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THE HYDERABAD GOVERNMENT BULLETIN ON ECONOMIC AFFAIRS

Vol. I—Numbers 1-9

Issued by
**THE ECONOMIC ADVISER, FINANCE DEPARTMENT,
THE HYDERABAD STATE GOVERNMENT,
Hyderabad-Dn., INDIA.**

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Copies of this Bulletin can be had from:—

The Office of the Economic Adviser, Finance Department,
The Hyderabad State Government,
Hyderabad-Dn., INDIA.

Price (inclusive of postage):

For Purchasers within the Hyderabad State:—

O.S. Rs. 12/- per annum.

O.S. Re. 1/- per issue.

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£. 1/- per annum.

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\$ 4/- per annum.

cts. 40/- per issue.

This Bulletin is supplied free of charge according to a Mailing List.
Additions to the Mailing List will be considered on application.

The Hyderabad Government Bulletin on Economic Affairs

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DECEMBER, 1948—BAHMAN, 1358 F.)

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THE HYDERABAD GOVERNMENT BULLETIN ON ECONOMIC AFFAIRS

FOREWORD

A bulletin needs no foreword, but I write these few lines in order to explain the object and scope of this publication. This Bulletin will be a matter of fact affair, and will have no place for controversies. The economic aspect of human life has in recent years assumed great importance and no community in the world can afford to ignore the economic side of its life and development. It is the earnest desire of H.E.H. the Nizam's Government that the officials and the public in Hyderabad should have a clear presentation before them of main economic trends and occurrences all over the world. It is also the policy of the Government that Hyderabadites should know as much as possible of Hyderabad economics. Suggestions and constructive criticisms are welcome. I wish the enthusiastic Editorial Board every success, and the Bulletin a bright and useful career.

HYDERABAD-DN.
Dated, 30-1-1357 F.

LIAKAT JUNG,
Minister for Finance,

Diary of Events of Economic Interest

- October 1, 1947. * A branch of the Secunderabad Prudential Co-operative Central and Urban Bank Ltd. was opened in Hyderabad.
H.E.H. the Nizam's Government prohibited the export of China-clay.
- October 6, 1947. H.E.H. the Nizam's Government sanctioned a scheme for the improvement of Deoni cattle.
- October 7, 1947. Date of H.E.H.'s sanction of the 1957 F. Budget.
Appointment of Sir Stafford Cripps as the Minister for Economic Affairs in Britain.
- October 8, 1947. Prices of kerosene and tin were increased by the Government of India.
- October 9, 1947. The Government of India banned the export of tea seeds.
The Government of India announced an increase in the price of coal.
- October 10, 1947. Anglo-U.S. decision was taken to return Italian gold.
- October 14, 1947. The Coal Controller, H.E.H. the Nizam's Government, fixed new prices for coal.
H.E.H. the Nizam's Government sanctioned suspension of collection of revenue to the extent of 50 per cent. in the taluqas of Sindhnoor and Manvi in Raichur District, on account of unfavourable seasonal conditions.
- October 15, 1947. H.E.H. the Nizam's Government sanctioned a 5-year Adult Education Plan.
An agreement was concluded between the Government of India and Belgium regarding the restoration of property held by the nationals of each in the other.
- October 17, 1947. The Anglo-Burmese Treaty was signed in London.
The reopening of British Far East oceanic passenger traffic (suspended throughout the war).
U.S.-Australia Air Accord was signed.
- October 19, 1947. Date of provisional approval of the Hyderabad Reserve Bank Bill by the Economic Affairs Sub-Committee of Council.
Purchases of gold worth £ 80,000,000 by Britain from the International Monetary Fund (£ 15,000,000 worth had been purchased in September).
- October 20, 1947. Sale of £ 50,000,000 worth of gold by Britain to U.S. (on September 15, 1947, £ 20,000,000 worth had been sold).
- October 21, 1947. Sanction of Rs. 25 lakhs for well-sinking loans in Telingana and Karnatak Districts by the Hyderabad Government.
Sanction of Rs. 80 lakhs by the Hyderabad Government for repairs of small tanks under the "Grow More food" Campaign.
Appointment of Mr. Justice Varadachariar as Chairman of the Tax Evasion Committee by the Government of India.
Mr. S. Y. Krishnaswamy was appointed for one year as India's Representative on the World Food Council.
Announcement of successful deal between India and Argentina for a barter of jute and wheat.
- October 22, 1947. Issue of an Ordinance by the Governor-General of Pakistan providing certain facilities for banks in trouble.
The Iranian Parliament rejected the Russo-Iranian Oil Agreement of 1946 and asked for new negotiations.
- October 24, 1947. United Nations Day
- October 25, 1947. Departure of the Indian Wheat Mission for Australia.
- October 27, 1947. Opening of the Asian Regional Conference of the International Labour Organisation, at New Delhi
- October 30, 1947. Twenty-three Trade Pacts were signed at Geneva, India having been a party in 15 of them (including Pacts with the U. S. A. and Britain).

EDITORIAL NOTES

NEW ECONOMIC POLICY.

THE OCCASION was the Silver Jubilee Celebration of the School of Economics and Sociology, University of Bombay, and the lecturer was no less an authority than Mr. A. D. Shroff. The following are the main features of his "New Economic Policy :—"

- (a) *Creation of a new Ministry of Economic Affairs ;
- (b) Three-year budgets ;
- (c) Drawing up a list of priorities ;
- (d) Establishment of a Planning Commission (which should work with the pace and speed of the Partition Councils) ;
- (e) Fore-swearing by all Governments in India of Harijan Economies ;
- (f) Freezing of prices and wages at existing levels ;
- (g) The abandonment of prohibition ;
- (h) Lower import duties on raw materials imported for processing in this country ;
- (i) Establishment of an Industrial Finance Corporation ;
- (j) Co-operative farming on a voluntary basis ;
- (k) A wider basis of recruitment in the Civil Service ; and
- (l) Foreign education for increasing available talent in the country.

Not all of these prescriptions might be agreed to by all parties interested in the economic development of India, but it can be said with confidence that Hyderabad has to its credit some good work (achieved or in store) in connection with the following items out of the list enumerated above :

(i) *Creation of a new Ministry of Economic Affairs.*—The Economic Affairs Sub-Committee of Council established recently, should prove useful.

(ii) *Three-year Budgets.*—The departmentalisation of Finances was introduced by the late Rt. Hon'ble Sir Akbar Hydari. Under that system, we had three-year budgets for over 20 years. If we gave up that system partially

some years ago, that was because that system had yielded adequate results, and war conditions of the dimensions of World War II could not possibly allow three-year forecasts. Even now, Budget allotments are made in several cases for three to five years in order to make sure of methodical progress.

(iii) *Establishment of a Planning Commission.*—The Economic Affairs Sub-Committee of Council may in course of time assume the duties of such a Commission.

(iv) *Freezing of prices and wages at existing levels.*—This is highly desirable and urgently called for in Hyderabad, specially after the bumper harvest in wages announced (and still to be announced) by the Hyderabad Pay Commission. Otherwise, a severe type of wage-induced inflation might probably set in, creating a difficult situation both for Government and the people.

(v) *Establishment of an Industrial Finance Corporation.*—The Industrial Trust Fund has for the past 18 years been performing some of the function of such a Corporation. Moreover, this has been adequately provided for in the Hyderabad State Bank Act Amendment Bill, which is about to become Law. Under this scheme, Industrial Banking will be a separate Section of the Hyderabad State Bank, entrusted with Central Banking function : so far as large industries are concerned.

(vi) *Foreign education for increasing available talent in the country.*—The difficulty has been to find seats and accommodation for Hyderabad scholars abroad, and not an undue limitation in the number of scholarships. There are to-day several scores of Hyderabad youths who have been granted foreign scholarships, but are anxiously waiting for admission to the concerned Faculties in the Universities selected by them.

BRITISH EXPORTS AND HYDERABAD IMPORTS.

The schedule reproduced below of Britain's export programme gives a clear idea as to what

kind of imports Hyderabad could expect in the near future from Britain :—

VOLUME INCREASES (1938-100).

	4th Qtr. 1946	Export Target End-1948	Col. 2 as Percentage increase on Col. 1
Rubber Manufactures	222	425	91
Vehicles ..	177	316	78
Footwear ..	183	295	61
Machinery ..	147	254	73
Rayon ..	150	245	63
Woolens and Worstedes. ..	89	182	104
Pottery and Glass ..	159	223	40
Leather ..	79	138	75
Miscellaneous ..	121	173	43
Chemicals ..	161	206	28
Coal ..	9	40	344
Cotton ..	43	69	60

HYDERABAD MERCANTILE SHIPPING.

Whatever might be the constitutional future of Hyderabad in relation to the Indian Union and Pakistan, the establishment of a Hyderabad Merchant Navy should be very useful—to employ our capital and labour and to carry our goods across the seas. India has made a beginning by getting ships built in Britain. The U.S.A. has got a large number of ships to dispose of. The following details are interesting :—

“The rebuilding in Clyde and Tyneside of the Scindia Steam Navigation Company's fleet of which about one-third was lost during the war reached an important stage with the launching of the steamer, Jala Jawahar, at Wall's End.

A message from Pandit Nehru said that the ship was a symbol of New India's intention to resume her place as a seafaring nation.”

Mr. W. V. Gordon, Chairman of the Indian Shipping Conference, refused to disclose the period of time covered by the Agreement or the number of Indian ships involved. “All further details” he said, “will be issued in India.”

London shipping circles point out that the Agreement marks the first entry of the Indian ships into regular services with Britain and Europe.”

THE BRITISH INSTITUTE OF NAVIGATION.

The following information about the newly started Institute of Navigation in Britain should prove of special interest to the Hyderabad Government. The Institute is in need of support which Government could give, so that facilities might be created for training our young men for the Navy, and also helping us to develop a Merchant Marine.

“The first steps have been taken towards the formation of an Institute of Navigation, with headquarters in London, at the initiative of individuals concerned with the science of navigation and with the help of interested societies and associations. The aim of the Institute is to unite all those in the British Commonwealth who are concerned with, and interested in, navigation. Its membership will not be composed exclusively of scientists or navigators or manufacturers, but will also include people whose qualifications are less impressive, but whose support the Institute regards as no less important.”

THE *ECONOMIST* ON THE FOOD SITUATION AND PROSPECT IN INDIA.

The following observations of the *Economist* reveal the mounting gravity of danger in India so far as food supply is concerned. Although the journal stresses international responsibility in this matter, local stepping up of production and thorough-going procurement offer greater chances of relief than depending on foreign supplies. The food mission to Australia for making sure of at least one million tons of wheat from Australia to India is, however, highly practicable: Australia is in the sterling area, and she is anxious to develop her trade with India.

“It is perhaps too early to say that famine is imminent or inevitable in any particular part

of India. The situation is graver than at any time since the summer of 1942 and it can only become worse as full effects of this disastrous communal war make themselves more widely felt."

India's food problem is most serious of all. Declaring that India is now spending on food imports most of her precious foreign exchange which is vitally needed for capital construction and that if disorder continues with no economic co-operation between India and Pakistan, exchange will soon disappear, the *Economist* continues: "The Indian political leaders long absorbed in purely political questions have now suddenly been brought face to face with an appalling problem of feeding 400,000,000 people on a territory no longer self-sufficient in food supply even at the lowest possible level.

"But the problem is not for India alone or for any Asian countries individually. It must ultimately be attacked on international level. The existence of a Food and Agricultural Organisation of UNO is a recognition that the feeding of the world is the world's business and half the inhabitants of the world live in Asia."

COTTON CLOTH IN INDIA—PRODUCTION AND PRICES.

Figures show that in the whole of India as also in Hyderabad the production of cotton yarn and cloth has decreased during recent years, number of labourers employed has increased, prices have risen ominously. The main reasons for the undesirable state of affairs are these.

- (a) Frequent strikes by labourers.
- (b) The labourers working shorter hours.
- (c) The unwillingness of millowners to make lower profits.

(d) The inefficiency of controls.

At a recent meeting held in Bombay the Government of India have proposed a scheme under which it is hoped that the production of cotton cloth would be increased in India by about 400 million yards per annum.

The Government is convinced that, unless the prices payable to millowners in respect of the coarse and medium varieties are increased, there may not be sufficient incentive and enthusiasm to produce them to the maximum extent possible. At the same time, it is anxious that prices of these popular varieties cannot be stepped up without effectively adding to the inflationary spiral. It has, therefore, suggested an indirect method whereby the manufacture of the coarse and medium counts will be subsidised. The details of this method as suggested by the Government are as follows:

The prices of 30s and over count cloth to consumers will be increased by about as. 6 per yard and correspondingly for yarn.* At the same time, the prices payable to mills for these fine counts will be slightly reduced. The benefit of the increase in the prices payable by consumers of fine cloth and of the lower price to the mills will be transferred to a separate fund. From the proceeds of this fund, 12½ per cent. will be earmarked for labour welfare and paid to the Provincial Governments to be spent for that purpose. The balance of the fund will be utilised for meeting the cost of subsidising the production of coarse and medium counts. The amount of subsidy payable will be on the basis of the *Ad Hoc* Committee's recommendations as subsequently modified after discussions with the Government. The subsidy

NO INCREASE IN CLOTH PRICES NOW.

*It is understood that contrary to expectation, the question of a revision of the textile policy with particular reference to an increase in prices has now been shelved.

According to latest information there is to be no increase in cloth prices. This means the report of the *ad hoc* committee as well as the recent discussions which the Commerce Minister, Mr. Bhabha, and the Finance Minister, Mr. Shanmukham Chetty, had with textile interests have all now been "pigeon-holed."

Instead of an increase in the present textile price structure, it is believed the Government of India are now anxious to push through the standardization scheme. If any price revision in the light of existing economic trends is necessary, it will be left to the reconstituted Tariff Board to make an enquiry and report to the Government.

payable to these mills will be, in the case of cloth, three annas per lb. for 14×14 s, a little less than three annas for 20×20 s and 20×80 s, and about $1\frac{1}{2}$ annas for 30×30 s. Proportionate subsidies will be paid for coarse and medium counts, the prices payable to mills for fine counts will, as already mentioned, be reduced by about an anna per lb. in the case of 30×40 s to 40×60 s and by about three annas per lb. in the case of 60×80 s. It has been estimated that the cost of the subsidy payable to producers of coarse and medium counts will vary between Rs. 28 crores and Rs. 29 crores. Providing for the $12\frac{1}{2}$ per cent. payable to workers, the fund should have a balance of roughly Rs. 30 to Rs. 32 crores per year. It is the Government's intention to recover this entire amount from the consumers of fine cloth.

It may be observed here that it is a cruel irony that cotton cloth of over 30 counts should be classed as 'Luxury' goods. It is a more cruel irony that Governments prove incapable of measures and policies leading to greater social welfare, measures and policies which they successfully pursue for purposes of destruction in war time. The major shoe-bite is the profit of the capitalist. One of the achievements of Hitlerian economy was to approximate prices to costs to the maximum extent. The same thing is being done to-day in Britain, but here in India many a capitalist wears the cloak of a patriot and even the new National Governments find it hard to scratch the capitalist's unjust devourings.

SUGGESTIONS FOR EASING THE CLOTH POSITION IN INDIA BY

"MR. HIMATLAL JAGJIWANDAS.

Mr. Himatlal Jagjiwandas makes the following suggestion for improving the cotton cloth position in India. Many of them are as well applicable to Hyderabad :—

(a) Permitting cotton textile mills to sell any increase in production (taking the present outturn as standard) in the free market, and the operation of competitive forces between

supply and demand in the free market. This has been the practice in the U. S. S. R.

(b) Introducing a system of sliding scale bonus dependent on the increase in the quantum of output. This system has been at work in British coal mines.

(c) Employment of three shifts per day at 8 hours each shift, and where this is not possible, having two shifts of 9 hours each. Longer hours have been enforced in Britain.

(d) Most of the Indian cloth requirements being of coarse variety, the present average import of 6 lakhs bales of foreign cotton (mostly longer staple) should be reduced, and local cotton should be used in its place. This would somewhat reduce cost of production, and at the same time secure for us some foreign exchange: at present raw cotton imports are of a higher value than exports of the same commodity.

U. S. CONSERVATION OF FOOD FOR EUROPE.

Charles Luckman, Chairman of President Truman's Citizens' Food Committee, said that savings of three million bushels of bread grains by the U. S. baking industry is anticipated.

This would be added to the 10 to 20 million bushels which U. S. distillers are expected to save during the 60-day shut-down of distilleries scheduled to begin on October 26.

Luckman's announcement of expected savings by the baking industry came as the nation observed its second "Meatless Tuesday" in its drive to conserve an additional 100 million bushels of grain for hungry Europe.

Luckman said that the three-million-bushel saving by the baking industry is based on estimates of various economies to be effected by bakeries and the elimination of consignment selling.

Earlier, Luckman reported that the nation-wide response to the food conservation drive is "hitting its stride" with clear indications that "the American people are moving effectively to win

the fight against hunger in Europe." He said he had received enthusiastic replies from mayors of cities with populations of 10,000 or over who were to rally their communications behind the campaign. Appeals have also been wired by President Truman to the 48 State Governors requesting them to organize State wide groups to co-operate with the Food Committees.

The President's request came as the Secretary of Agriculture, Anderson, urged the nation's meat industry to co-operate in conservation of corn and other grains by more economical methods of feeding hogs destined for immediate slaughter. The Department of Agriculture pointed out that a substantial saving in grain normally used for this purpose could be obtained without affecting the quantity of meat produced.

Luckman also announced that the American Red Cross has pledged its entire resources to support the food conservation programme and has instructed all local charters to co-operate fully with local food committees.

CUBAN SUGAR FOR INDIA.

Three ships carrying about 80,000 long tons of Cuban refined sugar reached India during October. This is the quantity allotted to India by the International Emergency Food Council from 'controlled' markets. The landed cost of this sugar is approximately the same as that of Indian sugar. This is the first time after the war that India has imported sugar from abroad.

COMMON SALT IN INDIA.

The Government of India manufactures only about $\frac{1}{3}$ of the total salt requirements. They propose to enhance the quantum and quality of production, and the first step they propose towards this is the appointment of a Salt Commissioner. There are considerable possibilities of salt manufacture in these Dominions, and even imports would have to be negotiated and arranged by such a Commissioner in Hyderabad if it should be decided to have one such.

THE POST OFFICE SAVINGS BANK

The complaint is often heard that arrangements in Postal Savings Banks in Hyderabad (and in India) are not facile. For example, the depositor can withdraw only from the Savings Bank in which he has deposited. In Britain, a depositor can withdraw up to a small maximum, from any Post Office Savings Bank, on the strength of his pass-book. But in this matter, it would be better to hasten slowly. The rather high ratio of forged withdrawals to total withdrawals in Britain has assumed serious dimensions. In this connection, the following extract from the "Bankers' Magazine" (June, 47) is enlightening:—

"We read the following in the *Manchester Guardian* of May 8.

"Mr. Justice Croom-Johnston, at Bedfordshire Assizes yesterday, said that the Post Office apparently would not or could not take proper steps to ensure that 'the spate of cheating and defrauding' on savings banks accounts was stopped." Sentence of penal servitude was then passed on a young merchant seaman named Burgess for the theft of bonds worth £. 2,050 and for obtaining £. 1,961 by forgery. The report before us concludes:—"The judge said that Burgess had stated that he did not have to furnish proof of his identity when he made withdrawals from a savings book. 'I direct that the matter be brought to the attention of the Postmaster-General. I have called attention to the ease with which money is drawn out of the Post Office by these men on more than one occasion, but nothing seems to be done.'"

All will commend the punishment meted out to the criminal but bankers will not necessarily approve the criticism of the P.O.S.B. **THE BANKERS' MAGAZINE** has already questioned the right of the Savings Bank to put its depositors to the trouble of producing identity cards and now we have what looks like a judicial encouragement to make the nuisance compulsory in law. It is time that

identity cards were handed in as a contribution to easing the paper shortage and we shall continue to oppose the attempt by Government bodies to evade their difficulties by placing fresh obligations on the taxpayer whose servants they are supposed to be. Time marches on, and it is becoming quite an effort to think back to a day when the P.O.S.B.

managed to get along quite well without hiding behind identity cards. It would be interesting to know what ratio payments to forgers bore to total payments in 1920 after World War I and what the corresponding ratio was in 1946. Armed with this information we should at least have the beginnings for a sensible argument."

International Organisations

THE ECONOMIC AND SOCIAL COUNCIL.

THIS body is responsible under the General Assembly for carrying out the functions of the United Nations with regard to international economic, social, cultural, educational, health and related matters. Inter-governmental agencies working in these fields will be brought into relationship with the United Nations. The Economic and Social Council may also make arrangements for consultation with international non-governmental organisations and, after consultation with the Member concerned, with national organisations. The Economic and Social Council consists of representatives of 18 Member States elected for a three-year term by a two-thirds majority of the General Assembly. At the first session six members were elected for a two-year term and six for a one-year. Retiring members are eligible for immediate re-election. Each member is represented by one delegate and has one vote. Decisions are made by a majority of the members present and voting.

For three years.

BELGIUM	: F. Dehousse.
CANADA	: Paul Martin.
CHILE	: G. Vergara.
CHINA	: Cr. P. C. Chang.
FRANCE	: Paul Boncour.
PERU	: Dr. Arca Parro.

For two years.

CUBA	: Ramero Guerra.
CZECHOSLOVAKIA	: Jan Masaryk.
INDIA	: Sir Ramaswami Mudaliar.
NORWAY	: Finn Moe.
U.S.S.R.	: Vasily A. Sergev.
UNITED KINGDOM	: Noel Baker.

For one year.

COLOMBIA	: Dr. Lleros Restrepo.
GREECE	: M. Varvareosos.

LEBANON	: Yussef Bey Salem.
UKRAINE	: Vasily A. Tarasenko.
U.S.A.	: John Winant.
YUGOSLAVIA	: Dr. Andrija Stampar.

The Council holds three sessions a year, and special sessions may be held if required. The President is elected for one year and is eligible for immediate re-election. At the first session held in London from January 28rd to 18th February, 1946, Sir Ramaswami Mudaliar (India) was elected President.

The Economic and Social Council established at its first meeting the following commissions :

Commission on Human Rights and Sub-
Commission on the Status of Women ;
Economic and Employment Commission ;
Temporary Social Commission ;
Statistical Commission ;
Commission on Narcotic Drugs ;
Temporary Transport and Communica-
tions Commission.

It also established a Special Committee on Refugees and Displaced Persons, a Negotiating Committee to negotiate agreements with the specialized inter-governmental agencies, and a Committee on Non-governmental Organisations, a Demographic Commission, a Fiscal Commission and a Co-ordination Commission have been established. The Council also decided to call during 1946 an International Conference on Trade and Employment and an International Health Conference and appointed two Preparatory Commissions to prepare for them.

NEW WORLD FOOD COUNCIL.

The report on the world food situation was unanimously adopted by the first commission of the Food and Agricultural Organisation, and will be presented to the plenary session in a resolution to be proposed by Lord Bruce.

Although the proposal to set up a "World Food Council" is recommended in effect, its actual title will be "Council of the F.A.O." The new council will be elected in plenary session, and will be composed of specially qualified official representatives of 18 member nations under an independent chairman. It will replace the present executive as the governing body of the F.A.O. between conference sessions. It will act for the conference within the lines of the general policy laid down, and among its functions will be the keeping of the food and agricultural situation under constant review, and making recommendations to member nations, commodity councils and specialised international agencies.

The lines of policy imply that it will examine developments in proposed and existing inter-governmental commodity agreements, particularly in relation to the adequacy of food supply, the utilisation of reserves, famine relief, changes in production or pricing policies, and special food programmes for the undernourished areas. It will watch agricultural situations which are reported to be becoming critical, making recommendations to Governments, and it will advise on emergency measures relating to the import and export of food and of materials for agricultural production.

A draft budget of \$ 5,000,000 for 1948 will be presented at the plenary session for approval by the conference.

Mr. S. Y. Krishnaswamy has been appointed for one year as the Indian Delegate on the Council.

THE ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST.

The Economic Commission for Asia and the Far East was established by the Economic and Social Council of the U.N.O. in March, 1947, with temporary Headquarters at Shanghai. Dr. P. S. Lokanathan is the Secretary of the Commission. The justification for a special Economic Commission for Asia and the Far

East is put in the following words by the *Eastern Economist*.—

"There are many reasons why a Commission of this kind was needed for Asia and the Far East. While it is true that the economic problems of the world have to be treated as one whole and cannot be broken up into regional divisions, it is equally true that regional studies and solutions need not run counter to international studies and policies but can be effectively co-ordinated with them. There are, in fact, special reasons for separate treatment of the economic problems of Asia and the Far East. In the first place, there is a comparative lack of basic data in Asia. For ages Asia has been kept in isolation from the world and from itself. Secondly, Asian problems are not only different from those of the West but have a broad similarity of their own and present certain common features. Thirdly, the task before post-war Asia is different from that of post-war Europe. Europe (the West in general) possessed already a well-developed economy and had evolved skill and technique sufficient to provide for its population a fair and steadily rising standard of life. The war has battered this economy and the task to-day is to restore the war-torn and damaged economy and to reconstruct its agriculture and industry. Very different is the situation confronting Asia. Here the peoples are still (subject to exceptions here and there) in a primitive economic condition: their production methods are mediæval: they have not developed technology or modern methods of production and organisation: they have been living for ages in conditions of gross poverty and low standards of living. Hence the restoration of pre-war standards which is the immediate task in European countries would have no meaning to the peoples of Asia, where the problem goes to more fundamental conditions. Finally, one half of the world's population has been left in the past in ignorance and neglected and oppressed. The United Nations

are now pledged to promote higher standards of living and conditions of economic and social progress and well-being with a view to the creation of conditions of stability and well-being, based on respect for the principle of equal rights and self-determination of peoples."

THE INTERNATIONAL MONETARY FUND.

The International Monetary Fund, a complementary organisation in its functions, scope and objectives to the International Bank, has made a promising start. It has clarified to members the general procedure and the policy of the Fund in regard to requests by members for purchase of exchange against their own currencies. It began exchange transactions on March 1, 1947, and up to June 30, 1947, sold 50 million dollars in United States funds to France and 6 million dollars in United States funds and 1.5 million dollars in sterling to the Netherlands. The major task of establishing initial par values of the members' currencies, it completed earlier in December 1946. It has since been keeping watch over the situation and wherever continuance of price inflation threatens currency parities, it is calling the attention of the members to the need for dealing effectively with the problem. Realising that gold transactions may lead to divergencies from par of the external value of member currencies, it has taken action to fix margin at one-fourth of 1 per cent. above and below par. In June this year the Fund requested its members to take prompt action to discourage international gold transactions at prices substantially above monetary parity; for the practice was likely to disturb exchange relationships and involved a loss of monetary reserve. The Fund is keeping itself in close touch with other institutions in the international field and besides entering into terms of an agreement with the United Nations, it has taken active part in the work of the Conference for World Trade and Employment. It has also provided during the year a technical

mission to Ecuador for consultation on exchange and monetary problems. Further, it is gathering information relating to monetary uses of silver, function of silver coins, etc., with a view to facilitating the discussions on the silver problem in an international conference of interested members.

From the annual report of the Fund for the fiscal year ending June 30, 1947, one gets the impression that the Fund is already receiving much co-operation. It is, however, clear that the membership of the Fund is not global. At the end of the year there were 44 members and two more, Australia and Finland, were waiting to be admitted. Soviet Union and some of the chief ex-enemy countries, such as Germany and Japan, are not yet on the membership list. The quotas of members add to 7,721.5 million dollars, the increase of quotas by 324 million dollars being due to the admission of new members as well as increase in the quota of France. Paraguay, Iran and Egypt have also requested for an increase in quota and for Paraguay it has already been raised to 3.5 million dollars. Of the 34 members for whose currencies par values had been agreed by June 30, 1947, 29 had completed payment of their subscriptions, the total amount of subscriptions paid as on June 30, 1947, being the equivalent of 6,535 million dollars. The composition of the subscription is of some interest: 1,844 million dollars in gold, 2,063 millions in dollars and 3,128 dollars in other member currencies.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The following details of the working of the International Bank for Reconstruction and Development, should interest India in general and Hyderabad in particular; for, the room for capitalising some huge industries consuming raw materials in the production of which Hyderabad commands more or less a monopolistic position, is very great:—

(1) The membership of the Bank has increased from 38 to 45.

(2) The subscribed capital has increased from \$ 7,870 million to \$ 8,245 million.

(8) The paid-up share capital is about \$ 1,600 million.

(4) Out of this, only about \$ 725 million worth is in dollar denomination.

(5) Till now, only two loans have been made: \$ 250 million to France, and \$ 195 million to Belgium, the applications having been respectively for \$ 500 million and \$ 535 million.

(6) The following applications for loans are pending: --

	Million dollars.
Chile ..	40
Czechoslovakia ..	350
Denmark ..	50
Iran ..	250
Luxemburg ..	200
Poland ..	600
Mexico ..	209

(7) Before making loans, the Bank has to satisfy itself about the strategic value of the loan in augmenting production.

(8) In the administration of the loan granted, great care is to be bestowed on purchases of goods and services according to plan and utilisation thereof for purposes specified.

(9) The chief source of funds, international in nature, for the Bank is the sale of its own securities in the U. S. market. But unfortunately, only 250 million dollars worth of International Bank for Reconstruction and Development securities have been sold in the U. S. market so far.

(10) The operations of the International Bank for Reconstruction and Development are seriously hampered,

(a) by paucity of funds compared to the gigantic needs for rehabilitation in Europe and reconstruction in Africa and Asia; and

(b) by overlapping financial transactions; Britain has made numerous advances to European countries: The Marshall Plan proposes to help the recovery of Europe, thus rendering Europe "not a good risk" in the

eyes of the Bank and even the International Bank for Reconstruction and Development has rather an inexplicable psychological preference for aid to Europe than outlay in Asia, although the prospects of good returns are incomparably better in Asia than in Europe, and resultant social betterment would also be much more substantial in Asiatic schemes than in the European "shopping list."

U. N. AGREES TO PACTS WITH WORLD BANK & FUND & OTHER WORLD ORGANISATIONS.

Russia, which is not a member of either organisation, alleged that both were dominated by political considerations in making loans and were becoming "branches of Wall Street."

Of the 57 countries represented on the Committee, 39 voted for the agreements, four against and two abstained. India and Pakistan voted with the majority.

New Zealand joined the Soviet Union, Byelo-Russia and the Ukraine voted against the agreements.

Australia and Yugoslavia abstained.

A Soviet counter-resolution rejecting the agreements as now drafted and requesting the United Nations Economic and Social Committee to enter into fresh negotiations with the Bank and Fund was defeated by 29 votes to five, with 12 abstentions. India and Pakistan again voted with the majority.

M. Arutinian (Russia) who had previously complained that the agreements deprived the United Nations of essential supervision of the activities of the Bank and Fund, said "The Bank and Fund will not succeed in escaping United Nations' influence. We will control and supervise the activities of the Bank and Fund and will not allow these organisations to take advantage of the name of specialised agencies to conceal activities based on political factors."

M. Arutinian described the Bank's present policy as "pernicious" and repeated his charge

that its recent loan to Holland was helping Dutch military action against the Indonesian Republic.

The committee approved, without a dissenting vote the agreement with the Universal Postal Union and the International Telecommunications Union.

THE B. I. S.

The Bank for International Settlements' 17th Report refers to three dangers to world prosperity: first that domestic controls may become merely negative in the sense of cutting down business; second that decisions regarding the budget, the balance of payments, prices and wages, may be taken in an isolated manner in each country, by individual departments having little contact with one another; and third that the authorities in these countries would deal merely with symptoms and not with fundamental causes. On this last point, the Report has some useful things to say. Experience, says the report, shows that an inflationary expansion of purchasing power at home whether resulting from a current budget deficit, due to a large volume of public or private investments, or sudden sharp increase in wages and salaries unmatched by sufficient goods, aggravates the disequilibrium in the balance of payments. In these conditions, the exchanges being pegged, imports are attracted and corrective action to restrict them which Government takes is usually late and generally renders adjustment more difficult, as availability of goods is further restricted. This is a good analysis of what has happened in India. The sequence which the Report recommends for restoring equilibrium, is more or less as follows. Lack of confidence in the currency is keeping goods from the market in spite of all the measures of compulsion which the authorities may impose, and obviously this confidence has to be restored. In India, of course, the need now is not so much to arrest the growth of currency as to halt price increases. This is to be followed by a master plan for production, foreign aid being available only to

provide a breathing space. Access to foreign resources says the Report is such a great boon that it would be very regrettable if the additional strength which it provides, were to be frittered away for purposes other than genuine reconstruction or development. The Report emphasises the fact that the aggregate of foreign credits in the past has been considerable, but at the same time the whole process of recovery and especially the reconstruction of monetary reserves will be less dependent upon the conclusion of one or two foreign loans than on monetary stability upheld by a solid budget and a coherent series of domestic measures.

One encouraging development is noticed in the Report. There is a sense of realism and the psychological preparedness for the proper execution of plans is according to the Report, greater to-day than when hostilities ceased. In existing conditions in India, however, only the former statement is true. Nobody will claim that psychologically we are in any better position to-day than we were some two years ago. This is fairly clear. The International Bank is also likely to scrutinise an application for a loan in some detail and with some care. Government will have to be clear if the plan for development which has been or may be evolved and which will be put into operation under the auspices of the Planning Commission is such that it will be worthwhile to pay the comparatively stiff rate of 4½ per cent. for the international loan if necessary. This is the lesson which the Report of the Bank for International Settlements drives home. To get foreign aid or the loan itself from the Bank will not be difficult if the Government's economic targets are set out reasonably and clearly and are pursued with vigour.

INTERNATIONAL TRADE ORGANISATION.

A draft charter envisaging the establishment of an international trade organisation with six-fold objectives for promoting peace and friendship among nations in international commerce, will dominate the discussions of the United

Nations Conference on Trade and Employment in Havana (Cuba) in November 1947,

The objectives are (1) to assure of real income and effective demand, a large and steadily growing volume, (2) to foster and assist industrial and general economic developments, (3) to further the enjoyment by all countries on equal terms of access to the markets, (4) to reduce tariffs and other barriers to trade and to eliminate discriminatory treatment in international commerce, (5) to enable countries, by increasing the opportunities for their trade and economic development on a mutual advantageous basis and to facilitate through the promotion of mutual understanding, consultation and co-operation, the solution of problems relating to international trade.

The charter recommends governmental assistance in economic developments in the form of protective measures in appropriate circumstances.

THE WORLD COMMERCE CORPORATION.

A powerful new mercantile and financial undertaking has been started recently in New York, the nucleus of which came into being in 1945 as the British American Canadian Corporation, which has been doing a growing volume of international business. Although the Corporation was mainly American owned, both Hambros Bank and Robert Benson & Co. were and are interested in it, while it has also close trading associations with Biddle, Sawyer & Co. of London. The controlling interests of the Corporation have associated themselves with the Ryan Brothers who, as partners in the prosperous Wall Street firm of Bache & Co. and as owners of the textile firm of J. J. Ryan & Sons, are interested in a wide range of financial, mercantile and manufacturing business. Under these enlarged auspices, the World Commerce Corporation, as the British American Canadian Corporation has now been renamed, hopes to finance the flow of international trade in spite of the present lack of exchange facilities and, in particular, to promote

trade with the areas ravaged by the war. Judging by the individuals and companies associated with the new undertaking, it can be expected to play a considerable part in international commerce in the future. In addition to those already mentioned, the sponsors include the Mellon interests, the Atlas Corporation, Ladenburg Thalmann, Gore Forgan and the Trans-America Corporation, while on the directorate of the Company itself are such internationally well-known names as those of Mr. Edward Stettinius and Mr. Joseph Grew as well as many other important figures in U. S. and Canadian commerce and industry.

THE WORLD STATISTICAL CONFERENCE.

The International Statistical Institute held its 25th session in Washington during 6th to 18th September when leading statisticians of the world had the opportunity, after nearly ten years, to meet together and plan their role in international affairs. The Inter-American Statistical Institute and the Econometric Society also held their sessions at the same time : among other bodies which have convened conferences during September are : the International Statistical Institute, the International Economic Conference and the International Union for the Scientific Investigation of Population Problems. A world statistical conference convened by UNESCO also met during this period.

In the words of Dr. Stuart A. Rice, the newly elected President of the International Statistical Institute and Vice-President of the Inter-American Statistical Institute, "perhaps the greatest single result of the Conference has been the renewal of world fellowship among statisticians of all nations." The conferences decided upon a census of the Americans and upon an agricultural census of the world in 1950. Though Dr. Rice believed that a world census could be made by 1950 the conferences were of the opinion that technical difficulties are yet too great to accomplish this objective along with the other two censuses in 1950. Included in the agenda

for the conference were also (1) statistical activities of the United Nations, (2) statistical activities of specialised agencies, and (3) recent developments in statistical activities of the National Governments.

More than 600 delegates from 55 nations reorganised the International Union for Scientific Investigation of Population Problems and have formed three new organisations: the International Biometrics Society, the International Association for Research in Public Opinion and the International Association for Research in Income and Wealth. The International Statistical Institute has been reorientated to serve as a holding company for other international regional and national statistical organisations so that they may pool their resources, develop co-operation among statisticians and make the statistics of various parts of the world available to all scientists. Among noteworthy achievements of the conferences is to be counted the discussion of uniform classifications of production, industry and trade to enable statisticians to compare the figures of various countries. The final recommendations regarding the form in which these statistics are presented will be made by the United Nations.

The latest mechanical devices used to facilitate calculation and copies and lists of official U.S. Government publications arranged by the American Statistical Association and the U.S. Government printing office respectively, were made available to the delegates.

THE WORLD CONGRESS ON LARGE DAMS.

The Third International Congress on Large Dams will begin on June 10, 1948 at the Concert Hall (Konsert-buset) of Stockholm, Sweden. The Central Board of Irrigation, Simla, is the National Committee of the Congress for India, to which intending participants from India should send their preliminary applications.

At the session of the Congress in Stockholm, the National Committee will submit papers on the main questions included in the agenda of the Congress.

The following will be the main subjects to be discussed at the session of the Congress: a critical exposition of the measurement of uplift pressure and stresses arising therefrom: research methods and instruments for the measurement of stresses and deformation in earth and concrete dams, the most recent precautions for avoiding the formation of pipings, and experiences arising from the testing and the actual use of special cements for larger dams.

THE WORLD CO-OPERATIVE ALLIANCE.

"I am happy to be able to state," observed Lord Rusholme "that the I.C.A. has secured Category 'A' membership of the United Nations Economic and Social Council. This means that co-operators of the world will have special opportunities to lay before this new world organisation, information and reports concerning their economic welfare. We are represented at the meetings of the Food and Agricultural Organisation and of U.N.E.S.C.O.; at the conferences of the European Economic Commission; and at the conferences which are creating the International Trade Organisation." At all these conferences, he went on to say, the members of the I.C.A. were acting as watchdogs in the interests of ordinary people making certain that nothing would be done to prevent broader co-operation between the people of the world, upon which their future happiness and prosperity depended.

PROVISIONAL INTERNATIONAL CIVIL AVIATION ORGANISATION.

The Organisation was established by the International Civil Aviation Conference held in Chicago from November 1 to December 7, 1944. There, four documents were drawn up: (1) an agreement for the establishment of a provisional international civil aviation organisation; (2) a convention on international civil aviation, establishing a permanent civil aviation organisation; (3) an "International Agreement relating to transit by scheduled

international air services;" and (4) and "International Air Transport Agreement."

The Provisional International Civil Aviation Organisation was founded for an interim period not exceeding three years pending the establishment of a permanent organisation, and came into being on June 4, 1945, after the agreement

had been ratified by the required number of signatories (26). Up to April 16, 1946, 44 countries had become members. The seat of the organisation is in Canada.

The Convention establishing the permanent body which also requires ratification by 26 countries has not yet come into force.

Money, Banking and Insurance

OMISSION OF 'PROMISE TO PAY' IN ONE-RUPEE NOTES.

A Press Note issued by the Information Bureau says :—

The new series of one-rupee currency notes of series V-8, do not contain the following words :

"On demand I promise to pay the bearer from the Hyderabad Government Treasury."

With a view to clarifying the position, H.E.H. the Nizam's Government desire to inform the public that these one-rupee currency notes have been issued under the authority of His Exalted Highness' Government under the provisions of the Hyderabad Currency Regulation No. 3 of 1856 F., published in the Government Gazette No. 8, dated the 25th Dai 1856 F., in which it was laid down that a currency note of the denominational value of one-rupee shall be current in H.E.H. the Nizam's Dominions in the same manner and to the same extent and as fully as one-rupee Sicca-e-Osmania issued under the provisions of the Hyderabad Coinage Act, and shall be legal tender for the payment of any amount for the purposes of the said Act.

As a result of this change in the legal nature of the one-rupee currency note, H.E.H.'s Government have decided to delete the above marginally noted words from the one rupee currency notes of Series V-8 issued recently by the Hyderabad State Bank and subsequent series.

CHEAP MONEY IN BRITAIN AND IN HYDERABAD.

The present market value of the $2\frac{1}{2}$ per cent. Nizam's Government Promissory Note compared very favourably with the high discount at which British securities at the same rate of interest are selling in the market. No doubt a margin would have to be left for the heavy taxation in Britain. The "Bankers' Magazine" (Aug. 1947) puts the position in Britain in the following words :

"When the Chancellor announced last November that the Government could now

"command" $2\frac{1}{2}$ per cent. for its irredeemables we expressed doubts about this new level of State credit. None of the conditions for its establishment and maintenance seemed to obtain. Four months ago we specifically advised the investor not to touch the irredeemables at any price over 90.

In recent weeks Consols have actually touched 90 and after a slight rally have slumped well below that level. The 'Dalton', $2\frac{1}{2}$ per cent. Treasuries, launched with a great flourish on a "proud day for patriots" and in disdain of "the avaricious and the frightened," have lost nearly 12 points off the par issue price. This capital loss wipes out over 8 years, income at the standard rate of tax.

Debate is perhaps too strong a word for this development and there is no satisfaction in recording the failure of these essays in manipulation. Recent official bond issues have met with a sorry reception and the authorities appear to be fighting a rearguard action. The Chancellor still affirms, but with less flamboyancy, his faith in cheap money but he surely overreached himself by reminding his listeners that Consols once stood at 44. That is emphatically not a selling point for his irredeemables."

INFLATION AND DEPRECIATION IN FRANCE AND IN HYDERABAD.

The Note reproduced below, of the "Bankers' Magazine," reveals how the price-level in France has gone very high, and how the balance of payment of France is becoming more and more obviously unfavourable. What was 25.225 per £, namely the franc, is to-day 480 per £, and even then stabilisation of the balance of payment is not possible. A further depreciation is on the horizon. The real remedy is higher taxation and reduction in Government expenditure, but how far this could be resorted to by a Communist Government is a matter for doubt.

Some of our legislators in Hyderabad have been talking about the "devaluation" of the Hyderabad rupee. The British £, was worth U.S. dollars 4.886 in the gold standard days, but to-day, it is worth only 4 U.S. dollars, much less in the black market. A scientific assessment of the monetary and financial situation in Hyderabad must show that in price-levels, we are much more stable, in exchange rates, we are much stronger.

"How long can the franc be held at 480 in the face of all the forces making for further depreciation? This question is at last being freely discussed in the French press and formed the subject of a valuable article by M. Frederic Jenny in a recent issue of "La Tribune Economique." In December 45, the gold value of the franc was reduced to one-eighth of that of the Poincare franc and to a fortieth of the "franc of Germinal" which held sway throughout the nineteenth century and on to 1914. When M. Pleven carried out his devaluation to 480, the wholesale price index was 4.7 times that of 1938; last May the coefficient was 9, so that in eighteen months prices had risen by 90 per cent. Of course part of this upward swing was due to the 33 per cent. jump in the U.S.A. but nothing can hide the fact that there has been a tremendous internal depreciation of the franc. M. Jenny points out that high internal costs are now hindering exports and he might have instanced the invisible export of the tourist trade in support....."

THE HYDERABAD CO-OPERATIVE DOMINION BANK, LTD.

(Apex Co-operative Bank for H.E.H. the Nizam's Dominions).

REGISTRATION AND OBJECT.

The Bank was registered on the 6th March 1915 (1st Ardibehisht 1324 F.) under H.E.H. the Nizam's Government Act II of 1923 F., and started work on the same day, its name at the time of registration being "The Hyderabad

Co-operative Central Bank, Ltd." Its object was to finance Co-operative Societies established under the Act. From 1832 F. (1928), it has been making advances to Co-operative Central Banks also. In pursuance of the policy of the Department for a few years prior to 1834 F. (1925) of forming Central Banks for the various districts and of converting the Hyderabad Co-operative Central Bank, Ltd., into an Apex Bank and the chief co-operative financing agency of the Dominions, the name of the Bank was changed in 1834 F. (1925) into "The Hyderabad Co-operative Dominion Bank, Limited." Even now, the Bank continues to have direct dealings with certain primary societies in a few districts.

Capital.—The working capital of the Bank is composed of:

1. Share Capital.
2. Deposits from :
 - (a) Members, (b) Registered Co-operative Societies and Central Banks, (c) Non-members, and (d) Government.
3. Reserve and Other Funds.
4. Debentures.
5. Other borrowings.

Share Capital.—The Authorized Capital of the Bank is Halli Sicca Rupees twenty-five lakhs. It is made up of 28,000 shares as follows :—

- (1) 17,000 Ordinary Shares of Rs. 100 each, which will be allotted to the registered. Co-operative Societies, and Central and Urban Banks.
- (2) 7,000 Ordinary Shares of Rs. 100 each, which will be allotted to individuals.
- (3) 4,000 Preference Shares of Rs. 25 each, which will be allotted to :—
 - (a) Individual officials of H.E.H. the Nizam's Government applying for loans against mortgage of their immovable properties or for constructing houses.
 - (b) Individual owners seeking business.

The Preference Shareholders will pay their share money in one lumpsum. They will

have a preferential right to dividend at 3 per cent. per annum.

Note.—The Issued Capital is H.S. Rs. 5,75,000. The Paid-up Capital as at 30th Amardad 1356 F. (30th June 1947) is H.S. Rs. 5,65,225.

Membership.—The following are eligible for admission as members of the Bank :—

(1) Every registered Co-operative Society and every registered Co-operative Central or Urban Bank in H.E.H. the Nizam's Dominions, provided that, in the case of a registered Society or an Urban Bank, there will not be any election.

(2) Any corporate body, or any person of 18 years of age and above having sound mind and residing in H.E.H. the Nizam's Dominions, including officials and businessmen temporarily stationed therein.

Deposits.—The following different kinds of deposits in both the currencies are accepted from Members, Non-members, Co-operative Societies and District Co-operative Banks :—

1. Fixed Deposits for 1 year and 2 years.
2. Current Accounts.
3. Savings Bank.
4. Special Savings Bank.

Loans.—Loans are granted to Registered Co-operative Societies and Central Banks on the approval or recommendations of the Registrar of Co-operative Societies, H.E.H. the Nizam's Government. The policy of the Bank has been progressively to reduce the rate of interest on the loans advanced to Co-operative Central Banks and Societies, subject to the condition that the ultimate borrower is benefited. The following are the present rates of interest on loans advanced, the original rates being 8 per cent. per annum in the case of Co-operative Central Banks and 9 per cent. per annum in the case of Co-operative Societies :—

Per cent.
per annum

Loans to Co-operative Central Banks	4
Loans to Office Co-operative Societies (Salary-earners' Societies)	5 & 6

Mortgage Loans, and Loans for House-building and Educational Purposes.—The Bank has been advancing these loans to the employees of H.E.H. the Nizam's Government at the rate of $4\frac{1}{2}$ per cent. per annum.

Management.—The management of the Bank was originally vested in a Board consisting of 10 members elected from among the individual shareholders. In view of the policy of giving adequate representation on the Board to Societies and Banks, which has been steadily pursued, the bye-laws have been amended from time to time. The management now vests in a Board consisting of 21 Directors including the President, Vice-President and the Registrar of Co-operative Societies, H.E.H. the Nizam's Government, who is an *Ex Officio* Director. Out of the 20 Directors, excluding the *Ex Officio* Director, 8 are elected from among the individual shareholders holding not less than 10 shares each, and the remaining 12 Directors from among the elected representatives of shareholding Central Banks and Societies holding not less than 5 shares each. The franchise vests in all the shareholding Central Banks and Societies wherever situate in H.E.H. the Nizam's Dominions. The President and the Vice-President are elected annually by the Board of Directors, after it is constituted as above. Subject to the control of the Board of Directors, the management vests in an Executive Committee consisting of the President, the Vice-President, the Registrar of Co-operative Societies, who is an *Ex Officio* Director, and six other members elected by the Board of Directors from among themselves. Out of the eight members excluding the *ex officio* member, three represent individual shareholders and five represent shareholding Societies and Central Banks, provided that, if the President or the Vice-President is a representative of Societies and Central Banks, their allotted number shall be reduced *pro tanto*.

The Bank has now a Sub-Office at Pathergatti and a Branch at Jedcherla, Mahboobnagar district. Some more Pay Offices will be opened

very shortly in other important business centres within H.E.H. the Nizam's Dominions. The Bank now undertakes every class of General Bank business, including Halli B.G. Exchange and has agencies in important places in the Indian Dominion and Hyderabad State.

THE HYDERABAD CO-OPERATIVE DOMINION BANK, LIMITED.

Summary Balance Sheet as at 30th Amardad 1356 F. (30th June 1947).

LIABILITIES	Rs. A. P.	Rs. A. P.	ASSETS	Rs. A. P.	Rs. A. P.
<i>Capital.</i>			<i>Loans.</i>		
Authorized	..	25,00,000 0 0	(1) Co-operative Societies and Banks ..	6,41,944 6 2	7,76,312 6 2
Subscribed and paid-up :-			(2) Sale Societies	1,34,368 0 0	
(1) Ordinary Shares ..	5,47,400 0 0		(1) To Government Employees on immovable property and for Housing building purposes ..	15,47,173 2 8	
(2) Preference Shares ..	17,925 0 0	5,65,225 0 0	(2) Against movable and immovable securities to individuals ..	21,59,969 12 8	
<i>Reserve.</i>			(3) Against Fixed Deposits ..	9,16,047 0 0	
(1) Statutory Reserve ..	4,74,817 5 8		(4) Against Provident Fund ..	11,774 0 0	
(2) Other Funds ..	6,31,614 12 9	11,06,432 2 5	Bank premises		4,68,968 15 4
<i>Deposits.</i>			Investments in Government and other approved securities :-		1,45,621 15 0
(1) Fixed :-			(1) Reserve Fund	4,74,800 0 0	
(a) Individuals ..	15,07,349 15 4	37,15,146 7 4	(2) Other investments ..	55,40,424 11 6	60,24,224 11 0
(b) Co-operative Societies & Banks ..	22,07,796 8 0		Others		8,27,865 8 9
(2) Current Account ..	71,28,872 12 2		Cash and Bank Balances ..		22,00,385 8 8
(3) Savings Bank ..	9,92,859 6 4				
(4) Special Savings Bank ..	2,28,201 0 6	83,40,933 3 0			
Sundries		2,58,230 1 4			
Profit for the year ended 30th Amardad 1356 F. ..		1,14,407 2 10			
		1,41,09,374 0 11			1,41,09,374 0 11

NEW BANKING POLICIES.

It is encouraging that with the transfer of power to a National Government, the Reserve Bank of India has been roused from its arm-chair. The recent Reserve Bank Ordinance and the Banking Companies Ordinance respectively empowering the Reserve Bank of India to make advances against collaterals considered satisfactory (even though outside the list specified in the Act), and authorising the Government of India to give the benefit of a three months' moratorium to individual Banks that might apply for such protection, with a promise of adequate accommodation by the Government after the moratorium period, are surely novel in the history of Commercial Banking in India. If these steps had not been decided upon by the Government of India, a general banking crisis should have by now spread all over the country, making it absolutely impossible for either Central Government or the Reserve Bank of India to manage the situation even unsuccessfully. It will be remembered that some years ago, there was a partial breakdown of Commercial Banking in South India on account of the laggardly policy of the Reserve Bank of India.

WAREHOUSES AND CREDIT.

The Government of Bombay are to be congratulated on the passing of legislation to establish licensed warehouses for the benefit of agricultural producers in the Province. The complaint has been made frequently in recent years that the advantages of cheap money have hardly reached the mass of agricultural producers despite the fact that the Bank Rate in India has been maintained at 8 per cent for many years. The provision in the Reserve Bank Act for advances to agriculturists has been a dead letter because the Reserve Bank could do nothing in the absence of licensed warehouses for agricultural produce and the creation of negotiable warehouse receipts. The Bank countered the charge that it was not doing its part to bring down interest rates in the countryside and extend credit

facilities to the primary producers in the country with the demand that the Provinces should first establish licensed warehouses to enable the Bank to extend credit on the basis of negotiable warehouse receipts. Bombay has been the first to act on the suggestion and the other Provinces may be confidently expected to follow suit. Thanks to the demands of war and post-war rationing, most of the Provincial Governments have erected or acquired large godowns for storing foodstuffs which can be turned into licensed warehouses when rationing is given up. Quite apart from the availability of these godowns, it is the obvious duty of the Provincial Governments to set up a network of licensed warehouses to facilitate the storing and marketing of agricultural produce. The existence of such a network can serve as the biggest single factor in the stabilisation of agricultural prices which has been declared to be one of the basic objectives of State policy. If a system of floor and ceiling prices for agricultural produce is to be worked effectively, the Government will have to buy the produce when prices fall below the minimum and sell it when prices tend to go beyond the maximum. Proper storage facilities are essential for such a policy. A possible offshoot of activities in this direction is the creation of the counterpart of what in America has been described as an "ever-normal granary" that is, a permanent buffer pool of a year's national requirements of foodgrains. At a time when the country is just managing to carry on from hand to mouth incidentally it is some relief to learn that the Province has tided over the food crisis, thanks to improved collection of surplus grains—the prospect of having a full year's supplies always on tap seems Utopian."

RURAL CO-OPERATION IN BOMBAY.

IMPLEMENTING SARAIYA COMMITTEE RECOMMENDATIONS.

As part of its declared policy of giving all possible fillip to the co-operative movement, the Government of Bombay has, from time to time, been giving effect to some of the main recom-

mendations of the Co-operative Planning Committee, of which Mr. R. G. Saraiya was the Chairman. In the following lines an outline of the various steps taken by the Bombay Government to accelerate co-operative effort in the different spheres of rural and urban economy is given, which, we feel, will be found interesting.

The problems of rural credit have been exhaustively examined by the Gadgil Committee, which, among others, had recommended the setting up of an Agricultural Credit Corporation. This recommendation had been referred to the Committee appointed by the Government under the chairmanship of Sir Manilal Nanavati. The Nanavati Committee's report covers rural finance—short-term, intermediate, and long-term—and the problem of such finance has since been rendered acute by the introduction of the Agricultural Debtors Act and the licensing and control of operations of money-lenders. To counter the shrinkage in the availability of finance from money-lenders, the Collectors have already been instructed to advance taqavi loans and start grain depots for supplying finance to the rural population whenever the existing co-operative societies are unable to provide adequate funds.

As a preliminary step to increase the percentage of the rural population involved in the co-operative movement from 7.5, as at present, to 30 (as recommended by the Saraiya Committee), the Government considers it necessary that the existing uneconomic units should be strengthened with the facility of amalgamation provided for in the Bombay Co-operative Societies Act. The societies can be made economic with the added functions of multi-purpose societies being assigned to them. The Bombay Government at present gives financial assistance to the existing multi-purpose societies to the extent of Rs. 150 per year for each, or half the cost of management and propaganda, whichever is less. It is felt that the target for multi-purpose societies should be 60 per cent. of total societies, as against 30 per cent. for the credit

societies, and that it could be reached in 15 years.

AUSTRALIA TO NATIONALISE PRIVATE BANKS.

The Australian Prime Minister, Mr. Chifley, has announced that in September he will introduce in the Australian Parliament a bill to nationalise the private banking system.

Seven banking companies with branches all over Australia and with shareholders' funds totalling £. 700,000,000 are involved.

The move has created a nation-wide controversy but Dr. H. V. Evatt, who is both Minister for External Affairs and Attorney-General and who was a Judge of the High Court before entering Parliament, has advised that the Commonwealth Constitution contains power for the nationalisation of banking.

In addition, the present Labour Government holds a large majority in the House of Representatives and the Senate and is in a position to carry all its own legislation. Opposition quarters are basing their resistance on the hope that the High Court, to which they intend to appeal, will declare the legislation as ultra vires the Constitution.

Although the Commonwealth Government has announced that it is prepared to buy at the ruling rate any bank shares offered on the Stock Exchange, values have held firmly and there have been no signs of anything approaching a market panic. It can be taken for granted that the Federal caucus will endorse automatically the Cabinet decision and legislation will then proceed.

It seems certain that the move will precipitate one of the greatest legal battles in Australian history on the constitutional validity of this latest governmental action, particularly in view of the recent Government setback when the High Court ruled that the Government was not empowered to compel municipalities to withdraw accounts from State savings banks and private banks and deposit them with the Commonwealth Bank.

The Opposition Leader, Mr. Menzies, commenting on the latest move said: "This is the most spectacular move towards complete socialization ever made in any English-speaking country. For any parallel we must go to Soviet Russia. The decision comes out of a clear sky. It was not mentioned in Mr. Chiefley's policy speech. There was no public mandate for it. It will deprive the ordinary citizens of their present rights to go to the bank of their own choice and deal with the one which offers the best terms and treatment. The proposal represents a huge step towards complete bureaucracy, with the Government in a position to give orders to private citizens on all their financial and business activities."

U. S. GOLD HOARDS.

The United States Treasury records recently disclosed that Russia had sold to the U.S. 5,662,685 dollars worth of gold by mid-September this year. The report also disclosed that the U.S. gold holdings were now over 22,762,000,000 ozs. compared to the record U. S. gold holdings of 22,799,000,000 ozs. in October 1942.

MONETARY DISORDER.

There is a very clearly thought out article entitled "Monetary Disorder," in the August 1947 issue of the "Bankers' Magazine." The views of Sir Hugh Dalton, Mr. R.G. Hawtrey and Prof. J. R. Hicks, have been examined in connection with the present economic crisis in Britain. The complacency of the Labour Government based on rather unwarranted level of optimism has been strongly condemned by the Journal. The rather unscientific and crude distinction made by the Chancellor of the Exchequer between the domestic economy and the external problem of Britain, has been ridiculed by the Journal in the following words:—

"In moving the third reading of the Finance Bill, the Chancellor drew an astonishing picture of happy internal finances completely divorced from unhappy external finance. According to his version there was a most re-

markable contrast between the great difficulty of the overseas condition—which was more difficult than we, two years ago, had any grounds for expecting—and the relative ease of the purely domestic position, in which events were much better and easier than we would have had any reason to expect two years ago.

It is fantastic that such a dichotomy should be made between the internal and the external situation. For two years the economy at home has been bolstered by external loans and in face of the approaching exhaustion of that aid the Government can only wait helplessly on events. If the dollar credits come to an end the resulting dislocation, if not paralysis, of the economy will reveal the Chancellor's very "happy state of things" for what it is. According to Mr. Morrison "the twelfth hour will strike in the autumn, and it is too late for us to do anything about it. The gap in our balance of payments was at present far too wide to be closed by any increase in production and exports that could be expected in the early future. Increased production and exports were unquestionably a long-term solution."

2. On the other hand, the views and suggestions by Mr. Hawtrey and Prof. Hicks are considered more appropriate and practical. In the words of Prof. Hicks, British economy is "empty." Cheap money policy; full employment, a high standard of life and expanding nationalisation—these are no doubt very attractive phrases. But the basic trouble is that the *real* resources of the nation are far too short of the extravagant scales of investment and export contemplated. The amount of money circulating in the country is much too large to make possible any system of controls effective.

3. Measures like additional taxation or credit restrictions are not practicable. The real remedy lies in:—

(a) A drastic reduction in Government expenditure; and

(b) A forced loan taking away half the purchasing power held by the public (above an exemption level) on a particular day.

Finally, the two distinguished economists' views are reported that if Britain should survive serious and sincere efforts should be made at home: hanging on possibilities of foreign assistance has been simply postponing the evil day.

The following extracts from the article are interesting:

"The first duty of this Government to our own people and also to the world is to keep Britain in full production, in full employment, in good health, and in good heart. To starve our industries, or our workers, or to throw overboard abruptly a number of our most expensive overseas commitments would be to play into the hands of the trouble-makers and the enemies of democracy, and to strike a blow against world recovery and the prospects of world peace.

"The cause of the disequilibrium is thus monetary in nature and origin. Fed by the Government's inordinate programme of capital works and social services, and swollen by the tactics associated with the cheap money policy, the excessive purchasing power of the community impinges on its limited and overstrained real resources....."

"The propensity to spend from all sides and all sources is overwhelming the economy....."

"If the quantitative controls fail us we must perforce turn to the financial. The first measure that suggests itself is to drain off excess purchasing power by taxation. A large genuine budget surplus is appropriate for this purpose. But the level of taxation is already so high that regard for incentive requires a reduction in taxation, accompanied by relaxation of the controls on consumption. Such alleviations are however out of the question....."

"He revives what to many will be the repellent concept of the capital levy, but what

he proposes is in reality the sort of "segregation" we have applied to the sterling balances held by countries abroad....."

"Before we have recourse to the expedient of a forced loan we can try the old-fashioned remedy of clipping the claws of the State.... Economic surveys, import and export programmes, and production targets are no substitutes for the orthodox financial budgets....."

"It is interesting to note that exactly a hundred years ago, as is shown by the quotation on p. 121 of this issue, a similar situation obtained in this country. An inordinate programme of capital construction had overstrained the economy and the results have a familiar ring to-day. "Nor have we any surplus. Our granaries are swept clean; our stocks of raw material have been rarely so small; and a very large part of our population are poorer by a twelve month deprivation of their ordinary supplies of clothing and commodities." But on that occasion the capital expenditure was fed out of internal finance; to-day it is largely dependant on external finance. The conclusion 100 years ago was that it was high time that some abatement was applied to the prodigality of railway expenditure. Today the prodigality is in Government expenditure....."

SWISS BANK STOPS SALE OF GOLD COINS.

The Swiss National Bank has suspended the sale of gold coins from today, thus adjusting its policy to that of other central banks. Switzerland being the only country where the gold trade remained free, great quantities of gold pieces were sold to private persons who used them abroad for speculation and smuggling. During the past weeks that traffic has increased daily. The National Bank will continue to deliver gold coins for international payments and for the legitimate use of Swiss industries using gold.

BIG INFLATION FEARED IN CHINA.

Chinese Financial quarters fear a runaway inflation following failure to check the rapid soaring of commodity prices.

Black dollar quotations are said to be 150 per cent. above the official rate. One example

of the extent of the inflation grip is that a ten ounce gold bar is reported to have fetched the fantastic sum of 52,000,000 Chinese national paper dollars.

All time high record prices for rice and the spectacular advance in share prices are other significant pointers.

WORLD GOLD PRODUCTION.

(In thousands of fine ounces).

Countries	1939	1940	1941	1942	1943	1944	1945	1946	Percentage increase (+) or decrease (—) over 1945
I. British Empire ..	22,471	24,054	24,151	22,497	19,103	17,504	17,148	17,210*	+ 0.4
(a) Union of South Africa	12,822	14,047	14,386	14,121	12,800	12,277	12,214	11,918	— 2.4
(b) Canada ..	5,094	5,311	5,345	4,841	3,651	2,914	2,651	2,808	+ 5.9
(c) Australia ..	1,646	1,644	1,497	1,154	751	657	656	840*	+ 28.0
(d) New Zealand ..	179	186	175	166	149	142	140*	140*	..
(e) India ..	317	289	286	260	252	187	168	131	— 22.0
II. United States ..	4,621	4,863	4,832	3,583	1,381	1,022	988	1,625	+ 64.0
III. All Countries ..	39,038	40,702*	39,595*	34,200*	27,500*	24,900*	24,800	25,000	+ 2.9
British Empire percentage ..	57.6	59.1	61.0	65.8	69.8	70.5	70.5	68.8	— 2.4
South African percentage ..	32.8	34.5	26.3	41.3	46.5	49.3	50.3	47.7	— 5.2

*Provisional.

WORLD SILVER PRODUCTION.

(In millions of fine ounces).

Countries	1939	1940	1941	1942	1943	1944	1945	1946	Percentage increase (+) or decrease (—) over 1945
United States of America ..	57.8	67.0	69.1	54.5	41.5	34.9	28.2	21.2	— 24.8
Mexico ..	81.5	86.3	78.4	80.7	71.2	63.0	61.1	46.0	— 24.7
Canada ..	24.2	25.4	22.0	22.0	18.2	14.7	13.9	13.9	..
Other Central and South American Countries ..	30.9	34.5	32.4	16.0*	15.1*	25.8	30.5	26.0	— 14.8
Total ..	264.2	218.2	201.9	178.2	146.0	138.4	133.7	107.1†	— 19.9
India ..	0.028	0.028	0.023	0.020	0.019	0.014	0.014	0.011‡	— 21.4

*Figures for Peru only.

†Exclusive of Burma figures.

‡Provisional.

BULLION.

80. *Price of Gold.*—The table below shows the highest, lowest and average prices of gold in Bombay for each of the nine years 1938-39 to 1946-47.

