ter was telling Parliament that the Government had found no substance in allegations of corruption against an ex-Deputy Minister in the Central Government, Just that and no details about who conducted the enquiry and whether those who had levelled the charges had been given any opportunity to present their case.

The pattern will repeat itself and Nanda's "war on corruption" will increasingly become a sad joke unless the Government musters political courage to lay down procedures which wilt ensure that charges against the men at the very top, the Ministers, will be enquired into with the same objectivity with which the Government claims those against Government servants and members of the public are at present. The Santhanam Committee on Corruption had laid down such a procedure, but Nanda didn't mention it at all in his broadcast though he had much to say about the "speedy action" taken by the Government on the Committee's other recommendations.

Weekly Notes

Dear Money and Export Finance

THE dear money policy, it. appears, is beginning to impinge on export finance. Complaints are being voiced by exporters that costs of both pre-shipment and post-shipment credit have gone up. Further, even availability of pre-shipment credit is becoming restricted in view of the reluctance of banks to expand credit if that means paying penal rates to the Reserve Bank.

These points were brought out recently at the seminar on Engineering Goods Exports in Bombay. According to press reports, the Reserve Bank representative at the seminar referred to the rationale behind the current credit policy, *inter alia,* in terms of the scarcity value of capital in the economy. This is true, of course, but how relevant is it to the problem of export credit? Economic and efficient use of money would certainly call for its employment in export finance, given the scarcity value of foreign exchange!

The Chablani Working Group, which was not unaware of the overriding requirements of credit control — if anything, it was much too conscious of it —had pleaded for cheaper post-shipment credit facilities and for the initiation of steps to that end. But instead of accepting these suggestions, the authorities seem to have done the opposite. That they are seized of the problem is evident from *the* reference by the Governor of the Reserve Bank to it in a speech in Calcutta. His argument was that the monetary measures were designed to combat inflationary pressures and that correction of domestic inflation would help the export effort.

This is unexceptionable in principle, but two questions may be raised: first, how effective have the credit control measures been in correcting the price rise? and, second, even if they are successful, will not the process of correcting inflation take time to make its impact on domestic costs? Meanwhile, export costs keep rising because of inadequate credit and its higher cost. The problem of insulating export credit rates from domestic rates—incidentally, the U K is faced with a similar problem—does not brook any further delay.

Oily Fertilisers

THE much publicised Bechtel fertiliser deal was known, in quite some time, to have run into difficulties. Initiated partly as a substitute for an American Bokaro, partly as a demonstration of American interest in a basic industry, and partly as a massive diversification by established petroleum suppliers, it never really had much of a chance. What chances Bechtel had were not exactly improved by the kind of feasibility report which its high-power team submitted. Technical expertise in this country is limited and what is available of it is not fully utilised in New Delhi; but it did not need much expertise to uncover the intrinsic worth of the report.

True, the fertiliser industry is going through rapid technological changes, due mainly to the increasing use of naphtha in place of coal. Both Fertiliser Corporation and FACT have relatively little experience of naphtha-based designing and production but that experience and the pool of talent which they have built up is not so nominal as to be ignored. The chief attraction of the Bechtel proposal was its package supply of foreign exchange for all the live plants mooted. The terms of the deal, it now appears, arc both stiff and restrictive; the idea obviously is to prevent Government from turning the screw after the deal is struck,

Bechtel wants a*t* least 50 per cent equity participation and management control for a number of years, it estimated the total cost of five plants at Rs 200 crores, reduced, it under pressure to Rs 175 crores, of which the foreign exchange component would be Rs 87 crores, which is on the high side even for almost exclusive American procurement. Bechtel undertakes to raise the entire foreign exchange provided it is guaranteed a recovery of the total investment within five years of commissioning of plant. For this purpose, it would, among other things, require the Government TO maintain fertiliser prices at a sufficiently high level. Besides, and this is crucial, Bechtel demands that it must have the right to import one-half of the project's crude oil requirements and its oil associates, mainly ESSO, should have counterpart participation in new refineries. It is already upset over the. loss of the Madras refinery to the Iranian—independent American consortium but would be mollified with a stake in Haldia. In short, Bechtel wants the door opened really wide, much wider than the Government apparently intended to or the foreign exchange position allows or will be justified in view of available domestic talent and competitive independent offers.

Some valuable time has already been lost. Nangal expansion has been awaiting a decision on Bechtel while FACT is confident of putting up at least one 2-lakh tonne plant, if not two. Imperial Chemicals and Gulf Oil of Texas are also *in* the held. The main raw material, naphtha, is surplus. Foreign exchange for the equipment is the chief hurdle, and the U S might tighten up on assistance to fertiliser plants when the Bechtel deal finally peters out All said and done, nevertheless, crude oil and refineries can hardly be smuggled in under cover of fertilisers.

Tinkering with the Superstructure

HPHE Indian genius, it has often been remarked not unjustly, naturally inclines to sophistication and theoretical nicety. Reading the latest Annual Report of the Ministry of Education, one is truly impressed with the schemes of educational refom that cover its pages. Institutes of Education have been set up in the States to improve the quality of primary and middle school education with a new Department of Teachers* Education to