a certain diversity is desirable in the sharing of power by political parties in the anatomy of a federal political system.

In any case, there is little to be said in favour of artificially terminating state governments where they continue to command majority support in state legislatures simply for the purpose of installing new governments in tune with the Janata set-up at the centre. The country needs to settle down after the recent general election and the central government itself ought to give the highest priority to urgent tasks of administration. It is the case of the Janata leaders themselves that the economic situation is a difficult one and that grave problems of stability and orderly growth clamour for immediate attention. Holding elections in the states so that uniformity may be brought about in the political complexions of governments at the state and the central levels is a luxury which the public may easily dispense with. An election should, however, be held as early as possible in Tamil Nadu which is under president's rule.

In their quest for political

sustenance, politicians, evidently, are not averse to a little necrophilism. Mrs Gandhi, it may be recalled, turned her party's condolence meeting for Kamaraj into a political occasion by alleging that the dead leader was about to throw in his lot with the Congress. We now have

Mr Raj Narain telling all and sundry that Fakhruddin Ali Ahmed was against the promulgation of emergency. If this was so, what prevented Ahmed from preserving his innocence by the simple act of resigning from office? Again, if Ahmed was so scrupulous as all that, he could at least have exercised his constitutional right and indeed his constitutional obligation to insist on the proclamation coming to him for his signature with the authority of the Council of Ministers. The Home minister informed Lok Sabha the other day that the proclamation of emergency was placed before the Council of Ministers only *ex-post facto*. If this was the sequence of events, Ahmed clearly violated his oath of office and was therefore guilty of an impeachable offence. Assuming that Mr Charan Singh's facts are facts, this was easily the darkest episode of the emergency. Mr Raj Narain must show some awareness of these grave aspects of the case before he seeks to make political capital out of the alleged scruples of a president unwilling to do wrong but unable to do right either.

Given the qualitative

change in the complexion of the government at the centre following the general election and the political context in which that change took place, heads of our diplomatic missions might have set up a healthy convention by tendering their resignations, leaving it to the new government to propose retaining such of them as it may find suitable. This gesture on the part of our ambassadors and high commissioners was particularly called for because they and their establishments had been shamelessly used by the previous government in New Delhi to present a false picture of the emergency and its working to governments and peoples abroad. Had they made this gesture, some of them might have spared themselves painful embarrassment; for instance, Mr B.K. Nehru. As for Mr T.N. Kaul, he is past praying for. His defence, at its best, can only be that since ambassadors are admittedly sent out to lie for their respective countries, he lied for Indira since Indira, he had been told, was India.



MOVING FINGER

TRADE WINDS

State Trading Corporation

DURING THE financial year ending March 31, 1977, the State Trading Corporation (STC) recorded an all time high exports turnover in the non-canalised items. From Rs 64 crores in the previous year the non-canalised exports went up to Rs 156 crores registering a spurt of 144 per cent over the previous year. In this category, the range of items exported were: processed foods, finished leather, fashion goods, industrial alcohol, plywood, chilled meat and live sheep and several other new items such as aluminium ingots to the USA and wood charcoal to Iraq.

Announcing the provisional financial results for 1976-77 recently, the chairman revealed that the year 1976-77 witnessed a set-back in the prices of a number of commodities in the major world markets. Despite this decline in value, the corporation exceeded the turnover target by 22 per cent i.e. against the budgeted Rs 793 crores, it achieved a turnover of Rs 966 crores. There has been a further increase in the overall turnover of STC Group comprising STC and its subsidiaries—Projects and Equipments Corporation of India Ltd; Cashew Corporation of India Ltd; States Chemicals & Pharmaceuticals Corporation; Handicrafts and Handloom Export Corporation and also the Central Cottage Industries Corporation. From Rs 1096 crores in 1975-76, the turn-

over now stands at Rs 1174 crores.

Last year, sugar was the single largest item of export from India and in STC's turnover it occupied a lion's share. Sugar exports during the year were, however, reduced to protect domestic requirements. Excluding sugar, however, STC's exports rose by Rs 217 crores this year i.e. Rs 509 crores as compared with Rs 292 crores in 1975-76, registering a spectacular growth of 74 per cent. Main items of exports this year other than sugar, were: leatherware, silver, coffee, cement, castor oil, textiles and tobacco.

Search for New Markets

A number of new export items, such as: barley, wood, charcoal, fishmeal, fireworks, energy meters, public address system, billiard tables, were introduced in several markets of the world. STC also penetrated in a number of new markets, such as: Sudan for flying overalls; Hungary for pineapple products; the USSR and Algeria for sports goods, Iraq for wood charcoal; Indonesia for aluminium ingots, Kuwait for mango juice and the USA for fireworks and sparklers.

Import sales at Rs 299 crores showed a marked increase over last year's turnover of Rs 160 crores (excluding Rs 57 crores pertaining to Chemicals and Pharmaceuticals Corporation). The major increase was in respect of different edible oils imported for the vanaspati

industry. Large scale purchases made judiciously with prompt arrangements for movement and storage played an important role in meeting the demand of this dispersed industry and helped in stabilising internal prices.

The chairman also mentioned that during the year, the corporation enlarged the price support operation in respect of seedlac and rubber in order to stabilise domestic prices and to provide the growers a fair return. The chairman announced that an Export Stabilisation Fund was being created so as to assist important and permanent exports in lean years. A further sum of Rs 3 crores is being transferred to the Export Development Fund. A customer relation service has been started at some offices of the STC.

Cash Aid for Jute Exports

The government has taken a final decision on the quantum of cash compensatory support for the export of jute goods during 1977-78. While the newly developed lighter variety of cotton bagging will get cash assistance of 20 per cent, the incentive in the case of wool pack will be 15 per cent. So far as old cotton bagging, hessian and carpet backing are concerned, it has been decided to maintain the present levels of cash aid on their exports for one more year. The current rate for old cotton bagging is 25 per cent and for the other two jute specialities it is 10 per cent.

It is felt that 20 per cent cash assistance on new cotton bagging will improve its competitive position in world markets. The US is understood to have shown a keen interest in buying this newly-developed lighter variety and has placed

orders for trial shipments. The grant of 15 per cent cash compensatory support to wool pack is expected to increase its exports, particularly to Australia, which has already placed a sizable order for the purchase of 5,000 bales or 250,000 packs. It is expected that Australia may place further orders for wool packs after the present order is executed.

Projects & Equipment Corporation

An increase of 50 per cent in export earnings for 1977-78 has been planned by the Projects and Equipment Corporation. The target has been fixed at Rs 60 crore against Rs 40 crore in the current financial year. Although the current year's performance is lower than the target of Rs 48 crore, it still represents a significant growth rate of 40 per cent over the previous year when exports had amounted to Rs 28.6 crore. Releasing provisional working results for 1976-77 recently, Mr M.M. Luther, chairman of PEC, stated that while exports had risen substantially, imports had declined steeply from Rs 11 crore to Rs 1.75 crore. Thus, the total turnover in the current financial year was likely to be of the order of Rs 42 crore against Rs 39.6 crore in 1975-76.

An important feature of the PEC's performance this year is the sharp increase in exports of non-canalised items. Earnings from these items have gone up to Rs 31 crore from Rs 16.6 crore in the previous year. On the other hand, exports of canalised items has declined to Rs 9.4 crore from Rs 12 crore in 1975-76. Another significant point is that exports to general currency areas have risen considerably. As a result, free foreign exchange earnings this year are

likely to be as much as Rs 28 crore against Rs 14.8 crore in the previous year.

Mr Luther stated that it should not be difficult to achieve the next year's target of Rs 60 crore because the corporation has at present orders on hand worth Rs 30 crore. In view of the emphasis on project exports and on finding new markets, sufficient export orders would be obtained during the course of the year so as to attain the target. Earnings from project exports, which have risen to Rs 11 crore in the current year from Rs 3.5 crore in 1975-76, are expected to increase further to about Rs 16 crore in the next financial year. Coming to the financial results, there has been a sharp increase in profit before tax, which is expected to be of the order of Rs 2 crores compared with Rs 1.2 crores in 1975-76. Profit after tax at Rs 80 lakhs shows an increase of over 100 per cent—in the previous year it was placed at Rs 36.6 lakhs. Total costs have been brought down to Rs 73 lakhs from Rs 94.6 lakhs in the previous year through strict financial management.

Garment Quota for EEC

The European Economic Community has unilaterally imposed a quota on imports of ready-made garments from India, mainly on shirts and blouses. The abrupt step by the EEC will adversely affect Indian exports. India has strongly objected to it and has called-off negotiations that were underway for the last several months on the subject. The EEC quota is effective for six weeks from March 19 and it has informed India that the step has been taken pending further consultations. India has made it clear that

no fresh consultations could be held unless the EEC ended its unilateral move and restored the status quo ante.

What is disturbing is that the quota will be applicable irrespective of the fact whether shirts and blouses are mill-made or handlooms. Even in regard to mill-made variety, the quota was applicable previously only in respect of Britain. The EEC has evolved its own formula for the quota.

According to indications available the quota has been fixed on the basis of 1975 exports and exports during the first half of 1976 plus some percentage more as the additional quota. It is understood that EEC has decided that if there is no agreed solution with India on the subject the quota will be enforced for a year.

World Bank Loan for Gujarat Project

The World Bank and its affiliate, the International Development Association (IDA), are providing US dollars 18 million for a project designed to increase fisheries production in Gujarat state. IDA is extending a credit of US dollars four million and the World Bank a loan of US dollars 14 million on "Third Window" terms. This country is one of the most protein-deficient areas in the world. Consequently the country is placing increasing emphasis on the development of fisheries. Apart from supplementing local diets, fishery development is also important for exports. India is presently the world's largest exporter of shrimps, which in 1975 contributed US dollars 140 million in foreign exchange. The project being assisted by the World Bank and IDA is a part of

effort to increase fisheries production.

The US dollars 38 million project comprises harbour improvement works and shore facilities serving the ports of Mangrol and Veraval, the development of infrastructure for eight fishing villages situated between Mangrol and Veraval and credit for investment in motorised fishing vessels and canoes. At full development, the project is expected to help increase fisheries production by about 44,600 tonnes a year (including 3,700 tonnes of shrimps) valued at US dollars 8.1 million. The Bank's "Third Window" loan of US dollars 14 million will carry interest at 4.5 per cent per annum. An additional four

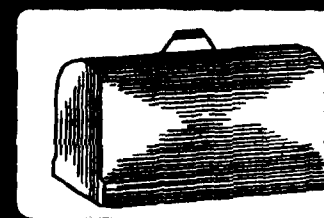
per cent will be paid to the Bank by the Interest Subsidy Fund, representing the difference between the Bank's current interest rate of 8.5 per cent and the charge to India. The IDA credit is for 50 years, including 10 years of grace. It is interest free, except for a service charge of 3/4 of one per cent to cover IDA's administrative costs.

Import Policy Delayed

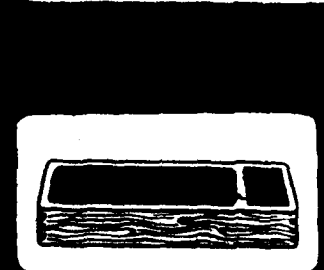
Announcement of the import policy for 1977-78 is being delayed. The precise date will be notified later. According to an official release, parties may submit their applications for import licences for the next financial year commencing on April 1, 1977, only after the

—over to page 662

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THE ATUL PRODUCTS LTD. P. O. Atul, Valsad. THE GIANT CHEMICAL COMPLEX

THE STORY OF ATUL

The Company

The Atul Products Ltd. was incorporated in 1947 with Shri Kasturbhai Lalbhai as the Chairman of the Board of Directors. The Company started manufacture in March 1952.

The Product Mix

Dyestuffs are the main-stream of Atul's manufacturing programme. The range includes a very wide choice in Acid Dyes, Azoic Dyes, Direct Dyes (Azo), Azo Disperse Dyes, Mordant Dyes, Food Dyes, Solvent and Sulphur Dyes. Atul also makes Fluorescent Brightening Agents for Cotton, Paper and Nylon.

Atul's Azoic Dyes, Tulathols, Tulabases and Tulagenes are in great demand for their versatility and colour fastness; Sulphur Black is the largest single consumed dye in the country.

Atul also makes a wide range of bulk drugs like Quinodochlor, Sulfa Drugs and Vitamin K analogues besides Halazon N.F., and Saccharine.



Sheth Kasturbhai Lalbhai
(Chairman)

Atul's own operations consume a large proportion of the Dye Intermediates manufactured. Some of the Intermediates like BON and Gamma Acid are also exported.

The twin objectives of diversification and full utilisation of resources are served through the manufacture of a wide range of downstream chemicals, pharmaceutical intermediates and weedicides. The complete integration of the manufacturing programmes at the complex is one of the highlights of Atul's development over the last 25 years. The Company today is virtually self-sufficient in most of its requirements of basic raw materials. The commencement of manufacture of Beta Napthol and Michler's Ketone have been significant steps in this direction.

Plans are afoot for expansion of the Caustic Chlorine plant; increase in production of Vitamin K and Disperse Dyes as well as the introduction of a new pigment range.

Marketing and Technical Services

Atul's products are marketed on an all-India basis. The Company has an extensive network of Indenting Agents backed up by technical sales representatives. Apart from fully staffed quality control and R & D Laboratories, there are also field service Laboratories at Madras, Ahmedabad and Calcutta.

The Work Site

Atul is not just a giant chemical complex; it is a giant self-sufficient township spanning some 4.36 kms in the Valsad district of Gujarat.

The township is ideally located within easy access to the Western Railway on the West and the National Highway on the East. From the river Par on the South, the township receives an abundant water supply.

Almost all the 2,700 employees live within the township. Some 1,150 residential quarters are beautifully located

amidst more than one lac trees which were planted by the Company to obviate the slightest possibility of pollution hazards and preserve the natural environment of the township.

Atul has its own facilities such as Banks, Post & Telegraph office, Police Station and Temples. There are bus connections to the towns of Valsad and Pardi.



Shri B. K. Mazumdar
The guiding light of Atul's every activity till he retired in 1973.