Year	Highest			Lowest			Average		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
1938-39	87	10	6	84	12	3	85	10	3
1939-40	48	8	0	36	9	0	39	13	11
1940-41	48	8	0	40	2	6	42	6	0
1941-42	57	12	0	41	9	6	44	7	11
1942-43	72	0	0	44	12	0	57	10	10
1943-44	96	4	0	65	4	0	76	11	6
1944-45	76	12	0	61	2	0	71	7	4
1945-46	97	12	0	63	6	0	80	3	0
1946-47	111	0	0	84	4	0	101	1	2

NOTES IN CIRCULATION.

(In Millions).

	End of 1945	End of 1946	Percentage increase over 1945
United Kingdom. (£) ..	1,380	1,422	3.0
Australia (£A) ..	200.0	207.0	3.5
Canada (\$C)	992	1,042 (a)	5.0
New Zealand (£NZ) ..	46.2	50.2	8.7
United States (\$) ..	28.5 (b)	29.0 (b)	1.8
France (Fr.)	470 (b)	722 (b)	26.7

Source: "United Nations Monthly Bulletin of Statistics."

(a) At the end of November, 1946. (b) In 1,000 million.

Planning and Production

CHARCOAL SUPPLIES FROM HYDER- ABAD.

THE NIZAM'S GOVERNMENT have resumed supplies of charcoal and fuel to the neighbouring Indian Provinces, it is learnt.

Under this arrangement, Madras gets one hundred wagons of fuel and Bombay 200 wagons of charcoal every month.

The Forest Department has, it is learnt, also arranged adequate supplies of fuel to the metropolis and Secunderabad, where the average daily consumption is about 300 tons. The fuel position here is expected to improve shortly with the availability of wagons.

It will be recalled that the exports of fuel and charcoal from the State were suspended a few months ago when their supply position was bad.

VAST INDUSTRIAL POTENTIAL LYING DORMANT IN INDIA.

Dr. Henry F. Grady, the U. S. Ambassador in India, addressing the All-India Manufacturers' Organisation in New Delhi emphasized the potentiality of industrial development in India.

He said: "The opportunities are great and I cannot help but feel that if, while your political organisation is being consolidated you were to lay down a detailed plan for immediate action, such a plan could be speedily put into operation and you would begin to see a remarkable and steady quickening of the economic life of the whole country.

"India is undoubtedly coming into a period of great growth and the development of industry is basic to that growth. In the report which our Technical Mission submitted to the Indian Government in May, 1942, the potentialities of industrial development were outlined. Our mission was deeply impressed by what it saw in India. It is true, we were thinking in terms of war production, but to make our recommendation, it was necessary for us to make a comprehensive

survey of India's resources and industrial possibilities.

"I have always regretted that the recommendations in our report were not implemented in 1942 because, not only would there have been greatly increased fabrication of war material here, but your country would have had an impetus which it would have carried over into the post-war period.

"The impression of India's great potentialities which I got in 1942 have been confirmed and strengthened since I arrived here last June. You have in your country everything which is essential to successful industrial development."

AGRICULTURAL FIELD.

Mentioning that power development is fundamental to industrial expansion, Dr. Grady said that India had tremendous potentialities of hydro-electric power. "Such a development will not only give power to your industries as they grow, but will stabilize your agriculture by bringing a larger acreage under irrigation. Extensive irrigation will not only free you from the caprice of the monsoon, but will make possible many industries connected with agriculture. I am thinking of the processing of agricultural output. Process industries not only create employment in themselves, but they lead to greater transport of products and hence wider marketing and, in turn, greater production."

This, Dr. Grady said, would result in an extension of the whole transport system and extensive research in connection with technical improvement in manufacturing and in marketing and in the standardisation of agricultural and mineral products.

Dr. Grady added: "Economic advance grows on what it feeds on and once momentum is secured, it will be surprising how rapidly progress can be made. When I was here in 1941 and 1942, I was impressed with the talent of your peoples. I have been even more impressed since I returned

this year. One meets talented men and women almost everywhere one turns.

"You have, however, the problem of developing your political organisation as well as advancing your agricultural, industrial and commercial fields. This implies a co-operation among the various groups of your people which was difficult before you took over the control of your own destiny. I am sure you will achieve that co-operation quickly. There is too much at stake not to have it."

"It is commonplace to say that with the increase in national wealth, the foundations of your taxation structure will be deepened and broadened. Your banking and currency situation will be further strengthened. I agree with the Minister of Finance that your financial structure is thoroughly sound but to remain sound it must be strengthened by the increase of the country's wealth and by sound financial and fiscal policy. Nothing in human affairs remains static. You must advance or you retrograde."

"For India the year has been a very difficult one, the progress of transition to a peace economy having been rendered painfully slow. Inflationary conditions continued; shortages of consumer goods persisted; speculative activity was on the increase particularly on the stock exchanges; the general price-level showed an almost continual rise, surpassing the 1944 war-time peak level, while the cost of living continued to move up and there was widespread labour unrest. Industrial production was hampered by the virtual non-availability of capital goods, difficulties of transport, reduction in working hours to 58 per week and frequent strikes. The food position continued to cause grave anxiety, the threatened famine having been kept at bay through stringent rationing over wide areas and partly through some, though inadequate, imports from abroad. Demobilisation could not reach the provisional target while the development plans, particularly of the provinces, could be put through only partially, the 'Works Programme' being restricted to avoid competitive increases in building

costs. The grave economic problems which the country had to face were greatly aggravated by frequent outbreaks of serious internal disturbances."

An important feature of Indian economic situation during the year was the intensification of inflationary conditions; the Economic Adviser's index number of wholesale prices averaging 25.47 as against 244.9 in 1945-46. The foreign trade showed a definite trend to return to pre-war pattern, the notable developments being the surplus balance of trade of Rs. 41 crores, the emergence of an unfavourable trade balance with the Empire countries as a whole on the pattern of the pre-war position, the appearance of a sizable deficit with the U.K. and the restoration of the usual surplus balance with the U.S. Although the balance of trade on private account showed a net surplus, there were net sales of sterling of £. 65.54 million by the Reserve Bank owing to increased imports of stores and foodgrains on Government account coupled with probable private capital repatriation. Control over foreign exchange continued and an important event was the replacement of the Financial Provisions of Defence of India Rules by the Foreign Exchange Regulation Act, 1947."

PAKISTAN'S 7-YEAR PLAN FOR INDUSTRIALISATION.

Mr. Yousuf Haroon, President of the Sindh Provincial Muslim League and a leading Pakistan industrialist, declared at a press conference in London that the Pakistan Government envisaged a seven-year plan for the industrialization of the country, the first steps to the formulation of which the Government would "very shortly" convene.

A programme was being worked out for increasing the country's textile production, and there were resources for a large chemical industry, said Mr. Haroon.

There were coal resources in Pakistan, but the greatest expectation was oil. "Three companies

are now working on these oil deposits in western Pakistan," he said, "I believe the first experiments have been successful. We feel the chances of a large oil industry are very bright, but the results will be known by December."

Industry generally was still unsettled in Pakistan owing to the "madness" of communal strife but there was a great spirit among Pakistan industrialists, he said.

U. P. RIHAND DAM PROJECT.

RS. 16 CRORES SCHEME.

Unexploited regions of the rich Sone Valley, "Ruhr of India," will for the first time be opened for development if the scheme for the building of a 296 feet high power dam across the Rihand river in Mirzapur district is approved by the U. P. Cabinet. The scheme will take six years and cost a little over Rs. 16 crores.

According to the planners, the scheme will eventually enable India to overtake and outstrip some of the leading countries in the West, in industrial outputs.

Some of the revolutionary features of the plan are that it will help in ridding the country of famine, by opening a 600 mile stretch of waterways from Calcutta to the interiormost parts of Rewa State for navigation by large cargo vessels. It will provide for the development of a number of basic industries such as cement and artificial fertilizers, by producing electricity at a cost even cheaper than in England—barely a fraction of an anna. It envisages the creation of an artificial lake, with an area of 180 sq. miles, which will be ideal for fish culture.

A party of zoologists is at present busy conducting a survey to find out the kinds of fish that can flourish in the lake which is estimated to store as much as 44 billion cubic feet of water.

With the cheap power that the scheme will make available Government will be able to launch irrigation projects which are expected to bring 4 million more acres of land under irrigation in eastern districts, improving the Province's food production.

If the plan succeeds the intensity and frequency of floods in the Rihand river will be reduced to a minimum. It is estimated that at least 70 per cent. of the capital outlay on the scheme will be spent on Indian labour and Indian materials.

THE BHAKRA DAM.

The Bhakra Dam project will irrigate four and a half million acres in—

- (a) Bihar;
- (b) East Punjab;
- (c) The 24 Parganas.

THE BHAVANI PROJECT.

The Government of Madras has approved an expenditure of seven crores of rupees, including direct and indirect charges and omitting arrears of simple interest on the construction of a dam across the Bhavani river, near Satyamangalam in the Coimbatore District, together with the connected distributary canals. A betterment tax of Rs. 100 per acre will also be levied from the owners of the lands who are benefited by the project.

THE RAMAPADASAGAR PROJECT.

This project consists of a dam across the Godavari 20 miles above the Rajahmundry Station on the Madras-Calcutta Railway Line and a Canal from either flank and a Power-house to generate electricity. The total reservoir water-spread is 527 square miles and its gross capacity 6,80,000 million cubic feet which will be second only to that of the Boulder dam in the United States. The total area of irrigation proposed will be 28 lakhs acres. Power developed will be 1½ lakhs Kilowatts.

COMPARATIVE PARTICULARS OF RAMAPADASAGAR AND OTHER DAMS.

Name of Dam	Length in ft.	Height in ft.	Net capacity in M.C. feet
Periyar (Madras) ..	1,241	176	9,800
Krishnarajasagar (Mysore) ..	8,600	180	48,984
Nizamagar (Hyderabad) ..	15,992	116	25,446
Mettur (Madras) ..	5,300	214	98,500
Poondi (Near Madras) ..	770	40	2,780
Aswan (Egypt) ..	6,900	170	37,600
Nottis (U.S.A.) ..	1,860	265	98,800
Boulder (U.S.A.) ..	1,282	728	14,07,000
Tungabhadra (Madras) ..	8,000	160	1,13,000
Ramapadasagar (Madras) ..	6,600	428	6,20,000

KASHMIR'S RESOURCES.

SCOPE FOR DEVELOPMENT.

In an article on the political and economic importance of Kashmir, Norman Cliff, "News Chronicle" special correspondent, declares that the State should be most prosperous instead of one of the most impoverished in the Indian Peninsula. "Its resources and industries are undeveloped, its tourist possibilities are only feebly exploited, its communications need to be vastly increased and modernised and its skilful, friendly people are cruelly exploited and rewarded with poverty, hunger and disease."

Pointing out that geographically Kashmir is contiguous to Pakistan, but its adhesion to the Indian Union might entail considerable risks, the writer adds: "The main stream of political thought in Kashmir has been directed towards national freedom, democratic socialism and communal unity. Hence Pakistan so far has made only a limited appeal to this overwhelmingly Muslim population. Whatever decision is reached, it should be the people's and should be supplemented and maintained by a people's Government. For Sir Hari Singh time is up."

AGRICULTURAL SURVEY SCHEME FOR MYSORE.

A scheme for the reorganisation of the section of Agricultural Statistics and Agricultural Meteorology in the Agricultural Department has been sanctioned by the Government of Mysore.

The scheme, spread over a period of five years, is expected to involve an expenditure of Rs. 91,636 recurring and Rs. 20,000 non-recurring.

The main activities of this section will include crop surveys by sampling technique for estimate of crop yields as required by the Government of India, sample surveys of diseases and pests of crops, co-ordination of results, of agricultural research and their application on the raiyats' yields, forecasting of crop yields, issue of warnings to raiyats regarding abnormal weather based on forecasts to adjust the cropping programme, and studies on consumption and production of food

and fodder to balance the areas for the different crops of districts to ensure self-sufficiency.

50,000 ACRES BEING RECLAIMED IN U.P.

Under the U.P. Government scheme for extending food cultivation in the province about 50,000 acres of forest land is being reclaimed.

A fleet of motor cars is being purchased by the Government for use of officers during their travel in these regions for reclamation work.

Two powerful searchlights and two prefabricated hospitals will be provided for the labourers. Nearly 200 tractors are also being purchased.

FOOD POSITION.

It is stated that on 1st December the food stocks at the disposal of the Government would be for less than two weeks.

Burma still has a surplus stock of 100,000 tons of rice and rice products. How much of this can be exported will be determined after ascertaining her own increased requirements as a result of conditions created by the recent floods in certain parts of the country.

"Pandit Nehru," said Thakin Tin, the Burma Government's Minister for Agriculture and Rural Economy, in an interview, "has requested us to send some supplies to India as soon as possible. We shall try to meet Pandit Nehru's request in the near future. We may be able to export the balance of our stocks in December and January. In the meantime, the Government's Agriculture Project Board will make final survey of our own requirements."

Of the 1947 surplus stock of over 800,000 tons, Burma has already exported 700,000 tons through the International Food Emergency Board, three-fourths going to India and the balance to Singapore, Hong Kong and Ceylon. In addition, she has recently exported 6,500 tons in two instalments to Eastern Pakistan.

In 1948, Burma hopes to export about 1,500,000 tons of rice and rice products reaching the pre-war figure of 3,500,000 tons in 1950. The Government are arranging to supply several thousand tons of grain to India,

RAISING CLOTH OUTPUT BY 10 PER CENT

SCHEME FROM JANUARY 1.

A programme of cloth production expected to increase the output by about 10 per cent. will come into operation on January 1, 1948.

The question of an increase in cloth prices, however, still remains to be determined pending the findings of the reconstituted Tariff Board, to which the Government of India have decided to refer the matter.

Following discussions in New Delhi between the Ministry of Industry and Supply and the Industry's Committee of the Textile Control Board, it is understood that a scheme switching over a greater proportion of cloth manufacture to coarser counts has been finalised.

Although the question of increasing prices in order to give more incentive to the producer has been discussed threadbare, the immediate decision that has been reached is to postpone action on this matter.

TARIFF BOARD'S TASK.

The Tariff Board, which is being reconstituted with Mr. G. L. Mehta as Chairman, will examine the relation of prices to the production of cloth and report to the Government of India, who will then announce their decision.

It is expected that the Tariff Board will give priority to this matter over all others which are pending including the question of protection for such industries as glass.

The reference of the question of cloth prices to the Tariff Board is construed as evidence that the Board will perform the functions of the Commodity Prices Board.

If Government should eventually decide to increase prices, it is understood that effect will be given to them retrospectively from the date when the new programme of production comes into being.

EXTENSION OF CONTROLS TO BE DISCUSSED

The Industries Minister of the Government of India, Dr. S. P. Mukherji, has summoned a conference of Provincial Ministers of Industries in New Delhi next month. The dates of the conference will be announced later.

The conference will discuss plans for the industrial development of the country and the question of extending control over a wide range of articles—including all articles concerned with textiles, cement and other commodities. The question of formulating legislation for production and control of power alcohol is also to be discussed.

The other Ministries which are represented in the Economic Affairs Committee are also co-operating with the Industries Ministry in holding the conference.

PLAN FOR MEETING OIL NEEDS.

To cost £. 800,000,000.

An £. 800,000,000 plan for meeting the needs of nations anxious to get oils is being worked out by the Anglo-American industrial chiefs. The plan provides for an expenditure of £. 600,000,000 in exploiting the untapped reserves of the Middle East and £. 200,000,000 in building two or perhaps three giant refineries in Britain.

The Middle East plan, according to a report, includes: £. 50,000,000 for a pipeline to the Mediterranean from the American-controlled fields in Saudi Arabia; another £. 50,000,000 for a line from Kuwait to Abadan; £. 40,000,000 for a line from Iraq to Haifa; and £. 12,000,000 for extensions of the existing pipelines from Iraq to Haifa and Tripoli.

New towns to be built around the new wells in the desert will cost a further £. 50,000,000 and a similar sum will be spent on sinking the wells themselves.

About 86 tankers are being built in Britain and a further 49 are scheduled. The completion of these vessels will cost yet another £. 50,000,000.

RUSSIA'S BUMPER TOBACCO CROP.

Soviet Russia has had a bumper raw tobacco crop. Three times as much raw tobacco was gathered in by the beginning of September as during the same period last year. It was grown by collective farmers in Abkhazia, the Crimea and the Republics of Central Asia, comprising Samaum, American and Lubek tobaccos.

The best Russian sugar beet harvest for many years has been reported.

Processing of sugar beet from the new harvest began on September 15 in the sugar refineries of the Kiev region, Ukraine, two weeks earlier than last year.

SWITZERLAND: COUNTRY OF PEACE AND PROSPERITY.

A report published this week in a Swiss daily about the opinion recorded by various "Gallup Institutes" in different countries as to whether there might be a new world war within the next ten years represents the following picture:—

	Yes	No	With- out
	Per cent.	Per cent.	Per cent.
Italy	59	28	13
U.S.A.	58	36	11
Britain	48	81	21
Denmark	45	27	28
Germany (American zone)	44	48	13
Canada	42	38	25
Holland	39	43	19
France	35	35	30
Sweden	28	45	27
Czechoslovakia ..	24	41	35

SIX "KEYS" TO CRISES.

Sir D. Fyfe's Remedies.—Sir David Maxwell Fyfe, M.P., speaking at Minto, Hawick, on Saturday, said that no one at home or abroad would take this country seriously until the Government at least turned these "six keys of the crises":—

1. The interminable negotiations with the trade unions on greater output must be brought to an effective conclusion.

2. There must be stated, bluntly and firmly, what had to be done without in the way of houses, schools, and factories.

3. Measures countering inflation must be taken at once to reduce the constant pressure of paper money unrepresented by goods.

4. The Government must make decisions in these great matters, but the lesser decisions and sub-allocations must be left to industry itself.

5. Where increased production was guaranteed and therefore inflation could be avoided, the additional incentive of tax relief should be tried.

6. The capabilities of the British Commonwealth and Empire must be united, not only in present austerity, but in the country's old power of creating and improving fresh sources of primary products and markets, especially in Africa.

Finance and Resource

*SUMMARY OF THE BUDGET SPEECH BY HON'BLE THE FINANCE MINISTER (10-12-56 F.)

I NEED not emphasise the fact that Independence which is attended by manifold advantages and assets, also brings in its train heavy responsibilities.

I therefore appeal for a constructive and realistic approach to the country's economic problems. We have to rise high above the sectional conflicts to grasp with a singleness of purpose the benefits accruing from Independence.

The year 1356 F. (1946-47) would mark the beginning of a new era in the history of Hyderabad. During this year, our Benign Sovereign has given an opportunity to his beloved subjects for direct association with the administrative machinery through the medium of this Assembly. This occasion is brightened still further by the achievement of Independence by Hyderabad. A great future awaits Hyderabad and our motto should be to advance and not to recede.

I now review the actual and revised figures of revenue and expenditure of the previous and the current years and the estimated figures of the next year.

The actuals of 1355 F. are Revenue 2027.53, Expenditure 1668.77 resulting in a net surplus of 448.88. The Capital Expenditure amounted to 159.13.

REVISED ESTIMATES FOR 1356 F. AND BUDGET ESTIMATES FOR 1357 F.

Revenue.—The total Revenue Receipts have been estimated at 2468.10 as against the Revised Estimate of 2126.79 for the preceding year. This estimate does not take into account the proceeds anticipated to be realized from the fresh taxation proposals which will contribute

another 215.00. The Revenue Receipts for the year 1357 F. (1947-48) will, therefore, touch a record figure of 2678.10 which is nearly three times the pre-war revenue. The increase of 551.31 in the Receipts Estimate for 1357 F. as against the Revised Estimate for 1356 F., is partly attributable to the fresh taxation proposals and partly to the larger returns expected under Customs, Railway, Interest and Excise.

Expenditure.—As against the Revised Estimate of 1984.88 for 1356 F. (1946-47), the Budget Estimates for 1357 F. (1947-48) provide for a total Service Expenditure of 2678.04 of which 537.02 represent New Items of expenditure relating to the expansion of educational and medical facilities, agricultural and veterinary development and other nation-building activities as well as expenditure on subsidizing of prices of foodgrains and enhancement of salaries of Government servants on the basis of the recommendations of the Pay and Service Commission. It is proposed to finance this expenditure from the current revenues to the extent of 2554.70 and the balance of 118.34 from the Famine Insurance Fund (89.95), Industrial Trust Fund (6.73), Road Fund (5.00) and the Savings of Non-lapsing Grants (16.67). The next year's Budget Estimates are thus likely to result in a surplus of 5.06.

Apart from the larger grants for Education (297.90), Buildings and Communications (175.59), Medical and Public Health (118.03), Municipalities and Public Improvements (75.09), Irrigation (53.58), Industries (49.12), substantial increases have been made under such heads as Veterinary, Agriculture, Co-operative and other nation-building departments.

Education.—Hyderabad is going forward with very ambitious plans for spreading literacy among the masses as well as providing ample opportunities for higher education and research

* Figures in this note except otherwise indicated are in lacs of rupees (O.S.).

work. The post-war plans regarding Education are being rapidly translated into action. But the real impediment, as in other spheres is the lack of trained personnel and short supply of equipment for schools and laboratories rather than the funds which the Government is always open liberally to provide for accelerating the educational progress of the country. Although the Budget provision for 1857 F. stands at 297.90, the Government is committed to spend another 50.59 if the department is able to push through all its schemes. The schemes of general education cover wide fields such as the reorganization of the primary and secondary schools, opening of more primary and secondary schools, and new schools for the depressed classes, and arrangements for the training of teachers. The programme also gives due recognition to the importance of Technical Education and a provision of 28.38 has been made with a view to establishing new technical schools at Kothagudum and Secunderabad and agricultural and industrial schools at Gulbarga, besides the reorganization of the Central School of Arts and the School of Commerce. The Osmania University will in future enjoy financial autonomy to a large extent, within the block-grant of 45.00 which has been fixed for the next three years, with sufficient margin for further expansion. A sum of 25.00 has been provided for the training of students and officers abroad so that the dearth of technical personnel may be mitigated to a large extent.

Medical and Public Health.—The activities of the Medical and Public Health Department have been hampered by the shortage of technical personnel, difficulties in the way of construction of new buildings, comparatively small turn-out of qualified doctors and nurses and the difficulties in procuring stores and equipment. The Government is taking steps to overcome all these difficulties and the department is hopeful of making a substantial headway during the ensuing year. In order to ensure adequate supervision over the expanding activities of the department, especially on the Public Health

side, the department has been bifurcated into Medical Department and Public Health Department. The next year's Budget makes a total provision of 118.03 and covers a very wide field of activities such as prevention of epidemic diseases, establishment of Health Institute, collection of vital statistics, opening of a research laboratory, establishment of 52 new hospitals, mobile dispensaries, and grants to the medical practitioners so as to induce them to settle down in the countryside.

Agriculture.—A provision of 9.28 was made during 1856 F., for the purchase of tractors which was partly utilized during the year. A further provision of 8.00 is being made during the ensuing year for the same purpose and it is expected that about 15 tractors will be secured shortly. It is contemplated that a Tractor Ploughing Section will come into full operation in 1857 F. The other improvement schemes scheduled for implementation during 1857 F. comprise the manufacture of manure from waste, and research on oil-cakes. The Grow More Food Campaign is being intensified during 1857 F. and for this purpose 75.00 have been provided for distribution of manure and seeds as Taccavi. Special arrangements have been made to import wheat seed and for its distribution so as to make up the deficiency caused by the failure of wheat crop during the current year.

Veterinary.—The Veterinary Department is undertaking a programme for the expansion of its activities concerning the Cattle Breeding Farm at various centres. Arrangements are also being made for the supply of pure milk in Hyderabad city and for this purpose the dairy is being expanded largely at Himayatsagar Farm. A provision of 5.89 has been made in 1857 F. for the new schemes of the department.

Capital Outlay.—The progress of expenditure on the capital programme of the Government is now showing an upward trend as a result of the active implementation of the post-war schemes. In comparison with the current year's

provision of 689.26, the next year's Capital Outlay is estimated at 1010.15. The major items of estimated expenditure are:—Railway construction and compensation (90.50), Irrigation Projects (179.37), out of which 98.50 have been earmarked for Tungabhadra Project, 20.00 for Rajulbanda Anicut Scheme, 7.00 for investigation circles under Irrigation Projects and 53.66 for the purchase of machinery and construction of high tension lines, etc. A provision of 85.20 has been made for the Nizamsagar Hydro-Electric Scheme, 92.16 for the construction of roads, 57.22 for the improvement works under Local Bodies and Municipalities, and City Improvement Board, etc., 166.49 for departmental buildings, 291.95 for the Godavari Valley Development Scheme, 29.17 for Aviation and 11.09 for Electricity and Telephone.

Development and Planning.—The year 1856 F. witnessed further progress in the planning and drawing up of various development schemes and their actual enforcement. In the industrial sphere, a scheme has been prepared, after preliminary scientific investigation for the preparation of manure from the low grade coal found within the Dominions. In addition to it, the manufacturers in U. K. and other countries are being contacted so as to investigate the possibilities of the preparation of electric bulbs and other electric implements, films, tools and plant and other kinds of steel industries. Steps are being taken to establish a Central Oil Factory in the Godavari Valley Industrial Area with an output of approximately 30,000 tons per annum. The Tungabhadra Project and the Nizamsagar Hydro-Electric Schemes are making a fairly good progress so far as is permissible under the existing limitations. Schemes for the expansion of the textile industry, hand-loom industry, hosiery, oil extraction, manufacture of salt, tusser silk and tanning have also been completed and are now awaiting actual enforcement. The Post-War Planning Department has prepared 33 fresh schemes covering the general and technical education, training of personnel, expansion of postal activities, development of industries,

commerce and trade, economic survey and development of marketing and agriculture.

A dominion plan for the development of agriculture has been prepared which aims at prevention of soil erosion. Experiments for sinking of new types of irrigation wells in Marathwada and Telingana have reached an advanced stage.

The plans regarding public health activities prepared by the Technical Sub-Committee have been revised in the light of the Bhore Committee's recommendations and are now under reconsideration of the Planning Department.

A seven-years plan for the expansion of University Education has been prepared and its implementation is expected to start next year.

The nutrition problem has also received due attention and an Expert Sub-Committee has made recommendations which are now with the departments concerned.

The post-war financial requirements of Hyderabad and the ways and means to meet them, the land revenue system and its relation with the general taxation structure of the country, and the problems of banking, currency, exchange and trade have also been threshed out by experts and action is being taken by the Planning Secretariat to give effect to the recommendations.

In order to secure necessary correlation and uniformity of purpose among the various plans prepared by the department, it is contemplated to formulate a Master Plan including an estimate of expenditure to be incurred during the next few years, and the requirements of foreign exchange. It is proposed to set up a Sub-Committee of Experts to give final touches to this Master Plan.

Communications.—The works estimates of the road programme have been prepared and the work is being carried out under a priority scheme drawn up for the first five years. The roads to be constructed cover highways as well as feeder roads in rural areas.

Industrial Development.—Considerable progress has been made in the planning of industries

as well as in the execution of industrial schemes. Schemes for cottage industries, hand-loom, hoisiery, oil extraction, salt making, tusser silk, duck breeding, tanning, etc., are being put into execution.

To improve the prospects of the textile industry and also to meet the shortage of yarn, the Industrial Trust Fund is shortly establishing a Yarn Mill and also contemplating to purchase 40 per cent. of the shares of other textile and yarn mills to be established in the country. Rayon factories are being set up and the Industrial Trust Fund has contributed 15 per cent. to the share capital of each of the Sirsilk Ltd. and the Hyderabad Silks Ltd.

Establishment of a Reserve Bank for Hyderabad.—An Officer of the Finance Department has been placed on special duty to prepare a scheme for the conversion of the Hyderabad State Bank into a full-fledged Reserve Bank for Hyderabad which will take over complete management of Paper Currency including the right of note issuing and Public Debt. It will also control and supervise the banks by introducing necessary legislation providing scheduling of banks and controlling their deposits and advances.

Economic Intelligence Officer.—An Economic Intelligence Officer has been appointed in the Finance Department to study and advise Government in current economic problems.

Committee for Administrative Reforms and Co-ordination.—With a view to tightening up the administrative machinery, it is proposed to set up a small Committee to look into the various aspects of administration and to suggest ways and means for the maximum co-ordination so as to eliminate overlapping and secure the greatest amount of efficiency. The Committee will be asked to submit its report within three months.

Priority Committee.—A Priority Committee for assessing the claims of building and machinery preferred on behalf of various departments is also being constituted so that the limited sup-

plies may be canalized in the most productive directions.

The Government has appointed an Agent-General for Hyderabad in London who will be in charge of all its affairs in the United Kingdom. His office will perform agency functions for all departments of Government and will also supply useful information to the Hyderabad Chamber of Commerce and its members individually.

A Central Purchasing Organization is being established which will collect data regarding the requirements of the various departments in connection with the purchase of stores and will make arrangements for purchases under expert supervision. It is estimated that this organization will conduct purchases to the extent of about 70.00 per annum.

Control over Capital Issues.—In view of the exigencies of planned development and need for judicious husbanding of the limited capital resources of Hyderabad, the restriction on flotation of new companies is being continued. Permission is, however, being granted liberally to all bonafide concerns in consultation with an Advisory Committee consisting of officials and non-officials. From 1852 F. to Shehrewar 1856 F., 174 applications for a total amount of 8548.81 were received. Of these, 122 companies were permitted to issue capital to the extent of 2295.41.

Investments.—The total investments of the Government stand at 9282.73 comprising of Government of India Securities and industrial shares. During the year 1856 F., the investments were made to the extent of 1182.81 of which 902.94 were invested in the Government of India Securities and the balance in the shares of important concerns.

Rehabilitation of Demobilized Personnel.—The Department of Resettlement and Re-employment has prepared comprehensive schemes of vocational training and general education to the demobilized personnel and their dependants. Efforts are also being made to resettle these persons on land and to give them specialized

training in market gardening. Fifty per cent. of the vacancies have also been reserved in the Government departments and, as suitable personnel are forthcoming, they are being absorbed in the vacancies so reserved. A Hyderabad Services Post-War Reconstruction Fund has been constituted for the benefit of ex-servicemen.

Fund for the Welfare of Depressed Classes.—In a recent session of the Hyderabad Legislative Assembly, a non-official member had moved a resolution for creating a special fund for the welfare of the depressed classes. The Government had accepted this resolution, and a fund with a corpus of Rs. 1 crore, out of the proceeds of the Excess Profits Tax; will be created and placed under the management of a Board which would include representatives of the depressed classes. Other provisions made in the Budget for the benefit of the depressed classes will also be placed at the disposal of this Board.

Abstinence.—The policy of Government has all along been to reduce the consumption of intoxicants and it is intended to carry this policy still further, during the year 1857 F. I lay great emphasis on the psychological and political aspects of the problem and its economic and moral effects on the population. The Government is largely controlling the production and distribution of intoxicants. It has been proposed to constitute a Committee of the Legislature with instructions to report on the policy to be followed regarding abstinence, the method of its implementation with administrative and financial details. A sum of 50.00 has been earmarked to meet the probable loss of revenue as a result of the enforcement of recommendations of this Committee, as well as for taking other measures such as providing alternatives to drinking of intoxicants by opening tea stalls, milk booths, etc.

Supply and Control.—The food situation was gloomy towards the end of 1855 F. and gave cause for greater concern due to complete failure of wheat crop and the damaging of Rabi jawar. During the current year up to 7th Aban, 1856 F. Hyderabad has imported 82,000 tons of rice,

15,000 tons of wheat and 21,000 tons of other cereals. Efforts are being made for the import of foodstuffs on the one hand and the maximum local procurement on the other. Thus the compulsory levy for paddy had been increased from 3 to 5 maunds per acre. The price of white jawar has been increased by Rs. 1-8-0 per palla and that of other kinds of jawar by Re. 1 per palla. The rationing which was initially introduced in 1853 F. had to be expanded further during the current year in the exigencies of the food situation.

The Hyderabad Co-operative Commercial Corporation continued to be the machinery of procurement and distribution of all kinds of foodgrains, management of levy and of open market purchases and also for exports and imports of foodgrains, pulses, etc. The purchases operations of the Corporation are being financed by Government. During 1855 F. a sum of Rs. 6.83 crores was advanced for this purpose and Rs. 7.50 crores were sanctioned for 1856 F. and the advances had to be further increased by an amount of Rs. 4 crores. A provision of Rs. 7.50 crores has been made for the year 1857 F. During the last financial year of the Corporation, its operations extended to purchase of grains to the extent of 700.38 and to sales of 1127.73.

New Taxation Proposals.—The existing sources of Revenue have almost reached the saturation point. In fact, Hyderabad should be prepared for considerable reduction under several heads of Revenue such as Excise, Interest and Railways. According to the present indications, there is very little room for reducing the Expenditure Budget. On the other hand, the requirements of an expansionist policy and increasing demands of nation-building activities have made it inevitable that our Expenditure Budget will be increased from year to year. The existing taxation structure of the country requires a complete overhauling so as to ensure equitable distribution of the burden of taxation on those sections of the population who possess the capacity to bear it. As a first step for the complete reorientation of the taxation structure, proposals for the introduction of Income-tax, including tax on Agri-

cultural incomes, Business Profits Tax, Sales Tax on Luxury Articles, are being made for the first time in Hyderabad. The surcharge on the export of oil-seeds is being increased, so also, the excise duty on cigarettes and rate of the registration fee of the money-lenders.

Income-tax.—The Income-tax Bill is already with the Select Committee of the House. The rates at which the income-tax is proposed to be levied in Hyderabad are lower than those obtaining in the rest of India. It has also been proposed on the analogy of some of the Indian Provinces to impose tax on agricultural incomes after excluding a minimum income in order to give relief to the small cultivators. The total proceeds from this source are estimated to be 125.00.

Business Profits Tax.—Although the Excess Profits Tax has been withdrawn with effect from the beginning of 1955 F., the inflationary and abnormal conditions resulting in large profits are still continuing. I have, therefore, proposed a special tax on the business profits of 1955 F. at the rate of 15 per cent. on incomes accruing over Rs. 1 lakh or $7\frac{1}{2}$ per cent. on the capital at charge whichever is greater. The income from this head has been estimated at 20.00.

Sales Tax on Luxury Articles.—I do not recommend the levy of general Sales Tax at the present juncture, but I propose a Sales Tax on specific articles of luxury such as motor cars, imported cloth, silk and imported woollen goods, toilet goods and electrical goods like radio sets, fans and refrigerators and other luxury articles at a rate of $\frac{1}{2}$ anna per rupee. This source is expected to bring in an income of 11.00.

Surcharge on Export of Cash Crops.—The imposition of this duty has been mainly prompted from the standpoint of the Grow More Food Campaign so that greater acreage under cultivation of cash crops may be diverted to food crops. It has, therefore, been proposed to levy a surcharge at the rate of Re. 1 and Rs. 2-8-0 per maund on the exportable surplus of oilseeds and oil, respectively, like groundnuts, linseed and castor. The imposition of this duty would

not cause hardship to the cultivators or crushers or exporters particularly so long as the prices outside the Dominions remain as high as at present. It is expected that this measure would give us a yield of 50.00.

Money-lenders' Registration Fee.—It has been proposed to raise the existing licence fee on the money-lenders from Rs. 18 every fourth year as at present to Rs. 25 per annum, as the existing rate is extremely low. This source will yield about 8.00.

Excise Duty on Cigarettes.—It is proposed to raise the existing excise duty on cigarettes from 18 pies to 5 annas per 1,000 cigarettes, thereby giving an increased revenue of 6.00. The burden on consumers will, if at all, be insignificant.

BUDGET DEBATE IN HYDERABAD ASSEMBLY.

The 1957 Fash Budget is particularly sound and frank from the point of view of the science of Public Finance. Government Finance in Hyderabad has an enviable stability, with 92.32 crores of Government investments and a number of reserves which function as shock absorbers : Rs. 118.34 lakhs are proposed to be taken out of the different reserves with a view to leave a nominal Budget surplus of 5.06 lakhs during the year, revenue estimates being 26.78 crores and service expenditure estimates being 26.78 crores. A number of new taxes and larger revenues from existing ones are expected to increase the revenues by 5.51 crores. There is a steep rise in the provision for humanitarian and developmental expenditure.

The main criticisms on the floor of the assembly were these :

(a) When Government have so much in reserve why levy new taxes ?

(b) The same old rut, and there is nothing radical or spectacular.

(c) It is a Paper Budget because in many cases grants are not spent in full.

The answers to these criticisms are as follows.—

(a) Living on reserves would be like living

on the "Fat" in the system. Sound Finance requires that a Government should be backed by substantial reserves to maintain stability of the economic activities of the Government through thick and thin, employment and social security. At the same time, a good margin must be conserved of taxable capacity: in Hyderabad, we have just begun touching the fringe of new taxes: We have yet no Property tax, no Death duties, no Sales tax of the general type.

(b) Steadiness is the characteristic of Hyderabad Financial Policy, and if there was nothing radical or spectacular about the 1957 Budget, it should be taken really as a compliment—in these days when Great Powers like Britain and France are literally catching at straws with a view to make both ends meet.

(c) If grants are not exhausted as a rule, the explanation is inadequate availability of material and men: exhaustion of grants without reference to availability of Plant and Machinery and technical personnel, would really amount to wastage of public funds. As everybody knows, all possible attempt is being made to secure capital goods and technical services, and the chances of unspent grants are less hereafter than before.

A Master Plan, a Reserve Bank, a Central Oil Factory, a Depressed Classes Special Fund of one crore, provision of 50 lakhs against beginnings of Prohibition, several crores of subsidies and advances with a view to stabilise prices of essential articles, and lastly the maintenance of the purchasing power of the Hyderabad rupee, *in real terms*, comparing favourably with the position in the two Indian Dominions—these are points on which satisfaction if not congratulations is scientifically warranted.

"COMMERCE" ON THE HYDERABAD STATE BUDGET FOR 1957 FASLI.

We reproduce below an extract from the editorial of "Commerce," dated 20-9-47:

"Public opinion in India has, for long years, got itself accustomed to viewing the Indian

States as "backward," politically, economically, socially and otherwise. It is not realised, however, that the alleged backwardness has in no way reflected in perpetual misery for the people of the States concerned. In these days, when the Princely Order generally has earned public odium in the Dominion of India it might sound odd for anyone to say a word in praise of it. But let us not confuse economic realities with political issues here. However backward politically, let us be charitable enough to recognise that a good number of our States are actually flourishing entities in the economic sphere, although to what extent this prosperity percolates to all sections of the people may be a different story. Ignoring, therefore, for the moment, political prejudices and predilections, we have no hesitation in declaring that several of the much-maligned States of India have had an impressive record of progress and have been second to none in the discharge of their functions and obligations conducive to the economic contentment of their peoples. (It should, however, be remembered that the prevailing food scarcity is not peculiar to any of the States, and is an all-India, nay, world-wide malady).

In proof of what has been stated above, only a couple of weeks ago, we had occasion to refer to the budget figures, for the current financial year, of the Travancore State, which revealed a record revenue of well-nigh Rs. 10 crores without the imposition of any additional taxation. And now we have another equally remarkable budget before us—that of Hyderabad. Here again, that is, for the Fasli year 1957 (beginning 1st October, 1947), the budget of the Nizami's Government has shown a surplus of O.S. Rs. 5.06 lakhs, out of an estimated bumper revenue aggregating O.S. Rs. 2678.10 lakhs. These compare with the revenue of O.S. Rs. 2126.79 lakhs and expenditure of O.S. Rs. 1984.88 lakhs of the Fasli year 1956 (1946-47), which left a surplus of O.S. Rs. 192.41 lakhs. Owing to general increase in Governmental expenditure in every direc-

tion, the surplus for 1948 may not look spectacular, but the fact remains that the revenue, as described by the Finance Minister, Nawab Liaquat Jung, constitutes a "record figure," being actually three times the pre-war revenue.

The estimated revenue includes a sum of O.S. Rs. 215 lakhs to be realised from fresh taxation. Six fresh taxation proposals have been announced by the Finance Minister. Income-tax which will shortly be introduced in the State for the first time (as per details already published in "COMMERCE"), is expected to yield O.S. Rs. 125 lakhs. Business profits tax will bring in another O.S. Rs. 20 lakhs. The exchequer will be further augmented to the extent of Rs. 11 lakhs by the tax on luxury articles, and Rs. 3 lakhs by the increase in the money-lenders' licence fees. The proposed enhancement of excise duty on cigarettes will yield approximately O.S. Rs. 6 lakhs, while the surcharge on cash crops will yield not less than Rs. 50 lakhs. It is worthy of note that special grants, included in the budget for nation-building activities, aggregate O.S. Rs. 1,216.80 lakhs. We compliment the Nizam's Government on the equitable manner in which it has been husbanding its resources and maintaining its finances in a sound condition. The new taxation proposals are rather long overdue and will result in inflating the State's exchequer adequately, so that the administration can prepare itself confidently for implementing its many nation-building schemes that have been more bandied about than brought into force."

Coming from a premier Economic Journal of India, the appreciation of the general financial position in Hyderabad should be welcomed. There is only one minor mistake which has crept into the review, namely, that the surplus of 5.06 lakhs is a nominal one and is the result of drawings on different reserves to the tune of Rs. 118.84 lakhs. In other words, there is really a deficit of Rs. 113.28 lakhs, but the establishment and development of numerous shock-absorbing Reserves over the past 25 years and more have

enabled the Hyderabad Government to exclude the possibility of deficits. These Reserves act, in reality, as instruments for budget stabilisation.

"THE TIMES OF INDIA" ON THE HYDERABAD BUDGET FOR 1947-48

In editorial Note reproduced below, *The Times of India* indicates two criticisms apart from numerous compliments. The first is that the percentage of expenditure on nation-building activities has risen but slowly, having been 31.25 in 1938-39 and estimated at 34.11 during 1947-48. The second is that the heavy expenditure on war-time administration has not been reduced.

A careful study of the financial position of the Hyderabad Government should reveal that the Government *could spend* more on nation-building activities, but the difficulty (as has been generally recognised in India as in Hyderabad) has been much more of inadequate equipment and personnel to hand rather than insufficient finance. This is illustrated by the Government providing for an extra 50 lakhs for the Education Department (over and above the budgetted grant of Rs. 297.9 lakhs) with the observation that 6.50 lakhs would be available provided the Department could spend it. On the other hand, one of the criticisms on the floor of the Hyderabad Legislative Assembly was that budgetted grants were not being spent in full. If a higher percentage of the service expenditure should be earmarked for nation-building activities, it must result, at the present juncture, in larger unspent balances of grants. Thus, the charge that nation-building activities have not been adequately provided for does not hold water.

The other point about the burden of expenditure on administration not having been reduced from war-time scales, should be legitimate apparently, but as in India so in Hyderabad, the post-war years have been more complex and more concerning than the years of war: controls have become more strenuous, and with its new status of independence, the Hyder-

abad State must naturally provide for several items of expenditure like, Foreign Affairs; Defence and Participation in International Organisations. Another fact to be remembered is that on account of the acceptance of the interim recommendations of the Pay Commission, service expenditure has increased substantially. Everyone must agree that the revision of the scales of remuneration to non-gazetted services under the present circumstances is most desirable and must have very healthy results on integrity and efficiency.

“Nawab Liakat Jung Bahadur, Hyderabad’s Finance Minister, deserves to be congratulated on his budget proposals for 1357 Fasli (1947-48). True to his motto, “advance and not recede,” he has displayed a progressive outlook in his taxation policy as well as in the allocation of funds. Finding that the present sources of income—which yield thrice as much as before the war—have reached their capacity and faced with the necessity to finance growing expenditure on administration and expansion, he has tapped hitherto unexploited sources. No more can it be said that Hyderabad is lightly taxed. Among the new levies are a tax on incomes (including agricultural incomes), a business profits tax, a sales tax on luxury, articles and surcharges on cash crops and money-lenders’ registration fees. In all these measures the Finance Minister appears to have followed a policy of hastening slowly. The proposed income-tax rates are lower than those in India, while in respect of the business profits tax, designed to combat inflation, the Finance Minister has learnt a lesson from the experience of Mr. Liaquat Ali Khan. The Hyderabad business profits tax will be at the rate of 15 per cent. on incomes above Rs. one lakh or $7\frac{1}{2}$ per cent. on the capital at charge, whichever is greater. The yield from the new taxes, estimated at a little over two crores (income-tax accounting for Rs. 1.25 lakhs and the business profits tax producing only Rs. 20 lakhs), will be augmented with about one crore transferred from

reserves, the two just helping to balance the budget.

On the disbursement side the budget provides for an expenditure of over nine crores on nation-building activities. This is quantitatively large and compares favourably with less than three crores spent eight years ago, but in terms of the total revenue of the State the percentage shows but a small rise; in 1938-39 it was 31.25, while it will be 34.11 in 1947-48. Moreover, no attempt appears to have been made to reduce the war-time level of administrative expenditure. Apart from this, credit must be given to the Finance Minister for finding the money for a number of development projects and beneficent social welfare activities, including a block grant of one crore for the uplift of the depressed classes. Another interesting feature of the budget is the provision of Rs. 50 lakhs to cover the loss of revenue that may result from the work of a committee charged with the task of promoting abstinence. Hyderabad has decided to pursue a policy of discouragement of drinking rather than of total prohibition.”

GRANTS TO LOCAL GOVERNMENTS.

GOVERNMENT SANCTIONS RS. 25 LAKHS

With a view to implementing expeditiously the programme of work chalked out by the Local Government Department, His Exalted Highness the Nizam’s Government, have sanctioned a sum of Rs. 25.00 lakhs. The programme includes the provision of protected water-supply, drainage, the construction of cement roads and slum clearance in the important towns of the Dominions.

The construction of cement roads has either been started or will be taken up in the immediate future in the towns of Aurangabad, Jalna, Nizamabad, Nanded, Parbhani and Warangal. In conformity with the Master Plans prepared by the Town Planner the work of the slum clearance is also being taken in hand in Aurangabad, Nanded, Parbhani, Nizamabad, Bidar, Gulbarga, Warangal and Hingoli.

In connection with the expansion of primary education in the Dominions and with a view to providing commodious and well-ventilated buildings for educational institutions, Government have sanctioned a sum of Rs. 40.54 lakhs for the construction of new buildings for primary schools. It will be recalled that a 5-year scheme was sanctioned in 1850 F. under which at the end of 1855 Fasli 104 school buildings had been completed, while 105 were under construction, and fifty-nine buildings are yet to be completed at an estimated expenditure of Rs. 84.01 lakhs.

THE BRITISH AND INDIAN ECONOMIC CRISIS.

There are two very interesting articles drawing a comparison between the British economic crisis and the steps that are being taken by the British Cabinet to abort it, and the steps that would be necessary to face the Indian economic crisis. In Britain, there is a gap of 600 million pounds per annum import plus 228 million pounds are proposed to be cut down in consumption of all kinds, and British exports are given a target of 160 per cent. of the 1938 level by the end of 1948. In India, hoarding, black-marketing and inefficiency of Government controls are responsible for the Index Number going up to 272.9 (food) and 290.5 (general) in June, 1947, whereas the respective Indices in Britain were 184 and 155 for 1946. The danger of wage induced inflation round the corner in India has been stressed by the Governor of the Reserve Bank of India, the Indian Finance Minister, Messrs. A. D. Shroff and N. R. Sarkar as also by Dr. Henry Grady and Mr. J. R. D. Tata. The last-named capitalist cogently pointed out that in the last 2 years the wage bill in urban areas in British India increased by Rs. 100 crores per annum. He rightly pointed out that "wealth must first be produced before it is distributed." The problem of refugee settlement and rehabilitation has seriously affected the active working of numerous positive economic plans in India.

BRITISH-OWNER FIRMS IN WEST BENGAL

GOVERNMENT LIKELY TO BUY WITH GRANT FROM CENTRE.

Considerable interest was aroused in London by a report from Calcutta that the Government of the Dominion of India is prepared to consider favourably a request from the Government of West Bengal for a loan of 80 crores of rupees from which to buy the British-owned Calcutta Electric undertaking.

Although the report was described in Calcutta as a rumour it was taken seriously in London. It was stated that it did not surprise responsible London quarters, who for several reasons, thought that the Government of India would in fact be disposed to grant this loan to the West Bengal Government. It was added that such a purchase would be welcomed by the London authorities and that the payment could certainly be made from India's blocked Sterling Balance.

Although as is well known, the total investment by the Calcutta Electric Supply Corporation (a British company) in this undertaking appreciably exceeds its balance sheet value, it was not thought in London that the purchase would require so large a sum as 80 crores of rupees. It was thus presumed that the balance of the loan would be available to the West Bengal Government for other purposes.

There was some conjecture on the London Stock Exchange that these other purposes might include the possible purchase of other British-owned utilities in Calcutta. Further information from India is eagerly awaited. London has recognized that Indians overwhelmingly desire to use their blocked Sterling Balances to buy out British assets in India.

TWO YEARS AFTER.

In an article entitled "Two Years After," a frank presentation is made of the serious mistakes committed by the Allies in Europe generally, in Germany particularly, after victory in World War II. The writer opines that peace

in Europe during the last two years has made that continent a desert. "It is a typical example of the procedure that has made Germany a laboratory demonstration of the idiocracy of controls." "Europe would have had more Coal, more Steel, more Transport, more Food, if the occupying Powers had rested on their bayonets and left the defeated wretches in their own devices."

THE MARSHALL PLAN

The 16 Powers assembled in Paris, put up a huge "shopping list" costing over \$ 22,000 million. Mr. Clayton condemned this sort of mendicancy and suggested the following six conditions for American aid :—

(a) An all-out effort in Europe for the production of food, coal and raw materials,

(b) Each European country to say what it can produce for itself, but also what it can produce to help other European countries,

(c) Practical plans to stabilise their monetary systems,

(d) Mutually to distribute surplus production before asking for assistance, that is, to do away with the Black Market,

(e) The freest possible flow of goods as amongst European countries, and

(f) Plans which would make Europe after a few initial years self-supporting.

It is reported that the revised demand of the 16 European countries ranges between 17,000 and 19,000 million dollars. Mr. Nitze, expounds the *why* of American aid in the following lucid terms :—

"From the moral point of view we cannot allow people to starve or sink in anarchy simply because they do not have enough dollars to pay for materials. From the economic point of view it is not good business to allow enormous production plant to go to ruin simply for want of recapitalisation. From the political point of view we cannot allow dictatorship of the right or of the left to sweep the world for want of the help which

we may be in a position to give. On all counts it would be far more expensive in the end for us to withhold help than to give it."

PARIS REPORT ON EUROPE - BRITAIN IS PLAYING ITS PART.

The report of the Paris Conference treats Europe—or rather the territory of the 16 nations, plus the Western German zones—as a whole. It assesses their total resources, their total effort and the total need for outside assistance. This is in accord with the conception of the "Marshall Proposal" to which the Conference was a response. It has many advantages but it has also disadvantages. It tends, in some ways, to misrepresent the picture, to give the problem the deceptive appearance of uniformity, and to conceal its diversities.

These diversities are very great. Among the countries concerned there are some which suffered no material devastation at all through the Second World War—there are others where material devastation is far and away the most important factor. There are countries whose currencies at the moment are "Hard" others whose currencies are very "Soft;" countries like Britain which hope, in the near future, to be able to balance their budgets, others like Greece in the grip of catastrophic inflation. And as there is variety in the disease, there will need to be variety in remedy.

There are common factors. In all the countries, there is shortage of food, difficulty in obtaining supplies, especially supplies of cereals which come in the present circumstances from the American continent. Here is the greatest and most urgent of all the needs. The difficulty is the same. Yet even here, its causes are varied.

The problem of the U.K. for example, differs from the problems of continental countries in origin. For the chief cause of the economic weakness of the U.K. is the loss of its pre-war revenues from overseas investments, which were quite a little expended in the war effort. They

were sold to purchase essential supplies. And not only were they sold but overseas debts were incurred.

That has completely upset the balance of British foreign trade. To be able to buy food-stuffs and raw materials without which its people must go hungry and industries must close down, Britain must produce more than before the war and export a greater portion of its production. And the "production drive" and "export drive" must be the main contribution of the U.K. to the general recovery of Europe.

CONSIDERABLE ACHIEVEMENT.

What is being done already? What is planned for the four years dealt with in the Paris report?

There is a widespread belief that very little is being done. Nothing can be more false. The figures which the British delegation submitted to the Paris Conference show not only bold and confident plans for the future; they show considerable achievement already.

British steel production is already 20 per cent. above that of 1935—which is taken as the last normal "pre-rearmament" year. Agricultural production of goods vehicles has been doubled, of tractors trebled. The tonnage of merchant shipping under construction has been more than doubled. These are typical figures.

There are weak spots, especially coal and cotton—both of primary importance in the pre-war British export trade. Both had been going through difficult times before the war. Cotton, for example, had suffered greatly from Japanese competition based on appallingly cheap labour. But both the industries have been for years past, in need of drastic reorganisation and re-equipment. That long delayed operation is now being vigorously undertaken—coal under the new national ownership, cotton under "private enterprise" with Government assistance and a measure of Governmental control.

Coal is the key to many problems and the sober estimates produced in Paris anticipate a big recovery. This year's output is expected to reach 200,000,000 tons. By 1951, it is expected to reach 250,000,000 tons and a higher level still in the following years.

Coal exports, which had entirely ceased except to Ireland are to be resumed by next spring. By 1951, it is expected that they will amount to nearly 80,000,000 tons a year. And since the bulk of that will be to Western Europe, it will be a great contribution not only to Britain's recovery but to that of the continent as well.

The British programme provides for corresponding increases in other branches. Steel production is to be lifted from 12.7 million tons in 1947 to 15 million tons in 1951, with consequent improvements in all the wide range of industry of which steel is the basis. The Merchant Fleet—of which over half was sunk or destroyed during the war—will be back to its pre-war strength: another very considerable contribution to general world recovery as well as to Britain's own earning power.

HIGH EXPORT TARGETS.

Export targets have been set high, though not impossibly high. Import cuts—made possibly by rigid austerity—have been drastic. The overseas Government expenditure is being steadily reduced. A combination of effort and economy should achieve something like a balance between imports and earnings by 1949.

Will the hopes be realised? It is impossible to say, for many factors are outside the control either of the Government or the people of the U.K. It is as formidable an economic task as any country has ever set itself. Failure, or rather postponement of success, is possible. But the British programme submitted to the Paris Conference is both a pledge and proof that the effort is to be made. If it succeeds Britain will be able once again to repeat Pitt's proud boast: "Britain will save herself by her exertion and Europe by her example."

Is that arrogant? May be. But there must always be a touch of arrogance in any great purpose and in an attack on any great and difficult enterprise.

THE DOLLAR SCARCITY.

The following means are suggested for meeting the dollar scarcity which threatens to subvert the economic stability of many countries including Britain :—

- (a) By plugging the gaps in the balance of payments with credits (dollar);
- (b) By increasing exports to dollar areas;
- (c) By decreasing as far as possible imports from the dollar areas and compensating this decrease by imports from non-dollar countries;
- (d) By improving trade relations with countries like U.S.S.R. and by increasing the exporting capacity of countries like Japan and Germany;
- (e) By resorting to international co-operation on a highly institutionalised basis through the technical advice and help of the International Monetary Fund, the International Bank for Reconstruction and Development, and the International Trade Organisation.

BALANCE OF U.S. LOAN TO BRITAIN.

In the British view, the matter now rests between the U.S. Administration and Congress. The Administration, if it did decide to unfreeze these dollars, would have to satisfy Congress that the action would not violate the Anglo-American loan agreement.

Its only justification would be if Britain were making progress in restoring a reasonable degree of convertibility. British authorities today seemed to think that they had a fairly strong case, in view of the actions they have taken, are taking and intend to take, to restore limited convertibility by making "gold floor" agreements with the countries with which Britain previously had convertibility agreements.

Under these new agreements Britain undertakes to pay in gold after the sterling holdings

of the other country concerned reach a certain ceiling. It was agreed in official quarters that these "gold floor" agreements were far from full convertibility, but it was added that as Britain "obviously cannot restore 100 per cent. convertibility for a long time," Congress might well agree that Britain was doing her best and would not call upon Britain to perform the impossible.

It was thought that the U.S. Administration would take action only if it felt there would be no adverse reaction from Congress. Well-informed London circles did not think that Sir Wilfrid Eady of the British Treasury would go to the United States to settle this matter finally, as the U.S. authorities are already so fully informed of what Britain is doing that further clarification seemed unnecessary.

BRITISH GOLD SALES AND DOLLAR PURCHASES IN U.S.A.

Fifty million sterling worth of gold has been sold in New York after September 15, 1947 the British Treasury announced recently.

Twenty million sterling worth was sold in October, and a further 30 million sterling worth during the previous month.

The British Treasury also announced that a purchase of 120,000,000 dollars was made in October from the International Monetary Fund.

This was in addition to the purchase of 60,000,000 dollars from the Fund in September.

In connection with the sale of gold, the Treasury said that "arrangements have been made for various shipments of gold at suitable intervals to New York to meet our dollar needs."

FURTHER AUSTERITY CUTS FOR BRITAIN.

The Sugar ration would be reduced to eight ounces each person a week, instead of 10 ounces, to which it was raised in July. The bacon ration would continue at the recently reduced rate of one ounce a week and the meat ration would remain at one shilling.

All purchases of United States tobacco had been stopped and raw material imports involving dollars would be cut by another £. 25 million.

By a more rigid licensing of manufactured goods from American, including machinery, a further £. 10 million would be saved.

All this would save £. 60 million in dollar expenditure.

Sir Stafford also announced a cut of £. 200 million in expenditure on capital structures including houses, factories and equipment.

He estimated that all these measures would improve the position so that Britain's dollar deficit at the end of the present year would be at the rate of not greater than £. 250 million a year.

Expressing the hope that the Geneva tariff negotiations were well within sight of a successful conclusion, Sir Stafford said that Government had proceeded on a basis of a fair bargaining for both sides and that British had certainly gone to the limit of what was reasonable to obtain agreement.

Sir Stafford said that the reduction in the calorific value of food from the present level of 2,870 calories a day to 2,700 would save about £. 66 million a year.

INDUSTRY'S AID.

Amid cheers, Sir Stafford announced that both sides of industry had agreed to postpone the coming into operation of the pre-war Practices Act for another year. This Act (about conditions of employment) which was considered to restrict output was abandoned during the war but was to come up for discussion in December with a view to restoration.

Sir Stafford concluded by saying that Britain was not merely fighting for economic survival, but in every sense the battle of democracy just as much as she did during the war. "If our economy and that of Europe should collapse, our democracy will in all probability collapse too and will disappear, and with it will go the last stronghold of Western democratic civilisation in Europe."

EUROPE'S DEFICIT IN FOREIGN EXCHANGE.

"To what extent Europe's economic structure has been shaken by the war is revealed from a report compiled for the Economic and Social Council by the United Nations' Economic Division. The report estimates that nine European countries will have deficits aggregating 1,787,000,000 dollars for their 1947 foreign exchange requirements. This will mean that these countries will either have to cut down their imports by holding up their reconstruction plans in order to balance their internal economy or continue to be debtors to strongly-placed countries like the U.S.A. regardless of the risk they would be running thereby.

The overall foreign exchange deficit of 16 European nations covered in the report reaches a total of 6,873,000,000 dollars. It is, however, estimated that seven of these 16 nations can cover as much as five billion dollars of the deficit by drawing upon their capital resources and on the balance of credits and loans which they secured in the past. The nations which are not in a position to do so are stated to be France, Italy, Austria, Poland, Czechoslovakia, Yugoslavia, Hungary, Finland and Albania. The countries which are expected to meet their deficits from their existing capital resources and the balance of foreign credits already secured are Great Britain, Denmark, Greece, the Netherlands, Norway, Belgium and Luxemburg. The figures included in the survey are based on estimates submitted by the Governments of the European countries. The fact that Great Britain can meet the deficit from its capital resources has evidently influenced the statement of President Truman made while launching a recent campaign for a \$ 580,000,000 stop-gap aid for France, Italy and Austria. He excluded Britain from his immediate aid programme by declaring: "England is not in any serious situation at the present time."

The principal difference between the present survey and the report of the 16-nation Paris Economic Conference is that the U.N. Survey

covers estimated deficits of European countries in 1947, while the Paris Conference drew up a four-year estimate of U.S. aid required for the recovery of Western Europe. The U.N. Survey reveals that the U.S. with a total contribution of 14,798,000,000 dollars in loan, credits, relief and grants between June 1946 and March 1947, has been the principal source of financial assistance to Europe. Since last March an additional 750,000,000 dollars has been authorised by the U.S. towards European relief.

The report further discloses that out of the nine countries definitely facing a deficit, France will have the largest, namely, \$. 390,000,000. Other net deficiencies mentioned in the report are: Poland, \$. 369,000,000; Yugoslavia, \$. 341,600,000; Italy, \$. 236,000,000; Czechoslovakia, \$. 146,000,000; Austria, \$. 158,800,000; Hungary, \$. 84,800,000; Finland, \$. 84,000,000; and Albania, \$. 26,000,000. When the survey began, Britain indicated a \$. 1,280,800,000 deficit, which was balanced by capital reserves. But on the basis of the first half of 1947 the deficit is estimated at \$. 2,800,000,000 requiring resources to be provided. Strictly speaking, therefore, the U.K. cannot be placed in the list of countries which can balance their deficits by drawing upon their capital resources.

The position being what it is, the suggestions made in the report that "countries less fortunately placed may, of course, be obliged to meet their deficits on current account by curtailment of imports," may be found to be the only way out of the difficulty, even if such will have to be resorted to at the risk of holding up essential reconstruction plans."

FRANCE'S SALE OF GOLD.

France has sold gold worth \$. 1,500,000,000 in the last three years, leaving reserves of only \$. 455,000,000 plus a "much smaller amount" in the Franc Stabilisation Fund, French Embassy officials disclosed.

Of the total, \$. 250,000,000 worth of gold had been sold since July 1, and most of the total sales had been made to the United States.

The French Embassy spokesman said it was making the sales known as evidence that France was "scraping the bottom of the barrel."

ADDITIONAL DOLLARS FOR FRANCE.

President Truman has moved to ease the French dollar shortage by authorizing the Secretary of the Army to give the French Government 50 million dollars in exchange for francs.

The President explained that the francs will be used for payment of procurement obligations incurred by the U.S. Army in France and North Africa after September 2, 1945.

Earlier, last week, the U.S. Export-Import Bank liberalized the terms of the 650 million dollar credit to France to permit the French to use approximately 93 million dollars of the remaining portion of the loan for emergency purchases of coal and other raw materials.

FUNDS TO AID FRANCE.

The Export-Import Bank has agreed to permit France to use a portion of the remaining 185 million dollars of its year-old 650 million-dollar credit for equipment and machinery, to make immediate purchases of U.S. coal and other essential raw materials.

It is understood that the amount to be diverted is approximately 90 million dollars.

SHIPMENT OF GOLD FROM SWEDEN.

The Swedish liner *Drottningholm* Gohenburg left recently with 250 cases of Swedish gold for New York for the purchase of dollars. The Swedish State Bank is keeping the amount of gold a secret.

THE SENATE APPROPRIATIONS COMMITTEE.

The Senate Appropriations Committee will meet on November 18 to hear President Truman's proposal to provide 580,000,000 dollars emergency aid to Europe for the coming winter. This is one of the four Congressional groups whose approval is needed to launch such a programme.

MORE S. AFRICAN GOLD FOR BRITAIN.

Final details of South Africa's immediate loan of £. 76,000,000 for British purchase of foodstuffs from South Africa, and more gold supplies, will be discussed in the next few days by the South African Minister of Finance, Mr. J. H. Hofmeyer, and Dr. M. H. De Kock, Governor of the South African Reserve Bank, who returned from London yesterday. He negotiated a new gold sales agreement and increased sales to the Bank of England are expected.

The present agreement under which South Africa sells gold worth £. 80,000,000 each year to the Bank of England expires at the end of this year, and as at present the gold mines output is worth about £. 100,000,000 the new agreement is expected to provide for absorption of £. 85,000,000 to £. 95,000,000 of gold.

Such action would be in return for the granting by the British Government of high priority to production of machinery for new gold mines.

WASTE LESS OR EAT LESS.

There is some confusion about whether the campaign is to Waste Less or to Eat Less.

President Truman puts all the emphasis on the Waste Less but his campaign manager, Charles Luckman, and Republican leader Senator Robert Taft have been stressing the Eat Less line.

But there is no doubt that millions of Europeans could be well fed every day with what has been going into American garbage bins, although some American Congressmen are coming back with the story that they saw no signs of want in Europe. *The Washington Post* angrily protested that there were none so blind as those who would not see.

Secretary of State, Marshall, however is under no illusions regarding what will happen if the food does not reach Europe this Winter. So everything is being done to make the voluntary drive a success.

LIKELIHOOD OF CONTROLS.

If it fails, there is talk of controls being re-introduced, although exactly what measures could be quickly enforced is a mystery. Full rationing could not be put into operation for six months—too late to aid starving Europe. Indeed, the mere hint of its imposition would result in widespread hoarding and black-markets, if past experience is any criterion.

Truman is staking everything on his Waste Less programme believing that Americans are as warm-hearted and as generous as any other people in the world.

The speculators, however, are still reluctant to give up the golden harvest that they have been reaping without sowing any seed or cutting any corn.

GAMBLE IN GRAIN.

They throng the Chicago and other exchanges and gamble in grain instead of on gee-gees. They have made huge fortunes without covering their bets.

