That is to say, would we have to find this amount internally or externally in addition to what we have already received in the form of American Loan and aid under the Colombo Plan?

So far as financing investment in the industrial sector is concerned, the Commission have improved upon the original draft. Undistributed profits retained by the corporate sector is taken at Rs 225 crores., or Rs, 45 crores annually, and now issues at Rs 90 crores or an annual average of Rs 18 crores. These are, in any case, not more optimistic than in the Draft Plan. But the additional source considered now is foreign investment of Rs 100 crores. Very probably, this includes estimated investment of Rs 60 crores or so by the oil companies, and the expected loan to private industries by the World Bank. The only item whose implication are yet to be clarified is bank loans of 133 crores. Presumably this is for working capital purposes, and 'one has to hope with the Planning Commission that banks will provide increasingly large funds to industries, despite the new monetary policy. In any case, these financial estimates are better viewed as targets to be reached rather than as reasonable expectations.

Weekly Notes

More TCA Funds

IN accordance with the Indo-US Technical Co-operation Agreement signed early this year, the US Government has agreed to make available a further $45.5 million of which $7.05 million is to be set apart for certain specified purposes such as administrative and training expenses, special technical assistance for further expansion of the Sindri Fertiliser Factory, assistance to DVC and aid to industries, chiefly foundries. The major portion of this allocation, $38.35 million, is to be spent according to operational agreements yet to be signed. This amount may be utilised largely for community projects, import of iron and steel and fertilizers, anti-locust operations, ground water survey, equipment for power projects, and malaria control.

US contribution under the TCA so far amounts to $95.5 million, or about Rs 46 crores. According to the Agreement, India has to make at least an equivalent rupee contribution towards financing the selected schemes. In the revised Plan, the amount set. apart for community projects alone is Rs 90 crores. Since presumably schemes other than community projects are also provided out of TCA funds, it would seem that the expectation is that more US aid would be forthcoming during the period of *the Plan.* *It* remains to be seen whether Mr Eisenhowever will live up to the expectations of India's planners.

Improved Balance of Payments

THERE was a striking improvement in India's balance of payments position in the first half of 19512 as shown in the table at *bottom.*

It will be noted that the deficit on trade account was actually larger by Rs 13 crores in January-June 1952 than in July-December 1951. While both exports and imports f*ell,* the fall in the former was greater; the fall in export receipts is accounted for mainly by lower export prices. However, there was an improvement of Rs 28 crores in net receipts from invisibles which more than offsets the deterioration in the trade balance. Of this Rs 28 crores, Rs 12.5 crores is attributed to receipts of aid from Canada and Australia under the Colombo Plan. But to use these receipts to account for the net improvement on current account would only be valid if the goods purchased with the aid have not been included in imports for the first half of 1952. If these imports have been included, the increase in imports is cancelled out by the increase in invisible receipts and the net effect on the current account is nil.

The quarterly breakdown for the first half of 1952 is even more encouraging. The first quarter's deficit of Rs 80 crores was followed by a surplus of Rs 2 crores on current account in the second quarter. The largest factor in this improvement appears to be the fall of Rs 94 crores in imports of which reduced imports of food grains and raw cotton alone amounted for Rs 75 crores. It is reported that this improvement has been maintained in the third quarter of the year. The sterling balances had risen from Rs 683 crores at die end of June to Rs 693 crores by the third week of October.

(in rupees crores)

	1st Qaurter 1952	2nd Quarter 1952	1st half 1952	2nd half 1951
Imports (cif)	269	175	444	473
Exports (fob)	160	152	313	355
Trade Balance	—109	—23	—131	—118
Invisibles (net)*	+ 29	+25	+ 53	+ 25
Current Account	— 80	+ 2	— 78	— 92

Royal Commission on East *Africa*

A ROYAL Commission under the chairmanship of Sir Hugh Dow is to visit East Africa, to examine measures necessary for raising die standard of living of the African population in that region. As in all undeveloped areas, the problem of East Africa is one of rapidly increasing population, exhaustion of the soil, low capital formation and consequent poverty. The terms of reference require the Commission to recommend, in particular, ways and means of introducing better- farming methods on lands under cultivation, modifying the traditional tribal system of tenure, extending the area under cultivation, and promoting industries. In addition, they are to examine conditions of employment in industry, commerce, plantations, etc., and social problems created by the growth of urban and industrial populations.