Welfare

Welfare is an integrated part of Atul's operations. The staff has free housing and water, subsidised electricity and a Consumer Co-operative Society.

There is a 4,000 seat open-air theatre for weekly films and dramas. There are facilities for Badminton, Tennis, Cricket and Billiards; Clubs for women and children; Cultural and Science clubs



Shri S. K. Lalbhai
(Managing Director)

and other leisure time activities.

The Atul panchayat provides a community T.V. facility, libraries, reading rooms and sanitary services. The school (Kalyani Shala) has 1,625 students with one teacher for every 30 students. There is a

round-the-clock fire fighting service.

Every Atul employee gets a free 6 monthly check-up. The medical centre has 3 full-time doctors and a part-time lady doctor. Atul has also donated substantial sums for Charitable, Educational and Health projects around the area.

Corporate Growth

Atul commenced with a capital base of Rs. one crore in 1947. The Company's position according to the 1976 Balance Sheet shows a Paid-up Capital of Rs. 4.92 crores. Its Reserves stand at Rs. 9.75 crores and the Gross Block at Rs. 23.4 crores.

In the initial stage the Government of India was kind enough to grant a low interest loan of Rs. 3 crores. This together with financial support from Unit Trust, State Bank, United Commercial Bank and ICICI, has helped the company continue its long march of growth and achievements.

Under the stewardship of the Chairman, Sheth Shri Kasturbhai Lalbhai and the able management by the two Managing Directors, Shri Siddharthbhai K. Lalbhai and Shri Chinubhai Chimanbhai, Atul is poised for a continued growth.



Shri Chinubhai Chimanbhai
(Managing Director)

But the pace of this growth has always been continuously integrated with the national priorities of self-sufficiency, exports, import substitution, employment, capital formation and employee welfare. It is all part of the story of Atul.



SILVER JUBILEE YEAR · 1952-'77 25 years of constant endeavour & growth

ACHIEVEMENT IS A JOINT ENDEAVOUR

The pre-eminence which Atul enjoys today is in no small measure due to the co-operation of its world renowned collaborators—American Cyanamid Co., U.S.A., Imperial Chemical Industries Ltd., U.K., and Ciba Geigy Ltd., Switzerland.

CYANAMID

CYANAMID (INDIA) LTD.

The Company started operations in 1953 with the manufacture of its 'Lederle' range of pharmaceutical products followed by manufacture of Tetracyclines. Since 1962 Cyanamid has been manufacturing the very wide spectrum insecticide 'Malathion'. In 1968-69 the Company

introduced the revolutionary systemic insecticide 'THIMET 10-G'. Cyanamid has also pioneered several research based animal and food products. The Company's Research & Development efforts have obtained recognition from the Department of Science & Technology, New Delhi.

Several expansion projects are planned for the future.



ATIC INDUSTRIES LTD.

Atic manufactures world famous Vat Dyes which are in great demand for textile and handloom industries. In 1969 Atic introduced its complete range of Procion dyes. 'Dispersol' dyes and

Dye Intermediates are also part of Atic's manufacture. Atic has a steady record in Exports. The Company will shortly undertake the expansion of its Reactive Dyes range.



CIBATUL (INDIA) LTD.

This is a joint venture with Ciba Geigy Ltd. The Company manufactures Urea Formaldehyde Resins, Epoxy Resins, Sulfa Drugs Intermediates and Pyrazol Base. In 1975 the Department of Science and Technology of the Government of India accorded recognition to the Company's Research & Development Laboratories.

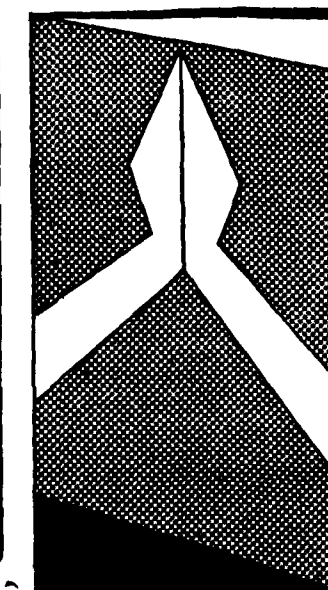
MEETING THE EXPORT CHALLENGE

Atul is a regular exporter of Dye Intermediates to sophisticated international markets like U.S.A., Japan and U.K.

The Company has thrice bagged Chemexcil's export awards for Dyes and Intermediates.

In 1974 Atul also bagged the ICMA award.

For 1977, Atul plans to reach an all time high of Rs. 4 crores in exports.



Atul thanks its collaborators, clients, indenting agents as well as its suppliers and the financial institutions, notably the ICICI, Unit Trust and State Bank of India for their co-operation and encouragement.

Our association in the past 25 years has been a happy one. We hope that the coming years will be happier still.



THE ATUL PRODUCTS LTD.
P. O. Atul, Valsad.

ADROIT — 1076

announcement of the new policy.

State Budgets

Madhya Pradesh

The Madhya Pradesh Finance minister, Mr S.S.N. Mushran, presented in the Vidhan Sabha budget estimates for 1977-78 and a vote on account for demands totalling Rs 421.91 crore relating to expenditure for the first four months ending July this year. Budget estimates for 1977-78 show total receipts of Rs 1,388.63 crore and total expenditure of Rs 1,398.54 crore, leaving a deficit of Rs 9.91 crore. With excess expenditure under the state's 1976-77 plan (about Rs 33 crore more than the original Rs 275.27 crore) the budgetary deficit rose from the uncovered deficit closing balance of Rs 20 crore to Rs 53 crore which was being contained at the level of Rs 37.23 crore.

Punjab

A tax-free budget for the year 1977-78, presented recently to the Punjab Assembly by Finance minister Mr Hans Raj Sharma, contains a massive deficit of Rs 28.42 crores which was left uncovered "for the present." The overall budget showed revenue receipts of Rs 846.25 crore and an expenditure of Rs 868.67 crore making a closing negative balance of Rs 22.42 crore. It is expected to further go up to Rs 28.42 crore when the annual impact of the grant of two additional DA instalments to the government servants was felt.

The Finance minister indicated the government's intention to spend another Rs 18 crore to Rs 20 crore on providing "relief" to small and marginal farmers, economically weaker sections, harijans and backward classes as also to "rationalise" the pay structure

of the government servants by merging the pre-1973 dearness allowance and dearness pay to provide additional relief in the basic grades the details of which are currently being worked out.

Mr Sharma assured that the deficit would not be allowed to go up further and if necessary the Plan allocation itself would be cut by five per cent, to meet the requirements of these sections of the society. Explaining the deficit, the Finance minister stated that the revised estimates for 1975-76 were expected to close with a debit balance of Rs 3.93 crore but the actual accounts show a debit balance of Rs 36.65 crore. The amount of deficit was caused by the imperatives of the social welfare, he added. The Finance minister hoped that the deficit would be offset largely by the additional financial assistance from New Delhi and by mobilising resources through the financial institutions whose operation in Punjab had gone up substantially.

Rajasthan

The budget proposals for 1977-78 have brought in a fresh dose of taxation amounting to three crore rupees in Rajasthan. Despite this the year would end with a deficit of Rs 33.51 crore. Mr Chandan Mal Baid, Finance minister, presenting the budget and asking for a vote on account for the first six months of the year, observed that the gap would be covered by better recovery of taxes, loans and dues, more collection under small savings, additional central assistance and economy in non-essential spending. Revenue receipts in 1977-78 are estimated at Rs 451.19 crore and expenditure at Rs 442.84 crore giving a surplus

of Rs 8.35 crore. The capital account has, however, a deficit of Rs 32.57 crore, receipts and disbursement being Rs 133.36 crore and Rs 165.93 crore respectively.

Giving details of his taxation proposals, he announced withdrawal of sales tax on sale of khandasari sugar, wool top made of tax paid raw wool and central sales tax on scooter made in Rajasthan (up to 31st March 1978). He also announced reduction in sales tax on radios and transistors to seven per cent from 12 per cent, one per cent relief on sale of gems, precious stones and pearls within the state bringing down to three per cent and 1.25 per cent reduction in inter-state sales.

Exemption of sales tax has been withdrawn on handloom silk articles. They will now be subjected to three per cent. Silk bandhej saris will also be now taxed at three per cent against the present 10 per cent. Sales tax on country liquor has been raised to 25 per cent from 20 per cent. Oilcake will also be subjected to one per cent tax. Sales tax on water melon seeds and tumba seeds will be charged at four per cent. Turnover limit has been raised from Rs 30,000 to Rs 50,000.

Other proposals include excise duty up on Indian-made foreign liquor from Rs 18.50 per LP litre to Rs 15 and Rs 22 per LP litre on beer from 80 paise to Rs 2 per litre, renewal fee for IMFL shops from Rs 2,000 to Rs 5,000 per shop per annum.

Tamil Nadu

The Finance minister, Mr H.M. Patel, presented to the Lok Sabha recently the budgets for 1977-78 for the states of Tamil Nadu, Nagaland and the Union Territory of Pondicherry. Seeking a vote-

on-account for five months for the two states and the union territory, Mr Patel disclosed a deficit of Rs 13.92 crores for 1977-78 in the case of Tamil Nadu. The current financial year will close with a negative balance of Rs 2.98 crores. The major factor which had led to the increase in the revenue deficit is the expenditure on drought relief and flood relief. The Finance minister stated that the states next year's negative cash balance of Rs 13.92 crores would be eliminated through a variety of measures including economies, better collection of taxes.

Pondicherry

In the revenue account of the union territory of Pondicherry, receipts for 1977-78 are estimated at Rs 13.90 crores and expenditure at Rs 20.05 crores leading to a deficit of Rs 6.15 crores, which will be met by grants-in-aid from the centre. On capital account, the estimates reveal a deficit of Rs 4.38 crores which will be met by obtaining loans from the centre.

Nagaland

The Nagaland budget for 1977-78 reveals an overall surplus of Rs 3.46 crores. The revenue receipts of the state are expected at Rs 57.99 crores and expenditure, on revenue account, at Rs 49.31 crores, resulting in a revenue surplus of Rs 8.68 crores. Part of this however gets off-set by a deficit of Rs 5.22 crores on capital account.

Manipur

Manipur Finance minister, Rajkumar Ranbir Singh presented on March 25 to the state assembly a Rs 79.85 crore budget for 1977-78, showing an overall deficit of Rs 10.41

crore. Of the total budget proposals, Rs 32.92 crore are on capital account and Rs 45.93 crore on revenue account. Central assistance totals Rs 48.08 crore, out of which Rs 45.73 crore are in the form of grants and Rs 2.35 crore in loans. Closing deficit for 1976-77 has been calculated at Rs 6.12 crore.

Names in the News

Mr N.K. Mukarji, secretary of the ministry of Civil Aviation and Tourism, has been appointed cabinet secretary. He took over from Mr B.D. Pandey on April 1. Mr Mukarji was the home secretary of the government of India and was shifted to the ministry of Tourism and Civil Aviation after proclamation of the emergency.

Mr V. Shankar, ICS (retired), is being appointed secretary to prime minister, Mr Morarji Desai. He will take the place of Mr P.N. Dhar, who is going back to academic life.

Mr Gian Prakash, who has been secretary of ministry of Health and Family Planning, has been appointed secretary for Defence in place of Mr D.R. Kohli who has taken over as the Lt. Governor of Delhi.

Mr T.C.A. Srinivasavaradan took over as secretary of the ministry of Home Affairs from Mr S.L. Khurana.

Mr Santosh Kumar Roy, chairman of the Jute Corporation of India, has resigned.

Mr Vinod Parekh, chairman of STC has resigned. Mr P.K. Kaul, additional secretary, Ministry of Commerce, took over the charge from Mr Parekh.

Mr A.S. Gill, Chief Controller of Imports and Exports has taken over as chairman of MMTC from Mr C.R. Das, who has been asked to proceed on leave.

The chairmen of three nationalised banks have retired. They are: Mr R.A. Gul-mohamed of Dena Bank, Mr S.D. Verma of Allahabad Bank and Mr Laxminarayan of Indian Bank. The senior-most general managers in the respective banks have taken charge.

Mr R.L. Steinmetz has been appointed as managing director, Firestone Tyre & Rubber Company of India Private Ltd, Bombay, with effect from April 1, 1977. He succeeds Mr G.T. Warner, who is returning to the United States. Mr Steinmetz has held previous

managerial positions with Firestone in Japan, Philippines, Australia and New Zealand. Mr Gurdip Singh, until recently sales manager—Trade, Firestone-India, has been promoted as general sales manager, with effect from April 1, 1977.

