sunk pretty low, in the midst of what is usually termed depression psychology. The conception of planning arose from a search for measures to defeat depression, not by aiming at an equilibrium at the lowest level of demand and absolute minimum of consumption, but in the direction of expanding demand and rising production. It may fall to the lot of this unhappy commission to reverse the process.

Indian Sugar Industry in 1949, An Appraisal

Dr. N. A, Shah

IN view of more recent developments, quite a posthumous interest attaches not to the publication itself, but to the present review. Protection to the Sugar Industry will have to be continued for at least a decade or two is the conclusion reached by Shri M. P. Gandhi in his latest annual* which is an extremely handy book of reference. The way advertisements are intermingled with reading matter speaks volumes for its popularity and success but it does not make for greater readability. Had the year's developments been presented in a more succinct manner, in less than one-third the number of pages, the volume could have been sold at a price which could bring it within the reach of many more people.

The backwardness of cane cultivation is regarded as the prime cause for the need of protection. In that case it may very well be argued that the first Tariff Board failed to see this limitation and granted heavy protection to an industry which had hardly any chance of standing on its own legs. But now that the industry has been reared to its present status, it should be spurred to make special effort to improve its raw material position by taking a more active interest in the cultivation of cane.

The high price of sugar, we are told is due to high price of cane, high cane cess, etc. But fixation of a high cane price and cess etc., is possible because in the chief sugar producing provinces of U.P. and Bihar, membership of the Syndicate was compulsory and imports of sugar were prohibited. The country was at the mercy of the industry and it could dictate its own price. It is well-known that even during the period of control (1942-1947) the industry made profits in spite of the fact that production had declined by about 3,00,000 tons. When the industry was decontrolled, the price was fixed at Rs. 35/7 and for some time it was sold at a much higher price and the industry made very heavy profits. In 1948-49 the price was reduced to Rs. 28/8. During this season the sugar muddle arose and for this the Syndicate is held responsible even by the Tariff Board. The Government was compelled to re-impose control. And the Syndicate has gone.

Sugar industry, we are told, is a unique and unparalleled link with agriculture and if the agricultural economy of the country is not to be ruined, protection will have to be continued. It is well-known that we have been growing sugarcane and manufacturing gur since several centuries. The sugar industry consumes only about 25 per cent, of the cane crop. Assuming that the demand for cane for manufacturing sugar shrinks, it cannot be argued that cane cultivation will collapse, for the major demand comes from the gur industry. As a matter of fact, when protection was granted to the sugar industry, it was stated that over-production in gur would be lessened because some cane would be diverted to the manufacture , of sugar. Even in this assumption the Tariff Board went wrong. During the period 1930 to 1987 the area under cane expanded and production both of sugar and gur improved. There is hardly any justification for assuming that cane cultivation would collapse, if sugar imports are allowed. On the contrary some diversion of the cane area to food crops would be highly desirable in the present circumstances.

The editor of the Annual is relentlessly opposed to import of sugar. Financial stringency is advanced as one of the reasons. Moreover the present price of Indonesian sugar, we are told, works out no cheaper. And lastly we have got ample quantity of gur. Financial stringency is there no doubt but we are still importing goods worth crores and it is a matter of selecting what to import. If we desire that the price of Indonesian sugar in our country should be lower we can slash our duty from Rs. 6 a maund to Rs. 3 per maund. If we want that sugar should be available freely and prevent its hoarding, then the safety-valve of imports is absolutely necessary. We are told that ample gur is available. Only a few lines after, the author writes that prices of gur have soared to about Rs. 25 per maund. If gur is available in ample quantity, why this sudden rise? The spurt in gur prices is due to re-imposition of control over sugar. In order to maximise sugar production, control over gur is suggested. But control over gur is extremely difficult as it is manufactured by cultivators themselves. Control over movement of gur has already been imposed in U.P. But this step has led to some fall in gur prices in U.P. and rise in gur prices of deficit areas. The extent of diversion of cane supplies from gur to sugar manufacture can hardly be estimated. On the other hand, it may be stated that during the period of de-control, gur prices had declined sharply and gur was selling about 50 per cent, below sugar. The same thing may happen if we keep the safety-valve of imports open.

Finally, Shri Gandhi states that the burden of the present sugar tariff is not heavy. No doubt this is true at present. Based on the latest c.i.f. quotation of Rs. 22 per maund, the present tariff works out to less than 27 per cent, *ad valorem*. This is lower than the general tariff rate of 30 per cent, which is in force at present. But

* Indian Sugar Industry Annual—1949, Edited by Shri M. P. Gandhi

if our main aim is to make sugar available to the consumer at the cheapest price, there is no reason to attach any sanctity to the present duty. We may slash the duty by 50 per cent, or even more so that sugar can be sold at a cheaper rate. Secondly, the incidence of the duty would increase if world prices of sugar take a downward trend. Probably sugar is one of the few rare commodities whose world output is at present higher than the pre-war. This suggests a possibility of sugar price looking downward in the near future.

