

Weekly Notes

New Import Policy

WITH all its defects and limitations, our import policy has succeeded in achieving its main objective, which was to cut down imports to size. When it was realised during 1956-57 that imports were going up at too rapid a rate and had already precipitated a foreign exchange crisis, steps were taken to restrict non-essential and even some essential imports. It was feared at that time that the number of outstanding licences was so large that cuts effected in the new import policy would not prove effective in bringing down the total of imports very appreciably for a long time. These fears turned out to be exaggerated. Private imports went on declining continuously quarter after quarter during 1957-58. If in spite of this decline, total imports were larger at Rs 1174 crores during 1957-58 as compared to Rs 1075 crores in 1956-57, it was largely due to imports on account of the Plan. The performance in 1958-59 has been even more revealing. Private imports during this year, it is estimated, have come down from Rs 682 crores to around Rs 550 crores, though Government imports at around Rs 500 crores are nominally higher, compared to Rs 492 crores in 1957-58.

All these go to show that the amount of outstanding licences during 1958 was either over-estimated or that these licences were largely on account of the public sector imports needed for implementing the 'core' of the Plan. It is true that there has not been much of a time-lag between the adoption of stiffer import policy and actual reduction in the next import period. But this has been largely due to luck—shall we say?—because the authorities were in no position to be reasonably sure how much of the licences outstanding at the beginning of a licencing period were 'live' ones and, what is more important, how much of these would be actually utilised during that period.

Now that import restriction, and fairly strict restriction, has come to stay, and is bound to remain in force not only for the rest of the Second Plan, but also for the Third Plan period, is it not surprising that no adequate study should yet be

available of the import licences outstanding at a particular date? Or that so little should be known about the proportion of these licences which are likely to be utilised during any particular licensing period? Without such information, it may be possible for omniscient Government Departments to plan imports ahead and to phase them in such a way that foreign payments due approximately equal the foreign exchange resources available, period by period. But lesser mortals would shrink from the task.

In view of the general foreign exchange situation, it is but proper that the import policy for April-September should be no different, however much importers and users of imported materials may feel the pinch. Within the prescribed limits, however, some welcome and very intelligent adjustments have been made in the new policy which gives it an unwonted air of liberality. This has pleased the market, judging from its initial reaction. The policy, however, still remains to be announced for a number of items such as betel nuts and cloves which command premia of 500 per cent and 350 per cent respectively. In this list, curiously enough, printing paper of all sorts also occupy a prominent place. So the prayer of the paper trade may yet be answered.

But more important than what the market thinks or feels is the effect of the changes on industrial production. The freedom now allowed to actual users of imported raw materials to buy their requirements for nine to twelve months instead of for the next six months as hitherto, appears to be eminently sensible. Broadly, there has been a slight liberalisation in items in which shortage was most acute—particular items of chemicals and dyes, some engineering items like fractional motors, raw films and a number of motor vehicle parts. Also significant is the issue of licences to established importers of non-ferrous metals—hitherto a banned item albeit with price control on their sales. This may not mean the withdrawal of the State Trading Corporation from this particular field, but it certainly advertises its failure to distribute successfully, at least to the small users.

Hussein's Visit to the States

KING HUSSEIN of Jordan's visit to the United States a fortnight ago was not impelled by any pressing circumstances such as those few dramatic weeks last year when both his life and his throne seemed at stake. All is quiet in Jordan, apparently. The Jordan-Israeli front, especially, has been very quiet latterly, despite the fact that over a million Arab refugees from Palestine live in Jordan and are a perennial source of trouble. These refugees, of course, are presently being supported by United Nations aid of which seventy per cent comes from the United States alone. Jordan itself, as is well-known, is completely and hopelessly non-viable from the economic standpoint and there is no foreseeable possibility of there being a change in the situation: for its very existence it will

have to play ball with the United Kingdom and the United States and go round with begging bowl in hand.

Commenting on his visit to the States, the 'New York Times' said obliquely: "The atmosphere he (King Hussein) has found at the White House and elsewhere in Washington is indicative of the desire to be as friendly and helpful, as possible, which is as it should be". It might be asked: for whom? For the vanity of King Hussein who rules over a kingdom that has no income save what is provided to it by international dole? For the strategic needs of the West which wants a foothold in the Middle East, apart from Israel? And Jordan is as useful a piece of real estate as one can wish. Or is the friendliness and help for the million odd displaced Arabs who cannot go back to Israel and do not want to remain in Jordan?

That King Hussein should be playing the Western game for a mess of pottage, needless to say, is one of the saddest chapters of Arab history. Perhaps, at some future day, this young man who has been catapulted to his throne will see the utter senselessness of stopping the surge of Arab nationalism in a Canute-like gesture. For the time being, however, he seems to be safe. Perhaps promise of American dollars has temporarily kept the Fates-