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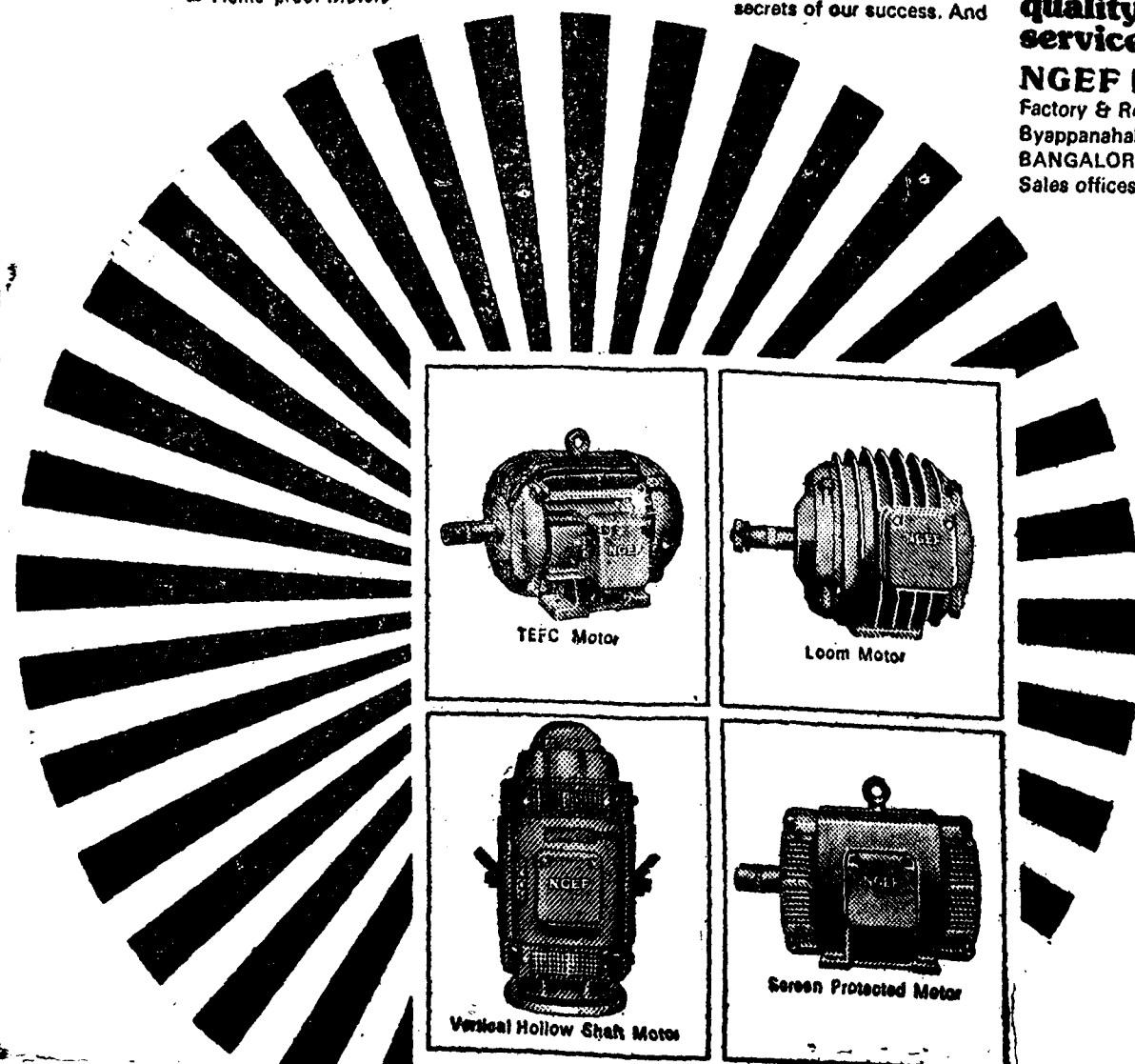
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COMPANY AFFAIRS

Indian Aluminium

THE INDIAN Aluminium Company Ltd has received a letter of intent for setting up a 33,000 tonnes per annum caustic soda/chlorine plant at Haldia, in West Bengal. Apart from this, negotiations are taking place for the export of alumina to Iran on a long-term basis. If these negotiations are successful, additional alumina capacity of 140,000 tonnes per annum would need to be installed at Belgaum. The total cost of these two projects is estimated at Rs 60 crores.

Construction in respect of the new project at Belgaum for the manufacture of pre-baked carbon blocks, used in lining smelter pots is in progress. The project is expected to be completed by the end of this year. No decision has yet been taken by the government on the company's applications, pending since 1972, for the installation of an extrusion press at Taloja and for an increase in the capacity of its sheet mill at Taloja and foil plant at Kalwa.

Research Centres

The two research centres at Belgaum and Taloja are in the construction stages. While the Belgaum research centre will conduct studies on bauxite and alumina technologies and carbon material, the Taloja centre will deal with the application and development of lubricants and rolling oils.

For the rest of its research activities, the company continues

to lay emphasis on energy and fuel conservation schemes, reclamation of valuable products from old smelter pots and waste materials like aluminium dross and recovery of by-products such as vanadium and gallium from alumina plant liquors. Considerable work has already been carried out on new grades of alumina and development of rolling oils which has led to import substitution. In these efforts, the company continues to receive the active support and assistance of its principal shareholder, Alcan Aluminium Limited, Canada.

Mahindra Electricals

The directors of Mahindra Electricals have proposed to issue bonus shares in the ratio of one share for every three shares held. They have, however, recommended a lower dividend of seven per cent for 1976 as against 12 per cent paid for 1975. But the directors have proposed to pay the withheld dividend of five per cent in respect of 1973.

The company has earned a lower gross profit of Rs 30.21 lakhs for 1976 against Rs 35.46 lakhs for 1975. Its gross sales have also declined to Rs 1.6 crores from Rs 1.7 crores due to lower sales realisation, exports however advanced to Rs 45.02 lakh from Rs 33.96 lakhs.

The fall in the profitability is attributed to larger exports at somewhat lower prices as well as lower price realisation for sales in the home market. The company's net profit

amounts to Rs 11.81 lakhs as compared to Rs 13.90 lakhs in 1975. The net profit for 1976 has been arrived at after providing Rs 2.29 lakhs for depreciation, Rs 10,000 for investment allowance reserve and Rs 16 lakhs for taxation. In 1975 a sum of Rs 2.56 lakhs was appropriated to depreciation reserve and Rs 19.00 lakhs for taxation while no provision has been made for investment allowance reserve.

The company has received a letter of intent for the manufacture of 2000 km of XLPEPVC power cables. The company proposes to finance the project from internal sources and borrowings.

Asian Cables

Asian Cables Corporation declared a final equity dividend of four per cent for 1976. This together with the six per cent interim dividend, makes a total of 10 per cent as against six per cent paid for 1975. Sales have risen from Rs 6.73 crores in 1975 to Rs 7.44 crores in 1976, but the gross profit has come down from Rs 106.11 lakhs to Rs 81 lakhs. After providing Rs 13.78 lakhs for depreciation and Rs 39.60 lakhs for taxation, there is a surplus of Rs 27.62 lakhs. In 1975 a sum of Rs 13.80 lakhs was provided for depreciation and Rs 55.60 lakhs for taxation, leaving a surplus of Rs 37.31 lakhs. The proposed dividend will absorb Rs 20.18 lakhs.

The company has successfully negotiated term loans for its cross-linked polyethylene project with the financial institutions. The cost of the project exceeds Rs 3 crores. Rajasthan Containers Ltd, in which the company has an investment of Rs 25 lakhs, has decided not to proceed with the implementation of its glass

bottle project at Jaipur. Steps are being taken to wind up the said company.

Mahindra and Mahindra Ltd

The board of directors of Mahindra and Mahindra Ltd (M&M) and International Tractor Company of India Limited (ITCI) have approved a scheme of amalgamation of ITCI with M&M. This scheme will be effective from a date not later than October 1, 1977 or such other date as may be agreed upon by the directors of M&M and ITCI subject to the necessary approvals. In accordance with the terms of the proposed amalgamation, all properties, duties, rights, assets and liabilities of ITCI will be transferred to M&M. M&M will issue ordinary shares of Rs 10 each credited as fully paid, to the holders of equity shares of the paid value of Rs 10 each of the ITCI, in the ratio of two ordinary shares of M&M for every three equity shares of ITCI. In addition, M&M will issue 74,700 (9.3 per cent) redeemable cumulative preference shares of Rs 100 each to the holders of preference shares of ITCI in the proportion of one (9.3 per cent) preference share of M&M for every preference share held in ITCI. The said 74,700 redeemable cumulative preference shares shall confer the right to a fixed cumulative preferential dividend at the rate of 9.3 per cent per annum, subject to deduction of tax at source at the prescribed rates. These preference shares will be redeemable between April 1, 1982 and March 31, 1985.

With the amalgamation of ITCI with M&M it would be possible for M&M to utilise its surplus capacity to meet the increasing demand for tractors in the next few years

both in the domestic and foreign markets. The proposed merger would not only provide economies of size, to the extent possible through which the country could compete with manufacturers abroad, but also bring about a pooling of human resources for undertaking effective exports, research and development. Further, the technologies being similar and the products of both companies being complementary, following the amalgamation the availability of a common marketing and service organisation on all-India basis should strengthen them considerably. The proposed amalgamation will, be not only in the interest of both companies, viz. ITCI and M&M, their shareholders and consumers at large, but also in the national interest.

Allwyn

Allwyn has planned to manufacture watches as a part of its diversification programme. The manufacturing programme is set in three phases, viz. (a) manufacture of watch cases initially by establishing the manufacturing facilities; (b) assembly of watches at Penukonda in collaboration with HMT; and (c) establishing watch manufacturing facilities in Allwyn in phased programme.

Allwyn has entered into an agreement for manufacture of one million watch cases per annum. Out of this, HMT will buy five lakh pieces. The balance five lakh pieces will be exported, earning foreign exchange through HMT International. The project cost for one million watch cases per year is estimated to be Rs 150 lakhs. Out of this Rs 150 lakhs, state government has consented to invest Rs 25 lakhs by way of additional equity capital in

Allwyn. Out of this an amount of Rs 9 lakhs has already been received. The balance will be raised from financial institutions and internal resources. The initial production is expected to commence by the end of the year.

Some of the salient points of Allwyn technical collaboration with HMT are: (a) The complete technical know-how of manufacture will be given by HMT; (b) Allwyn shall supply the watch cases to HMT and it is expected that the target of five lakh pieces will be achieved in a period of two years; (c) The excess production over one million watch cases will be marketed by Allwyn.

HMT had offered to the state government for setting up an assembly unit for 2.5 lakh watches and marketing the watches in their own (HMT's) brand name. To facilitate manufacture of watches, HMT will be supplying parts.

Agreement with HMT

The state government has allotted the project to Allwyn in view of expertise available. An agreement has already been signed between Allwyn and HMT recently.

The salient features for assembly of watches are as follows:

(a) All the parts required for assembly of the watches will be provided by HMT; (b) The watches assembled will be marketed by HMT under their brand name; (c) The agreement is for a period of three years to be renewed thereafter; (d) The rated production of 2.5 lakh pieces is scheduled to be reached within two years; (e) In due course, production is likely to be stepped up to five lakh pieces per annum.

The project cost is estimated to be around Rs 30 lakhs.

State government has agreed to extend financial support of Rs 20 lakhs by way of equity.

In the third phase of planning, Allwyn plan to produce watches indigenously with the technology and expertise developed as a result of watch case making and watch assembly for HMT. The project is estimated to cost about Rs 9 crores.

Allwyn have plans for the establishment of watch parts manufacturing in their works and to assemble watches in their own brand name of "ALLWYN". To facilitate this, Allwyn has planned to import watch movements from some of the renowned manufacturers in Switzerland. Allwyns are likely to market their own watches by the first quarter of the 1978.

The types of watches manufactured will be (a) Hand wound mechanical; (b) Automatic day and date; and (c) Electronic display watches.

In view of advancement of watch technology, Allwyn have also plans to make high precision quartz and alarm clocks and time pieces, in collaboration with foreign companies.

Dharamsi Morarji

The Dharamsi Morarji Chemical Co, has reported highly encouraging working results for 1976. Sales have gone up from Rs 18.34 crores in 1975 to a record level of Rs 21.81 crores in 1976, and the gross profit from Rs 3.60 crores to Rs 4.46 crores. Equity dividend has been maintained at Rs 8 per share of Rs 50 each, but is payable on an enlarged capital resulting from the four-for-five bonus issue.

The company has received industrial licences for manufacturing annually 8,000 tonnes

of sodium aluminate, 4,500 tonnes of hydrate of alumina, 750 tonnes of benzene sulphonyl chloride, 300 tonnes of thiophenol and 1,650 tonnes of alpha naphthol and/or beta naphthol. These projects will be set up at Roha in Maharashtra and will form part of the total development envisaged there.

News and Notes

Shah Construction Co has orders worth Rs 15.85 crores on hand, which includes a contract valued at Rs 7 crores awarded by Iraqi Ports Administrator. The work has already commenced. **Builders International (India)**, a consortium comprising Shah Construction, Hindustan Construction Co, Patel Engineering and Uttam Singh Dugal and Co has been awarded a contract for construction of a wholesale market valued at Rs 7 crores by Doha Municipality, Doha (Qatar).

Melcast India hopes to start trial production at its plant at Durgapur sometime in June 1977, if everything goes according to schedule. The response to the company's public issue made in December 1976 was not encouraging and the company had to rely upon the underwriters for taking up the unsubscribed portion of the issue.

Gujarat State Fertilisers Company has announced that the entire dividend of 22 per cent for 1976 declared earlier will be tax-free in the hands of shareholders. The company has received a provisional certificate to that effect from the tax authorities.

New Issues

A new paper project is being set up near Tumsar in Bhandara district of Maharashtra for the manufacture of wrapping, packing, white printing and manifold paper. The pro-

ject has been undertaken by **Ellora Paper Mills**, promoted by **Ajanta Paper and General Products Pvt Ltd**, which has been in the paper industry for the past 14 years.

The capacity of the plant will be 40 tonnes of various types of paper per day. The installed capacity will be 6,000 tonnes of wrapping and packing paper, 3,600 tonnes of white printing paper and 2,400 tonnes of manifold paper per annum.

The main raw materials to be used in the plant will be rice and wheat straw, hessian and cotton rags. In addition to some captive pulp so manufactured, the balance pulp required will be made from waste paper and a small quantity of bamboo pulp. Plenty of rice straw is available in the area for the pulp plant. Hessian, jute waste and old gunny bags will be procured from the Calcutta region, while cotton rags and cotton waste will be collected from the Bombay region.

The total capital outlay is estimated at Rs 3.65 crores, which will be met by share capital Rs 1.25 crores, term loans Rs 2.35 crores and privately placed debentures of Rs 5 lakhs. The company proposes to issue shortly 7.50 lakh equity shares of Rs 10 each.

Capital and Bonus Issues

Consent has been granted to twelve companies to raise capital of nearly Rs 135.74 million. The following are the details:

Mahendra Oilcake Industries Private Ltd, has been accorded consent, valid for six months, to capitalise Rs 750,000 out of its general reserve and issue full paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for three equity shares held.

Acme Manufacturing Company Ltd, Bombay, having a paid up capital of Rs 3,340,000 has been granted consent valid for a period of 18 months, for issue of equity shares worth Rs 4,140,000 and preference shares worth Rs 2,760,000 to the existing shareholders of **Khandelwal Udyog Ltd**, in terms of and in accordance with the scheme of amalgamation approved by the High Court at Bombay.

