

dollars before they will release any surplus stocks of rice. . . . The demand for dollars is not made directly. But in fact only those who can pay in dollars get the rice. . . . Our traditional eastern markets are being invaded by Japan, the Philippines, Indonesia and the US Pacific forces who are all paying readily acceptable dollars for their enormous purchases. Italy, Brazil and Egypt who were in a position to meet part of Ceylon's needs would also take only dollars".

The sterling area is vitally interested in ensuring sterling supplies of rice for Ceylon. If Ceylon is to expend the dollars she earns by exporting tea and rubber to USA and Canada in purchasing rice, the sterling area will lose dollars to that extent.

It is not clear how the USA can help Ceylon. The latter has already incurred the "wrath" of USA by exporting rubber to China.

Before the war both India and Burma supplied rice to Ceylon. A better understanding among Burma, Ceylon, India, Pakistan and Thailand for the distribution of rice and some co-ordination of movement of supplies should be fruitful.

Shipping Subsidy

JAPAN is to pay subsidy to her shipping companies, to relieve the distress caused by present high cost of shipbuilding and the recent decline in freight rates.

Assistance is likely to be in the form of a conversion of shipowners' short-term loans into long term loans from the Bank of Japan, the interest being paid by the Government. Relief in taxes on shipping is also under contemplation.

The Italian Minister for Mercantile Marine stated recently that his Ministry intended to spend 12 billion lire (approximately Rs 9 crores) in three years from this year in order to bring up the Italian merchant fleet to the pre-war strength of more than 3 million tons and on construction of 200,000 tons of tankers.

The subsidy will also cover subsidising shipbuilding yards up to 20 per cent of the cost of construction of ships.

In the United States at present 13 steamship companies are receiving aid in the form of operating-differential subsidies under the provisions of the Merchant Marine Act of 1936. The Federal Maritime Board is authorised by this Act to grant, in certain circumstances, sub-

sidies to American owned companies which perform specific services on specified trade routes, deemed necessary to the commerce and trade of the United States. Subsidies paid out under the provisions of the Act amounted to \$101 million during the years 1938-42 and 1947-50, the aid having been suspended during the war years 1943-46.

According to the Maritime Administrator, the value of ship-operating subsidies for the financial year commencing in July 1952 will be \$75.2 million compared with \$60 million in the year ending June 30, 1952.

The subsidy is now sought to be increased by the Long Range Shipping Bill under which the aid will take the form of extended construction— differential subsidies, amortization-depreciation concessions, tax deferrals on deposits against construction, and other similar benefits. The scope of the construction-differential is also to be extended by making it applicable to all vessels designed for service in the foreign commerce of the United States instead of being restricted to ships operating on 'essential trade routes' only, as determined by the Department of Commerce.

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