Buying six to ten times the amount of wheat they could pay for under the marginal trading system, they have sent up wheat prices, which could have been kept well under two and a half dollars a bushel, to nearly three dollars.

By doing so they have contributed to the dollar shortage of many countries dependent on purchases of American wheat.

Only after a strong message from President Truman have the exchanges taken action. Today speculators were compelled to put down a third of the purchase price when buying grain for future delivery. This may curb some of the fly-by-night operators, but to be really effective a 50 per cent. margin on all deals is necessary.

CANADA'S DOLLAR PROBLEM.

The acuteness of Canada's "shortage of dollars" confronts the Canadian Government with the necessity of reaching certain difficult dis-

cussions in the near future. The decisions are likely to have long-range implications as to the composition and direction of Canada's trade. With the return to Ottawa of Canada's delegation to the London Fund and Bank meeting this month the pros and cons of alternative steps will be weighed and necessary decisions taken.

Canada will need both short-term and long-term dollar help. The Government is seriously considering applying to the World Fund for the former. Also Canada is contemplating borrowing on long term. The Export-Import Bank of Washington, whose remaining lendable resources are now only about \$ 800,000,000, would not be averse—it is believed in Canada—to sweetening its present portfolio with the undeniably good risk of a Canadian loan; for the Bank has had to make some loans of somewhat questionable attractiveness to the lender. Also, Canada has been scouting the prospects of a long-term Wall Street loan of may be \$ 350,000,000. Canadian bonds would find a ready market with some large institutional investors, although some of the big banks are critical of Canada's "mistake" in revaluing the Canadian dollar upwards last year.

Devaluation now is regarded as an unlikely step, despite apparent overvaluation of the Canadian dollar. A bonus to gold miners appears fairly sure, but its announcement will be delayed until other steps are taken, so as to mineralize possible criticisms from the CCF and others, in view of the fact that the subsidy to millers (for bread) has just been removed. The good bonus—say \$ 5 an oz.—wont be granted on existing output, but only on additional output.

If the U.S. and U.K. fail at Geneva to reach a trade agreement, Canada is likely to break away from the Empire preference system because of its necessity of reaching new agreements with the U.S. Canada wants tariff concessions here,

It would like branch plants of U.S. companies to have access to certain third-country areas at present allotted to U.S. plants. It would like to make for the U.S. market certain industrial products which the war experience demonstrated Canada can make more cheaply than American companies can, due to Canada's cheaper labour and power.

In the near future Canada is expected to impose many severe, if temporary, restrictions on imports from the U.S. to conserve exchange. These restrictions will take some form or other than tariffs. Over the long run, Canada intends to become more self-sufficient and will seek to develop more of its resources, notably the iron ore of Labrador.

DUTCH FINANCIAL CRISIS.

The Dutch spent 8½ million guilders per day before the opening of the present "police actions."

The colonial war costs the Dutch now 8½ million guilders per day since July 1st.

The Dutch Financial deficit amounts to 1½ milliard guilders this year.

The Netherlands dollar deficit amounts to 680,000,000 dollars, one of the worst of countries in Europe in this respect.

Dutch ex-premier Geerbrandy said in the recent Parliamentary debate on Indonesia that the Netherlands difficulties are now three times more than those experienced during World War II when her Government had to undergo a voluntary exile in London.

The Dutch Minister of Finance, Mr. Lieftinck, intended to curtail the war expenditure and cut the current budget by 1,000,000,000 guilders.

A bankrupt country as Holland is now, is spending millions of guilders in the present colonial war. How is that! Where does the money come from?

Trade & Tariffs

COSTOMS AGREEMENT WITH CUTCH.

"PENDING the conclusion of a long-term or permanent customs agreement between the Government of India and the Cutch Government, an interim settlement has been reached under which the Cutch State ceases to be treated as foreign territory for the purposes of the Indian Tariff Act, and imports from and exports to Kandla will be treated as imports from and exports to a customs port," says a Press Communiqué.

"This settlement provides for the appointment, by the Cutch Government, of a suitable Indian Customs Officer as the Collector of Customs, Cutch, the levy by the Cutch Government of import duties and for the imposition of import, export and exchange restrictions as in India.

Both Cutch and Government of India circles hope that this interim settlement will lead before long to a satisfactory permanent customs agreement.

AUSTRALIA'S TRADE WITH INDIA AND PAKISTAN.

FOREIGN COMPETITION PRODUCES HEADACHE.

According to financial circles in London, Australian industrialists are worried about the increasing foreign competition between Indian and Pakistan markets. The Australian exports to India rose sharply during the war representing eight per cent. of the total value of Australian goods shipped abroad.

Now it is doubtful, according to the National Bank of Australia, whether this volume of trade will be maintained owing to increased competition and controls on imports in India. Italy who was a big supplier before the war is now trying to recapture her lost trade offering a wide range of mechanical and electro-technical goods. Yugoslavia, Czechoslovakia and the Scandinavian countries are also advertising extensively throughout India.

It is feared that if these countries are successful in securing a firm foothold in the Indian market, Australia's trade may eventually be restricted to the exchange of wheat and flour for jute, linseed and export of a few commodities of relatively small value.

TRADE WITH JAPAN AND CHINA.

The reported deal made by the Indian Trade Delegation in Tokyo for the sale of 170,000 bales of raw cotton to Japan is the first step in the revival of Indo-Japanese trade, through normal channels. The proceeds derived from the sale of this much quantity of cotton will be credited to, India's sterling account and will be utilised for the purchase of imports from Japan. Out of the quota of 39 allotted for India, fourteen Indian buyers, are now in Japan, and these traders are said to have directed their inquiries mostly for textiles, textile machinery, chemical goods, chinaware, photograph goods and electrical appliances. According to a statement attributed to Mr. Tulsidas Kilachand, head of the Indian Trade Delegation, Japanese products have two drawbacks, the prices are comparatively high and the quality poor.

Alongside the prospect of a revival of Indo-Japanese trade lies that of Indo-China trade. The Ministry of Economic Affairs in Nanking has arranged for export of Chinese cotton yarn to India in return for Indian raw cotton. If the arrangements are finalised without hitch, China has plans to ship to India one-seventh of her current yarn production. In 1946, the total output of cotton yarn in nationalist China was a little above 1,300,000 bales. The bulk of the Indian short staple cotton exports used to go to China and Japan.

THE CHILLING EFFECTS OF RESTRICTIONISM.

It is rather amusing and at the same time very saddening that India should closely imitate British economic policies even after Aug. 15, 1947.

Britain has been very reluctantly forced to reduce her imports in order to narrow down the gap in her balance of payments. In India, the position is categorically different. In connection with economic planning, it is true that we are in need of large amounts of plant and machinery, but how much of this will come into India from abroad must inevitably depend on how much countries specialising in plant and machine-making can manage to send out to India. In the meanwhile, with huge sterling balances and dollar quotas, with countries like the U.S.A. taking great interest in Indian exports, there is a cry in this country also for a drastic reduction in imports. We are afraid that the move in India for restricting imports drastically does not take into account the fact that restrictionism must lead to competitive restrictionism and the latter must lead to a heavy drop in world exports. It must mean a lower level of economic activity and a consequent lowering of the general standard of life. The following observations by the "Bankers' Magazine" (June, 1947) in this connection are interesting :—

"Last December it was Greece; in March it was Sweden; and now India follows suit in the game of clamping down suddenly on imports. By the time these words are in print, the Indian authorities will doubtless have provided some concessions, since they cannot intend, any more than the Swedes, to deprive themselves of necessary supplies; but why then promulgate crushing edicts and leave exporters all over the world in doubt as to what is aimed at? In the middle of May, the general opinion was that the exports of the non-sterling area only were to be banned, but this supposition was shattered by a cable message that all classes of goods (except one or two machinery items) from all sources were to be affected. As from June 30, so the world was told, all import licences were to lapse, "lapse" being an arbitrary synonym for cancellation. Of course nothing as bad as this was intended and hot on the heels of the ukase came various alleviations, though far from

sufficient either in substance or in number to meet the just complaints of exporters. The whole of this time it was a case of screwing out little bits and pieces of information, for the Indian Government did not deign to issue a simple general statement that would have dispelled or confirmed fears at one reading, with the result that British banks and chambers of commerce were left with the burdensome task of hurriedly preparing and disseminating guidance for the whole of the exporting community.

In the world of political action Hitler accustomed us to shock tactics when contract breaking was in question; the spread of his unpleasant habit to governments seeking trade advantages is not to be commended."

U.S. CONCESSIONS TO BRITAIN.

TRADE PACT.

The United States has made tariff concessions to Britain on a great number of commodities, including textiles, chinaware, cars and whisky, a State Department spokesman said yesterday.

A version of the new Anglo-American trade pact is authoritatively understood to have been approved by the British Cabinet and is about to be concluded.

He said that a chain of reciprocal trade pacts with Britain and several other countries would be signed formally on November 16 and—not needing Congressional approval—would become fully effective on January 1, 1948.

"Britain stands to gain quite a considerable advantage in the U.S. market straightway."

Details of concessions by Britain were not fully disclosed though it was understood that they included a 25 per cent. cut in colonial preferences to be carried out over a two-year period.

The ceiling of 25 per cent. placed on such preferences in the future is a concession dependent on the United States refraining from imposing new barriers to the import of certain British colonial products,

ADVANTAGE FOR BRITAIN.

The dollar for dollar agreement is believed in informed quarters to give Britain the greater immediate advantage since it holds forth the prospect of increased imports on British woollens, china and glassware into the United States in the immediate future.

Advantages to the United States are understood to lie further ahead. For instance, Britain is believed to have agreed to reduce the preference given to Rhodesian tobacco in the United Kingdom, but in view of the stringency of Britain's present buying in the market, American growers, in any case United States tobacco, will not feel the result of this until Britain's normal purchase is resumed.

Transport

THE FOOD FAMINE AND TRANSPORT.

It is true that the world supply of food has decreased a great deal on account of the after effects of World War II, but the misery of the famished nations need not be so serious as it is. Even today there are surplus stocks of food-grains which cannot reach famine-stricken areas on account of lack of transport facilities. Argentina has thrown a challenge, but there seems to be little response.

The National Economic Director, Mr. Miranda, speaking on the occasion of the signing of the Italo-Argentine trade agreement, lashed out at the U.S.A. and Britain, implying that because those countries failed to provide Argentina with transport, she had not been able to help hungry nations.

He said that during the War Argentina submitted to an economic blockade despite her efforts to help war victims. And as a result "we had to burn our crops. Our ports were blocked and our transport system was dislocated."

He added that Argentina now had 8,000,000 tons of surplus grains available for export, but "the truth is that if we produced more cereals they would rot in sheds for lack of transportation. What is more, the countries which blockaded us are responsible for that situation."

He said that their official grain policy was responsible for the reduction of the current lower plantings.

If the present pace of grain shipments continued, he recalled it would require two years to export the 8,000,000 tons now on hand.

Concluding he said: "For the information of the entire world I will repeat the words of Mr. Juan Peron, the Argentine President, to the U. S. grain mission. Mr. Peron requested that Argentina be furnished with transport equipment to move the grain from the fields to ships. It would be criminal not to deliver us the needed materials."

PROGRESS OF CIVIL AVIATION IN INDIA.

The following is a statistical summary of the progress of civil aviation in India during the first half of 1947 as compared with the second half of 1946.

	<i>Second Half of 1946</i>	<i>First Half of 1947</i>
Air Services ..	15	22
Air routes ..	14	21
Route mileage ..	10,517	15,020
Flights flown ..	2,869,000	4,624,000
Traffic carried (ton miles) ..	5,500,000	7,000,000
Capacity ton miles .. operated (yearly estimate) ..	13,000,000	18,000,000
Load factor (Percentage of 1947 capacity used to capacity offered) ..	76%	70.3%
Passenger traffic ..	67,554	1,21,060
Freight carried ..	458 (whole year)	972
Regularity factor ..	96.6%	99.1%
Aircraft-registered and delivered in India ..	403	482
Commercial B class pilots ..	194	230
Commercial A1 class pilots ..	12	14
Private A class pilots	133	263
Ground engineers ..	220	269
Hours flown by flying clubs ..	7,815	10,700

U.S. AIR TRANSPORT FLEET.

DOUBLES IN TWO YEARS.

In the two years since V-J Day United States airlines operating scheduled domestic and international service have more than doubled their fleet of transport planes. The number of transport planes operated by these airlines now exceeds 918, a gain of 473 over the 440 aircraft operated on August 15, 1945, according to the Air Transport Association, a private organization.

Included in the list of new and reconverted planes placed in operation since V-J Day are 845 four-engine aircraft, with more than twice the seating and cargo capacity of twin-engine models, bringing the total number of the large transports currently in operation to nearly 18 times that of the figures for August, 1945.

In domestic operations the postwar scheduled airlines fleet has increased 106 per cent. Starting with 181 planes left in service in January, 1948, after more than half of the commercial fleet had been requisitioned for the military forces following Pearl Harbour, the number of planes operated over continental routes had gradually reached 858 by V-J Day. Today there are 788 planes in domestic scheduled service. Many other transport planes are being flown by air-lines which do not operate regularly scheduled flights on domestic and international routes.

20 PLANES MONTHLY.

U. S. air carriers engaged in international scheduled operations have increased their fleet by 118.4 per cent since August 15, 1945. On that date 82 planes were in service, as compared with 175 planes two years later.

An average of 20 planes has been put in operation monthly by U. S. airlines since V-J Day, and domestic carriers are responsible for more than 80 per cent. At the rate new transports are being added, the combined fleet of domestic and international scheduled airlines was expected to near the 1,000 mark by the end of 1947. Included in this figure will be scores of newly converted planes devoted exclusively to the shipment of cargo.

In late August, 527 planes were on order. It is estimated by the Air Transport Association that the United States scheduled airlines may have about 1,500 planes on hand for operation by 1950.

U.S. PROVIDES 1,012 SHIPS FOR FOREIGN AID.

Since the end of the war 1,012 tankers and merchant vessels of all types, stemming from America's wartime merchant fleet and aggregating a cargo capacity of 8,000,000 tons, have been transferred to foreign countries as part of the U. S. Government's foreign aid programme.

Original costs run into billions of dollars. The average scale price was about 40 per cent. of the original cost, payable in 20 years.

Labour

EMPLOYMENT OF CHILDREN REGULATION 1354 F.

UNDER the employment of Children Regulation of 1854 F. I.E.H. the Nizam's Government have appointed the Labour Commissioner and the Lady Labour Welfare Officer as Inspector and Inspectress for the Dominions; while the four Subah Labour Welfare Officers and the Labour Welfare Officers of the City and Secunderabad will act as Inspectors in their respective areas, the First and Second Taluqdars and Tahsildars are vested with similar powers under this Regulation within the limits of their jurisdiction.

This order supersedes the Labour Department's previous Notification No. 8/LC, dated 10th Isfandar 1855 F.

THE ASIAN REGIONAL CONFERENCE OF THE I.L.O.

In his presidential address Mr. Jagjivan Ram said that the main task of the conference was to consider how best they could help in furthering plans of economic development and to formulate schemes for the distribution of the national wealth thus acquired on an equitable basis. What was needed, said the President, was not a grandiose plan but concrete steps to achieve their immediate social objectives. They could be successfully achieved by a proper institutional set-up. The conference should consider how the vast complex problems could be systematically solved and advise on various social problems which would inevitably arise in expansion and development.

Referring to the problem of agriculture he said that cottage workers constituted the vast majority in Asia and are not organised. He warned that the application of techniques evolved for the improvement and organisation of industrial workers would prove suicidal in the context of Asian countries. He also drew attention to the need for proper revision of agricultural and cottage workers by the conference.

About present day world conditions the President outlined India's role and said that India would throw weight on the side of peace and justice and aim for the promotion of peace and goodwill among nations so that we may build up a national brotherhood in which there will be neither fear nor want and in which every nation will be able to develop its own way of life and harmony.

In Asia, Mr. Jagjivan Ram went on, it is our earnest desire to do all we can to enable the Organisation to pursue its noble ideas.

INDIA'S FIVE-YAR LABOUR PLAN.

India's five year labour plan launched in 1946 by Mr. Jagjivan Ram, Minister for Labour in the Central Government, aims at a uniform co-ordinated labour policy for the entire country to promote social security and industrial peace, ensure fair wages, satisfactory conditions of work and a higher standard of living and provide for education, training and full employment.

The plan embraces not only workers in organized industries but also others such as in agriculture, commercial undertakings and unorganized industries.

The main features of the plan relate to organisation of health insurance, fair wages, increased facilities for training, provision of housing, and promotion of industrial peace. The plan also envisages extension of protection by the present labour laws so as to include more workers in factories, mines and transport services as well as agricultural workers.

HEALTH INSURANCE.

According to the plan, the proposed Health Insurance Scheme is to apply initially to factory workers. It will provide for medical treatment and monetary relief during sickness, maternity benefits on an extended scale and adequate compensation in case of accidents. A Bill for this purpose has already been pub-

lished and is expected to be passed very soon. The scheme will be financed by contributions from employers and workers and from Central and Provincial grants, and will be administered by a quasi-Government Corporation. The Government have also proposed to the revision of the present Workmen's Compensation Act and the introduction of a Central Act to extend and regulate maternity benefits to as many classes of workers as practicable.

Government's policy in regard to wages has been stated as promotion of fair wage agreements. A Bill to fix minimum wages is at present before the Legislature. The Five-Year Plan proposes to standardize occupational terms and wages in all the major industries and to rationalize rates of dearness allowances. The tripartite Industrial Committees which are being set up for each industry are to tackle the question of fixing fair wages successfully.

WORKING CONDITIONS.

Measures to improve working conditions include the restriction of work to an 8-hour day in mines; a revision of the present Factories Act prescribing better standards in regard to lighting, ventilation, safety, health and welfare of workers; a revision of the Mines Act to bring about a similar improvement in mines; regulation by legislation of hours of work, rest periods and holidays with pay for workers in commercial undertakings, transport services and dock and municipal labour; and the organization of adequate inspection services in the administration and enforcement of labour laws. It is proposed by these means to regulate conditions in unorganized industries also and remedy defects noticed by the Labour Investigation Committee.

As regards recruitment and terms of service, the plan proposed to eliminate contract labour as far as possible, to extend Employment Exchange Services to all classes of workers and to evolve fair terms of service, particularly in regard to security of tenure, in agreement with

employers and workers. The application of the principle of the Payment of Wages Act to as many industrial establishments as practicable is also intended.

WORKER'S COMMITTEE.

With a view to promoting industrial peace, the plan contemplates legislation to enable the healthy growth of trade unionism, to provide for conciliation and adjudication of disputes and to appoint joint works committees to smoothen day-to-day difficulties in every undertaking.

In labour welfare, the provision of canteens and creches, facilities for education and recreation and the opening of health camps are emphasized.

The plan gives priority to securing a living wage, provision of housing, medical relief and welfare services, weekly rests; holidays with pay, compensation for accidents and maternity benefits to plantation labour. Government have also proposed to set up an inquiry into the earnings of agricultural labourers. It has been stressed that benefits devised by the State should be extended to the vast mass of agricultural labour and not be confined to a section of workers only.

A PRACTICAL PROGRAMME.

"We are anxious that labour legislation should not outrun labour administration and that our labour laws should not be empty shells for lack of enforcement," said Mr. Jagjivan Ram recently. The five-year plan has been moulded with an eye on its practicability and administrative feasibility. It has gained the approval of Provinces and States, of employers and of workers. Some action on the lines formulated has already been taken and several legislative measures are and will soon be before the Legislatures in the country. One can reasonably expect the satisfactory completion of the plan within the period of five years, if not even earlier.

LABOUR CONCILIATION MACHINERY IN INDIA.

SUICIDAL ATTITUDE OF LABOUR IN INDIA.

The extent to which this machinery has succeeded in averting strikes can be seen from the following statement of the cases it has dealt with from April 1946 to March 1947 :

Month		Strikes and threatened strikes	Those amicably settled
April	1946	39	25
May	"	38	23
June	"	18	15
July	"	19	14
August	"	10	9
September	"	26	23
October	"	24	24
November	"	24	22
December	"	33	31
January	1947	41	38
February	"	56	47
March (1st to 15th)	1947.	16	11
Total		389	282

Year Man-days lost

1943 .. 2,342,000

1944 .. 3,447,000

1945 .. 4,054,000

1946 .. 12,285,900

January to

April 1947 .. 5,205,000

Special Article

NOTE ON THE VARIOUS FOOD AND CASH CROPS AND THE TOTAL ESTIMATED VALUE OF AGRICULTURAL PRODUCTION OF THE DOMINIONS.

DURING the agricultural year 1855-56 F. (1946-47) the total acreage under cultivation in H.E.H. the Nizam's Dominions was 245.21 lakhs of acres as against 253.88 lakhs of acres in 1854-55 F., showing a decrease of 8.67 lakhs acres or about 3.4 per cent. The decrease in acreage is due to unfavourable seasonal conditions. Considerable fall in acreage yields was reported under Rice, Jawar, Bajra and Ragi among the food crops; the Wheat crop has practically been damaged this year while there was a fall under Castor and Tobacco among the cash crops. Under Sugarcane, Gram and Pulses, however, there was appreciable increase in acreage against last year. Similarly the acreage under Cotton marked slight increase against last year, though in case of cotton in particular, the acreage was still 28 per cent. less than that of five years average.

Regarding the valuation of these agricultural products, the average prices prevailing in the markets in the months of Isfandar 1856 F. (January 1947) were taken. It shows that about Rs. 10,765 lakhs worth of agricultural produce was obtained as against Rs. 10,567 lakhs in 1854-55 F. This, however, does not include the value of condiments, fruits, vegetables, fodder and other miscellaneous crops, for which no proper estimation could be made.

The enclosed statement will give the details of the acreage, estimated yield and estimated value of different crops and their variations during the year 1854-55 F., and 1855-56 F. The weather condition and their effect on agriculture is dealt with in separate notes for 1854-55 F. and 1855-56 F.

A few points may however be noted with regard to the following important crops of H.E.H. the Nizam's Dominions.

(1) *Rice*.—The acreage under Rice came down from 14.19 lakhs of last year to 11.15 lakhs of acres, in spite of the increase in the irrigation sources in the important rice growing districts. The fall in acreage was due to unfavourable seasonal conditions. The estimated value of Rice amounted to Rs. 1,800 lakhs against Rs. 1,800 lakhs of last year.

(2) *Wheat*.—Since the commencement of the 2nd World War, the Wheat acreage of H.E.H. the Nizam's Dominions has declined due to one or other adverse conditions. The acreage as well as yield of Wheat crop have considerably fallen down during these years. The acreage under Wheat went down to 3.99 lakhs of acres from 4.85 lakhs of last year. But owing to rust attack during the current year almost all over the State the outturn of this crop is greatly reduced. The total outturn of Wheat is estimated at 6 thousand tons as against 52 thousand tons of last year, showing a decrease of 88.0 per cent., and its value is estimated at about Rs. 27 lakhs against 242 lakhs last year.

(3) *Jawar*.—The continuous fall in Jawar acreage in the Dominions in spite of the Grow More Food campaign deserves serious consideration. There is a fall of about 6.51 lakhs of acres under Jawar as compared to that of last year, the total acreage being 68.12 lakhs against 74.63 lakhs of last year. But the total output of Jawar is proportionately high as compared to last year, and its value is estimated at about Rs. 1,975 lakhs against Rs. 1,754 lakhs last year.

(4) *Other Cereals*.—Among other cereals the acreage under Bajra, Ragi and Maize has also been reduced as against last year.

(5) *Gram and Other Pulses*.—Under Gram and other pulses the acreage has, however, been increased by 2.59 lakhs as against last year.

(6) *Oilseeds*.—Amongst oilseeds the acreage under Linseed and Sesamum has reported slight increase against last year, but Rape and Mustard, Groundnut and Castor has decreased compared

to the acreage of the last year. Owing to the great rise in prices of all oilseeds the total value is estimated to about Rs. 3,873 lakhs against Rs. 3,833 lakhs last year.

(7) *Cotton*.—The acreage under Cotton has increased by 3.1 per cent. against last year, but comparing the five years average figures it is still less by 23 per cent. Its value in lint is estimated at Rs. 558 lakhs against Rs. 411 lakhs last year.

(8) *Sugarcane*.—The acreage under Sugarcane is reported to be 91 thousand acres against 77 thousand acres of last year and the value was Rs. 708 lakhs as against Rs. 632 lakhs last year. This value of Sugarcane is only based on gur price and not sugar price.

(9) *Tobacco*.—The acreage under Tobacco has considerably fallen by 66 per cent. against last year, the total acreage being 28 thousand against 83 thousand of last year. Reasons for this great fall are under enquiry. The estimated outturn is about 6 thousand tons as compared with 19 thousand tons of last year, showing a decrease of 13 thousand or 68 per cent. Its value is estimated at about Rs. 170 lakhs as against Rs. 396 lakhs last year. It may, however, be noted that the price of Tobacco this year has increased by 43 per cent. over last year.

The other details may be seen in the following Statement.

MAZHER HUSAIN.

STATEMENT SHOWING THE AREA, QUANTITY AND VALUE OF IMPORTANT CROPS IN H.E.H. THE NIZAM'S DOMINIONS FOR THE YEAR 1855-56 F. AND 1854-55 F.

Serial N.	Crops	AREA IN ACRES (IN THOUSANDS)		QUANTITY OF PRODUCE (IN THOUSANDS OF TONS)		MARKET RATES IN ISFANDAR (JANUARY)			TOTAL VALUE OF PRODUCE (IN LAKHS OF RUPEES)	
		1855-56 provisional	1854-55 revised fig.	1855-56 provisional	145-554 revised fig.	1855-56	1854-55	Per cent	1855-56	1854-55
1	2	3	4	5	6	7	8	9	10	11
						Rs. A. P.	Rs. A. P.			
1	Rice	1,115	1,419	360	480	38 11 0	40 3 0	Per palla of 120 srs.	1,300	1,800
2	Wheat	399	485	6	52	47 10 0	49 14 0	do	27	242
3	Barley	8	8	1	1	.. ..	.. ..	do	..	..
4	Jawar	6,812	7,463	930	847	22 12 0	22 3 0	do	1,975	1,754
5	Bajra	1,012	1,293	65	105	23 2 0	22 4 0	do	140	218
6	Ragi	89	116	10	14	21 0 0	20 2 0	do	20	24
7	Maize	352	369	26	34	22 15 0	23 6 0	do	56	74
8	Gram	894	884	84	105	46 6 0	30 3 0	do	364	296
9	Other foodgrains & pulses	4,948	4,785	398	460	56 11 0	32 5 0	do	2,079	1,887
	Total foodgrain ..	15,629	16,772	1,875	2,099	..	..	..	5,961	5,795
10	Linseed	570	516	47	42	17 7 0	13 12 0	Mds. of 40 srs.	229	161
11	Sesamum	728	681	50	48	69 5 0	58 13 0	Palla of 120 srs.	323	263
12	Rape & Mustard ..	4	6	..	..	.. ..	.. ..	do	..	..
13	Groundnut	2,485	2,436	688	748	39 0 0	35 15 0	do	2,322	2,509
14	Castor	794	607	55	57	16 5 0	12 12 0	Mds. of 40 srs.	251	203
15	Cotton seed	..	..	99	90	8 15 0	6 11 0	do	248	197
16	Other oilseeds	1,032	1,056	69	67	..	..	..	..	..
	Total oilseeds	5,563	5,501	958	1,052	..	..	..	3,373	3,333
17	Condiments	488	369	..	..	.. ..	.. ..	..	..	..
18	Sugarcane	91	77	142	151	17 11 0	14 15 0	Mds. of 40 srs.	708	682
19	Cotton (bales of 40 lbs. each). ..	2,240	2,156	264	251	42 5 0	32 12 0	do	558	411
20	Other fibres	2	270	..	..	..	..	..	..	..
	Total	2,821	2,872	..	151 Bales 251	..	..	..	1,261	1,043
21	Tobacco	28	83	6	19	100 15 0	70 12 0	Mds. of 40 srs.	170	396
22	Fodder crop	125	85	..	..	..	..	..	..	..
23	Fruits & vegetables ..	..	..	..	..	..	..	..	..	..
24	Miscellaneous crops ..	355	75	..	..	..	..	..	..	..
	Total	508	243	..	19	..	..	..	170	396
	Grand total	24,521	25,388	2,981	3,321	..	..	..	10,765	10,567
	Cotton bales	..	..	264	251	..	..	..	..	..

News in Brief

HYDERABAD ROAD TRANSPORT.

THE NIZAM'S STATE RAILWAY has set apart two crores of rupees for purchasing 420 buses in order to augment its Road Transport Department services throughout the State. Thirty double-deckers and 75 single-decker buses envisaged in the scheme are already on the roads and about 200 more buses are expected to be delivered by the end of 1948.

THE HYDERABAD SALES TAX.

The Hyderabad Luxury Tax Bill came into force on 1-10-1947. According to this Act, a tax at the rate of $\frac{1}{2}$ anna in the rupee is levied on every dealer on his turnover in luxury goods. The schedule of goods that comes within the purview of the Act contains 28 articles, including cosmetics, motor cars, jewellery, fountain pens, cameras, films, musical instruments, gramophones, watches, clocks and sports goods.

THE HYDERABAD VETERINARY DEPARTMENT.

The Administration Report of the Veterinary Department for 1855 Fasli says:

The Veterinary Department continued the work of investigating the cause of contagious diseases such as Rinderpest, Tuberculosis, Liver-fluke, etc., in collaboration with the Imperial Veterinary Research Institute, Mukteswar. During the year 1855 Fasli, inoculations aggregating 8,51,195 were given for immunising live-stock against diseases, but in spite of the steps taken 11,201 deaths from contagious diseases and 6,865 from other causes were registered.

The work connected with the improvement of live-stock continued on a moderate scale. In view of the urgent need for the improvement in quality and number of live-stock in the State, schemes for the establishment of breeding farms in Aurangabad, Raichur, Mahbubnagar (for sheep), Udgir and Osmanabad were sanctioned during the year,

The Anti-Liver-Fluke scheme made good progress and in a number of villages mass treatment of cattle aggregating 1,05,707 was undertaken.

The Veterinary College affiliated to the Osmania University started functioning during the year.

CO-OPERATIVE HOUSING IN BOMBAY.

The Government of Bombay has passed orders in regard to certain recommendations of the Bombay Provincial Housing Advisory Committee concerning assistance to co-operative housing societies, announced in June this year. Co-operative housing societies constructing tenements consisting of two living rooms and a kitchen (with other amenities) or of a smaller size may be granted loans at 8 per cent. or half per cent. less than the Government borrowing rate, whichever is higher. These loans may be to the extent of 75 per cent. of the value of the land and building in the case of tenant co-partnership and to the extent of 60 per cent. in the case of other societies. *Those societies constructing tenements of higher standards may be given loans to the extent of 50 per cent. of the value of the land and buildings at the rate of half per cent. above the bank rate provided the bank rate is not lower than the rate at which Government has itself borrowed on the last occasion when giving loans.* The period of repayment of loans to co-operative housing societies should be 25 years.

KASHMIR TO DEVELOP PETROL INDUSTRY.

The Kashmir State is contemplating measures to make itself self-sufficient in petrol. "There are several spots which we intend to work up in order that we may become self-sufficient in petrol" said Mr. R. L. Batra, Deputy Prime Minister of Kashmir State.

One of the spots, he revealed, was near Reshamkhana in Srinagar, which was discovered years ago by labourers while digging the foundation

of a house. Sir Michael O'Dwyer at that time offered to extract the oil on a contract basis, but the State authorities did not accept his offer.

INFORMATION FILMS OF INDIA.

The Government of India have decided to revive the information films of India (including the Indian News Parade).

This was a Government organisation for the production and distribution in India and abroad of short information films and a weekly news reel. This organisation, which had come into being during the war, was abolished in April, 1946. The position has since been reviewed and it is felt that the value of this medium of visual publicity in the furtherance of the constructive activities of the Government, particularly at the present juncture, should not be lost. Preliminary work is well under way and it is hoped to commence exhibition of short films and news reels at an early date.

NEW POLICY FOR FOOD IMPORTS INTO INDIA.

One of the main recommendations of the recently appointed high-power Food-Grains Policy Committee, is that in 1948, India should not indent for more than a maximum of two million tons of foodgrains from abroad.

In the past, especially during the last two deficit years, the country's food requirements deficit has been four and odd million tons.

JAMSHEDPUR IRON AND STEEL.

The total approximate production of iron and steel at the Tata Iron and Steel Works at Jamshedpur during the month of September, 1947 was: pig iron 73,000 tons; steel ingots 67,200 tons; and finished steel 52,900 tons.

ELECTRIFICATION OF RAILWAYS IN MYSORE.

The scheme of electrifying the 90-mile rail strip between Bangalore and Mysore is reported to be making good progress. An English firm

of electrical engineers, on orders from the State Government, is already surveying the scheme, and it is expected that this survey will be completed within the next three months. The survey report is expected to be ready by the end of January, 1948, when the Government will take up the scheme for execution.

GOLD IN SIND.

The Government of Sind is exploring the possibilities of a gold industry in the Province and a prospective site has been reserved near Hajapuri on the Sind-Cutch border. The Customs authorities have been asked to prevent the removal of gold dust from the prospective site.

CONTROL OVER EXPORT OF PEPPER REMOVED.

The Government of India have removed control over the export of pepper with effect from October 18, 1947.

INDIA GETS REPARATIONS FROM GERMANY.

The United States zone of Germany sent over 5,000 tons of manufactured goods as reparations to 11 nations, including India, during the first half of October, the fortnightly report of the U.S. Military Government announced recently. The goods came from 17 plants in the zone.

GOLD BAR FOUND IN BOMBAY DOCK.

A Bombay Port Trust dredger found in the basin of Victoria Dock another gold bar, weighing 28 pounds and valued at Rs. 1,80,000. This was stated to be the 17th gold bar to be recovered from the sea after the disastrous dockyard explosion in 1944.

The dredger had found 16 gold bars in October and November last year.

HALF OF HUMANITY CLOSE TO STARVATION LINE.

Half the people of the world are living close to the starvation line, and 40 per cent. of those near starvation are children, Mr. Chester Bowles, Chairman of the International Advisory Committee of the United Nations Appeal for Children, told a Press Conference.

EGYPTIAN RICE FOR EAST ASIA.

Rice for Britain's East Asian colonies valued at 2,500,000 dollars is being provided by Egypt under exchange with Britain by which Egypt receives two ship-loads of wheat of equivalent value.

This appears to be the position arising out of the clarification of a report in London that Britain has "virtually made herself responsible for certain Egyptian dollar imports estimated at about \$ 8,000,000."

WHEAT ACREAGE IN AUSTRALIA.

The Minister for Commerce and Agriculture, Mr. Pollard, stated that the estimated area sown with wheat in Australia this year is 15,500,000 acres, compared with 13,303,000 acres average for the 10 years before the war.

HEAVY WHEAT HARVEST IN AUSTRALIA.

Australian authorities say that India will receive substantial quantities of wheat from Australia under the present heavy harvest. The British Government suggested that part of Australia's wheat allotted to Britain should be diverted to India. The Australian authorities replied that the current wheat crop was good enough to meet the requirements both of India and Britain.

THE FIRST CENSUS IN IRAQ.

The first general census in the history of Iraq was taken recently while Iraqi citizens observed a dawn-to-dusk curfew and the country's borders were closed. Twenty-five thousand officials and college students carried out the census.

INTERNATIONAL CONFERENCE ON LARGE DAMS.

The Dominion of India will be one of the 20 countries of the world participating in the third International Congress on Large Dams, which will begin its session on 10th June, 1948, at Stockholm, Sweden. The Central Board of Irrigation, Simla, is the National Committee of the Congress for India, to which intending participants from India are required to send their preliminary applications in this connection.

U. S. SCIENTIFIC EXPORT ASSOCIATION.

The U. S. Export-Import Bank has announced its authorisation of a revolving credit of \$ 2,500,000 to the U. S. Scientific Export Association—manufacturers of scientific equipment—in order to finance its sales abroad. The credit is to assist the Association in a plan to give credit to foreign customers who make numerous small purchases. The Association will conduct its own system of credits and collections, subject to the supervision of the Bank.

REVIVAL OF JAPANESE TRADE.

According to a statement by the Director-General of the Japanese Board of Trade, trade between Japan and the sterling countries will be on a barter system. Japan has bought cotton from India and goods are being sent there in exchange, and negotiations for similar deals are stated to be taking place between Japan and Australia.

MORE WOMEN SHAREHOLDERS THAN MEN.

Women in the United States are beginning to outnumber men as shareholders in the nation's biggest industries and their individual holdings also show substantial increases, according to a recent survey conducted by the Women Investors in America, Inc., a private research organisation not engaged in selling securities.

At the beginning of the war, women held about half the nation's industrial equities;

they now own possibly as much as three-fifths. This increase is due to the fact that women not only outnumber men in the population, but outlive them, 68 years being the life expectancy for women, 63 for men. Another reason is that when bond and savings bank interest rates dropped, many women living on fixed incomes switched to stocks for higher returns.

LATEST IN FREIGHT PLANES.

A new type of freight aeroplane has been designed and built in Britain which will revolutionise the transport of goods by air.

The outstanding feature is its detachable hold which can be used as a road trailer as soon as the machine lands. This hold is about 10 feet long and $4\frac{1}{2}$ feet in width and depth and is fitted with removable road wheels.

This flying-box car is powered by four Cirrus Minor motors, giving a speed of 130 m.p.h. The maximum range is 800 miles. The box carries loads up to one ton, and insulated and refrigerated boxes can be built to carry perishable food cargoes.

U.S. POPULATION GROWTH.

Population growth last year was the largest in any year in U. S. history, according to the estimates of the Census Bureau. The estimated population of the country on January 1, 1947, was 142,673,000, which was 2,279,000 greater than a year earlier.

WORLD SOCIALIST CONFERENCE.

The Socialist Party of India has received an invitation from the Socialist Information and Liaison Office, London, to send its delegation to the next International Socialist Conference to be held at Antwerp on November 28, 1947.

ELECTRIC-CUM-PETROL CAR.

The British manufacturers' answer to indefinite petrol rationing is a petrol and electric-

driven car. It is called "Petlec" and was designed in 1945.

With a petrol engine of small horse-power and a medium-sized electric engine, the car has a speed of about 50 m.p.h. The petrol range is 35 m.p.g.

HUMAN MILK BANKS.

A "human milk bank" whereby the lives of hundreds of delicate babies are saved yearly has been so successful that a similar bank is being opened in Cardiff.

Milk is stored in refrigerators and pasteurised before use. It will keep perfectly as long as one year. Supplies are sent to any hospital or institution where a sickly or premature child needs human milk to save its life and the mother cannot provide it. It is estimated that the bank will save at least ten lives yearly in Cardiff alone.

OWNERSHIP OF RAIL TRANSPORT.

Nearly 45 per. cent of the world's rail transport is under public ownership.

THE INTERNATIONAL TRADE ORGANIZATION.

The Dominion of India will be one of the members of the Executive Board of the proposed International Trade Organisation, thus securing for itself a permanent seat on this important international body.

CHINESE ECONOMIC DEVELOPMENT.

The Chinese Government intends to utilise the five million dollar loan earmarked to it by the U. S. Export and Import Bank for construction of four projects—the reconstruction of the new Tanguku harbour near Tientsin, the development of the Canton-Hankow and Chekiang-Kiangsi Railways, importation of raw cotton for industrial purposes, and construction of an additional large electricity plant in Shanghai.

Personalities

Mr. C. Rajagopalachari.

THE forthcoming session of the Indian Economic Conference in Calcutta on December 22, 23 and 24 will be inaugurated by the Governor of West Bengal, Mr. C. Rajagopalachari.

This will be on the morning of December 22. It will be followed by an address of welcome by Mr. P. N. Banerjee, Vice-Chancellor of the Calcutta University, and the presidential address of Dr. P. S. Lokanathan.

The afternoon session will be devoted to a discussion on cheap money policy. On the next two days there will be discussions on "Commercial Policy for India" and "Problems of Agricultural Labour." A symposium is being organised by the reception committee on State and Nationalisation, over which Mr. N. R. Sarkar will preside.

Sir Padampat Singhania.

The Annual Conference of the All-India Commerce Association will be held under the auspices of the Lucknow University on 25th, 26th and 27th December, 1947, under the presidency of Sir Padampat Singhania. Subjects for discussion include Indian Taxation Policy, Planning of India's Foreign Trade, Abolition of Zamindari and Indian Railway Transport. The Conference is open to members and delegates.

Sir Stafford Cripps.

The appointment of a new chief for economic planning in the U.K. clearly suggests that the growing multiplicity of planning committees was not leading to more effective planning. This was largely because there was a division of Cabinet responsibility between domestic and overseas planning, the latter covering the subject of balance of payments. This division has now been ended by domestic planning being

taken away from the Lord President of the Council, Mr. Herbert Morrison who can concentrate on his duties as Leader of the House and co-ordinator in matters other than economic and giving overall responsibility to the new Minister for Economic Affairs, Sir Stafford Cripps, lately President of the Board of Trade.

The principal difficulty in overseas planning, that is, covering the balance of payments and export trade, was the interest of the Treasury officials who considered themselves responsible not only for all matters involving foreign payments but also for the Board of Trade Foreign Office. Although the responsibility for overseas planning is now in the hands of one person, together with domestic planning, the Premier has recognised that the overriding importance of economic affairs at the present time and the impossibility of putting one of his colleagues over the Chancellor of the Exchequer and the Foreign Secretary, makes it necessary for himself personally to become the Chairman of the new Ministerial Committee on Economic Planning, which will be concerned both with domestic and overseas matters. This is an organisational device, since the Premier will look to his "senior colleagues" to carry the real burden of work. Sir Stafford becomes, in effect, the Premier's Deputy on economic affairs, required to give his undivided attention to economic problems at home and abroad, and will need a strong hand to make his departmental colleagues understand the need of national, as opposed to departmental, planning. At the official level, the new Minister will take over the responsibility for the central economic planning staff recently set up, the economic information unit and the economic section of the Cabinet Secretariat, in addition to other inter-departmental committees. Time is running extremely short, but the general comment is that, perhaps, now the Government will get down to serious and effective planning.

Sir C. V. Raman.

Sir C. V. Raman has been chosen to serve on the World Bank Advisory Council as a councillor for a period of two years.

Mr. V. M. Bhatt.

Mr. V. M. Bhatt, formerly Sir William Wedderburn scholar, Lord Northcote and Sir Gourishanker Gold Medalist of the University of Bombay, has proceeded to Shanghai to assume the post of Economic Affairs Officer in the United Nations Economic Commission for Asia and the Far East. Mr. Bhatt was Senior Assistant Secretary of the Federation of Indian Chambers of Commerce and Industry and on its behalf attended the international Business Conference at Rye, New York, as Secretary and Adviser.

Mr. N. Sundaresan.

Mr. N. Sundaresan, Financial Adviser to the Indian Embassy in Washington, has been elected as one of the four Vice-Chairmen of the Board of Governors of the World Bank.

Mr. A. D. Gorwala.

The Government of India has appointed a Committee under the chairmanship of Mr. A. D. Gorwala, a member of the Commodity Prices Board, for devising a scheme for the recruitment and training of administrative personnel urgently

needed by the Government, Mr. R. L. Gupta, Director-General of Food, and Mr. M. J. Desai in charge of the Administrative Training School, are the members of the committee, while Mr. L. K. Jha, Deputy Secretary, Commerce Department, is the Secretary.

Dr. T. G. Shirname.

Dr. T. G. Shirname, Dy. Agricultural Marketing Adviser to the Government of India, has been appointed Agricultural Marketing Adviser to the Dominion Government.

Sir Archibald Rowlands.

Sir Archibald Rowlands, Financial Adviser to the Pakistan Government, was in Bombay recently on an important mission connected with the stabilisation of finances of the Pakistan Government.

Dr. L. C. Jain.

Dr. L. C. Jain has been appointed Economic Adviser to the newly created Ministry of Relief and Rehabilitation, Government of India.

Mr. St. John Turner.

Mr. St. John Turner, Adviser to the Bank of England, arrived in Karachi at the invitation of the Pakistan Government to advise it on financial matters.

Current Statistics

Survey of Business Conditions in H.E.H. the Nizam's Dominions for the Month of July, 1947 (Shahrewar, 1356 F.)

I. GENERAL CONDITIONS.

Since a few months a regular upward trend in price market is noticeable. The general index number of wholesale prices in the city of Hyderabad rose from 312 points in January, 1947 to 366 points in July, 1947, thereby bringing about a rise of 54 points during a period of seven months. Consequently the working class cost of living also showed a rising tendency. The living index number of the city of Hyderabad stood at 188 points in July, 1947 as against 133 points in June, 1947 and 122 points in July, 1946. A slight decrease in the Bullion Market was marked in July, 1947 when compared to last month.

II. PAPER CURRENCY AND COINS.

2. *Gross notes issued and currency reserve :—*
During the month under survey, the value of notes in gross circulation amounted to Rs. 4580.25 lakhs as against Rs. 4824.97 lakhs in the last month, thereby showing a fall of Rs. 244.72 lakhs. The percentage of Cash Reserve to gross notes in circulation being 86.59 per cent. or a fall of 2.69 per cent. compared to June, 1947 (Amardad, 1356 F.).

Comparative figures of gross notes in circulation and composition of the Reserve is given in the following table :—

FIGURES IN LAKHS OF RUPEES.

Months	Gross notes in circulation	Gold	COMPOSITION OF THE RESERVE					Percentage of Cash Reserve to gross notes in circula- tion
			CASH		SECURITIES			
			Silver		Govt. of India	Nizam's Govt.		
July, 1947	.. 4580.25	..	Rs. B.G. 1440.99	Rs. O.S. 234.93	2824.25	80.07	86.59	
June, 1947	.. 4824.97	..	1545.99	849.65	2824.25	105.07	89.28	
July, 1946	.. 4867.94	..	1804.79	210.29	2797.80	55.04	41.42	

The cash holdings in B.G. converted into O.S. decreased by Rs. 105.00 during the month under review while the cash holdings in O.S. recorded a decrease of Rs. 114.72 lakhs compared to the preceding month. The value of the securities of Government of India and H.E.H. the Nizam's Government remained

stationary.

8. *Notes in circulation.*—Of the total notes issued, 98.09 per cent. went into active circulation in July, 1947 as against 97.81 per cent. in May, 1947. A contraction in note circulation to the extent of Rs. 226.87 lakhs or about 4.79 per cent. also took place.

Absorption and contraction of currency together with their percentages for July, 1947, June, 1947 and July, 1946 are noted below :

FIGURES IN LAKHS OF RUPEES.

No.	Particulars	July 1947	June 1947	July 1946
1	Total notes issued ..	4580.25	4824.97	4867.94
2	Total notes in circulation ..	4492.85	4719.22	4736.84
3	Absorption (+) or Contraction (-) ..	226.37	58.61	- 15.19
4	Percentage of 2 to 3 ..	4.79%	1.22%	- 0.31%

4. *Notes withdrawn.*—The following table gives the value of notes of different denominations withdrawn from circulation.

FIGURES IN THOUSANDS OF RUPEES.

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1000
July, 1947 ..	5175	3	1373	6	..
June, 1947 ..	4060	1	816	4	..
July, 1946 ..	3445	855.6	13	21	..

The heavy withdrawal of one-rupee notes continued for the reasons noted previously.

5. *Denomination of notes issued.*—The value of notes of different denominations issued for circulation to the Hyderabad State Bank during the month under report, the previous month and the same month of last year are given below :

VALUE IN LAKHS OF RUPEES.

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1000
July, 1947 ..	50	..	..	..	..
June, 1947 ..	35	..	..	..	..
July, 1946 ..	36	5	30	..	..

6. *Coins.*—(A) Gold coins:—The value of Gold coins issued for circulation in July, 1947, June, 1947 and July, 1946 is as follows:—

VALUE IN O.S. RUPEES.

Months	ASHRAFI FULL		ASHRAFI, $\frac{1}{2}$		ASHRAFI, $\frac{1}{4}$		ASHRAFI, $\frac{1}{8}$	
	No.	Value	No.	Value	No.	Value	No.	Value
July, 1947 ..	47	5,640	87	2,257	45	1,895	204	3,264
June, 1947 ..	108	12,960	26	1,585	98	2,983	366	5,856
July, 1946 ..	16	1,920	7	427	5	155	17	272

(B) *Rupees and subsidiary coins.*—The following table gives the value of coins, issued coins withdrawn and absorption of small coins for the month of July, 1947 and the comparative figures for the preceding month and the corresponding month of previous year.

VALUE IN THOUSANDS OF RUPEES.

Particulars	Rs. 1	Rs. $\frac{1}{2}$	Four-anna pieces	Two-anna pieces	One-anna pieces	Pice	Total
<i>Coins issued :</i>							
July, 1947 ..	..	..	..	..	..	5	5
June, 1947 ..	..	..	..	6	12	8	26
July, 1946 ..	..	2	36	2	38	9	157
<i>Coins withdrawn</i>							
July, 1947 ..	102	14	61	22	19	1	219
June, 1947 ..	48	15	38	12	11	..	119
July, 1946 ..	74	3	9	3	4	..	93
<i>Absorption of small coins :</i>							
July, 1947 ..	2	19	40	10	38	5	108
June, 1947 ..	1	19	39	18	21	6	104
July, 1946 ..	..	11	48	22	31	8	120

Statement.

III. BANKING STATISTICS.

7. *Joint-stock banks, liabilities and cash holdings.*—For the week ending 25th July, 1947, the total liabilities and cash holdings of 24 reporting joint-stock banks (working in H.E.H. the Nizam's Dominions) amounted to Rs. 8998.14 lakhs and Rs. 512.90 lakhs respectively while the total value of advances made in the Dominions and the bills purchased and discounted stood at Rs. 1015.11 lakhs and Rs. 50.06 lakhs, respectively.

8. *Cash balance of Government.*—The cash balance of Government with the Hyderabad State Bank and the Government Treasuries on the last day of the month under report stood at Rs. 418.59 lakhs and Rs. 118.38 lakhs, respectively as against Rs. 298.14 lakhs and Rs. 132.60 lakhs, respectively in the last month.

9. *Co-operative banks and societies.*—During the month under survey, the capital reserve of 14 reporting co-operative banks amounted to Rs. 7.52 lakhs, while the value of Deposit and Loans held at the end of the month under report (from non-members and members in individual capacity, banks, societies and Government) stood at Rs. 18.32 lakhs. The cash held in

hand and at Bank amounted to Rs. 1.06 lakhs.

IV. PRICES.

10. *Wholesale prices in the city of Hyderabad.*—Compared to June, 1947, the average index number of cereals, pulses and sugar remained unchanged at 282, 332 and 185 points, respectively in the month under report. Average index number of other food articles advanced by 25 points, mainly due to abnormal rise in prices of onions, potatoes and ginger, thereby bringing about an increase of 12 points in the index number of all food group.

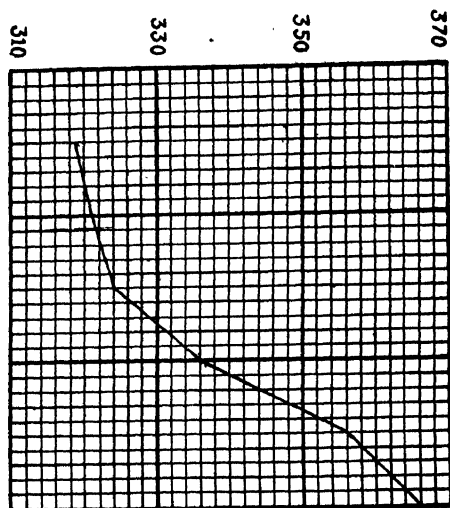
The average index number of oil-seeds and building materials decreased by 1 and 11 point, respectively, while those of vegetable oils and cotton manufactures shot up by 29 and 17 points respectively. Index number of cotton raw, hides and skin and other raw and manufactured articles remained unchanged. The average index number of all non-food shot up by 7 points compared to last month.

The general index number for July, 1947 (on base August, 1939=100) stood at 366 points as against 356 points in June, 1947 and 274 points in July, 1946.

(AUGUST, 1939=100).

S. No.	Groups	No. of items	INDEX NUMBERS :			(+) OR (—) AS COMPARED WITH			
			July, 1947	June, 1947	July, 1946	June, 1947	July, 1946		
1	Cereals	10	282	282	279	..	+	3	
2	Pulses	6	332	332	210	..	+	22	
3	Sugar	2	185	185	146	..	+	39	
4	Other food	16	432	407	284	+	25	+	148
	ALL FOOD	34	350	347	265	+	12	+	94
5	Oil-seeds	5	505	506	269	—	1	+	236
6	Vegetable oil ..	4	524	495	276	+	29	+	248
7	Raw cotton	1	250	250	200	..	+	50	
8	Cotton manufacture ..	5	325	308	290	+	17	+	35
9	Hides & skins	2	347	347	345	..	+	2	
10	Building materials ..	8	284	245	281	—	11	—	47
11	Other raw & mfgd. articles..	7	269	269	294	..	—	25	
	ALL NON-FOOD	32	374	367	284	+	7	+	90
	GENERAL INDEX NUMBER	66	366	356	274	+	10	+	92

The following graph shows the trend of general index numbers of wholesale prices in the city of Hyderabad for the period February to July, 1947.



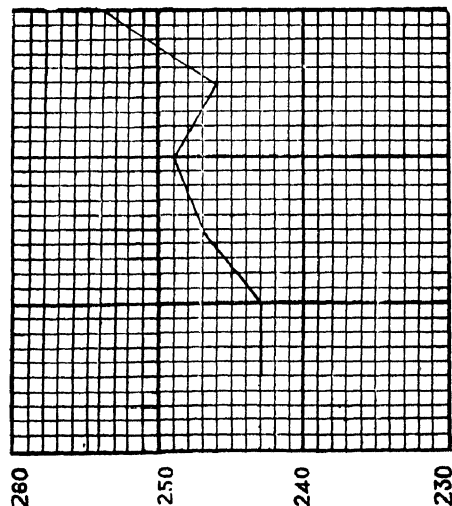
11. Retail prices.—Data.

During the month under report, the prices of Paddy, Wheat, Maize, Grain, Tuar and Salt went up while those of Bajra and Ragi declined. Prices of the other remaining commodities remained unchanged compared to last month.

Retail prices of the ten main commodities in seers and chataks per O.S. rupee with their index numbers are given in the following table.

S. No.	Commodities	PRICE FOR INDEX No.				
		Base price Aug., 1939	July, 1947	June, 1947	July, 1947	June, 1947
1	Coarse rice	7- 3	3- 1	3- 1	235	235
2	Paddy	14-12	4-15	5- 5	299	276
3	Wheat	7- 5	2- 2	2- 3	344	334
4	Jawar	10- 0	5- 3	5- 4	180	190
5	Bajra	10- 8	5- 3	5- 2	202	205
6	Ragi	11- 5	5-14	5-13	193	195
7	Maize	10-13	5- 8	5-10	197	192
8	Gram	7-10	3- 4	2- 7	339	318
9	Tuar	10- 1	2-10	2-11	388	374
10	Salt	8-13	5- 7	5-14	162	150
	GENERAL INDEX No.	..	..	..	251	246

The trend of general index numbers of retail prices of the above commodities during the period February to July, 1947 is shown in the following graph.



V. BULLION MARKET.

12. Prices of Gold and Silver.—The minimum and maximum prices of gold in July, 1947 ranged from Rs. 182 to Rs. 186 per tola while

those of silver oscillated between Rs. 185 and Rs. 190 per hundred tolas.

Months	GOLD FOR TOLA			SILVER FOR HUNDRED TOLAS		
	Lowest		Highest	Lowest		Highest
Feb., 1947	120 0 0		132 0 0	181 0 0		186
March, 1947	126 0 0		130 0 0	184 0 0		196
April, 1947	127 8 0		135 0 0	192 8 0		203
May, 1947	134 0 0		135 8 0	194 0 0		203
June, 1947	135 0 0		138 0 0	185 0 0		193
July, 1947	132 0 0		136 0 0	185 0 0		190

VI. B.G. EXCHANGE RATES.

In the month of report the B.G. highest buying and selling prices stood at Rs. 116-13-6 and Rs. 116-14-6, respectively.

Months	BUYING		SELLING	
	Lowest	Highest	Lowest	Highest
July, 1947	116 12 6	116 13 6	116 13 6	116 14 6
June, 1947	116 12 6	116 12 6	116 13 6	116 13 6
July, 1946	116 11 0	116 11 0	116 12 0	116 12 0

VII. SHARE MARKET.

14. The following statement gives the quotations for the Government promissory notes and for other shares on the last days of June and July, 1947.

PARTICULARS	CLOSING RATES ON THE LAST DAY OF	
	June, 1947	July, 1947
<i>Government Securities</i>	Rs. A.	Rs. A.
N. G. P. 2½ % ..	101- 9½	105- 5
do 8 % ..	108- 0	102-12
do 2½ % ..	100- 5	100-10
<i>Banking :</i>		
G. Raghunathmul Bank (O.S. 100-50 pd)	50- 0	50- 0
Hyd. Bank (O.S. 50) ..	51- 0	51- 0
State Bank (O.S. 100) ..	130- 8	127- 0
<i>Railways :</i>		
N. S. Railway 5% (O.S. 250) ..	950- 0	950- 0
do 6% do ..	500- 0	500- 0
<i>Textiles :</i>		
Azampah Mills (O.S. 100) ..	391- 8	307- 8
D. B. R. Mills (B.G. 100) ..	225- 0	227- 0
M. S. K. mills (B.G. 10) old ..	87- 0	98- 0
Osman Shahi (B.G. 100) ..	296- 0	310- 8
R. B. Poorna Mills (B.G. 100) ..	105- 0	105- 0
<i>Sugar :</i>		
Nizam Sugar Ord. (O.S. 25) ..	50- 0	50- 4
do (O.S. 25-15 pd.) ..	30- 8	30- 0
do pref. (O.S. 25) 5% ..	39- 0	39- 0
do „ (O.S. 25-15 pd.) 4% ..	18- 8	18- 8
Salar Jung Sugar (O.S. 50-35 pd.) ..	21- 0	20- 0
<i>Chemicals :</i>		
Bio-Chemicals (O.S. 10) ..	5- 8	5- 0
Chem. & Ferts. (O.S. 50) ..	21- 0	21- 0
Chem. & Pharmts. (O.S. 25) ..	23-12	22- 8
<i>Miscellaneous .</i>		
Allwyn Metals (O.S. 50) ..	62- 0	62- 0
do (O.S. 50-25 pd.) ..	28- 0	30- 0
Deccan Flour (O.S. 100) ..	100- 0	100- 0
Hyderabad Construction (O.S. 100) ..	250- 0	258- 0
do 5% debt ..	102- 0	..
Hyderabad Tanneries (O.S. 50-30/40 pd.) ..	30- 0	30- 0
National Food (O.S. 10) ..	5- 0	5- 0
Singareni Coll. (B.G. 10) ..	14- 0	14- 0
Sirpur Paper (O.S. 100) ..	187- 0	185- 0
do (O.S. 100-50 pd.) ..	128- 0	124- 0
Starch Products (O.S. 50) ..	35- 0	35- 0
Taj Clay (O.S. 100) ..	100- 8	95- 0
Taj Glass, old (O.S. 10) ..	0- 0	8-12
Vazir Sultan (O.S. 10) ..	55- 0	55- 0
Veg. Products (B.G. 10), old ..	13- 0	10- 4

VIII. INDUSTRIAL PRODUCTION.

15. *Matches.*—During the month under report the Match Factories working in H.E.H. the Nizam's Dominions manufactured 22.5 thousand gross boxes as against 26.3 thousand gross boxes in June, 1947 and 21.6 thousand

gross boxes in July, 1946.

16. *Cement*.— (Not available)

17. *Sugar*. Due to off-season the production of sugar was not recorded.

FIGURES IN THOUSANDS.

Commodities	Units	July, 1947	June, 1947	July, 1946	(+) or (—) AS COMPARED WITH	
					June, 1947	July, 1946
Matches	G.B.	22.5	26.3	21.6	—3.8	+0.9
Cement	Tons	..	7.1	12.4	..	..
Sugar	Cwts	..	..	..	..	..

IX. TRADE STATISTICS.

18. *Monthly imports of foodgrains into the city of Hyderabad*.—Quantity of certain important food articles imported during July, 1947 and the same month of last year into the city of Hyderabad (including seed) from British India, Indian States and from various places of H.E.H. the Nizam's Dominions is given in the following table :—

Serial No.	Commodities	TOTAL IMPORT DURING (IN PALLAS OF 120 SEERS)	
		July, 1947	July, 1946
1	Wheat	7,198	15,449
2	Wheat flour	..	..
3	Paddy	..	..
4	Rice	62,071	80,594
5	Jawar	50,882	11,758
6	Bajra	..	..
7	Ragi	..	18
8	Urad	47	..
9	Gram	3,876	11,181
10	Ghee (maunds)	531	1,608
11	Tea	6,456	1,067
12	Sugar	5,814	12,689

19. *Monthly import into and export from the Dominions*.—The value of principal commodities imported into and exported from the Dominions in June and July, 1947 is given below :—

IMPORT.

VALUE IN THOUSANDS OF RUPEES.

S. No.	Commodities	July, 1947	June, 1947	(+) or (—) as compared with June 1947
1	Piece-goods	65,80	50,45	+ 1,535
2	Yarn	21,08	18,02	+ 506
3	Silk	2,71	85	+ 186
4	Sugar	1,60	2,56	— 96
5	Fruits	14,99	13,68	+ 131
6	Betelnuts	6,34	7,88	— 154
7	Animals	2,61	3,72	— 111
8	Brassware	13,22	4,90	+ 823
9	Iron	7,87	7,95	— 8
10	Timber	40	1,26	— 96
11	Silver (tolas)	6	22	— 16
12	Gold (tolas)	93	28	+ 65
13	Foodgrains	48,93	21,48	+ 2,445
14	Miscellaneous	1,80,82	1,63,94	+ 2,568
15	Salt	14,67	13,58	+ 109
	Total	3,90,83	3,13,96	+ 7,687
	Total corresponding month of last year	2,63,09	2,32,59	+ 3,050

EXPORT.

VALUE IN THOUSANDS OF RUPEES.

S. No.	Commodities	July, 1947	June, 1947	(+) or (—) as compared with June, 1947
1	Foodgrains	1,16	1,25	— 9
2	Cotton	55,59	63,40	— 781
3	Linseed	2	46	— 44
4	Til	46	1,72	— 126
5	Groundnut	30,72	35,71	— 499
6	Castor seed	..	7,68	..
7	Oils	62,32	65,44	— 312
8	Indigo	1	2	— 1
9	Timber	1,01	1,81	— 80
10	Hides & skin	3,65	3,19	+ 46
11	Animals	11	10	+ 1
12	Miscellaneous	45,99	66,21	— 20,52
	Total	2,00,74	5,41,50	— 3,40,76
	Total corresponding month of last year	2,74,41	4,55,68	— 1,81,22

X. COTTON STATISTICS.

20. *Cotton prices*.—The opening and closing rates for kapas stood at Rs. 62 and Rs. 65 in July, 1947 and for lint at Rs. 135 and Rs. 136, respectively.

The following table gives the opening and closing rates of kapas and lint for the months of

May, June and July, 1947 and the corresponding months of last year.

Particulars	JULY, 1947		JUNE, 1947		MAY, 1947		JULY, 1946		JUNE, 1946		MAY, 1946	
	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing
Kapas ..	62	65	46	53	45	41			45	42 0 0	47	44 8 0
			65	62	60	68			61	60 0 0	68	66 0 0
Lint ..	135	136	105	121	110	105	140	140	117	104 0 0	150	125 4 0
			123	136	137	131	145	150	145	152 8 0	155	134 0 0

21. *Cotton export.*—Quantity of cotton (ginned pressed and unpressed and unginned cotton) exported by rail and road from the Dominions during July, 1947 and the corresponding month of last year is given below.

FIGURES IN PALLAS OF 120 SEERS.

Variety	BY RAIL		BY ROAD	
	July, 1947	July, 1946	July, 1947	July, 1946
Ginned cotton pressed ..	4,595	31,015	603	1,550
Ginned cotton unpressed ..	28,574	103	1,951	2,729
Unginned cotton (kapas) ..	1,347	..	45	..
Total ..	34,456	31,718	2,599	4,288

22. *Cotton pressed.*—The ginning and pressing factories working in the Dominions pressed 2.9 thousand bales of cotton in July, 1947 as against 9.7 thousand bales and 2.1 thousand bales in June, 1947 and July, 1946, respectively.

Particulars	Quantity pressed in bales of 400 lbs.
During July, 1947 ..	2,945
During June, 1947 ..	9,744
During July, 1946 ..	2,106
Total since 1st September, 1946	1,84,576
Total for the corresponding period of last year ..	2,07,176

23. *Cotton manufactures.*—The total output of cotton piece-goods manufactured by the mills working in the Dominions stood at 34.4 lakh yards and 10.8 lakh yards during July, 1947 as against 39.4 lakh yards and 12.1 lakh lbs. in the last month.

The quantity of cotton yarn spun amounted to 13.4 lakh lbs. in the month under report thereby bringing about a fall of 1.3 lakh lbs. when compared to last month.

Comparative statement showing the details of the above is given below :

FIGURES IN THOUSANDS.

