Drawback from Steel Pool

MAY we refer you to your concluding remarks in the paragraph captioned 'Drawback from Steel Poor in your issue of July 14th, May we elucidate.

During the year reviewed by out! Chairman, we were forced, largely due to the inadequacy of internal pro duction, to import some 50 per cen of our requirements of tinplate.

The high price we paid for our pur chases of Indian tin plate included a, substantial contribution to the Stee Equalization Fund; but because the Steel Equalization Fund does no equalize the price of tinplate im ports, as it does the price of otho categories of steel, we had to pay the still higher world exports price.* for our tinplate imports. It is the basic principle of the Steel Equali zation Fund that where the levy is imposed on interna] production, a corresponding benefit is provided by equalizing the import price. This principle is ignored in the case of tinplate.

One of the implications of this unsatisfactory arrangement is that Indian tinplate manufactures are priced out of export markets. The Steel Equalization levy inflates the price of tinplate to the extent that we currently pay Rs 1.151 per ton for Indian tinplate in Bombay and higher prices for imported tinplate. We have to compete in the export trade, with manufacturers who receive tinplate at prices significantly below this. For example. British manufacturers, with whose exports India has to compete in South East Asia, buy their tinplate at the domestic price of Rs 890 per ton. There are good export prospects if a drawback on the Steel Equalization Fund levy were introduced.

We would also point out, that while our cost of holding stocks increased, this was net passed on to our customers, but absorbed by production economies made possible by the high level of activity.

H K S Lindsay
COMMERCIAL DIRECTOR

The Metal Box Company of
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Barlow House,
Chowringhee,
Calcutta 20.
July 25, 1956.

Flibbertigibbet

I HAVE watched with great interest the emergence in your columns of a new Kingsley Martin from Calcutta. We who have learnt well the lesson that Lord Macaulay had a hundred years back sought to drive home to us, what surer road to the heart of the London-Cambridge economic coterie can we have than to take over on ourselves Beatrice Webb's once disdainful dubbing of young Kingsley Martin? I am sure Kingsley Martin must be happy to find that the title he rejected in his youth has emerged at last in the columns of the Economic Weekly. And there must surely be jubilation at the Great Turnstile Press that with the passing away of Laski, the task of sowing the intellectual seed in the erstwhile colonies is not altogether denied to the Briton in the Welfare State. One encouraging feature of the entire episode is that the time-lag in intelleetualism as between Britain and India, which used to be 10-15 years in the past, has now been reduced to the time taken by an airplane to reach Bombay from London.

We, Sir, are a nation of sturdy archaeologists. While some of us are busy digging away, and unearthing a Chambal valley civilisation some 3000 years old, the literate amongst us are quick to re-discover ourselves from a new angle. But the angle of vision, I regret to say. remains constricted by the narrowness (and shortness) of our grey bags, and by the colour of our light blue (sic) tie. even when the form or is tattered and worn out and the latter faded to a jaded grey.

AKG

New Delhi,
17th July 1956.

Uniform Steel Prices

ON 10th June, 1956 Government introduced uniform prices for all controlled categories of steel and pig-iron at all rail-head destinations in the country. The average uniform price for steel was fixed at Rs. 525 and for pig-iron at Rs 225 per ton.

Which fixing the average uniform price for pig-iron, Government raised it from Rs 163 to Rs 225 per ton. This increase is necessitated by the large amount of pig-iron that will have to be imported at substantially higher prices and both indigenous and imported products will have to be sold at a uniform price. Imports will amount to about 500,000 tons pig-iron, i.e. almost the same quantity as is produced within the country.

Prices in ports like Bombay and Calcutta rose by about Rs 25 per ton and prices at centres like Kanpur and Amritsar fell by nearly Rs 35 per ton. As the Government communique points out, "The basic consideration underlying this change is the desire of Government to encourage decentralisation of industries and to reduce disparities in levels of development between different regions." Mr. Cleetus, Chairman of the Indian Engineering Association, accepts the need for equalisation of prices in a big country like India. But the advantage of uniform prices to the interior areas is largely neutralised by the big increase in the price of pig-iron. And at a time when the transport bottleneck is a serious problem, the change m the pattern of distribution will create a fresh problem for the railways.

A Bombay daily has charged Government with favouritism because, in its view, Government is subsidising the engineering industry in U ? and Punjab by imposing fresh burdens on its counterparts located more suitably. Critics who resent higher prices at ports forget that steel used to be sold at cheaper rates in ports in order to compete with imported steel. India has now become one of the cheapest producers of steel. Hence the need to sell steel cheaper to port markets had ceased quite some time ago. Unfortunately this invidious distinction which continued so long naturally gave a fillip to the engineering industry in port areas. This wrong has now been righted.

There are no two opinions on the point that the country needs balanced regional development. Government action is in the right direction. It is quite wrong to say that the engineering industry in UP and Punjab is being subsidised by imposing a burden on their counterparts located more suitably. Government action did not result «n any increase in prices of several categories in the free market, because import prices were somewhat higher* It has been decided to eliminate this limited free market in near future.

N A Shah

Bombay,
July 25, 1956.