Cadbury-fry (India) Private Limited, having a paid up capital of Rs 1,296,100 has been accorded consent to issue further capital of Rs 23,545,820 in 2,354,582 equity shares of Rs 10 each and Rs 13,609,050 as bonus shares to existing shareholders in the proportion of 10.5 bonus shares for each fully paid equity share held by capitalising a like amount out of the general reserve and Rs 9,936,770 (after the company has converted itself into a public limited one) for cash to the Indian nationals at a premium of Rs 1 per share of Rs 10 out of which shares worth Rs 1,436,770 will be issued to the directors, friends, employees and the balance of Rs 85 lakhs to the general public by a prospectus.

The Wesman Engineering Co Pvt Ltd, has been accorded consent, valid for six months, to capitalise a sum of Rs 477,800 out of its general reserve and issue 4,778 fully paid equity shares of Rs 100 each as bonus shares in the ratio of 1:2.

Swadeshi Polytext Ltd, a public company having a paid-up capital of Rs 44 million has been accorded consent to issue further capital of Rs 6 million in equity shares of Rs 10 each credited as fully paid up at par to the financial institutions on conversions of a portion of

their loans-debentures sanctioned to the company.

Dura-Tax Laboratories Pvt Ltd, has been accorded consent valid for six months to capitalise Rs 300,000 out of its general reserve and issue fully paid equity shares of Rs 3,000 each as bonus shares in the ratio of three bonus shares for five fully paid equity shares held.

Ferro Alloys Corporation Ltd, Tumsar (Maharashtra) has been accorded consent, valid for six months to capitalise Rs 11,969,500 out of its general reserve/preference shares capital redemption reserve and share premium account and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio 1:1.

Kunal Engineering Co Ltd, Madras, has been accorded consent, valid for 18 months, for the issue of equity shares of Rs 3 million for cash at par on right basis in the ratio of 1:1.

Kirioskar Electric Co Ltd, Bangalore, has been accorded consent, valid for six months,

to capitalise Rs 11,146,420 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of 1:2.

Essar Bulk Carriers Ltd, Madras has been accorded consent, valid for six months, to capitalise Rs 3,343,700 out of its general reserve and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one for one.

Greaves Cotton and Company Ltd, Bombay, has been accorded consent, valid for six months, to capitalise Rs 14,175,000 out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of 2:1.

Scindia Steam Navigation Co Ltd, has been accorded consent, valid for six months, to capitalise Rs 54,131,040 out of its general reserve/capital reserve and issue fully paid equity shares of Rs 20 each as bonus shares in the ratio of 2:1.

Dividend

Name of the company	Year ended	(per cent)	
		Equity dividend declared for	
		Current year	Previous year
Higher Dividend			
Bharat Fertiliser	Oct. 31, 1976	6.0	Nil
Curewel (India)	Dec. 31, 1976	15.0*	Nil
Asian Cables Corporation	Dec. 31, 1976	10.0	6.0
Asian Paints	Dec. 31, 1976	25.0**	15.0
Ceat Tyres of India	Dec. 31, 1976	18.0	16.0
Walchandnagar Industries	Sept. 30, 1976	15.0	12.0
Excel Industries	Sept. 30, 1976	18.0	16.0
Goodlas Nerolac Paints	Dec. 31, 1976	25.0	20.0
Same Dividend			
Gujarat Machinery Manufacturers	Sept. 30, 1976	12.0	12.0
Ion Exchange (India)	Dec. 31, 1976	20.0	20.0
Reduced Dividend			
Sandvik Asia	Dec. 31, 1976	20.0**	22.0

*Maiden dividend **On the enlarged capital

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 February 1977. The list contains the names and addresses of the licensees, articles of manufacture, type 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 Madras Forgings & Allied Industries (CBE) Ltd, Mettupalayam Road, Karamadai-641104, Coimbatore Distt. Tamil Nadu (Coimbatore—Tamil Nadu)—S.G. Iron Castings—600 tonnes—(N.A.)

M/s Aravali Forgings Ltd, 3, New Colony Road, Jaipur-302001 (Alwar-Rajasthan)—Close Die Steel Forgings—3,000 tonnes—(NU)

M/s Lakshmi Precision Screws Ltd, Hissar Road, Rohtak (Haryana) (Rohtak-Haryana)—Precision Machine Screws—1,000 tonnes (after expansion)—(SE)

M/s Steel & Allied Products Ltd, 2/1, Hosain Shah Road, Calcutta-700023 (Calcutta-West Bengal)—Bright M.S. Wire as captive requirement for the manufacture of Wood Screws—250 tonnes—(COB)

M/s Fit Tight Nuts and Bolts Ltd, Old Ashram, Andheri Kurla Road, Andheri, Bombay-400093 (Bombay-Maharashtra, Dharampur-Gujarat)—Gold drawing wire rods in the form of Coils at Bombay, Gold drawing bars in straight lengths at Bombay, Gold drawing wire rods/wires at Dharampur—Total capacity 5000 tonnes—(COB)

M/s R.R. Steels & Alloys Ltd, P.O. Clutterbuckganj, Bareilly (UP) (Bareilly-UP)—Ingots of the following grades of Mild Steel; Electrode quality carbon steels; Forging quality carbon steels; Cold heading quality carbon steels; Hardening and Tempering quality carbon steels; Carbon, Carbon Manganese & Silico Manganese qualities of spring steels; Carbon Tools Steels; Case Hardening quality carbon steels; Free cutting quality carbon sulphur steels—Total capacity 7,000 tonnes—(COB)

Metallurgical Industries (Non-Ferrous)

M/s The Indian Smelting & Refining Co Ltd, L.B. Shastri Marg, Bhandup, Bombay-400078 (Bombay-Maharashtra)—Nickel Silver Strips and Coils—200 tonnes within the overall licensed capacity for continuous strip castings—(NA)

Shri B.K. Burman, 6, Tiljala Road, Calcutta-700046 (Kalyani-West Bengal)—Nickel Silver Strips—200 tonnes—(NU)

Electrical Equipment

M/s Wandleside National Conductors Ltd, Industrial

Estate, Lal Baug, Bombay-400012 (Poona-Maharashtra)—Teflon Wires—2,500 kms—(NA)

M/s National Capacitors Ltd, "Vicoajee Villa" 3-6-12, Himayat Nagar, Hyderabad-500029 (Medak-Andhra Pradesh)—Tantalum Capacitors—2.00 million Nos—(NU)

M/s Solid State Devices India Ltd, 8-2-629, Road No 1, Banjara Hills, Hyderabad-500034 (Pattancheruvu—Andhra Pradesh)—Semiconductor Devices—10 million Nos—(NU)

M/s National Radio & Electronics Co Ltd, Unity House, 8, Mama Parmanand Marg, Bombay-400004 (Maharashtra)—Digital Telemetering and Telecontrol Systems—40 Nos—(NA)

M/s Brite International Cassettes (P) Etd, C/o M/s Bright Bros Ltd, 156, A.J. Dadajee Road, Bombay-400034 (SEEPZ, Bombay-Maharashtra)—Cassettes/Cassettes tapes—6 million Nos (NU)

M/s Gramophone Co of India Ltd, 33, Jessore Road, Dum Dum, Calcutta-700028 (Calcutta-West Bengal)—Pre-recorded Cassettes and Cartridges—1.2 million Nos—(NA)

M/s PVC Wires & Cables Ltd, 49/1, Gariahat Road, Calcutta-700019 (Calcutta-West Bengal)—AAC/ACSR Conductors—75 tonnes—(COB)

Transportation

M/s Sundram Fasteners Ltd, 37, Mount Road, Madras-600006 (Chingleput-Tamil Nadu)—Automotive Gold Formed/Extruded Parts—2,000 tonnes. Other Miscellaneous Cold Formed/Extruded Parts—400 tonnes—(NA)

Industrial Machinery

M/s National Machinery Manufacturers Ltd, Mafatlal Centre, Nariman Point, Bombay-400021 (Maharashtra)—Open end Spinning Machines—180 Nos—(NA)

M/s Indequip Engineering Ltd, Reid Road, Railwaypura, (Ahmedabad-880002. (Ahmedabad-Gujarat)—Worsted Frames—120 Nos. Speed Frames—36 Nos. Combers—24 Nos. High Speed Draw Frames—36 Nos—(NA)

M/s Suessen Textile Bearings Ltd, National Highway No 8, Post O.N.G.G, Baroda-390009 (Baroda-Gujarat)—Top Arms and Apron guiding Devices for Ring Frames—3,00,000 sets (existing)—9,00,000 sets (after expansion). Top Rollers for Ring Frames—12,10,000 Nos (existing)—30,00,000 Nos (after expansion). Spindle Inserts—6,00,000 Nos (existing)—15,00,000 Nos (after expansion)—Jockey Pulleys—1,20,000 Nos (existing). 3,00,000 Nos 3, (after expansion). Bottom Roller Bearings—1,20,000 Nos (existing)—4,80,000 Nos (after expansion)—(SE)

M/s New Central Jute Mills Co Ltd, 11, Clive Row, Calcutta-1 (24-Parganas—West Bengal)—Spinning Frames—72 Nos (after expansion). Drawing Frame—72 Nos (after expansion). Warp Winding Machine—12 Nos (after expansion). Including spare parts and accessories for the above three items—(SE)

M/s Andhra Sugars Ltd, Venkatarayapuram, Tanuku (AP)

(West Godavari-Andhra Pradesh)—Sugar Factory Boiling House Equipment—1,000 tonnes—(NA)

M/s K.S.B. Pumps Ltd, Thakur Nivas, 173, J. Tata Rd, Bombay-400020, (Poona—Maharashtra)—Mercury Pumps. Horizontal Chemical Pumps of Silicon C.I. Submerged Motor Vertical Non-clogging Pumps. Horizontal Stuff Pumps. Standardised Horizontal Chemical Pumps of Plastic Material. High Horse-power Submersible Pumps. Vertical Glandless Chemical Pumps with flanged on canned Motor—Total capacity 3100 Nos—(SE)

M/s Kirloskar Pneumatic Co Ltd, Hadapsar Industrial Estate, Poona-411013 (Poona-Maharashtra)—Gas compressors upto 200 cmf upto 25 atmosphere pressure—20 Nos. Air compressors upto 1000 cfm upto 28 atmosphere pressure—20 Nos—(NA)

M/s Andrew Yule & Co Ltd, 'Yule House', 8, Clive Row, Calcutta-700001 (Kalyani-WB)—Cyclones. Celluars. Scrubbers. Bag Filters. Electrostatic Precipitators. Pneumatic Conveying Systems. Classifiers for material sorting. Paper machine hoods. Spray Booths. Cooling Towers. Fume Extraction. Ventilation system including Marine. Components and allied accessories for above.—Total capacity 100 sets—(NA)

M/s Union Bearing Manufacturing Co, 511, Prasad Chambers, Fifth Floor, Tata Road No 2, Bombay-400004. (Porbander-Gujarat)—(In Nos—After expansion) Ball Bearing—3 lakhs. Roller Bearings (Needle Roller, Cylindrical Roller and Barrel type)—4 lakhs. Tapered Roller Bearings—2 lakhs—(SE)

Machine Tools

M/s Escorts Transmissions Ltd, 18/4, Mathura Road, Faridabad (Haryana) (Gurgaon-Haryana)—Hydraulic distributor Control Valves—15,000 Nos. Hydraulic Pumps—3,000 Nos Hydraulic Cylinders—3000 Nos—(NA)

Industrial Instruments

M/s Vanaz Engineering (Private) Ltd, 396, Veer Savarkar Marg, Bombay-400025 (Poona-Maharashtra)—Emergency Vent—50,000 Nos. Pressure Vacuum Valves—50,000 Nos—(NA)

Chemicals (Other than Fertilisers)

M/s Amar Dye-Chem Ltd, Rang Udyan. Sitladevi Temple Road, Post Box No, 6471, Mahim, Bombay-16 (Maharashtra)—Cyanuric Chloride—250 tonnes—(NA)

M/s Indo-Burma Petroleum Co Ltd, (Chemical Division), Hindustan Times House, Kasturba Gandhi Marg, New Delhi-110001 (Bilaspur, Hoshangabad & Jabalpur—Madhya Pradesh)—Industrial Explosives—4 units to be set up at different places each with a capacity of 5,000 tonnes—(NA)

M/s Hingorani Air Products Private Ltd, I.K. Shah Building, Jalwayx Compound, Fateh Ganj, Baroda-2 (Panchmahal-Gujarat)—Oxygen—1.00 mcm—(NU)

M/s Gujarat State Fertilizers Co Ltd, P.O. Fertilizernagar, Distt Baroda (Gujarat) (Baroda-Gujarat)—Argon—2.8 mcm Liquid Methane—5,200 tonnes—(NA)

M/s Polychem Ltd, 7, Jamshedji Tata Road, Churchgate Reclamation, Bombay-20 BR (Koyali-Gujarat)—Acrylonitrile Butadiene Styrene (ABS) Resins—2,000 tonnes—(NA)

Shri M.L. Bhartia, 3-A, Shakespeare Sarani, Calcutta-700016 (Ranchi-Bihar)—Vinyl Acetate Monomer—5,000 tonnes—(NU)

Shri M. Soundara Rajan, Polyman Industries, H-2, Ind Estate, Drode-2 (Tamil Nadu) (Dharmapuri-Tamil Nadu)—LDPE and Polypropylene foam sheets/blocks—750 MT (NU)

M/s Baroda Rayon Corporation Ltd, Hoechst House, 193, Backbay Reclamation, Nariman Point, Bombay-400021 (Surat-Gujarat)—Anhydrous Sodium Sulphate (by-product in the manufacture of rayon filament yarn)—2200 tonnes—(COB)

M/s Asian Paints (India) Ltd, 'Nirmal' 5th floor, Nariman Point, PB No. 1946, Bombay-400001 (Maharashtra)—Vinyl Pyridine Latex—300 tonnes—(NA)

M/s K.L. Plasfabrics Ltd, 112, Chittaranjan Avenue, Calcutta-700007 (Kalyani-West Bengal)—Polyethylene Packing Cloth and Bags and Carpet Backing Cloth—90,00,000 meters or 60 lakh bags—(NU)