Serial No.	Particulars	Units	July, 1947	June, 1947	July, 1946
1	Cotton piece-goods.				
	(a) Gray & bleached piece-goods	Yds. Lbs.	2828.8 906.5	3198.3 1004.5	4040.5 1184.9
	(b) Coloured piece-goods	Yds. Lbs.	613.2 172.3	738.3 203.4	788.0 209.0
	(c) Gray and bleached goods other than piece-goods	Yds. Lbs.	.. ..	0.7 1.4	0.7 2.1
	Total	Yds. Lbs.	3442.0 1078.8	3937.3 1209.3	4829.2 1896.0
2	Cotton yarn ..	Lbs.	1341.8	1472.8	1928.1

24. *Mill consumption.*—The quantity of cotton consumed (pressed and unpressed) by mills working in H.E.H. the Nizam's Dominions decreased from 17.99 lakh lbs. in June, 1947 to 16.08 lakh lbs. in July, 1947.

FIGURES IN THOUSANDS

Parti- culars	COTTON CONSUMED IN LBS. DURING			(+) or (—) AS COMPARED WITH	
	July, 1947	June, 1947	July, 1946	June, 1947	July, 1946
Cotton pressed	1528.2	1727.9	2066.7	—199.7	—538.5
Cotton un- pressed	79.7	71.7	240.7	+ 8.0	—161.0
Total	1607.9	1799.6	2307.4	—191.7	—699.5

XI. TRANSPORT STATISTICS.

25. *Railway.*—In July, 1947 the approximate total earnings of B.G. and M.G. combined

amounted to Rs. 42.86 lakhs as against Rs. 47.70 lakhs in June, 1947.

The Goods traffic earnings of Railway stood at Rs. 22.50 lakhs as against Rs. 21.32 lakhs in the last month.

The number of passengers carried by rail stood at 20.32 lakhs in July, 1947, thereby showing a decrease of 1.55 lakhs compared to the preceding month.

26. *Road transport.*—The total earnings of Road Transport Department in July, 1947 amounted to Rs. 11.73 lakhs as against Rs. 12.60 lakhs in June, 1947.

The number of passengers carried by R.T.D. in the month under report stood at 32.48 lakhs, an increase of 1.26 lakhs compared to the previous month.

The following table gives the total earnings of Railway and R.T.D. and number of passengers carried by rail and road during June and July, 1947.

FIGURES IN LAKHS.

TOTAL EARNINGS						TOTAL NUMBER OF PASSENGERS TRAVELLED BY			
RAIL		R.T.D.		GOOD'S TRAFFIC EARNINGS		RAIL		ROAD	
July, 1947	June, 1947	July, 1947	June, 1947	July, 1947	June, 1947	July, 1947	June, 1947	July, 1947	June, 1947
42.86	47.70	11.73	12.60	22.50	21.32	20.82	21.87	32.48	31.22

XII. MONTHLY RECEIPT AND EXPENDITURE.

27 The following statement gives the receipts and expenditure under certain important heads

in H.E.H. the Nizam's Government for the month of July, 1947 with comparative figures for the previous month.

[Statement.]

FIGURES IN THOUSANDS OF RUPEES.

Serial No.	Heads	RECEIPTS		EXPENDITURE	
		July, 1947	June, 1947	July, 1947	June, 1947
1	Land Revenue	23,97	18,53	8,46	5,35
2	Forest	6,19	5,25	1,25	1,20
3	Customs ..	31,36	38,50	2,54	1,82
4	Excise ..	60,38	54,08	4,03	2,39
5	Stamp & registration ..	58	3,22	40	22
6	Debt services	21,48	25,15	1,97	2,69
7	Mint currency & coinage	..	..	70	2,50
8	Posts ..	2,52	1,82	1,57	91
9	Civil Administration ..	3	2	10,12	5,47
10	Police ..	2	3	11,48	6,94
11	Education ..	1,43	27	18,85	5,32
12	Medical ..	13	11	5,52	4,44
13	Agriculture ..	99	10	2,19	1,36
14	Municipality and Public Health ..	48	3	2,96	4,46
15	Buildings ..	10	10	9,68	10,31
16	Irrigation ..	4	43	1,01	2,11
17	Railways ..	..	16	10	5
18	Miscellaneous ..	46	58	24	42

XIII. JOINT-STOCK COMPANIES.

28. During the month under survey, four Joint-stock companies were registered, their names to-

gether with details of capital (authorised, issued and paid up) were noted below :—

Serial No.	Joint-stock Companies registered	CAPITAL IN LAKHS OF RS.		
		Authorised	Issued	Paid up
1	The Hyderabad Gold Mines Co., Ltd	100 0	60.0	..
2	The Aurangabad Construction Co., Ltd	20 0	10 0	..
3	Taj Industrial Developments, Ltd.	10 0	1.0	..
4	City Motor Works, Ltd.	1 0	1 0	..

XIV. WORKING CLASS COST OF LIVING INDICES IN H.E.H. THE NIZAM'S DOMINIONS.

29. In the month of report the working class cost of living index numbers for Hyderabad City, Warangal, Nizamabad, Nander and Gulbarga stood at 138, 154, 135, 163 and 134 points, respectively and rose by 5, 18, 3, 2 and 2 points, respectively when compared to last month. The index number of Aurangabad remained firm on 146 points.

Statement showing working class cost of living indices for the above six industrial centres (by groups) for July, 1947 and the preceding month is appended.

Working class cost of living indices for the month of July, 1947.

Serial No.	Groups	CITY OF HYDERABAD			WARANGAL			NIZAMABAD			NANDER			AURANGABAD			GULBARGA		
		Weight proportionate to total expenditure	June, 1947	July, 1947	Weight proportionate to total expenditure	June, 1947	July, 1947	Weight proportionate to total expenditure	June, 1947	July, 1947	Weight proportionate to total expenditure	June, 1947	July, 1947	Weight proportionate to total expenditure	June, 1947	July, 1947	Weight proportionate to total expenditure	June, 1947	July, 1947
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Food	62.25	130	137	68.43	132	154	64.38	131	136	62.89	182	185	58.67	147	147	66.50	122	127
2	Fuel and Light	6.87	159	163	7.50	140	149	8.55	157	157	6.73	147	148	6.32	135	155	6.05	214	205
3	Clothing	11.03	104	105	8.70	134	137	13.66	118	118	13.85	100	106	18.46	133	133	13.15	117	106
4	Rent ..	5.31	100	100	3.21	100	100	3.74	100	100	4.29	100	100	4.15	100	100	3.32	100	100
5	Miscellaneous	10.66	170	171	8.04	174	198	5.73	134	139	8.49	155	157	11.46	181	172	8.50	184	191
6	Intoxicants	3.88	167	166	4.12	160	160	3.94	173	173	3.75	131	131	0.94	209	209	2.48	156	156
	Cost of living index number	100.00	133	138	100.00	136	154	100.00	132	135	100.00	161	163	100.00	146	146	100.00	132	134

APPENDIX.

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF JULY, 1947, COMPARED WITH BASE PRICES.

Base August 1939 = 100.

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR			INDEX No.		
				May, 1947	June, 1947	July, 1947	May, 1947	June, 1947	July, 1947
1	2	3	4	5	6	7	8	9	10
I	FOODGRAINS—								
	(i) Cereals.								
1	Rice, fine, 1st quality ..	Palla	37 0 0						
2	Rice, Arcoti ..	do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice, Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat, Banu ..	do	18 8 0	60 0 0	60 0 0	60 0 0	324	324	324
5	Wheat, Yellow ..	do	16 12 0	60 0 0	60 0 0	60 0 0	358	358	358
6	Wheat, Potia ..	do	18 0 0						
7	Wheat, Red ..	do	14 8 0	60 0 0	60 0 0	60 0 0	414	414	414
8	Jawar, 1st quality ..	do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality ..	do	12 0 0	24 0 0	24 0 0	24 0 0	200	200	200
10	Bajra, ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	AVERAGE INDEX No. OF CEREALS :						282	282	282
	(ii) Pulses.—								
11	Gram, Bengal ..	Palla	16 0 0	47 4 0	47 4 0	47 4 0	294	294	294
12	Gram, Horse ..	do	10 8 0	29 8 0	32 8 0	32 8 0	281	310	310
13	Mung, Green ..	do	12 2 0	38 4 0	38 4 0	38 4 0	315	315	315
14	Mung, Black ..	do	12 0 0						
15	Lentils ..	do	15 9 0	51 13 0			338		
16	Tuar, Broken ..	do	15 4 0	62 8 0	62 8 0	62 8 0	410	410	410
	AVERAGE INDEX No. OF PULSES ..						327	332	332
	(iii) Sugar.—								
17	Sugar, refined ..	Palla	45 0 0	78 1 0	78 1 0	78 1 0	173	173	173
18	Gur or raw sugar ..	do	28 8 0	56 0 0	56 0 0	56 0 0	196	196	196
	AVERAGE INDEX No. OF SUGAR ..						185	185	185
	(iv) Other Food Articles.—								
19	Tea ..	Lb.	1 3 0	3 8 0	3 8 0	3 6 0	294	294	284
20	Salt ..	Palla	12 0 0	18 8 0	21 0 0	21 0 0	154	175	175
21	Onions ..	do	5 0 0	27 0 0	46 0 0	56 8 0	540	920	1,130
22	Turmeric ..	do	31 0 0	105 0 0	116 0 0	107 8 0	339	374	345
23	Tamarind ..	do	14 8 0	34 0 0	34 8 0	31 0 0	234	238	214
24	Chillies ..	do	57 8 0	225 0 0	200 0 0	185 0 0	391	348	322
25	Betelnuts ..	Seer	0 9 0	3 0 0	3 6 0	3 6 0	533	600	600
26	Ghee, 1st quality ..	Maund	50 0 0	157 8 0	175 0 0	180 0 0	315	350	380
27	Potatoes ..	do	6 11 0	50 0 0	50 0 0	55 0 0	748	748	822
28	Ginger ..	do	6 11 0	18 0 0	36 11 0	50 0 0	268	540	748
29	Garlic ..	do		18 5 0	22 14 0	26 11 0			
30	Fowl ..	Bird	1 0 0	2 8 0	2 8 0	2 8 0	250	250	250
31	Eggs ..	Dozen	0 7 0	1 8 0	1 8 0	1 8 0	843	343	343
32	Milk ..	Seer	0 4 0	0 8 0	0 8 0	0 8 0	200	200	200
33	Beef ..	Lb.	0 1 8	0 6 0	0 6 0	0 6 0	360	360	360
34	Mutton ..	do	0 3 4	0 12 0	0 12 0	0 10 8	360	360	320
	Average Index No. of other food articles ..						349	407	432
	AVERAGE INDEX No. OF ALL FOOD						316	347	359

(Continued overleaf).

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF JULY, 1947 COMPARED WITH BASE PRICES —(Contd.)

BASE AUGUST 1939=100.

Serial No.	Commodity	Unit	Base August, 1939 prices	PRICES FOR			INDEX No.		
				May, 1947	June, 1947	July, 1947	May, 1947	June, 1947	July, 1947
1	2	3	4	5	6	7	8	9	10
	II. OILSEEDS.—								
35	Sesamum ..	Palla	21 0 0	112 8 0	120 0 0	107 8 0	536	571	512
36	Cotton seed ..	do	..	24 0 0	25 0 0	25 4 0	267	277	281
37	Groundnut ..	do	12 8 0	74 8 0	75 0 0	85 0 0	596	600	600
38	Linseed ..	do	11 8 0	55 0 0	57 0 0	55 0 0	478	496	478
39	Castor seed ..	do	12 0 0	72 8 0	70 8 0	69 0 0	604	587	575
	Average Index No. of Oilseeds ..		..	..	..	..	496	506	505
	III. VEGETABLE OIL.—								
40	Sesamum oil ..	Palla	35 0 0	240 0 0	240 0 0	240 0 0	686	686	686
41	Castor oil ..	do	30 0 0	160 0 0	160 0 0	165 0 0	533	533	550
42	Linseed (double boiled) Drum ..		22 8 0	32 0 0	32 0 0	32 0 0	142	142	142
43	Groundnut oil ..	Palla	25 0 0	155 0 0	155 0 0	180 0 0	620	620	267
	Average Index No. of Vegetable oil ..		..	..	..	..	495	495	524
	IV. TEXTILES.								
	(i) Cotton, Raw.—								
44	Cotton, raw, loose bales of 400 lbs.	bales	100 0 0	250 0 0	250 0 0	250 0 0	250	250	250
	Average Index No. of Cotton raw ..		..	..	..	..	250	250	250
	(ii) Cotton Manufactures.—								
45	Yarn, unbleached ..	Lb.	0 8 0	1 6 0	1 6 0	1 6 0	275	275	275
46	Dhotis ..	do	0 9 0	2 0 0	2 0 0	2 0 0	356	356	356
47	Chaddars ..	do	0 8 0	..	1 9 0	2 0 0	..	313	400
48	Sarees ..	do	0 10 0	..	2 0 0	2 0 0	..	320	320
49	Shirtings ..	do	0 8 0	1 6 0	1 6 0	1 6 0	275	275	275
	Average Index No. of Cotton Manufactures ..		..	..	..	..	302	308	325
	V. HIDES AND SKINS.—								
50	Hides, not tanned, head ..		2 6 0	9 0 0	8 0 0	7 8 0	379	337	315
51	Skin ..		0 9 0	2 2 0	2 0 0	2 2 0	378	356	378
	Average Index No. of Hide & Skin ..		..	..	..	..	379	347	347
	VI. BUILDING MATERIAL.—								
52	Corrugated iron sheets ..	cwt.	12 8 0	..	..	..	..	..	..
53	Iron beams (Tata) ..	do	13 4 0	..	..	..	..	..	..
54	Teak, country ..	c.ft.	3 0 0	9 12 0	9 12 0	8 12 0	325	325	292
55	Teak, Rangoon ..	do	7 8 0	..	..	..	..	..	..
56	Cement, Shahabad ..	Cwt.	2 14 0	5 0 0	5 0 0	5 0 0	174	174	174
57	Lime ..	100 c.ft.	19 0 0	45 0 0	45 0 0	45 0 0	237	237	237
58	Brick, country 1,000 ..		9 8 0	22 0 0	..	..	282	..	..
59	Table-moulded, bricks 1,000 ..		15 8 0	34 0 0	..	..	219	..	..
	Average Index No. of Building Material ..		..	..	..	..	237	245	234
	VII. OTHER RAW & MANUFACTURED ARTICLES.								
60	Charcoal ..	Cwt	1 12 0	..	..	..	..	..	..
61	Kerosene oil, 1st quality. A tin of 4 ..	gallons	6 4 0	..	..	..	..	..	..
62	do do 3rd quality. ..	do	4 0 0	4 14 0	4 14 0	4 14 0	122	122	122
63	Tobacco ..	Maund	17 8 0	..	..	..	..	..	..
64	Soap (Sunlight) ..	Cwt.	98 4 0	211 8 0	211 8 0	211 8 0	227	227	227
65	Matches ..	Gross	2 8 0	5 10 0	5 10 0	5 10 0	225	225	225
66	Firewood ..	Maund	0 8 0	2 8 0	2 8 0	2 8 0	500	500	500
	Average Index No. of other raw & manufactured articles ..		..	..	..	..	267	269	269
	Average Index No. of all non-food ..		..	..	..	..	360	367	374
	General Average Index number ..		..	..	..	..	366	356	366
	O.S. Rs. 116-10-8 = B.G. Rs. 100.								

BALANCE OF TRADE OF HYDERABAD.

IN CRORES OF O.S. RS.

Year				Exports	Imports	Balance
1848	F.	..	..	13.57	14.69	— 1.12
1849	F.	..	..	16.86	16.60	+ 0.26
1850	F.	..	..	17.81	16.51	+ 1.30
1851	F.	..	..	14.59	17.88	— 2.79
1852	F.	..	..	18.50	28.78	— 5.28
1853	F.	..	..	36.87	32.96	+ 3.91
1854	F.	..	..	35.12	30.95	+ 4.17
1855	F.	..	..	36.10	36.96	— 0.86
1856	F.	(first nine months)	..	23.49	34.75	—10.26

INDIA'S FOREIGN TRADE IN 1946.

Imports of Foreign Merchandise.

	1944	1945	1946
	Rs.	Rs.	Rs.
1. Fruits and vegetables	1,38,26,729	1,91,17,918	3,72,92,995
Grain, pulses and flour	5,96,55,848	9,55,87,771	16,80,26,861
Liquors	1,58,46,015	1,62,98,914	8,02,12,907
Provisions and oilmanstores	71,88,986	1,46,64,160	2,58,84,795
Spices	1,05,78,849	1,40,09,254	4,21,62,447
Tobacco	2,79,61,218	8,66,78,226	8,18,60,286
2. Oils (vegetable and mineral)	71,11,82,465	90,28,70,187	87,84,81,844
Seeds	1,50,22,072	1,08,20,148	96,02,595
Cotton	22,13,94,710	24,48,64,838	28,03,06,487
Wool	2,46,54,226	2,14,81,148	2,79,17,921
3. Chemicals, drugs and medicines	10,44,00,173	9,54,22,655	12,92,86,749
Cutlery, hardware, implements and instruments (excluding electrical instruments and apparatus)	3,49,18,967	5,28,20,779	10,84,42,867
Dyes and colours	8,03,82,766	10,02,76,468	12,29,25,580
Electrical goods and apparatus	2,17,89,463	4,28,27,487	5,27,19,965
Machinery of all kinds	14,79,38,589	19,78,18,825	81,08,47,271
Metals—Iron and steel and manufactures thereof	3,10,49,603	6,39,85,601	4,48,18,424
Metals other than iron & steel and manufactures thereof	2,18,68,776	5,40,82,177	12,75,40,828
Paper, pasteboard and stationery	2,57,25,878	5,01,23,992	7,30,45,165
Vehicles (excluding locomotives, etc., for Rlys.)	1,44,22,387	7,47,19,882	12,98,31,070
Cotton yarns and manufactures	1,51,67,407	1,47,90,988	8,49,98,971
Woollen	89,57,854	1,88,75,725	6,05,16,752

Exports of Indian Merchandise.

	1944	1945	1946
	Rs.	Rs.	Rs.
Fish	2,32,64,845	2,41,89,324	3,05,80,856
Fruits and vegetables	4,65,08,283	5,54,01,362	7,16,38,486
Grains, pulses and flour	70,26,745	8,24,16,416	82,47,764
Spices	1,14,49,895	2,47,86,494	8,84,89,885
Tea	40,63,96,427	37,40,55,158	80,41,93,821
Tobacco	1,17,23,227	1,88,54,595	6,78,70,459
Gums, resins and lac	4,94,73,814	4,37,54,919	10,68,65,820
Hides and skins	4,56,10,898	4,03,79,980	8,17,78,566
Oils	1,14,93,367	1,45,89,476	2,53,94,148
Seeds	11,23,04,015	14,62,88,744	7,86,99,547
Cotton	9,08,87,188	10,18,86,618	10,16,91,508
Jute	7,95,84,467	12,64,77,098	18,07,95,886
Wool	2,41,29,507	8,48,51,008	2,44,72,176
Cotton yarns and manufactures	41,17,08,282	82,58,19,228	25,55,05,022
Jute yarns and manufactures	60,68,02,501	56,18,04,054	64,72,11,746
Woollen yarns and manufactures	1,47,03,881	2,05,68,764	4,06,00,882

IMPORTS.

(Under Classified Heads).

	1944	1945	1946
	Rs.	Rs.	Rs.
1. Food, drink and tobacco	15,32,81,822	21,73,61,408	33,66,40,458
2. Raw materials and produce and articles mainly unmanufactured	1,04,77,50,415	1,29,33,91,543	76,21,39,068
3. Articles wholly or mainly manufactured	57,57,96,767	87,96,82,600	1,44,75,39,387
4. Living animals	13,050	42,640	22,71,569
5. Postal articles and baggage not specified	2,19,07,728	2,26,66,851	6,68,40,406
Grand total	1,79,97,49,798	2,41,31,44,042	2,61,44,40,888

EXPORTS.

(Under Classified Heads).

	1944	1945	1946
	Rs.	Rs.	Rs.
1. Food, drink and tobacco	51,69,83,185	58,61,86,292	52,93,43,694
2. Raw materials and produce and articles mainly unmanufactured	48,60,92,085	57,09,41,498	90,88,86,608
3. Articles wholly or mainly manufactured	1,16,53,84,955	1,03,78,22,245	1,28,04,34,173
5. Postal articles	2,64,69,515	4,88,09,691	4,61,98,118
4. Living animals	24,38,858	31,08,764	8,25,855
Grand total	2,19,73,68,098	2,19,69,64,490	2,76,07,89,448

BALANCE OF TRADE.

	1944	1945	1946
	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)
Exports of Indian merchandise	+ 219,73	+ 219,69	+ 276,08
Re-exports of foreign merchandise	+ 12,71	+ 21,52	+ 25,92
Imports of foreign merchandise	— 179,96	— 241,31	— 261,55
Balance of trade in merchandise	+ 52,48	— 10,90	+ 40,45
Gold (private)	— 83	— 5	— 66
Silver (private)	— 5	— 13	— 9,54
Currency notes (private)	+ 4,01	+ 5,05	+ 1,88
Balance of transactions in treasure (private)	+ 3,73	+ 4,87	— 8,32
Total visible balance of trade	+ 56,21	+ 4,77	+ 32,18

WHOLESALE PRICES INDEX

The Economic Adviser's all-India index of wholesale prices of industrial raw materials (Base : year ended August 1939—100) worked out to 376.7 for the week ended October 11, 1947, as compared with 375.6 for the previous week and 284.2 for the corresponding week of last year, states a Press note.

During the week, the indices for 'fibres' and 'minerals' advanced by 12 points and 1 point to 353 and 281 respectively, whereas the indices for 'oilseeds' and 'miscellaneous' declined by 22 and 7 points to 484 and 320 respectively.

SEMI-MANUFACTURED ARTICLES.

The index of wholesale prices of semi-manufactured articles (Base : year ended August 1939—100) for the weeks ended October 4 and 11, 1947, worked out to 257.5 and 256.9 respectively as compared with 257.5 (revised) for the week ended September 27, 1947, and 239.0 and 239.7 respectively for the corresponding weeks of last year.

FOOD PRICES.

The all-India index of wholesale prices of food articles (Base : last week of August 1939—100) for the week ended October 18, 1947, worked out to 280.2 as compared with 280.5 (revised) for the previous week and 253.0 for the corresponding week of last year.

During the week, 'other food articles' advanced from 216.6 (revised) to 217.2, while 'pulses' declined from 562.3 to 549.6. 'Cereals,' however, remained stationary at 294.9.

BOMBAY MARKETS ON 28-10-47.

The Bombay Stock Exchange was again quiet with a restricted business. After sharp decline sellers were cautious but buyers were hesitant and scattered—short covering was the main source of support. Moreover Steel shares have again reached the previous bottom levels and naturally there is more disposition to cover a portion of short interest with a view to re-

place sales on rallies. However the market seems to have lost faith in higher prices and any unfavourable development is likely to depress the market to new low levels. As pointed out before there are no constructive developments and investment support is lacking.

Tata Steel Defd. shares opened today at Rs. 1,662 and declined at Rs. 1,650 under scattered selling but rallied at Rs. 1,666. Ordinary shares opened at Rs. 341 and after declining at Rs. 340 improved at Rs. 344. Bombay Dyeing shares opened at Rs. 1,040 and after declining at Rs. 1,025 rallied at Rs. 1037. Kohinoors opened at Rs. 555 and after declining at Rs. 545 improved at Rs. 552. Simplex shares opened at Rs. 227 and steadied at Rs. 228, while Swadeshi shares opened at Rs. 575 and quietened at Rs. 572.

Towards the close the market was irregularly quiet. Tata Steel Defds. after advancing at Rs. 1,670 quietened at Rs. 1,655 and Ordinary shares changed hands at Rs. 341. Bombay Dyeings quietened at Rs. 1,027-12-0 and Kohinoors were done at Rs. 549. Simplex shares were quoted at Rs. 227 and Swadeshi shares stood at Rs. 571. Associated Cement were placed at Rs. 159 while Scindia shares stood at Rs. 84. Closing tone was barely steady.

MILL SHARES.

Bombay Dyeing 1,027-8-0, Kohinoor 549, Swadeshi 569, Nagpur 200, Simplex 228, New Great 358, Gokak 317-8-0, Indore 551-4-0, Century 975, Colaba 250, I. Bleaching 188, Swan 338, Finlay 289, Morarji 515, Edward 685, Meyer 280, Apollo 8-14-0, I. U. Ordinary 14-15-0, I.U. Defd. 2-11-6, Madhusudan 280, Poddar 317-8-0, Khatau 340-10-0.

STEEL SHARES.

Tata Steel Ordinary 341, Tata Steel Defd. 1,655, Second 158.

CEMENT.

Associated Merger 159,

INDUSTRIES.

Burma 486-4-0, Belapure 271, Shivrajpur 88-14-0, Scindia 34-1-0, Construction 183-8-0, Tata Chemical 14-4-0, Tata Oil 62-8-0, Indian Iron 88-6-0, Bengal Steel 25-12-0.

ELECTRIC SHARES.

Tram Ordinary 125, Tata Hydro 171, Andhra X.D. 1,562-8-0, Power X.D. 1,700.

MILLS (CASH).

Elphinstone 80, Phoenix 1,310, Ind. Mfg. 4,460, Koorla 271-4-0, Dawn 1,545, David 150, New City 208-12-0, Minerva 208-12-0, Bradbury 620, Bharucha (Defd.) 7-8-0, Bharat 47-4-0, Mysore 285, Madhavji 19, Model 204, Laxmi 1,645, Vishnu 620, Western 4,315, Standard 505, Sholapur 6,100, Sassoon Cotton 18-8-0, Hindustan 4,550, Tata 72, Ahmedabad advance 427-8-0, Sassoon Silk 75-8-0, New Union 19-14-0, Madhusudan 292-8-0, Shrinivas 380, Raja Bahadur 125, Berar 280, Victoria 425, Kohinoor Cpn.55, Simplex Cpn. 116.

ELECTRIC SHARES (CASH).

Ahmedabad 146-4-0, New 114-6-0, Surat 170, New Prem. 110, Karachi 155, Broach 12-8-0, Ajmer 12-8-0, Amalgamated 15-6-0, Nagpur 56-8-0, Poona 165, Bombay Suburban 167-8-0, Bombay Suburban (New) Prem. 100.

BANK SHARES.

Reserve 116-8-0, Imperial 2,260, P.P. 552-8-0, Central 87, Coupon 18, India 240, Union 9-14-0, Baroda 163, Habib. 150-8-0, Dena Bank 60, United Commercial 64, Jaipur 52, Hindustan Com. 39, Mysore 367-8-0, Exchange (Ord.) 50, Eastern 105.

INSURANCE.

Oriental 6,800, Empire 760, New India 69-8-0, Jupiter 88-8-0, Vulcan 14-4-0, Indian Mercantile 58, Universal Fire 15-12-0, British India General 20-4-0, Ind. Prud. 36-8-0, Neptune 6, New Great 27, All-India General 31.

RAILWAYS.

C.P. 108, Mymensing 113, Guaranteed 113, Pachora 100.

MISCELLANEOUS.

Alcock X R 297-8-0, Steamer 560, Burma New 161-4-0, B. B. Petrol 3-1-0, Mackenzie 150, Port Canning 75, Kemp 495, Zandu Pharmacy 190, Indian Investment Trust 103, Wimco 272-8-0, Dharamsey Chemica. 33-8-0, Mukund Iron 12-2-0, Dena Trust 20, Alembic 255, Supreme India 142, Jamwire 110, Bombay Uganda 74, Bombay Motor Cycle 42, India Cement 32, Walchand Nagar Industries X Rs. 165, United Motor 70, ACC New 91, Bombay Safe Deposit 865, Hydro Construction 18-2-0.

PREFERENCE SHARES.

Tata Steel (1st Pref.) 206-14-0, Tram 50, Andhra Valley 1,400, Tata Power 1,431-4-0, Hydro 135, Bombay Steamer 323-12-0, Nagur 705, Swadeshi 146-4-0, Vishnu 825, Laxmi 308-12-0, New Great 268-12-0, Poddar 115, Shrinivas 101, Elphinstone 121-4-0, Bradbury 537-8-0, Surat Elec. 169-6-0, Premier Construction (1st Pref.) 127-8-0, (Second Pref.), 126-4-0, Amalgamated 127-8-0, Habib 72, Tata Chemicals 115, Walchand Nagar Industries 250, Jupiter 17-10-0, Supreme 120, Meyer 125, Mackenzie First 127-8-0, Mackenzie Second 125, Ahd. Advance 145, Mysore Mill 51, Standard 100, Madhusudan 12.

DEBENTURES.

Andhra 1,952 (4), 103-8-0, B. Steamer 1,959 (8), 107, Hume Pipe (6), 111, Tata Power 1951 102-8-0, Walchandnagar (6), 117.

OUTSIDE SHARES.

Indian copper 2-15-0, B.I.C. 8-3-0, Burma Corporation 8-14-0, New Victoria 4-10-0, New Victoria Preference 6-8-0, Raja 26, Phalton 100, Gol Mohor 305, Kaiser-i-Hind 880, Sajjan 280, Osmanshahi 240, Azamshahi 210, Air Service 12-12-0, Air India 198-12-0, Ambica 18-10-0, Hind Motors 7-3-0, I Steam 18, Sone Valley 9,

GOLD AND SILVER.

The Bullion market is again manipulated by professional operators with a view to force short covering. But the spot demand remains restricted and does not justify any sustained improvement in prices. However the market being oversold prices are likely to be hardened.

Forward Silver opened to-day at Rs. 156 and advanced at Rs. 156-12-0 under professional support and short covering but declined at the opening level of Rs. 156-2-0 on profit-taking. Ready Silver was quoted at Rs. 155-6-0. Forward Gold opened at Rs. 101-12-0 and improved at Rs. 102-1-0 but quietened at Rs. 101-12-0. Ready Gold was quoted at Rs. 102-2-0 and Sovereigns were placed at Rs. 67-12-0.

Thereafter there appeared renewed support and covering which hardened Forward Silver at Rs. 156-12-0 while Forward Gold business was done at Rs. 102-2-0.

Arrivals of Silver total around 250 bars while off-take was about 50 bars. Gold arrivals were nine thousand tolas while off-take was about 6,000 tolas.

The market was quietly steady towards the close and final quotations were as under:—

	Rs.	a.	p.
Ready Silver	..156	4	0
Forward Silver	..156	12	0
Ready Gold	..102	0	0
Forward Gold	..101	10	0

BOMBAY COTTON.

The local cotton market was again quiet with scattered selling. There remains moderate demand for ready cotton but forward market remains uninspired owing to the defects in the hedge contract and when arrivals of new crop become heavy it will be difficult to maintain present levels.

The market was expected to open today at Rs. 457-12-0 for January but opened slightly

better at Rs. 458. There was absence of any support and January declined at Rs. 457 while March was quoted at Rs. 461.

Later on there was scattered short covering and January Contract improved at Rs. 458 while March was placed at Rs. 461-12-0.

The small rally failed to influence further support but met increased selling pressure and January was depressed at Rs. 455-12-0. At this level prior to the close there appeared scattered covering and final quotations at 4-30 p.m. were as under.

I. C. C. January	..456	4	0
I. C. C. March	..460	8	0
I. C. C. May	..467	8	0
I. C. C. July	..475	8	0
I. C. C. September	..481	0	0

HIGH AND LOW COTTON PRICES.

	Highest	Lowest	Closing
January	..461 4 0	458 8 0	458 14 0
March	..463 8 0	462 0 0	462 12 0
May	..470 8 0	460 0 0	469 12 0
July	..478 8 0	477 0 0	477 12 0
September	..484 0 0	482 8 0	483 4 0
Karachi 4F			
January	..		50 5 0

INDIAN COTTON PARITY.

Indian Cotton January Contract is 1526 cent points below New York January at Exchange rate 381.

PRODUCE MARKET.

The Produce market was quietly steady with narrow business. Quotations were as under:—

Groundnuts.—Khandesh quality new Rs. 29-4-0, Coromandal Rs. 28, Khandesh quality November-December Rs. 28, Gold November-December Rs. 27-11-0 and December-January Rs. 26-8-0. Groundnut Oil November delivery Rs. 16-9-0 and December delivery Rs. 15-12-0.

Castor seeds.—Ready Rs. 29-8-0 October-November Rs. 29-4-0, May delivery opened at Rs. 126-4-0 and improved at Rs. 126-10-0 but declined at Rs. 125-4-0 on long liquidation and steadied at Rs. 125-11-0, Oil first pressing Rs. 20-8-0 and Commercial quality Rs. 19-4-0.

Linseed.—Ready Rs. 29-8-0, October-November Rs. 29-2-0 and February-March delivery Rs. 26-10-0, October Rs. 18-8-0.

In the end the market was quiet with further selling and Castor seeds May delivery closed at Rs. 125-2-0.

NEW YORK PEPPER PRICES.

Black pepper futures closed unchanged with no sales reported. The spot market was correspondingly inactive with prices firm and unchanged. Spot Lampung and Malabar held unchanged at 54 cents and White Muntok at 58, both nominal.

Messrs. Avery Payne & Co. Inc., Spice and Seed brokers said "It is indicated that Spot will continue firm until larger supplies come forward from abroad. This cannot be expected at least until February or March as India is not likely to ship before January any sizeable quantity of new crop pepper. Dutch East Indies cannot be considered a source of supply for some time. We can only look to India for our needs. It is unlikely that this country will have an exportable surplus for the entire world which should mean that the price of pepper ought to continue stable for a considerable period."

Closing prices included :

<i>Delivery.</i>		nom.
October	..	.
December	..	44
January	..	30
March	..	35
May-July-September.		83

CALICUT MARKET.

Corryarn Beypore 170-/180; Quilandy 185/195; Fibre Garbled 140; Ungarbled 185; Cocoanuts Raw 110/115; Dry 145/150; Cocoanut Oil 420; Copra Office 275; Dilpasand 310; Madrasnottam 420; Pepper Wynaad 700; Country 675; Dry Ginger Chennad 260; Ernad 250; Coffee Robusta 96; Timber Pali 50/60; Jungleswood 25/26; Vellapine 40/42; Benteak 40/45; Teak 90/95; Mango Plank 3-3-8, Teak 15/15; Rosewood 12/20.

SALES OF TREASURY BILLS.

Tenders for Rs. Four Crores of three months Government of India Treasury Bills were opened on Tuesday the 28th October. Total amount offered was Rs. 6,15,50,000. Tenders at Rs. 99-14-8 were accepted in full and those at Rs. 99-14-0 allotted approximately 46 per cent. Total amount accepted was Rs. Four Crores, the average rate of accepted tenders being Rs. 0-7-6 per cent per annum.

Tenders for Rs. Four Crores of three month's Government of India Treasury Bill will be received on Tuesday, the 4th November up to 11 a.m. in Bombay and up to the close of business on Monday the 3rd November at other centres (Calcutta, Cawnpore and Madras). Successful tenderers should make payment on Friday, the 7th November.

During the fortnight ended the 24th October, Government of India, Treasury bills for Rs. 7,21,25,000 were sold in favour of the issue department of the Reserve Bank of India.

INDIAN STOCK EXCHANGE.

Tata Ordinary 341; Tata Deferred 1655; Indian Iron 83/6; Steel Corpn. of Bengal 25-12-0; Bombay Dyeing 1027-8-0; Central India 290; Gokak 317-8-0; Kohinoor 548-12-0; Simplex 288; Swadeshi 563-12-0; Tata Power 1700; Associated Cement 159; Belapur 271-4-0; Bombay Burma (Old) 486-4-0; Scindia 33-15-0; Central Bank 86-4-0; New India 69-0-0; Tata 2nd Pref. 158-2-0.

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| K. C. RAMAKRISHNAN | .. | Co-operation in Rayalaseema. (Madras). |

THE ECONOMIST, dated September 6, 1947 .. Elbow Room for Essentials. UNO's Plan for Palestine.
A Way from Potsdam. Achieving a Balance.

<i>Name of Periodical.</i>	<i>Article.</i>
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EASTERN ECONOMIST, dated October 10, 1947	International Monetary Fund. Outlook for Civil Aviation. Economist's Dilemma. Position of Punjab Banks.
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Name of Periodical.

Article.

INDIAN FINANCE, dated October 11, 1947.	.. The Menace of Barren Ideologies. Multilateralism in Retreat. Railway Situation. European Currency Convertibility Scheme.
INDIAN FINANCE, dated October 18, 1947	.. Railway Situation. Strategy of Indian Socialism.
RESERVE BANK OF INDIA BULLETIN, September 1947.	Review of Financial and Economic Conditions for the month of July 1947. Transferable Sterling. The Average Life of One-Rupee Notes.

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P. S. LOKANATHAN	India's Post-War Reconstruction	..
B. N. GANGULI	Reconstruction of India's Foreign Trade	1946

Diary of Events of Economic Interest

- November 1, 1947.** Opening of the World Federation of Trade Unions at Paris including Soviet Representatives.
- November 2, 1947.** Announcements by the Government of India of a new cloth scheme to come into force from December 1, 1947.
90,000,000 dollars worth of gold reached the U.S.A. from France, intended for the U.S. Treasury.
- November 3, 1947.** Announcement of 10 per cent. cut in kerosene rations by the Government of India on account of tinplate shortage.
Announcement of 27.7 million dollars aid to China by the U.S.A. under the post-U.N.R.R.A. scheme.
- November 4, 1947.** First meeting of the New World Food Council at Washington.
- November 7, 1947.** The adoption of 27 resolutions by the Asian Regional Conference of the I.L.O. on production and employment in Asia.
West-East Air Route via Bombay was inaugurated.
National Day in Burma.
Thirtieth Anniversary of the Russian Revolution.
- November 8, 1947.** All-India Co-operators' Day.
The issue of Pakistan Ordinance regarding insurance against riots and looting.
Harriman Report on U.S. ability and European needs was published, recommending aid of 5,750 million dollars in 1948, and between 12 and 17 billion dollars in the next 5 years.
Rationing of potatoes was begun in Britain.
Bread ration in Britain was reduced to 5 lbs. a week, and chocolates and sweets to 3 ozs. a week.
Rice rations were doubled in Italy.
- November 9, 1947.** Conference on General Knowledge under the auspices of the Osmania University.
Anglo-Portuguese Trade Agreement was concluded.
- November 12, 1947.** Britain's "crisis" budget was presented.
- November 13, 1947.** Resignation of Dr. Hugh Dalton and appointment of Sir Stafford Cripps as Chancellor of the Exchequer.
Announcement of a duty on jute exports across land frontiers by the Pakistan Government.
- November 14, 1947.** The decontrol of pulses (except gram) was announced by the Government of India.
- November 20, 1947.** The first "Free India" Railway Budget was presented by Dr. John Mathai, Transport Minister in the Government of India, in the Dominion Parliament.
- November 21, 1947.** The International Conference on Trade and Employment began at Havana, at which 62 nations were represented.
- November 22, 1947.** Meeting of the Indian Central Cotton Committee at Bombay.

- November 22, 1947.** A Bill on health, maternity and accident insurance of factory workers, was referred to a Select Committee in the Indian Legislature.
The World Health Organisation constitution was ratified by the Indian Legislature.
The Madras-Travancore Air Service began to operate.
The U.S. Senate Foreign Relations Committee approved of interim aid to the tune of 597,000,000 dollars to France, Italy and Austria.
- November 23, 1947.** The Schuman Government was formed in France.
The biggest aircraft made its maiden voyage in Santiago, California, U.S.A., with 400 passengers and 9 crew.
- November 24, 1947.** The first meeting of the Economic Council for Asia and the Far East began in the Philippines.
The Italian Trade Delegation left for London.
A Payments Agreement was signed between Sweden and Britain, exchanging coal and wood pulp.
A record flight was made in Britain at 615 m.p.h.
Opening of the Middle and Near East Regional Conference of the I.L.O. at Istanbul.
- November 25, 1947.** The fifth meeting of the Foreign Ministers Conference began at London to decide about treaties with Austria and Germany, and ex-Italian Colonies.
- November 26, 1947.** Announcement by the Government of India of decontrol of sugar, with effect from a date to be announced later.
The presentation of the first "Free India" Budget in the Indian Legislature by Mr. R. K. Shanmugham Chetti.
- November 27, 1947.** Signing of a Friendship and Mutual Aid Treaty between Yugoslavia and Bulgaria: federation was foreshadowed by Marshal Tito.
- November 29, 1947.** The Indo-Hyderabad Standstill Agreement was signed.
The export of long staple cotton to foreign countries including Pakistan was banned by the Government of India.
Inauguration of the Indian Institute of Metals by Dr. S. P. Mukherji, at Delhi.
- November 30, 1947.** His Excellency Mir Laik Ali, the new Prime Minister of Hyderabad, gave his first radio address to the people of Hyderabad, explaining his new political and economic policy and programme.
Pleasure motoring came to an end in England, and heavy penalties were notified against essential services going off the stated routes.
The U. N. E. S. C. O. met at Mexico City, and condemned the idea of a Third World War.

EDITORIAL NOTES

THE NATIONAL INCOME OF HYDERABAD.

THE concept of the National Income and *per capita* Income has been developed very recently. The League of Nations gathered some figures for the period 1929 to 1938, but India is not in the list. The National Income of the United Kingdom was estimated at £. 4384 million for 1929 and £. 5060 million for 1938. Annexure I gives a summary of a recent White Paper by the Chancellor of the Exchequer on the National Income of Britain. Annexure II gives percentages of *real* increases in the National Income of Britain with 1938 gross national product as at 100. The National Income in the U.S.A. has been calculated as shown in Annexure III under detailed heads.

Colin Clark recently made estimates of the National Income of different countries in terms of an International Unit, namely, the U.S. Dollar with the average purchasing power of the period 1925 to 1934. According to him the highest *per capita* income obtains in Canada - between 1300 and 1400. Great Britain comes in the range between 1000 and 1100. In the last category, namely, less than 200 International Units, countries like China and India find their places. He estimates the world income - average annual for the period 1925 to 1934 at 254.4 billion International Units, the total for the four great powers (U.S.A., Great Britain, Germany and Austria and France) at 119.0 billion, the income of India being 15.0 billion.

So far as India is concerned, she ranks high in resources, but utilisation is very poor. India has iron ore deposits, some of very high quality, estimated at 20 billion tons, and coal reserves, including coking coal, estimated at 86 to 60 billion tons. Besides this she has some of the largest manganese deposits in the world. She has reserves of tin, bauxite, chromite, magnetite, monazite, mica, graphite, saltpetre, gold,

silver, copper and petroleum. But these resources are largely undeveloped, for instance, in 1930 R. K. Das (Industrial Efficiency in India, p. 17) states that the production of iron ore at that time was only a little over 11 per cent. of what it should have been. India's water power is potentially 27.0 million horse power, of which but 3 per cent is developed. She has also huge forests which produce timber, pulp and lac.

India's principal crops are rice (26 per cent. of total world production), wheat (350,000,000 bushels annually (7 per cent. of the world production), barley, sugar (18 per cent. of total world cane sugar), cotton (15 per cent of total world production), 23 per cent. of total world tea, 22 per cent. of total world tobacco, coffee rubber, peanuts. India has one-third of all the cattle in the world and one-seventh of all the sheep and goats. She is one of the world's largest producers of hides. With all this natural agricultural wealth the average annual income of the agriculturalist in British India was only a little over £ 3 according to the Report of the Indian Central Banking Enquiry Committee in 1931 (Vol. I, p. 39).

The *per capita* income was estimated in the Central Budget speech of 1938 at Rs. 56. But, there is no regular official estimate either for India as a whole or for any Individual Province or state. Two non-official estimates for British India are by Findlay Shiras and V. K. R. V. Rao. But these estimates stop with the year 1931-32.

Probably the biggest example for the danger of proceeding on incorrect data is the strange complacency with which the Bombay Planners assume gradual fall in the *per capita* income in British India. They observe:

"In order to secure a minimum standard of living, a *per capita* income of Rs. 74 at pre-war prices is essential. That we are much below this minimum at present is indicated by the

fact that according to the available estimates of the national income of British India, which relates to the year 1931-32, our *per capita* income does not exceed Rs. 65. The figure for 1939 will be lower still if we make allowance for the large increase in the population of British India, 5 million per annum since 1931, which is not accompanied by any significant increase in the total national dividend. It is, therefore, necessary to increase our national income above the present level by a substantial margin even if we aim at nothing more than to secure for our people their requirements as human beings."

How the Bombay Planners assume that between 1931-32 and 1939 there has been no increase in *per capita* income, they should have explained. The 1931-32 estimate itself was at best very rough indeed, and the Bombay planners have coolly but very unscientifically, further conjectured on that highly uncertain base, not on the basis of any technically accurate data, but on the basis of the popular opinions aired by politicians rather than economists.

Recently the *per capita* income in the Province of Sind was given out as Rs. 200. This was attributed to high agricultural prices specially of foodgrains. But such figures do not help us much because the food index in India was 280.9 for the week ended July 19, 1947, compared to the week ended 26-8-1939 as the base.

It has been the fashion for people to say that Hyderabad has been behind British India in economic conditions. On the issue of the national income which is of fundamental importance for all social progress, many have opined that if the *per capita* income in British India is about Rs. 65 (an opinion which deserves very close examination before acceptance), the income per head in Hyderabad must be much less. Some have estimated the national income of these dominions at about a hundred crores. It is interesting in this connection to recall to memory that about 1937, the Director of Statistics in Hyderabad estimated the national income from

cattle sources only at about 80 crores—yielding about Rs. 50 per head of the population per annum.

In his special article in our last issue, Mr. Mazher Hussain, Director of Statistics and Census, estimates the agricultural income of Hyderabad (excluding condiments, vegetables, fruits, fodder and other miscellaneous products) at Rs. 107.65 crores at January, 1947 prices.

It is also useful to see that of late the customs revenue of Hyderabad has been at about rupees two and a half crores. Approximately (while there are duties on a few items of import, a much larger value of goods is exempt from duty), this means that imports are twenty times in value of the customs revenue, that is Rs. 50 crores. Even assuming that on the average the consumer in Hyderabad uses four rupees worth of indigenous goods for every rupee worth of imported goods (a very modest estimate indeed); this gives a national income of Rs. 250 crores, that is, about Rs. 150 per head per annum. We do not know what the *per capita* income was a quarter of a century ago, but from the many figures dealt with in the sections of Industry and Commerce, it must be clear that in agriculture and in industry (large and small), our annual output is much larger nowadays.

The observation made by the Indian Advisory Planning Board recently in this connection would be relevant:

"It must be frankly recognised that we do not at present possess in India either sufficient knowledge and statistical information or sufficiently extensive control over economic activity to be able either to frame or to execute plans whose combined and cumulative effect will be to increase *per capita* income by a predetermined amount."

In spite of regional difficulties, a beginning must be made as scientifically as possible to assess the national income of Hyderabad annually. The start made by Mr. Mazher Hussain with agricultural income is praiseworthy.

ECONOMIC INQUIRIES, RESEARCH AND PUBLICITY IN HYDERABAD.

As things stand, numerous kinds of economic data are being collected by different departments of Government, and some times, different results are obtained through different channels. With a view to avoid duplication and get at the results of a high level organisation, I.E.H. the Nizam's Government are considering a proposal to establish a permanent department of Economic Investigations, Research and Publicity, at the cost of about Rs. 5 lakhs annually. The work of this department will consist of.

- (a) Conducting inquiries in villages and towns on local economic problems ;
- (b) Carrying out special inquiries in areas like that covered by the Godavari Development Scheme ;
- (c) Making a scientific study of problems and policies relating to National Finance, Full Employment, Social Security, at high level ;
- (d) Supplying technical information and advice to the Economic Affairs Sub-Committee of Council ; and
- (e) Publishing the Hyderabad Government Bulletin on Economic Affairs.

CONTROL OR DECONTROL ?

On 14th November, 1947, decontrol over pulses (except gram) was announced by the Government of India. Later in the month, they accepted the policy of decontrolling sugar (the actual date to be December, 8, 1947. In the United States, control has been done away with, and in Canada, rationing with regard to two articles was removed recently. On the other hand, the case of Britain is the other way about : controls are increasing with a view to economise dollar expenditure. So far as India is concerned, the following facts are relevant on this question :

- (a) there is a large amount of hoarding as is evidenced by weekly procurement in Madras, sometimes, exceeding 40,000 tons of rice : taking the country as a whole, only about one-

eighth of the foodgrains produced has been procured by Governments, and buying in foreign markets has proved not only humiliating but also much too costly ;

- (b) the administrative efficiency of the concerned departments is very low, with the result that there is a deplorable amount of blackmarketing and corruption.

Some time ago, silk was decontrolled, with the result that prices swell from Rs. 90 a pound to Rs. 35 a pound. Nowadays, the rate is about Rs. 15. With regard to pulses also, lowering of prices is reported from certain parts of the country. The Government of India have undertaken to announce their policy with regard to this question on December, 10, 1947. Several Provincial and State Governments have done so already. On the whole, taking all things into consideration, it seems that progressive policy of decontrol should bring the Indian market to a condition of comparative stability, and result in a considerable reduction in Government expenditure on the concerned departments and purchases. On the other hand, the idea of maintaining certain minimum stocks of essential foodgrains, purchasing such stocks in the open market, with a view to minimise chances of scarcity and wide variation in prices, appears to be called for the decision of the Government to retain power to requisition up to forty per cent. of the stocks held by merchants, if and when necessary, appears to be reasonable.

"STARVATION" IN THE U.S.A., U.K. AND INDIA.

In spite of numerous international organisations having started work several years ago, we have not yet come to the stage of the application of common standards for different parts of the world. In 1947, the *per capita* value in calories of food worked at 8,450. Sky-rocketing prices are failing to stop Americans eating considerably more than before the war. With eggs selling at nearly a dollar a dozen, the average American is still putting away 22 per cent. more of them than

in 1941. Meat consumption is up 15 per cent. despite the fact that the ordinary roast may cost as much as four dollars. Milk and cream have also gone up in prices proportionately but so has consumption of them, in the U.S.A. Same figure for 1946-47 in the U.K. worked at 2,880. In the latter case, this figure is maintained in spite of controls and "austerity," with the help of over £. 200,000,000 subsidies every year. Experts of nutrition believe that the minimum value in calories required for healthy life is 2,500-2,600 *per capita*. But in India, the *per capita* nutrition value was about 1,000, but in the present day cuts in weekly rations of food-grains, it must be expected to be much less than 1,000 calories. Yet, the F.A.O. laid down that the minimum food requirements were the same for all parts of the world. In this connection, the following extracts are interesting: -

"About three-fourths of the crop area is under foodgrains, and yet not enough food is produced to meet the physiological requirements of the people. In 1933, Sir John Megaw reported, on the basis of an enquiry into conditions in a number of villages, that the population was excessive in relation to the food supply in nearly 40 per cent. of the villages surveyed and that periods of food scarcity had been occurring in one village out of every five during a ten-year period in which there had been no exceptional failure of the rains. Attempts have been made to estimate the extent of the deficit in food production for the country as a whole and whatever may be the objections to any particular calculation as being an overestimate or the reverse, the reality of the shortage itself cannot be denied, and is, to some extent, expressed as under-nutrition of a large section of the country's population. Sir John Megaw's survey revealed that of over 7 million persons examined, only 39 per cent. could be said to be adequately nourished, while 41 per cent. were poorly so and as high a proportion as 20 per cent. were 'very badly nourished.' Again, field

dietary surveys have shown a condition of gross underfeeding among the lower income groups both in the rural and in the urban areas. Thus, the average daily calorie intake per consumption unit or adult man value of a group of poor villagers in South India was found to be 1,700 and that of poor families in a Madras suburb 1,800 as against the 2,500-2,600 calories, which nutrition experts have postulated as the physiological minimum for a person engaged in easy going agricultural or manual work. In 1937, when conditions were relatively normal some 50 per cent. of the families constituting a cross-section of a village in South India were found to have a calorie intake per consumption unit, which was below 2,300. According to Dr. Aykroyd Lynn similar observations have been made among other village - elsewhere in India. 'Of the country as a whole Dr. Aykroyd says that 'there is no doubt that a high percentage of the population does not get enough to eat,' and he places the proportion of the total population, which is normally under fed at as high a level as 30 per cent."

V. BALASUBRAMANIAN.

"The right of every individual to the means of attaining his full inherited capacity for health and physical fitness should rank as equal with his right to religious and political freedom. Inadequate diet is the main cause of grave social injustice. If planning for human welfare is to be undertaken, a beginning should be made with a food policy based on nutritional needs as this would do more than other measures to promote health and happiness and alleviate the worst effects of poverty. If every family knew that in any circumstances they would have sufficient of the right kind of food to give their children the full opportunity of the enjoyment of a healthy life, the worst fear of want would be eliminated.... The milk policy of the last two or three years (in Britain) has made it possible for farmers to get fixed prices for

an increased output, and it has strengthened the whole of our rural economy. The cure of the problem of malnutrition contributes substantially to the relief of unemployment."

—G. FINDLAY SHIRRAS.

"To the nutrition worker, the food situation in India is thoroughly unsatisfactory, in normal times. A nation-wide "grow more food" campaign would have been appropriate in 1938, before the war started, and will be appropriate in 1945 when, let us hope, the war will be over. The majority of the population lives on a diet far remote from the most moderate standards of adequate nutrition."

—W. R. AYKROYD.

"The American people should well follow an eat less programme because too many of them eat to the point of satiety, Dudley White of Harvard Medical School, declared

He said: "Overnutrition is the great American fault. I guess 20 per cent of adult Americans overeat, some of them to the point of gluttony. People are constantly urged to take vitamins and eat well to keep their strength. We not merely lose shape. We grow fat tissue in walls resulting in the hardening of arteries. If immediate and long-range plans to free the world from hunger are carried through the United Nations Organisations, whereof both the supplying and receiving countries are members, the provision of food can be put on a business footing," said Sir John. "In this way there need be no humiliating pauperism on the part of the receiving nations."

THE FIRST "FREE INDIA" BUDGET.

The Budget speech of Mr. R. K. Shanmugham Chetty calls for the following observations:—

(1) Except enhancement (very slight) of export duty on cotton yarn and cloth, no new taxation has been proposed. So far, the galleries may be expected to be silent.

(2) The general attitude towards Pakistan is constructive and friendly. This must pave the way for an amicable settlement of numerous questions which are pending between the two Governments.

(3) The Finance Minister was fully justified in emphasising the generally sound financial position of the Government of India.

Further, it would not be wrong to say that the financial prestige of India abroad stands very high. She has practically no external obligations and her natural resources are very promising.

(4) The Finance Minister has taken trouble to assure the capitalist about the scope for their activities. But there is nothing indicating his policy towards labour. It could have been appropriate if he had expressed himself clearly with regard to labour policy of the new Government.

(5) Huge problems that have arisen on account of the partition seem to have persuaded Mr. Chetty to postpone a proportion of Central Economic Planning. It must be recognised that the refugee problem is a gigantic one. But the question is whether India would do well to postpone planned efforts to increase production and raise the standard of life of the masses. It seems to us that if in the confused state of affairs in France, there could be planning, if the Marshall Plan could be seriously thought of for miserable Europe, the auspices are much more favourable for the working of many of the plans already discussed and decided upon.

LAND UTILISATION.

The Pakistan Government has issued the Land Economic Rehabilitation Ordinance, with a view to ensure proper cultivation of land by Zamindars. Whatever the local context may be, the principle involved appears to be very important. Land in India "as elsewhere in the world" is limited in area and thus, every big

landholder enjoys more or less a monopolistic position. If any Zamindar does not make the best use of the land for production it must amount in effect, to a dog in the manger. It is only right that with sufficient notice and warning, the inefficient big landholder must make way for more efficient substitutes. This is a very important question, because agriculture is the mainstay of the masses in the country, and agricultural income forms a very high percentage of the national income.

CRITICISMS OF THE BULLETIN.

We are thankful to our numerous readers for having given us an appreciation of our first issue in attempting to fulfil the objectives laid down in Hon'ble the Finance Minister's Foreword. It shall be our endeavour to improve the Bulletin

as much as possible in its later issues. A few quarters have put forward the criticism that there is not much of comments, and that original articles by experts should constitute a regular feature of the *Bulletin*. In this connection, we wish to explain that the Bulletin will continue to give minimum comment, because comment almost always leads to controversy, and as Hon'ble the Finance Minister has said in his foreword, there is no place for any controversy in this Bulletin. Again, we wish to point out that while in the field of philosophy and poetry, there is ample room for speculation and originality, there is little room comparatively (speaking) for such luxuries in the economic field. The *Bulletin* is a matter of fact affair, and publicity of facts, not originality of ideas, is the prime objective.

ANNEXURE ' I. '

NET NATIONAL INCOME AND EXPENDITURE IN BRITAIN.

	1938 Actual	CHANGE ON		PREVIOUS YEAR		CHANGE ON	
		1939	1940	1941	1942	1943	1939
1. Rent of land and buildings ..	380	+ 8	..	— 3	— 1	..	+ 4
2. Interest, profits, etc. ..	1,317	+ 169	+ 360	+ 280	+ 195	+ 106	+ 1,110
3. Salaries ..	1,099	+ 42	+ 75	+ 93	+ 28	+ 29	+ 267
4. Wages ..	1,728	+ 98	+ 281	+ 305	+ 289	+ 208	+ 1,181
5. Pay and allowance of H.M. Forces, etc. ..	80	+ 47	+ 261	+ 265	+ 208	+ 225	+ 1,006
6. Net National Income ..	4,604	+ 364	+ 977	+ 940	+ 719	+ 568	+ 3,568
7. Consumption at market prices ..	4,072	+ 106	+ 132	+ 247	+ 300	+ 124	+ 909
8. Property transfers ..	66	..	..	+ 1	+ 1	..	+ 2
9. Public expenditure on goods and services at market prices ..	837	+ 442	+ 1,782	+ 1,142	+ 391	+ 593	+ 4,850
10. Increase in work in progress ..	305	+ 57	253	— 100		..	— 25
11. Private net income at home ..				— 91		+ 58	— 10
12. War damage to buildings made good ..	..	..	..	+ 29	+ 32	— 12	+ 49
13. Net investment abroad ..	— 55	— 175	— 526	— 41	+ 162	— 20	— 600
14. Subsidies ..	15	+ 5	+ 50	+ 70	+ 35	+ 15	+ 175
15. Indirect taxes on consumption ..	— 439	— 50	— 99	— 189	— 162	— 134	— 684
16. Other indirect taxes ..	— 197	— 7	— 1	— 18	— 22	— 10	— 51
17. War risk premiums ..	..	— 14	— 110	— 115	+ 40	+ 47	— 152
18. Net National expenditure ..	4,604	+ 364	+ 977	+ 940	+ 719	+ 568	+ 3,568

ANNEXURE ' II. '

GREAT BRITAIN

(G. N. P. OF 1938 = 100).

	1938	1939	1940	1941	1942	1943
Government expenditure	15	(21½)	(48)	(60½)	(68½)	(69)
Private expenditure on consumption	74½	74½	65½	61	60½	59
Private expenditure on maintenance, replacement and increase of capital at home	11½	(12)	(7)	(4½)	(3½)	(8)
Private and Government net investment abroad	1	(—4)	(—12)	(—11½)	(—8½)	(—8½)
Gross National Product	100	104	108½	114½	118½	122½

ANNEXURE III

NATIONAL INCOME BY INDUSTRIAL DIVISIONS IN THE U.S.A.

(in millions of dollars).

<i>Industrial Divisions</i>	1943		
Total National Income	147,927	Contract Construction	4,326
Agriculture	13,993	Transportation	9,548
Mining	2,460	Steam railroads, Pullman, express	5,665
Anthracite Coal	199	Water transportation	911
Bituminous Coal	1,066	Street railways	523
Other		Other transport, public warehouses	2,449
Manufacturing	48,096	Power and Gas	1,616
Food, beverages, tobacco	3,764	Communication	1,160
Paper, printing, publishing	2,468	Trade	17,424
Textiles and Leather	5,007	Retail	11,385
Construction materials, furniture	2,860	Wholesale	6,039
Chemicals, petroleum refining	3,515	Finance	9,222
Metals, machinery, trans. equipment	28,246	Banking	1,469
Rubber and miscellaneous	2,236	Insurance	1,307
		Brokerage, real estate	6,446
		Government	25,126
		Federal	19,895
		Other and public education	5,231
		Service	10,340
		Miscellaneous	4,616

International Organisations.

INTERNATIONAL BANK.

INCREASE IN CAPITAL STOCK.

THE International Bank for Reconstruction and Development has issued its quarterly report which showed an increase in the Bank's subscribed capital stock during the three months ended September, 30, of 200,000,000 dollars. This brings total subscriptions to 8,225,100,000 dollars.

The statement indicated a balance of approximately 480 million dollars available for new loans.

The increased subscribed capital stock resulted from subscriptions to 2,000 shares by Australia and an increase of six shares in the capital stock subscription of Paraguay.

In a statement of its income and expenses, the Bank reported a total income for the quarter of 2,538,741 dollars and total expenses of 3,416,426 dollars, of which 1,267,902 dollars represented the cost of issuing bonds. The Bank has approved loans totalling 497 million dollars, of which 455 million dollars has been ratified by borrowing member governments and the remainder is yet to be ratified.

"TRAIL BLAZER" TO MEET URGENT NEEDS.

Meanwhile, Robert L. Garner, Vice-President of the Bank, has reiterated that the International Bank cannot act as a stop-gap for emergency aid, but can be a "trail blazer," attempting to meet the most urgent and critical needs in the hope that in an increasing degree private capital and industry will step into the picture.

Mr. Garner, in an address before the international finance session of the 34th National Foreign Trade Convention in St. Louis, outlined the purposes and policies of the International Bank. He explained that his organisation is primarily concerned with requirements for capital goods to rebuild, modernize and expand

productive facilities, but that even in this field its available funds are only adequate to meet the most pressing needs.

WORLD BANK'S ROLE IN EUROPE.

BANK OFFICIAL EXPLAINS.

The role of the International Bank for Reconstruction and Development in the European recovery plan evolved by the Paris Conference was discussed here by a high Bank official at a Press Conference. He said the bank would do the best it could with the tools available but that the Bank's role could not be determined until European recovery plans were further developed.

The official said that the Bank's participation in the European recovery programme depended upon the amount the Bank could raise from the sale of its bonds. He expressed scepticism over the figure of 3.11 billion dollars cited by the Paris Conference's report as the amount which might be made available from the Bank and private sources. He said that the figure has been discussed with Sir Oliver Franks, Chairman of the executive committee of the Committee for European Economic Co-operation.

PLAN DISCUSSED WITH U.S. OFFICIALS

The Bank spokesman, however, pointed out that the amount the Bank could loan was limited to the amount of securities the market will take and that the 3.11 billion dollar figure was therefore problematical. Relation to the European recovery programme had also been discussed with U.S. officials.

Of the Bank's capital subscriptions from member nations only that portion which is in U.S. dollars is in demand for loans. The official pointed out further that the Bank's membership embraces more than the nations involved in European recovery plans.

He maintained that Europe's basic economic problems depend for their solution upon renewed faith by Europeans in their own currencies. The situation must be brought to the point where Europeans will be willing to export their products for currencies other than dollars, he added.

I.B.R.D. LOAN TO LUXEMBOURG.

A loan of \$ 12 million was granted to the Duchy of Luxembourg by the International Bank of Reconstruction and Development on 28th August, 1947. Luxembourg needs about \$ 2 million of the loan in Belgian Francs and the Belgian Government have consented to the use of this sum out of their paid-in subscription to the capital of the Bank. This loan offers the first opportunity for the use of the Bank's non-dollar capital. The loan is to bear interest at $3\frac{1}{2}$ per cent. A commission of 1 per cent. is also charged to be set aside in a special reserve fund. The amortisation payments for the loan, which is to run for 25 years, are to begin in July, 1949, providing for the retirement of the loan by 1972. The proceeds of the loan are to be used for the purchase of equipment for the steel industry and of rollingstock for the railways.

Luxembourg's railways are important not only in relation to the country's heavy industry but also as links between inland industrial areas such as the Ruhr and the Saar and the Laal Country ports. Iron and steel production has been the major industry in Luxembourg and over 80 per cent. of its exports in the years directly preceding the war were metallurgical products. The present loan is, therefore, expected to increase Luxembourg's production, income and ability to export, and, in the same measure, to aid European recovery.

A DISAPPOINTING CONFERENCE *

On September 11, 1947, some hundreds of financial experts, amongst them authorities of international standing, foregathered in London

in connection with the second annual meeting of the International Monetary Fund and the International Bank for Reconstruction and Development. These two institutions were established at Bretton Woods with the object of helping the world to overcome its post-war monetary difficulties. The meeting was held at a moment when these difficulties were working up towards a climax. It was not unreasonable to expect the International Monetary Conference of London to make some contribution towards the solution of the crisis. And yet, when at a Press Conference held on the concluding day of the Conference on September, 17, the heads of the Fund and the Bank were asked "if, and to what extent this meeting has contributed towards the solution of the crisis" the question was received with an uproar of laughter by the cynical journalists present, and the answers could only claim credit for the alleged beneficial effects of private talks between the delegates outside the official business of the Conference. Indeed, the Conference itself confined itself to purely routine business, such as the passing of the reports, the election of new members, etc., just as if the dollar crisis did not exist at all. It concluded its business a day ahead of schedule as amidst the bewildering monetary problems with which the world is beset; it found it had nothing to do to keep itself occupied any longer. The concluding speeches paid tribute to the harmonious atmosphere that prevailed throughout the Conference; but this was due to the fact that the discussion of all controversial matter was strictly avoided.