Apparently, the Commission have to work out what would, in effect, be a development plan for East Africa. 'Their task is not however made easier by the injunction that " the Commission should take account of the existing obligations incurred by treaty, agreement, or formal declaration of policy in relation to the security of the land reserved for different races and groups in various parts of the territories concerned." Should the Commission confine their recommendations to such marginal adjustments as are possible within the, socio-political framework existing in the East African colonies, it is unlikely that they will achieve anything more than producing, after the fashion of Royal Commissions reporting on India, an admirable report for use in libraries and Universities,

Rubber prices

THE Recommendation by the Tariff Commission of a price of Rs 138 for 100 lbs of *Group* I rubber and corresponding prices for other varieties has been readily accepted by the Government. The Commission's further recommendation on the price question is that if within the three years for which the prices are fixed changes in cost of more than 10 per cent occur the Rubber Board should take up the matter with the Government to secure the necessary revision in prices. The third recommendation, not now directly related to the issue of prices, is that the suggestions made by the Indian Council of Agricultural Research for research work directed towards improving the yield of rubber should be implemented.

Comparison with overseas prices is not of importance to producers because exports are not allowed. However, world rubber prices have lately been steady and the London quotation- of 22d per pound works out at Rs 122-4 per 100 lbs compared with Rs 138 fixed by the Tariff Commission. Buyers in India who are asked to pay Rs 10 more for Indian rubber will not be much worse off, as the landed cost of imported rubber would, at present, be not much different front that of the indigenous supply. Difficulties may arise, however, because the principle accepted is that the price of rubber is determined on the basis of costs which, compared with the cost of imports may be at some times favourable to buyers and at other times not so.

The question of control and reduction of costs has, therefore, become particularly important. In fact, the removal of restrictions on the use of natural rubber and the relaxations of injunctions for use of synthetic rubber in the United States may mean a period of relative stability of rubber prices in the world market'. Advantage must now be taken of the fixation of prices for three years both to reduce costs and to increase production to meet the full requirements of domestic purchasers. The Tariff Board estimated the demand at 23,500 tons in 1951, 25,300 tons in 1952 and 27,630 tons in 1953. Actual consumption was, however, only 22,427 tons in 1951 and 10,826 tons in the first six months of this year. Production in"1952 is estimated at 19,000 tons and for the year on the -whole, may not fall much short of demand. But should demand rise as the commission expect, and foreign prices remain steady, rubber producers will have to give more thought than they have yet done to reducing costs through increasing yields.

Between *the idea and the reality*

ACCORDING to a press note, investment in India during the five years beginning August 15, 1947 lias been of the order of Rs 400 crores. Since this appears in a press note issued by the Government of India and is not an idle claim made by some business organisation, it is surprising that throughout consent for capital issues should be treated in it as actual investment. To quote a sample of the language used " the largest investment was in 1948 when an amount of Rs 125.7 crores covering 375 applications was consented to". So mindful is Deshmukh's Ministry about the public relations that the duty of informing the public about the rate and direction of investment which is supposed to be the prime governor of economic, activity in the country is left to those who are blissfully unaware of the difference between " consent " for floating new issues and " actual " investment.