M/s Emcete & Sons Pvt Ltd, 30, Coral Merchant Street, Madras-600001 (Ankleshwar-Gujarat)—Biaxially Oriented Polypropylene Films—8000 tonnes—(NU)

Photographic Raw Film and Paper

M/s Bothra Electronics Private Ltd, 12-Bhagat Singh Marg, New Delhi-110001 (Delhi)—Metallized Plastic Films Papers—15 tonnes—(NU)

Drugs and Pharmaceuticals

M/s German Remedies Ltd, Shiv Sagar Estate, Dr Annie Besant Rd, Worli, Bombay-400018 (Bombay-Maharashtra)—Bulk Drugs : Hydroxy Progesterone Carporate—3 kgs. Bisacodyl BP—126 Kgs. Hydroxy Ethyl Theophylline—3828 Kgs. Drug Formulations: Tablets & Dragges—1335 lakh Nos. Ampoules—53 lakh Nos. Liquids—98,000 litres. Suppositories—5 lakh Nos. Ointment-7360 Kgs—(COB)

M/s Glaxo Laboratories (India) Ltd, Dr Annie Besant Road, Worli, Bombay-400025 (Bombay-Maharashtra)—Meclozine Hydrochloride—400 kgs—(NA)

M/s Indian Drugs and Pharmaceuticals Ltd, N-13, South Extn. I, New Delhi-110049 (Hyderabad—AP)—Ethambutol Formulations (from imported bulk drugs)—25 million tablets—(NA)

M/s Suneeta Laboratories Ltd, 502, Arun Chambers, J. Dadajee Road, Bombay-400034, (Indore—MP)—Probenacid—12 tonnes—(NA)

M/s Ranbaxy Laboratories Ltd, Okhla, New Delhi-110020 (Mohali-Punjab & Okhla-Delhi)—Phenobarbitone (Bulk Drug) and Formulations: Spasmol Tablets phenobarbitone Tablets: 15 mg, 30 mg, 60 mg—20 tonnes—(NA)

M/s Ranbaxy Laboratories Ltd, Okhla, New Delhi-110020 (Mohali-Punjab & Okhla-Delhi)—Chloroquin Phosphate—*48

tonnes Ethoxy Methylene Malonic Ester—*75 tonnes Cephalixin—*10 tonnes (*Formulations based on these to the extent of 70 per cent of the production) Formulations: Chromolyn Sodium Capsules: Plain—135 lakhs, Compound—70 lakhs, Ibuprofen Tablets—110 lakhs Digestive Enzyme Tablets—132 lakhs, Amoebidy: Tablets—each contains: Broxyquinoline—200 mg, Brobenzoxaladine—40 mg—66 lakhs Forte Capsules—each contains: Broxyquinoline—500 mg, Brobenzoxaladine—100 mg, —230 lakhs Suspension—each 5 ml contains: Broxyquinoline—200 mg, Brobenzoxaladine—40 mg—1 lakh bottles of 85 ml Amoebidys Q Capsules—each contains: Broxyquinoline—500 mg, Brobenzoxaladine—100 mg and Chloroquin Phosphate—150 mg—30 lakhs—(NA)

M/s Smith, Stanistreet & Co Ltd, Authorised Controller, M/s Indian Drugs & Pharmaceuticals Ltd, N-12, NDSEI New Delhi-110049 (Calcutta-WB)—A. Capsules: Oxytetracycline IP 250 mg—10.00 million nos, Tetracycline IP 250 mg—3.00 million nos, Chloramphenicol IP 250 mg—4.00 million nos, Chloramphenicol IP 125 mg—4.00 million nos Ampicillin NFI-II 250 mg—4.00 million nos, Doxycycline BP 100 mg—4.00 million nos, Cloxacillin BP 250 mg—5.00 million nos, Streptomycin with Chloramphenicol 125 mg each—6.00 million nos, B. Tablets: Tetracycline 500 mg—1.00 million nos, Lactoflora (Lactobacillus-100 mill spores)—50.00 million nos, Polyvitamin, therapeutic NF I-II—30.00 million nos, Vitamin B Complex with Vitamin C and Folic Acid Therapeutic NF I-II—30.00 million nos, Analgin USSR—50.00 million nos, Erythromycin Steara'e USP 250 mg—5.00 million nos, Tobutamide Tablets IP 500 mg—7.00 million nos, Griseofulvin—USP 125 mg—7.00 million nos, C. Oral Suspensions: Tetracycline Suspension 125 mg per 5 ml litres—10,000 litres, Tetracycline Drops 100 mg per ml—5 ml Litres—1,000 litres, Chloramphenicol Ester Syrup 10 mg per 5 ml litres—5,000 litres, D. Injectables: Erythrolate IM 50 mg per ml (Erythromycin) Propionate Intra-muscular 2 ml Ampoules—1.20 million nos, Analgin Intramuscular 2 ml ampoules—3.00 million nos, Analgin Intramuscular 30 ml Vials—1.00 million nos, Oxytetracycline Intramuscular 50 mg per ml—2 ml ampoules—2.00 million nos, Oxytetracycline Intramuscular 50 mg per ml—10ml Vial—1.00 million nos, E. Ointments & Creams: Oxytetracycline Ophthalmic Ointment 10 mgs per gm 3.5 gm Tube—10,000 kgs, Nitrofurazone Ointment 0.2%—40,000 kgs—(NA)

Textiles

M/s Bharat Carpets Ltd, 28-B, Connaught Place, New Delhi-110001 (Gurgaon-Haryana)—Cotton Tufted Goods—2,40,000 sq metres (existing)—3,60,000 sq metres (after expansion).

Paper, Pulp and Paper Products

M/s Shree Vindhya Paper Mills Ltd, Empire House, 3rd Floor, Dr D.N. Road, Fort, Bombay-400001 (Aurangabad-Maharashtra)—Glassine, Greaseproof paper, Condenser Tissue Cigarette Tissue—5,000 tonnes, Base Paper such as Maplitho, Bond, Writing and Printing Paper—5,000 tonnes—(NU)

Shri Inder Singh Gill and his Nominees, United Pulp &

Paper Mills, 15/23, West Patel Nagar, New Delhi-110008 (Hoshiarpur-Punjab)—Pulp—15,000 tonnes, Cultural Paper—7,500 tonnes, Kraft Paper—7,500 tonnes—(NU)

Sugar

M/s Batala Co-operative Sugar Mills Ltd, Batala, Distt Gurdaspur (Punjab) (Gurdaspur-Punjab)—Sugar—1,000 tonnes (additional)—2,000 tonnes (after expansion) In terms of daily cane crushing capacity—(SE)

M/s Doaba Cooperative Sugar Mills Ltd, Nawanshahr Doaba, Distt Jullundur (Pb) (Jullundur-Punjab)—Sugar—1,000 tonnes (additional)—2,000 tonnes, (after expansion). In terms of daily cane crushing capacity—(SE)

M/s Morinda Cooperative Sugar Mills Ltd, Morinda, Distt Ropar (Punjab) (Ropar-Punjab)—Sugar—1,000 tonnes, (additional)—2,000 tonnes (after expansion), In terms of daily cane crushing capacity—(SE)

Fermentation Industries

M/s Central Distillery Chemical Works Ltd, 20, Netaji Subhash Marg, Delhi-6 (Meerut-UP)—Indian Made Foreign Liquors and Country Liquor—2762 bulk kilolitres—(COB)

M/s The Simbhaoli Industries Pvt Ltd, PO Simbhaoli, Distt Meerut (UP) (Meerut-UP)—Indian Made Foreign Liquor and Country Liquor—1178 bulk kilolitres—(COB)

M/s Rampur Distillery & Chemical Co Ltd, Rampur (UP) (Rampur-UP)—Indian Made Foreign Liquors and Country Liquor—766 bulk kilolitres—(COB)

M/s Shree Satpuda Tepi Parisar Sahakari Sakhar Karkhana Ltd, Loakheda-Dongargaon, Tal Shahada Distt Dhulia (Maharashtra) (Dhulia-Maharashtra)—Country Liquor—1100 bulk kilolitres (on provisional basis)—(COB)

M/s Himachal Pradesh Mineral & Industrial Development Corporation Ltd, Himrus, Near Himland, Circular Road, Simla-171001 (Una-Himachal Pradesh)—Country Liquor—1100 bulk kilolitres (on provisional basis)—(COB)

M/s Government Distillery, Chitali, Tal Shrirampur, Distt Ahmednagar (Ahmednagar-Maharashtra)—Country Liquor—1725 bulk kilolitres—(COB)

M/s Tilaknagar Distilleries & Industries Ltd, Industrial Assurance Building, Churchgate, Bombay-400020 (Ahmednagar-Maharashtra)—India Made Foreign Liquors and Country Liquor—3907 bulk kilolitres—(COB)

M/s Nirayu Pvt Ltd, Main Road, Near Rly Station, PO Whitefield, Dist Bangalore (Bangalore-Karnataka)—Indian Made Foreign Liquor—225 bulk kilolitres—(COB)

Food Processing Industries

M/s Sarabhai M. Chemicals, (Division of S.M. Chemicals & Electronic Ltd), Gorwa Road, (Baroda-Gujarat)—Sorbitol (70%)—2,500 tonnes—(NA)

Rubber Goods

M/s Tega India Ltd, P/46A, Radhabazar Lane, Calcutta-700001 (Kalyani Nadia-West Bengal)—Specialised Wear Resistant Rubber Components and Specialised Moulded Wear Resistant Products—1500 tonnes—(NU)

Leather, Leather Goods and Pickers

M/s Hyderabad Tanneries, 3-6-150, Himayatnagar, Hyderabad (Hyderabad-AP)—Finished Leather (from goat and sheep skins only)—3,00,000 nos, Finished Leather (from raw hides)—1,80,000 nos—(SE)

M/s Bihar State Leather Industries Development Corp Ltd, Abhojik Bhawan, Opp A.N. College, Boring Road, Patna-800013 (Battiah, West Champaran-Bihar)—Finished Chrome Upper Leather—36 lakh sq ft—(NU)

M/s Bihar State Leather Industries Development Corporation Ltd, Abhojik Bhawan, Opp A.N. College, Boring Road, Patna-800012 (Muzaffarpur-Bihar)—Finished Leather—6 lakh nos—(NU)

Glass

M/s Haryana Sheet Glass Ltd, 69, Deshbandhu Gupta Rd, New Delhi-110055 (Sonapat-Haryana)—Sheet Glass—2.25 million sq metres (on 2 mm basis)—(NU)

Letters of Intent

Metallurgical Industries (Ferrous)

M/s Bridge & Roof Co (India) Ltd, 427/1, Grand Trunk Rd, Howrah-1 (Howrah-West Bengal)—Special Pipe Fittings—1,500 tonnes—(NA)

M/s Allied Steels Ltd, 1-A, Alipur Avenue, Calcutta-700027 (Alipur-Madhya Pradesh)—Steel Castings—4,000 tonnes (within the licensed capacity of 50,000 tonnes of Steel Ingots allowed under License No CLL:37/73 dated 20.12.73)—(NA)

Electrical Equipment

M/s Simco Meters Ltd, PB No 46, Meter Factory Road, Tiruchirapalli-620020 (Tiruchirapalli-Tamil Nadu)—High Energy Batteries (Silver Oxide Zinc)—800 nos—(NA)

Shri NK Jhunjhunwala, Vijay Mahal, 12, Walkeshwar Road, Bombay-400006 (Delhi)—Electronic Digital Watches—1,50,000 nos—(NU)

Miscellaneous Industries

Shri Surendra Singh, 57, Golf Link, New Delhi (Thana-Maharashtra)—Heat Shrinkable Low Density Polythene Film/Bags etc—1,000 tonnes—(NU)

M/s EID Parry Ltd, Dare House, PB No 12, Madras-600001 (Bangalore-Karnataka)—Special types of sophisticated tools for plastic, rubber, electronic and allied industries—50 tonnes—(NA)

M/s Godrej & Boyce Mfg Co Pvt Ltd, Godrej Bhavan, Home Street, Bombay-400001 (Maharashtra)—Forged Hand Tools—6,000 tonnes—(NA)

Shri O.P. Mundhra, 18-B, Brabourne Road, Calcutta-700001 (Bulandshahr-UP)—Wide Width LDPE Films (width of 3 metres & above)—3,000 tonnes—(NU)

Shri Anil Ved, C/o M/s Kaj Industries, Road No 4, Udhna Udyog Nagar, Udhna RS (WR) Dist Surat (Gujarat) (Bharuch-Gujarat)—Wide Width LDPE (Low Density Polyethylene films) Width of 3 metres and above—2,100 tonnes—(NU)

M/s Karnataka State Industrial Investment & Development Corp Ltd, Harinivas, 36, Cunningham Road, Bangalore-52 (Backward area-Karnataka)—Wide Width LDPE Films (of width 3 metres & above)—3,000 tonnes—(NU)

Industrial Instruments

M/s Universal Electrics Limited, 9/1, R.N. Mukherji Road, Calcutta-700001 (24-Parganas-West Bengal)—Measured Convertors (for converting various parametres like current, voltage, VAR phasetangle watt, frequency to DS Voltage)—3,000 nos Maximum demand indicator—2,000 nos Trivector meter—750 nos, Recording meter—1,500 nos, Summation meter—500 nos, Fault locators—1,000 nos—(NA)

Chemicals (Other than Fertilisers)

Shri Balraj Gill & Shekhar Mehra, R-526, New Rajinder Ngr, New Delhi-110005 (Bhopal-Madhya Pradesh)—Sulphuric Acid—16,500 tonnes. Chlorosulphonic Acid—6,600 tonnes. Sodium Sulphate—2,800 tonnes. Aluminium Sulphate—6,600 tonnes—(NU)

M/s Rapicut Tools Private Ltd, T-144, MIDC Estate, Bhosari, Pune-411026 (Panchmahal-Gujarat)—Tungsten and Tungsten Carbide Products—15 tonnes. Hydrogen Gas—60,000 cubic meters (for captive use)—(NU)

M/s Gujarat Aromatics Ltd, 4th Floor, Nataraj Chambers, Ashram Road, Ahmedabad-380009 (Bharuch-Gujarat)—Synthetic Cresols—5,000 tonnes—(annual capacity after expansion, additional capacity being 2000 tonnes). By-products: Sodium Sulphate—7,350 tonnes—(annual capacity after expansion, additional capacity being 1550 tonnes)—Gypsum (dry basis)—5,900 tonnes—(annual capacity after expansion, additional capacity being 5900 tonnes)—Soda Ash—1,310 tonnes—(annual capacity after expansion, additional capacity being 1310 tonnes). Sodium Sulphate—1,160 tonnes—(annual capacity after expansion, additional capacity being 1160 tonnes)—(SE/NA)

M/s Colour-Chem Ltd, Ravindra Annexe, Dinshaw Vachha Road, 194, Churchgate Reclamation, Bombay-400020 (Thana-Maharashtra)—Aluminium Chloride Anhydrous—1,000 tonnes—(NA).

