suit of the past policy of excessive pandering to bankers' tastes and reluctance to offer adequate yields on long-dated paper on the flimsy ground that it would upset the interest rate structure. Consequently, at the end of March 1961, up to which data on ownership of public debt are available, even such traditional long-holders as insurance bodies and provident funds held a fairly large part of their investments in relatively .short maturities as the Table below shows.

Holding of Government Debt by Maturity

Maturity Period (Years)	Insurance	Provident Funds
	(Percentage of Investment in Government Securities)	
0-5	24	14
5-10	33	23
10-15	17	35
Over 15	16	23
Non-terminable	10	5
Total	100	100

Source : Reserve Bank of India *Bulletin*, April 1962, p 512.

The terms of the issue, together with the simultaneous revision of the Reserve Bank's rates of lending, indicate Government's acceptance of a higher structure of interest rates and the need to attract funds into Government bonds by offering higher yields. The poor contribution of banks to Government securities during the Second Plan period did underscore the desirability of inducing the banks to strengthen their portfolio. The Reserve Bank does not seem so confident any more that this could be done by raising the liquidity ratio even by statute. Would raising the bank rate help? One wonders if that may not be in the offing. The higher rates on new bond issues would make the official bank rate of 4 per cent look more and more of a curiosity.

Shipping Headaches

IF one is to believe Indian shipowners, shipping has ceased to be a hazardous industry; for in hazard at least there is some chance of winning, in shipping there is none. The dismal scene of a further slump in the international market, and the last balance sheet of the Bharat Lines have undoubtedly shaken the confidence of the most optimistic shipowners.

There is a strong feeling that the Government by a large number of tactical moves has held the initiative against shipowners; but equally there is a general lack of policy which cannot be substituted by a series of *ad hoc* measures to improve the present situation. At home, for instance, coastal shipping did not expand by a single ton last year. Everyone was waiting for the Abhi report, but when it came, it failed to inspire shipowners to augment their tonnage. The main difficulty that faces coastal shipowners is their total inability to obtain full load cargoes on bulk commodities like coal. So long as they continue to leave Calcutta with ships only half full there is bound to be a pressure for an upward revision of freight rates. The Government has been repeatedly asked to consider uplopping at Vizagapatam but no solution has as yet emerged; the only other answer is to speed up the scheme for developing Haldia. The country cannot afford to wait five years while the Port Commissioners acquire land in a leisurely fashion and eventually build a port.

Meanwhile, however, the problem is fast becoming acute and going out of control. The Bharat Line has almost come to a standstill, and has sustained the most devastating loss for the last several years. The company's financial position is so unsound that it is having difficulty in repaying Government loans. Although this is the worst that, can happen, the trend cannot be allowed to continue; or, if Bharat Lines balance sheet is any reflection of the general trend in coastal shipping, we shall soon find ourselves with no coastal fleet worth the name; and not all the brave words of Shri Malaviya will help to restore the position.

But coastal shipping is not the Government's only headache. India Steamship has just completed its financial year, and although their balance sheet is not vet out, one doubts if they have had a happy year in their overseas trade. Now at last the Government can take some positive measures; there is no reason why strict measures should not be adopted to ensure that Indian vessels come full with cargo. This is purely an organisational problem which could be solved by insisting on control of shipping of our cargo imparts by the chartering committee in Delhi. Such a move would have the double advantage of rendering redundant a large section of our embassy staff in both Washington and London, and also of increasing the cargo available to Indian shipping.

Meanwhile the Government has decided to reopen the agreement arrived at by the Indian companies in the karrnahom conferences. The original scheme of 30 per cent cargo for Indian ships rising upto 10 per cent by 1970 is now considered unsatisfactory because Pakistan has managed to get almost identical terms as India. The Indian Government feels that in view of their considerably better performance in the past, they are entitled to very much better terms. Although the argument is reasonable, it is hard to imagine that the Conference will accede to India's request of 40 per cent share immediately, rising to 50 per cent by 1970; the now accepted pattern of agreements between two Governments seems to he 10 per cent each for the two national lines and 20 per cent for foreigners. If the karrnahom Conference agrees to a 50 per cent share for India, it will be much to the Government's credit.

Sweeter Cane?

THE decision to link the price of cane to the recovery of sugar is a sound one in principle. However, the main obstacle to the success of the scheme is that the cane growers will get prices not on their individual performances, but on the quality of all cane crushed by the factory; the final price will be determined by the recovery achieved by the mill on all cane crushed throughout the season. Each mill is supplied "by anything up to 7.000 farmers and the individual performance of any one farmer will not make a substantial improvement in the average recovery of the mill. A farmer is unlikely, therefore, to be induced by the present scheme to improve his cane. He will continue instead to concentrate on increasing quantity.

The only country where payment is made on the basis of the quality of cane is Australia. But the conditions; there are very different as there are only a few large farmers.

Each farmer's cane is carefully analysed and tested. Field tests are made and the cane is even put through the mill, the juice is analysed and the sucrose content is determined.

In India this is just not possible as most fanners can at best supply no more than two tous a day, while the average mill will crush anything up 40 tons an hour. Mills are, therefore, forced to crush many farmers' cane together. Judging the quality of cane of any individual farmer is therefore, impossible.

It may, however, still be possible to link the quality of cane to its price. One idea that could be tried out is to treat a village or a group of villages as one farm; the cane from that village could be analysed with samples and the prices could be determined on that basis.