A glance at the returns of the Joint Stock Companies issued by the same Ministry will show that in the year in which the investment of Rs 125.7 crores is supposed to have taken place, the capital paid-up of the companies floated that year was only Rs 26.2 lakhs. 'This, again, was no *net* addition to the invested capital of the joint stock companies because in the same year companies with a paid up capital of Rs 26.8 lakhs ceased to work. Rut that is quite a different story. The following comparison of the paid up capital each year and the investment as given in the press note which means the amounts for which consent was' given by the Controller of Capital Issues would be found amusing:

	Paid up Capital (Rs lakhs)	Amount consented to (Rs crores)
1948	. . 26.2	25.7
1949	, . 7.6	63.0
1950	.. 4.7	74.8
1951	. . 148.4	59.6

That the first column is in lakhs of rupees and the second in crores is an eloquent enough commentary. What the Finance Ministry is doing today by way of enlightening the public about the rate of investment in the country is definitely an improvement of what the Federation of Indian Chambers of Commerce and Industry, have done from time to time. Mr Kothari in his presidential address at the Silver Jubilee Session of this body claimed that the total investment in the Indian industry during the last live years was of the order of rupees 450 crores. At least the Federation claim does not arise from innocence. And to refute this figure, one will have to take the trouble of taking out the balance sheets of all the companies engaged in industry, re-classify the heads of receipts and expenditure, and elicit such informant as one can. This is a Herculean task which has not yet been attempted by any private organisation and has currently been taken up by the Reserve Bank under direction from the Planning Commission.

Kharagpur Technology Institute

THE first step towards developing technical training facilities of the highest order within the country is the establishment of tin- Kharagpur Institute in West Bengal, It is the first of four such institutes which are to be established and equipped with the finest and most modern machine tools in an effort to achieve the same standards of training as in the leading institutes abroad.

The object of establishing such institutes is clearly to obtain results at a lower cost to the country and to make the maximum use of any facilities that may be set up. The difficulty is as much in obtaining equipment of the right type as in getting the right men. The Kharagpur Institute is having; a Hying start with £30,000 worth of machine tools from British factories for equipping its tool shop.. This key equipment comes as a gift from Britain under the Technical Co-operation Scheme of the Colombo Plan, British factories have made special efforts to supply the requirements of the Institute inspite of many difficulties and the first shipments are to be made shortly.

The institute has three foreign experts supplied by the UNESCO on its staff. It is hoped that this will enable the maximum number of Indian students to obtain the benefits of training under experienced foreign teachers. Kharagpur should be able to make a valuable contribution towards the solution of a formidable bottleneck standing in the way of India's industrial development.

THE INDIAN LIFE ASSURANCE CO., LTD.

(INCORPORATED IN PAKISTAN WITH LIMITED LIABILITY)

EXTRACTS FROM THE SIXTIETH REPORT OF THE DIRECTORS

for the year ending December 31, 1951*

New and Total Business: During the year under report, the Company received 3,534 proposals for amounts aggregating Rs 1,02,04,573 and issued 3,251 policies assuring a total sum of Rs 90,00,124 and yielding an annual premium of Rs 4,64,042.

The total amount assured at the end of the year was Rs 5,70,77,970 and the total premium income for the year was Rs 27,19,911.

Claims: The amount paid in claims during the year was Rs 9,71,945 as under:

	Rs
By Death	4,12,394
By Maturity	3,75,962
By Surrender	1,83,589
TOTAL Rs	9,71,945

The claims by death arose under 198 policies assuring 166 lives, while the claims by maturity arose under 261 policies assuring 241 lives. The mortality experience continues to be favourable.

Lapses: The amount assured under policies which lapsed, less those revived, during the year under review, was 3.87 per cent of the total sums assured (excluding bonus additions) remaining in force at the end of the year.

Expenses of Management: The expenses of management during the year under report amounted to Rs 9,20,764.

Life Insurance Fund: The balance of the Life Insurance Fund at the end of the year was Rs 1,73,04,139 as against Rs 1,66,60,361 at the beginning of the year, recording an increase of Rs 6,43,778 on the working of the year.

Investments: The major part of the Company's assets consists of gilt-edged and other first-class Securities of the value of Rs 1,60,38,501. The remaining assets consist of valuable House Property, Policy Loans, well-secured Mortgages, etc.

