

Government to stop grant of import licences direct to users and instead to issue the licences in favour of the Board which would then allocate imports against applications according to its assessment of requirements.

Judging by these panicky moves one would have thought that natural rubber was in imminent danger of being displaced by the synthetic stuff. The truth, of course, is that at least from as far back as 1951, natural rubber has never been able to meet the country's demand for rubber, and the gap has persistently widened. In 1963-64 total consumption of natural and synthetic rubber was about 73,000 tonnes—61,000 tonnes natural rubber and 12,000 tonnes synthetic. Of these, the indigenous natural and synthetic rubber industries supplied only 35,000 tonnes and 3,000 tonnes, respectively.

This dependence on imports is likely to increase sharply unless production of synthetic rubber is stepped up. By the end of the Fourth Plan, it has been officially estimated, demand for rubber will be about 2.25 lakhs tonnes whereas production of natural rubber is not likely to exceed 72,000 tonnes on the most favourable assumptions. There is today just one synthetic rubber unit in the country with an installed capacity of 30,000 tonnes. There was a proposal to set up a polybutadiene plant based on natural gas in Assam with a capacity of 20,000 tonnes. But this has long since been abandoned, presumably because it turned out that natural gas in sufficient quantities would not be available.

Nor has it been smooth sailing for the sole producer of synthetic rubber. With an installed capacity of 30,000 tonnes the company's production in 1963 was less than 9,000 tonnes; and even of this fractional output two-thirds remained unsold at the end of the year. High cost of production, which the company has blamed, not without some justification, on the high prices of raw materials available in the country and the high duty on certain imported chemicals, explains this anomalous situation. The small offtake and the consequent large under-utilisation of capacity in turn push up costs further.

The Government has tried to prop up the synthetic rubber unit, first by linking imports of rubber with consumption of internally produced synthetic rubber and now by prescribing a minimum quota of synthetic rubber

which manufacturers will have to lift. This may help the company to raise its output and, thereby try to cut costs, but it is obvious that the problems involved in putting the synthetic rubber industry on a firm footing have to be considered without further delay. These include in particular the establishment of capacity to produce such general purpose synthetic rubbers as polybutadiene, polyisoprene and ethylene propylene copolymers.

Irrigation: Widening Gap

TWO of the vital fields in which shortfalls in achievement in the Third Plan have been most costly and where there is need for urgent action are irrigation and power. Latest estimates indicate that as against the Third Plan target of creating an irrigation potential of 29.3 million acres, actual achievement will be only about 20.5 million acres and not 23 million acres as was estimated in the Mid-Term Appraisal of the Plan. Regarding power, the installed capacity in 1966 is likely to fall short of the target of 12.69 million kW by about 1.6 million kW and not merely 0.19 million kW as expected in November last year. It will not be surprising if even these latest estimates of likely achievement prove to be over-optimistic. For, at a similar stage five years ago, when the Third Plan was being formulated, irrigation potential created and its utilisation during the Second Plan were estimated at 13.2 and 10.0 million acres, respectively. The actual achievement of the Second Plan was a potential of 12.09 million acres and gross utilisation of 8.59 million acres.

The shortfall in irrigation is most unfortunate in view of the current shortage of food grains and the steady increase in population. And the shortfall in achieving the power target is bound to affect adversely industrial production and power shortages requiring curtailment of peak loads will probably continue to plague us for years to come. Power shortages may slow down also the pace of rural electrification and the rate at which electric irrigation pumps are installed — an important element in the minor irrigation programme. Electric irrigation pumps are particularly popular in south India which had in 1961 some 1,30,500 such pumps as against 33,400 in 1956.

It is true, of course, that some failures in the field of irrigation and power may be due entirely to natural forces beyond the control of human

beings. For example, the commissioning of Dhuvaran thermal power station in Gujarat built at a cost of Rs 25 crores and planned to have a total generating capacity of 250,000 kW has been postponed almost indefinitely because the Mahi river whose waters were to be used for the station's cooling system has changed its course and shows no signs of reverting to its original course. Similarly, the recent floods in the Krishna river in Andhra Pradesh in which 14 spans of the Vijayapuri bridge at the Nagarjunasagar project site were washed away have necessitated a reorientation and re-planning of the designing aspects of that project as well as of the Srisailem hydel project. Such accidents cannot, of course, be foreseen; and with the relatively short series of data on annual rainfall in most parts of the country it is difficult to design dams that would insure against all contingencies of excess rainfall. Moreover, even if it were possible to provide such insurance, the cost would be prohibitive.

Wasted Investment

BUT a major proportion of the shortfall is due not to such misfortunes, but to controllable failings of the politicians and administrators in various States who are responsible for the execution of projects. To illustrate from the field of irrigation, for each Plan the States propose a number of new schemes to enlarge the scope of Central assistance, partly in response to regional pulls, and the projects taken up earlier remain incomplete. In the process, substantial investments remain locked up in the form of machinery and equipment at the project sites and they make no contribution to current output. Also, there is an almost pathological craving for spectacular multi-purpose projects with long gestation periods while the problems of waterlogging and salinity that arise from large reservoirs and canal irrigation are overlooked.