M/s Gwalior Air Products Ltd, 105, Tansen Nagar, Gwalior-474003 (Morena-Madhya Pradesh)—Dissolved Acetylene Gas—0.10 million cubic metres (Addl)—0.20 million cubic metres (after expansion)—(SE)

M/s Atul Drug House Ltd, Baldota Bhavan, 117, Maharshi Karve Marg, Bombay-400020 (Bulsar-Gujarat)—Polyacetal Resins—2,000 tonnes—(NA)

M/s Tamil Nadu Industrial Development Corp Ltd, 150-A, Anna Salai, Madras-600002 (Pudukkottai-Tamil Nadu)—Acetic Anhydride—1,000 tonnes—Acetic Acid—1,000 tonnes—2-Ethyl Hexanol—1,500 tonnes—Acetone—900 tonnes—Monochloro acetic Acid—900 tonnes—Carboxy Methyl Cellulose, Carboxy Methyl Starch—3,000 tonnes—(NU)

M/s Indian Petrochemicals Corporation Ltd, P.O. Jawahar-nagar, Dist Baroda (Baroda-Gujarat)—DMT—6,000 tonnes (Addl)—30,000 tonnes (after expn). By-products : Methyl Benzoate—60 tonnes (Additional)—300 tonnes (after expn)—Dimethyl Isophthalate—40 tonnes (Additional)—200 tonnes (after expansion)—(SE)

M/s Hindustan Organic Chemicals Ltd, (A Govt of India Enterprise), P.O. Rasayani, Dist Kolaba (Maharashtra) (Kolaba-Maharashtra)—Butene-diol—1,500 tonnes—(NA).

M/s Bihar Gases (Private) Ltd, Jamal Road, Sarmera Kothi, Patna-1 (Bihar) (Santhal Parganas-Bihar)—Oxygen Gas—1.00 million cubic meters—Dissolved Acetylene Gas—0.20 million cubic meters—(NU)

M/s U.P. State Industrial Development Corporation Ltd, 117/130, Sarvodaya Ngr, Post Box No 413, Kanpur-208005 (Backward Area-UP)—Sodium Chlorate—5,000 tonnes—(NU)

M/s Rajasthan State Industrial and Mineral Development Corpn Ltd, 100, Jawaharlal Nehru Marg, Jaipur (Rajasthan)—Low Density Polyethylene Wide Width Films (of width 3 metres and above)—3,000 tonnes—(NU)

Shri Sanjoy Sen, 24/1, Ballygunge Circular Road, Calcutta-700019 (Tamil Nadu)—Lacquer Emulsions—350 tonnes—Butyrate Solvent Dillutable Lacquer Emulsions—100 tonnes—Penetrator—70 tonnes—Fillers—100 tonnes—Binders—120 tonnes—Compact Finish—350 tonnes—Leveller—10 tonnes—Camotex Transparent Pigment—100 tonnes—Acrylic Emulsions—170 tonnes—Polyurethane Lacquers, Emulsions—75 tonnes. Two-component systems for uniform top coating of high trial, high quality leather—(NU)

Dyestuffs

M/s Chemiequip Pvt Ltd, 386, Green House, Green Street, Bombay-400023 (Thana-Maharashtra)—Acrylic Dyes—75 tonnes—(NA)

Drugs and Pharmaceuticals

M/s Suneeta Laboratories Private Ltd, 502, Arun Chambers, J. Dadajee Road, Bombay-400034 (Indore-Madhya Pradesh)—Probenacid—12 tonnes—(NA)

M/s Indian Drugs & Pharmaceuticals Ltd, N-12, South Extn, Part I, Ring Road, New Delhi-110049 (Hyderabad-AP)—Procaine Hydrochloride—30 tonnes—(NA)

M/s Chemical, Industrial and Pharmaceutical Laboratories Ltd, 289, Bellasis Rd, Bombay Central, Bombay-400006 (Bombay-Maharashtra)—Mesterolone Tablets. Each tablet contains Mesterolone-25 mg—1 million tablets—Mebendazole Tablets. Each tablet contains Mebendazole—100 mg—8 million tablets—Pentazocine tablets. Each tablet contains Pentazocine Hcl—25 mg—4 million tablets—Pentazocine Injections (1 ml) Each 1 ml contains Pentazocine as lactate—30 mg—2 million ampoules—Miconidazole Cream (30g tube). Each 100 g contains Miconidazole Nitrate 2 g—2.5 lakh tubes (7.5 tonnes cream)—(NA)

M/s Indian Drugs & Pharmaceuticals Ltd, N-12, SE Pt I, New Delhi-110049 (Dehra Dun-UP)—Potassium Penicillin—90 MMU (Additional)—230 MMU (after expansion)—Ampicillin Trihydrate—25 tonnes (Additional)—35 tonnes

(After expansion)—Tetracycline—175 tonnes (Additional)—200 tonnes (After expansion)—Oxy-tetracycline—49.5 tonnes (Additional)—74.5 tonnes (After expansion)—Streptomycin—45 tonnes (Additional)—136 tonnes (After expansion)—Erythromycin—26 tonnes (Additional)—36 tonnes (After expansion)—Griseofulvin—4 tonnes (Additional)—10 tonnes (After expansion)—Cephaloridine—2 tonnes (Additional)—2 tonnes (After expansion)—Empty Hard Gelatine Capsules—400 million Nos (Additional)—400 million Nos (After expansion)—(SE/NA)

Paper, Pulp and Paper Products

M/s The State Industrial & Investment Corporation of Maharashtra Ltd, 'Nirmal' Ist Floor, Nariman Point, Bombay-400021 (Nanded-Maharashtra)—Cellulose Pulp—6,000 tonnes. (2,100 tonnes for captive use)—Cellulose Acetate/Butyrate, Cellulose Acetate, Ethyl Cellulose, Methyl Cellulose—1,500 tonnes—Cellulose Nitrate (All grades)—1,500 tonnes—(NU)

Ceramics

M/s Kerala State Industrial Enterprises Ltd, Post Box No 806, Basant Kawdiar, Trivandrum-695003 (Cannanore-Kerala)—Wall Tiles—2,000 tonnes—Floor Tiles—2,000 tonnes—(NU)

Shri S.N. Jagirdar, Kanpith, Surat (Broach-Gujarat)—Man-made Industrial diamonds—1.00 million carats—(NU).

Changes in Names (Owners or Undertakings)

(Information pertains to particular licences only)

From M/s K.G. Khosla Compressors Private Ltd to M/s K.G. Khosla Compressors Ltd.

From M/s Steel Containers Ltd to M/s Industrial Containers Ltd.

From M/s Aminchand Payare Lal, Jullunder City to M/s Apeejay Steels Pvt Ltd.

From M/s Everlite Pvt Ltd to M/s Universal Electrics Ltd.
From M/s Sanghi Motors (Bombay) Pvt Ltd to M/s Sanghi Motors (Bombay) Ltd.

Licences Revoked, Surrendered or Cancelled

(Information pertains to particular licences only)

Shri Vinay Rai, 12, Aurengzeb Lane, New Delhi-110011—Electronic Desk Calculators—(Revoked)

M/s Eskay Industries, Bombay—Auto Head Light Lamps—(Revoked)

M/s B. Chowdhry & Co, Bombay — HPMV Lamps—(Revoked)

M/s Shri Ambica Mills Ltd, Kankaria, Ahmedabad-380008—Textile Machinery—(Cancelled)

M/s Venus Electrical Industries (Private) Ltd, Calcutta—Train Lighting, Pigmy, Night Colour Decoration and Candle Lamps—(Revoked)

M/s Shail Spanners (India) and Tools Ltd, 87, Nagdevi Cross Lane, Bombay-400003—Bright Bars and Shaftings—(Cancelled)

M/s Panyam Cements & Mineral Industries Ltd, Cement Nagar, Kurnool District (AP)—Portland Cement—(Revoked)

M/s Purna Investment Ltd, 46-C, Chowringhee Road, 7th Floor, Calcutta-700016—MC Ingots—(Revoked)

M/s Sai Riff Clutches Pvt Ltd, 11-B, Benham Hall Lane, Bombay-400004—Clutch Plates—(Revoked)

M/s D.G. Steels and Alloys, 5-3-667, Topkhana, Near Usmananj, Hyderabad—MS Ingots of various quality—(Revoked)

M/s Alpha Steel Ltd, C/o M/s Anim Chand Bholanath, Tanda Road, Jullundur City—MS Ingots—(Revoked)

M/s Suneeta Laboratories Ltd, 502, Arun Chambers, J. Dadajee Road, Bombay-400034—Drugs and Pharmaceutical—(Cancelled)

Shri Anant D. Khetani, 'Keshav Kunj' Oghadchai Lane, Ghatkopar, Bombay-77—Chlorine Tonne Container—(Cancelled)

M/s Inchek Tyres Ltd, Calcutta—Automobile tyres and tubes—(Revoked)

M/s J.G. Vacuum Flasks Ltd, Chinchwad, Poona-411019—Vacuum Flasks and Refills—(Revoked)

M/s Bharat Foster Finch Co Pvt Ltd, 465/2, Kashmiri Bhayander Road, Dist Thana (Maharashtra)—Rotary Plastic & Rubber Injection Moulding Machines and Moulds—(Cancelled)

M/s Stare Textile Engineering Works Ltd, Dhanraj Mahal Chhatrapati Shivaji Maharaj Marg, Bombay-400039—Multi-Spindle Drilling Attachments suitable for drilling machines—(Cancelled)

Letters of Intent Lapsed, Revoked or Cancelled

(Information pertains to particular letters of intent only)

M/s Bush India Ltd, PO Box 4127, Sukh Sagar, N.S. Patkar Marg, Bombay-400 007 (Maharashtra)—Signal Generators—(Lapsed)

M/s Gammon India Ltd, Civil Engineers & Contractors, Gammon House, Veer Savarkar Marg, Post Box 9129, Prabhadevi, Bombay-400025 (Karnataka)—Methanol, Nitric Acid etc—(Surrendered)

Shri Ramesh R. Gupta, 32, Sahkar Bldg, B-Road, Churchgate, Bombay-400020 (Maharashtra)—Gaskets—(Lapsed)

M/s Cynamid India Ltd, Nyloc House, 254-D2, Dr Annie Besant Road, PO Box No 9109, Bombay-400025 (Gujarat)—Formulations Based on Cycocel Technical—(Lapsed)

M/s Haryana State Industrial Development Corporation Ltd, SCO4-5, Sector 17-A, Post Box No 27, Chandigarh-17 (Haryana)—Fuel Injection Equipment—(Lapsed)

M/s Laxmichand Bhagaji Ltd, Ramon House, 169, Backbayclamation, Bombay-400020 (Gujarat)—Steering Gears—(Cancelled)

M/s Mahindra & Mahindra Ltd, Gateway Building, Apollo Bunder, Bombay-BB (Maharashtra)—Vigilance Control Devices—(Lapsed)

Shri Ramesh B. Garware, Breach Ganday Apartments, Bhulabhai Desai Road, Bombay-400026 (Maharashtra)—Rayon Grade Pulp, Special Grade Pulp and Speciality Paper—(Lapsed)

M/s Meenaxi Wire Industries (Assam) Ltd, 14/13, Ezra

Street, Calcutta-700001 (Lapsed)—Enamelled Copper & Paper Covered Winding Wires—(Lapsed)

M/s Dicy Melamine and Resins (India) Ltd, 3, Krishna Mahal, 63, Marine Drive, 'D' Road, Bombay-400 020 (Maharashtra)—Calcium Carbide—(Lapsed)

M/s Punjab State Indl Dev Corpn Ltd, SCO 54-56, Sector 17-A, PB No 81, Chandigarh-160017 (Punjab)—Electrolytic Capacitors & Plastic Film Polyester and Styroflex Capacitors—(Lapsed)

M/s Laxmi Industries, Props: Shri Laxmi Cotton Traders Pvt Ltd, 10, Homi Mody Street, 2nd Floor, Fort, Bombay (Madhya Pradesh)—Potentiometers—(Lapsed)

M/s Tube Light Starter Mfg Co, 25 Ras Behari Bose Road, Ramakrishnapur, Howrah, West Bengal (West Bengal)—Inside Silver Coated Lamps—(Lapsed)

M/s Kerala Fisheries Corpn Ltd, XVI/848-B, Dharmodayam Bldgs, Shanmugham Road, Ernakulam (Kerala)—Steel Hulled Deep Sea Fishing Trawlers—(Cancelled)

Shri Harshad N. Kapadia, Ocean View Annexe, Bhulabhai Desai Road, Bombay-400026 (Maharashtra)—Can-and lining compound etc—(Lapsed)

M/s Dunlop India Ltd, Bank of Baroda Bldg, (7th Floor), 16, Parliament Street, New Delhi-110001 (West Bengal)—Rubber Ply Transmission Belting—(Lapsed)

M/s Modern Metal Moulders (Assam) Ltd, Industrial Eatate, Gauhati-781021 (Assam)—Industrial Cases—(Cancelled)

Shri R.G. Poddar, 148, Hazaribagh Road, Ranchi-834001 (Bihar)—Magnetic Tapes—(Lapsed)