The annual reports of the Fund and the Bank admit that the situation is much worse than was envisaged at the Bretton Woods Conference in 1944. One should have thought that the logical inference from this candid admission would be a modification of the statutes of the two institutions, to adapt them to requirements which could not be foreseen—or at any rate were not foreseen—three years ago. In fact the agenda

* By Paul Einzig in Indian Finance.

contained an item "proposals of amendments of the statutes," but nobody moved any amendment. Yet some of the clauses of the statutes have clearly proved to be hopelessly inadequate. Outstanding among these instances is the much-advertised scarce currency clause, under which member countries are entitled to discriminate against a country whose currency has been declared to be scarce by the Fund. Supporters of the Bretton Woods plan in Britain welcomed its clause with great enthusiasm as indicating the advent of a new era in international financial and commercial relations. The story was invented that it was first proposed by the United States and this incorrect fact was widely quoted as evidence of the willingness of that country to submit to discrimination whenever there is a scarcity of dollars. And now M. Gutt, the head of the Executive of the Fund, admitted that in spite of the worldwide scarcity of dollars that currency is not scarce as far as the Fund is concerned. For, under the limitation of the use of Funds resources to 25 per cent. of the quotas in any particular year, in September, 1948, the Fund will still possess at least \$ 2,000,000,000, which under the statutes is unlendable; even in September, 1949, it will possess some \$ 800,000,000 unlendable dollars, so that it is technically impossible to declare dollars scarce until towards the end of 1949. Any country depending on the scarce currency clause for permission to buy in countries where it can pay for its purchases will have to think again. Yet it was on the strength of that clause that many British politicians and experts had come down on the side of accepting Bretton Woods and the American loan terms.

In spite of this nobody proposed a modification of the 25 per cent. limit under which the scarce currency clause is worthless. As a matter of fact, the Executive of the Fund is itself entitled to make exceptions under the existing statutes. But it did not show any intentions of doing so. On the contrary, it emphasised that the Fund's resources were not meant to

meet adverse trade balances. Evidently the Fund intends to preserve the bulk of its 3,800,000,000 it possesses, in order that it should be available when assistance will no longer be needed to nearly the same extent as it is needed now. Yet if the whole amount could be made available as a stop-gap measure pending the adoption of the Marshall Plan it might make all the difference to some countries on the verge of collapse.

However, it would be unfair to blame the Fund as such for the decision not to take an active hand in the solution of the crisis, beyond doling out comparatively modest amounts of dollars under the 25 per cent. limitation. Evidently the United States Government, which has the last word on any matter of policy, has decided that neither the Fund nor the Bank should be engaged in interim aid. It is to be hoped that this decision was taken on the ground that the Administration would be in a position to provide early interim aid out of other resources, without having first to obtain the consent of Congress. Otherwise it may be too late.

But apart altogether from the present emergency, the inadequacy of the scarce currency clause ought to have been corrected even from the point of view of the Fund's role as a permanent source of assistance. Surely it is the height of absurdity that a currency which is obviously scarce could never be declared to be scarce for at least two years after it became scarce. Admittedly, the reluctance of members to draw on the Fund's ample dollar resources even to the permitted limit of 25 per cent. is bound to weaken pressure in favour of an upward revision of that limit. From this point of view, the British decision to buy \$ 60,000,000 from the Fund might prove useful as it is likely to encourage other members to avail themselves of the facilities of the Fund. Until now most members were reluctant to make a start, as there was an impression that the Funds' resources are to be left as the last line of defence, when all other resources have been exhausted.

This is obviously not the case with Britain. Even after the recent sale of gold she has still a gold holding of £. 580,000,000 as the joint reserve of the Sterling Area, and also a certain amount of dollar securities which could be realised if necessary.

The Conference might have attempted to pass resolutions advising the Government what action to take in face of the crisis. This was not done, however. The only references made by various speakers to the crisis were couched in vague terms and were confined to generalities. The reason why the Conference did not aim at helping with advice was partly that any resolutions would have clashed with the Marshall Plan which has just been elaborated in Paris, and partly that the only country which is in a position to assist on a large scale is not in a mood for taking unsolicited out-side advice. Even allowing for this, it seems disappointing that such a distinguished gathering of experts which will not meet again for twelve months should have dispersed without having made any contribution towards the solutions of the crisis. Its inaction goes some way towards justifying opposition to Bretton Woods on the ground that the sacrifices involved are not likely to be made worth while by the assistance to be rendered.

ECONOMIC COMMISSION FOR MIDDLE EAST.

U. N. COMMITTEE APPROVES FORMATION.

Russia refused to share in a recommendation that the United Nations Economic and Social Council should consider the establishment of an Economic Commission for the Middle East but the recommendation was approved by the United Nations Economic Committee by 54 votes to none with Russia, Turkey and New Zealand abstaining.

Dr. A. Arutiunian, the Soviet delegate, criticized the Indian delegation for having sought for the redistribution of the Economic and Social

Council on a more equitable basis in another committee on Thursday.

"They did not succeed in forming a block or in organizing a majority in that committee," Dr Arutiunian said

"This was fortunate for the committee and unfortunate for the Indian delegation," he added.

A Russian amendment asking the Economic and Social Council in studying the establishment of a Middle East Commission to consider the question of including Middle East countries in the commission for Asia and the Far East was defeated by 31 votes to seven with eleven abstentions.

India voted with the Soviet group while Pakistan opposed.

THE TRADE CHARTER.

A SUMMARY.

The Charter of the proposed International Trade Organisation has now been published (Cmd. 7212) in the form in which it emerged from the four-month debate in the second session of the Preparatory Committee of the United Nations Conference of Trade and Employment meeting in Geneva. In its latest version the Charter cannot yet be regarded as the final product of the drawn-out discussions to which it will have been subjected. There are no less than 65 individual reservations and expressions of dissent appended to the latest text (eleven came from Chile and two from the United Kingdom) and they promise some continuation of the debate and even of the process of amendment when the Charter is submitted to the full meeting of the United Nations Conference on Trade and Employment which is to be convened in Havana, Cuba, in November. It should, however, be reasonable to assume that further amendments will be of relatively minor importance. It was in Geneva that the real debate on this document took place, as may be gauged from the extent and variety of the differences

between the Geneva version and its predecessor, the Lake Success version of the Charter.

The main structure of the document remains unchanged. It contains nine chapters, of which the last three may conveniently be ignored at the moment since they deal solely with the organisation, administration and other technical matters referring to the mechanism of the proposed International Trade Organisation. Of the first six chapters some also call for fairly summary treatment.

The first is merely a statement of the purpose and objective of the proposed ITO. The second deals with employment and economic activity, and in relation to its length—a mere five short articles—caused more concentrated debate than any other section. What this chapter says may be summarised as an assertion that all members will do their best to achieve and maintain full and productive employment and that, since they accept international responsibilities for such policies, they will forswear measures that will help them in this objective merely by exporting their unemployment to others.

The third chapter on economic development has been considerably expanded and, as it now stands, provides what amounts to a virtual blanket exemption from the provisions of the Charter to countries whose resources are as yet relatively underdeveloped and which desire to diversify their economies by setting up secondary industries behind the protection of high tariff walls. There is, however, an article in this chapter which has considerable topical importance and interest in view of the Marshall Plan discussions. It is Article 15, which states that special circumstances may justify the setting up of new preferential arrangements between two or more countries, even when those countries are not contemplating a customs union, if the arrangements are part of programmes of economic development or reconstruction. This would appear to give ITO blessing to the development of preferential arrangements in

Europe even if these do not ostensibly anticipate a customs union.

The fourth chapter, that dealing with commercial policy, is the crucial section of the Charter and further reference will be made to it subsequently.

Chapter five deals with restrictive business practices and has suffered little amendment in its latest phase of evolution. It still avoids the frontal attack on cartels and monopolies which earlier versions of the Charter envisaged, but rather sets up the ITO as a recipient of complaints against the abuse of restrictive practices and as the ultimate creator of a body of case law to be applied against offenders.

Finally, there is chapter six on inter-governmental commodity agreements which defines the conditions under which inter-governmental action to stabilise prices, control production and influence consumption of primary commodities would be justified. These provisions and others setting out the manner in which such commodity agreements should be operated and the objectives they should serve will no doubt acquire considerable importance in due course. But the problems of glut with which they are primarily concerned are not those that face the world in the immediate future and without in any way decrying their importance or denying the inherent necessity for including commodity agreements in the Charter of the proposed ITO one may be excused at present for turning aside from this chapter and returning to the articles dealing with commercial policy.

It is this section of the Charter which has undergone the most significant amendment in the course of the Geneva debate. It emerges from that ordeal in a form far more realistic and appropriate to the peculiar circumstances of the times than could be claimed for any of the prior versions of this chapter. At the risk of sinning against that meticulous accuracy which can apparently only be gained within the phraseology of legal jargon, it may be helpful to give a

free and very abbreviated translation of the more important articles of this chapter, which is divided into six sections and 28 articles. The first of these, Article 16, redefines our old friend, the most-favoured-nation treatment clause, and significantly asserts that this treatment is to be accorded to other members of ITO only. This opens the door to escape from the unconditional over-all application of the MFN clause, which in the past has done nearly as much harm as good, partly by visiting on the undeserving the benefits of other countries' virtues (and therefore making vice pay), partly by condemning many attempts by small groups of nations to extend among themselves the principles of freer trade.

On the relation between the reduction of tariffs and the elimination of preferences (Article 17), the new text is more elastic than the old, which demanded that every reduction in tariff rates should be automatically applied to reduce or eliminate margins of preference. Under the new text, it will be possible concurrently to negotiate reductions in tariff and in preferential rates provided that the margin between the two is not increased.

It is around Articles 20 to 23 inclusive that the main debate raged. These are the articles dealing with the application of quantitative restrictions on imports and exports. Since in the years immediately ahead the trade of the world must inevitably be powerfully influenced by balance-of-payments difficulties, recourse to quantitative restrictions is inevitable and the topicality of these articles is, therefore, self-evident. The Charter sets out as a general principle that quantitative restrictions on imports or exports should be eliminated, whether these restrictions be imposed through quotas, licensing or other measures. Apart from some specific exceptions to this rule of which the most important refer to restrictions on agricultural or fisheries products designed to help inter-governmental control schemes, the Charter then goes on to define a wider range of exceptions intended to safeguard members who are in balance-

of-payments difficulties. These may restrict imports to forestall or stop a serious decline in their monetary reserves, or, in the case of a member with low monetary reserves to achieve a reasonable rate of increase in its reserve. Article 21, in which this general authorisation of quantitative restrictions is made, states that it is recognised that in the early years of the ITO all members will be confronted in varying degrees with problems of economic adjustment resulting from the war and that during this period the ITO—

shall take full account of the difficulties of post-war adjustment and of the need which a member will be confronted in varying degrees with problems of economic adjustment resulting from the war and that during this period the ITO.

shall take full account of the difficulties of post-war adjustment and of the need which a member may have to use import restrictions as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis.

The Charter then proceeds (Article 22) to lay down that quantitative restrictions must be administered in a non-discriminatory manner:

No prohibition or restriction shall be applied by any member on the importation of any product of any other member country or on the exportation of any product destined for any other member country unless the importation of the like product to all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

The danger of casting the distribution of international trade into a rigid and unalterable mould which is evoked by this clause, and the suggestion that because imports have to be cut from one country, owing to balance-of-payments difficulties, they must be cut from all others, are largely removed by the next section of the Charter (Article 28), which lays down the exceptions of the rule of non-discrimination. These

are so important and so relevant to present day circumstances that they deserve rather fuller translation than has been given to preceding articles of the Charter. The Charter accepts the argument that when "substantia land wide-spread disequilibrium prevails in the international trade and payments" a member may be able to increase its imports from certain countries without unduly depleting its monetary reserves if it is permitted to depart from the rule of non-discrimination. Accordingly, it provides that when such disequilibrium prevails, a member applying import restrictions under Article 21 may relax such restrictions in a manner which departs from the provisions of Article 22 to the extent necessary to obtain additional imports above the maximum total of imports which it could afford in the light of the requirements of Article 21 allowing quantitative restrictions if its restrictions were fully consistent with Article 22 (*i.e.*, if those restrictions were administered in a non-discriminatory manner).

Up to March 1, 1952, members are given what is virtually a free run in availing themselves of these exceptions to the rule of non-discrimination. The Charter asks members "to recognise the need for close limitation of such departures so as not to handicap achievement of multilateral international trade"; and it also makes some provision to prevent the development of bilateral and discriminatory trading arrangements to point at which trade in terms of convertible currencies would be seriously restricted. These however, are mere exhortations to reasonable conduct. They are not precise instructions. Provided members keep the ITO informed about the actions they take in departing from the strict line of non-discrimination, and provided "such action does not cause unnecessary damage to the commercial or economic interests of any other member," the deviators are granted virtually complete freedom of action. Not later than March 1, 1952, however, any member who maintains or proposes to embark upon

discriminatory quantitative restrictions on trade must seek the approval of the ITO. Thereafter the initiative for such action and for judging whether prevailing circumstances justify it, will lie not with each member but with the organisation.

NO WORLD PACT ON AIR ROUTES

GENEVA TALKS FAIL.

Thirty nations meeting at Geneva for the past three weeks, to-night abandoned an attempt to frame a universal treaty guaranteeing civil aviation rights

The breakdown came when the British and United States delegates announced, at the opening of today's meeting, that their countries would be unable to accept a proposal carried by a sudden rally of the smaller air power which they declared, would severely handicap long distance air lines.

The proposal, introduced by Mexico provides that countries on the routes of long-distance air lines could refuse them the right to pick up or put down passengers on intermediate stages, thus limiting the freedom of long-distance air lines to engage in local or regional traffic on their routes.

The Indian delegate, defending the viewpoint of the smaller air Powers, told the conference: "India is willing to play her part in the field of international aviation and to make her contribution to the evolution of a multilateral air agreement but on the other hand wants to make amply clear that she is unwilling to enter into any multilateral agreement at considerable sacrifice."

This failure is the fourth attempt made by the International civil Aviation Organisation in the past three years to frame a charter of the air.

REPORT ON INTERNATIONAL OPIUM CONTROL.

The growing difficulties of the international control of opium and other dangerous drugs are indicated in the Permanent Opium Board's report to the U.N.O. Economic and Social Council.

The Board says the control over Indian hemp and hashish 'is quite inadequate' and a new danger lies in the synthetic manufacture of narcotics from non-narcotic sources having other legitimate uses.

Money, Banking & Insurance

INFLATION AND ITS INFLUENCE ON HYDERABAD ECONOMY.

Summary of Presidential Address delivered by Hon'ble Nawab Liakat Jung Bahadur, Minister for Finance and Army, H.E.H. the Nizam's Government at the First Session of the Conference on General Knowledge held under the auspices of the Osmania University on Sunday, Dai 9, 1957 F. (November 9, 1947 A.D.).

IN a very enlightening Address, Hon'ble Nawab Liakat Jung Bahadur, Minister for Finance and Army, H.E.H. the Nizam's Government, explained how the defects in production and distribution had brought about an unbalanced economy in the country. He pointed out that inflationary conditions in India generally, were more severe than in Hyderabad, but thanks to numerous controls Governments exercised during and after the war, we, in this country, did not fare so bad as people in Iran and China. He traced the beginnings of inflation in India to purchases for His Majesty's Government and the Allies by the Government of India of all kinds of war materials. Great Britain undertook the responsibility for payment against these gigantic supplies. The Reserve Bank of India (London Branch) was paid in sterling, against which hundreds of crores worth of currency notes were issued in India, thus enabling the Government of India to pay the parties from whom they purchased war supplies. Thus, the quantum of currency in the country multiplied on the one hand, and production of military requirements inevitably reduced the quantity of products meant for civilian consumption on the other. The surprise was not that prices went so high during the last 5-6 years, but that the prices did not go very much higher. These high prices resulted in a great deal of misery to the masses. Capitalists and military contractors made mints of money, and it was only a small part of it that

was recovered by Governments in India in the shape of Excess Profits Tax. In Hyderabad, the bulk of Excess Profits Tax collections were, under the orders of Government, earmarked for relief and rehabilitation of the poorer classes. Again, conditions in Hyderabad did not warrant that degree of depreciation in the purchasing power of the Hyderabad rupee which resulted on account of exchange stabilisation which the Hyderabad Government loyally stuck to, mostly as an important avenue of war effort. If only the Hyderabad Government had unpegged exchange during the last war, the Hyderabad rupee would have appreciated substantially thus minimising the importation of undeserved inflation into these Dominions. But H.E.H. the Nizam's Government knowingly faced this self-sacrifice, because it was felt that it was the duty of this State to co-operate loyally in every way possible with war effort of the British Government in India.

Hon'ble Nawab Liakat Jung Bahadur proceeded to point out that, on the whole, economic conditions in Hyderabad were not worse off than in other parts of India: in some respects, we could certainly claim superior conditions. The Hyderabad Government is in the front rank in fully appreciating the fact that the good health of the State lies in a sound economy, and the latter depends very largely on the health and happiness of the masses of the population. The Government has been trying in numerous ways to increase the national income—which only is the real neutralising factor against inflation. Private capital was shy in the beginning, but Government took the lead by offering to subscribe 51 per cent. of shares in many large-scale industries for which these Dominions have great natural facilities. On this, private capital also came forward, and the result was that several very promising organised industries have been set on wheels by now. This has meant not only more employment of local capital but

also more and better employment for local labour.

Although taxation of incomes has just begun, Government tried to reduce the incomes of the richer classes by reducing rates of interest. Very recently, 6 per cent. was considered to be normal on Government scrip, but H.E.H. the Nizam's Government have forced down the rate of interest on Government scrip to 2½ per cent. : the rate had gone down even to 2 per cent. in the case of Compulsory Savings.

It may be that, constitutionally, Hyderabad may appear, said Hon'ble the Finance Minister, rather backward compared with the two new Dominions that have sprung up in India, but he would like to point out how anxious the Ruler of Hyderabad was to accelerate the pace of a democratic constitution. In his recent "instructions to the Council," His Exalted Highness directed that the Council should try its best to contact public opinion and to accommodate views in the Legislature, and thus create healthy conventions which may be outside the Written Constitution. This was a gesture which was bound to bear very good fruit in the near future.

Finally, Hon'ble Nawab Liakat Jung Bahadur appealed to the students of the Osmania University to remember that they were the trustees of the happiness of the State tomorrow, and in order to bear the burden successfully, they should cultivate the capacity to stand by the truth always, and secondly to develop a tolerant spirit towards fellow citizens without regard to sex, race or religion. He concluded by observing that the eagerness of the Ruler of Hyderabad for the prosperity of his people knew no bounds, and it could be asserted with confidence that these Dominions had a great future for the people, and a great part to play in the comity of nations.

RETURN OF OLD MAHBOOBIA OR OSMANIA COINS.

A Notification issued by the Information Bureau says :—

H.E.H. the Nizam's Government have further extended the period within which old Mahboobia and Osmania coins can be returned to the Government Treasury. The public are hereby informed that if any old Mahboobia or Osmania coins are in their possession, they may return them to the Government-Treasuries or the State Bank before the 30th of Aban 1357 F. and obtain their equivalent. After the expiry of the period stated above, these coins will not be considered legal tender.

NATIONAL SAVINGS DRIVE IN HYDERABAD.

Miss B. B. H. Khoorshid, "Adi Villa," 965 (B) near King Kothi, Hyderabad, writes :

"Since I am appointed the first Lady Agent of the National Savings Certificates of H.E.H. the Nizam's Government I am receiving numerous enquiries from the general public. I request the courtesy of your columns to invite the public to my office at Adi Villa, 965 (B) near King Kothi, and place their orders for whatever large or small amounts from O.S. Rs. 5 to O.S. Rs. 5,000 per person, through me, which will be promptly executed. The working hours are from 8-30 to 10 in the morning and 4-30 to 5-30 in the evening. My services will be at their disposal and each one will be helped to put through one's own business in privacy, comfort, and convenience."

Summary of the Address delivered by Prof. S. Kesava Iyengar at the General Knowledge Conference held under the auspices of the Osmania University, on November 9, 1947.

Prof. S. Kesava Iyengar began his Address by pointing out that there were three stages in the development of monetary theory. It was thought in the 19th century that exchange stability was the most important criterion for the soundness of a monetary system. In fact, this test was upheld for a long time in the case of the Indian currency in its relation to the British currency. The next stage was of price stability

as the norm for the monetary soundness. In countries like U.S.A. and Britain, monetary and credit adjustments were made even recently in view of the behaviour of the price, wage and cost of living index. But very recently, as was categorically laid down by the Royal Commission on Australian Currency and Finance, social stability has been accepted as the most suitable standard to go by in the making of monetary policy; of course, social stability does not mean a stationary state of affairs, but an accelerating progression.

He next pointed out that during the last ten years, money has come to occupy a most important place amongst the numerous instruments that are being used for social security and welfare. He explained how through:

- (a) sterilisation and de-sterilisation of gold;
- (b) varying the reserve ratios of the member banks from time to time according to the condition of the money market,
- (c) adjusting the list of eligible securities;
- (d) changing the maximum percentage of advances against different kinds of securities;
- (e) exercising qualitative credit policy in different avenues of lending; and
- (f) bringing down the bank rates to $\frac{1}{2}$ per cent. in the New York Federal Reserve Bank on loans against Government paper maturing within 90 days;

the Federal Reserve Board had contributed most substantially towards the numerous schemes and policies ushered in by the late President Roosevelt.

In Hyderabad, the policy of automatically following the footsteps of the Indian currency was adopted for a long time, in view of the proportionate silver contents of the British Indian and Hyderabad rupee coins. It was in 1921-22 that the late Right Hon'ble Sir Akbar Hydari reorganised the Hyderabad monetary

system by establishing two Reserves, namely, the Osmania Sica Stabilisation Reserve and Hyderabad Paper Currency Reserve. During the last war, Professor S. Kesava Iyengar pointed out, there was almost galloping inflation in British India, and conditions in Hyderabad did not warrant an automatic importation of that inflation into these Dominions. But H.E.H. the Nizam's Government maintained the exchange rate between the B.G. and O.S. rupees within a much narrower limit (namely, between Rs. 116-117 O.S. for B.G. Rs. 100) than before the last war, resulting in a large amount of undeserved difficulties and problems for the Government and the people of Hyderabad, at the same time relieving the inflated conditions in British India to that extent. The Hyderabad Government did this deliberately with a view to co-operate in the war effort as heartily as possible, but this did not mean that the sacrifice borne by Hyderabad should not be adequately assessed and recognised.

With the assumption of an independent status by Hyderabad, on August 15, 1947, the currency and credit system of Hyderabad promises to play a powerful part in the development of the national economy. Prof. Iyengar was happy that the Hyderabad State Bank which, against the spirit of the preamble of the Hyderabad State Bank Act, developed mostly as a Commercial Bank, was recently put under examination by an expert, and Government had very recently agreed to the reorientation of the present Hyderabad State Bank into a full-fledged Reserve Bank of Hyderabad with four departments, namely, Note Issue, Commercial Banking, Agricultural Finance and Industrial Finance. This scheme foreshadowed the taking up of Central, Agricultural and Industrial Banking at a later stage, but Professor Kesava Iyengar emphasised the fact that Agricultural and Industrial Finance in the country required, much more urgently, scientific rationalisation at the hands of a Central Banking authority than Commercial Banking which, comparatively

speaking, was more advanced and required less attention. He was also happy that this fundamental important subject of currency and credit policy would very soon be transferred into the hands of a technical arm of Government. He was confident that with the linking of the Hyderabad rupee directly to the dollar by Hyderabad becoming a member of the International Monetary Fund and the International Bank for Reconstruction and Development, economic planning and development was sure to prosper under very good auspices.

So far as near future was concerned, Prof. Iyengar drew particular attention to two points. Firstly, he did not think that it was wise for the Government of Hyderabad to follow the Government of India in purchasing large amounts of nickel for purposes of rupee coinage. He felt that the one-rupee note had already become very popular in Hyderabad, and as such, new minting of rupee coins at great cost was quite unnecessary. What was required was the issue of sufficient amounts of subsidiary coins side by side with the adjustment of the supply of one-rupee notes. Secondly, the Hyderabad monetary system must, as much as possible have gold in reserve. It was not for nothing that the U.S. Treasury imprisoned more than 80 per cent. of the total monetary gold stock of the world in the state of Kentucky. In fact, gold in the monetary field has as much potentiality as atomic energy in the field of production. With the resources and prestige of the Hyderabad State and Government, it would not be difficult to secure a backing in gold for the Hyderabad monetary system at accelerating pace.

THE HYDERABAD STATE BANK & MANAGEMENT OF CURRENCY & CREDIT.

Hyderabad is the only State in India which has its own metallic as well as paper currency. The issue of metallic currency is governed by the Hyderabad Paper Currency Act of 1921 F. and the issue and regulation of paper currency by the Hyderabad Paper Currency Act of 1927 F.

The weight and fineness of the Hyderabad Rupee (which weighs 172.5 grs. against the corresponding B.G. Rupee coin of 180 grs.) was fixed on the original standard coin of the Delhi Rulers and is not the result of any treaty or agreement with the Government of India. The standard rate of O.S. Rs. 116-10-8=B.G. Rs. 100 or O.S. Rs. 7=B.G. Rs. 6 was originally based on the intrinsic values of the two rupees, which were as follows :

Particulars	Silver	Alloy	Weight
	Per cent.	Per cent.	Grs.
O.S. Rupee	81.81	18.19	172.5
B.G. Rupee	91.6	8.4	180 0

Early in 1940, the Government of India reduced the silver content of the B.G. rupee from 165 grs. to 90 grs. This led to the hoarding of O.S. rupee which contained more silver in proportion to the new B.G. rupee. Action had to be taken, therefore, to amend the Hyderabad Coinage Act and to mint the new rupee with silver content reduced in proportion to the B.G. rupee.

As the B.G. rupee with 19.6 per cent. silver and O.S. rupee with 81.81 per cent. silver, were both reduced to 50 per cent. silver, the original parity between the two coins was changed from 116.67 per cent. to little over 104.3 per cent. Thus, the so-called standard rate is only nominal and it has been adhered to, simply because the prices of commodities, etc., have been stabilised at that rate. With the reduction in the intrinsic value of the rupee, both the B.G. and the O.S. rupee coins have assumed the nature of token coins and the question of exchange ratio, dependent on the intrinsic value of the metal in the coins, has lost its importance.

Hyderabad Paper Currency is fully backed by a separate reserve in silver coin and in Government of India securities. Section 9 of the Act,

as amended in 1852 F., provides that not more than 60 to 70 per cent. of the total value of currency notes in circulation may, in lieu of cash, be kept in securities of the Government of India or of this Government. The Paper Currency in circulation at the end of 31st March, 1947, stood at O.S. Rs. 5181.26 lakhs against which securities of the Government of India of the value of O.S. Rs. 2959.33 lakhs were held in Paper Currency Reserve and the balance in O.S. and B.G. rupees

From 1850 up to the end of the nineteenth century, efforts were repeatedly made by the Government of India to introduce the B.G. rupee in Hyderabad as legal tender currency of the State or, at least, to have a coin of the same weight and value throughout India. Each time H.E.H.'s Government took a very firm attitude and pointed out that the right of coinage is an inestimable privilege for Hyderabad—"a precious heirloom prized by the Ruler and subjects alike." Whether Hyderabad declares its independence or not, the right of coinage is such a valuable asset that it would never agree to surrender the same voluntarily, or even to have a uniform coinage of the same weight and value as in the other parts of India. That is considered to be the only way to preserve the identity and prestige of the Hyderabad Rupee against the currency of their much stronger neighbours.

The question of linking the Hyderabad Rupee with the Sterling or with the currency or currencies of the future Indian Governments, would be considered in due course; but, at this stage, when the entire constitutional position is so uncertain, H.E.H.'s Government is not in favour of definitely shaping their policy, specially in respect of their currency. They have, therefore, decided not to make any changes in their present currency policy in spite of the introduction of the nickel rupee in British India and the amendment of Sections 40 and 41 of the Reserve Bank of India Act. Until the political situation is clarified, they do not propose to make any change in the present standard

of exchange between the B.G. and the O.S. rupee.

In view, however, of the impending constitutional changes, H.E.H.'s Government have decided to separate the currency authority which has been vested in the Finance Department, by the creation of a Central Bank of Issue and by vesting in it the functions of a Bankers' Bank. The Hyderabad State Bank, which is mainly a commercial bank, has, up to now, been performing certain central banking functions. This combination cannot be allowed to continue except in the initial stages of its development.

The Hyderabad State Bank was started, with a view to provide credit necessary for the economic life of the country and to encourage the growth of agriculture, commerce and industries, within the Dominions, in close relation with H.E.H.'s Government. Great care was, therefore, taken to see that the Bank was not a mere duplication of the existing commercial banks or other credit institutions functioning in competition with them. The idea on the contrary was that the Bank would fill in the gaps in the credit structure wherever they exist and offer additional stimulus in the existing institutions by giving a fillip to industries and agriculture, as far as possible.

The Hyderabad State Bank has been established as a shareholders' bank and, as it has been entrusted with the management of Currency, Public Debt and also with all treasury and banking transactions of Government, H.E.H.'s Government have retained certain powers to control the affairs and management of the Bank. The Managing Director of the Bank is appointed with the approval of Government. If the Bank fails to carry out any of the obligations imposed on it by the Hyderabad State Bank Act, the Government has the power to declare the Board of Directors superseded and, thereafter, to take any action it may deem necessary. To avoid such a catastrophe and to exercise full control over the Bank's management, the Government holds, at all times, shares of the face value of 51

per cent. of the share capital issued by the Bank. Under Section 61 of the Hyderabad State Bank Act, the Government has the right to nominate the President and three Directors of the Board in addition to the Managing Director.

The issue of all currency notes is conducted by the Bank, *as agents for the Government*, in a Currency Department, which is kept wholly distinct from the Banking Department. The Government have retained the sole right to print currency notes for circulation within the Dominions, as provided in the Hyderabad Paper Currency Act of 1927 F. The assets of the Currency Department are not subject to any liability, other than the liabilities of the Currency Department. The Currency Department cannot issue currency notes to the Banking Department except in exchange for other currency notes or for such coin, bullion or securities as are permitted by the Hyderabad Paper Currency Act of 1927 F. to form part of the Reserve. The assets of the Currency Department are held in a separate reserve as provided by the Hyderabad Paper Currency Act of 1927 F. and the net income therefrom, less a fixed charge is paid to the Government. The liabilities of the Currency Department are always equal to the total amount of currency notes of the Government for the time being in circulation. According to a recent amendment in the Act, the One Rupee Currency Notes are treated as coin and their issue is not backed by a Reserve.

All rupee coins are placed in circulation through the Hyderabad State Bank and the Bank has undertaken not to dispose of rupee coin, otherwise than for the purposes of circulation or by delivery through the Government for any purpose provided in the Hyderabad Currency Act of 1921 F. The Government is under an obligation to supply coins and currency notes to the Bank on demand and the Bank is under a similar obligation to supply different forms of currency to the public.

Out of an authorised capital of Rs. 1½ crores, only Rs. 75 lakhs have been issued, divided into fully paid shares of Rs. 100 each, the maximum holding by any individual, either jointly or severally, has been limited to 200 shares; but the Government has reserved the right to hold at all times shares of the face value of not less than 51 per cent. of the share capital issued by the Bank. The Government have deposited with the Bank all their cash balances and have entrusted them with -

(1) their remittance, exchange and banking transactions

(2) the custody and management of the various reserves, including the Paper Currency Reserve

(3) the management of the Public Debt, and

(4) the issue of all currency notes and coins, as *agents for the Government*.

The value of Hyderabad Currency in relation to the B.G. rupee is at present maintained between the fixed limits of exchange, namely, O.S. Rs. 116 and Rs. 117 for B.G. Rs. 100. The Hyderabad State Bank has been placed under an obligation to buy and sell B.G. rupee at the maximum and minimum rates fixed by the Government from time to time. This procedure enables the Bank to control the transactions in exchange within the limits laid down by the Government.

The several kinds of business which the bank is authorised to carry on and transact has been specified in a separate schedule of the Act. The bank is authorised to advance and lend money and open cash credits not only against gilt-edged securities, but also on the security of—

(1) debentures of companies with limited liability;

(2) goods which, or the documents of title to which, are deposited with them, assigned or hypothecated to the bank as security for such advances;

(8) joint and several pro. notes of two or more persons or firms unconnected with each other in partnership ;

(4) fully paid marketable shares of companies with limited liability or immovable property or documents or title relating thereto, as collateral security only, where the original securities are one of those specified above ; and

(5) marketable shares of companies with limited liability registered in the Dominions, which may carry the Government guarantee or be placed by the Government, from time to time, on an approved list.

Any advance, which is guaranteed by the Government can be given with or without any specific security. The bank is also authorised to transact such other business on behalf of the Government, not specifically mentioned in the schedule, as may be agreed upon between the Government and the bank. With the previous sanction of the Government, the Bank is also authorised to lend money to the Court of Wards in the Dominions on the security of the estates in its charge or under its superintendence.

With the impending constitutional changes, the Council of Ministers have decided that a separate bank to perform the central banking functions should be started, which would be a national concern owned by the State and completely managed by Government and which would be in keeping with the policy that is being followed elsewhere ; such as the nationalisation of the Bank of England and the proposed nationalisation of the Reserve Bank of India. This decision may be attributed to the growing realisation that, under modern conditions of banking and commerce, it is a great advantage to any country, irrespective of the stage of its economic development, to have centralised cash reserves and the control of currency and credit vested in a bank, which has the support of the State and is subject to some form of State supervision and participation, whether directly or indirectly.

The Hyderabad State Bank has developed into a full-fledged commercial bank and it cannot now be converted into a purely Central Bank without depriving it of its commercial banking functions. The experience of the first five years working of the Hyderabad State Bank has clearly brought out the inherent weakness of a system in which the control of currency and credit is in the hands of two distinct authorities. It has brought out the necessity of a unity of policy in the control of currency and credit in a modern financial organisation, if monetary stability is to be achieved.

It has been suggested that instead of starting a separate Central Bank, the Hyderabad State Bank may be divided into two separate departments—the Issue and the Banking Departments—and that the former may be entrusted with central banking functions, including issue of notes, and that the latter may be free to conduct commercial banking functions, *under certain conditions and restrictions*. Thus, for example, the bank will not be allowed to accept interest bearing deposits or to grant loans on the security of marketable shares or immovable property. The bank will be authorised to lend money against gilt-edged securities, but their advances against goods or the documents of title to goods, will be limited to a certain percentage of their total assets. Subject to the above restrictions it is felt that it is possible to carry on central banking functions and commercial banking in one and the same institution, provided the Issue and the Banking Sections are kept entirely separate under two different controlling authorities and a separate body of expert advisers, and the Hyderabad State Bank is completely nationalised by paying off the existing shareholders of the bank. The controlling body for the Issue Department will consist entirely of State Officials with Finance Minister as its President and, if necessary, one or two elected members of the State Legislative Assembly ; but the Banking Department will also have on its Board representatives of financial, agricultural

and industrial interest of the State. The guiding principle for the Bank would then be to act only in the public interest and for the welfare of the country as a whole and without regard of profit as a primary consideration. The general idea behind the system would be to make full use of the credit of the State and to see that the economic resources of the Dominions are put to the utmost advantageous use possible in the interests of the people, and to make it certain

that the Bank would ensure the interests of Hyderabad as a whole and not the interests of one or the other section of the community.

It is also felt that if the Hyderabad State Bank is converted into a national institution, as suggested above, it would be possible, at a later stage, to organise, under the same expert management, separate sections for industrial and agricultural credit, including the organisation of a Land Mortgage Bank for Hyderabad.

From a Report on a Central Bank for Hyderabad by Khan Bahadur C.B. Taraporevala.

Statement showing the progress of the Co-operative Societies in H.E.H. the Nizam's Dominions till the end of Amardad 1856 Fasli (June, 1947).

Serial No.	Banks and Co-operative Societies	No.	No. of members	Working capital	Own capital
1	2	3	4	5	6
1	Dominion Bank	1	1,088	1,81,28,825	16,76,553
2	District Central Banks	46	5,866	97,09,461	3,44,804
3	Agricultural Societies	4,093	89,274	88,88,044	58,86,262
4	Grain Banks	12,892	6,28,665	54,99,774	54,60,594
5	Rural Banks	80	12,789	6,44,185	2,88,411
6	Vegetable and Fruit Societies	2	18	6,958	5,508
7	Sugar-cane C. S.	8	58	2,271	2,251
8	Commercial Corporation	1	..	..	..
9	Unions	119	4,79,764	1,05,70,718	61,73,788
10	Life Insurance C. S.	1	22,663	32,03,432	7,266
11	Do General	1	.	..	..
12	Central Union, Hyderabad-Deccan	1	.	..	..
13	Housing Societies	7	300	1,48,426	45,080
14	Press Co-operative Society	1	..	74,879	71,800
15	Prudential Bank	1	..	..	..
16	Departmental C.S.	308	27,816	38,24,178	33,82,032
17	Urban Banks	100	23,634	22,82,054	9,47,092
18	Co-operative Central Trading Society	1	439	25,60,583	8,44,868
19	Sale Societies	20	6,964	24,75,462	10,42,535
20	Weaving Societies	61	1,221	1,35,652	72,029
21	Store	180	4,525	1,24,988	1,01,626
22	Industrial and Miscellaneous Society	81	2,140	2,08,130	1,84,404
	Total	17,400	18,02,219	6,83,77,960	2,59,82,358

INFLATION IN INDIA.

UNO SURVEY OF WORLD ECONOMIC CONDITIONS.

India finds prominence in a booklet dealing with the world economic conditions, issued by the UNO Economic Affairs Department. The booklet, which is described as a survey of current inflationary and deflationary tendencies, says that the inflationary pressures have continued in India even after the end of the war.

It adds: "In this area, as in Europe, a contributory factor is the pent-up demand for investment and the consumption of goods supported by a large volume of liquid savings accumulated during the war, both in India and elsewhere. The restrictions on imports have so far failed to solve the problem of inflation. The second is the world shortage of machinery which has made it difficult to increase the production of industrial goods."

MORATORIUM FOR SMALL BANKS.

The Government of Pakistan in consultation with the Government of India have come to the conclusion that it is desirable to afford temporary relief to small banks in Pakistan as may be facing special difficulties, by promulgating an ordinance which would enable these banks to make limited payments, says a Press note of the Pakistan Government.

According to the Ordinance, ten per cent. of the total unencumbered deposits or Rs. 250 whichever is less during each month for a period of three months will be the upper limit to payments. This is expected to enable these banks to tide over present difficulties and resume their normal functions after some time.

The Ordinance gives powers to order moratorium in certain cases. On application in writing made to it in this behalf by a banking company to which this ordinance applies, the Pakistan Government may make an order, which shall be binding on all courts, staying the

commencement or continuance of all actions and proceedings against the bank for a period of three months and may by a like order extend this period for further periods not exceeding three months at a time.

COMPULSORY RIOT INSURANCE SCHEME FOR PAKISTAN.

NEED FOR A SCHEME IN INDIA.

The Pakistan Government have decided to introduce compulsory riot insurance in its territory and have sought the co-operation of insurance companies. The details of the scheme were recently discussed by that Government with the representatives of the companies. The scheme will operate in the first instance to the cotton trade in view of its great importance to the economy of Sind and the West Punjab which are now in the midst of a communal turmoil; but Government hope to extend later on its scope to other branches of the Dominion's economic activity.

It is understood that the pressure on the Government of India to introduce a similar scheme has been growing. There is keen disappointment at Government's decision to postpone the scheme after it was fully discussed between the officials of the Commerce Department and insurance interests at Bombay in May last. It is pointed out that while the decision to postpone its introduction was taken on the ground of the constitutional changes which were then in the making, there is no valid reason now to pigeon-hole it.

Pending the introduction of a State insurance scheme for covering riot risks compulsorily, the insurance companies are at present deliberating over the question of protecting themselves by revising the riot insurance structure. A conference was recently held at Calcutta to examine the tariff charges and the decision is being awaited, with anxious interest by those taking out riot policies. The present position

is that the insurance companies are finding it difficult to accept these risks at normal premiums, while the owners of property feel that the charges are very heavy to secure the cover.

INSURANCE AGAINST RIOT

PAKISTAN'S NEW ORDINANCE

The Governor-General of Pakistan has promulgated an ordinance to provide for the insurance of certain property against riot and Civil commotion risks.

The ordinance called "The Riot and Civil Commotion Risks Insurance Ordinance, 1947" extends to the whole of Pakistan and the Governor-General may, by a Notification in the official gazette, apply it to the whole Dominion or any part thereof from any notified date.

With immediate effect it will apply to cotton ginning and pressing factories and textile mills in West Punjab and Smd. Every factory building and other movable or immovable property, described in a schedule, will be deemed to be the property insurable under this ordinance, which may be amended from time to time.

GOLD BACKING FOR EGYPTIAN NOTES.

Attempts are being made by the Egyptian Finance Minister to cover the Egyptian currency notes so that they can be freely circulated throughout the world.

According to the Ministry, the amount of gold needed would not exceed £.22,000,000 (Egyptian).

AUSTRALIAN GOLD PRODUCTION.

Australia is making all-out efforts to encourage gold mining in order to increase the British Commonwealth's supply of the precious metal. Suspension of the gold tax is the latest measure designed to aid production.

Western Australia's output is steadily mounting. Gold lodged at the Royal Mint in Perth

during the first seven months of this year totalled 400,000 ounces—100,000 more than during the corresponding period of last year.

Recent assays have proved that there are still considerable gold deposits in the famous gold mine of Kalgoorlie but, owing to the high cost of mining, many of these deposits have been regarded as uneconomic. With the removal of the gold tax, it is hoped that they will be exploited.

A similar situation obtains in parts of New South Wales. There also mining has recently had a big fillip and the production of 25,000 ounces for the first half of this year was nearly double the figure for the corresponding period last year.

WILL GOLD APPRECIATE ?*

From time to time rumours of an increase of the official price of gold reappear in the Stock Exchanges and Bullion Markets. Sometimes the suggestion is that the Union of South Africa would devalue the South African pound in order to stimulate gold production. On other occasions it is a devaluation of sterling for the purpose of stimulating British exports that is canvassed. Rising price level in the United States gave rise to speculation about a devaluation of the dollar for the purpose of restoring equilibrium between American and world prices. Finally the shortage of gold supplies outside the United States has led to suggestions of an all-round increase of the price of gold in terms of the currencies of all member countries of the International Monetary Fund.

Almost exactly ten years ago the markets were full of rumours of an impending depreciation of gold. The fashionable view then was that there was too much gold and the United States Government and other Governments might consider it necessary to check the threatening boom by lowering their official gold prices. Ever since prices have been rising, and their

* By Paul Einzig in *Indian Finance*.

rise has become accentuated in recent months. And yet, this time the betting is on an increase of the official price of gold. This paradoxical situation should itself make it advisable to scrutinise with particular care the arguments of those who consider such a change imminent.

As far as South Africa is concerned, an isolated devaluation of her pound may be ruled out. Although the Union is keen on increasing the output, this end could be achieved with much less trouble by lowering the tax levied on gold mines. At present even such a measure seems to be unlikely, because the gold output is benefitting by newly discovered rich deposits.

A devaluation of sterling for the purpose of stimulating exports may safely be ruled out. Those who advocate it appear to possess the mental equipment for winning the last peace, not this one. Between the wars—especially between 1925 and 1931—British exports were handicapped by an overvalued pound, and its depreciation after the suspension of the gold standard went a long way towards removing this handicap. But at present sterling is undervalued rather than overvalued. This is a grave disadvantage, because it means that Britain gets less imports in exchange for her exports. Owing to the limited quantity of exportable goods available, a higher gold value of sterling would not lead to any appreciable decline in the volume of exports, and the yield would be higher. In the circumstances it would be very foolish indeed to reduce further the yield of exports by lowering the gold value of sterling.

A devaluation of the dollar in sympathy with the decline of its internal purchasing power seems equally out of the question. It would help countries with inadequate dollar resources to get more American goods for their dollars. But it would be an inflationary move, and is not likely to receive consideration in the middle of the present trend of rising prices. When the tide turns then possibly the matter may be reconsidered, though deflation and depression

would have to reach a fairly advanced stage before the United States Congress with its Republican "hard money" majority decided in favour of a deflationary measure such as the devaluation of the dollar.

What is somewhat less unlikely possibility of the more distant future is an all-round devaluation of all currencies. Such a measure is provided for in the Brettonwoods Agreement. At present it is of course out of question even though it would greatly assist Europe and the British Commonwealth in paying for their imports from the Dollar Area, not only because their gold buys more dollars and therefore more American goods, but also because higher gold price would increase the output. But the United States is naturally opposed to any measure which would tend to accentuate the present upward trend of prices. After the turn of the tide the position may be reconsidered especially as the acceptance of gold at a higher dollar price does not mean any heavy sacrifice from an American point of view. The alternative to accepting gold at a higher price would be to export against payment in dollars lent by the United States, and a large part of these loans would be defaulted upon in any case.

It seems, therefore, that for the present there is no need to expect any increase in the official price of gold. At the same time, even if any possibility for a reduction of its price existed ten years ago—as in fact it did not—it would now be quite safe to disregard it. The reason why in 1937 a gold scare arose was mainly that the gold stock of the United States was considered by many people as excessive, and it was assumed that she would not continue for ever unwanted gold at \$35 per ounce. In the meantime, however, the expansion of the volume of currency and credit in the United States has materially increased gold requirements, so that even though the American gold stock today is much larger than it was ten years ago nobody suggests that it is excessive. Indeed when in September 1947 Mr. Bevin made a somewhat

ill-considered suggestion that the American gold stock should be re-distributed he was promptly reminded that the amount of "free" gold that would be available for that purpose is a negligible fraction of the total stock.

There are also other reasons why the United States would not in existing conditions consider the idea of checking or discouraging the influx of gold by lowering the official buying price. Since it seems inevitable that she should have a large export surplus—in fact her foreign trade policy aims at perpetuating this state of affairs—she has to accept payment in some form and payment in gold is by far the most acceptable form. The alternative would be accepting payment in foreign goods which would largely compete with American goods; or lending the dollars with the certainty of a large percentage of defaults; or exporting less American goods. Few people would disagree with the view that payment in gold is preferable to any of these methods of payment.

Nor is there any reason for the United States to worry about the future of gold. In the twenties and thirties, under the influence of the Keynes-McKenna School of monetary reformers a widespread belief developed that sooner or later a scientifically managed paper currency would replace gold everywhere, and even though the prophesy that the value of the accumulated monetary gold stocks would eventually become reduced to that of scrap iron was obviously grossly exaggerated, fears that gold would eventually share the fate of silver after its demonetisation were widely entertained. All this is now a matter of the past. Both Lord Keynes and Mr. McKenna are dead, and the former recanted during the last year of his life. In his speech in the House of Lords in defence of the American Loan Agreement, he expressed his belief in gold, and this has greatly shaken the faith of the school of thought of which he has been the leader. It is now evident that even if Britain and many other countries would be

reluctant to link their currencies to gold in the same way as they were linked in the past, they would always be willing to accept gold and accumulate it for international requirements. So long as this is the position, the United States runs no risk whatever in accumulating a large gold stock, and in adhering to old-fashioned ideas of regarding this gold as the basis of her internal monetary system.

The conclusion derived from a re-examination of the prospects of gold is (1) that no change in the official price is expected in the near future; (2) there can be no question of a reduction in its price; and (3) there may or may not be an increase in its price in the more distant future.

CAPTURED GOLD FOR AUSTRIA.

The United States, Great Britain and France have agreed to turn over to Austria approximately 26 million dollars of the gold hoard looted by Germany from occupied nations during the war.

The announcement of the agreement between the three Allied Powers and Austria was made simultaneously in London, where it was signed and by the State Department of U.S. Actual allocation will be made by the Tripartite Commission for Restitution of Monetary Gold.

The final act of the Paris Conference on Reparations of January 14, 1946, provided for participation by Austria in the distribution of the looted gold. The tripartite commission announced on October 17, 1947, that the 20 million dollars was to be set aside as Austria's share in the preliminary distribution dependent upon that nation's ability to demonstrate the validity of its claim.

MEASURE TO CONSERVE FOREIGN CURRENCIES.

To conserve foreign currencies the Levant Governments have decided to stop the import

of motor cars. The position will be reviewed at the end of this year.

NEW EGYPTIAN COMPANY LAW.

A new Egyptian Company Law operates now in which Egyptian employees must represent 75 per cent. of the total staff of all the country-wide firms and salaries to the Egyptians must represent 65 per cent. of the total.

In factories, the Egyptian workers must represent 90 per cent. of the employees and their salaries no less than 80 per cent. of the total.

U. S. GOLD FOR EUROPE.

PLAN BEING STUDIED IN WASHINGTON.

Move for Stabilisation Fund of 8 Billions.

A proposal to ship some American gold to Europe in connection with the Marshall aid proposal is receiving serious consideration by leading Government officials and may be submitted to the United States Senate as part of the plan to aid Europe.

Officials familiar with the proposal say that the Congress will be asked to authorise a European Stabilisation Fund of about 8,000,000,000 dollars to be administered by the Treasury, in addition to the previously suggested six to seven thousand million dollars as gift and loans. The Stabilisation Fund would not be used until the Marshall programme was well under way when, it was suggested, the Treasury might dip into the fund to finance shipments of gold and dollars to the various Marshall Plan countries for use as reserves to back up their own local currencies.

Officials backing the plan said that it had nothing to do with the recent suggestion by Mr. Ernest Bevin, British Foreign Secretary that the United States should redistribute its gold because none of the gold or dollars could be spent in trade transactions.

IMPLEMENTATION OF MARSHALL PLAN.

MONETARY CHANGES IN MANY STATES LIKELY.

Drastic monetary changes in many countries will follow the Marshall Plan, which "may mark the beginning of stabilised international exchanges," according to Mr. J. T. Madden, Director of the Institute of International Finance at New York University.

Establishment of exchange rates on a more permanent basis and removal of restrictions are problems which must be solved before a semblance of international stability can be achieved, he said. "An analysis of conditions in Britain leads to the conclusion that no change in the sterling rate is likely to take place in the immediate future. Fiscal conditions in Britain are on the whole sound. The budget has been balanced and the creation of new deposits through treasury-borrowing has come to an end."

Mr. Madden said; "Foreign exchange restrictions are likely to remain in force indefinitely, giving the Government almost complete control over the types and quantities of commodities to be imported."

"Decline in value of the Pound would not increase exports from Britain, since the failure to develop exports more rapidly is not due to the fact that British commodities cannot compete in world markets, but rather to the shortage of commodities available for export.

"It is not to the interest of British economy to decrease the international value of the Pound. Devaluation would adversely affect sterling area members holding a large sterling balance in London."

Planning and Production

EXTRACT FROM H.E. MIR LAIK ALI'S FIRST RADIO TALK.

ECONOMIC PROGRAMME

"WHILE I have made a reference to the political programme first I do not mean to convey that I regard the economic programme secondary or that we are going to wait for a political settlement before embarking upon economic developments. Frankly speaking I regard better economic conditions conducive to and fundamental for a healthy political settlement. With this object in view I shall spare no effort in giving encouragement and assistance to all such enterprises which add to the productive power of the people and the removal of starvation and poverty.

"It is the first foremost right of every human being to earn sufficient food to maintain a healthy body and to properly clothe it and to keep it under a proper shelter. For achieving that end every measure will be taken whether it be by way of increase of production or better distribution. New avenues will be opened both for private and public enterprises; wider measures of education will be adopted so as to assist the masses for obtaining best results for themselves as well as to enable them to make a proper contribution to the enterprises.

SERVANTS OF THE PEOPLE

"To carry out these aims Government depends on its administrative machinery which will have to function in a loyal and fully effective manner. They must boldly, courageously and honestly discharge their duties. I can place before them no greater ideal than that they should consider themselves to be the servants, not the masters of the people. They should particularly remove all the genuine grievances of the ryots. Their sympathy for the lot of the man in the street - often a dumb being - their vigilance in knowing and redressing

his grievances and their readiness to help him over the stile make all the difference in the spirit of administration. And, on the top of it all, they must remain straight and refuse to take sides. It is only then that they will acquit themselves in a manner that redounds, not only to the credit of their order, but to the Government as a whole."

"HYDERABAD ENGINEERS' MISSION."

PRACTICAL PROPOSALS FOR BUILDING 'GREATER HYDERABAD'

Addressing the annual general meeting of the Hyderabad Centre of the Institution of Engineers (India) Mr. S. Mahmood Alam, Chief Engineer, Nizam's State Railway and Chairman, Hyderabad Centre, Institution of Engineers, India, emphatically declared that the mission of Hyderabad engineers should be to build a "Greater Hyderabad." He put forward a number of well thought out and eminently practical proposals for the successful fulfilment of this mission. In view of the fact that India is one of the poorest countries in the world he attached primary importance to the task of increasing the national income by at least three times its recent value, namely from Rs. 65 to Rs. 135 per capita. So far as Hyderabad State was concerned, he said, they had already made a beginning by accepting the proposals of the Pay & Service Commission to pay their cooly-class labour Rs. 55 a month. Taking a family of five members into account, this would mean Rs. 11 per head per month, or Rs. 132 per capita per year. They had now to endeavour to bring the income of the average Hyderabad to this level.

Mr. Alam then turned his attention to Hyderabad's many natural resources, which were awaiting exploitation for the good of the common man. For obvious reasons he stressed the urgent need for agricultural development, and pointed out that it was absolutely necessary that modern methods of cultivation should be

adopted for increasing the yield per acre. In this connection he told his audience how by adopting the Japanese method of paddy cultivation, Mir Laik Ali, a Hyderabad engineer, who is now a leading industrialist in the State, had succeeded in raising on his private farms paddy plants 5 to 6 feet high, as compared with the usual height of 2½ feet, that produced 5,000 lbs. of paddy per acre as against the usual 800 to 1,000 lbs.

RICE PRODUCTION.

While appreciating the fact that the proposed Godavari Valley and Tungabhadra Projects will be valuable contributions to the building up of Greater Hyderabad, it was imperative, he said, that the existing Nizam Sagar Project, which has so far been only partly developed should be fully exploited for the immediate solution of the pressing food problem. He pointed out that at present only 40,000 tons of rice were being produced under the Nizam Sagar, whereas their target should be 200,000 tons; and it was possible, he said, to produce this quantity of rice by bringing the still undeveloped area of 125,000 acres of the Nizam Sagar area under cultivation and using the Japanese method of production as has been tried out successfully by Mir Laik Ali. They would then easily be able to export 100,000 tons of rice and thus increase their natural wealth.

Speaking of the role of communications in economic life of the State, he said it was hardly necessary to stress the advantages of rail-road co-ordination. This step which has been taken by Hyderabad 15 years ago was now being taken by other Class I Railways in the country, and they were sending their officers to study Hyderabad's transport system. The original scheme envisaged rail-road-air co-ordination, but the question of air services had to be shelved owing to the outbreak of war. Later it was decided to let the air services be run by a limited concern under Government control, with the General Manager of the State Railway as the Chairman.

Thus rail-road-air co-ordination under one administration had been achieved with extremely satisfactory results, theirs being perhaps the only organisation of its kind in the world today.

Turning to road development, he said that at present they had 5,400 miles of roads, which worked out to one mile of road for every 15 square miles of country. To have a really efficient road system, he said, it would be necessary to increase the road mileage to something like 25,000 miles giving one mile of road to 3.3 square miles. A road expansion plan, which may cost about Rs. 50 crores, was now receiving active consideration of the P.W.D. authorities, he added. Likewise, they intend to expand road motor transport mileage, which now stands at about 4,300 route-miles over which a fleet of 124 buses and 240 lorries are flying. He revealed that self-contained mobile lorry units were doing extremely useful work in transporting food-grains from remote places to rail-head and to deficit areas.

In the scheme of greater Hyderabad, he said, it was imperative that they should have a major air-port with all modern equipment so that Hyderabad may come on the international air map, and not only attract international air-travel but also be in a position to operate such services herself. It was with this object, he said, that he recently visited Bombay and Calcutta and inspected the aerodromes there. As a result of these visits he had designed a major airport of "B" Class to be constructed at Begumpet. He added that this new airport, which is to cost Rs. 1½ crores and of which he gave technical details, is going to be the finest in India. All the preliminary arrangements had been completed and the work is to be started directly the required land is handed over.

SEAPORT.

He pointed out that their Greater Hyderabad would be incomplete without a seaport of their own, and in this connection he mentions the

historical claim Hyderabad had on Masulipatani. He also mentioned that the Portuguese were likely to sell their port of Marmagao, which was admirably suited to serve this State, being connected with Hyderabad by rail.

Concluding, Mr. Alam availed himself of the occasion to give some practical advice to Hyderabad engineers in general and said: "To my brother senior engineers I would say: let us work together and work for the attainment of our mission. Let us root out favouritism, nepotism and personal likes and dislikes. Merit and merit alone should count, and only then can we expect efficiency from the staff under us. Let us set an example to the younger generation of engineers by our efficient, selfless and sincere work. To the younger engineers my advice is to take their work seriously. Learn to lead your men which is infinitely better than driving them. Cultivate the team-spirit and never be ashamed of working with your hands. Without your help we cannot make our Hyderabad great."

THE SOCIAL WORKERS' CONFERENCE AT BOMBAY AND THE HYDERABAD DELEGATION.

Delegates from the Department for Tribes and Backward Classes, H.E.H. the Nizam's Dominion:

1. MR. KHAWJA ABDUL GAFOOR.
2. MR. H. R. MANVIKER.
3. MR. FAIZUDDIN AHMED.
4. MR. SETHU MAHADEV RAO.
5. MR. S. B. JOGLEKAR.

Delegates from the Public Health Department, H.E.H. the Nizam's Government, Hyderabad-Deccan:

1. MR. CHENOY. *Director, Medical and Public Health Department.*
2. DR. MRS. MAQBOOL ALI, *Woman Medical Officer, Child Welfare and Maternity.*

Delegates from the Labour Department, H.E.H. the Nizam's Government, Hyderabad-Deccan:

1. MR. ABDUL LATIF RAZVI.
Labour Commissioner.
2. MISS G. K. APPALSWAMY,
Lady Labour Welfare Officer.

A SHORT REPORT ABOUT "THE ALL INDIA CONFERENCE OF SOCIAL WORK" HELD IN BOMBAY FROM 6TH NOVEMBER 1947 TO 9TH NOVEMBER 1947.

"The All-India Conference of Social Work" was held in Bombay at the 'Sundarabai Hall' from the 6th to 9th of November 1947" under the Chairmanship of Jamsid Noshervani. Almost all provinces and a number of states were represented at this Conference with more than 400 delegates. Hyderabad had sent delegates from the Social Services Cadre, the Public Health Department and from the Labour Department.

While welcoming the delegates, the Chairman of the Reception Committee expounded the meaning of Social Justice and traced the history of social service and the aims and objects of the organisation of the All-India Conference of Social Workers by the alumni of Tata Institute of Social Sciences in Bombay. The welcome address was followed by the inaugural address by the Hon'ble Mr. B. G. Kher, who took the opportunity to bring out a correct appreciation of what is meant by society, traditions of social service in this country, the aim of social work and the part played by the state and private philanthropists.

Next Dr. J. F. Bulsara, the General Secretary, in his report stated how at a time when the rays of independence were dawning over the horizon of our country, and while our country's energies were being bent unitedly towards creative and constructive works for the socio-economic, educational and cultural amelioration of the masses, the Alumni Association of the Tata Institute of Social Sciences conceived the happy

idea of organizing a conference of social work on All-India basis. One of the objects, he said, they had in view, was to bring all social workers scattered all over the country doing field work in various spheres together on one platform to enable them to discuss their common problems, exchange their varied experiences and take counsel together, so as to lead to mutual advantage and to the improvement of their work and technique. Another objective was to explore the possibilities of establishing on a permanent footing an Indian Conference of Social Work so as to help in co-ordinating Welfare Services affecting the peoples of India, give advice and guidance and act as a clearing house of information on all scientific and systematic relief and rehabilitation work done in the country. While admitting that this was not the first Social Service Conference of its kind, he gave a brief sketch of all such Social Service Conference convened in the past years, broken thereafter owing to some unavoidable circumstances.

The President of the Conference Mr. Jamshed Noshervanji, in his presidential address, clarified what social work implies in India, its scope, the types of agencies, what has been done so far and what the next step would be, and to answer these he had suggested the new Governments of our two Dominions must realise that a large-scale intelligent drive has to be made to co-ordinate governments, states, local bodies, private efforts of social work and dedicated missionaries of social work to save the country from greater miseries than that of the British rule.

The scope of the Conference was carefully drafted and split up for discussions in the following 8 sections covering several problems of social work in the country :

1. State and Social Services.
2. Rural Community Development.
3. Community Organisation and Rehabilitation.
4. Youth Organisation.

5. Rehabilitation of the handicapped and the maladjusted.

6. Private philanthropy and social welfare.

7. Co-operation between social welfare Agencies and co-ordination of social work.

8. Training and equipment of the social workers.

SECTION I.

STATE AND SOCIAL SERVICES.

Subjects.

- A. 1. Health Services.
2. State and mental health.
3. Anti-Tuberculosis movement of Social Service.
4. Community Health Services.
- B. Prison Reform.
- C. Adult Education.
- D. Public Welfare Administration.
- E. State and Social Services.

The speakers on the above subjects were distinguished Government officials from Delhi, Bombay and Madras.

SECTION II.

RURAL COMMUNITY DEVELOPMENT.

Subjects.

- A. Urban Community Development.
- B. Rural Community Development.
- C. Aboriginal Welfare.
- D. Labour.

The Hyderabad Delegation took a keen interest in this section especially in the latter two subjects. They served on the Sub-Committees to draft resolutions which were passed at the Plenary Session on the last day of the Conference.

SECTION III.

FAMILY AND CHILD WELFARE SERVICES.

Subjects.

1. Maternity and Child Welfare.
2. Education for marriage and family life

3. Child Guidance.
4. Juvenile delinquency.
5. Problem of the dependent and neglected children.

The Lady Delegates from Hyderabad participated in this Section. It is gratifying to note that Hyderabad State has done some spadework on the maternity and child welfare. The State has hardly touched the fringe of the problem in opening a separate institution for young offenders who are to this day being tried in adult courts.

SECTION IV.

YOUTH MOVEMENT.

Subjects.

1. Youth movement.
2. Play-ground movement.
3. Scouting and guiding.

SECTION VI.

REHABILITATION OF THE HANDICAPPED.

Subjects.

1. The physically handicapped.
2. The mentally handicapped.
3. The maladjusted.
4. The mentally regarded children.
4. The problem of leprosy.

SECTION VI AND VII.

PRIVATE PHILANTHROPY AND SOCIAL WELFARE AND CO-OPERATION BETWEEN SOCIAL SERVICE AGENCIES AND CO-ORDINATION OF SOCIAL WORK.

Subjects.

1. Private philanthropy and social welfare.
2. Case work.
3. Social work.
4. Co-operation and co-ordination of social work.

SECTION VIII.

TRAINING AND EQUIPMENT OF THE SOCIAL WORKER.

A list of the resolutions passed at the Plenary Session on the 9th is herewith attached.

Special attention may be drawn to the resolutions Nos. 9 and 10 which relate to the introduction of Diploma and Degree Courses for training in social work by the Universities and setting up of a separate and independent State Department of Social Services and appointing an Hon. Secretary as a liaison between various Government departments dealing with social services. If implemented they would go a long way to providing scientific social works and co-ordination of all Social Work agencies in the State.

RESOLUTION ADOPTED BY THE PLENARY SESSION OF THE ALL-INDIA CONFERENCE OF SOCIAL WORK ON 9TH NOVEMBER 1947.

1. Resolved that the Reports of the discussions and proceedings of the following Sections of the Conference presented to the Plenary Session of the All-India Conference of Social work, be, and are hereby approved and adopted.

NAMES OF SECTIONS.

- (i) State and Social Services.
- (ii) Community Organization and Rehabilitation.
- (iii) Family and Child Welfare Services.
- (iv) Youth Organizations.
- (v) Rehabilitation of the Handicapped and the Maladjusted.
- (vi) & (vii) Private Philanthropy and Social Welfare and co-operation between Social Service Agencies and Co-ordination of Social Work.
- (viii) Training and Equipment of the Social Worker.

II. Further resolved that the Central Executive Committee of the Indian Conference of Social Work, to be appointed hereafter, be and is hereby authorized to take such steps as are considered necessary to give effect to the above Sectional Reports.

Resolved that a body known as the Indian Conference of Social Work, be and is hereby formed. Further resolved that the Draft Con-

stitution presented to the Plenary Session of the All-India Conference of Social Work held at Bombay, be and is hereby adopted as the Constitution of the Indian Conference of Social Work.

III. Resolved that the President of this Conference Mr. Jamshed Nusserwanji be and is hereby elected President of the Indian Conference of Social work for the year 1947-1948, and until the election of the next President.

IV. Resolved that the following be, and hereby are elected Vice-Presidents of the Indian Conference of Social Work for the year 1947-1948, and until the election of the next Vice-Presidents.

V. Resolved that the Central Executive Committee of the Indian Conference of Social Work, consisting of the following members, be and is hereby appointed for the year 1947-1948 and the President is hereby authorized to appoint more members of the Central Executive Committee for the year 1947-1948 as and when found necessary up to the maximum number provided in the Constitution.

VI. Resolved that be appointed Hon. General Secretary of the Indian Conference of Social Work for the year 1947-1948 and until the election of the next General Secretary.

