

all ages and all societies. Even in the US, Negroes are not the only group subject to prejudice and education is not the only field for its expression. Nor can it be said that there is no racial prejudice north of the Mason-Dixon line. Yet, the developments at Little Rock, Arkansas, and at Oxford, Mississippi, hit the headline the world over. This is as much the outcome of the attitude of the American Government as anything else. No other major power is so self-conscious about the requirements of leadership and of the need to mend the aberrations from democratic life.

There is a sense, however, in which segregation is a local problem of the deep South and the fight against it whether in Arkansas or Mississippi or Alabama is being fought and fought continuously and much more effectively by King Luther and his growing band of followers, both Negro and white, who have been working with Gandhian techniques. Federal Marshals appear once in a while for stray skirmishes — the freedom marchers march on and they have yet a long way to go.

In its immediate effect, at least, the Mississippi incident is more than anything else a personal victory for President Kennedy who was criticised in some quarters for soft pedalling the segregation issue during his election campaign. There are still some who would ascribe his victory mainly to the choice of the Vice-Presidential candidate, a Southern Democrat, acceptable to the Southern whites. In a more extended sense, it is also a victory for American democracy. That it was General Castro of Cuba, who was the first to congratulate the American President is not entirely without significance.

Income Tax in Russia

HOW heavy is the incidence of income taxation on the Soviet citizen? The official answer would depend on whether the Government had just announced a reduction or an increase in the tax. When the Soviet Government announced in 1960 that the income tax was to be abolished by stages, the Soviet Union was pictured as a tax-free heaven by 1965. And now, when the phased abolition of the income tax has been "temporarily suspended", the Soviet Government has not been caught on the wrong foot. Far from

it; it has promptly pointed out that this was not a big setback after all since in any case the income tax has never been an important tax in the Soviet Union, accounting for only a little over 7 per cent of the Government's total revenue!

This is no doubt true. More than 90 per cent of budgetary revenue comes from the turnover tax and the profits of State and co-operative enterprises. This, in fact, explains why the Government could think of abolishing the income tax; it also explains why the suspension of the abolition could be postponed so long. According to the scheme announced in 1960, each year the income tax on one income bracket was to be abolished, beginning with the lowest bracket, and the tax payable by the next higher bracket was to be reduced by 40 per cent. During the year beginning October 1, 1962 it was to have been the turn of those with a monthly income of 61 to 70 roubles to have their tax abolished and of those earning between 71 and 80 roubles to have theirs cut by 40 per cent.

Since the announcement of the abolition of income tax in the autumn of 1960, there followed the publication of Prime Minister Khrushchev's 20-year programme of economic development aiming at a six-fold increase in national income by 1980 over 1959 and easing for large-scale investment in industry and agriculture. Even more important, when the Soviet budget for 1962 was presented in December last year, it showed a sharp rise in military expenditure. In the 1961 budget military expenditure had been estimated at 9,300 million roubles: for 1962 it was put at 13,400 million rouble, or an increase of 44 per cent. This was in keeping with the Soviet Government's decision, following the worsening of the Berlin situation, to suspend the demobilisation plan announced in early 1960 under which the strength of Soviet armed forces was to have been reduced from 3.6 million to 2.4 million.

The income tax may not be very important to the Soviet Government as a source of revenue but that in spite of this, it has become necessary to suspend its abolition, at the cost of much adverse publicity abroad and, may be, some criti-

cism in the country, shows how much the fulfilment of Khrushchev's plans for building up communism depend on his success in ensuring an enduring *modus vivendi* with the countries ideologically opposed to communism.

Travails of Machinery Manufacturers

THE dispute between domestic producer of any product and the established importer or actual user of that product on the adequacy of supply is perpetual. Naturally, those who go into production dislike that any further imports be allowed. That spoils the market for them. On the other hand, the established importers, also for very understandable reasons, question the adequacy of supply and the quality of the products indigenously produced. Now about quantitative disputes, one may form some idea and take the current market price as some sort of guide of whether the supplies are adequate or not. But when the question of quality comes, it is difficult for outsiders to judge.

And when the product is a complex piece of machinery used in a well-established industry, one has necessarily to go by the opinions of experts but whoever the experts, their findings may be disputed. Even the Indian Standards Institution does not always command undisputed and unchallenged authority in such matters, which is a pity. What complicates the situation further is that judgments about quality are not free from a certain element of bias. Those habituated to using a certain type or brand of machinery would not trust another, and when the users of machinery are in a strategic position, as they are likely to be when they are exporters or potential exporters, it is difficult for the import authorities to keep to the strait and narrow path.

The account which Shri K C Mahindra gives of the many vicissitudes of the Machinery Manufacturers Corporation would, therefore, command attention and receive sympathetic hearing. For years the Corporation has taken infinite pains and devoted utmost care to develop and perfect carding-engines and ring-frames. It is difficult to believe that even such a competent and conscientious manufacturer would fall a victim to vagaries of import

licencing. Yet, the company suffered more than once from the lack of consistency in import policy with regard to textile machinery manufactured by it. The liberalisation of import licencing in 1957, Shri Mahindra told the Shareholders, had "set back the machinery industry very considerably and now five years later when this industry has not only established itself on a sound and firm basis, but proved itself in the matter of quality of its products, Government has thought fit to encourage import of the two articles which are now being regularly produced in the country and are accepted as equal in performance to that of any imported product".

The Machinery Manufacturers Corporation is also facing difficulties in its efforts to diversify production because of delays in the receipt of import licences for specific equipment which has to be imported. The economics of machinery manufacture, particularly in an under-developed country, calls for diversification of production to ensure a wide spread for the heavy overhead costs. Unless such diversification is actively assisted, the industry may not be able to establish itself on a sound basis. Shri Mahindra points out that diversification would not be a healthy way of expanding the firm hut would serve as a cushion to the fluctuations which have characterised the Indian textile industry, particularly in respect of its demand for machinery either for replacement or for expansion. It is significant to note that diversification is being attempted partly by the development of new machines of the Corporation's own design. Independent designing of machinery in this country should be actively encouraged and it is certainly unfortunate that the Corporation should have been hampered in its effort by the lack of import licences for specialised equipment and tools, it is time the Government recognised the wider implications of trying to develop a machinery manufacturing industry within the country.

S P Jain on Cement

WHAT does a target mean as applied to an Industry in the private sector? It is no more than a guess-estimate of the level of production expected to be reached in an industry at the end of a time period, assuming that certain Conditions are satisfied. Among the condi-

tions are, principally, the expected price of the product, which primarily influences the motivation of the producers and the physical conditions of supply of the many factors of production in the particular industry. The progress in cement fell so far short of the target in the Second Plan period that the target itself had to be lowered. For the Third Plan, the target of capacity for the cement industry has been fixed fairly high at 15 million tons and, judging from the rising demand for cement, even this target may have to be raised.

Speaking at the Annual General Meeting of Jaipur Udyog Ltd, the largest cement unit in the country with a daily rated clinker capacity of 2,490 tonnes, Shri S P Jain made the point that the price fixed for cement is so inadequate

that it will not be possible for the industry to realise even the present target, let alone improve upon it. The lack of development in the last four years, Shri Jain attributed primarily to the price fixed in 1958. But surely the price could not have been the only factor. The slowing down of the demand for cement resulting from the shortage of steel and the consequent slackening of building activity in the country must have also played a very prominent part. It is the resulting unfavourable change in price and profit expectation rather than the particular price fixed which caused expansion to slacken.

Shri Jain was even, more critical of the latest price fixation in October 1961 for which the Government did not accept the Tariff Commission's recommendation for a re-

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