Shri Anil Kumar Kapoor, D-1/26, Model Town, Delhi (Haryana)—Sodium Chlorate—(Lapsed)

Shri Ramesh Kumar Biharilal Maheswari, Plot No 394, GIDC Indl Township, Shilvassa Road, Distt Bulsar, Vapi, (South Gujarat) (Madhya Pradesh)—Printing and Writing Paper, Kraft Paper and Boards (Lapsed)

Shri M. Satyanarayana, 599, Durgigudi, Shimoga-577201, Karnataka State (Karnataka)—HT/LT Power Capacitors and Medium Frequency Power Capacitors—(Cancelled)

Shri Shyam Sundar Kanoria, 16-A, Brabourne Road, Calcutta-700001 (UP)—Citric Acid from Cane Molasses—(Cancelled)

Shri M.C. Shah, 86-A, Marine Drive, Sriniketan, 1st Floor, Bombay-2 (Gujarat)—Formaldehyde, Penterythritol, Formic Acid and Hexamethylene Tetramine—(Lapsed)

M/s Om Prakash Rajgarhia, 5, Hunderford Street, Calcutta-700017 (Rajasthan) Mica paper and mica based insulating material—(Lapsed)

Shri N.K. Mukherjee, 7, Wellesley Place Calcutta-1 (West Bengal)—HT Fasteners—(Lapsed)

M/s Dicy Melamine & Resins (India) Ltd, 3, Krishna Mahal, 63, Marine Drive, 'D' Road, Bombay-400020 (Maharashtra)—Dicyandiamide—(Lapsed)

M/s Kashmir Electronics (P) Ltd, C/o M/s Kashmir Metal Mart, Hari Singh High Street, Srinagar (J&K State) (Jammu & Kashmir)—Connectors—(Revoked)



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Finances of state governments: 1976-77

THE ONGOING improvement that the state governments are attempting in tax administration, particularly the deployment of more energetic efforts at recovery of arrears, may benefit revenues to an extent perhaps not fully allowed for in the budget estimates, according to a study prepared in the Division of Fiscal Analysis of the Economic Department and published in the December 1976 issue of the Reserve Bank of India Bulletin. But clearly the more significant departure from the budget estimates would arise in the area of expenditure.

Natural Calamities

Severe floods/cyclones in some states and drought in some parts of a few others this year would involve sizeable relief expenditure, whereas the budget provision on this account is of a modest tenor. Though the states would receive some central assistance for such expenditures a major portion of it would have to be borne by the states themselves. The state governments' budgetary transactions in 1976-77 would on the basis of their budgets, result, in an overall gap of Rs 38 crores. Without further economies in their non-plan expenditures and raising of resources in addition to those budgeted, the inescapable expenditure on natural calamities might deteriorate the state governments' budgetary position further in 1976-77.

Given the improvement recorded by the economy in

1975-76 along with stability of the price level and in the context of the national climate of discipline and dedication of effort, the objective of promoting accelerated economic growth with greater social justice and without disturbing price stability pervaded the budgets of state governments for the year 1976-77. Accordingly, aggregate disbursements are budgeted at Rs 10,927 crores, representing a rise of 7.1 per cent over the revised estimate for 1975-76, while total receipts are expected to rise by 6.5 per cent to Rs 10,889 crores, thanks partly to the higher Plan assistance already indicated by the centre, and the measures undertaken by the state governments in their budgets for the year to raise additional revenues of Rs 112 crores.

Increased Deficit

As the states' receipts would be further augmented by Rs 32 crores representing their share in the centre's additional taxation for the year, the budgetary transactions of state governments would result in a deficit of Rs 38 crores, as against a surplus of Rs 22 crores in 1975-76 (revised estimates). At revised rates of taxation, the combined revenue receipts of state governments are estimated at Rs 8,401 crores in 1976-77, Rs 781 crores or 10.2 per cent higher than the revised estimate for 1975-76. Of this increase, tax revenues account for Rs 557 crores and non-tax revenues for the balance of Rs 224 crores.

Capital receipts are put at Rs 2,488 crores, Rs 113 crores or 4.3 per cent lower than in 1975-76. The states' indebtedness to commercial banks, which had risen sharply by Rs 43 crores in 1975-76 is expected to decline by Rs 103 crores.

Higher Disbursements

At Rs 10,927 crores, the state governments' aggregate disbursements are budgeted higher by Rs 728 crores in 1976-77 or 7.1 per cent as compared to the rise of Rs 1,565 crores or 18.1 per cent in 1975-76 (revised estimates). The states' developmental expenditures, including their loan assistance for developmental purposes, are budgeted to rise by Rs 532 crores. As a result of various economy measures states propose to implement, the growth of non-developmental expenditures is sought to be held down to Rs 315 crores as against an increase of Rs 398 crores in 1975-76.

A brief review of the states' finances in 1975-76 on the basis of revised estimates and the budgeted finances for 1976-77 is given below :

According to revised estimates, aggregate receipts of state governments amounted to Rs 10,221 crores in 1975-76, showing an improvement of 18.8 per cent over 1974-75, while their aggregate disbursements rose over the year by 18.1 per cent to Rs 10,199 crores. In the result revised estimates show a surplus of

RECORDS AND STATISTICS

Rs 22 crores for the budgetary transactions of the state governments in 1975-76 in the place of a deficit of Rs 31 crores in 1974-75 (accounts). Both receipts and the disbursements turned out to be significantly higher than anticipated in the states' budgets for the year: revised estimates put receipts 10.3 per cent higher than budget estimates and disbursements 10.2 per cent higher with the consequent doubling of the anticipated surplus of Rs 11 crores in the budgets.

Aggregate Receipts

The rise of Rs 1,618 crores in states' aggregate receipts between 1974-75 (accounts) and 1975-76 (revised estimates) reflected increases in all the major categories of receipts in the context of the recovery recorded by the economy during the latter year. The tax revenues increased by Rs 807 crores, grants from the centre by Rs 171 crores, other non-tax receipts by Rs 210 crores, loans from the centre by Rs 247 crores and other capital receipts by Rs 183 crores. The tax revenues consisting of revenues from taxes levied and collected by the states and the states' share in central taxes rose over the year by 19.6 per cent, the states' taxes contributing Rs 540 crores of the increase and the states' share in central taxes rising by Rs 267 crores.

The states introduced additional taxation with an anticipated revenue of Rs 83 crores

in their 1975-76 budgets. After the budgets, they undertook a further tax effort with an estimated yield of Rs 34 crores. This additional taxation and the full year impact of the post-budget increases in major taxes in 1974-75 together with the upturn in output were largely responsible for the growth in the revenue from states' taxes.

Major state taxes showing substantial increases in revenue over the year were sales tax inclusive of the central sales tax (Rs 345 crores), land revenue (Rs 35 crores), state excise duties (Rs 32 crores) and stamps and registration fees (Rs 24 crores). The states' revenue from central taxes shared by them with the centre increased by Rs 267 crores because of the nearly equal rise in their shares of income tax collections and collections from central excise duties.

Voluntary Disclosure

The income tax collections in 1975-76 received a boost from the Scheme for Voluntary Disclosure of Income and Wealth; improvement in output assisted by the revisions made in the 1975-76 central budget in excise taxation brought about a sizeable growth in the union excise collections. Grants from the centre, as taken credit for in the states' budgets increased over the year by 16.7 per cent to Rs 11.93 crores. Grants for central and state plan schemes and centrally sponsored schemes at Rs 572 crores were higher by Rs 111 crores or by nearly one-fourth of the preceding year: non-Plan grants of Rs 621 crores were higher by Rs 60 crores or by 10.7 per cent. The states' other non-tax receipts rose by Rs 210 crores. Receipts from

economic services accounted for 29 per cent of the non-tax receipts, the contribution of forests being more than a third of that from economic services. Interest receipts which increased by Rs 56 crores over the year contributed 14.2 per cent of the non-tax receipts.

Central Assistance

Loans received by the states from the centre as shown in the states' budgets were Rs 247 crores higher over the year largely as central loan assistance for state Plan schemes was stepped up by Rs 188 crores to Rs 707 crores, but non-Plan loans including ways and means assistance also increased by Rs 71 crores to Rs 556 crores. The sizeable rise in the centre's loans to the states represented advance Plan assistance to some states so as to ensure that important on going irrigation and power projects in their Plans were adequately financed. Following the announcement of the 20-point economic programme, financial outlays on these projects were raised and the centre provided the states additional Plan assistance of Rs 85 crores for the purpose.

The states' other capital receipts aggregated Rs 1,279 crores in 1975-76 recording a rise of Rs 183 crores over the year. The states were permitted to raise an additional amount of Rs 100 crores by way of market borrowings in 1975-76 to enable them to repay to the centre their share of centralised market borrowings of 1963-64. Adjusting for this special factor, the net market borrowings of the states at Rs 170 crores were lower by Rs 45 crores over the year. But the state governments also secured substantial recoveries of their loan assistance to third parties, which by rising by as much as Rs 107 crores or

by 37.2 per cent over the year boosted their other capital receipts.

At Rs 10,199 crores, the states' aggregate disbursements in 1975-76 would be Rs 1,565 crores higher over the year. The Plan expenditures increased from Rs 2,238 crores in 1974-75 (accounts) to Rs 2,743 crores in 1975-76 (revised estimates) or by 22.6 per cent, while non-Plan expenditures went up from Rs 6,396 crores to Rs 7,456 crores or by 16.6 per cent. Plan expenditures on 'economic services' increased over the year by 20.9 per cent to Rs 2072 crores, while the non-Plan expenditure on these services rose by 17.3 per cent to Rs 1,854 crores. On 'social and community services', the Plan expenditure amounted to Rs 631 crores or 30.4 per cent higher over the year, while the non-Plan expenditures increased by 9.7 per cent to Rs 2,377 crores. As both Plan and non-Plan expenditures have developmental as well as non-developmental components, it is worth while alluding to the distribution of the aggregate disbursements into total developmental and non-developmental expenditures of the states.

Developmental Expenditure

Developmental expenditures including loans to third parties for developmental purposes at Rs 6,934 crores were higher by 16.7 per cent. Growth in developmental expenditure would account for nearly two-thirds of the growth over the year in aggregate disbursements. Non-developmental expenditures also increased by Rs 398 crores to Rs 2,344 crores or by 20.5 per cent. The states' direct developmental expenditures were stepped up by Rs 833 crores while their loan assistance to third parties for deve-

lopmental purposes was higher by Rs 157 crores. Such assistance was mainly concentrated on agriculture (including co-operatives) and power projects, the core sectors of the economy. In 1975-76, developmental expenditures constituted 73.7 per cent of the states' total expenditures (i.e., aggregate disbursements excluding repayments of loans to the centre as also the discharge of all other internal debt); they were roughly three times the non-developmental expenditures.

Loan Repayments

Repayments of loans to the centre and discharge of other internal debt dominate the remainder of the disbursements of the states. Loans repayments to the centre amounted to Rs 759 crores in 1975-76 inclusive of the repayment of Rs 100 crores representing the states' share of centralised market borrowings in 1963-64 for which purpose the states were, as indicated earlier, permitted to increase their market borrowings during the year. Excluding the special component just mentioned, the repayments were higher over the year by Rs 154 crores.

Given the improvement recorded by the economy in 1975-76 along with the stability of the price level, and in the context of the national climate of discipline and dedication of effort, the objective of promoting accelerated economic growth with greater social justice and without disturbing price stability informed the budgets of the state governments for 1976-77. Accordingly, aggregate disbursements of state governments are budgeted by them at Rs 10,927 crores in 1976-77, 7.1 per cent higher than the revised estimates for 1975-76. On the expectation that their aggregate receipts on

the basis of the 1975-76 rates of taxation and with higher Plan assistance already indicated by the centre would rise over the year by 5.1 per cent to Rs 10,745 crores in 1976-77, the state governments accordingly undertook measures in their budgets for the year to raise, as mentioned earlier, additional revenues of Rs 112 crores. As the states' receipts would be further augmented by Rs 32 crores representing their share in the centre's additional taxation for the year, the budgetary transactions of the state governments would result in a deficit of Rs 38 crores as against a surplus of Rs 22 crores in 1975-76 (revised estimates).

Revised Rates

At revised rates of taxation, combined revenue receipts of state governments are budgeted at Rs 8401 crores in 1976-77, Rs 781 crores or 10.2 per cent higher than the revised estimates for 1975-76. Of this increase, tax revenues account for Rs 557 crores and non-tax revenues for the balance of Rs 224 crores. Taxes directly levied and collected by the state governments, inclusive of the yield from their additional tax effort during the year, are budgeted at Rs 3,838 crores, Rs 417 crores or 12.2 per cent higher over the preceding year. At the same time, the states' share in central taxes, including the centre's additional taxation, is placed at Rs 1,635 crores, 9.4 per cent higher over the year.

Of the total budgeted increase of Rs 417 crores in the receipts from taxes levied and collected by the states, the rise of as much as Rs 376 crores is expected to accrue from taxes on commodities and services. Sales tax revenues alone are expected to go up by Rs 271 crores, showing an increase of

14.3 per cent over 1975-76. Revisions in sales tax raising additional revenues were adopted in their 1976-77 budgets by Gujarat, Karnataka, Kerala, Madhya Pradesh, Nagaland, Orissa, Rajasthan, Tripura and Uttar Pradesh; these revisions are expected to yield a revenue of Rs 41 crores.

Other major taxes which are expected to show increases in receipts are state excise duties (Rs 30 crores), vehicles tax (Rs 24 crores), and entertainment tax (Rs 16 crores). Only a tenth of the increase from excise duties would be brought about by the measures undertaken this year; the similar proportion in case of vehicles tax would be one-third and that in case of the entertainment tax one-fourth. Himachal Pradesh, Kerala and Madhya Pradesh, raised excise duties. Gujarat, Karnataka, Madhya Pradesh, Tamil Nadu, Tripura and West Bengal revised upwards the vehicles tax imposts. Entertainment tax revisions were effected by Gujarat, Karnataka, Meghalaya, Orissa and Rajasthan.