VII. Resolved that be appointed Joint Hon. Treasurers of the Indian Conference of Social Work for the year 1947-1948 and until the election of the next Joint Hon. Treasurers.

VIII. Resolved that Messrs. . . . & Co., be and are hereby appointed Auditors of the Indian Conference of Social Work for the year 1947-1948 on a Honorarium of Rs. 100 and until the appointment of the next Auditors.

RESOLUTION RECOMMENDING THE INTRODUCTION OF DIPLOMA AND DEGREE COURSES FOR TRAINING IN SOCIAL WORK.

IX. Considering the fact that social work is assuming nation-wide significance in India.

that large numbers of voluntary and professional social workers are needed for the many measures and activities of ameliorative, curative and preventive character, and that in order to make these measures economical, effective and efficient, systematic and scientific social work is absolutely essential, and further considering the fact that avenue of training social workers are largely lacking in spite of the vastness of the country and the magnitude of relief and rehabilitation work, this All India Conference of Social Work assembled in Bombay in November 1947 strongly recommends to the various Colleges and Universities in India as well as large-scale Social Welfare Agencies and organisations jointly or severally to introduce diploma and degree courses of training in Social Work in their courses of studies

RESOLUTION RECOMMENDING ESTABLISHMENT OF STATE DEPARTMENTS OF SOCIAL SERVICES.

In view of the fact that the State is gradually assuming wider powers for the socio-economic well-being of citizens, that the State Health Services are gradually expanding into ever widening spheres, both of curative and preventive work and are tending more and more towards ensuring positive health and welfare of the people under their charge, further that the State is assuming responsibility for the establishment of compulsory primary education throughout its length and breadth and either supporting by grants-in-aid or in other ways, or itself conducting various institutions imparting primary, secondary, collegiate and literary, technical, vocational and other higher education and promoting research, and in view of the fact that the State is dealing and more with beneficial and social legislation for the progressive amelioration of the agricultural, industrial and clerical workers in particular and the citizens in general and further in view of the fact that co-ordination of the work of the various departments dealing independently with various measures of social welfare is essential in the interest of eco-

nomy as well as efficiency, this Conference is of the considered opinion that the Central, Provincial and State Governments should each introduce a separate and independent State Department of Social Services under a Minister or Secretary as a liaison between various Government Departments dealing with State Social Services or Social Legislation as also between Government and the people

SECTION II.

Community Organization and Rehabilitation.

ABORIGINAL WELFARE

Resolution

Whereas the Adivasis all over India and the Indian States constituting twenty-five millions of the total population living in what are called Partially Excluded Areas and Excluded Areas, are victims of ill-health, illiteracy, indebtedness, poverty and exploitation, this All-India Conference of Social Work urges upon the Central, Provincial and State Governments to give immediate attention and high priority to the welfare of the Adivasis in the schemes of Rural Reconstruction with a view to their total rehabilitation as an integral part of the Indian Humanity.

The programme for this rehabilitation should include an all-round physical development of the environments in which they live, creating healthy and well organized communities, providing special amenities for the betterment of health and education and for reorganizing the entire economic and social structure in a manner that will enable them to make a distinct contribution towards National Prosperity and Culture.

Labour Resolution I

This All-India Conference of Social Work considers the existing contents and programme of Labour Welfare in India to be entirely inadequate for the total rehabilitation of the industrial population. It is further of opinion that

the centre of initiative for Labour Welfare should not only be the place of working, but also the source which alone can become the centre of total human reconstruction, it therefore suggests that the existing programmes of Labour Welfare should be supplemented by planned community welfare services organized in regional community groups, created and managed through municipal and State initiative.

Resolution II.

This Conference feels the urgency of introducing compulsory minimum programme of Labour Welfare for all industries employing 250 or more workers, the programmes to be financed from a Labour Welfare Fund established by contribution from employers on production basis

Resolution III

This Conference is of opinion that steps should be taken to protect the interests of workers employed in unclassified and cottage industries who are being indiscriminately exploited by money-lenders, merchants, middlemen and contractors, by the organization of industrial co-operative societies of artisans and labour contract societies

ABDUL LATIF RAZVI.

RESTRICTION ON EXPORT OF METALS FROM HYDERABAD.

With a view to checking the export of gold, silver, copper and other valuable metals from H.E.H. the Nizam's Dominions, a number of notifications were issued in 1352 F. under the Hyderabad Defence Rules subjecting to certain special conditions the export of the above mentioned metals. H.E.H. the Nizam's Government now consider it necessary to place more restrictions on the export of these metals. Accordingly the export of gold, silver, copper, zinc, nickel or any other precious metal whether in the form of ornaments or in any other form or quantity through any means of transport

has been prohibited except with previous permission of the Government. Every exporter will have to obtain permission at the time of export which he will submit together with the articles of export before the officer concerned of the Customs Department. The permits may be obtained from the Secretary, Finance Department or any officer authorised by him in this respect.

Officials of the Customs Department have been authorised to make searches and take necessary action against persons contravening these orders, who will be punished with imprisonment or fine or both.

KEY INDUSTRIES MUST BE NATIONALISED.

AUSTRALIAN ECONOMIST ON INDIA'S NEED FOR FOREIGN CAPITAL.

Colin Clark urges Mixed Economy for Country.

Mr. Colin Clark, well known Australian Economist, stressed the need for a "big inflow" of foreign capital in India.

He said "unless there is a big inflow of foreign capital in some form or other, the growth of Indian industry and the rise of Indian national income is going to be held back."

Key industries, he suggested should be nationalised.

"Economic progress," Mr. Clark said, "necessitates a great deal of capital investment to get the degree of industrial progress envisaged in the Bombay Plan, you require, in my opinion a great deal more capital than even the authors of that plan envisaged. India's capacity to save in relation to its income is quite high, as indeed is also the case in Japan. The extraordinary thriftiness of the Japanese people was one of the factors which made their development possible. India saves some six or seven per cent. of her national income, which is a high figure for a poor country.

But any higher rate of saving is going to necessitate a severe reduction in the standard

of consumption of the Indian population. Even if you get some increase in the Indian rate of saving, the amount of Indian savings which you are likely to get in the next ten or twenty years are going to fall very far short of providing the necessary capital even under the most favourable circumstances for the development of Indian industry.

NATIONALISED KEY INDUSTRIES.

"I know there are political questions involved. I do not think anybody would suggest that foreign capital should be admitted indiscriminately. I think the primary political question which concerns you, and quite rightly, is that you do not want foreign capital to gain control over the key industries of the country.

"For that matter, if I were an Indian politician, I would not want Indian capitalists to gain control over them.

"Key industries, which are absolutely vital to national development like steel, chemicals, railways, shipping, banking and insurance, should be nationalised.

"That is to say, they should be owned by the National, Provincial or Municipal Governments. So in that respect I am more of a Socialist than many of you probably. On the other hand once you have established National or Provincial control over the key industries, I think the remaining industries should be left open to competitive enterprise. So in that respect I am much less of a Socialist than many of you probably.

DIVISION OF INDUSTRY.

"What I do think India needs, as indeed all countries need, is a perfectly sharp division between the key industries which must be planned and developed under national auspices and the other industries, light industries, agriculture, commerce, the building trade, the service industries, etc., in which competitive enterprise will enrich the community more rapidly than Governmentally planned industry would do.

WHERE FOREIGN CAPITAL CAN COME IN.

"In that field of industries which provides useful things but not of key essentiality to the national life, invite foreign capital, as much as cares to come.

U.S. METHOD OF HELP.

"American economists and businessmen are well aware that for the stability of their own economy, they will have to have some inflow of capital and they are already getting very interested in India. The form in which they would like to bring their capital is the form in which I think it will be most beneficial to India. They do not want to give loans with fixed terms of return but to establish branches with American capital, equipment and skill

"But I think the average American capitalist or European would be perfectly willing to accept what you regard as the most important condition, that he should employ largely Indian staff and provide training for young Indians who will eventually be able to carry on the industry themselves.

"If you can attain that measure of agreement with American and European capitalists, I think you need not worry about demanding 50 per cent. shares or anything of that nature.

"If they can find their field in light and service industries and not in Key industries, you need not have much to worry about."

To give an idea of the leeway India had to make up, Mr. Clark said that if India were to raise her income by two per cent. per year as in America in addition to her own savings she would have to attract each year an inflow of foreign capital and equipment to an amount equivalent to the whole of India's sterling balances.

It was not necessary for America to have a capital outflow if she was willing to play some tricks with Governmental budgets, he said in answer to a question.

Stressing the importance of service industries,

Mr. Clark said that while there was room for very large expansion of Indian manufacturing industries, there must be adequate provision for suitable output from the service industries like commerce, transport, public administration, teaching, entertainments, hotels, etc. Even in America only about 16 per cent. of the working population was engaged in agriculture and about 24 per cent. in manufacture, while the remaining 60 per cent. were engaged in service industries.

LESSON FROM JAPAN.

Referring to the question of light versus heavy industries, Mr. Clark said: "If you concentrate development on light industry rather than on heavy industry, your need for capital will be very much less. Japan right from the start concentrated her development on heavy industry and in recent years realised that "it involved imposing very much more severe sacrifices on her people than would have been the case if she has been mainly concerned with light industry." But capital, whatever its importance, was not to his mind the most important factor in the development of the economy. There were one or two intangible factors as technical education, for instance, the rate of development in Japan, the U.S.A. and Scandinavia was largely due to the excellent technical education, which those countries gave and its wide diffusion. Indian schools and universities proceeded on the assumption that everyone was going to be a banker or a Government Official. There had been a hopeless oversupply of men trained in the literary and commercial subjects.

COTTAGE INDUSTRIES.

Stressing the importance of cottage industries. Mr. Clark said: "If I were an Indian Minister, I should say, 'Have as much of your development in the form of cottage industry as possible. Regard the factory as a necessary evil.' I hope it will be possible to improve the productivity of cottage industry by the diffusion of electric and better equipment and most of all, technical instruction."

BASIC FACTORS

Economic progress in the last and final analysis depended on the character of the people, their willingness to work hard, their sense of justice, fair dealing in their dealings with each other, their obedience to Governmental authority, their freedom from corruption, their sense of charity, their sense of obligation to the community and towards their neighbours. It was on these factors that in the last analysis, prosperity would rest.

RICE ALLOCATION FOR 1948.

The International Emergency Food Council today announced recommendations for the distribution of 1,449,600 metric tons of rice for the first six months of 1948.

Allocations of world supply of rice available for export includes: 390,000 tons for India, 205,000 tons for Malaya, 200,000 tons for China, 185,000 tons for Ceylon, and 141,000 tons for Indonesia.

The I.E.F.C. announcement said that, "In Asia, the main rice producing area of the world, rice production has been recovering so slowly that exportable supplies from this area remain less than one-half of those actually moving prior to the war, and only one-third of the stated requirements submitted by the rice importing countries."

DESERTS IN INDIA MAN-MADE.

RAJPUTANA WASTE RECLAIMABLE.

Dr. Wadia's Address to Scientists.

Much of the desert in India was not real desert but semi-desert area that had grown in the last two or three thousand years. said Dr. D. N. Wadia, Adviser on Mineral Development, Ministry of Works, Mines and Power, addressing a meeting held under the auspices of National Institute of Sciences at Delhi University on Friday evening.

Dr. Wadia, who was commenting on a paper submitted by Dr. M. B. Pithawala, said "It is

a doctrine of geology that all cold continents turn into deserts. India being geologically very ancient would have shared this fate but for the meteorological service which the Himalayan mountains have done in affecting the air and water circulation over India.

"Much of the desert in India is man-made and not due to purely geographical causes. Soil erosion, forest cutting in the sub-Himalayan regions and enemy interference with canal systems have played their part in emphasizing desert conditions."

"Modern engineering and irrigation can," Dr. Wadia said, "reclaim a large part of the Rajputana waste land, 40,000 square miles of which today form an entirely barren desert"

DESERT RECLAMATION

The plan suggested to reclaim the desert was to revive the ancient Ghagar and its southern continuation by building a number of dams over Ambala streams. Parallel to the eastern Nara river, an old deserted river-bed which had now been converted into a flourishing canal system, hundreds of miles of land was claimed by irrigation engineers. Also Lun system of streams, by well designed draining works, could be converted into a system of reservoirs which could supply water perennially over the whole area. This would avoid the waste of a huge quantity of water through floods.

A system of improved communications by roads and rails and co-ordinated plans with provincial and State administrations could be arrived at for planned and judicious location of water systems of different territories.

Concluding, Dr. Wadia said. "Science and engineering and efficient geographical survey of Rajputana can make the desert tract fertile as it was a few thousand years ago."

EFFECT OF DESERT ON MONSOONS.

Dr. S. K. Banerji, Director-General of Observatories, explained the effect of desert on mon-

soons. He said that India owed rains to Himalayas. There was low pressure (29.35 inches) in desert regions and high pressure in Indian Ocean (30.2 inches). As a result of the Sukkur barrage, which had reclaimed hundreds of miles of the desert land, this low pressure area was receding to the west. The result was that people were getting more rain in Gujerat and West Punjab. Even Karachi was getting more rain.

The Sukkur barrage had altered the monsoon mechanism. If Rajputana was also reclaimed, it too would increase the moisture area. As a consequence of this, the low pressure area was very likely to shift further west. The monsoon circulation had a definite system. The average rain over a large number of years was fairly constant. In fact for some years past the U.P. was getting less rain presumably owing to a slight shifting of the low pressure area. Though they were making artificial rains in the U.S.A., Scientists there realize the adverse effect of their experiments on monsoons.

NATURE TAKES REVENGE

"We have been getting our rains at the expense of these desert regions. If you convert them into fertile regions some other area will suffer. Nature has its own revenge if you play with it, if you convert deserts into fertile lands, fertile lands might be turned into deserts," Dr. Banerji concluded

U. S. GRAIN FOR INDIA. DECEMBER QUOTA.

The United States Department of Agriculture announced a grain export allocation for December of 871,800 long tons. This includes wheat, flour and wheat equivalent, barley oats, and grain sorghums. It represents a substantial increase over the November quota of 758,800 long tons.

The Department of Agriculture officials said the export of grains is being stepped up to help fight hunger and cold overseas, stimulate the efforts of Americans to conserve grain, and

get grain to its destination before inclement weather in January holds up transportation.

The Indian allocation is 54,500 long tons in wheat flour and other grains. The largest allocation is 179,500 long tons to the Anglo-United States Zones of Germany. Next comes France which gets 129,500 long tons in wheat and flour and Italy 118,000 long tons.

The cumulative total for July to December, 1947, including the carryover from the June allocation is 805,000,000 bushels of grain. No allocation of grain is made to Britain which declined to take up the October allocation because of dollar shortage.

OIL PROSPECTING IN W. PAKISTAN.

ANGLO-IRANIAN COMBINE GIVEN ALL FACILITIES.

The British and Iranian oil combine in Iran the Anglo Iranian Oil Company—has been granted special facilities by the Pakistan Government to work the petroleum resources of Pakistan, it is learnt. The Company has been given special priority and is carrying on its prospecting behind a curtain of secrecy.

A non-Muslim official, who opted for West Pakistan and actually served there until the middle of October when he had to leave owing to special circumstances, said in an interview how he stumbled upon the activities of the combine

He said that soon after Pakistan was established, British engineers along with technical personnel began arriving in Sind and southern parts of West Punjab and established themselves in big houses evacuated by non-Muslims. The main centres where they are carrying on oil prospecting are near Rohri and Sukkur in Sind and in Muzaffargarh and Dera Ghazi Khan districts in West Punjab.

COMPANY ANXIOUS TO WORK UNDISTURBED

The official said: "After August 15 those who did not know me thought me a zealous Muslim

official. Once a senior official of the Company came to me in connection with some official work. Casually he told me that the Anglo-Iranian Company was particularly anxious to develop the oil resources in Pakistan as it was afraid of the consequences of the Russian demand for oil leases in North Iran. The Company also feared that unsettled conditions in the Middle East and the possibility of war in Palestine might create further complications.

"There is great scope in Pakistan. For one thing, the economy of the country has suffered owing to the disturbances and the Government is anxious to do anything to save a threatened economic collapse. Secondly, the mass exodus of Muslims from East Punjab will enable the Company to get labour without difficulty.

"Similarly, a British concern has been given facilities for exploiting other mineral resources of Pakistan, particularly coal and iron."

DROUGHT-RESISTING PADDY CROP.

EXPERIMENT IN MADRAS FARMS.

The Agricultural Department of the Government of Madras have sown seeds of the rice claimed by the Moscow Radio early in 1946, to be able to withstand drought conditions while being cultivated.

The seeds were obtained from Russia. It is found that the paddy is slightly bigger than the white srumani of the Tanjore District.

They have been sown at Pattambi in Malabar and other farms of the Government, including that at Triurkuppam near the Shevapet railway station (three miles from Trivellore). Conditions in these stations are most similar to those under which the Russian variety is grown.

Now, one variety of the Russian rice claimed to grow without much irrigation or rainfall, is being grown. The crop is now in the seedling stage, and the experiment is being watched with great interest.

A message dated December 31, 1945, from London stated: "A new kind of rice is claimed to have been developed in Russia, east of the Volga. The Moscow Radio to-day said that it grows on dry steppe and ripens one month ahead of the normal varieties, and that no water is needed for it before harvesting."

INDIA'S SUGAR-CANE INDUSTRY.

GRANTS FOR 5-YEAR PLANS.

To improve and develop the sugar-cane industry in India, important decisions were taken at a meeting of the Indian Central Sugar-cane Committee, held here yesterday, under the presidentship of Sir Datar Singh, Vice-Chairman, Indian Council of Agricultural Research.

A sum of Rs. 53,75,000 was sanctioned for the implementation of five year development schemes submitted by the Governments of Assam, Bihar, Bombay, the Central Provinces, Madras, Orissa and the U.P., and an advance of Rs. 1,50,000 was promised to East Punjab against the ultimate grant to be made to the Province. West Bengal has been asked to submit its scheme on the basis of the sugar-cane area in the Province.

To help and guide the Central Sugar-cane Committee in all matters of vital importance to the sugar industry, and to ensure that research schemes are efficiently and expeditiously implemented a high-power sub-committee was formed, consisting of the President, Vice-President and three other members. Closely associated with the work of this sub-committee will be the Development Ministers of Bihar and the U.P. Governments. The Committee authorised the President to negotiate with the Government of India the terms and conditions under which it could take over the Combatore sugar-cane breeding station.

As the activities of the Central Sugar-cane Committee have been limited to the Indian Dominion since August, 15, a special meeting

has amended its rules and regulations and by-laws.

As a result of the partition of the country, the financial position of the sugar-cane committee will not be affected to any large extent. Out of a total excise duty of about Rs. 12 lakhs per annum which the Committee has been receiving from the Sugar Excise Fund, the receipts of Pakistan will not be more than Rs. 30,000. As no sugar-cane schemes in Pakistan are to be financed by the Central Sugar-cane Committee after August 14, the expenditure on research grants for the seceded areas will cease and a net saving of about Rs. 49,000 may be expected.

PRODUCTION DRIVE IN INDIA.

By J. C. Kumarappa.

NEED FOR NEW SYSTEM.

In spite of the fact that the Western economic organization has been based on mass production on a large scale by centralized methods for over hundred years and working at feverish rate in most of the European countries and in America we find that those very countries which have taken to this method of production are suffering from a tremendous shortage of consumer goods, writes Dr. J. C. Kumarappa in 'Harijan', and adds: 'Not only the production of Europe itself has not been sufficient to meet the demand, but the four corners of the earth have been scoured to obtain the hoarded material wealth of other countries as well and even then we are faced with starvation and famine. This phenomenon of a shortage of goods caused by a method of production aiming at heaping up material wealth resulting in shortage of goods for the people, would appear to be intensifying as time passes by, and yet the people entrusted with the future programme of our country are ardently following the Western countries. It seems to us clear as daylight that if we take the same steps as they have done, we shall reach the same destination and hence it is the duty of every citizen to study the reasons for this extraordinary phenomenon.

LAW OF SUPPLY AND DEMAND.

"Production, if it is to satisfy the demand, should take into consideration the various forms of demand and if such production is calculated to meet all that demand, then there will be a surplus, but if the demand exceeds the production there will be a short supply. Therefore, the present shortage of consumer goods in Europe suggests that there is a factor of demand which has been overlooked. If this factor could be dealt with, then only it is possible to meet the full needs of the various countries. It does not require any deep study to discover the fact that this missing factor is *war*. The centralized methods of production have been based on the proposition of the control of sources of raw materials and markets for finished goods. At both these points violence is necessary to enable the manufacturers to lord it over the raw material producers and the consumers. Hence it is that war has become an essential part of this productive machinery. Unfortunately, the powers that we have not taken into consideration the demands of war and, therefore, what is produced in peace-time in large quantities proves to be absolutely insufficient to meet the demands created during war-time. The last two global wars have proved to be voracious consumers. The destruction that has taken place has been much greater than the productive power of the machinery evolved during peace-time. Hence, if we aim at an ample supply of consumer goods, we have to switch over to a method in which war does not figure as an integral part of the machinery of production.

PEOPLE GIVEN WRONG LEAD

"The leading materialistic nations of the world are not, or do not choose to be, cognizant of this fact and they are again leading the people in the wrong direction. An American news item states that great preparations are being made for a possible war in three new dimensions. President Truman's Scientific Research Board has reported that "it was

pouring out " vast sums for the development of guided missiles, jet and rocket aircraft, and a host of electronic devices. It is stated that among the more significant electronic developments is the revolutionary Radar fire control system. The Federal Agencies are spending 624 million dollars this year on these various "scientific" projects. More than five-sixths of this total is to be spent on war research. The armed forces are now relying heavily upon such research and development as vital to the effective prosecution of their programme. When the best brains of a country are being prostituted into the paths of destruction, can it be any wonder that the world is suffering from a shortage of consumer goods? Until our leaders wake up to the fact and organize the country on a sane basis, eschewing all forms of wanton destruction from their programme, it is not possible to expect palmy days in front of us.

" It should seem futile for India to follow the Western economic systems that have produced the results that we see all around us. We have, therefore, to evolve a system which will produce more than our demand. It may not present such glowing pictures to ensnare the population, but it may prove to be, in the long run, a wiser course, bringing in peace and prosperity to the producers themselves and to the people around them."

INDIA'S ECONOMIC POLICY.

" FOLLOWING BRITAIN'S BAD EXAMPLE "

Recent events in India are reviewed in an economic appraisal of the potentialities of India in the current issue of 'India Affairs' the journal of the Indo-Burma Association which is mainly concerned with trade.

Referring to India's position in international trade which the journal describes as " very unfavourable " the " Indian Affairs " proceeds : " The dollar shortage and the whole country's adverse balance of trade make it extremely difficult to secure the import of vast quantities

of food so necessary to avert famine, leave alone maintain the already low standard of living.

" The same disability applies with equal, if not greater, force to acquiring capital goods required to assist both agricultural and industrial development. Linked closely with these problems is the over-riding one of finance, for only on their solution can the country hope to overcome the increasing deficit to which the present prices have given rise.

" This general picture is sufficient to emphasise the importance and urgency of the economic co-ordination of both short and long-term policies. Here Indian leader might have learned a lesson from Britain on the dangers of hasty planning.

The " Indian Affairs " adds : " Yet the Government of India has just devised a scheme for dealing with the shortage of production in the cotton textile industry. It is a conglomeration of rationalisation, longer working hours, and the partial elimination of normal distributive channels. To overcome opposition has not been easy and in the process, the scheme had to be revised and modified several times. For the new economic committee of the Cabinet this is a bad start."

EXPANSION OF FARM PRODUCTION.

FOUR-YEAR PLAN FOR BRITAIN.

The Minister of Agriculture has presented the first of the British Government's detailed plans for industry under pressure of the economic crisis. The plan relies almost wholly upon incentive, backed by such practical measures of assistance as, within practical limits, the Government has now pledged itself to give.

The new price schedules which he announced not only cover the special price review consequent upon higher wages and increased costs, but include a considerable margin to finance the breeding or purchase of live-stock, machinery, and other means of production. Moreover, by

fixing new minimum prices for live-stock up to 1951-52 the industry is encouraged to plan, as Mr. Williams told the farmers "not for a month or year, but for a whole series of years" with assured markets at fixed prices.

ALL RESOURCES TO BE MADE AVAILABLE

The Minister gave an assurance that all resources, including labour, would be made available. The farmers must help themselves by trying to attract British labour to their farms. Government assistance here lies chiefly in the direction of housing. Agriculture will have the highest priority, in conjunction with mining and key workers in development areas.

For this year and next, and possibly for longer, there will be no call up to the Services from among rural workers. This represents the retention of about 15,000 men. Much use is to be made of foreign labour.

Dollar shortage will not be allowed to interfere with the import of feeding-stuffs. "We are aiming, by 1951, to get back to something like two-thirds of pre-war imports," Mr. Morrison said. But reliance is also placed upon increased acreages of grain in this country, improved pastures, and the better conservation of grass for winter use.

PRODUCTION OF LINSEED

The long-term plan also provided for a crop area of 400,000 acres of linseed—a valuable source of cattle-cake and of oil for industrial purposes. This is a new crop, for which the 1948 target is only 150,000 acres.

In addition to the incentives offered to farmers by the new price lists, the Government announces four new subsidies and two new or extended acreage payments.

By these inducements, and by the practical measures involving resources, the Government aims at an expansion by 1951-52 of 50 per cent. as compared with the peak year of 1943-44, and 20 per cent. compared with 1946-47. This

considerably exceeds the targets set out in the White Paper published last March. It is expected that half of the total expansion will be contributed by increased efficiency within the industry and half from additions to its resources. Ninety per cent. of the expansion is expected from increased live-stock and live-stock products.

£ 50,000,000 SCHOOL BUILDING

Britain's school building programme for next year will entail construction of permanent accommodation worth £. 50,000,000. It includes 200 projects planned to meet the extra needs resulting from the raising of the school-leaving age, as well as the provision for increased birth-rate. This was revealed by the Minister of Education, Mr. Tomlinson, who said that this programme was the essential minimum to meet the pressing needs with regard to accommodation.

RUSSIA PREPARING NEW 5-YEAR PLANS.

Pravda declared in an anniversary editorial that the U.S.S.R. was preparing new five-year plan which would "make our country the richest in the world."

American "imperialists" had no confidence in their internal strength; "they pin their hopes on the atom bomb secret which as M. Molotov stated in his report, has long ceased to exist," the paper said.

GRIM WORLD FOOD SITUATION.

I.E.F.C. PREDICTION.

The International Emergency Food Council has called for "unprecedented" national and international efforts to meet the mounting world food crisis.

This was emphasized in the quarterly report presented by the Secretary-General, Dr. Dennis A. Fitzgerald, at the Council's fifth annual meeting here.

The report attributed this year's poor crops to adverse weather in Europe last winter and

hot, dry weather this summer the effect of which "is being felt in almost every country and every area in the world."

It called attention to the fact that although food production this crop year will be only slightly below that of last year, it will be 'appreciably' below pre-war, while the world's population will be nearly 200 million or eight per cent. above pre-war. Per capita food consumption, the report said, will be on average two or three per cent. below pre-war.

DECLINE IN EUROPE'S PRODUCTION.

The report said that the 'heart' of the problem is the 200 million bushel decline in food-grain production in Europe, which was further complicated by declines in other importing countries, notably India, a reduced U.S. corn crop and a decrease in European production of potatoes, hay and pasture.

The report saw as an inevitable result of the grain shortages a considerable reduction in European live-stock during this year, which it called a most unfortunate development since European agriculture is very largely built around livestock."

In presenting the report to the Council, Dr. Fitzgerald emphasized the 'critical nature' of the situation and urged every country to make certain "that no possible measure has been left untried in its efforts to maximize indigenous collection; that every effort possible is being exerted to utilize fully other foodstuffs which may be available."

FOOD ALLOCATIONS DELAYED.

The Council on Monday decided to postpone action on the transfer of its food allocating functions to the new world Food Council of the U.N. Food and Agriculture Organization until June 30, 1948.

The United States and Belgium presented the resolution seeking postponement. Agriculture Secretary Anderson, representing the United States, told the Council that the world food

shortage presents a situation too acute to justify interruption of the international system of food allocation worked out and supervised by the IFFC. He urged that the FAO provide an assurance that there will be no break in the continuity of the allocation system.

The IFFC was established in the summer of 1946 as an outgrowth and expansion of the war-time Combined Food Board, a three-nation group comprising the United States, Canada and Great Britain. It continued on a global basis the system of food allocations devised by the war-time board. The 18-member F.A.O. Council was organized in Geneva in September to take over the functions of the I.E.F.C. effective in December 31, 1947.

LONG-RANGE PLANS URGED TO FREE WORLD FROM HUNGER.

F.A.O. CHIEF'S GRIM WARNING ABOUT IMPENDING CRISIS.

Warning of a possible "complete breakdown of the structure of human society," was given by Sir John Boyd Orr, Director-General of the Food and Agricultural Organisation, when he addressed the World Food Council at its first meeting

Sir John called for "bold and far-reaching action" in tackling the current world food shortages and the problem of unmarketable surpluses in the years ahead.

Sir John claimed that the food situation had deteriorated ever since the Council was formed at Geneva last September—that the gap between the demand and the supply of grain was now ten million tons, rather than nine million as then estimated.

He cited especially the case of India, where food supplies were estimated as "no greater than they were just before the Bengal famine of 1943," though he expressed the hope that better Government distribution might avert such a heavy death toll this time.

Sir John, nevertheless, warned the meeting that in connection with the world situation there was "no hope of the present shortage ending with the 1948 harvest. Stocks are so low that even with bumper harvests many countries may be forced to continue bread rationing through 1949. The shortage of fats and oils and live-stock products will continue over a much longer period."

Sir John insisted that the Council's prime task was to rebuild the world's economic and financial system on a basis more stable than the pre-war structure.

NATIONALISATION IN BRITAIN.

In Britain today, nationalisation is being carried out according to plan.

Since the advent of the Labour Government in July, 1945, the Bank of England, Civil Aviation, external cable and wireless communications, and the coal mines have become national enterprises. Both the Transport and Electricity industries are in process of nationalisation; and within the life of the present Government the iron and steel heavy industry will also become a national enterprise.

Nationalisation in Britain has been achieved by legislative action. Industries scheduled for nationalisation in the programme of the Labour Party, on which it fought and won the General Election of 1945, had to be acquired by purchase from their proprietors. Nationalisation involved the transfer of industry from private to public ownership, and with the transfer, the former owners departed and the State's nominees took possession. Reorganisation followed.

IMPROVEMENT THROUGH DISCUSSION

During the long legislative process which provides ample opportunity for careful deliberation and improvement through discussion, a common administrative pattern for British nationalised industry has evolved. For each of the national enterprises a Board is appointed

by the responsible Minister to administer nationalised industry as a public corporation. Members of the Board are chosen by the Minister from among those with the necessary experience, the legislation often requiring that they be selected from certain fields of experience. For example, in the case of transport they were required to have had 'wide experience and have shown capacity in transport, industrial, commercial or financial matters, in administration or in the organisation of workers.'

There is no obligation imposed on the Minister to consult any outside association, political party or trade union. His is the sole power to appoint. In practice he has a wide choice when he chooses members for the administrative board and he includes former trade union officials among them. It might appear that this opens the way for political appointments but, since the Minister must inform Parliament of the appointments and must face its criticism, he dare not appoint other than those considered the best qualified for the task. The Chairman of the Coal Board is a former distinguished coal mines proprietor, Lord Hyndley; the head of the Electricity Board is the former General Secretary of the Trades Union Congress, Lord Citrine.

COMMERCIAL LINES

Once appointed, the Board is responsible for the operation of the industry on commercial lines. All subsequent appointments of executives, managers and staff are made by the Board. Neither the Minister nor any outside body can interfere. The Board is left free and independent to manage its own affairs, interference in its day-to-day operations being ruled out of order. There is, however, a check on its general operations through the Minister and Parliament.

Parliamentary relationship to the nationalised industries is a characteristic form of democratic control. All establishing Acts empower the Minister to give directions of a general nature to the Boards when he considers it required in the national interest. The Chancellor of the

Exchequer can give such directions to the Bank of England; the Minister of Fuel and power to the coal and Electricity Boards; and the Minister of Transport to the Transport Commission. Retention of this directive power in the Minister's hands enables him on the one hand to ensure that the national enterprise fits into and carries out, the State economic plan, and on the other to protect the public credit which is involved, inasmuch as the State guarantees the enterprise's obligations. It enables the Minister to share in the formulation of the general plan and policy of the nationalised concerns, and to keep an over-all check on its operations.

Equally important is the fact that because the Minister has this power he must answer to Parliament for the exercise of it. Under the British Parliamentary democracy every Minister is responsible to Parliament. There he can be questioned orally and the matters for which he is responsible can be debated. He must present to Parliament the annual accounts of the enterprises, which can then be debated, and he must inform Parliament of any directions he gives to the Boards. To the extent that public moneys are involved, Parliamentary Committees can probe into the finances of the national enterprises.

DECENTRALISATION

This Parliamentary check is a most important factor in the administration of nationalised industries. The difficulty is the maintenance of a correct balance between excessive interference and inadequate watchfulness. The success with which this is achieved depends upon the Minister. The most successful will refuse to answer questions regarding day-to-day operations and confine his responsibility to matters of major importance only. Thereby the responsibility, initiative and enterprise of the Boards is respected and maintained. It is of equal importance that it reduces bureaucracy to a minimum.

Paper work is a disease that threatens every organ of Government and the greater the remoteness from governmental control the greater the hope of escaping infection. Dual control by the Minister and Board is thereby avoided, the aim being to shun duplication at Ministerial level. National enterprises can, however, themselves develop symptoms of the paper disease through over-centralisation. To minimise this danger, although nationalisation has followed the pattern of the total acquisition of an industry and its administration by a central board, the tendency is to decentralise through the appointment of regional boards, and the delegation of the maximum of responsibility to them, and to break them down into the various units that make up the whole.

CONSULTATIVE COMMITTEES

Parallel with Parliamentary control in Britain, an attempt has been made to develop consumer or use control. It is recognised that if nationalisation is to mean much to the community as a whole, the public concerned with the nationalised services or industries, must have a voice in its operations. In all nationalising Acts provision is made for the establishment of consultative committees, both central and regional, on which serve representatives drawn from the affected sections of the community, notably local government, the trade associations, Chambers of Commerce, the trade unions and the like.

Such committees have no executive powers but they possess the right to make representations to the Minister, who has to direct the national enterprises to carry out their recommendations. Similarly, the Minister can ask the Committee to investigate relevant matters. In the case of transport, for instance, fares and charges, services and facilities would be subject to the review of such regional committees.

In this matter of consumer participation, British nationalised industry has gone far, in workers' participation it has not. Whereas a proportion of members of the administrative

boards is drawn from the trade unions, and provision is made in the nationalisation measures for consultation with the workers, establishment of workers' councils is not mandatory. The machinery for worker consultation and participation is left to the Boards to determine. No pattern is laid down. Its extent consequently varies, and the problem facing nationalised industry is to eliminate the division between employer and worker, between management and employees.

THREE REQUISITES.

So far as nationalised industry is concerned there are three requisites to the instillation of a full sense of worker's responsibility: political education, material benefits, and participation in management. Initially, mines nationalisation in Britain stimulated production because the miner had worked for nationalisation for decades, and because he quickly experienced improved working conditions, including a five, instead of a five and a half, day week, without reduction of pay. Until he enjoys the third requisite the full benefits may not be appreciated by him.

State purchase of industry in Britain has in every case been on the basis of a price fair both to the former owners and to the State. No less was paid to the owners than the value based on previous earning or Stock Exchange quotations, and no more was paid by the State than was considered justified in the light of the future value, as judged by likely earnings. Thus, in the case of the Bank of England, with its hidden assets, the price was such as to guarantee continuation of the stockholders' past income; in the case of the coal mines it was based on the past earnings of the industry; and for the railways, Stock Exchange values were taken.

From the fact that the Government supporters attacked the compensation terms as being too generous, and that the Opposition claimed they were so ungenerous that they contained

an element of confiscation, it would appear that the terms in every case were fair enough. Payment was made in State bonds, or bonds of the nationalised concerns, guaranteed by the State, of a value equivalent to the purchase price. That is to say, £. 100 of bonds would be exchanged for every £. 100 of the purchase price, irrespective of the income previously received. Since Government bonds carry only about 2½ per cent. interest, former owners, who previously received larger incomes from the acquired concerns, suffered a diminution of income.

ADMINISTRATIVE SCHEME.

Justification for this is the greater security enjoyed by State over private enterprise. National enterprises consequently start off with a financial advantage, the annual interest charges on their obligations is considerably less than the amount previously paid by the privately owned concerns. In the case of the railway, for example, the interest charges will amount to about £. 22,500,000 per annum compared with £. 40,000,000 previously received by stockholders, a saving of £. 17,500,000 a year. This initial reduction in fixed charges should make it easier for the national enterprises to pave their way, an obligation imposed upon them in all establishing legislation.

To sum up, nationalisation of industry in Britain is legalistic. It involves purchase of private enterprise by the State at a fair price and just to both parties. An administrative scheme has evolved in the form of the non-profit making, self-supporting public corporation. It ensures commercial operation with public accountability. Administration is entrusted to responsible executive boards subject to policy control at Ministerial level. The Boards have financial autonomy backed by public credit. The community, including consumer and worker, is given full opportunity to make representations concerning the operations of the enterprises and provision is made for consultation with the worker.

In Britain, nationalisation, travelling along the constitutional road, is progressing towards the democratisation and socialisation of industry. The transfer to public ownership of the Bank

of England, the coal mines, transport, electricity, gas and heavy industry is only the beginning. If there is no change of Government in 1950 a second programme will commence.

Finance and Resource

Hon'ble Nawab Moin Nawaz Jung Bahadur on the new chapter in the development of Hyderabad.

ON 18th December, 1947, Hon'ble Nawab Moin Nawaz Jung Bahadur, Finance Minister, was given a warm welcome by the officers of the Finance Department on his assumption of the Finance portfolio. In his reply, the Finance Minister stressed the following three points.

First of all, he said, Governmental administration had made good progress in all the departments during the last four to five decades, and as such, the time had come for the Finance Department to agree to some amount of decentralisation, thus giving the departments a fairly wide elbow room to manage their own affairs, the Finance Department confining itself to matters of policy and major problems and schemes. The rightful business of the Finance Department was not to put obstacles in the way but to minimise extravagance, not to procrastinate but to stabilise, not to find fault but to review in a constructive spirit. It was only this way that administrative efficiency could be increased, for the benefit as well of the Government as a whole as of the masses of the people. He hoped that he would be very soon able to launch this process of decentralisation.

Secondly, the Nawab Saheb emphasized the

necessity to recognise changes that have come about in society in general with regard to political and economic ideas and ideals. It was for this reason that reputed experienced administrators like Nawab Liakat Jung and Nawab Zam Yar Jung made place for the representatives of the masses of the people, in the Cabinet. This did not mean that the value of the services of such people in the past or in the future could in any way be belittled. As a matter of fact, Government was most anxious to utilise the talents of these eminent personalities in some way or other for the good of the State.

Thirdly, the Nawab Saheb referred to the usual charge that the average officer of the Finance Department was not capable of broad views, and could not tackle national problems from other view-points. It fell to his lot that having begun his career in the Finance Department, he got the benefit of varied experience in different fields like planning, broadcasting, politics and diplomatic negotiations. He was grateful to the audience for having said that he had brought about certain achievements worth mentioning in these different fields of Governmental activity. His first love was Finance, he was very happy that he had returned to Finance, and he hoped that this would be his last love.

TEXT OF BUDGET SPEECH.

THE AFTERMATH OF PARTITION.

Presenting the Budget, the Finance Minister, India, said :

I rise to present the first Budget of a free and independent India. This occasion may well be considered a historic one and I count it a rare privilege that it has fallen to me to be the Finance Minister to present this Budget. While I am conscious of the honour that is implied in this position, I am even more conscious of the responsibilities that face the custodian of the finances of India at this critical juncture. I have no doubt that in the discharge of my responsibilities I may count on the sympathetic and wholehearted co-operation of every Hon'ble Member in this House.

2. It is not necessary to dwell at any length on the political developments which have led to the momentous changes that have taken place since the Budget for the current year was presented to the Legislative Assembly last February. The partition of the country has cut across its economic and cultural unity and the growth of centuries of common life to which all the communities have contributed. The long-term effects of the division of the country still remain to be assessed and we are too near the events to take a dispassionate view. When the ashes of controversy have died down, it will be for the future historian to judge the wisdom of the step and its consequences on the destiny of one-fifth of the human race. Whatever might be the immediate political justification of partition, its economic consequences must be fully appreciated if the two Dominions are to safeguard the interest of the ordinary man in both the new States. Regions which have functioned for centuries on a complementary basis have been suddenly cut asunder. To have as a single economic unit a sub-continent peopled

by a fifth of the human race meant by itself a great advantage for the teeming millions of its population—an advantage not fully realised, and perhaps not properly utilized while the unity was a fact. While it may be a comparatively easy matter to make the necessary political adjustments resulting from partition, it would require time, patience, good-will and mutual understanding to effect the adjustments necessitated by the economic consequences of partition. Economically, India and Pakistan have each points of advantages and disadvantages. In general, it may be said that, while India is much the stronger at present in industrial production and mineral resources, Pakistan has some advantage in agricultural resources, especially foodstuffs. But the complementary character of their economies is even deeper than is indicated by this generalisation. The compelling forces of economic necessity must create a friendly and co-operative spirit between the two Dominions and I trust that, when the present passions subside and normal conditions of life return, our people will work together to secure that, notwithstanding the political division, the economic life of the common man is not injured. So far as we are concerned, the Indian Union with its population of nearly 800 millions will be the second largest country in the world next to China. Our economy is more balanced than that of most countries and, in spite of the set-backs resulting from partition, our large natural resources and sound financial position will enable us to launch a vigorous economic plan for substantially raising the living standard of our people.

3. The Budget Statement that I am presenting to-day will cover a period of 7½ months from 15th of August 1947 to 31st of March 1948. I may briefly explain the circumstances in which it has been necessary to present a fresh Budget for this period. With the division of the country and the emergence of two independent Governments in place of the old Central Government, the Budget for the current year

1947-48 passed by the Legislature last March ceased to be operative. Although under the transitional provisions of the constitution, Government could authorize the expenditure necessary for the rest of the financial year, it was felt that it will be in accordance with the public wish that a Budget should be placed before the representatives of the people at the earliest possible moment. There is nothing spectacular about my statement and there will be no surprise associated with a Budget. I shall place before the House our estimate of revenue and expenditure for this period and I shall try to indicate in broad outlines the pattern of the economic life of the country and the problems that we will have to face in the immediate future.

FINANCIAL CONSEQUENCES OF PARTITION

4. Before I proceed to deal with the estimates for the year, the House would doubtless wish to have a brief account of the broad details of the partition and its immediate financial and economic results. As soon as the decision to divide the country was taken, a Partition Council, consisting of the representatives of both the future Governments, was set up to implement the decision. A number of Expert Committees, on which both the future Governments were equally represented, were appointed under the ægis of the Partition Council to work out the administrative and other consequences of the partition. These Committees, some of which were assisted by a number of departmental sub-committees, dealt with all aspects of the problems arising out of the partition such as the transfer of staff and organisations, the division of assets and liabilities, the arrangements for the coinage and currency in the two Dominions, the trade and economic relations between them, the continuance of economic controls and so on. These Committees had to complete their work in a matter of four to six weeks and the House will appreciate that in the short time available to deal with these issues, some of which

were of the utmost complexity and importance, it was not possible to reach an agreement on all matters before 15th August 1947 when the two Dominions came into existence and took over the Government of their respective territories. A number of important points were accordingly left over for further consideration by the two Dominions and, in the absence of an agreement between them, for reference to an Arbitral Tribunal which has been set up. Among the important issues on which it has not been possible to reach an agreement, I may mention the allocation of debt between the two Dominions, the method of discharging the pensionary liability, the valuation of the Railways, the division of the assets of the Reserve Bank and the division of the movable stores held by the Army. Some of these issues are likely to go before the Arbitral Tribunal and the House will not expect me to say anything further about them at this stage. It was also found impossible to reconstitute the Armed Forces between the two Dominions and allocate the military stores, equipment and installations between them before 15th August, 1947. For the completion of this work, and for clothing, feeding and paying the Armed Forces till their reconstitution had been completed, a Joint Defence Council, representing the two Dominions with an independent Chairman and with a Supreme Commander responsible to the Council, has been set up. This Council was originally expected to complete its work by the 1st of April 1948 but it is now hoped that this may be mostly achieved by the end of this month.

MAINTENANCE OF STATUS QUO.

5. The long range fiscal, financial and economic relations between the two Dominions still remain to be considered, but for the rest of the current year the intention is to maintain, within the framework of the agreements arrived at, the *status quo* before the partition. For the present both the Dominions will continue the existing taxes and duties, there will be a free

movement of trade between them without any internal barriers and the import and exchange controls of the two Dominions will be co-ordinated. It has also been agreed that till the end of September 1948 the two Dominions will remain under a common currency system managed by the Reserve Bank, although from 1st April next, Pakistan will have its own overprinted notes and coins. So far as revenue is concerned, each Dominion will ordinarily retain what it collects but in respect of income-tax on assessments for 1946-47 and earlier years and uncollected demands on the date of the partition an arrangement for sharing the receipts arising in both the Dominions has been arrived at. In the matter of the division of assets and liabilities, it has not been possible, as I have explained earlier, to reach an agreement on a number of important points including the allocation of debt and the discharge of the liability for pensions. But the responsibility for the outstanding liabilities of the old Government could not, for obvious reasons, be left vague and undetermined and the only practicable course was for one of the Dominions to accept the initial liability to the creditors and settle with the other the contribution to be made by it. The initial liability for the outstanding loans, guarantees and financial obligations of the late Central Government at the time of the partition and for the pensions chargeable to it has been placed by law on the Indian Dominion, subject to an equitable contribution from Pakistan. I am sure the House will welcome this decision because in the interests of the credit of both the successor Governments it is obviously undesirable to leave those who had lent money to the previous Government or had earned pensions under it in any doubt as to the Government they should approach for their duties.

DETERIORATION IN ECONOMIC CONDITIONS.

6. There has been a marked deterioration in the economic situation in the country since March last. The situation has been aggravated by the large-scale disturbances which burst out

suddenly, more especially in the Punjab and the North-West Frontier Province. Apart from the serious economic consequences arising out of these disturbances, the human misery that it has caused cannot be measured in terms of money. Thousands of innocent lives have been lost in the two Dominions and migration on a scale unprecedented in history has taken place. The total number of people involved in this mass migration of population has reached colossal figures on either side giving rise to problems of great magnitude affecting the economy of the country. The immediate effect of these tragic developments has been to divert the attention of the Government almost completely from normal activities. There has been an almost total breakdown of the economy of the East and West Punjabs. While Government have done and are doing everything possible to relieve the immediate distress and suffering of the refugees, the formulation of long-range plans for their rehabilitation raises formidable issues both in the financial and administrative fields. These problems have imposed a heavy burden on the Central exchequer, the magnitude of which it is not possible to assess at present. The budget of the Central Government for the next few years will be materially affected by this unexpected development in the country. Our whole programme of post-war development will have to be reviewed in the light of this context.

HEAVY COST OF FOOD IMPORTS.

7. The food position has continued to cause grave anxiety both to the Provincial Governments and the Central Government. The country has just weathered a serious threat of a breakdown of its rationing system. The results of the "Grow More Food Campaign" have been on the whole disappointing. During the three years 1944-45, 1945-46 and 1946-47 we had to import from abroad 48.80 lakhs of tons of foodgrains at a cost of over 127 crores of rupees. During the current year from April to September we have already imported 10.62 lakhs of tons of foodgrains at a cost of over 42 crores of rupees.

Apart from its being a constant source of anxiety, the reliance on the import of foodgrains from abroad of such magnitude imposes a heavy strain on the finances of the Government. In recent years our exchange difficulty is almost entirely due to the import of foodgrains on such a large scale. The meagre exchange resources available to us are consumed by the purchase of food-stuffs abroad with the result that we have to impose the most stringent restrictions on the import of many other essential articles. The various steps necessary for making the country self-sufficient in foodgrains must now claim the highest priority. The implementation of this policy must largely depend on the Provincial Governments though the Government of India has been and will always be prepared to afford all possible help in this direction. We have sent a mission to Australia for the purchase of the surplus wheat of that country and we are hoping that we might be in a position to get from Australia a substantial quantity of wheat during the next year. An expert committee under the Chairmanship of Sir Purushottamdas Thakurdas has been examining the food position in the country and the Committee has submitted an interim report which is receiving the attention of the Government.

INFLATION AND SHORTAGE OF GOODS.

8. The deterioration in the economic situation has been particularly noticed in respect of prices which have shown an unchecked upward tendency. Between the 5th April and the 9th August this year the Economic Adviser's index number of wholesale prices rose by 7 points while the Bombay cost of living index advanced by 14 points. Taking the Bombay cost of living index number, while it was 248 in August 1945 it rose to 267 in August 1946 and reached 284 in August 1947. The chief factor which has contributed to this development is the general decline in agricultural and industrial production in the country due partly to the wide prevalence of communal disorders and generally

to the increasing industrial unrest. While the supply position has been deteriorating, increases in wages and salaries given by private employers and the Government has the effect of augmenting the purchasing power of the people and widening the gap between current money income and production of goods. The situation would not have been so bad if the unbalance between money and goods was confined to these factors only. The most disturbing factor which affects the situation today is the unspent balances of individuals and institutions accumulated during the peak years of inflation which are being spent on the deferred wants of individuals, repairs to industry and on the building of trade inventory. In other words, the money demand for goods is colossal compared to their local production. While the inflation in war-time was due to the large increases in currency circulation (which rose from Rs. 172 crores in 1939 to over Rs. 1200 crores at the end of 1945 without any tangible increase in the supply of goods the present inflation is not due to further increase of currency but to a steady fall in the supply of goods. Although the total available money, whether currency or bank deposits, has slightly fallen, it has spread out more among a wider circle of people in the form of wages and salaries and thus the actual purchasing power in the hands of those who spend it on ordinary goods has greatly increased. But the supply of goods has meanwhile fallen and has resulted in an upward trend of prices. To take only a few examples of the marked fall in internal production, it may be mentioned that as against a production of 4,600 million yards of mill-made cloth and 1,500 million yards of handloom cloth in 1945 the production this year is estimated at 3,900 million yards and 1,200 million yards respectively. The production of steel in the current year is also expected to show a drop of nearly 400,000 tons compared with the peak production of 1,200,000 tons during the war. The production of cement has also grown steadily

worse, the estimated production this year showing a drop of 700,000 tons over the capacity of over 2½ million tons. In recent months the production of coal has shown some improvement, but so far as the consuming public is concerned, this has been more than neutralised by difficulties in transport resulting in large accumulation of coal at the pit heads. Transport and other difficulties explain the drop in production to some extent, but this is also partly due to labour unrest and strikes.

INTERNAL PRODUCTION MUST BE STEPPED UP.

9. If the economy of this country is to be placed on a sound footing and maintained in a healthy condition, it is of the utmost importance to increase internal production. The chances of increasing the supplies of commodities by imports are not very bright. Until recently we had a fair chance of sizable imports of consumer goods from the British Commonwealth countries from accumulated balances, but with the blocking of the major part of these and the growing adverse balance resulting from the large scale importation of foodgrains, the hope of procuring supplies from abroad is growing weak. We have therefore to fall back on our own resources. Government have recently announced their scheme for increasing the production of cotton textiles which, if worked in a spirit of co-operation between industry and labour, will result in the production of an additional 1,000 million yards over the estimated production of the current year. It is intended to explore the possibilities of restoring the level of production in other fields in a similar manner. I am fully conscious of the fact that any policy of stabilisation must aim not merely at the increase of production of both consumer and producer goods but also at the pegging of money incomes at an agreed and accepted level so that the increased volume of trading resulting from the increase of production may neutralise the inflationary effects of the large volume of uncovered money income. If this policy is to be

carried out successfully, it would require an appreciation of the situation by labour and its wholehearted co-operation.

THE BUDGET ESTIMATES.

10. I shall now proceed to a brief review of the financial position for the rest of the current year. But I must warn the House that the estimates now presented must be treated as very tentative as it has not been possible to assess with any measure of accuracy the effects of the partition on our revenue and expenditure. I hope it will be possible to present a more accurate picture when the revised estimates are placed before the House along with the budget for the next year.

11. I have budgeted for a revenue of Rs. 171.15 crores and a revenue expenditure of Rs. 197.39 crores. The net deficit on revenue account in the period covered by these estimates will be Rs. 26.24 crores. But the final figure may be higher because the actual amount likely to be required for meeting the expenditure in connection with the relief and rehabilitation of refugees is still very uncertain and some help may also have to be given to the new Provinces of West Bengal and East Punjab for which, in the absence of any reliable data, no provision has been included.

REVENUE RECEIPTS.

12. The revenue receipts, as I have said, are estimated at Rs. 171.15 crores. Customs receipts have been placed at Rs. 50.5 crores and take into account the effect of the recent restrictions on imports for conserving our foreign exchange resources. Income-tax is expected to yield Rs. 29.5 crores on account of E.P.T. and Rs. 88.5 crores on account of ordinary collections. Although the Niemeyer Award has now ceased to have effect it is proposed to maintain the share of the Provinces in the income-tax revenue at approximately the same level as now after making an adjustment in respect of the Provinces and parts of Provinces

now included in Pakistan. The Centre will retain Rs. 8 crores out of the Provincial moiety as provided in the original budget. On this basis, the divisible pool of income-tax is estimated at Rs. 66 crores and the Provincial share at Rs. 30 crores.

13. Revenue from the Post and Telegraphs Department is expected to amount to Rs. 15.9 crores and the working expenses and interest to Rs. 13.9 crores leaving a net surplus of Rs. 2 crores. The outright contribution of the department to general revenue will be three-fourths of the realised surplus, the department retaining the balance. The department will get a rebate of interest on its share of the accumulated profits in the past which, after allowing for the portion of the department transferred to Pakistan, is expected to amount to Rs. 7½ crores. As regards the contribution from Railways we do not expect anything in the current year. The House is already aware of the reasons for this from the Railway Budget.

14. The total expenditure for the year is estimated at Rs. 197.39 crores, of which Rs. 92.74 crores is on account of the Defence Services, the balance representing Civil expenditure. Following the customary procedure, I shall first deal with the Defence Estimates which remain, as in the past, the largest single item of expenditure.

FUTURE OF DEFENCE SERVICES.

15. The reconstitution of the Armed Forces in India into two Dominion forces was an inevitable consequence of the partition of the country. This decision came at a time when the Armed Forces were in the process of rapid demobilisation. While a substantial measure of demobilisation had already been achieved, the process was arrested as a consequence of the decision to divide the remaining forces between the two Dominions on a communal-cum-optional basis. The strength of the Army at the time stood roughly at 410,000 troops. After the completion of the reconstitution of the Army, India will have roughly 260,000 troops. An

organisation under a Supreme Commander, acting under the direction of the Joint Defence Council, was set up and made responsible for carrying out the reconstitution, and for general administrative control of the entire Armed Forces until the completion of reconstitution. From 15th August 1947, however, the operational control of the troops in each Dominion was transferred to the Dominion Government. It was originally expected that the reconstitution would be completed by 31st March 1948. But the Armed Forces Headquarters of each of the Dominion have been able to take over administrative responsibilities in a greater measure and earlier than was originally anticipated and the reconstitution of the Forces has in consequence been accelerated. It is now expected that this will be completed in the more important fields by the end of this month when the Supreme Commander's organisation will be disbanded.

16. The future size and composition of the Armed Forces have been engaging the attention of Government, as it is obvious that they must be related to the altered strategic needs of the country as well as to its reduced financial resources. Under the pre-partition demobilisation plan, the Army was to be reduced to about 230,000 men for undivided India by 1st April 1949 against which we shall have about 260,000 men for our share alone after the reconstitution of the Armed Forces. Due to the wide-spread communal disturbances in the Punjab and the sporadic outbursts of disorder in other parts of the country, there has been an unprecedented call on the Armed Forces in aid of the civil power. Government have accordingly come to the conclusion that the existing Forces should be retained until the 31st of March 1948, but the position will be reviewed next month. The financial effect of this is that in spite of a reduction of revenue resources the expenditure on Defence Services will be running higher than it normally should during this year. In the present fluid conditions it is impossible to forecast the position in 1948-49.

17. India had never an adequate Navy or Air Force and the effect of the partition has been to reduce them still further, so far as the Dominion of India is concerned. It is obvious that even without the disturbances there could be no question of an over-all demobilisation in these services. The future development plans of these services are under consideration.

18. The complete nationalisation of India's Armed Forces in the shortest time possible is the accepted policy of Government. Due, however, to various reasons which are now a matter of history, we have had a shortage of Indian officers for filling some of the posts in the technical services and the senior appointments. This holds good to a varying degree for all the three services. It was therefore decided to employ a number of British officers who volunteered to stay, for one year in the first instance, from the 15th August 1947. As these officers hold the King's Commission they were transferred to a special list of the British Army and the Supreme Commander assumed control over them. When subsequent developments indicated that the Supreme Commander's office may not continue beyond the 31st December 1947 it was decided to terminate the services of these British Officers by the same date, leaving it to the two Dominions to offer fresh terms to any British officers they may wish to employ. The British officers have, therefore, been served with three months' notice, as laid down in their present terms of service, with effect from the 1st October 1947. The number of British officers whom it is essential for India to retain and the terms of service to be offered are now under the active consideration of Government. It may, however, be stated that the number of British Officers to be retained will be relatively small and is hoped that all operational Commands, at least in the Army and the Air Force, will be filled by Indian officers.

(WITHDRAWAL OF BRITISH TROOPS.)

19. As has already been announced, an

agreement was reached with the United Kingdom Government that the withdrawal of the British Forces from India should commence immediately after the transfer of power and completed as early as possible. The first detachment of British troops actually left India on 17th August 1947. It was hoped at one time that the withdrawals would be completed before the end of 1947 but due to shipping difficulties it now appears that this may take up to April 1948. The British troops remaining in the country have, however, no operational functions. Except two R.A.F. Transport Squadrons the rest are merely awaiting repatriation.

20. The rapidly changing conditions this year have made it difficult to frame a close estimate of Defence expenditure and the position is further complicated by the fact that the proportion in which the joint expenditure incurred by the Supreme Commander's organisation should be allocated between the two Dominions is yet to be decided. On the best estimate that can be made at this stage, the net expenditure on Defence Services during the period 15th August 1947 to 31st March 1948 is estimated at Rs. 92 74 crores. The following main factors have contributed to an increase in the expenditure:—

(1) The decision to suspend demobilisation and to withdraw troops from overseas.

(2) The implementation of the Post-war Pay Committee's recommendations in respect of Defence Services personnel. No provision for this was included in the original estimates.

(3) The movement of troops and stores in connection with the reconstitution of the Armed Forces.

(4) The calling out of troops in aid of the civil power during the disturbances in the Punjab and elsewhere.

The withdrawal of British troops from India earlier than was anticipated originally has resulted in a saving but this has been to some

extent counterbalanced by expenditure in moving them to the United Kingdom and other destinations.

EXPENDITURE ON RELIEF OF REFUGEES.

21. Details of the estimates under individual heads are given in the Explanatory Memorandum circulated with the Budget papers and I propose to draw the attention of Hon'ble Members to only the more important items included in them. As I have explained elsewhere, the initial liability in respect of the outstanding debt of the late Central Government and the pensions chargeable to it has been placed on the Indian Dominion subject to the levy of an equitable contribution from Pakistan. This contribution still remains to be settled and, for the present, no credit has been taken in these estimates for any recovery from Pakistan. The estimates also include Rs. 22½ crores on account of subsidies on imported foodgrains and a lumpsum provision of Rs. 22 crores for expenditure on the evacuation, relief and rehabilitation of refugees from Western Pakistan. I have briefly referred elsewhere to the problems raised by the wide-spread communal disturbances in the Punjab and the North-West Frontier Province and the mass migration of refugees between the two Dominions. There are two aspects to this problem, viz., the short term one of giving immediate relief to the refugees pouring into this country from Pakistan, practically destitute, and the long-term one of resettling them in India. All the resources at the disposal of the Government of India have been mobilised in arranging the evacuation and relief of these refugees and the railways and the Armed Forces have been utilised to the maximum extent possible on this work. It is not possible to estimate the expenditure likely to fall on Central revenues on account of these developments and I have provisionally included a sum of Rs. 22 crores on this account in the Revenue Budget. In addition, a sum of Rs. 5 crores is being included in the ways and means budget for advances to the East Punjab Government.

But I must mention that this does not give any idea of the magnitude of the burden that may be placed on Central revenues by these developments. Indeed, the basis on which the expenditure on relief and rehabilitation should be shared between the Centre and the East Punjab, the province most vitally affected, still remains to be decided and may take some time to decide. Whatever the final arrangement in this behalf may be, I have no doubt that it is the desire of all sections of the House that financial consideration should not stand in the way of affording relief to these unfortunate people and in alleviating their sufferings in one of the most poignant human tragedies that could take place outside a war.

GRANTS TO PROVINCES

22. Before I leave this subject I should like to give a brief analysis of the total provision included for civil expenditure, so that a balanced view of the position may be obtained. Of the total provision of Rs. 104½ crores, Rs. 44½ crores are accounted for by the expenditure on refugees and the subsidising of imported foodgrains, leaving Rs. 60 crores for normal expenditure. This includes Rs. 5 crores for tax collection, obligatory expenditure of Rs. 22½ crores on payment of interest and pensions and provision for debt redemption, Rs. 2 crores on planning and resettlement and Rs. 12 crores for expenditure on nation-building activities such as education, medical, public health, the running of scientific institutions and scientific surveys, aviation, broadcasting, etc. in which the Centre largely supplements the work of the Provincial Governments by providing valuable assistance by way of specialised services and research, leaving a balance of Rs. 18½ crores for the ordinary expenditure on administration, civil works, etc. This expenditure only constitutes 18 per cent. of the total civil expenditure included in the budget. In addition to the expenditure of Rs. 12 crores on nation-building activities mentioned above, provision has been made in the Capital Budget for a grant of Rs. 20.39 crores to Pro-

vincial Governments for development and Rs. 15 crores for loans.

WAYS AND MEANS.

23. I shall now turn to give a brief account of the ways and means position. The budget for the current year provided for a borrowing of Rs. 150 crores but this target will not be reached. Owing to the communal disturbances in the country and the uncertainties of the political situation, the securities market was very unsettled in the opening months of the year and no loan was actually floated before the 15th August, 1947. After the doubts about the political future had been cleared by the decision to partition the country, there was some improvement in the position and although the market has been fairly steady in recent weeks, there is not as yet any large sustained demand for investment. Government issued early this month a fifteen year loan for Rs. 40 crores carrying interest at $2\frac{1}{2}$ per cent. with facilities for holders of the $3\frac{1}{2}$ per cent. Loan, 1947-50, falling due for discharge on the 15th of that month to convert their holdings. The loan was issued at the beginning of the busy season and was not expected to be oversubscribed. But the public still seem to be hesitant in taking up Government loans and if their holding off is due to any lingering doubts about the responsibility for the repayment of the outstanding debt, I hope they will be reassured by what I have stated elsewhere that the Indian Dominion remains responsible to the bond-holder. The need for money is now as urgent as ever if Government are to finance their own development plans and assist the Provincial Governments to implement their plans for development. There is also the short-term aspect to this problem, viz., the urgent necessity to counter the inflationary forces which are still present by withdrawing from the public as much surplus purchasing power as possible through Government loans.

24. Hon'ble Members must have noticed that in recent months there has been some

criticism in certain quarters of the cheap money policy of the Government. At the last Annual General Meeting of the shareholders of the Reserve Bank the Governor of the Bank made some observations on this question. Under the influence of that eminent economist, the late Lord Keynes, cheap money had been the cardinal feature of the monetary policy in many countries. It is no wonder that the Government of India fell in line with this trend in monetary policy. The House will realise that there is no absolute criterion by which to judge the propriety of rates at which Government borrow in the market. In the long run it is mainly a question of keeping a balance between the demands of Government on the market and the demands of industry so that the available funds in the country are used to the best advantage. In the United Kingdom where the pursuit of this policy culminated in the issue of a $2\frac{1}{2}$ per cent. irredeemable loan last year, attempts are being made to consolidate the progress made so far and not to proceed further in the same direction. I realise that if there is the need for such a cautious policy in a country where the economy is mature and the money and capital markets are highly developed, it is all the more necessary in the case of an economically backward country like India. Our efforts will now be directed towards consolidating and stabilising the position so far gained. There is no intention on the part of the Government to reverse the policy and thereby jeopardise the interests of those who have trusted the Government with their money. Our borrowing programme will be such as will enable us to obtain the funds required by Government as cheaply as possible without in any way affecting the flow of investment into industry. It is also my intention to reorganise the small savings movement which was considerably expanded during the war years so that it might be retained as a peacetime organisation with the primary purpose of encouraging savings among the middle classes. In co-operation with the Provincial Governments, steps will be taken to place the movement on a

permanent footing. I take this opportunity of appealing to the chosen representatives of the people in this House to co-operate with Government fully in their borrowing programme. If the standard of living of our people is to be substantially raised by undertaking large schemes of development, both the rich and the middle classes should come forward to place their savings at the disposal of the Government.

STERLING BALANCES.