The Stock Exchange

Welcome Signs of Investment Enquiry

Thursday, Morning

CONTINUED hesitancy in Tata steels and brisk activity in Banks and a few other selective investment counters provided the highlights of trading on the Bombay Stock Exchange during the past week. After an early setback induced presumably by the sharp decline in Wall Street, equities gradually steadied up under the lead of cotton mill shares. Persistently higher advices from Calcutta had a stimulating effect on the trading sentiment in the local market. Improved sentiment in the Calcutta share market was attributed to growing belief regarding devaluation of the Pakistan rupee and optimism about outlook for the jute industry. Equity prices recorded further small improvements all round over the previous week's closing levels.

The hesitant tendency in Tata Deferreds, however, introduced a note of caution in the other sections. Tata Deferreds fluctuated within a narrow range of 25 points during the week. Narrow fluctuations in Tata Steels were mainly due to uncertainty about the annual dividend. In part, however, they were attributed in market circles to a large volume of daily double optimum business in Tata Deferreds. If option business can restrict fluctuations within a small range, then there would appear to be a strong case for making option dealings legal.

Uncertainty kills activity. Neither bulls nor bears are inclined to be aggressive due to continued uncertainty about developments in the Korean War. In consequence, activity has been generally at a low ebb. Price fluctuations have become too narrow to attract the attention of the outside fry. And since professional operators can thrive only on outside 'participation, these narrow fluctuations cannot continue for long. But in view of the predominantly professional nature of the present activity, few are inclined hazard a guess as to which way the market will move.

Though equities have been hovering around their recent " highs " for quite some time, improvement in prices has had no appreciable effect on the nature and volume of business passing in the market. This is quite intriguing. Shrewd market observers are inclined to interpret the hesitant tendency in industrials as a reflection of lack of faith, on the part of investors, in higher levels for equities.

Be that as it may, the present market psychology is suggestive of a further rise in prices. Hanks and

STOCK EXCHANGE TRENDS

(In Rupees and Annas)

	This Week					1950	
	Previous Closing 12-7-50	Opening 13-7-50	High	Low	Closing 19-7-50	High	Low
Steels							
Bengal Steel ...	21-2	21-2	21-14	21-1	21-14	24-1	18-6
Indian Iron ...	30	30-2	30-8	30-1	30-6	33-7	26-13
Tata Steel Defd. ...	1682-8	1688-12	1697-8	1675-8	16-90	1730	1535
Tata Steel Ordy. ...	329-12	331	333-4	328-8	331-8	345	309
Textiles							
Bombay Dyeing ...	975	992-8	1016-4	985	1002-8	1167-8	935
Central India ...	236-4	237-8	240	236	238	270	224
Finlay ...	244	244-8	250	244-8	250	285	237
Gokak ...	242	243-8	246-8	243	243	295	234
India United Ordy. ...	11-13-6	11-14	11-15	11-13	11-13-6	12-13	11
Kohinoor ...	302	303-8	308	301-4	306-8	323	285
New Great ...	138	139	147	139	147	175	125
Simplex ...	223-8	224	224-8	221	221	224-8	178
Swadeshi ...	258	261-8	264	258	263	294	242-8
Banks							
Central Bank ...	83-8	84	85	83-12	85	87	79-4
Imperial F.P. ...	1895	1910	1975	1910	1975	1975	1720
India ...	179-12	181	181-8	180	181-8	183-8	164
United Com. ...	43-12	43-13	44-8	43-12	—	51-8	41-8
Insurance & Electric							
New India ...	64-8	64-12	64-12	64-4	—	69	54-4
Andhra Valley ...	1417-8	—	1422-8	1420	—	1457-8	1387-8
Tata Hydro ...	154	154-4	155	154-4	—	156-8	151-8
Tata Power ...	1531-4	1532-8	1555	1532-8	1545	1560	1502-8
Miscellaneous							
Alcock ...	293-12	293-12	300	293-12	298-12	340	271-4
A. C. C. ...	157	157-8	158-8	157	158	167	·145-4
Belapur ...	225-8	226-8	226-8	222-8	225	244	217
Bombay Burma Old ...	475	475	478-2	465	471-14	517-8	352-8
Premier Construction...	92-12	93-12	99-12	92-8	97-8	103-8	80-4
Scindia ...	11-15-6	12	13-2	12	12-15	15-12	11-4-6
Wimco ...	228-2	230	231-4	228-12	231-4	237-8	205