Profession Tax

Gujarat, Karnataka, Kerala and Tripura introduced a profession tax, which Maharashtra introduced last year. Karnataka and Uttar Pradesh introduced a tax on urban land which already obtained in Tamil Nadu and Rajasthan. Karnataka and Tamil Nadu would also raise this year more resources from the agricultural sector; Karnataka extended the agricultural income tax to cover all crops, while Tamil Nadu introduced commercial crop assessment for all land under commercial crops. Gujarat stepped up electricity duties to raise the yield by Rs 4.5 crores. Though their item-wise yield estimates have

not been provided, Jammu and Kashmir revised rates of sales tax, land revenue, irrigation and power charges and toll tax.

Although some states have in recent years widened their tax base by introducing new taxes like agricultural holdings tax, the urban land tax, tax on multi-storey buildings and professions tax, and other moved in the direction of tapping increased agricultural incomes, the pattern of tax revenues of the state governments has not materially changed over the past few years.

Sales Tax

Sales tax still continues to be the largest single source of revenue for almost all the states. With increasing exploitation of this source of revenue, its share in the states' own tax receipts has gradually risen from 48.2 per cent in 1968-69 to 55.4 per cent in 1975-76 and is expected to go up further to 56.4 per cent in 1976-77. Given the divergences in the composition of overall production, in the level of industrial growth and the effectiveness with which the number of commodities are brought within its purview, the relative share of sales tax in individual state's own tax receipts shows, however, wide variation among different states.

In some of the highly developed states like Gujarat, Kerala, Maharashtra, Tamil Nadu and West Bengal, revenues from sales tax account for about two-thirds of their tax revenues, while in some of the less developed states excluding Nagaland, Tripura, Manipur, etc, revenue from this source varies between one-third to one-half of their own tax revenues. State excise the next important tax revenue earner, contributes on an average about 12 per cent to the states'

own tax revenues. Differences in the tenor of the prohibition policy and in the rates of the levies are responsible for the wide divergence among the states in the share of the excise revenue in individual state's tax receipts. Nagaland and Sikkim, for example, get about half of their tax revenues from state excise, while Gujarat with rigorous prohibition, derives only 0.4 per cent of the total own tax revenues from this source. In Tamil Nadu revenues from state excise are expected to decline from Rs 56.5 crores (about one-fifth of the tax revenues) in 1973-74, to a meagre Rs 3.65 crores (about 1 per cent) in 1976-77 because of reimposition of total prohibition. Other states which rely heavily on this source of revenue are Himachal Pradesh (36.9 per cent), Jammu and Kashmir (30.4 per cent) and Andhra Pradesh (23.5 per cent).

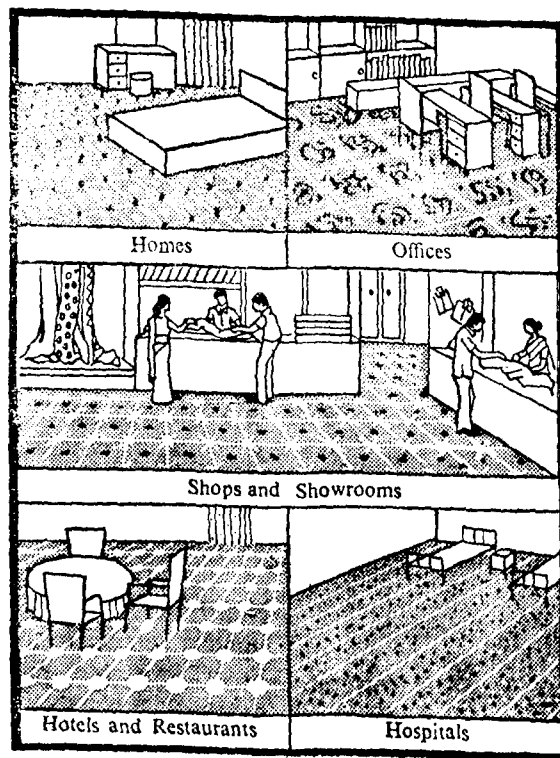
Grants-in-aid

Non-tax revenues comprising grants-in-aid received from the centre and the states' other non-tax revenues are expected to rise over the year by Rs 224 crores or by 8.3 per cent to Rs 2,928 crores in 1976-77. Grants from the centre consisting of Plan grants, statutory grants, and other non-Plan grants are budgeted to rise by Rs 65 crores to Rs 1,258 crores in 1976-77 to account for about 43 per cent of the non-tax revenue during the year, while other non-tax receipts are budgeted Rs 159 crores higher at Rs 1,670 crores. State governments have revised this year rates and fees etc, which would yield an additional revenue of Rs 14 crores. The increase of about Rs 90 crores from 'economic services' would mainly account for the higher non-tax revenue. A major

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increase is expected in receipts from irrigation charges, while receipts under dairy development are budgeted higher by Rs 19 crores. Interest receipts on the loans extended by state governments are expected to rise by about Rs 57 crores because of increase of Rs 64 crores in the interest payments to them from their departmental commercial undertakings and other autonomous public sector undertakings, which payments account for more than four-fifths of the states' interest receipts.

Capital Receipts

Capital receipts of the state governments are budgeted at Rs 2,488 crores in 1976-77, Rs 113 crores or 4.3 per cent lower than in 1975-76 during which they were Rs 430 crores or 19.8 per cent higher over the preceding year. Capital receipts excluding loans received from the centre are expected to drop by Rs 73 crores or by 5.7 per cent as against an increase of 16.7 per cent in 1975-76, though gross market borrowings are budgeted higher by Rs 28 crores. The states' indebtedness to commercial banks which had risen sharply from Rs 25 crores in 1974-75 to Rs 68 crores in 1975-76 is expected to decline by Rs 103 crores. Other capital receipts which are anticipated to decline are 'contingency funds' (net) (Rs 30 crores) and 'reserve funds' (net) (Rs 29 crores). The state governments' recoveries of their loan assistance to third parties, which increased over the year by Rs 107 crores to Rs 395 crores in 1975-76, are expected to drop by Rs 35 crores from that level. Loans from the centre would also be Rs 40 crores less than in 1975-76 entirely because of the decline of Rs 43 crores in the non-Plan loans including ways and

means assistance. Net receipts from state provident funds and small savings, deposits and advances, and suspense and miscellaneous receipts, however, are budgeted higher over the year by Rs 25 crores, Rs 7 crores and Rs 44 crores respectively.

Market Borrowing

In their budgets for 1976-77, the state governments have taken credit for Rs 303 crores (gross) by way of market borrowings as against the revised estimates of Rs 275 crores in 1975-76. A provision of Rs 105 crores has been made for repayment of maturing loans during the year. The net market borrowings of the states in 1976-77 would aggregate Rs 198 crores as against Rs 170 crores in 1975-76 after adjusting the states' repayment of Rs 100 crores to the centre on account of their share of centralised market borrowings of 1963-64 referred to earlier. During the current year the state governments entered the market on two occasions and, as per RBI records, borrowed an aggregate amount of Rs 283 crores (gross): after providing for repayment of maturing loans of Rs 103 crores, the net market borrowings may thus be estimated at Rs 180 crores or Rs 6 crores higher than in 1975-76.

At Rs 10,927 crores, the state government's aggregate disbursements in 1976-77 are budgeted Rs 728 crores or 7.1 per cent higher over the year, compared to the rise of Rs 1,565 crores or 18.1 per cent in 1975-76 (revised estimates).

Capital disbursements of the state governments other than developmental and non-developmental expenditures comprise mainly the loan re-

payments to the centre and other autonomous bodies, repayments of their own market loans and state governments' loan assistance to third parties. Repayment of loans to the centre at Rs 562 crores is expected to show a sharp decline of Rs 197 crores over the preceding year. But the repayment in 1975-76 included the repayment of Rs 100 crores on account of centralised market borrowings of 1963-64 mentioned earlier. Excluding this special repayment, the decline over the year in the loan-repayments to the centre would be of the order of only Rs 97 crores.

In pursuance of the Sixth Finance Commissions' recommendations, the state governments would get a relief of Rs 311 crores on account of rescheduling of repayments of their outstanding central loans. The state governments' loan assistance to third parties at Rs 1,037 crores is expected to be Rs 64 crores higher than in 1975-76. Loans to third parties for developmental purposes, i.e., for 'social and community' and 'economic' services are expected to be stepped up from Rs 912 crores in 1975-76 to Rs 964 crores in 1976-77 to account for 93.0 per cent of the states' total loan assistance to third parties.

Transfer of Resources

The budgets of the state governments stipulate net transfer of resources of Rs 1,499 crores in 1976-77 from the centre to the state governments as a result of the loan receipts of Rs 1,282 crores and receipts from grants of Rs 1,258 crores, along with loan repayments of Rs 562 crores and interest payments of Rs 479 crores. Similar transfer worked out

to Rs 1,415 crores in 1975-76 (revised estimates) excluding the repayment of Rs 1000 crores in connection with the 1963-64 centralised market borrowing, indicating an increase of Rs 84 crores in 1976-77 over 1975-76. The net transfer of resources from the centre to the state governments would finance 17.2 per cent of the state governments' budgeted direct expenditures on goods and services excluding their interest payments to the centre, or only a slightly lower share than that of 17.7 per cent in 1975-76.

Improved Finances

In the nature of things, the outturn of the state governments' finances for 1976-77 would not be identical with the estimates presented in the budgets for the year which are outlined earlier. The ongoing improvement that the state governments are attempting in the tax administration, in particular the deployment of more energetic efforts at recovery of arrears, may benefit revenues to an extent perhaps not fully allowed for in the budget estimates. But clearly the more significant departure would arise in the area of expenditure. Severe floods/cyclones in some states and drought in some parts of a few others this year would involve sizeable relief expenditures, whereas the budget provision on this account is of a modest tenor.

Though the states would receive some central assistance for the purpose, a major portion of such expenditures would have to be borne by the states themselves. The state governments' budgetary transactions in 1976-77 would, on the basis of their budgets,

result, as indicated earlier, expenditure on natural calamities might deteriorate further the budgetary position of the state governments in 1976-77 in absence of further economies in their non-Plan expenditures and raising of resources in addition to those budgeted.

Overall Budgetary Position of State Governments

(Rs crores)

Item	1974-75 Accounts Amount	1975-76 (BE)		1975-76 (RE)		1976-77 (RE)	
		Amount	Per cent variation over the previous year (Col. 3 over Col. 2)	Amount	Per cent variation over the previous year (Col. 5 over Col. 2)	Amount	Per cent variation over the previous year (Col. 7 over Col. 5)
1	2	3	4	5	6	7	8
I. Aggregate Receipts (A+B)	8603	9266	+ 7.7	10221	+18.8	10889	+ 6.5
A. Revenue Receipts (i+ii)	6432	6998	+ 8.8	7620	+18.5	(10745)	(+ 5.1)
(i) Tax Receipts (a+b)	4109	4498	+ 9.5	4916	+19.6	(8257)	(+ 8.4)
(a) States' Taxes	2881	3133	+ 8.7	3421	+18.7	(5343)	(+8.7)
(b) Share in Central Taxes	1228	1365	+11.2	1495	+21.7	(3740)	(+ 9.3)
(ii) Non-Tax Receipts (c+d)	2323	2500	+ 7.6	2704	+16.4	(2914)	(+ 7.8)
(c) Grants from the Centre	1022	1088	+ 6.5	1193	+16.7	(1656)	+ 9.6
(d) Other Non-tax Receipts	1301	1412	+ 8.5	1511	+16.1	(2488)	+10.5
B. Capital Receipts (i+ii)	2171	2268	+ 4.5	2601	+19.8	1206	- 5.7
(i) States' Capital Receipts	1096	1125	+ 2.6	1279	+16.7	1206	- 5.7
Of which :							
(a) Market Borrowings (Gross)	306	291	- 4.9	275	-10.1	303	+10.2
(b) Recovery of Loans and Advances	288	348	+20.8	395	+37.2	360	- 8.9
(ii) Loans from the Centre (Gross)	1075	1143	+ 6.3	1322	+23.0	1282	- 3.0
II. Aggregate Disbursements	8634	9255	+ 7.2	10199	+18.1	10927	+ 7.1
Of which :							
(a) Developmental Expenditure* (i+ii)	5944	6213	+ 4.5	6934	+16.7	7466	+ 7.7
(i) Social and Community Services	2649	2797	+ 5.6	3008	+13.6	3206	+ 6.6
Of which :							
Expenditure on Natural Calamities	116	99	-14.7	122	+ 5.2	53	-56.6
(ii) Economic Services	3295	3416	+ 3.7	3926	+19.2	4260	+ 8.5
(b) Non-developmental Expenditure*	1946	2289	+17.6	2344	+20.5	2659	+13.4
(c) Repayment of Loans to the Centre	505	642	+27.1	759	+50.3	562	-26.0
(d) Discharge of Internal Debt	124	32	-74.2	36	-71.0	138	-
Of which :							
Market Loans	91	1	-98.9	5	-94.5	105	-
III. Overall Surplus (+) or Deficit (-) (I-II)	- 31	+11		+22		-38	
						(-182)	

Notes : 1. Budget estimates for 1975-76 include estimated yield from the states' budget proposal (Rs 83 crores), addition (Rs 55 crores) to receipts from central sales tax following the revision of the ceiling for the central sales tax rate, and the states' share in the centre's net additional taxation (Rs 41 crores).

2. Budget estimates for 1976-77 include estimated yield from the states' budget proposal (Rs 112 crores) and the states' share in centre's additional taxation (Rs 32 crores), but exclude reduction in their receipts from taxes shared with the centre as a result of post-budget tax concession announced by the centre on May 12, 1976. Figures in brackets reflect 1975-76 rates of taxation.

3. Data given here differ slightly from those given in the Bank's annual report due to revisions in figures.

*Comprises states' expenditures on revenue and capital accounts and loans and advances extended by states.

£Includes, in respect of Rajasthan for 1975-76 (B.E.) and 1976-77 (B.E.) and Haryana and Madhya Pradesh for 1976-77 (B.E.), the entire liability on account of additional dearness allowance granted to state employees which could not be allocated between developmental and non-developmental expenditures because of non-availability of required details.

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