25. The House will, I am sure, be interested to get some information on the subject of the sterling balances, the recent agreement regarding which between ourselves and His Majesty's Government in the United Kingdom I placed on the table of the House a few days ago. The peak figure which the sterling balances reached was Rs. 1,783 crores on the 5th April 1946. Thereafter, they have declined very rapidly. At the end of March 1947 they stood at Rs. 1,612 crores showing a reduction of Rs. 121 crores in twelve months. In the middle of July 1947, from when our new agreement became effective, they stood at about Rs. 1,547 crores. We had thus drawn as much as Rs. 65 crores in a little over six months. These large decreases were due largely to heavy imports mainly of food-grains and of consumer goods, of which the country had been starved during the period of the war. They also reflected some movement of capital from India, largely British.

26. This rapid depletion of the sterling balances caused some anxiety to the Government of India. These balances represent the entire foreign exchange reserves of this country and it is of the utmost importance that they should not be lightly frittered away on the import of unessential and luxury articles or on luxury living in foreign countries for they thereby reduce *pro tanto* the capacity of this country to finance capital and development expenditure abroad. The view of the Government of India is that these reserves should not be used to finance deficits in the balances of payments on what

may be called normal current account. Our aim should be to meet our normal day-to-day requirements from abroad through the earnings of our current exports and we should draw upon these accumulated reserves, broadly speaking, only for the purpose of purchasing capital goods, the import of which is necessary for developing the agricultural and industrial productivity of the country.

IMPORT CONTROLS

27. With this aim in view, the Government of India decided to follow a more restrictive import policy from the second half of the calendar year 1947. Broadly speaking, that policy consists of dividing imports into three categories: free, restricted and prohibited. Imports of food, capital goods, the raw materials of industry and certain essential consumer goods are free and no exchange restrictions are placed upon their import. Consumer goods which are not absolutely essential are licensed on a quota basis, while others which in the context of the economy of this country must be regarded as totally unessential and luxury imports have been altogether prohibited. Together with the restrictions on imports were introduced certain restrictions on remittances abroad, in particular on the transference of Indian capital. These new policies are now showing the effects which they were calculated to have and the reduction in the sterling balances between the middle of July and the beginning of November 1947 has only been Rs. 21 crores. I should like to point out, however, that in one substantial respect the import policy now in force differs from that in force previously, in that in the licences issued for the licensing period June to December 1947 no discrimination has been made between currencies and imports from the dollar area have been allowed on the same basis as imports from the sterling area. This position, which the House will no doubt welcome, has been brought about by the terms obtained by us in our interim negotiations on the sterling balances. The main features of this agreement, which

holds good till the 31st of December 1947, are that the Indian sterling balances have been divided into two accounts which may well be likened to a deposit account and a current account. The current account has been opened with a credit of £. 65 millions. All fresh earnings of foreign exchange are credited to the current account and all balances in the current account are available for expenditure in any part of the World including the United States of America. The deposit account is not available for ordinary current transactions but can be drawn upon only for certain limited purposes such as the repatriation of British capital from India, the payments of pensions, provident funds and gratuities outside India and certain other defined categories of payments.

28. Shortly after this agreement had been signed there arose the dollar crisis. The strain on the dollar reserves of the United Kingdom Government was felt by them to be so great that they were compelled to break their agreement with various countries regarding the free convertibility of sterling into dollars. I am glad to be able to report to the House that our agreement stands unaltered and intact and that as long as we have any balance to our credit in the current account we shall be able to spend it without question in any currency area. The United Kingdom Government have, however, appealed to us for our co-operation in the matter of saving dollars and we have promised them this co-operation. We are now engaged on a review of our import policy and are investigating other means to save dollar expenditure and we may have, I fear, to reintroduce in the next licensing period the discrimination in favour of imports from the sterling area which we removed only so short a time ago. We trust, however, that it will be possible so to arrange this discrimination as not to injure the vital needs of the country's economy.

INDIA AND THE DOLLAR POOL

29. The country has always displayed an

interest in the arrangements commonly known as the Empire Dollar Pool. As has been explained before, the arrangement is that the countries of the sterling area hold all their foreign exchange reserve in sterling, selling currencies which they do not need to the Bank of England and buying from the Bank of England currencies of which they are in short supply. As a consequence, there is always in the custody of the Bank of England a pool of foreign exchange from which members of the sterling area can buy for sterling the currencies which they need. A more correct name for this arrangement would be "the Sterling Area Pool of Foreign Exchange." It has come to be known as the Empire Dollar Pool only because the most important of the foreign exchange in the pool is the United States dollar.

30. Figures have been published by Government from time to time of India's earnings of dollars and other hard currencies and of her expenditure of these currencies and I shall now bring these figures up-to-date. From September 1939 up to the 31st March 1946 we earned Rs. 405 crores worth of United States dollars and spent Rs. 240 crores worth of United States dollars, leaving a surplus of Rs. 165 crores. On the other hand, in the same period we spent net Rs. 51 crores worth of other hard currencies namely, those of Canada, Switzerland, Sweden and Portugal so that our net surplus on hard currency account was Rs. 114 crores. During the year 1946-47 we had a deficit in the balance of payments with the United States of Rs. 15 crores, having earned Rs. 88 crores and spent Rs. 98 crores, and a deficit in the balance of payments with other hard currency countries of Rs. 7 crores. It may therefore be assumed that we contributed net to the pool between September 1939 and March 1947 Rs. 92 crores worth of hard currencies, which is the equivalent of 275 million dollars. During the quarter April to June 1947 we have had a net deficit on hard currency account of Rs. 15 crores. It will be observed, therefore, that since the financial

year 1946-47 we have been consistently drawing on the pool for our dollar requirements and that we are at the moment also in heavy deficit with the United States and other hard currency countries. Generally speaking, however, I would say that, thanks to our policy of foreign exchange restriction, we hope to end the year in a fairly comfortable financial position externally. What definite policy we will follow from the next year I am not now in a position to say because our agreement terminates at the end of this year and we do not yet know what kind of agreement will replace it. I fear, however, that in view of the dollar crisis which has threatened not only the United Kingdom but the entire world, we may be in somewhat greater difficulty in the matter of dollar exchange than we are now. We hope to enter shortly into further discussions with the United Kingdom Government on the subject of the sterling balances.

POST-WAR PLANNING AND DEVELOPMENT

31. The House will remember that in the budget for the current year provision of Rs. 100 crores was made for development expenditure, including a provision of Rs. 45 crores for grants to Provinces. The partition of the country has naturally affected the scale of this expenditure as the Government of India are no longer concerned with the expenditure on development in the Provinces and areas now included in Pakistan. When the partition of the country was decided upon, Provincial Governments were informed last July that so far as the period up to the 15th August 1947 was concerned, the Government of India would make advance payments to cover expenditure on approved schemes up to the maximum of the proportion of the budget grant for this period. The Provinces were also advised not to enter into any major commitments that were likely to embarrass either of the successor Governments. It has since been decided that for the remainder of the year grants will be available to the Province now remaining in the Indian Dominion on the same scale as

was originally planned subject to a proportionate adjustment on account of the division of the Punjab and Bengal and the transfer of most of the Sylhet district to East Bengal. In the estimates now placed before the House a provision of Rs. 20.39 crores has been included for grants to Provinces and a sum of Rs. 15 crores for loans to them.

32. In the last budget speech my predecessor drew attention to the fact that the resources available to the then Central Government for planning and development were likely to be less than was originally estimated. What he said then for the then Central Government is equally applicable to the present Government and in the light of the reduced resources likely to be available it may be necessary to redraw the development plans and rearrange their priorities. This does not however mean that there had been any change in the Government's policy of giving all the assistance in their power to the Provincial Governments for implementing their development schemes. It merely emphasises the need for the Provinces mobilising all the resources for this purpose and I have no doubt that this is recognised by the Provinces themselves. The House will appreciate that there is a large measure of uncertainty about the future allocation of resources between the Centre and the Provinces and till this is decided it will be difficult to make any forecast of Central resources or determine the extent to which they will be available for development and I hope to take this question of re-examining the development schemes with the Provincial Governments shortly. Meanwhile, all the approved schemes of development will be continued and the necessary funds will be made available for them. Having given this assurance on behalf of the Central Government, I would earnestly urge on the Provinces the need for conserving all their resources and securing the most rigid economy in expenditure. As I have stated, the whole basis on which post-war development plans were conceived has now been upset. The

substantial revenue surpluses which were anticipated in the Central budget will now be turned into substantial deficits. In the context of this new development, the need for utilising all the available funds in the most effective manner possible should be appreciated by the Provincial Governments.

33. In the Central field the progress on development schemes is being maintained and we are going forward with all the sanctioned schemes particularly those schemes of river development with long range benefits to the country. In this connection, the House will be interested to know that an agreement has been reached between the Central Government and the Provincial Governments concerned regarding the setting up of the Damodar Valley Authority. Another scheme which is likely to be taken up very shortly is the construction of the Hirakud Dam in Orissa at an estimated cost of Rs. 48 crores the benefits from which will include irrigation for over a million acres, 350,000 kilowatts of power and a considerable degree of protection from floods to the coastal districts of Orissa. It is hoped shortly to reach an agreement on this project with the Orissa Government and the Orissa States after which the actual work of construction would begin early in 1948. It is also proposed to concentrate on the construction of the Bhakra Dam in the East Punjab.

DEFICIT DUE TO ABNORMAL FACTORS.

34. I have carefully considered if any part of the deficit for this year should be covered by additional taxation and I have come to the conclusion that it should be left largely uncovered. If, for any reason, our ordinary expenditure threatens to outrun our revenue there will be a clear case for either reducing the expenditure to within the available revenue or raising additional revenue to meet the expenditure. But the circumstances during the period under review have been abnormal and the deficit is entirely due to these abnormal factors. The expenditure estimates include Rs. 22 crores for

the evacuation and relief of refugees while subsidies for imported foodgrains are expected to cost Rs. 22½ crores. Defence expenditure is also considerably inflated due to the slowing down of demobilisation following the partition of the country and the necessity to maintain larger forces than would normally be necessary. It must also be remembered that no credit has been taken in the estimates for Pakistan's share of the expenditure on pensions and interest. If these factors are allowed for the budgeted deficit of Rs. 26.24 crores will be converted into a surplus. Notwithstanding this I feel justified in tapping any available source of income if it could be done without adding to the burden of the ordinary man. After a careful consideration of all available sources I have decided to replace the existing export duty of three per cent. on cotton cloth and yarn by a duty of four annas per square yard on cotton cloth and six annas a pound on cotton yarn. In a full year this will yield Rs. 8 crores but in the current year the net additional revenue will amount to only Rs. 165 lakhs leaving a final deficit of Rs. 24.59 crores. A bill to give effect to this proposal will be introduced at the end of my speech.

A BALANCED BUDGET IN 1949-50.

35. This is the eighth consecutive deficit budget and the House may well ask itself if our revenue position is sound. I have myself no hesitation in answering that question with an emphatic 'yes.' The years covered by these budgets have been overshadowed by the greatest war in history and no country, whether neutral or belligerent, has been able to escape its economic effects or its aftermath. The deficits in the war years were wholly due to the high level of Defence expenditure and were met as far as possible by raising additional taxation. The return to peace-time conditions has been slower than we anticipated and even this tardy progress has been retarded by the recent partition of the country and the unhappy developments in the Punjab. I have just mentioned the

large burden thrown on this year's budget by the unavoidable expenditure on refugees and the payment of subsidies for foodgrains. In addition, the expenditure on Defence is much higher than it would be in a normal year. If these special factors are taken into account it will be seen that we have not been living beyond our means or heading towards bankruptcy. I do not wish in any way to minimise our present difficulties or to underrate the efforts required to surmount them but I have no doubt that once we reach fairly normal conditions and are able to reduce our Defence expenditure to peacetime proportions and curtail our reliance upon import of foodgrains we should be able to balance the budget. It will be too optimistic to expect normal conditions for the next year but I feel that with a determined all-round effort we should be able to achieve this result in 1949-50.

36. And what about the general financial position of the country? Here again while there is no room for complacency there is equally no reason to take a pessimistic view. There is no doubt that economically and strategically the partition of the country has weakened both the Dominions created by it and it is a truism that an undivided India would have been in every way a stronger State than either. But the Indian Dominion with its acceding States would still cover the larger part of the country with immense resources in men, material and industrial potential. Our debt position is also intrinsically sound and for a country of its sized, India carries only a relatively small burden of unproductive debt. Our external debt is negligible and we have considerable external resources in the accumulated sterling balances. At the beginning of this year the total public debt and interest bearing obligations of undivided India stood at roughly Rs. 2,531 crores of which only Rs. 864 crores represented unproductive debt and Rs. 36 crores external debt, while her external reserves amounted to over Rs. 1,600 crores. The share of Pakistan in these has not yet been determined but it is

unlikely to affect the broad proportions of this picture.

MEASURES AGAINST INFLATION.

37. The only disturbing features in the position are the persistence of inflationary trends and the unsatisfactory food position to both of which I have drawn attention elsewhere. The only real answer to inflation is to increase our internal production and thereby close the gap between the available supplies and the purchasing power in the hands of the community which in present circumstances imports cannot bridge. Till this position is reached the community must conserve its purchasing power by lending it to Government. As regards food, I am sure the House will agree that the country cannot depend indefinitely on imports. For one thing, this places us at the mercy of foreign countries for our vital necessities and for another, large-scale imports of foodgrains seriously affect our foreign exchange position and threaten to consume the bulk of the available resources which are badly required for the industrialisation and development of the country. We must concentrate our energies on producing as much food as possible within the country. I suggest that this is not an impossible task, for after all the total imports from abroad, which have never touched more than 2½ million tons in any year so far, represent only a fraction of the total foodgrains amounting to 45 million tons we produce, although they make a large hole in our available foreign exchange.

TAXATION POLICY AND PRIVATE ENTERPRISE

38. I should like to make a few observations on the criticism made in certain quarters that the level of taxation introduced in the last Budget has seriously affected the incentive for investment. In their last Annual Report the Central Board of Directors of the Reserve Bank of India have observed "There seems little doubt now that the severity of the last Budget is defeating its own purpose and is hindering

the formation of capital for productive purposes. Unless correctives are applied without delay, there is a danger of the very foundations of society and economic life of the country being undermined by deepening penury and despair." A pronouncement of this kind coming from such an authoritative source must receive serious notice. I have no doubt in my mind that it was not the intention of the Government to so arrange its taxation policy as to stifle the growth of industry in the country. On the contrary, it is of the utmost importance that the country should be industrialised rapidly so as to secure increased production and a widening range of employment for the people. There is no need for any serious difference of opinion based on mere ideological differences. Whatever might be the ultimate pattern of our economic structure, I hold the belief that for many years to come there is need and scope for private enterprise in industry. We cannot afford to lose the benefit of the long years of experience which private enterprise has gained in the building up of our industrial economy. I believe that the general pattern of our economy must be a mixed economy in which there is scope both for private enterprise and for State enterprise. Before I present the annual Budget to this House next February, I shall make a careful examination of the consequences of our taxation policy and endeavour to make any adjustments that may be necessary to instil confidence in private enterprise. In the meantime, I may assure the house that it is not the policy of the Government to hamper in any way the expansion of business enterprise or the accumulation of savings likely to flow into investment.

NEED FOR DISCIPLINE AND UNITY

89. I would conclude the Speech with an appeal to this House and through the House to the country at large. For the first time in two centuries we have a Government of our own answerable to the people for its actions. It is the duty and the privilege of such a Government to render an account of its stewardship to the

representatives of the people, but it has also the right to ask for the co-operation of the entire community in the carrying out of the accepted policies. Events of the last few weeks have unmistakably shown that the political problems arising out of our status have not yet been fully solved. While we have secured freedom from foreign yoke, mainly through the operation of world events and partly through a unique act of enlightened self-abnegation on behalf of the erstwhile rulers of the country, we have yet to consolidate into one unified whole the many discordant elements in our national life. This can be achieved only by the rigorous establishment of the rule of law which is the only durable foundation on which the fabric of any democratic State can be raised. Respect for law is essentially a matter of political training and tradition and transition from a dependent to an independent status always makes it difficult in the initial stages to secure that unflinching obedience to the rule of law which always acquires a new meaning in a new political context. If the fabric of the State is not built on durable foundations, it will be futile to try and fill it with the material and moral contents of a good life. If India, just risen from bondage, is to realise her destiny as the leader of Asia and to take her place in the front rank of free nations, she would require all the disciplined effort her sons can put forth in the years immediately ahead. The willing help and co-operation of all sections of the community is required in maintaining peace and order, in increasing production and in avoiding internecine quarrels whether between communities or between capital and labour. I am sure my appeal for this help and co-operation will not go in vain.

SUMMARY OF ESTIMATES.

REVENUE			(In lakhs of Rupees)
Customs	..	..	50,50
			1,65*
Central Excise Duties	..	..	22,08
Corporation Tax	..	..	42,71

Taxes on Income	75,29
Salt	50
Opium	89
Interest	66
Civil Administration ..	2,26
Currency and Mint	1,41
Civil Works	15
Other Sources of Revenue	2,72
Contribution from Posts and Telegraphs	2,08
Contribution from Railways ..	
Deduct—Share of income-tax revenue payable to Provinces ..	—80,05
Total Revenue ..	172,80

EXPENDITURE

Direct Demands on Revenue (Cost of Collection) ..	5,38
Irrigation ..	7
Debt Services ..	20,52
Civil Administration ..	20,24
Currency and Mint	1,20
Civil Works ..	6,21
Pensions	1,89
Miscellaneous—	
Expenditure on refugees ..	22,00
Subsidy on imported foodgrains ..	22,52
Other expenditure	2,30
Grants to Provinces ..	45
Extraordinary Charges	1,92
Defence Services (net)	92,74
Total Expenditure ..	197,39
Net Deficit	24,59

*Budget proposals.

CRORE AND HALF FOR INDIA'S
ENVOYS ABROAD

Premier Nehru in a written reply told the Constituent Assembly (Legislative) that at the request of the Government of India, H.M. Government have agreed in principle to the appointment of Indian Agents in East Africa, Fiji, Mauritius and British West Indies. "Subject to agreement being reached about their precise

status and functions, discussion is now in progress between two Governments on the status and functions of Agents."

The Premier also explained the financial implications of India's Embassies. He said that the estimated expenditure proposed to be incurred during the period from October 15, 1947 to March 31, 1948 on the Indian Embassy in U.S.A. would be 7,56,600, plus 3,37,500 on the Information Service. The Indian Embassy in China will cost 4,52,100 plus five lakhs for the purchase of land and 62,000 for the press attache in Shanghai. The Indian Embassy in U.S.S.R. will cost 7,05,700 which includes two lakhs as initial expenditure for furniture and equipment.

The Indian Embassy in Iran will cost 46,000 plus 43,000 for Press Attache. The Indian Embassy in Nepal is estimated to cost 52,000. Before the end of the current financial year, diplomatic representations may be established in Belgium, France, Switzerland and Egypt. It is anticipated that the cost of these new Embassies will not exceed 3,25,000.

India, as was recently announced, has agreed to exchange diplomatic relations with Holland, Afghanistan, Turkey and Czechoslovakia. India has High Commissioners in U.K., Pakistan, Australia, Canada, Burma, Malaya and Ceylon. There is also an Ambassador in Japan and a Minister in Siam. The rough estimate of expenditure on all diplomatic missions is placed at 1,50,000,000.

MYSORE CITY TO TAX RAIL
TRAVELLERS.

Mysore City Municipal Council has decided to levy a terminal tax of one anna per ticket holder coming into Mysore City by rail from beyond a distance of ten miles.

In the case of season ticket holders, the Council decided to levy tax of Re. 1 every month. The Council has decided to collect a licence fee from hotel-keepers in the city's municipal limits equal to one month's rent.

FRESH TAXES IN U.P. LIKELY.**MEETING DEFICIT FINANCES.**

Putting the refugees from Western Pakistan who have made the United Provinces their home, on their feet again will cost tax-payers of this province nearly Rs. one crore this year.

The polishing of the province since the change-over will also cost Government much more than they realised—at least Rs. 6 crores instead of Rs. 5 crores estimated at the beginning of the year. This means that Government will be faced with a deficit of Rs. 2½ crores—earlier estimate was only Rs. 47 lakhs—at the end of the financial year.

The Cabinet is already considering measures to bridge the gap and though finality may not be reached for some time, it is almost certain that two new taxes—sales tax and agricultural income-tax—will be introduced before the year is out.

CONSUMPTION OR EXPORT.

A target of additional exports of Rs. 75 to Rs. 100 crores in order to provide the foreign exchange necessary to meet our minimum essential requirements of food, capital goods, industrial raw materials and consumer goods, was placed by Mr. C. H. Bhabha, Minister of Commerce, before the meeting of the Export Advisory Council in New Delhi. He pointed out that though the war had changed the pattern of our export trade, the predominant position occupied in it by commodities like raw jute, jute manufactures, raw and waste cotton, tea, oilseeds, hides and skins, still remained unimpaired. Apart from maintaining our position as regards these commodities and even improving it, Mr. Bhabha referred to the possibility of our improving our exports of hand-made, carved and inlaid wood-work, including wooden toys, brass art-ware, enamel-ware, ivory carvings, cotton and silver embroidery, gold and silver embroidered goods, filigree work of all kinds, coir and coir products, lac and lac products, etc. The practical disappearance of Germany and Japan from the

export markets of the world has left behind a vacuum which India is in an extremely favourable position to fill and there is no reason why she cannot do it, provided she sets about it in a systematic and orderly manner. But before she could do so, the Commerce Minister pointed out, the trade must organize itself into well-knit associations which could function as organized units. He also pleaded for the establishment of a Trade Research organization which could explore possibilities of expansion open to us in the export markets of the world and help in the elimination of impediments in the way of further progress.

Under the existing conditions in this country, no one will minimize the importance of our exporting as much as we can. In fact, the food imports we need and the whole of our programme of industrial rehabilitation depend on the amount of foreign exchange we can secure by exports. With scarcity conditions prevailing within the country, however, a careful balance has to be struck between the need for capturing export markets and meeting the demands of internal consumption. Exports have to be equated with the foreign exchange needed for a growing economy such as ours. But there are certain other considerations which must be borne in mind. Of the dozen commodities mentioned by the Commerce Minister, all except tea and jute manufactures are raw materials which the importing countries put to all sorts of industrial use. We depend on foreign countries for all the machinery needed for our industries and also such miscellaneous consumption goods as are not produced within the country. Mr. Bhabha has no doubt referred to certain manufactured goods which we may profitably export, but these goods are not such as will give us a large export market abroad in any country.

Our reconstruction plan must be so drawn as to enable us to meet the demands of our vast home markets in several directions. As it is, our internal trade is far larger than our international trade and we are sure, as our plans for

increased production in industrial and agricultural spheres develop, the importance of our internal trade will continue to grow. Moreover, there is nothing so damaging to the economy of a country as export of industrial raw material and helpless dependence on foreign countries for manufactured goods. Our attempt should be slowly to change the character of our foreign trade so that India may, instead of being the exporter of raw materials, become the exporter of finished goods. This, however, does not imply that we should make ours a closed economy such as Russia's. As the purchasing power of the masses rises on account of our efforts at increasing industrialization and improved methods of agriculture, there will necessarily arise a vast demand for new consumption goods, all of which we may not be in a position to meet. If exports are to be encouraged at the cost of internal consumption, it can only be during the early stages of our planned reconstruction. The sacrifice may be necessary in order to secure for us the means of further production. But it cannot continue indefinitely if it does, it will connote a weakness in our economy which must be immediately remedied.

Mr. Bhabha also referred to the question of competitive price. To-day, with markets everywhere unable to meet effective demand, prices may not matter much. But if we are to keep foreign markets in face of effective competition, we can do so only if both from the point of view of quality and price our goods are superior to those of our competitors. This again points to the imperative need of our reversing the trend for prices to rise steadily which we have been witnessing during the last four years. But prices can come down only if sufficient goods are produced to meet the demand which already exists. That is another reason why we should step up production. In fact, without increased production it is useless to talk of allocation between domestic and export markets, as we will be merely seeking to distribute something which is not there. Increased production in existing lines is

the essential preliminary to large-scale plans of economic rehabilitation and we shall do well to remove obstructions in the way of such production. A production drive must precede an export drive.

TAX ON INCOMES IN FAR EAST.

A revision has been made by the Government of India on the basis of representations made by persons who are liable to be taxed in British India in respect of sources of income in Burma, Malaya, and other territories in the Far East. Traders are now permitted to determine the results of their trading in these territories during the five years 1942-43 to 1946-47 in one lumpsum and the resulting loss during this period can be set off against the income from these territories during 1942-43 for which assessment for purposes of taxation has already been completed. These assessments will now be revised to allow for setting off against the losses during the period 1942-43 to 1946-47. The option permitted does not extend to losses incurred in the territories of Indo-China. The option has to be exercised within a month of intimation of the scheme.

LEND-LEASE SUPPLIES FOR INDIA.

The U.S. Government has agreed to allocate the proceeds of surplus, lend-lease material at present in India estimated at between Rs. 15 crores and Rs. 20 crores to educational purposes in India, according to Dr. Ziauddin Ahmed, former Vice-Chancellor of Aligarh University.

Addressing a meeting at the Hindustani Speaking Union, Dr. Ziauddin said that the U.S.A. had also expressed willingness to convert proceeds into dollars if India wished to send students to U.S.A.

Dr. Ziauddin, who just returned from the U.S.A., said that U.S. educational system was similar to the Indian system prior to British rule and he intended reintroducing this group system to supplement the class system which exists to-day.

LIVING COST LOWEST IN WORLD.

Australia is the only country in a list of 85 tabulated by the United Nations' monthly bulletin of statistics in which the rise in wholesale prices since 1937 has been less than 50 per cent.

In the September issue of the bulletin Australia's index figure for June is given as 148. and only 10 countries show less than 100 per cent. increase in wholesale prices since 1937.

The big majority of countries for which data is available for the period 1937-48 reveal that prices have more than doubled.

The wholesale price index in France reached 998 in August, compared with 100 in 1938, while in Italy prices in July were well over 5,000 times the level of 1938.

Prices in Finland and Bulgaria today are about 600 per cent. above the pre-war levels. The figures for the 35 countries show almost no interruption in recent months in a steady rise of wholesale prices which has prevailed in nearly all countries since 1940.

U.S. RELIEF TO CHINA.

AGREEMENT SIGNED.

The United States has signed in Nanking an agreement with China providing for relief assistance to the Chinese people under the 382-million dollar U.S. post-UNRRA relief programme for devastated nations, the State Department announced.

The Department said the agreement "illustrates once again the strong sentiments of mutual friendship and sympathy that animate the peoples of the two countries, and is "another indication of the continuing interest of the American people in the welfare of the Chinese people."

Although the volume of relief supplies was not specified, they will be limited to food, medical supplies, clothing, fertilizers, pesticides, fuel and seeds.

The agreement, similar to those signed with other recipient nations under the post-UNRRA programme, stipulates that the Chinese Government will permit representatives of the U.S. Press and radio to "observe freely and report fully without censorship regarding the distribution and utilisation of relief supplies" and the use of funds accruing from their sales. U.S. representatives are to be permitted to supervise distribution of the supplies. The agreement also provides that supplies must be distributed "without discrimination as to race, creed or political belief," and the Chinese Government shall not permit their diversion to unessential uses.

The Chinese Government also agrees to "take appropriate steps regarding distribution of U.S. relief supplies and similar supplies produced locally and imported from outside sources designed to assure a fair and equitable share of the supplies to all classes of the people."

The United States may terminate the relief programme if the provisions of the agreement are not carried out or if U.S. relief supplies or "an excessive amount of similar supplies produced locally or imported from outside" are used for the maintenance of China's armed forces.

DALTON RESIGNS FROM BRITISH CABINET.

CRIPPS TO SUCCEED AS CHANCELLOR OF EXCHEQUER.

Mr. Hugh Dalton, the British Chancellor of the Exchequer resigned, following what in his own words was "indiscreet disclosure" of budget information to the lobby correspondent of a London Newspaper.

Sir Stafford Cripps, Minister for Economic Affairs, has been appointed to succeed Mr. Dalton, following the resignation of Mr. Dalton. A select Committee has been appointed to enquire into the circumstances of Budget leakage.

ANNOUNCEMENT FROM DOWNING STREET.

Sir Stafford will continue to co-ordinate Economic Affairs in which task he is virtually dictator of the whole economic life of this country.

Prime Minister Clement Attlee, in a letter to Mr. Dalton released, said: "I realise that this indiscretion in itself did not result in any action detrimental to the inviolability of the budget which is of the highest importance and the descretion of the Chancellor of the Exchequer, who necessarily receives many confidential communications, must be beyond question."

EXCISE DUTY ON "BACK GARDEN" TOBACCO IN BRITAIN.

British excise officials are trying to check the production of tobacco by amateur "back-garden" growers who are manufacturing their own smoking mixture in order to avoid high prices. The growers have been made liable to pay a levy of 58 shillings for each lb. of tobacco they produce.

BRITONS TO PAY STILL HIGHER TAXES.

**Betting, Drinks, Profit and Purchase
All Affected.**

THE CHANCELLOR'S ANNOUNCEMENT.

Luxuries, rather than necessities, are hit by Britain's emergency, anti-inflation, budget announced in Parliament on Wednesday.

Here is the position at a glance:—

No higher Income-tax.

A betting tax of 10 per cent. on dog racing and on football pools.

A penny a point more on beer.

Increased taxes of £. 1-18-4 on whisky, rum and other spirits, and of 10% on wines.

Higher Sales Tax on goods bought in shops already subject to tax, in some cases doubled.

A doubling of the Profits Tax from 12½ to 25 per cent.

A three per cent interest on Income Tax, Sur Tax and Excess Profits Tax arrears after January.

No change in food subsidies.

Subsidies on leather, cotton and wool to disappear next year.

No change in the Tobacco tax.

BRITAIN TO FLOAT LOTTERY. PLAN TO GET FOREIGN EXCHANGE.

Tickets For 1,000 Million Likely.

The London Sunday newspaper, *The People*, whose circulation exceeds four and a half millions, today featured as its main front page story a report that a scheme was to be put before the British Government to float the biggest lottery the world has ever known to raise nearly £. 1,000,000,000 in foreign currency.

The paper said that the scheme proposed the sale all over the world of £. 2,000,000,000 tickets, at one sterling each and the giving away of just over half the amount collected in prizes. This, after sellers had deducted one per cent., would result in a profit to the British Treasury of £. 950,000,000 *The People* said.

Mr. Dennis Smith, Chairman of the Commercial Bank of the Near East, who was said to have worked out the plan, was quoted as saying that it had the support of many of the biggest banks, insurance companies and finance houses.

The first prize in the lottery would be "the staggering sum of £. 100,000,000 to be distributed among the holders of tickets in the winning book of 1,000 tickets."

There is at present no reason to suppose, however, that the British Government has changed its long-standing decision not to lend official sanction to the floating of lotteries. A reply to a question in the House of Commons only last week supported this point of view; the Home Secretary was asked whether he would consider

legislation to reintroduce "a system of State lotteries on a wide and varied scale," so that the large amount of money which the British people spent annually on games of chance, betting, sweepstakes, and football and other pools might be encouraged into more publicly beneficial channels." The Home Secretary's written reply was brief and to the point. It consisted of the one word "No."

No State lotteries have been run in Britain since the eighteenth century. One objection is believed to be the opposition of the non-Conformist Churches, reputed to carry several millions of votes.

It was understood in London that Lord Catto knew nothing whatever of the world lottery scheme.

SUMMARY OF THE GENERAL REPORT OF THE COMMITTEE OF EUROPEAN CO-OPERATION.

CHAPTER I.—HISTORICAL INTRODUCTION.

This chapter gives a general historical background to the work of the Committee and

(i) describes the wealth and productivity of Western Europe before the war and the dependence of this wealth upon a high degree of international trade and of internal division of labour;

(ii) describes the shattering of this delicate mechanism by the war and by post-war shortages;

(iii) gives an account of the remarkable degree of recovery achieved immediately after the war, thanks to self-help, American aid and the work of UNRRA;

(iv) explains the reasons for the set back in recovery after the hard winter and drought of 1947 which has taken the form of an exhaustion of gold and dollar reserves at a time of great dependence upon the American continent;

(v) and outlines the various steps taken by Mr. Marshall and others to bring about the

Paris Conference.

CHAPTER II.—THE EUROPEAN RECOVERY PROGRESS.

The recovery programme is based upon four points:

(i) a strong productive effort by each of the participating countries;

(ii) the creation of internal financial stability;

(iii) the maximum co-operation between the participating countries;

(iv) a solution of the problem of the participating countries, trading deficit with the American continent, particularly by exports.

The scale of the productive effort required represents an expansion of output similar in general scale of that achieved by the United States in the mobilisation years 1940-44, when coal output was increased by 84 per cent., steel output by 81 per cent., electric power by 61 per cent. The corresponding figures for Europe are 33 per cent., 6½ per cent. and 44 per cent. Europe's resources are insufficient to supply all the materials of recovery. At the same time neither Eastern Europe nor South-East Asia can produce their pre-war share of Europe's imports. This fact enhances Europe's dependence upon supplies from the American continent and hence upon dollars. Without a solution of the dollar problem, there can be no effective recovery.

CHAPTER III.—THE PRODUCTION EFFORT.

The Committee concentrated its work on the key factors food, agriculture, fuel and power, steel, timber, transport, and related industries, such as agricultural and mining machinery and the general problem of labour. These factors are all inter-dependent, and shortages in one hamper recovery in the others.

By 1951, the population of Western Europe will exceed the pre-war figure by 11 per cent. Goods and services must be provided to meet this increase.

National programmes aim at attaining the following objectives :

(i) restoration of pre-war bread grain and other cereal production, with large increases above pre-war in sugar and potatoes, some increases in oils and fats, and as fast an expansion in live-stock products as supplies of feeding stuffs will allow ;

(ii) increase of coal output to 548 million tons, *i.e.*, 145 million tons above the 1947 level (an increase of one-third) and 30 million tons above the 1938 level ;

(iii) expansion of electricity output by nearly 70,000 million kwh., or 40 per cent. above 1947, and a growth of generating capacity by 25 million kw., or two-thirds above pre-war,

(iv) development of oil refining capacity in terms of crude oil throughput by 187 million tons to two and a half times the pre-war level ;

(v) increase of crude steel production by 80 per cent. above the present level to 55 million tons, or 10 million tons (20 per cent) above 1938 ;

(vi) expansion of inland transport facilities to carry a 25 per cent. greater load in 1951 ;

(vii) restoration of pre-war merchant fleets of the participating countries by 1951.

(viii) supply from European production of most of the capital equipment needed for these expansions ;

Food production is the first essential. By 1951 cereal production can be restored to pre-war levels but live-stock will require more than four years and meat production will only be 90 per cent. of pre-war. The supply of fish is already at the pre-war level and can be raised. The following table summarises food output. According to these figures France and Italy must have restored their cereal production by 1951.

PRODUCTION OF BASIC FOODS. (Million metric tons).

Year*	1934-8	1946-7	1947-8	1950-1
All Cereals ..	64.5	55.6	48.9	65.8
Bread grains ..	34.0	28.3	21.4	34.0
Potatoes ..	57.7	50.7	61.6	68.2
Sugar ..	3.4	3.8	3.4	3.9
Meat ..	9.0	5.9	6.0	8.0
Milk ..	72.5	55.7	57.0	73.4
Oil & Fats ..	2.8	2.0	2.2	2.9

* Year runs from July 1 to June 30.

The export surpluses of the participating countries will form an automatic and increasing type of mutual aid. The estimated increases in export surpluses are :

(In tons)

	1946-7	1950-1
Butter ..	87,000	154,000
Eggs ..	52,000	223,000
Meat ..	898,000	630,000
Fruit ..	550,000	1,991,000

Soil fertility must be restored and fertilisers are essential. Their production is already above the pre-war level and present production will be doubled by 1951. With adequate supplies of phosphates and potash, this amount will cover the requirements.

Special long term projects such as the production of ground-nuts in Africa will help to increase fat supplies.

Fuel and power must be increased. The United States today consumes $4\frac{1}{2}$ times as much per head as Western Europe. Even before the war the ratio was $2\frac{1}{2}$: 1. Before the war four-fifths of the power was drawn from coal. The substitution of petroleum products and hydro-electric power is planned.

[Statement.

Coal production is summarised in the following table :

Production of Coal and Lignite
(Million tons)

	1938	1947	1948	1951
United Kingdom	231	199	214	249
Western Germany :				
Bi-Zone	206	133	149	193
Saar	14	10	14	17
France	48	51	51	63
Belgium	30	24	26	31
Other Countries	23	22	24	31
Total	552	439	478	584

The increase in British production will be achieved by increasing man-power, modernising machinery, and introducing capital developments, among them 20 new sinkings.

The supplies of mining machinery amounting to over 1 billion will be almost entirely produced in the United Kingdom.

Britain hopes to begin exports in April 1948, with a figure of 6,000,000 tons for 1948 rising to 29 million in 1951.

The output in Western Germany in 1951 will still be less than in 1938 owing to the scale of destruction.

Mining supplies were examined and it is hoped that Sweden will raise its export of pitprops to 300,000 solid cubic metres a year (50 per cent. above pre-war).

Consumption of electricity in 1948 may be 80 per cent. above 1938. The annual increase in generating capacity must be four times that of 1937-8.

A special working party is examining a completely international and co-operative power plan which includes 6 hydro-electric plants in Italy, France and on the Austro-Italo-Swiss frontier together with 2 lignite thermal plants in Germany and geo-thermal plant in Italy.

To meet the disturbance in normal supplies of coking coal from the Ruhr and Britain, the Committee has evolved an emergency scheme of coke economy to cover the deficit originally estimated at 20 per cent. in 1948. If this plan is successful, the following steel figures should be reached :

Production of Crude Steel
(Million Tons).

	1938	Best pre-war Year	1947	1948	1951
United Kingdom	10.6	13.2	12.7	14.0	15.0
France	6.2	9.7	5.8	10.4	12.7
Belgium & Luxembourg	3.8	7.0	4.6	7.3	1.9
Italy	2.3	2.3	1.6	2.5	3.0
Other participating countries	1.8	1.8	2.0	2.3	4.1
Bi-Zone of Germany	17.8	17.8	2.8	4.1	10.0 (a)
Saar and French Zone	3.0	3.0	0.8	1.7	2.7
	45.5	54.7	30.3	42.3	55.4

(b) This figure does not prejudice any decision which may be taken later by the Council of Foreign Ministers.

Modernisation and re-equipment of the steel industry will be more important than new plant. Only 20 per cent of the 1951 output will come from new capacity. To secure the best results from their modernisation and development schemes for the steel industry the nations have agreed to an exchange of information.

Steel increases will make possible extensions in engineering. Western Europe can provide over 90 per cent. of its need for mining equipment (estimated at 3,700 million) and also for generating plant (\$ 5,300 million). It will produce two-thirds of the equipment for the petroleum industry. Apart from such items as continuous wide strip mills, it will provide most of the equipment for the steel industries. It can cover its long-term needs in agriculture. Enough locomotives can be produced to provide small exports, but freight cars will remain short. Eco-

nomies are being examined in the form of an international freight car pool and it is proposed to standardise the design. The war loss of 22 million gross tons of shipping will be largely made good in the European shipyards.

Participating countries are to raise the production of timber by 10 per cent. and the present high rate of cutting will be maintained in Western Germany.

Every nation has a labour shortage except Italy with a surplus of 2,000,000. Recruitment may later be possible in Western Germany. The Italian surplus, suitably trained, could meet all the participating nations' needs.

CHAPTER IV.—INTERNAL FINANCIAL AND MONETARY STABILITY.

The report analyses the forces making for inflation in Western Europe of which the chief two are inadequate food production and budgetary deficits. Lack of faith in the currency encourages hoarding—of food, goods and capital—which in turn increases the gap between expenditure and real income.

External aid alone will permit sufficient distribution of consumer goods to break the spiral. Thus the provision of dollars will not only finance the trading deficit, it is the essential first step in internal stabilisation. By 1951, it is the aim that national expenditure and national income shall balance.

Various governments, in particular France and Italy, have undertaken to take the necessary measures to balance their budgets and to balance expenditure against revenue. All the governments are pledged to achieve internal stability. But the painful process of checking inflation would be greatly assisted by the injection of external resources to raise each country's reserves of gold and dollars. A general estimate of the sum needed is in the neighbourhood of \$ 3,000 million.

CHAPTER V.—ECONOMIC CO-OPERATION.

The report analyses the normal measures of

self-help traditionally practised in Western Europe by means of trade.

The Governments pledge themselves :

(i) to abolish as soon as possible the abnormal restriction at present hampering their mutual trade ;

(ii) to aim at a sound and balanced multilateral trading system

Both steps depend largely on Europe's ability to sell to the American continent

The nations will pursue the multilateral reduction of tariffs and a Customs Union, "to be achieved by progressive stages over a period of years" is under consideration. A study group has been established for this purpose.

The French Government has declared its readiness to negotiate customs unions with nations "capable of being combined with the French economy in such a way as to make a stable unit." The Italian Government has associated itself with this declaration. Greece and Turkey have also undertaken to consider a regional customs union between their two "friendly and neighbouring countries."

The principal achievements of mutual co-operation are .

(i) Co-operative plans to expand electric power without regard to national frontiers.

(ii) Standardisation of types of equipment such as mining machinery and freight cars.

(iii) An international freight car pool.

(iv) Exchange of information on national steel programmes

Where suitable international machinery for economic co-operation exists, the participating nations intend to use it. The technical committees have suggested the submission of some production problems to the Economic Commission for Europe.

The Committee may be reconvened after consultation. The Chairman, the Rapporteur General and various delegates will hold themselves

in readiness to provide the United States Government with information on the Report.

CHAPTER VI.—THE IMPORT REQUIREMENTS.

In estimating the scale of imports necessary to implement the Plan, the Technical Committees have attempted to estimate the supplies available and have valued them at the prices ruling on July 1, 1947. The following table gives the general result.

£ 000 Million on July 1, 1947, Prices.

	From U. S. A.	From rest of American continent	Total from American continent	From other non- participating countries	Total
1948 ..	6.0	3.2	9.2	4.7	13.9
1949 ..	5.3	3.9	9.1	5.4	14.5
1950 ..	4.8	3.8	8.6	5.9	14.5
1951 ..	4.3	3.9	8.2	6.2	14.4

The volume of imports is much the same as in a normal pre-war year, but whereas 40 per cent. normally came from the American continent, the complete disruption of non-American sources of supply, particularly in Eastern Europe and South East Asia, has now raised the proportion to two-thirds.

The report assumes (i) "a substantial and steady resumption of East European food and timber supplies." The flow of cereals will be at the pre-war level in 1951 and timber will be 75 per cent. of pre-war; (ii) a steady recovery in Asiatic supplies.

Import Programme from the American Continent (\$ 000 million of prices of July 1, 1947)

	1948		1951		TOTAL 1948-1951		Total
	U.S.A.	Rest of America	U.S.A.	Rest of America	U.S.A.	Rest of America	
Food and Fertilizers	1.5	1.8	1.2	2.2	5.4	8.3	13.7
Coal	.8	..	.05	..	.7	..	.7
Petroleum Products*	.5	..	.55	..	2.2	..	2.2
Iron and Steel	.4	..	.3	..	1.2	.1	1.3
Timber	.1	.2	.1	.1	.4	.6	1.0
Equipment covered by Technical Committees	1.1	..	.6	..	3.3	.1	3.4
Other Imports	2.1	1.2	1.5	1.6	7.1	5.7	12.9
Total Imports	6.0	3.2	4.3	3.9	20.4	14.8	35.2
Shipping services	.6	..	.3	..	1.7	..	1.7

* Amounts required from dollar sources.

Many of these imports, notably of ships, coal, nitrogen and certain capital goods are essentially temporary. For example, the coal estimates:

There will be a similar decline in imports of capital equipment.

(Million tons)

	1948	1951
From U.S.A. ..	42	7
From Poland* ..	16	80

* Includes small quantities from other countries. Polish figure supplied to the European Coal Organisation.

Imports of equipment from the American Continent

(Millions of U. S. dollars at prices of July 1, 1947).

	1948	1949	1950	1951	Total 1948-51
A. Equipment to create new capacity or restore or replace damaged capacity					
(i) Goods covered by Technical committees ..					
Electrical equipment	150	175	925	50	500
Petroleum equipment	50	51	52	49	202
Steel plants	100	100	100	100	400
Total ..	300	326	1077	199	1,102
(ii) Goods not covered by Technical Committees ..	287	287	287	287	1,148
B. Other equipment					
(i) Goods covered by Technical Committees					
(Other than agricultural and mining machinery).					
Petroleum equipment	118	96	64	75	353
Inland Transport equipment	208	177	81	29	490
Timber equipment	10	9	7	6	32
Total ..	918	895	716	596	3,125
Agricultural machinery	870	318	268	237	1,188
Mining machinery	80	54	46	40	220
(ii) Goods not covered by Technical Committees ..	n.a.	n.a.	n.a.	n.a.	n.a.
Total equipment	1,868	1,262	1,080	873	4,583

* This table appears in Chapter VII, but for the sake of logic is included at this point.

There will be a permanent increase in import of petroleum. The rise (from 49 million tons in 1947 to 78 million tons in 1951) assumes no petrol rationing. Consumption in 1951 per head of population will be 15 per cent. of consumption in the United States.

"Other imports" are mainly raw materials normally needed in Europe's economy, such as cotton and non-ferrous metals.

Food imports are based on estimated availability rather than need.

Import Requirement of Food and Feeding Stuffs.

	1934-8	1946-7	1947-8	1950-1
Bread grains ..	14.0	15.3	23.7	17.9
Coarse grains ..	11.4	4.7	8.6	11.7
Sugar ..	2.7	1.7	1.7	2.8
Meat ..	1.7	1.6	2.1	2.5
Fats (oil equivalent) ..	2.6	1.1	1.7	2.3
Oilcake*	5.0	1.9	3.5	5.4

* Including the oilcake contents of imported oilseeds.

This programme should give the following consumption per head of population.

(Kg. per head per year).

	1934-8	1947-8	1950-1
Bread grains ..	192.0	159.0	179.0
Potatoes ..	236.0	228.0	245.0
Sugar ..	27.4	20.0	25.2
Meat ..	42.9	30.0	37.6
Fats (oil equivalent)	24.1	17.0	22.6

Definite estimates of the programme and distribution of the cereal is difficult to make. The belief is that 20 of the annual figure of about 25 million will come from the American

continent, with 8,000,000 to 9,000,000 tons from the United States.

CHAPTER VII.—THE PROBLEM OF PAYMENTS

The account of the problem of payments "is built primarily from the experts' view of the prospective commodity supply to the participating countries as a whole, rather than from independent and unco-ordinated financial estimates from the individual countries." The analysis deals with trade with the American continent rather than with the United States, since dollars are generally necessary.

*Balance of payments of participating Countries and Western Germany in 1948 **

(\$ 000 million).

	American Continent	Other non-participating Countries
Imports ..	9.17	4.70
Exports ..	2.16	4.30
Net Surplus (+) or Deficit (—) on invisible account ..	0.57	0.38
Dependent Territories, net Surplus (+) or deficit (—) ..	0.45	0.22
	8.08	0.42

The adverse balance with the American continent is not abnormal. In 1938 it was \$ 1,750 million. What is abnormal is the loss of other assets, overseas investments, colonial sales to America and dollar earning trade with the rest of the world which used to provide the multilateral balance.

Assuming favourable external conditions and a steady fall in the price of imports from America, the following deficits are expected :

(1000 million)

	1948	1949	1950	1951	Total
U.S.A.	5.64	4.27	3.28	2.62	15.81
Rest of American Continent	1.94	1.82	1.30	0.91	5.97
Total	7.58	6.09	4.58	3.53	21.78
Deficit of Dependent Territories	0.46	0.26	0.07	0.13	0.66
Total	8.04	6.35	4.65	3.40	22.44
Less possible Capital from the World Bank	0.92	0.89	0.72	0.60	3.13
Total	7.12	5.46	3.93	2.80	19.31

The decline in dollar requirements is due to four factors :

(i) a fall in the need of American imports of certain types.

(ii) increased production in Europe.

(iii) more supplies available in the rest of the world.

(iv) an export drive to the United States.

The proposed export drive to the American continent is planned on the following scale :—

(000 million)

	U.S.A.	Rest of American Continent
1948	0.85	1.31
1949	1.11	1.72
1950	1.28	2.14
1951	1.48	2.46

By 1951, Western Europe hopes to have a favourable balance with other non-participating countries of \$ 1,800 million.

These plans depend upon the American continent buying from Europe or permitting other

countries to earn dollars in America.

“GIFT” TO EUROPE.

U. S. REPORT ON AID PLAN.

The United States can afford the Marshall Plan for helping European recovery, and it would be good for American business, President Truman's Council of Economic Advisers informed him.

After an intensive study of the “impact of the foreign aid programme on domestic economy,” the Council produced a 112-page report. Releasing it, President Truman said :

“The Council of Economic Advisers reaches the conclusion that American economy can sustain the general impact of a new foreign aid programme and there is no question of our general financial capacity to support such a programme.”

Without making specific recommendations, the Council appeared to incline to the view that a substantial part of the United States contribution to Europe's recovery should take the form of an outright gift.

“To the extent that aid is provided through loans,” the report said, “these can be repaid only through restoration of the export trade of other countries. This will expose American

industry to added competition—a test which must be faced.”

In the absence of a foreign aid programme, the report said, shrinkage of United States exports would result in industrial paralysis in some countries, which would have serious effects both on United States and on world stability.

HARRIMAN REPORT

Helping Europe will strain only a few major items, such as coal, steel and some foods.

A third report, expected in a week's time, by the Harriman Committee will be most comprehensive, taking into consideration two previous reports.

As the time for the special session of Congress draws near, divergencies between the Administration and the Republican-majority Congress approach to the problem of aid have begun to appear.

There is general agreement that a new agency should be created to handle the Marshall Plan independent of the State Department and any money which Western European nations receive from sales of goods received from America should be set aside for use in reconstruction and economic recovery.

The Administration favour some form of collective supervision by the 16 European nations who will receive aid, while a strong view exists in Congress that some direct supervision should be exercised by the United States. This the Administration consider would be regarded as undue interference in internal affairs.

Another point of divergence is whether the special session should deal only with the first year emergency aid or with the whole Marshall Plan.

Senator Taft, one of the leading Republican contenders for the Presidency, declared that to split the programme into two parts will merely cause duplication of the same debate.

The question of which the Administration itself

is still undecided is that of what is termed “shore-off aid.” In other words, should American dollars be used in say, Canada and the Argentine to purchase wheat to be shipped to Western Europe? It might be difficult to convince the American farmer that he should be taxed or at any rate be forced to forego tax reductions in order that farmers in other countries should profit by selling their products possibly at a higher price than that which he himself gets.

In spite of the bi-partisan approach to the problem, an optimistic view prevails in British quarters on the prospects of the plan.

ABOUT WOMEN EVERYWHERE.

It appears that New York women have considerable doubts about sex equality when it comes to dealing with children. The profession of “baby sitter” a task performed by students and young people, who for a fee sit in a house apartment with children while the parents go out for the evening is spreading fast throughout the United States, owing to the acute shortage of domestic labour; but even in the face of a growing demand, mothers prefer girls for the task of “baby sitting.” A director of the New York City College who deals with requests for part-time students labour reports that mothers select six girl sitters to every one male chosen—although there are twice as many male applicants as female. The director comments resignedly that “mothers just don't trust men with their children.”

U. S. SCIENTIFIC EXCHANGE MISSION.

TO BE SET UP IN LONDON.

A mission on science and technology will be established soon in the U. S. embassy in London to direct the exchange of scientific information and personnel between the United States and Great Britain.

The mission, consisting of a small group of scientists and of engineers will be headed by Professor Earl A. Evans, Jr., noted American biochemist and educator. Its activities will

cover the fields of organic chemistry, biochemistry, physics, biology and agronomy.

The British Government already maintains a British Commonwealth Scientific Office in the United States which is charged with duties similar to those which the U. S. mission will be assigned.

The announcement of U. S. plans was made by John R. Steelman, assistant to the President, in a letter to Herbert Morrison, Lord President of the British Council of Ministers. Steelman expressed the hope that the United States would also set up scientific missions in other countries in the future.

"As we gain experience from the work of this mission in Great Britain," he said, "we hope to be able to undertake similar activities in other countries, in the firm conviction that the increase of knowledge through the sciences is one of the goals of all free peoples."

Steelman explained that establishment of a scientific mission was one of the recommendations included in a series of five reports on "Science and Public Policy" which he had prepared.

MARSHALL PLAN.

REQUESTS OF EUROPEAN NATIONS TO BE MODIFIED.

Mr. Harriman, U. S. Secretary of Commerce and head of President Truman's Special Committee on Marshall Plan said that the Committee had concluded that "some of the requests of European nations should be modified, some upwards and some downwards."

"In some cases, the requests will have to be reduced to accord with availabilities in the U. S. A. of the commodities requested," he added.

Mr. Harriman said that the Committee had reached agreement on the leading issues in connection with the Plan as a result of examination of the Paris Conference report. They had agreed to hold a meeting on November 5 to approve a final report for submission to the President.

The Committee was appointed by Mr. Truman in July to estimate the possible extent of U. S. contribution to any over-all reconstruction programme for Europe. The Committee represents the two major political parties—Democrats and Republicans—as well as labour, industry and allied fields.

MAJOR REQUESTS.

The Committee discussed the major requests of the European programme for food, coal, steel and transportation, the feasibility of capital development programmes and the probable magnitude of the whole programme, the financing of the programme through loans and grants in aid, if any, relations with European Governments and whether any political conditions should be attached to the aid and plans for the administration of the programme.

An authoritative spokesman said he did not think the report would make a recommendation regarding the over-all magnitude of financial assistance to be given by the U. S. A. for four-year period envisaged in the report of Paris Conference.

He thought the report would make recommendations regarding the extension of export controls and possible domestic legislation in the case of foodstuffs in the U. S. A.

FOREIGN AID REPORT.

While the 72-page report did not mention the so-called Marshall plan, officials regarded the recommendations as coming within the framework of the forthcoming report on foreign aid by a group of business leaders headed by Secretary Harriman.

In July, the last month for which figures are available, about 20 per cent. by value of the total U. S. exports was under control. About two-thirds of controlled exports went to Europe, while only about one-fourth of the total value of uncontrolled exports was shipped there.

The report described priorities assistance for export as "a necessary corollary of export control." Such assistance may be granted to aid

foreign production of commodities critically needed in the United States, such as tin, "where the Secretary of State certifies that prompt export of a material is essential to the success of American foreign policy." For example, continued allocation of tin is needed, the report states, "because world output this year will be little more than half that of pre-war years." Also, the control of tin is needed to assure adequate supplies for the preservation of perishable food.

The U. S. War Assets Administration announced the signing of an agreement with Norway under which that country will receive a 12-million dollar W.A.A. credit on the purchase of surplus U. S. property on non-priority basis.

Similar credits have been granted recently to the Netherlands, Finland, the Philippines and Haiti.

PUERTO RICO HAS "TAX HOLIDAY."

MOVE TO ENCOURAGE NEW INDUSTRIES.

As a result of "Tax holiday" legislation which became effective on July 1 in Puerto Rico, new industry will operate there under a blanket exemption from income, property and municipal taxes, and from excise taxes on machinery and raw materials. In addition, other valuable economic advantages are being offered to private groups of any nation desirous of establishing new enterprises in Puerto Rico, including hotels for expanded tourist travel.

The greatest incentive will be the fact that no income-tax (neither federal nor insular) will have to be paid by new industrial operations established in that island after July 1, 1937. Inasmuch as federal income-tax is not paid, no income derived from sources in Puerto Rico which, of course, is as much a part of the United States as Long Island, New York—the 'tax holiday' law is in fact, a complete relief from any and all income-tax liability. The tax-exemption holiday is granted for seven years, with every substantial reductions in tax rates during

the following years.

Businessmen interested in establishing new enterprises in Puerto Rico and obtain information and substantial help from the Puerto Rico Industrial Development Company, an agency set up by the Puerto Rican Government to help bring new industries to the island. Under a programme known as the A.I.D. (Aid to Industrial Development Programme) this Company builds factory buildings for eligible applicants, to be leased, with an option to purchase, at extremely low rates and for long periods of time.

CRISIS IN WORLD FOOD SUPPLIES.

UNPRECEDENTED EFFORTS CALLED FOR

Mr. Dennis A. Fitzgerald, Secretary-General of the 35-nation International Emergency Food Council, called for "unprecedented efforts national and international" to grapple with the "mounting crisis" in the world's food supplies, when the Council opened its fifth and perhaps last quarterly meeting.

He gave these four warnings to the delegates in his report:

- (1) Grain exports will have to be stepped up 20 per cent. over last year if rations in importing countries are to be maintained at last year's levels;
- (2) European livestock will have to be drastically reduced because of the grave shortage in food supplies;
- (3) The trend towards bilateral agreements on food purchases will have to be halted if fair and equitable world-wide allocation of scarce commodities is not to be sabotaged; and;
- (4) The grain shortage will continue to harass the world "for years to come."

Mr. Fitzgerald said that this year's total world supplies of grain were not much below last year's. "But the heart of this year's problem

is the 200 million bushels decline in the food grain production in Europe, complicated by declines in other food importing countries, notably India, by a decline in the United States maize crop, and decline in the European pro-

duction of potatoes, hay, and pasture."

Mr. Fitzgerald warned that Europe's shortage of food grain would be matched by an equal shortage of animal feed.

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Trade and Tariffs

CUSTOMS COMMISSIONER ON TARIFF ADMINISTRATION.

ADDRESSING the Merchants Committee at the Customs Commissioner's Office, Mr. Aziz Abbas, Customs Commissioner elucidated the "Ad Valorem" duties and said that the value taken into consideration is not the value at the time of purchase, but the one on the day of importation or exportation, according to Section 23 of the Hyderabad Customs Act, which is based on Section 80 of Bombay Sea Customs Act. He said that the basis of dealing in ordinary business intercourse was the wholesale market value. In view of the well-established system of assessment all over the world, Mr. Abbas explained, Customs duties cannot necessarily be levied on the invoice value of commodities as desired by one of the representatives.

He also said that the facilities desired by trade for the issue of orders from the Customs Commissioner's Office in cases, where the period of validity of permits was extended by the Supply Department, have already been extended as per circular No. 136 of 1856 F.

Regarding various interpretations put on the term 'Industrial Machinery' Mr. Abbas said that if, in the opinion of traders, there were any discrepancies, he was willing to consider them and do the needful. He invited Mr. Abdul Karim who had raised this point to attend the meetings of the Committee and bring to his notice any points he considered fit, in this connection.

Mr. Abbas said rubber beltings were passed free of duty at Hyderabad and Secunderabad and asked those who found any difficulty in this regard to represent the matter to his Office.

Regarding electric motors, Mr. Aziz Abbas said that there was some difficulty about this. Electric motors meant only for industrial and agricultural uses got relief from duty, while if they were meant for any other use they would be subject to import duty. Referring to the

duty on cinema machinery, he observed that if the motor were meant for the use of cinema then it becomes liable to imposition of duty. But he went on, if the electric motor is passed free on the pretext of its being used for industrial or agricultural purposes, although it might have been imported for a cinema the importer ran the risk of being penalised under Section 58 of the Hyderabad Customs Act. He, however, promised to consider any points raised during the present discussions.

Referring to the uniformity of holidays between the N.S. Railway and his office, he said that he would consider the matter as far as it was practicable but he requested them to approach the Railway authorities and obtain their consent before his Department agreed to do the needful.

Concluding, he said that he expected his officers, who came in contact with businessmen, to impress upon their subordinates the importance of public service and the need to be responsive to public opinion.

INDIA-PAKISTAN CUSTOMS AGREEMENT.

Goods shipped from India to Pakistan and vice versa are exempt from customs duties, according to an arrangement between the two Dominions. In the implementation of this understanding, the Government of India, states a Gazettee of India (Extraordinary) dated October 29, 1947, has decided that all goods imported from or exported to a port in Pakistan shall be treated as goods imported from or exported to a customs port in India.

These facilities, do not, however, extend to goods first imported into Pakistan, without payment of duty, from any country other than India and then shipped to an Indian port.

Reciprocal action has been taken by the Government of Pakistan.

INDIAN TARIFF BOARD RECONSTITUTED.

With a view to holding summary inquiries in regard to sugar, paper and wood pulp, cotton textiles, and iron and steel industries the period of protection in respect of which was due to expire on March 23, 1947, and to enable the Tariff Board to expedite examination of pending inquiries as quickly as possible, it was decided early this year to strengthen that body by the appointment of an additional member.

WORLD DEMAND FOR CASTOR-OIL.

NEED FOR INCREASING INDIA'S OUTPUT.

The demand for castor-oil in the world markets and for castor-oil and castor cake for consumption in India has increased considerably in recent years and is likely to expand further according to the report of the Marketing of Castor Seed in India published by the Central Agricultural Marketing Department. It would be of advantage, therefore, points out the Report, to bring about an increase in the production of castor seed in India, particularly by bringing wasteland into use and by using improved seeds.

The Report reveals that the published statistics of castor seed production in India are gross under-estimates. For instance, the data collected during the survey indicate that the annual production during 1939-40 to 1941-42 averaged 215,000 tons as against the published figure of 98,000 tons for the same period. The Report, therefore, stresses the urgent need for improving the accuracy of production statistics.

India used to be a very important exporter of castor-oil until the beginning of the present century but it lost a considerable part of this trade due mainly to the inferior quality of oil exported. If India is to regain her lost position and develop the export trade in castor-oil, the Report suggests that adequate steps should be taken to ensure that the oil placed on the world markets satisfied certain minimum standards of quality.

The Report gives statistical information regarding supplies, demand, utilisation and prices of castor seed, its oil and cake in India as also on the international trade in castor seed and oil.

U. S. INTEREST IN INDIA'S TRADE.

NEED FOR DEVELOPING INDUSTRIES.

The United States Government desired that there should be complete trade recovery in all countries that made up the family of nations, said the American Ambassador to India, Dr Henry F. Grady addressing a luncheon meeting of the Calcutta Rotary Club.

Dr. Grady said: "We are desirous of seeing India's trade grow rapidly both from the standpoint of her exports and her imports. It is for that reason that I want to see her industries develop and the standard of living of her people advance. The way to world stability and prosperity is a quickening of interchange of goods and services between the countries of the world. I would like to see India develop and extend her governmental organisation for the promotion of external commerce, particularly exports. Our Bureau of Foreign and Domestic Commerce has produced very satisfactory results. Great Britain's Department of Overseas Trade as also France, the Netherlands and other leading countries of the world have large and active bureaux for this purpose."

Dr. Grady emphasised that it was quite obvious that world economic recovery was essential to the recovery of every country in the world. Prosperity of any country through isolationism was a dead concept. The larger and more important a country was the greater its dependence on a sound and prosperous world economy. World political stability and peace were also absolutely conditioned on world economic recovery.

SOVIET STAND CRITICISED.

Dr. Grady continued: "All the countries that were joined in the war effort have joined

in the peace effort but one, and that powerful country has not only refused to be a partner in the great enterprise of rebuilding, but has and is obstructing in every way possible the work of its war associates—associates without whose military and material help it would have been conquered and enslaved. This is one of the most extraordinary events in history.”

Dr. Grady referred to the setting up of U. N. R. R. A., and other United Nations organisations as part of the programme of recovery. One of these steps in the world reconstruction programme was the loan made by the United States to Great Britain. This very large loan had been practically exhausted by Great Britain without her being able as yet to accomplish the purpose for which it was granted. Great Britain's inability had largely come out of the general slowness of world recovery, particularly in Europe, and other problems of an internal nature which as yet she had been unable to solve. Measures now being taken with the co-operation of the United States might yet accomplish the purpose for which the loan was originally granted. It was vital to world recovery that this be the case.

DANGER OF ECONOMIC WARFARE.

However, he hoped that the steps being taken would be entirely in the nature of emergency measures. It would be most unfortunate for the world, including the British Commonwealth of Nations, if these measures and others that had been proposed should result in solidifying permanently a “Sterling Bloc.” This would result in dividing the world into three more or less fenced-off trading areas, the Sterling, the Dollar and the Russian. “We certainly do not want such blocs and thinking men everywhere would deplore their existence. They would almost certainly result in economic warfare among the blocs and become a menace to world peace.”

Dr. Grady concluded: “Until there is a truly one-world trading system with bilateralism, preferences and all other forms of exclusive trade

advantage eliminated or at least in the process of progressive reduction, world prosperity will be shackled and permanent world recovery delayed. It cannot be long delayed or a world catastrophe will catch up with us.” He stressed that if they did not reconstruct, they would become retrograde. The tragedy facing the world to-day was the tragedy of under-production. Confusion and chaos meant continuing under-production and great suffering everywhere.

BRITISH EXPORTS TO INDIA.

RISE IN VALUE.

Britain's foreign trade balance took a turn for the better during September, according to official figures. The adverse balance for the month was reduced to £ 58,800,000 against £ 76,800,000 for August and £ 64,700,000 for July.

The improvement came partly from a rise of £ 5,400,000 in the value of exports and partly from a reduction on £ 13,100,000 in retained imports. The value of all imports—retained and re-exported together—fell by £ 13,300,000.

Exports for the whole of the July-September quarter were the highest since the war. The Board of Trade estimated the volume at 114 per cent. of the 1938 average.

“BRITISH INDIA.”

The Board of Trade in official publications are still listing exports as to “British India” and it is not expected that separate figures will be shown for Pakistan and India until the new year.