Dividend: The Directors propose the payment of a Dividend of 25 per cent on the paid-up capital free of income-tax, which will absorb Rs 36,250. The balance of the Dividend Appropriation Account will then stand at Rs 18,092. The Shareholders' Reserve Fund stands at Rs 6,50,000.

SUMMARY OF BALANCE SHEET AS ON DECEMBER 31, 1951

	Rs	a	p
Paid up Capital	1,45,000	0	0
Shareholders' Reserve Fund	6,50,000	0	0
Dividend Appropriation Account ..	54,341	9	9
Life Insurance Fund (Rs 1,73,04,138-14-6 less Rs 8,30,749-15-0 being difference on exchange due to devaluation of the Indian Rupee)	1,64,73,388	15	6
Estimated Liability in respect of outstanding claims due or intimated ..	5,77,880	7	2
Outstanding Dividends	20,933	5	4
Amounts due to other persons or bodies carrying on insurance business ..	4,746	9	7
Sundry Creditors	2,22,778	14	6
Employees' Security Deposits	3,500	0	0
Sundry Deposits	34,74,778	3	3
Total	2,16,27,348	1	1

	Rs	a	p
Loans on mortgages of property and on Company's policies within their Surrender Value	14,95,417	7	3
Investments (at market value) ..	1,60,38,500	10	11
House Property in Pakistan (less depreciation)	7,33,160	0	0
House Property out of Pakistan (less depreciation)	8,09,765	13	1
Agents' Balances	59,758	13	11
Outstanding Premiums	2,67,998	2	10
Interest, Dividends and Rents outstanding	69,550	13	11
Interest, dividends and rents accruing but not due	1,05,711	14	6
Amounts due from other persons or bodies carrying on insurance business	98	11	0
Sundry Debtors	75,612	8	3
Cash at Bank and in hand	19,21,885	0	5
Furniture and Fittings (less depreciation)	36,758	1	0
Office Motor Car (less depreciation) ..	9,630	0	0
Employees' Security Deposits per contra	3,500	0	0
Total	2,16,27,348	1	1

REVENUE ACCOUNT

(for the year ended December 31, 1951)

	Rs	a	p
Claims less re-insurances	7,88,355	4	9
Surrenders less re-insurances	1,83,588	11	3
Expenses of Management	9,20,763	14	6
Depreciation on Buildings	19,164	4	3
Depreciation on Office furniture, etc.	7,260	13	1
Investments written down	6,76,215	3	6
Pakistan Income Tax	1,000	0	0
Balance of Fund at the end of the year as shown in the balance sheet ..	1,73,04,138	14	6
Total	1,99,00,487	1	10

	Rs	a	p
Balance of Fund at the beginning of the year	1,66,60,360	10	2
Premiums less re-insurances	27,19,911	1	1
Interest, Dividends and Rents less income-tax thereon	5,20,065	8	9
Transfer and other fees	150	5	10
Total	1,99,00,487	1	10

* All amounts are in Pakistan currency.

Letters to the Editor

Coffee Marketing Anomalies

May I take the liberty to touch upon a subject to which you devoted an interesting article in your issue of October 16, which came to my notice only the other day?

I fully support your point that coffee marketing deserves closer scrutiny in public interest, but I do not agree with certain points either on facts or on arguments. I have been closely connected with Coffee Board affairs both as a member and for three years, as the Chairman of its Propaganda Committee.

From your article it would appear that the issue of coffee to the Coffee Houses at a reduced rate is the cause of trade complaint. The issue of coffee to the. Coffee Houses and the sale of coffee from the Houses are, indeed, expected to wield a moderating influence upon the retail price of coffee.

