

Weekly Notes

Dr Dey for IMF

ANOTHER important Washington appointment this week is that of Prof H. L. Dey, who is going to the International Monetary Fund. Dr Dey will be joining as Adviser to the Managing Director and Chairman of the Executive Board of the Fund, and will be made a Director of one of the Divisions later on. This is the usual practice in the Fund as the appointment of Directors as also that of Advisers needs the unanimous approval of all the members of the Executive Board and the one is the stepping stone to the other.

Dr Dey has acquired insight into and wide experience of problems of industry during years of work on the Tariff Board, first as a member and then as its Chairman. A distinguished professor of economics rarely gets the chance to acquaint himself with practical problems as Dr Dey got. A flair for affairs and theoretical knowledge are a rare combination and it is fortunate that the country is able to use him to such good advantage. And what is more, he will not be representing India but playing a part in a wider field of activity in international economic affairs.

A Welcome Agreement

THE agreement reached between the Bombay Mill-Owners' Association and the Rashtriya Mill Mazdar Sangh, the only body recognised under the Industrial Disputes Act to represent textile labour, on the bonus for the year 1951 is an event of outstanding significance to the future of industrial relations in Bombay and elsewhere. It follows closely on the announcement of the agreement between textile mills and workers in Ahmedabad to settle their disputes without resorting to the Industrial Courts. Bombay cotton mills have been paying bonuses to their employees since 1941. Up to 1945, the workers accepted the bonus granted to them by the mill-owners without demur. In 1946, they went to the Industrial Court demanding a higher bonus than what the millowners were prepared to give. Since then the quantum of bonus has been a subject of dispute, decided by the Industrial Court, which awards a bonus after taking into account the gross profits, depreciation, taxation,

the need for replacement and rehabilitation, return on fixed and working capital, etc.

The agreement, which is confined to member mills, is on a bonus equivalent to 3 months' wage to mill operatives, subject to certain conditions. Any mill which wants to claim exemption from payment of bonus on the ground that it has incurred losses during the year will have to apply to the Industrial Court before August 14, 1952. How the amount of bonus has been arrived at in the agreement is not known. In 1948, 1949 and 1950, bonuses awarded were equivalent to the wages for 4½ months, 2 months and 15 per cent of the basic wage respectively. Mills making losses were exempted by the Industrial Court from paying bonus last year.

Re-export of Indian Tea from UK

THE removal of the ban by the Government of India on the re-export of Indian tea from Britain to the continent, but not to the dollar area, will not make any difference to the tea trade, nor will it widen the market for Indian tea so long as the British Government maintain rigid restriction on re-exports of tea from the UK.

The re-exports of tea from Britain, which averaged some 70 million lbs before the war, had sunk as low as 6 million lbs in 1948. In the subsequent years, progress has been slow and re-exports barely exceeded 13 million lbs in 1951. Throughout the post-war years, the tendency has been for the tea importing countries to get their requirements directly from the producers and not via Mincing Lane. Ireland and United States, Britain's major customers before the war, now buy their tea directly from the producing countries.

Britain is not likely to relax restrictions on re-exports so long as consumers in the country are unable to buy the tea they require. The position may be re-examined, if it is found that after the tea ration is increased in Britain this month, supplies are adequate to permit re-exports. Even so, the British Government are unlikely to

lift the ban on re-exports to the continent only, which is as far as the Government of India are now prepared to go. To allow re-exports of Indian tea to the dollar area would mean loss of dollars which India cannot afford. This is one of the reasons why resumption of London auctions has not been the success it was expected to be. The decline in tea prices seems to have damped Calcutta's ardour to become an international market in tea.

World Tea Supply

THOUGH the price of tea has fallen sharply, the excess supply on world markets in 1951 was no greater than in 1950; actually it was much smaller, according to the International Tea Committee's report for the year ended March 31 last just published.

World supply of tea in 1951 amounted to 1,212 million lbs compared with 1,163 million lbs in 1950 and an average of 981 million lbs in 1934-38. This is made up of exports from China and Formosa, Japan and some other countries estimated to total 70 million lbs (compared with 156 million lbs before the war) and production of 1,142 million lbs in India, Ceylon, Indonesia, Pakistan and East Africa.

World absorption of tea, that is, imports for consumption plus the consumption of domestically-produced tea in India, Ceylon, etc., amounted to 1,175 million lbs in 1951 as compared with 1,103 million lbs in 1950, 1,128 million lbs in 1949 and an average of 976 million lbs in 1934-38.

The excess of supply over consumption amounted to 37 million lbs in 1951 compared with 60 million lbs in 1950. In 1949 there was a deficiency of 28 million lbs. This statistical statement is based for the most part on actual records and only estimated to a minor degree.

During the year the committee continued to maintain contact as far as circumstances permitted with non-regulating countries. At a meeting on February 27 last it was unanimously decided that the quota for the regulation year 1952-53 should be maintained at 135 per cent of standard exports.