tary integration with EDC, the Russian plan permits Germany to have " such national armed forces as shall he required for the country's defence ". This provision in the Russian plan for Germany is deliberate. As is to be expected, Mr Dulles has rejected the Russian plan on the ground that, under it, Germany " would be so strong that it would threaten all of Western Europe". Russia is as much fearful of revived German militarism as France. But she has the diplomacy to propose a plan which will allow Germany to re-arm, but which will not permit future aggression by Germany, Under a separate provision, Germany is to undertake not to enter into any military coalition or alliance directed against any country which participated in the wax against Germany. This provision is aimed against the Western Powers' plan for military integration of Germany into Western Europe, as well as at ensuring neutrality of a re-armed Germany.

Roth sides will have to amend their, plans if the four-Power talks are to achieve any tangible result. But it is apparent from an examination of the two proposals that the Russian plan is more likely to be acceptable to the German people than the Eden proposal. Russia insist on the withdrawal of all armed forces by the occupying Powers, and on " liquidation " of all foreign military bases in Germany. Similarly, Russia permits the future, united Germany full sovereign status with only one restriction. The Eden plan presumes German military integration with EDC, while the Russian plan allows a future, united Germany full sovereign authority to pursue its foreign policy under certain safeguards. It may be that M Molotov is diplomatic in his concern about the wishes of the German people, and about the sovereignty of the future, united Germany. But he has succeeded in creating the impression that Russia is willing to grant full freedom and sovereignty to the future, united Germany while the Western Powers want to keep Germany weak and disarmed, arid under their domination for ever.

Weekly Notes

Quiet Flowed the Ganga

GRIM tragedy has overtaken the Kumbh Mela festivities at Allahabad, and one estimate puts the dead at 1,000 and the missing at more than 3,000. Thousands of others have been separated from their near and dear ones, and a number of them, particularly the young ones, may never be re-united. The sorrow and anguish caused to innumerable families throughout the country over the fate of their loved ones in the last few days have been without a parallel.

Large congregations are not new to India, and the Kumbh Mela is not of recent origin. Indeed, one of the more heartening features of an otherwise decadent age in this country was the traditional sense of restraint, discipline and decorum which the vast majority of people were found displaying on religious and social occasions, when much else of India's glory was but a memory. Never before has a festival been marred by such a stampede as was witnessed this week at the site of the Kumbh Mela.

The cause of the tragedy is not known; and while a whole string of parties from the Naga Sadhus to the police have each come in for their share of the blame, the fact remains that the crowd did not show that self-possession and imperturbability-call it oriental if you like—which is such a striking feature of large religious gatherings in this country. Panic, stampede- and unaccountable, impulsive behaviour go with a more hectic way of life than ours; and the quiet, meditative Ganga, reflecting in no small measure the flow of Indian life through the centuries, must have been a shocked witness to the tragedy that was enacted on her hanks.

Is the Indian's inherent sense of discipline and decorum breaking under the strain of freedom? Does the Kumbh Mela disaster typify a new trend in the country? Is the calm, detached, impassive Indian too falling a victim to the disturbing impulses of this age of high-pressure living and hysteria? Or is the tragedy due to a purely local cause—and without any larger significance?

Anyway, it will require considerable daring on the part of the State to let festivals and fairs, particularly of a religious type, regulate themselves in their time-honoured ways without much outside interference. In the process, these[1] sacred occasions may lose some of their age-old spontaneity and even charm; but that is perhaps the price that spirituality has to pay for mundane safety in this unsettled age.

Industrial Development—Bank or Corporation ?

THE discussions in Delhi with the World Bank representatives are reported to have centred found a proposal for the establishment of an Industrial Development Bank in India. On a previous occasion, a World Bank Mission discussed at length the question of a loan to the Industrial Finance Corporation, which almost seemed a certainty at one stage Since then the idea of an Industrial Development Corporation has been gathering strength and normally assistance should have been expected for this new agency. But the IBRD officials have developed a partiality for promoting private enterprise. Though the avowed object of the Industrial Development Corporation will also be the grant of financial assistance to the private sector in industry, World Bank officials seem to insist that the institution itself should be private. The idea is, however, not new. Quite a respectable history lies behind the suggestion for an Industrial Bank, going at least as far back as the Indian Central Banking Enquiry Committee, 1931. The German experience in this line of banking has always proved attractive, but though there is no reason to believe that the difficulties felt all along are less insuperable now, if the initiative taken by the World Bank leads to any new enthusiasm for such a bank, there is reason to feel hopeful.

These discussions have revealed that even the new Hindustan Steel Company, to be set up in collaboration with the German combine, may have to do without aid from the World Bank because of full state participation in the project. This may not be a serious difficulty for the project, but it certainly compels a reorientation of the approach to other big projects in industry, if not in irrigation, transport and power. But even the Industrial Development Bank, as at present contemplated, cannot be wholly a private organisation if the intention is to utilise the counterpart funds of the

American and for steel ($25.5 mil-
lioniroritBur and for steel ($25.5 mil-) lion), which has to be administered under some form of supervision. The underwriting of the World Bank's loan to a private agency by the Government of India will also imply some degree of supervision over the Bank's affairs by the Government. Apparently, the object is that state regulation of the Development Bank's activities should be on a par with the interference permissible in respect of private banking companies. If the Development Bank proposal matures, the original plan for a Development Corporation may be abandoned.

Whether the abandonment would be desirable is open to doubt. A private bank would function only on prudent considerations of industrial banking while the idea behind the Corporation was the liberal, if at times less prudent, promotion of a variety of undertakings, so that a stimulus may be given to industrialisation, even though several of them fell by the wayside.

Record Cotton Output

THE world production of cotton in 1953~54 was 36,770,000 bales (of 500 lbs gross) compared with 35730,000 bales in 1952-53. It is the second highest on record, the first being the 1937-38 crop of 39 million bales. This estimate is prepared by the US Department of Agriculture. The increase in output has taken place in spite of a decline in acreage from 813870,000 to 80,200,000. Two years ago, the acreage was as high as 84,650,000. The acreage has shrunk in the US, South Brazil, Egypt, Turkey, Pakistan and Syria.

Production outside the US was lower by 300,000 bales to 20,300,000 in 1953-54. The increase in world output was mainly due to increased yield in the US. Better crops were obtained in India, China and the Soviet Union. Information about Communist countries is, however, incomplete. In the rest of the world production has suffered a considerable decline.

Assuming the world consumption to be constant, the surplus of cot'ton production in 1953-54 will be about 3,500,000 bales. This surplus production has been already exerting its impact on world cotton prices. The US Government in the second half of the year had to step in to rig up the sagging prices through its price support policy, and recent reports show that the US Government is planning to send a mission to friendly countries to dispose of its surplus farm produce, of which cotton is a major constituent.

Sugar Sweetens Party Politics

THE sugarcane growers' strike in UP has focussed attention on an aspect of the sugar industry which requires careful examination. *Prima facie,* the cane growers' demand for fixing minimum sugarcane prices at Rs 1-12 per rnaund is reasonable since the basis of the lower price of Rs 1-7 was the maintenance of the sugar price at Rs 27 per maund. The benefit promised to the consumer has not materialised and the cane growers, accustomed under the Srivastava formula to a larger share of the sugar price, see no mason to lose on the present occasion. But the effect of conceding their demand would be a permanently high level of sugar prices against which the consumer has a legitimate right to protest, in the 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 l,,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.