For the high price of coffee the Government should bear the major share of responsibility. The sudden withdrawal of the control over prices in 1948 was without consulting the Coffee Board. Since then, the Government have ordered the 'Board to a number of courses, in some cases against the advice of the Board itself which could not but result in boosting prices. The Board repeatedly passed resolutions against the export of coffee last year when there was acute shortage within the country but the Government insisted upon export with the result that the entire consuming public paid several lakhs more than what the Government gained in foreign exchange. Just as in other such protective bodies pressure groups exist and exploit the scarcity, but it was the first duty of the Government to listen to the counsel of wisdom which the more responsible elements in the Board itself offered.

From observing the way the trade has operated, I am not disposed to consider that they have not exploited the situation. In any case, is your; complaint on behalf of the trade or on behalf of the consuming public? The Coffee Houses are a negligible factor in the trade and the whole organisation absorbs both in liquid and dry coffee only about 1,300 tons per annum, It was up to the trade to exercise such control as it required at the auctions or to ask its representatives, who are both on the Board and its Marketing Committee, to intervene.

I may add that you have served a good cause in drawing attention to the rather chronic and totally indefensible coffee price problems.

V. L Chacko
(ex-Chairman, Propaganda Committee)

Ernakulam

Compensation to Zamindars

Zamindari abolition has become a *sine qua non* of all agrarian reforms in the country today. But the problem of paying compensation to the landlords is a hard nut *to* crack. Frankly speaking, the Zamindari system could have been given a decent burial without a formal homage to the procrustean bed of land compensation, but regrettable as it is, the party-in-power is in no mood to amend the Constitution which holds as sacrosanct the right to get compensation from the Government in case of acquisition of private property. The Planning Commission, though guided by this policy, is, however, not oblivious to the crippling effects that an immediate payment of compensation to the dispossessed landlords might involve. Hence in its search for some alternative way out, it has suggested the payment of this compensation in the form of Government bonds, which after remaining non-negotiable for a period, might be made convertible into shares in projects undertaken by a State or the Central Government. The Commission has further suggested the appointment of an expert committee to study this proposal. While the proposal appears to be quite innocent and workable on the surface, one wonders if the Planning Commission has seen its dark side also. What is not clear is that if bonds are issued to ex-zamindars, how can they be stopped from cashing them in the market? These bonds, when cashed, would go at a heavy discount and drag down with them the other Government loans also, since these bonds carrying Government guarantee, will rank with the Government securities now in the market. This will further prejudice the Government ability to borrow arid so will bring down the prices of securities. As a result, the rate of interest will rise which will, in its turn, adversely affect investment in general.

Surely, the Planning Commission cannot view with equanimity a worsening of investment conditions, its anxiety to find a short-cut method of paying compensation to the zamindars notwithstanding.

Hartirath Singh

*No*v. 4, 1952

Mushtaq Niwas, Pratap Road,
Jullundur City,

Bad Treatment to Cotton

I refer you to the article " Revised Cotton Policy" published in your issue of November I, 1952.

The last para would show that the writer of the article has not understood the cotton problem in its correct perspective. You state that " . . . it is difficult to find justification for raising cotton floors." You go on to say " other cash crops have also been fetching lower prices than last year. They have no ' floors ' to support them." Perhaps it is not realised that Indian cotton is selling at about half the world prices of cotton, which is quite different from the case of sugar which parallel you quoted in the last para. Then again exports of staple varieties of cotton are completely stopped by a ban on exports of cotton. A small quantity of the unwanted short staples are allowed to be exported subject to a very heavy export duty which in the case of the principal variety, i.e., Bengal's amount to nearly 100 per cent *ad valorem* at present prices.

The result therefore is that the producers of cotton are dependent solely on the internal demand and whereas the crop has to be marketed within a short space of time, the mills must necessarily spread over their purchases throughout the year for financial reasons.

You do not sec injustice in the fact that whereas even the ' ceiling ' prices are about 40 per cent to 50 per cent below the world level of cotton prices, Indian cotton prices were forced to ' door ' levels last March from which they recovered haltingly on Government's assurance of buying at floor levels, If I am allowed to ask a counter-question, has any other commercial crop received a similar treatment?