voluntary" and that "apart from an appeal after the devaluation in September 1949 to discourage advances for speculative holding of stocks with a view to raising prices, the Reserve Bank had issued no general instructions to scheduled hanks to restrict credit" The banks were reported to have called in overdue advances, and later, because of the relatively rapid fall in prices after mid-November and particularly in the first quarter of 1952, also demanded further collateral from borrowers to maintain their margins against existing loans.

The shift in credit polity was influenced by three major considerations. Firstly, open market operations of the Reserve Rank had tended to expand credit and augment money supply unduly in the absence of a bill market. " The banking system could monetise public debt almost at its 'will.'' The customary open market operations worked reasonably well so long as the factors influencing the money market were purely or mainly seasonal. That is, when the slack season set in and funds started returning, the Reserve Bank could sell back the securities it had bought in the busy season to relieve the seasonal stringency. The review states that in view of the credit inflation of 1951, continuance of open market operations would have resulted in inflation over which the Reserve Bank would have had little control. Secondly, the strained liquid position of banks at the commencement of the 1951-52 busy season and the change made in the customary mechanism of relieving stringency helped to regulate the volume of credit available and to make the Bank Rate effective. The Reserve Bank thus secured a needed instrument of credit control. The third aspect was the problem of introducing a measure of credit elasticity, although a disinflationary credit policy was being pursued. In this direction, as a first step, a beginning has been made for the creation of a bill market by making loans available to banks from January 16, 1952, against their demand promissory notes, supported by approved usance notes or bills of their constituents. To encourage borrowing against bills, the rate of interest on such loans have been reduced to 3 per cent and the Reserve Bank has agreed to bear half the cost of the stamp duty. By March 1952 the volume of such advances against usance bills had reached Rs 28 crores. The scheme is provisionally restricted to banks having deposits of not less than Rs 10 crores.

Weekly Notes

More Foreign Capital coming in

RAPID progress has been recorded last year in the investment of foreign capital in India. This is revealed in a statement laid on the table of the House of the People by Shri T. T. Krishnamachari, the Minister for Commerce and Industry. The table alongside covers the four year period from 1948 to 1951 and the substantial progress in 1951 indicates that misgivings about Government of India's attitude to foreign capital is no longer an obstacle. During this period participation of foreign capital was sanctioned for 23 principal industries. The proportion of Indian capital in these industries is 40 per cent.

The industries are: manufacture of paper and paper boards; paints, colours and varnishes, raw films and photo equipment; electrical machinery and equipment and radios; textile spinning machinery; pharmaceutical products and drugs; centrifugal machinery and diesel oil engines; metal tubings and bicycle frames; manufacture and assembly of motor cars and motor parts; manufacture of lead oxides, lead chemicals and other products; strap mining of coal and other minerals; manufacture of cycle parts; cotton spinning and weaving mills; jute goods; cement and other building materials; glass, radio lamps and allied products; gold mining; manufacture of rubber types, cardboard containers and cartons; soap and glycerine; synthetic stones; and vanaspati.

(Rupees in lakhs)

	1948	1949	1950	1951
U.K.	466.35	596.67	225.75	1160.45
U.S.A.	—	6.16	11.75	304.05
France	—	(12.00)	9.10	2.50
Switzerland	—	( )	47.75	21.95
Sweden	60.00	5.00	—	.30
Austria	—	—	—	14.00
Pakistan	—	—	25.00	—
Other countries	1.60	14.78	15.42	1.30
Total	527.95	634.61	334.77	1504.55

Delhei Housing Anomaly

THOUGH of the 32,381 Government employees in Delhi who are on the waiting list for houses, only 75 are officers drawing Rs 500 or more per month, the Government's programme of house-building for the next few years is to build every year 100 flats for these officers and only 500 flats for the others drawing a lower salary. This information was given to the House of the People by the Minister for .Works, Housing and Supply. The figures may appear rather puzzling 'it first sight. To begin with, that only 75 of Government servants drawing a salary of Rs 500 or more have not been able to find accommodation so far appears to be an under-estimation, judging from the complaints one frequently hears from people who are compelled to live in hutments or in single rooms in Government hostels. May be, they do not come in the category of those who are entitled to housing accommodation. There appears to be a catch somewhere. The conditions necessary to qualify for a house may be more stringent than one may suppose. Even so, it is difficult to understand why 100 flats are proposed to be built every year for them when only 75 arc without accommodation in the higher paid grade while 500 will be built for those getting less than Rs 500 though their number on the waiting list is as large as 32,306. If this is planning, it certainly looks cock-eyed but one should not perhaps be surprised at these things.

A responsible contributor, Mr Dinkar Desai, a member of the Servants of India Society and Councillor of the Bombay Corporation drew attention in these columns to the curious anomaly in the working of the Bombay Building (Control on Erection) Act in the Bombay State, to which the attention was drawn of Dr Trone, the planning expert who had been