present context of high world production and lower international prices. A second consideration is that all the benefits passed on to the cane farmers have not resulted in improving the quality and yield of cane, which is the essential condition of eventual relief to the consumer and of the future expansion of the capacity of the industry. There is no reason why the consumer should continue to subsidize inefficiency.

Politics has entered the scene and the solution now contemplated is conceived entirely in political terms. The Union Foot! Minister and the State Government have been suggesting a scheme of profit sharing, which may add one more unhealthy principle to the working of this industry. Profit-sharing can prove as unhealthy as a higher cane price; as cane prices have been fixed now for two seasons (1953-1955) the two parties will acquire an interest in maintaining high sugar prices. All these complications have arisen because the policy of sugar imports has been managed in such a manner that its effects in restraining prices have been slender. The vicious circle in sugar has to be broken at some stage in the national interest and the solution that has appealed most at the present time is the adoption of a liberal licensing policy for sugar imports through normal commercial channels, along with an import duty which would immediately equalise the difference between landed cost and the nominal controlled price. That should immediately restrain sugar prices, but is not enough. The incentive to improvement in cane must be provided by the State Governments who have collected very large sums —nearly Rs 30 crores so fat and misappropriated them as revenue. Gur production and the sugar factories provide a stable market for cane at the existing level of output and the need for minimum prices is not apparent. In any case, the entry of politics into this issue has made it necessary that economic factors should be given full play. It is also time to make a start on the problem of shifting sugar factories to the southern regions to increase productivity and lower price.

The politician's flair for effecting a compromise by splitting the difference regardless of principle can be trusted to evolve an immediate formula for the situation that has now arisen in Uttar Pradesh.

### *Non-Indians in Foreign Firms*

THE Ministry of Commerce and Industry have returned to the attack on the employment of non-Indians in foreign firms, armed with powers under the Collection of Statistics Act, 1953. A notification issued on January 30 calls for information from all industrial and commercial concerns on the numbers of Indians and non-Indians employed on January 1, 1954 in technical, *ie,* engineering and scientific, posts and in managerial posts including posts of accountants, legal advisers, etc. The information is to be sent to the Ministry by March 1.

The enquiry is to be much more elaborate than the one undertaken in 1952 (see *Economic Weekly,* March 7, 1953) and Government has met the criticism of the results released by them in March 1953., by asking for additional information. eg, on the post held, basic pay, allowances (each item separately), and the breakdown of the Rs 1,000 and above salary group into three more groups Rs 1,000-1,500, Rs I,,501-3,000 and above Rs 3,000. The salary-groups Rs 300-499 and Rs 500-999 are also specified and information is required separately, as before, for technical and managerial posts. Considering the detailed nature of the enquiry, one month appears to be too short a time for filling up the forms.

To what extent Government is able to influence or exercise pressure on foreign-owned and foreign-controlled firms to Indianise their executive and technical staff is, of course, quite another matter. Pronouncements of members of Government may have had some effect in accelerating the promotion of capable Indian hands already employed in foreign concerns. It is difficult to say, however, whether the proportion of Indians in superior posts is increasing and whether Indians are being trained up to take the place of foreigners. Nor is it known whether any steps have been taken to improve the position in the tea and jute industries, in which non-Indians occupied 93 per cent of the superior posts in 1952! It is believed Government is exercising some sort of indirect pressure on fresh recruitment of foreigners, by subjecting applications for *visa* of non-British personnel to a careful scrutiny and allowing entry of only those who are essential for the limning of an undertaking.

Shri T T Krishnamachari's move for Indianisation of personnel in privately-owned foreign enterprises has ' found a strong supporter in Prof W Arthur Lewis, who recently carried out an investigation on industrialisation in the Gold Coast at the request of the Gold Coast Government. Dr Lewis mentions in his report that " foreign businessmen should not be allowed in the country unless they play their part in training Africans to do their job " and has specified that within a five-year period of grace, a quarter of all staff earning more than .£600 a year shall by law be native-born, exemption being granted only to the smallest firms.

### *Remittances of Royalty or Technical Aid*

ANOTHER notification issued by the Ministry of Commerce and Industry on January 30 calls for information from all industrial and commercial concerns on agreements entered into with foreigners involving remittances on account of royalties or technical aid. Information is required on the details of such agreements and actual remittances of royalty, technical fees, share of profits and other charges during the period July 1, 1952 to June 30, 1953.

### *Centralising Economic Advice*

THE problem of introducing some sort of order or system in the matter of obtaining economic advice is proving intractable for the Government of India. Progress, therefore, has been very slow. The Economic Adviser's Organisation under the Ministry of Finance (Department of Economic Affairs) has at long last been set up. But, contrary to earlier expectations., it is not going to be a central organisation. On the contrary, it has become merely another departmental organisation solely to advise the Ministry of Finance, which already has the expert staff of the Reserve Bank of India to advise it. The Economic and Statistical Section of the Cabinet Secretariat has disappeared, but the Economic Adviser's Office of the Ministry of Commerce and Industry, the Economic Division of the Planning Commission, the Directorate of Economics and Statistics of the Ministry of Agriculture and other offices in other Ministries continue as separate units.

Every Ministry is jealous of retaining' control over its attached and subordinate offices. There cannot obviously be any centralisation, when no one is prepared to give up anything. The Planning Commission has assumed the role of co-ordinating economic studies, akin to the role of the Central Statistical Office over statistics. A Central Economic Office directly under the Cabinet is, therefore, considered superfluous. Within each Ministry, however, there has been some effort towards eliminating duplication and having a unified division or office dealing with economic and statistical affairs. Notable examples are the merger of the Directorate of Industrial Statistics with the Directorate-General of Commercial Intelligence and Statistics, and the merger in the National Sample Survey of the Sample Survey Unit of the ICAR and the Retail Trade Unit of the Economic Adviser's Office.

As a result, the idea of centralising economic research and advice in the Government of India appears to have been finally given up. Co-ordination has, therefore, to be sought indirectly, by having a joint cadre for the Central Government's economists and statisticians. A Central Economic and Statistical Service has been proposed so that the Government of India can have a permanent trained staff of economists and statisticians, who would move from one office to another, like the ICS and IAS personnel. It is too early to say whether this central cadre would be exclusively for economists and statisticians or would also include administrators with sufficient training in economics, finance or business management.

### *Private Sector Feeling Fine*

PERHAPS for the first time in the post-war period there is developing an exceptionally happy set of circumstances for business and industry; and it is no wonder the private sector is feeling fine. The increase in food production by 44 million tons in 1952-53 and a still higher estimated increase during 1953-54 have removed the fears of food shortage which had almost become chronic. The process of restoring free markets is shortly to culminate with the decontrol of rice. Tex tiles have overfulfilled their target; and one is led to believe that these two factors alone should put courage into the Government to pursue an expansionist policy about which they seem to be convinced.

An expansionist policy through both increased public spending and increased supplies of money is most welcome at the moment. And it is gratifying to note that the Finance Minister will see through the promised amount of deficit financing before the end of the budgetary year. With the supplies of the two basic commodities, *viz,* food and clothing, being quite comfortable, there is little scope to fear any adverse effects of increased money supplies. On the contrary, as Shri A D Shroff stressed recently at Bangalore, the present recession in the private sector can be checked only through increased credit facilities.

Anyway it is interesting to know this is what the private sector thinks and the private sector has started acting accordingly. There has been a remarkable swing in the business psychology over the past few months which is reflected not only in the sharp rise of equities, but in a slow but perceptible rise in the gilt-edged values.