Further, the utilisation of irrigation potential created continues to leave much to be desired and the problem is not merely one of increasing the proportion of actually irrigated area to the potential, although it is important enough. Field studies undertaken by the Irrigation Team of the Committee on Plan Projects in the Planning Commission have revealed that cultivators generally apply canal water to their crops in an unscientific manner, quite often indulging in over-irrigation and thereby damaging both soil and crops. Some

of these latter problems require more technical research, but better co-ordination between the irrigation department and the extension services can go a long way towards increasing the returns from irrigated agriculture. But basically, there is need for the strictest scrutiny of the proposals put up by the States before the Planning Commission in the context of the number of incomplete projects. If the economic and technical soundness of the projects in the overall national context is taken as the sole criterion for including them in the Plans, the current deplorable situation will improve substantially. The magnitude of the tasks ahead demands that we purge the parochial loyalties encouraged by our federal set-up and concentrate our energies on the progress and welfare of the country as a whole.

There is an urgent need also to ensure better maintenance of existing works, particularly in the category of minor irrigation schemes. The number of "derelict and semi-efficient" irrigation tanks needing renovation in different parts of India runs into hundreds of thousands. In Mysore State alone, the number of such tanks is stated to be roughly 40,000; and their renovation would cost about Rs 8 crores. The situation in respect of wells is similar. The critical factor that prevents proper attention being paid to the problem of maintenance is organisation. If the 1966 Livestock Census can include in its scope the number of wells and tanks, with some information on the year in which they were constructed and their present condition, the targets of renovation can be made a part of the Plans. And the officers concerned can be made responsible for the purpose. Since the Livestock Census already collects information on the number of diesel and electric irrigation pumps, the addition of questions on wells and tanks would not be too difficult.

Cloth Arithmetic

THE downward revision of some multipliers under the new scheme of cloth control should benefit both mills and the Exchequer, though traders might have reason to grumble. The revision would reduce the stamped prices on the controlled varieties of cloth by 5 to 8 per cent as compared with those under the voluntary scheme which has been extended by five days for administrative convenience. The new prices will not, in fact, be lower than the prices actually realised hitherto by mills which were in many

cases lower than those stamped on cloth. The difference used to be shared in unaccounted money between traders and millowners while consumers were charged the stamped price or more.

The new scheme is based on the division of controlled gray (unbleached) varieties into 13 average count groups, of which 6 are based upon Indian cotton (all carded), and 7 on foreign cotton (2 carded and 5 combed). In each group, the average counts (i.e., the number of hanks of yarn which make a pound of weight) of warp (lengthwise yarn) and weft (breadthwise yarn) are specified along with the count variations permitted within the group and the number of reeds and picks (warps and wefts per inch) approximate to each group. The realisation multiplier states in paise the amount which the mill should realise per kilogram of yarn woven. In group I, for example, which consists of 14s warp and 10s weft made out of Indian carded cotton, with reeds and picks of 40, the realisation should be 553 paise per kilogram of yarn woven; if this kilogram of yarn is converted into, say, 8 square metres of cloth, the price of cloth should be about 69 paise per square metre. The realisation would be permitted to vary by 4 paise per count of yarn in this group for each count variation within the group from 13 to 16s warp and 9 to 12s weft. As the counts and construction (reeds and picks) go higher, i.e., they get finer, the realisation multiplier goes up. In Group XIII (80s x 100s, reeds and picks 82), the multiplier is 2,698 paise per kilogram of yarn woven, with an allowance of 11 paise per count of permissible variation. If this kilogram of yarn makes, say, 20 square metres of cloth, the ex-mill price of cloth should be Rs 1.35 per square metre.

Besides the realisation multiplier, permissible maxima have also been laid down for processing charges, e.g., costs

of dyeing, bleaching, printing, mercerising, sanforising, etc. No allowance has, however, been made for changes in reeds and picks—a variable on which most mill managements operate with some enthusiasm without changing the price. The textile inspectorate to be set up for implementation of the scheme would have to keep a close watch on such variation as well as the amount of 'size' (starch) added to the cloth in place of yarn.

Co-operative Banks' Deposits

STRESSING the importance of expanding the resources of the co-operative sector in order to finance its expanding activities, the Governor of the Reserve Bank pointed out some time back that "the record of co-operative banks in attracting deposits and generally mobilising resources available in the rural areas has, apart from a few exceptions, shown that there is much room for further progress". According to a study of co-operative banks published in the September issue of the Reserve Bank *Bulletin*, borrowings formed 57 per cent and 47 per cent of the working capital of the State and the Central cooperative banks, respectively, at the end of June 1962. So much reliance on borrowed funds clearly shows the basic weakness of the co-operative movement.

In the case of urban co-operative banks, however, borrowings formed only 3.4 per cent of working capital which amounted to Rs 90.11 crores in June 1962. This creditable performance was due mostly to deposits received from 'individual non-members and others' which formed 66.7 per cent of their total deposits. This is proof that co-operative banks are not without sources of funds which can be vastly expanded provided they take proper steps. The accompanying table will give an idea of the importance of deposits from individual non-members and others' for the co-operative sector.

Deposits of Cooperative Banks from Non-Members

(Amounts in lakhs of rupees)

| | State Co-operative Banks | | Central Co-operative Banks | | Urban Co-operative Banks | |
|--|--------------------------|-------------|----------------------------|-----------|--------------------------|-------------|
| | Amount | Per Cent | Amount | Per Cent | Amount | Per Cent |
| Current deposits | 616 | 29 | 1181 | 36.7 | 382 | 69.5 |
| Savings deposits | 485 | 71 | 2575 | 73.6 | 1174 | 66.2 |
| Fixed deposits | 1321 | 45 | 2701 | 69.7 | 2266 | 78.6 |
| Other deposits, including deposits at 3 days' notice, recurring deposits, etc) | 467 | 22 | 463 | 65.9 | 551 | 40.9 |
| Total | 2889 | 35.7 | 6920 | 58 | 3873 | 66.7 |