The latest statistics issued show that with the exception of machinery and non-ferrous metals, manufactures comprise all of Britain's main exports to the two dominions and these are termed “British India.” These were considerably increased during September compared with the previous month of August. Machinery exports were also well maintained, the value for September being £ 3,002,919 against August's £ 3,021,200.

In the first nine months of this year (up to the end of September) Britain exported nearly £ 21 million worth of machinery to India compared with £ 13½ million for the corresponding period of 1946. British vehicles, which also include aircraft, exported to the Indian continent during September were valued at £ 1,452,344 compared with £ 941,591 for August. The value of vehicles despatched to the Indian continent for the first nine months of this year has been £ 9,189,871.

CHEMICALS AND IRON.

The value of chemicals, drugs, etc., exported from Britain to the Indian continent during September was £ 1,141,819 compared with £ 7,403,847.

The value of other exports for September with the corresponding figures for August (in brackets) was, —

Iron and steel manufactures, £ 606,378 (£ 373,218); electrical goods and apparatus £ 816,723 (£ 569,208); miscellaneous manufactures £ 404,863 (£ 237,287); non-ferrous metals, manufactures, £ 569,388 (£ 569,162).

BRITAIN'S INTEREST IN INDIAN JUTE.

DUNDEE'S FEAR OF COMPETITION.

A British industrial centre watching with special interest the developments in India and Pakistan is in Dundee, where the modernisation of jute mills has gone ahead faster than that of any other textile industry.

Dr. J. A. Bowle, principal of the Dundee School of Economics, commenting on future prospects asserts that Dundee is staging a remarkable post-war recovery and running a most successful development scheme in the country. He admits, however, that danger exists of Dundee now being "cuckooed out of the nest by her own child"—India—where the jute industry is now about eight times the size of its "parent."

A hopeful view of the effect of the present Indian situation on the Dundee jute industry is,

nevertheless, taken by the manager of two important Dundee mills. He admits that partition is at the moment creating a fair amount of difficulty so far as the export of raw materials is concerned.

TRANSPORT DIFFICULTIES.

While paying a tribute to the friendly disposition of Muslims in the Bengal jute producing area, he points out transport and shipment difficulties. The raw materials have to be exported from Calcutta now. There is a talk of developing Chittagong as a Pakistan port, but geographically, he thinks, Calcutta is a more suitable port for raw materials brought down through the Ganges and the Brahmaputra. The annual jute crop is about 10,000,000 bales, of which the Calcutta mills consumed 6,000,000 leaving 4,000,000 for export, which represents something like 28 per cent. of India's total exports.

All that Dundee requires is 1,000,000 bales annually to keep the workers going all the year round on the specialities on which the Dundee mills are concentrated. The demand for jute in Britain is now high with that of a wide variety of other exported goods, which are used for packing. Apart from its use as packing material, jute is largely required for packing linoleum for which the American demand is now great. Its use has also developed for cables, carpets, backing garments, linings, wall coverings, and for furnishing.

ANGLO-EIRE TALKS.

REDUCTION OF DOLLAR COMMITMENTS.

Trade Agreement Announced.

Britain and Eire have reached agreement on practical measures to increase the mutual exchange of goods and to strengthen the balance of payments position in the sterling area and reduce dollar requirements.

The agreement provides for the supply of coal from Britain to Eire next year, and the increased

supply to Eire of other industrial and agricultural requirements and revision of prices for agricultural products.

These measures would be put into operation as soon as possible and details would be announced "as the occasion arises."

The agreement brings to a climax a month of negotiations between the two countries. A Standing Committee of Irish and British officials has been set up, so that trade relations between the two countries could be kept under review and "consideration given to feasibility, within the limits of the economic policy of each country, of further measures of mutual advantage."

ANGLO-U. S. TARIFF DEAL.

MORE MALAYA RUBBER FOR AMERICA.

Rubber is the key to the Anglo-American tariff deal which now waits on the formal consent of the Dominions concerned and the interweaving of minor details. In return for a flat reduction of existing preferences in all British colonies plus varying but moderate reductions on a list of specified articles hitherto involving reciprocal advantages as between Britain, Canada and S. Africa, the U. S. Government will encourage the import of more natural rubber, from Malaya in particular. Malaya was in the past a main dollar-earner for the Sterling Area.

But the war-time rise of a synthetic industry in the U.S.A. to replace supplies lost to the Japanese and the post-war need to safeguard it from renewed competition by natural rubber growers, caused the enactment last July of a Rubber Control broadly compelling industrial consumers to meet at least a third of their needs

from synthetic products. This has been a major obstacle to the return to pre-war standards of Malaya's exports to the U.S.A.

U. S. TO MODIFY RUBBER CONTROL.

They totalled 214,651 tons in 1938, 299,689 in 1939, 439,952 in 1940 when the U. S. was already stockpiling materials, and 419,048 in the first 9 months of 1941. At the present low American price of 20 cents. per lb. f. o. b. recovery of the 1939 volume would earn the Sterling Area around \$ 136,000,000 or approximately £ 84,000,000 in hard currency a year. Return to the 1940-41 level would get the Dollar Pool around \$ 227,000,000 or £ 56,000,000 in hard currency. To that end the U. S. Rubber Control is to be modified allowing a very considerably increased proportion of natural synthetic.

This is the unexpectedly good bargain on which the British Government is discreetly congratulating itself; for the corresponding concessions, relating to the freer import of U. S. manufactures to Britain and the Colonial Empire are likely to remain for the next few years theoretical, indeed till the dollar shortage now debarring purchase of American goods has righted itself in a general production recovery. Moreover, by the time these concessions become real, and only when they do, markets will have been opened in the Americas and possibly the Far East which are reckoned certain to offset the implied damage to Empire producers. It is true that by Ch. IV, Art. 17 of the revised ITO Charter which goes to the Havana Conference for signature preferences are not henceforth to be increased and no new ones established. But the British signature may well be qualified by reservations. And Art. 17 in any case does not forbid new tariffs.

Transport

INCREASE IN RAIL FARES AND FREIGHT RATES BUDGET PRESENTED TO ASSEMBLY.

BIG RISE IN WAGES BILL BENEFITS

COST Rs. 22½ CRORES.

AN increase in all passenger fares - progressive-ly steeper for the higher classes of accommodation- as well as in the freight rates, to come into force from January 1, 1948, is the main feature of the Indian Dominion's first-Railway Budget for the period from August 15, 1947, to March 31, 1948, presented in the Constituent Assembly (Legislative) on November 1947.

A salient feature of the Budget is an addition of about Rs. 22½ crores in the wages bill for the remaining 7½ months of the financial year, resulting from the implementing of the Pay Commission's recommendations and larger losses on grain shop concession due to the rise in commodity prices.

As the result of the deliberations between the Railway Board and the All-India Railway-men's Federation, the concessions originally proposed by the Central Pay Commission have been liberalised by way of more improved scales of pay for skilled artisans and by the continuance of the existing scheme of dearness allowance partly in cash and partly in kind in lieu of the Pay Commission's scheme of only cash relief.

The additional expenditure on staff during the Budget period on wages and allowances, excluding grain-shop concession, is Rs. 17½ crores.

The grain-shop concession is expected to cost Government an additional Rs. 5½ crores, in view of the rise in commodity prices. The aggregate additional benefit to railway employees, mainly Class III and Class IV employees, is thus in the region of Rs. 22½ crores for the Budget period.

The other important factor which has caused an increase in the working expenses of the railways has been the increase in the prices of coal.

These increases in the prices of coal, of Rs. 2-6-0 per ton for Bengal and Bihar coal, and Rs. 1-14-0 per ton for Central Provinces coal, are due to the increase in the controlled basic prices and an enhancement of the welfare cess. The net effect on the Railway Budget has been an additional expenditure of about Rs. 2 crores.

REVENUE AND EXPENDITURE.

The Budget estimates for the period August 15, 1947, to March 31, 1948, put the gross traffic receipts at Rs. 107 crores on the existing level of fares and rates. The fall in parcels traffic has been less than originally anticipated, and the earnings from goods traffic have been below expectation on account of a large proportion of the goods-carrying capacity of the railways having been absorbed by lower-rated coal and food grains traffic. The earnings from passenger traffic are, however, likely to exceed estimates in spite of the dislocation of traffic caused by disturbances in certain areas of the country. Military traffic is also substantially high, due largely to the rail movement of armed forces consequent on the partition of the country.

The ordinary working expenses, including appropriation to the Depreciation Fund and payment to worked lines of their share of net earnings for the budget period, are computed at Rs. 107.18 crores and the interest charges at 13.44 crores.

Taking into account miscellaneous receipts, which amount to Rs. 1.24 crores, the net deficit amounts to Rs. 12.38 crores, and a revision of rates and fares has thus become inevitable.

The proposed rise in rates and fares, which will come into force from January 1, 1948,

is expected to bring in a revenue during the Budget period of Rs. 9.15 crores, and the net deficit is expected to be reduced to Rs. 3.23 crores.

The increase in passenger fares applies to all classes, but is progressively steeper for the higher classes of accommodation. Uniform flat rates have been substituted for the present telescopic rates, which decrease with the length of the journey, and the present practice on some railways of charging a higher rate for travel by Mail or Express trains has been extended to other railways as well, except the Oudh-Tirhut Railway. The incidence of the increase will, therefore, be heavier on long-distance than on short-distance traffic.

On the whole, the cost to the poor man who undertakes essential short-distance journeys will be very little more than at present on most railways, while on some railways it will actually be lower, as the railways are now charging rates higher than the new rates.

NEW PASSENGER RATES.

For first class travel, the general rates at present are 24 pies per mile up to 300 miles and 18 pies per mile thereafter, plus a surcharge of 18 per cent. The new rate is 30 pies per mile, irrespective of the distance travelled. For the upper class on the Assam Railway, instead of a telescopic rate of 18 ps. per mile plus a surcharge of 18 per cent., 24 ps. per mile will be charged.

For second class travel, the existing rate of 12 pies per mile up to 300 miles and 9 ps. thereafter plus surcharge, the rate would be increased to 16 ps.

Inter class travel will cost $7\frac{1}{2}$ ps. per mile by ordinary trains and 9 ps. per mile by mail trains, instead of the existing average rate of 5.7 ps. plus surcharge.

Third class travel will cost 5 ps. per mile by mail and 4 ps. per mile by ordinary trains, instead of the existing average rate of 3.6 ps.

inclusive of surcharge. On the Oudh-Tirhut Railway, however, only ordinary fares will apply.

The suburban season ticket fares, it is stated, have for long been unremunerative. Those based on single journey fares or eight annas or below have hitherto escaped all increase, while practically all other third class suburban season ticket fares have suffered only one small increase of $6\frac{1}{4}$ per cent.

The small percentage increase now to be applied to charges for such season tickets is obviously conditioned by the same considerations which apply to the poor man's essential short distance travel. Inevitably fares for higher classes of travel have had to be increased steeply. But these fares have been standardised at the different class levels. It is pointed out that this will be the first time since 1939 that many of the suburban third class season ticket fares have been subjected to an increase which is only $12\frac{1}{2}$ per cent. as against an increase of 55 per cent. on all tickets including season tickets and workman's tickets in the United Kingdom.

FREIGHT RATE REVISION.

The question of simplification of the freight rating structure has been engaging the attention of the Ministry of Railways for a considerable time. The detailed investigation which began in April, 1945, is still proceeding. Government were, therefore, confronted with the difficulty that whereas enhancement of the rates level had become urgently necessary, the rates investigation was not complete. It was decided that both purposes should be served concurrently by lifting the 'Class' rate scales and telescoping them over the longer distances. This is being done in Classes IV to IX as Special Classes A and B, the latter relating to manures, minerals and other low-grade goods usually carried in bulk. The structure of Classes I to III is being left unchanged although the class maxima are being lifted.

These rates relate mainly to food supplies and other necessities, a radical disturbance in the rates for which would not be advisable at the present time. In fact, care has been taken to ensure that as far as possible there will be no increase in the cost of transport for food-grains and seeds for sowing.

Another reform which is being introduced is the elimination of many of the schedule rates at present applied by railways both in local and inter-railway bookings. This is a step in aid of the final introduction of telescopic class rates for all commodities.

Coal freight rates are definitely below the present cost of transport, and pending a permanent revision of the complicated coal freight rate structure the present practice of allowing a rebate on coal shipped coastwise is being withdrawn. Existing terminal and similar charges levied by railways are to be increased by 50 per cent. and the surcharge on coal, which prior to the war was 12½ per cent. and later raised to 20 per cent. is to be increased to 30 per cent. An increase in the special rates hitherto quoted for iron and steel by railways on which the important foundries are situated has already been notified.

CAPITAL AT CHARGE AND RESERVES.

No agreement has been reached with the Pakistan Government as regards the valuation of the assets to be allocated to their Dominion, and the question is to be decided by the Arbitral Tribunal set up under the Arbitral Tribunal Order, 1947, promulgated under Section 9 of the Indian Independence Act. The Government of India's estimate of the figure of Capital at Charge of Indian Railways on August 15, 1947, is Rs. 659 crores. On this basis, the balance in the Depreciation Reserve Fund, on that date, would be Rs. 98.22 crores. The balance in the Betterment Fund and the Railway Reserve Fund are estimated to stand at Rs. 11.71 crores and Rs. 7.98 crores respectively.

In view of the estimated deficit during the Budget period the contribution to general revenues of Rs. 7½ crores, budgeted for in 1947-48 will not now be made.

The Betterment Fund which was started in 1946-47, to meet expenditure on amenities to passengers and on staff welfare schemes and other similar schemes, will also receive no contribution. An expenditure of Rs. 3.84 crores is, however, expected to be met from the Fund during the Budget period. The balance in the Fund at the end of March 1948 is estimated at Rs. 8.07 crores.

The Railway Reserve Fund will also receive no contribution, but will on the other hand, lose Rs. 3.29 crores for meeting arrears of depreciation on rolling stock and the net deficit on the Budget. The balance in the Fund at the end of the current Budget year is estimated at Rs. 4.69 crores.

The Railway Depreciation Fund will bear a net debit of Rs. 2.94 crores, leaving a balance of 90.28 crores at the end of March, 1948.

NEW DEVELOPMENT SCHEMES.

The Works programme during the Budget period includes provision for the construction of three new lines, two in the coal fields area and the third in the north and Bengal for providing a direct link with Assam. A provision of 1½ crores has been made to meet the expenditure on these new lines and also for the restoration of the Bhimsen-Khalrada section of the Great Indian Peninsula Railway, which was dismantled during the war, and for the construction of the Rupar-Talaura line on the Eastern Punjab Railway, a new line intended to serve the Bhakra Dam. The construction of the latter two lines is already in progress.

A provision of Rs. 69½ lakhs has been included in the Budget for investment in joint road-rail transport companies being formed in the C.P., the U.P., Madras, Orissa and Bihar.

IN INDIA AND BRITAIN.

A comparison with third class fares on British railways would not be out of place. On British railways, passenger fares were standardized in 1923. Since 1939, fares on British railways have been raised thrice, the third and latest increase taking effect from October 1, 1947. In India this will be the first time since 1939 that many of the suburban III class season ticket fares have been subjected to an increase and this increase is only $12\frac{1}{2}$ per cent. as against an increase of 55 per cent on all tickets including season tickets and workman's tickets in the U. K.

There is another essential difference between the rise in the fares in England and in India. Whereas in British railways there has been a uniform percentage increase in all fares, the increase in India has been graded up to II class and the level of I class fares is now fixed in relation to the fares charged by the air services.

COMPARISON OF INDICES.

A comparison of the increase in fares with the increase in our ordinary working expenses and under the more important items is instructive. Taking the 1939 index as 100, our ordinary working expenses in 1947-48 will be 341, the wages bill 333, expenditure on coal 353, and the cost of maintenance stores 379.

That the Indian Government railways have been able to avoid corresponding increase in rates and fares, has been due to the large volume of traffic and therefore to better pay loads and a better occupancy ratio. Even with the revised rates and fares it will not be possible to balance the railway budget unless effective steps are taken to stop leakages of revenue which result from ticketless travel and other irregular practices. Ticketless travel has assumed such serious proportions, that the estimated loss to the railways is no less than Rs. 8 crores.

EFFECT ON SEASON TICKET FARES.

The following will be the effect on season tickets of the Railway Budget proposals for

increases in Fares : Urban season tickets : I Class, 50 per cent ; II Class, 25 per cent ; Inter Class, $18\frac{1}{2}$ per cent ; and III Class $12\frac{1}{2}$ per cent.

Season tickets for rural areas would be based on 12 return fares per month.

INDIA GOVERNMENT LAYS DOWN NEW SHIPPING POLICY.

BHARHA ON STATE'S ROLE IN BUILDING UP MERCANTILE MARINE.

Corporations partly Financed by Companies but Controlled by Centre to be set up.

Aiming at the rapid expansion of national tonnage on "sound, healthy and nationally-accepted lines," the Government's programme enunciated by the Commerce Minister embraced six main points.

(1) Government should immediately take initiative in establishing two or three Shipping Corporations.

(2) In each Corporation, in order to secure and retain effective control, Government should contribute not less than 51 per cent. of the total capital. The balance would be subscribed either wholly by an approved existing shipping company or partly by such company and partly by members of the public.

(3) Government would be entitled to nominate a number of Directors on the Board of Directors of the Corporation proportionate to the share of the total capital subscribed by them.

(4) No private company would be associated with more than one such Corporation, and where no one existing company was found suitable, participation by a group of companies would be permitted.

(5) A company, or group of companies, so associated would act as agents of the Corporation under the control of the Directors of the corporation and on such terms and conditions as may be stipulated in the managing agency agreement.

(6) Ordinarily, 100,000 tons would be regarded as the optimum tonnage for operation by each Corporation.

"In a still backward maritime country like ours, it is only a Government controlled organization that can pull weight in the highly organised maritime economy of the world," the Minister declared, pointing out that such a course would encourage the flow of private capital and diversion of private enterprise to shipping services, eliminate unhealthy competition between Indian companies in the same trade to prevent the establishment of private monopolies. It would also reduce the risks to be taken by India in what in normal times was considered a "hazardous" venture and help towards efficient and economical management.

We would like to draw the attention of our readers to the fact that this same policy has been practised in Hyderabad for the development of large scale industries, during the last decade.

BRITISH YARDS BUSY BUILDING WORLD'S SHIPS.

TARGET FOR CURRENT YEAR IS OVER ONE MILLION TONS.

More than half the merchant shipping at present under construction throughout the world is being built in the shipyards of Britain. Work in hand in these shipyards is higher than it has been since 1922, and the actual output for 1947—that is completed vessels—is expected to reach 1,000,000 tons.

According to the latest available returns issued in London by Lloyd's Register of Shipping for the quarter ended June 30, 1947, there are 461 ships of 2,062,949 gross tons under construction in Britain and Ireland.

The total gross tonnage under construction for that period throughout the world, apart from the British Isles, is 1,783,707. Therefore Britain is building 53.6 per cent. of the merchant

ships of tomorrow, and the rest of the world contributes 46.4 per cent. to that programme.

The target for the year set for the British shipbuilding industry was 1,250,000 tons. This was based on adequate supplies of steel, timber and other supplies. The revised estimate of a million tons to be completed by the end of the year is given by a prominent shipbuilding authority in Britain, and is based on the assumption that there will be no deterioration in the fuel or steel supply situation.

EXPORT TABLE.

Countries	Ships	Gross Tonnage
Argentina ..	7	47,780
Brazil ..	2	9,800
Chile ..	2	11,800
Denmark ..	7	29,750
Egypt ..	3	8,820
Eire ..	2	2,660
France ..	46	97,225
Holland ..	6	32,800
Iceland ..	21	13,038
Norway ..	33	130,583
Panama ..	1	4,600
Poland ..	3	2,860
Portugal ..	11	72,920
Sweden ..	10	28,160
Switzerland ..	2	11,810

In addition, there are 26 ships, with a gross tonnage of 74,784 for the British Commonwealth.

All the shipyards of Britain, from the north-east of Scotland, and Ireland to the Isle of Wight in the south report increases in orders for ships.

WORLD'S LARGEST PLANE.

Mr. Howard Hughes, a multi-millionaire industrialist of the U.S.A. has high hopes that he will win a £. 1,750,000 gamble which will make him the owner of the world's largest plane—a Flying Boat.

The plane with a wing-span of over 100 yards and a tail fin taller than an eight-storey building became airborne for the first time during the tests in Los Angeles harbour. If successful, it will be able to carry 700 passengers.

Mr. Hughes took the plane over from the

U. S. government who intended it for war purposes. He has spent £. 1,750,000 from his own pocket on completing it.

The Government had lavished £. 4,500,000 on the plane—a figure which the Senate Committee is at present investigating.

Labour

HON'BLE NAWAB ZAIN YAR JUNG BAHADUR ON VILLAGE HOUSING PROBLEMS.

FIELD EXPERIMENTS TO BE CONDUCTED IN VILLAGES IN HYDERABAD.

WELCOMING the Members of the Hyderabad Christian Conference who met at the Engineering Research Laboratories under the Presidency of Bishop Frank Whittaker at 5 p.m. on the 20th Azar 1357 F., for the discussion of Village Housing Problems, the Hon'ble Nawab Zain Yar Jung Bahadur, Minister for Works and Communications declared :

" I am a great believer in the scientific need and the economic value of large scale engineering research for the solution of highly technical problems connected with Irrigation, Roads, Buildings, Water-power, etc. But equally strongly do I believe that engineering research must on no account forget its most vital function of making the life of common man easier, healthier and happier. As one that was instrumental in the establishment of these Laboratories, I am glad that under the direction of Dr. S. P. Raju, these Laboratories are fulfilling both these functions. For eliminating the misery of smoke from the millions of Indian Kitchens these Laboratories have made a very valuable national contribution in the development of the smokeless Herl chula which can be used not only by the rich but also by the poor."

Continuing, he said that the innumerable enquiries pouring from the various official and non-official sources in this subcontinent regarding these Herl's chulas were highly encouraging and very gratifying.

In a lively discussion that followed, Dr. Raju's interesting address on " Village Housing Problems " it was decided to lay greater stress on solving the immediate national problems of accommodation, amenities and sanitary living conditions

and to conduct field experiments in villages specially in sanitation with the co-operation of the Members of the Conference.

The Hon'ble Minister promising his whole hearted support to the decisions arrived at expressed his hope that the measures for bringing that benefit of the Herl chulas and the housing amenities into all the villages and institutions under their care, would accelerate.

THE HYDERABAD DEVELOPMENT SOCIETY

A meeting of the Hyderabad Development Society, Ltd., was held on Friday the 21st November, 1947, in the premises of the Hyderabad Dominion Co-operative Bank, Ltd., Hyderabad. The Deputy Financial Secretary of the Hyderabad Government presided. In addition to other representatives, the Vice-President and the General Secretary of the Hyderabad State Indian Christian Association were also present. The President expressed high hopes that the Government can be persuaded to grant facilities to promote Housing Schemes, and pleaded for a minimum burden to be placed on the humbler tenants for being provided with ready houses on hire purchase system. The Society expects to begin construction work soon, along with which it is understood, the Housing Scheme already announced by the above Christian Association, in April last, will commence to be put into operation.

REGISTRATION OF TRADE UNIONS IN HYDERABAD.

A notification issued by Information Bureau says :—

The following Unions have been registered under the Hyderabad Trade Union's Act, 1354 F. in the month of Azar 1357 F.

1. The Singareni Collieries Workers' Union.
2. The Railway Employees League.
3. The Drainage Employees Union.

SOCIAL JUSTICE BASIS OF WORLD PEACE

NEHRU'S ADDRESS AT ASIAN LABOUR
CONFERENCE.

Raising of Living Standard First and Main Task.

Welcoming the delegates on behalf of the Government and people of India, Pandit Nehru stressed the importance of bringing about a "tremendous raising of the standard of living in Asia," which was very bad and very low at present. It was not a question of rich and powerful countries being generous, though generosity was always good. Poverty anywhere was a danger to prosperity everywhere, just as some infectious disease somewhere might be a danger to healthy conditions elsewhere.

In this connection Pandit Nehru commended the I.L.O.'s famous Declaration "of Philadelphia in 1944 and said that if only the world was governed by the principles laid down in that declaration, there would hardly be any major trouble in this world.

Pointing out that most countries of Asia were still or were likely to continue to be predominantly agricultural countries, he said that the approach to labour problems in India must primarily take into consideration agricultural conditions. "We cannot make real progress in a semi-feudal land tenure system. We as a Government are committed to remove, to alter, this old land tenure system. We are committed to the abolition of what is called the zamindari system or the big landlord system. I am sorry that there has been a little delay in this because of other reasons, but we do wish to proceed in this matter as rapidly as possible. We think that is a basis and foundation for the other kinds of progress envisaged."

So also, Pandit Nehru thought, in other countries of Asia the Agricultural and land tenure problems would have to be tackled rapidly so as to create that basis on which they could build better and establish better living conditions.

He hoped that the time would come soon when every form of colonialism would disappear from Asia "and I hope that this Conference—very representative as it is—will be even more representative of the peoples of Asia than it is today. I am glad to welcome here—I believe they have come for the first time to such a conference—people from Burma, Malaya, Ceylon and certain parts of Indo-China and I understand that representatives of the Philippines, who have not come, will be coming soon. I regret that some nations of Asia are not represented here, like Japan, Korea, the Indonesian Republic and the Viet Nam parts of Indo-China. I appreciate the difficulties of this organization which as inter-Governmental organization cannot bypass Governments in approaching people direct, though in its original Charter an attempt was made to get the co-operation not only of Governments but also of workers and employers. I hope that this difficulty will be got over and that these countries would in future find proper representation because if any large part of Asia is sick, that sickness will spread. It is not good enough for political difficulties to be pointed out when a patient is dying or is likely to infect others. We cannot ignore vast areas of territory because some dominating power—the metropolitan power if it so chose to call itself—considers itself the representative of those peoples and is not prepared to give proper representation to others."

PRaise FOR I.L.O.'S WORK.

Pandit Nehru recalled that some months ago the Asian Relations Conference gathered here and considered all manner of problems especially economic problems. That was a historic occasion and this conference was also one of historic significance. Tracing the history of the I.L.O he expressed admiration for the work that the organization had done. "Perhaps—inevitably, the attention of this organization has been concentrated more perhaps than factors of geography warranted—on problems other than Asian problems. I do not wish to minimize the work it has done in China, India and elsewhere in Asia.

Nevertheless the perspective was largely, if I may say so, European. Again political factors also came in. A number of Asian countries were under colonial domination and politics and economics are interlaced. One effect of this political domination in various Asian countries was to turn the minds of men in those countries towards the achievement of political freedom. Economic issues were somewhat hidden by this political struggle for freedom, although economic issues can never be ignored and are apt to produce catastrophic consequences if you seek to ignore them. Now that these countries in Asia are politically free or, I hope, on the verge of political freedom these economic questions are coming very much to the fore.

ESSENTIAL PROBLEMS.

"We meet here in Delhi and many of you know that we are faced with very grave problems of many kinds, specially economic problems, in India. Our time is taken up by the problems of the moment, nevertheless, we have welcomed your coming here in spite of our preoccupations because we do think that the problems of the moment will pass but the essential problem which you seek to tackle will remain and will have to be tackled.

"We talk of world peace and even now, when we are meeting here, the United Nations General Assembly is meeting in New York. Nevertheless, the essential basis of world peace must be, as the Declaration of Philadelphia stated, social security or social justice in every country."

There were hardly any regions of the world which were more closely and heavily populated than India, China and Indonesia. Not only because of their vast numbers, but also because of various other reasons, the well-being of the people living in those regions and the raising of their standards were exceedingly important.

India was faced with very great problems. Nevertheless, the most important question in India was an economic one and if people did not

solve it, India's troubles would increase. Essentially, that was a problem of poverty, unemployment, semi-starvation for large numbers of people and low standards of living for vast numbers. The I.L.O. in the past had dealt with living conditions of industrial workers and also to some extent of the conditions of Agricultural workers. Nevertheless, it had paid somewhat more attention to industrial labour than to agricultural labour.

AGRICULTURAL PROBLEMS.

He did not wish to pay any less attention to industrial labour, because that was very important and even in India it was a very important and vital element. India and most countries of Asia were still or were likely to continue to be predominantly agricultural countries. The approach to those problems must, therefore, primarily take into consideration agricultural conditions.

One of the principal reasons for the poverty of India was the overburdening of land and lack of other occupations. This could only be remedied by transfer to other occupations of a large proportion of the agricultural population of India. Therefore even from the point of view of land, India wanted development of industry - big industry, cottage industry, and every other kind of industry. Therefore, the agricultural and industrial aspects of the question could not be separated.

Again, they had to think of the development of social services, sanitation, education, transport and so many other things. In other words, the whole problem became interrelated. They had to advance all along the line and when they arrived at a stage of imminent crisis, as they had done today not only in India but all over the world, they would have to act quickly.

UNIFORM LAWS

This country would try to carry out the decisions of the I.L.O. to the utmost of its ability. "In the past we have tried to do so but I cannot

say how far we have completely done so. There has been one difficulty in our way in the past, while the Government of India might agree to these conventions and recommendations of the I.L.O., there have been parts of India called the Indian States which were not wholly amenable to our influence. Labour laws in those States did not keep pace with labour laws in the rest of India. That is not only bad for the people of those States, that is bad for the rest of India too because they tend to keep down standards in the rest of India. I hope that in future there would be a certain uniformity about it."

LABOUR TROUBLES

He said that as a member of the Government he had felt irritated often enough because of labour troubles, at a time when they wanted to concentrate on production. Yet, behind those labour troubles were not merely a set of agitators but certain conditions which necessarily led to that state of mind which resulted in labour troubles. He did not wish to blame any particular group because that blame could very well be apportioned in India to various groups, including, if he might say so, the Government of India. Nevertheless, he would beg of representatives of every group to remember that this question could no longer be considered in an isolated way in order to protect this vested interest or that. He would have liked some kind of industrial truce when they wanted greatly accelerated production, not to stop progress that would be fatal—but rather that every trouble and strike should be decided in a judicial way by arbitration, conciliation or adjudication. He was himself convinced that many of these troubles would be decided that way to the advantage of all parties concerned.

He hoped that the lead that the conference would give would bring about industrial peace, that is to say, it would lay down conditions of progressive improvement of labour, industrial and agricultural, which would necessarily result in industrial peace.

SIR. G. M. EVANS ON THE CONFERENCE

After Pandit Nehru's speech, Sir G. M. Evans rose to thank Pandit Nehru and the Government of India for the opportunity provided by them to hold this important conference in India's Capital. He paid an eloquent tribute to Pandit Nehru for his inspiring message. On behalf of the Governing Body of the I.L.O. and the delegates and representatives attending the conference, Sir G. M. Evans thanked the government of India for their hospitality.

Sir G. M. Evans explained at length the two-fold importance of the Asian Regional Conference. The conference, he said, was important not only for the vital agenda before it, but also for being the first regional gathering of the member states of the I.L.O. in Asia. In this respect, Sir G. M. Evans said, the occasion was historic.

Sir Guildhaume, on behalf of the Governing Body of I.L.O., wished India and her sister state of Pakistan godspeed on the road on which they had set out. He added: "On behalf of all of us, there is nothing but good-will for these two countries. The new states will not only be a blessing for the peoples of India and Pakistan but will, I hope, enable these peoples to make greater contributions than in the past for the progress of mankind."

On the results achieved by the conference, Sir Guildhaume said, would depend the degree of social justice and happiness of the people of Asia. Not only would the work of the conference bring benefit to the countries of Asia directly concerned, but it would be a source of strength to I.L.O. as a whole. The ultimate aim was to raise the standard of life universally and bring those of the backward countries progressively into level with the advanced countries. Recalling what he had told another international conference two weeks ago, Sir Guildhaume said that international conference would be judged by the answers they furnished among others, to the following questions: "Have you

banished war? Have you got rid of fear? Have you done away with want, poverty and unemployment? Have you secured for the most lowliest in the most backward State, liberty of persons, which is the foundation of every other freedom?"

PAPER PLANS NOT ENOUGH.

Unfortunately the outlook was at the moment dark and the future uncertain. Paper plans, however perfect they be, recommendations and resolutions, however well drawn up, would not take the world to this goal.

The only way to solve the problems was for everybody to meet and work together: a real meeting of human minds.

The Regional Labour Conference had on it representatives of Governments, employers and workers from the different countries of Asia. Here was a meeting of the minds. He believed that the world needed today, as never before, the culture, wisdom and experience of the East. The I.L.O. more than any other organization was best suited to bring the East and West together.

Sir G. M. Evans was followed by Mr. Shri Ram, Employers' delegate from India, and Mr. Khedgikar, Workers' delegate. Both of them welcomed the delegates and representatives and expressed the hope that their deliberations would result in greater social justice and security in the countries of Asia than at present.

INDIA'S PROGRESS LIES IN WORLD CO-OPERATION.

EXTRACT FROM MR. JAGJIVANRAM'S ADDRESS TO THE REGIONAL CONFERENCE OF THE I.L.O. AT DELHI.

"More than 75 per cent. of the population in Asian countries is working on land. Most of these workers have full employment for not more than six months in the year. There are, in addition, large numbers dependent for their living on handicrafts and cottage industries. Workers in organized industrial establishments

and transport services constitute only a very small minority. Here then is a main difference between Asian countries and those of Europe or North America. The approach hitherto followed, namely, evolving techniques for the improvement of workers in organized establishments and services and then applying them to agricultural and other workers, will not prove suitable in the context of Asian conditions. The measures best calculated to bring about an improvement in the conditions of our agricultural and cottage industry workers will demand our foremost consideration.

"Under-employment, excessive pressure on land, low productivity and inadequate physical means for sustaining a decent existence are the dominant features of the economic landscape in most Asian countries. Although we, in this conference, are primarily concerned with the provision of social services and the regulation of workers' conditions, we cannot forget that without a very *considerable* increase in production and employment all talk of social advancement will remain an empty dream. We should, therefore, concern ourselves with problems of increasing production, no less than with those of securing an equitable distribution. Unfortunately our industrial backwardness accentuated by the existence in some industries of antiquated methods of production has been a limiting factor.

"It should be the task of this Conference to consider how best we can help in furthering plans of economic development, to take stock periodically of the increase in the national wealth brought about by such development and formulate schemes for distributing it on an equitable basis. This task can be accomplished only if we give to our problems detailed and systematic consideration. What we need is not a grandiose plan but concrete steps to achieve our immediate social objectives.

"If I may use a simile, we are not now so much in need of an architect's blue print for the

erection of a grand palace as of ways and means of getting bricks, cement and building tools for constructing the living tenements which we urgently need. This great endeavour will require the joint effort of us all. The delegates and advisers will contribute a knowledge of the needs and requirements and circumstances of their countries and the office a knowledge of international practices. By combining the two it may be possible for us to evolve concrete schemes utilizing the knowledge and experience of other countries in so far as they are suited to the needs and conditions of our own countries.

" If this task is to be successfully accomplished, there must be a proper institutional set-up. I am in entire agreement with the Director-General when he says that ' the great milestones in the progress of mankind consist not of particular workers, remarkable as some of these have been, but of institutions established to achieve the desired results.' Ideals have been fruitful only to the extent to which they have resulted in the setting up of suitable institutions for their implementation. It will be the task of this and subsequent conferences in this region to consider what institutions are required for the systematic and detailed consideration of our vast and complex problems and to devise appropriate solutions for the various social problems which will inevitably arise with our expanding economic development.

REPRESENTATION FOR AGRICULTURISTS.

" I have no doubt that in our discussions the rural and agricultural background which I have already referred to will be prominently kept in mind. The problem is immense but a start has to be made for improving the conditions of agricultural workers who constitute the vast majority in all Asian countries. Problems relating to the cottage industry workers are in no less urgent need for study. If, as I am sure, you will agree that a beginning should be made to consider at least a minimum degree of protec-

tion for the agricultural and cottage industry workers, a point regarding the composition of these conferences will also require consideration. The main strength of this Organization is in its representative character. It is necessary that in the selection of delegates and advisers from Asian countries, and more particularly in regard to this Regional Conference, which is mainly of Asian countries, efforts should be made to secure representation of agriculturists, both employers and workers, and of handicraftsmen.

" In agriculture there is the further question --and I am speaking primarily from an intimate knowledge of conditions in India as to how representation should be given to the large body of peasants, who might be neither purely employers nor purely workers in the strict sense, but whom we cannot ignore if our discussions are to be realistic and purposeful. If representation is to be confined, as at present, to the most representative organization of employers and workers as the case may be there is little possibility at least for some years to come, of the agricultural and cottage industry workers who are not sufficiently organised to secure representation at this conference. This is an important matter and I am drawing your attention to it so that you may give it due consideration "

TRADE UNIONS IN INDIA.

NEED FOR HEALTHY GROWTH.

India Government considering Bill for Collective Bargaining.

Trade unionism in India is a tender plant, for the healthy growth of which the Government of India have been most anxious. Although not more than 30 years old, it has made rapid strides during the last two decades. The number of registered unions have increased from 29 with a total membership of 100,619 in 1927-28 (the year from which trade unions were compulsorily registered) to 818 with 780,967 members in 1943-44.

Besides these registered unions, there are many unregistered unions of industrial and non-industrial, governmental and semi-governmental bodies. In the province of Bombay alone, where information on unregistered unions is available, they numbered 200 and had a membership of 88,010 on June 1, 1946.

The trade union movement in India was born with the formation of strike committees after the end of World War I, when there was an outburst of industrial strife. The first attempt at trade union organization with regular membership of workers in an industrial centre was when Mr. B. P. Wadia founded the Madras Labour Union in 1918. It did excellent work in redressing the grievances of workers, but in 1921 the law was made use of against it by employers who obtained an order from the High Court restraining the Union leaders. This event focussed the attention of the public on the need for trade union legislation which did not exist then in the country.

A MODEL UNION.

Meanwhile, in 1920, in Ahmedabad, an association of workers was formed, which has become a model union. It was unique in its constitution and in its leadership. Mr. Gulzarilal Nanda, at present Minister for Labour, Bombay, was its leader for many years. Under the guidance of Mahatma Gandhi, the Ahmedabad Textile Labourers' Association has been able to build up a solidarity which is unrivalled. The Union is one of the strongest in the country. It claims to have achieved substantial benefits for workers and has developed extensive welfare schemes.

WELFARE ACTIVITIES.

Its welfare activities comprise day and night schools, residential boarding houses for working class girls, study homes for boys, reading rooms and libraries and physical culture centres. For social welfare including compensation for accidents, medical aid, education, thrift, and temperance work, nearly Rs. 60,000 per annum—

about 60 to 75 per cent. of its income is spent by the Union.

The chief importance of the Union lies in the fact that it has devised an elaborate system of joint conciliation and arbitration with the Ahmedabad Mill-Owners' Association by which this textile centre has been almost free from strikes.

TRADE UNION CONGRESS.

The year 1920 also saw the establishment of the All-India Trade Union Congress. The main impetus to its founding was the association of India with the International Labour Organization. The misgiving the 'yes-men' would be nominated as workers' representatives on the India delegation is said to have moved labour leaders to form the All-India Trade Union Congress.

The passing of the Indian Trade Unions Act of 1926 gave not only recognition but also legal status to trade unions. Their executives and members were granted immunity from civil and criminal liability in respect of strikes. The Act also allowed the funds of the registered union to be spent for the conduct of trade disputes and for the provision of benefits to its members.

With the awakening of political consciousness and the onrush of socialistic doctrines in the country, there was a split between the moderate and left-wing elements amongst trade unionists. The moderate element under the leadership of Mr. N. M. Joshi seceded from the Trade Union Congress and formed the National Federation of Trade Unions.

NAGPUR SESSION.

This followed the Nagpur session of the All-India Trade Union Congress held under the presidency of Pandit Jawaharlal Nehru, when resolutions were adopted favouring the affiliation of the All-India Trade Union Congress to international communist organizations and to

the boycott of the Royal Commission on Labour, the International Labour Organization and the Round Table Conferences.

A further split occurred at the next session of the All-India Trade Union Congress as held in 1981.

After six years of disunity, differences were composed and the parent body was recognized as the central organization for all working classes. However, it was not until 1938 that the two bodies combined into one central organization. The Trade Union Congress abandoned the hammer and sickle on the red flag and coalesced with the National Federation.

SPLIT IN LABOUR RANKS.

The attitude to the Second World War was responsible for another split in labour ranks in 1940. While the Trade Union Congress adhered to the principle of neutrality, the Seamen's Union at Calcutta and a section led by Mr. M. N. Roy wished to support war efforts. The new Indian Federation of Labour was started with Mr. Jamnadas Mehta as president and Mr. M. N. Roy as secretary.

A. I. T. U. C.

An inquiry into the representative character of the All-India Trade Union Congress and the Indian Federation of Labour was conducted by the Chief Labour Commissioner in 1946. It came to the conclusion that the All-India Trade Union Congress has 326 affiliated unions with 696,555 members.

Some of the strongest unions in India are those of Railwaymen, Post and Telegraph workers and Printers. The All-India Railwaymen's Federation has 15 affiliated unions with a total membership of 129,074.

The strike wave which started after the end of World War II inclined the leaders of the Indian National Congress to form a new organization for workers. The Congress President, Acharya

Kripalani, launched in May, 1946, the new Indian National Trade Union Congress. The policy of this Union is to use the weapon of strike only as the very last resort.

A sound and healthy growth of trade unions has been recognized by the Government to be necessary for the development of harmonious relations between employers and workers. With a view to giving Trade Unions a new status in collective bargaining, a Bill has been recently introduced in the Legislature and is under consideration. When this Bill becomes law, employers would be compelled to bargain with the representatives of a recognized union. If unfair practices are resorted to by a union it will lose its recognition.

SOCIAL SECURITY SERVICES URGENT FOR ASIA.

I. L. O. RESOLUTION.

Guiding Principles.

The resolution suggests among other things, that in the case of all labour that is regulated, income security should be afforded by means of social insurance, financed by contributions from workers, employers and Governments. In fixing the level of benefits, the aim should be to afford at least a minimum of subsistence. Consideration should be given to extending the scope of employment injury benefit legislation so as to cover as many categories of workers not yet covered, including categories of agricultural workers, as may be administratively feasible from time to time. The payment of benefits should as a rule, be secured by means of a system of compulsory insurance administered by the State, or by a non-profit making organization. The benefits should normally take the form of periodical payments; a lumpsum should be paid only if the competent authority is satisfied that it will be properly utilised. Medical care should be provided on an adequate scale and should include in-patient hospital treatment wherever possible and specialised institutions

should be established for the rehabilitation of injured workers.

Consideration should be given to extending scope of maternity benefit legislation so as to cover as many categories of women workers as may be administratively feasible from time to time. Maternity benefits should be granted during maternity leave for six weeks before and six weeks after confinement. The payment of such benefits should, as a rule, be secured by a system of compulsory insurance, administered by the State or by non-profit-making organisation.

Having regard to the fact that in most Asian countries millions of people, who are technically self-employed, are working and living under conditions more or less similar to those of employed persons, consideration should be given to the provision of old-age and survivors' benefits for all who stand in need of such benefits, and not merely for employed persons and their survivors. Such benefits should ultimately be provided in the form of old-age and survivors' pensions by means of social insurance or social assistance schemes.

Since the Governments of Asian countries may be unable for some time to afford the substantial subsidies required to finance such pension schemes, by reason of the large outlay they have to make for social services, to which a higher priority should be accorded, compulsory provident funds for as many categories of workers as possible, and in particular, for all regulated labour, should be instituted and the scope of existing State-managed insurance schemes, such as the Postal Insurance Scheme administered by the Government of India, should be extended or introduced.

CROP AND CATTLE INSURANCE.

With a view to affording a larger measure of income security to cultivators, Governments should consider the possibility of organising crop and cattle insurance schemes, either for the

country as a whole or for those parts in which it may be possible to take immediate action. Medical care should be preferably provided, not by means of social insurance or social assistance services, but rather by a public medical care service for the whole of the population without contribution, conditions or the imposition of a means test, subject to the provision that social insurance schemes or other schemes for medical care for limited sections of the community such as industrial workers, should in suitable circumstances, be inaugurated in advance of the schemes of general medical care where these do not at present exist.

The resolution also urges the Governing Body of the I.L.O. to undertake detailed studies of the social service schemes already implemented or under consideration by the Asian countries and, at an appropriate time to convene a meeting of social security experts from the Asian countries, to consider the progress achieved and indicate measures which might be necessary. The I.L.O. is also urged to make available to the Asian countries for advice, experts on problems of social security.

MR. M. A. MASTER ON NEW DEAL TO WORKERS.

Mr. M. A. Master, President of the Federation of Indian Chambers of Commerce, called upon industrialists to change their whole attitude towards the place of workers in the industrial plan and their share in the fruits of their labour, "in consonance with the modern conception of life and living."

Mr. Master, who was speaking on "Future of Trade, Commerce and Industry" at the Indian Merchants' Chamber observed that there was remarkable agreement everywhere in the country that the two great and vital needs of the hour for building up the country's economy were to improve the standard of living of the people and to increase rapidly the production all round both in regard to agriculture and industry.

He heartily welcomed the proposal of the Prime Minister, Pandit Nehru, that there should be industrial truce for securing accelerated production and urged him to call immediately a tripartite conference of the Government, industrialists and the workers to decide what steps could be usefully taken to settle the problems which, on the one hand, retarded the progress of industry, and, on the other, militated against the just claims and demands of the workers for a better, happier and fuller life.

Mr. Master said that there was considerable force in the criticism that the industrialists had not played their game fairly and squarely by the workers who had assisted them in building up private enterprise.

If they were, therefore, really anxious to inspire confidence in the country in their oft-repeated profession that the workers should have enough resources, after meeting their minimum requirements, for enjoyment of life and cultural activities, their whole attitude towards the place of workers in the industrial plan and their share in the fruits of their labour would have to be changed in consonance with the modern conception of life and living.

It was also essential that in order to enable them to do so the Government will have to recognise their responsibility for suppressing undesirable tendencies and growing indiscipline amongst the workers which seriously affect the production of wealth in the country.

Concluding, Mr. Master sounded a note of warning that India should keep herself extremely vigilant in regard to what was happening at the International Trade Conference. While he realised that international co-operation was desirable and necessary he maintained that India should not, in her zeal for such co-operation, agree to such provision of the Trade Charter as would make it impossible for her to take effective and proper steps for developing her industries and building up her national economy in the future.

TRAINING FACILITIES FOR WORKERS.

UTILITY OF EMPLOYMENT EXCHANGES.

With full employment of all its nationals as their ultimate objective, the Government of India have recently made a beginning in the establishment of a national employment service. A network of 52 employment exchanges consisting of regional and sub-regional offices with a central clearing house in the capital now exist in India to register personnel and meet the needs of employers.

In addition, about 21 exchanges are being operated in Indian States. Besides these, there are about 187 technical, vocational, women's and disabled training centres with a capacity of nearly 16,000 to train ex-Servicemen and women for civil employment.

Initially designed as a measure for resettlement of large numbers of demobilized personnel, this service of the Central Labour Ministry is gradually being extended to embrace all categories of employment-seekers. It is at present necessarily confined to skilled and semi-skilled workers required by industries, commercial establishments and Government offices.

The number of men, a large proportion of which are ex-service personnel and discharged war workers, placed in employment by the organization of employment exchanges up to July 1947 is over 2,00,000. This has been done in spite of initial difficulties, such as transitional economic conditions in the country and the fact that there is no legislative sanction behind it. The entire scheme is based on voluntary co-operation and it is a tribute to the service that in July, 1947, the number of employers using the exchanges had increased to 3,500.

The placement work done by the exchanges is only a small part of the tasks of the organization. Although full employment ultimately depends on industrial and economic developments, a service of this kind is essential for the orderly adjustment of labour supply and demand.

Statistical data are indispensable to the framing of a man-power budget in the light of the vast industrial, transport and agricultural programme of the country.

EMPLOYMENT DATA.

By collecting employment data and compiling statistics which will indicate the territorial and occupational trends of current and prospective employment, the employment offices are helping planning in the best interest of national economy. It is in this spirit that all Provincial Governments have accepted the scheme in principle and have assured close collaboration with the Centre in making it a permanent organisation, subject only to such modifications as may be required to suit their future needs.

The potentiality of this organisation is perhaps best illustrated by the increasing service demanded of it in settling refugees in East Punjab and Delhi.

The machinery for this work is controlled by the Directorate-General of Resettlement and Employment in the Ministry of Labour, New Delhi. Besides the Central Employment Exchange and a regional office in the capital, it has 10 employment exchanges in the U.P., 5 in East Punjab, 7 in West Bengal and Assam, five in Bihar and Orissa, 9 in Bombay, four in the C.P. and 10 in Madras.

In Madras there are 15 district employment offices also. In each regional exchange there is a women's section to deal with ex-servicewomen. A feeder service is provided by a number of employment information bureaux. Besides, there are about 20 mobile exchanges providing facilities to applications in remote rural parts.

A staff training school in Delhi under expert supervision trains managerial staff required to man the exchanges.

TRAINING SCHEMES.

To aid resettlement of war servicemen and to make up for the shortage of technical person-

nel so acutely felt during the war, the Ministry of Labour decided to adopt several schemes of training. The technical training scheme initiated during the war was adapted to post-war requirements and centres set up in war time were expanded to train ex-servicemen.

There are now 93 such centres distributed among the provinces. The total number of trainees in undivided India was nearly 8,000 of whom 631 had passed Grade II trade tests. The scope of training covers a number of engineering and building trades selected with an eye on employment opportunities and the needs of industries. The syllabuses were drawn up in consultation with advisory committees on which employers were represented.

The aim of the vocational training scheme, another scheme of the Labour Ministry, was to increase the earning capacity of ex-servicemen by equipping them for gainful occupations. It embraced in its scope a wide range of commercial, clerical, professional and semi-professional occupations and cottage and small scale industries. On August 14, there were 99 such centres in India with a total capacity of about 5,000 seats. The number of trainees up to that date was 2,171.

SCHEME FOR DISABLED.

Two special schemes, one for the rehabilitation of disabled services personnel and another for training ex-servicewomen, were also launched. Rehabilitation of the disabled consists of training them in suitable selected occupations in three special centres (at Aundh near Poona, Jalahalli in Mysore, and Meerut) and expeditiously finding them employment. The training centres have a capacity of about 2,000 and over 1,100 persons were under training on August 14, 1947.

Training centres for ex-servicewomen totalled 18. In addition, a number of other institutions had also been pressed into service for training them. The vocations chosen included stenography,

typing, commercial and clerical work, commercial art, embroidery and other handicrafts, telephone operation, telegraphy, hairdressing and beauty culture and interior decoration.

All trainees were given a number of facilities such as stipends, free board and lodging, workshop clothing, to and fro fares, recreation, and medical treatment.

EX-SERVICE CO-OPERATIVES.

Two schemes of resettlement and employment complementary to the main schemes, are the land colonization schemes and ex-service co-operatives which, although falling within the sphere of Provincial Governments, are no doubt encouraged by the centre. Some States, namely, Travancore and Mysore, have adopted these schemes. They provided opportunities for men who have initiative, self-reliance and capacity for sustained efforts. The Madras Government has planned 12 co-operative workshops to be run by ex-service technicians to manufacture metalware, furniture, leather goods, agricultural implements, etc., and for repairs to motor vehicles. Similar workshops have also been sanctioned in Bombay.

The U.P. Government has set apart a major portion of its Services Reconstruction Fund for organizing industrial co-operatives. Transport co-operatives for ex-service drivers and mechanics are also being planned. Liberal terms have been offered to ex-servicemen prepared to colonize on lands provided by Provincial and State Governments. Loans have been granted for purchase of cattle, implements, etc., and building of farm houses. A few such colonies have sprung up in the hill areas of the U.P. and also in some Indian States.

CONDITIONS IN INDIAN MINES.

BRITISH LABOUR LEADER TO INVESTIGATE.

Mr. Will Lawther, President, National Union of Mine-workers, Great Britain, and Secretary of the Miners International, who is attending

the Asian Regional Conference of I.L.O., will visit Indian mines and make a report to the Miners International. The tour is expected to last a few weeks.

Mr. Lawther, in an interview, said: "It is strange that nobody from Britain except those who have been interested in selling machinery or who have come out to manage mines, has ever made a report on the actual conditions and the lives of Indian miners.

"Judging from what I have been able to read and the people I have met, the Indian Government are very anxious to put up a standard of life for the common man compatible with world-accepted standards. If there is any service that we can render in giving advice to them or to the trade unions, we will only be too happy to do so.

"I have very firm conviction—I have been a miner all my life as to what is necessary. The miner plays a tremendous part in the economy of any nation where coal is produced, particularly at this period, and, therefore, his occupation is entitled to be regarded as vitally essential to the nation of which he is a citizen."

NEW DEAL FOR INDIAN PLANTATION LABOUR.

TRIPARTITE CONFERENCE TO MEET NEXT YEAR.

A new deal for nearly one million workers employed in large-scale plantations in India which produce tea, coffee and rubber will crystallize when the Government of India convenes a tripartite conference for the plantation industry in January or February 1948.

The provisional agenda for the Conference includes wage fixation in the industry, medical care and treatment, outlines of legislation for regulating conditions of work in plantations including inspection and financing of schemes of welfare and inspections.

A complete report on the second items prepared by an officer of the Ministry of Health is

now ready. A report which will provide full material for a decision on the first item is almost ready. Other subjects are under study by the Ministry of Labour and complete data, with the help of which clear-cut decisions could be reached will soon be available.

Beside these items the question of appointment of a standing committee which could meet more frequently for consideration of urgent matters, will also be discussed at the conference.

Till about a year ago, plantation labour, which number about one third of those employed in registered factories, had little protection either by law or through a properly established joint negotiating machinery. A start was made in 1946 when Mr. Jagjivan Ram India's Labour Minister, convened the first tripartite conference on plantation labour with representatives of organizations of workers and employers and of Governments of Provinces and States where large plantations exist. This conference decided on the main problems relating to improvement in the conditions of plantation labour which deserved prior consideration. The subjects have since been under study by the Ministry of Labour.

INDIA RATIFIES NEW I.L.O. CONSTITUTION.

The Government of India have ratified the constitution of the I.L.O. Instrument of Amendment, 1946, and the Final Articles Revision Convention, 1946, adopted by the International Labour Conference held in Montreal in 1946.

The Final Articles Revision Convention contains some amendments to the constitution of the I.L.O. consequent upon the dissolution of the League of Nations and the establishment of the U.N.O. with which it is at present allied.

The Instrument for the amendment of the constitution of the I.L.O., 1946, embodies the

aims and purposes of the I.L.O. in the light of the Philadelphia charter and the principle of equal remuneration for work of equal value. It provides for the convening of regional conferences and for the setting up of regional agencies.

It lays down as the duty of the Governing-Body, to ensure the technical preparation and the timely despatch of reports on each item of the agenda to the members and adequate consultation by means of a preparatory conference prior to the adoption of a convention or recommendation.

DIRECTOR'S STATUS RAISED.

Among other things, it raises the status of the Director to that of Director-General, lightens up the procedure for reporting on the action taken on conventions and recommendations and defines more precisely the obligations of members in regard to their non-metropolitan territories.

The two amendments to the constitution were placed before the Indian Legislature in April, 1947.

The revised constitution will take effect as soon as it is ratified by two thirds of the members of the I.L.O., including five members of the Governing Body, India, as one of the chief industrial countries, is a member of the Governing Body.

BIHAR LABOUR BOARD.

The Bihar Government have decided to constitute a tripartite organisation called the "Bihar Standing Labour Advisory Board" to advise the Government on all matters concerning the welfare of labour.

BRITAIN'S MUD HOUSES.

CHEAPER YET LONG-LASTING.

Mud houses may help to ease Britain's housing problem if a London man's trip to America is successful.

When he was in the States, some time ago this contractor saw mud dwelling which cost only £. 25 each apart from labour.

The houses are described as more long-lasting, weather-proof and cheaper than any other type. In America thousands of people are building them. One house of the same type is already over 100 years old.

PREFABRICATED HOUSES TOO COSTLY FOR INDIA

As the Housing Organisation, has found the cost of prefabricated house to exceed local traditional construction, no proposal for importing them in this Province can be executed, says the Director of Publicity, Bombay.

Special Article

IMPORT AND EXPORT DUTIES IN HYDERABAD.

1. *The Origin of Karorgiri.*—The word 'Karorgiri' is not self-explanatory. Some of you are possibly under the impression that this department is known as Karorgiri because in the early days of the Customs administration it yielded an annual revenue of a crore or more. This is far from the truth. The income from Customs duties did not in those early days approach even a quarter of a crore. Transit duties throughout the State hindered and hampered trade, and, under the old farming system yielded a revenue altogether of barely six lakhs of rupees in 1875. They injured the commerce of the country to an extent that can at the present day be hardly imagined. There was no definite plan or policy or a well-regulated system, of collection [of revenue, nor even an assessment of rates before 1864. To this may be added the defects of the farming system and the hypothecation of revenues. The collections were formerly made through farmers and contractors known as *karrorahs*, who were seldom questioned or interfered with in their procedure so long as the Government demands were satisfied punctually and in full. When order was brought out of chaos and the Government took over the work of collection of duty through its own agency, the department was named after *karrorahs* or tax-gatherers.

2. It was natural that in medieval times, various circumstances conspired to hamper trade. The political situation was then in a fluid state and the boundaries of rival states constantly changed and transit duties levied by individual renters or zamindars hampered trade in every direction and at every step. Up to 1802, all sorts of miscellaneous taxes on imports and exports were levied both by Government and Jagirdars, and such taxes amounted to as much as 15 per cent. on the value of goods by the time they reached their destination. These

miscellaneous taxes were known as Sayer, Huqdari, Chungi and Rahdari. There were so many economic barriers which the goods had to pass through before they became available for local consumption—harassing restrictions, inquisitorial proceedings and bureaucratic interference had had to be surmounted.

3. Transit duties have been levied in India for centuries. In the Moghul period the rate of duty did not exceed 5 per cent. *ad valorem*. The break-up of the Moghul Empire increased the complications of these imposts owing to an increase in the number of independent authorities. In the early days of the East India Company these imposts were recognised as such an impediment to trade that one of the chief privileges which JOHN COMPANY BAHADUR sought, and later demanded, was exemption from them. The establishment of peace and tranquillity by the British Government in India secured for Hyderabad, as for the rest of the country, much-needed security of life and property. PAX BRITANNICA also provided opportunities for the development of a well-regulated commerce. As means of communication improved, the flow of trade between the State and other parts of India increased.

4. *The Rationale of the Treaty.*—In the year 1802, a treaty was concluded with the East India Company for the improvement and security of trade between the territories of the East India Company and of His Highness the Nizam of Hyderabad. This document is a landmark in the history of the external trade of Hyderabad. Whereas a well-regulated commerce is essential to the "opulence and prosperity of the people and to the wealth and power of the State," and whereas a free and secure commercial intercourse tends "to maintain the relations of amity, peace and concord between contiguous nations," it was agreed to abolish all *rahdari* duties which were then haphazardly levied by Renters and

Zamindars on goods in transit within the Dominions. It was also agreed to limit to 5 per cent. ad valorem the import and export duties leviable by His Highness the Nizam's Government on all articles imported into the Dominions from the Company's possessions and on all commodities purchased in the State for exportation. Article 10 of the Treaty gives the State the privilege of importing, free of British Customs duties, through any port or overland from beyond British India, all articles of the origin mentioned in it inasmuch as such goods of Hyderabad origin could be exported from Hyderabad outside British India free of Customs duties. This article leaves the State free to levy customary duties from other than traders under the Company's Government who alone were to enjoy the limitation of the State's duties of 5 per cent. As reciprocity was the governing principle of the treaty, the Company was also bound to limit its own duties to 5 per cent. ad valorem.

5. The Treaty of 1802 was by no means the first or only treaty between the two powers, and an examination of its early background seems to me both topical and interesting. For not only is our trade expanding from year to year, but the urge for industrialisation has happily come to stay with us, and the demand for an outlet to the sea can no longer be looked upon as an ebullition of political patriotism—it is a grave and imperative economic necessity. You will, therefore, be interested to learn in that the Treaty of 1759 with H.H. the Nizam, the Circar of Masulipatam had, along with other districts, been given to the Company as an inam or free gift. In granting the Ruler the free use of the seaport of Masulipatam, the treaty of 1802 thus restored to Hyderabad its inherent and long enjoyed right, an outlet to the sea. Liberty to establish a commercial factory and agents contemplated that Hyderabad should be free to develop an ALL-INDIA coastal trade based on Masulipatam, and its merchant marine bearing His Highness' Flag, was to receive British naval protection and admittance into

British Indian ports "upon the footing of the most favoured nations. From the treaty it would appear that it nowhere provides for the levy by the Company of a duty on goods arriving from overseas at the Hyderabad factory nor is there any provision similar to article 8, which recognises the right of the State to levy an export duty and permits the Company also to levy an export duty on goods despatched from Hyderabad at Masulipatam or any other part of the Company's possessions into H.H. the Nizam's Dominions... Looking at the matter from the standpoint of advantage, the State secured a position of equality and not of preference. The treaty was an instrument for the regulation of the commercial relations of the contracting parties: it was mainly concerned with importation and exportation of goods and it was an expression of economic rather than diplomatic arrangement with the Company.

6. The traders under the Company's Government are not, under the treaty, permitted to re-vend in the State the produce or manufactures of the State purchased by them therein, as His Highness did not desire the traders to set up an internal trade; and as, in those days, the unrestricted export of grains from the Dominions was said to force up prices locally. A "special license" or permit was needed for the export of foodgrains to British India, as provided in Article 10. This has become doubly necessary under war and post-war conditions. Even the Subsidiary Force was allowed to purchase grain to the extent that was actually necessary for its own consumption. With a view to meeting the desperate emergent needs of the contracting parties, provision was made, under Article 9, for the grant of reciprocal arrangement immediately on application for the transportation of grain, free of duty, into the territories of the two contracting parties. Thus it will be seen that H.H. the Nizam anticipated far in advance the control over movement of foodgrains, which has now become so essential to balance the economy of the State *vis-a-vis*

India.

CUSTOMS DUTIES.

7. Customs duties in the State are purely of a fiscal nature. When they are levied on goods entering the State for consumption or further manufacture, they are described as import duties; when they are imposed on goods leaving the State territory, they are known as export duties; and when duty is levied on salt in transit from one part of Indian territory to another through the intervening strip of the State territory, it is called *Rahdari* or transit duty.

8. In the case of *ad valorem* duties there generally exist two systems of assessment, *viz.*, assessment on the basis of declarations furnished by the importer and assessment on the basis of values fixed by the administrative authorities themselves. The value of an article changes "constantly across space." This is but natural because goods placed on a truck at a factory do not incur a whole series of marketing and transport expenses which must be met before they reach the destination by which time the value of the goods will have risen correspondingly. The value of goods fluctuates from day to day according to the changing currents of demand and supply. The value, therefore, is not the value at the time of purchase but on the day of importation or exportation. The basis of dealing in ordinary business intercourse is the wholesale market value. To this may be added the incidental expenses up to the time and place of landing or arrival of goods. In Egypt, the value of certain articles, for purposes of assessment is determined by agreements between the Customs authorities and the principal merchants and in framing the tariff valuation the prices ruling at the time of determination are taken as a basis. In Japan, duty upon an article subject to an *ad valorem* duty is charged on the value thereof at the time of its arrival at the port of importation. In U.S.A., the basis of valuation is F.O.B. wholesale market value, plus all costs to the port of shipment. In New Zealand, the value of goods subject to an *ad valorem* duty is fair market value thereof, when sold for cash

in the ordinary course of business for home consumption in the principal markets of the country from which the goods were exported, with ten per cent. added to such fair market value. Except in the case of goods assessable to duty on the tariff value basis, all goods imported into British India and liable to an *ad valorem* duty are assessed on their real value as defined in section 30 of the Sea Customs Act. The method of assessment is on the basis of wholesale cash price of an article. When the wholesale cash price of an article is not well-known or easily ascertainable in Bombay, duty is collected on the basis of cost of delivery or price at which goods of a given kind or quality could be delivered at the place of importation in the ordinary course of business. In 1934, the definition of the term value, for purposes of assessment, was brought in conformity with that obtaining in British India and other countries. Section 23 of the Hyderabad Customs Act of 1856 F. corresponds with section 30 of the Sea Customs Act.

9. Section 16 of the Hyderabad Customs Act authorises the levy of the Customs duties in the State and specifies in a schedule the amounts to be levied *ad valorem* or according to weight. Our duties are of two kinds: specific or *Rasbandi*, that is, reckoned on weight or number; and *ad valorem*, reckoned on the value of merchandise.

10. In the case of imports liable to an *ad valorem* duty, value of an article includes all incidental charges and railway freight up to the railway station or motor freight or cart-hire up to the frontier outpost. The value of goods booked from Bombay to Hyderabad is the value in Bombay, plus sales tax or Excise duty, if any, and railway freight up to the importing station. A large proportion of goods on the frontier comes by road from centres like Sholapur and the value of *ad valorem* goods arriving from those centres includes Excise duty or Sales tax if any, and cart-hire or motor freight up to the frontier outpost.

11. The value of goods imported direct from overseas would include shipping and other charges, British Customs duty paid in Bombay and Railway freight from Bombay to Hyderabad.

12. In the case of exports, the value of goods liable to an *ad valorem* duty is the value at the exporting station, plus Excise duty if any, as in the case of tobacco.

13. Our exports mainly consist of agricultural produce which pays duty on the *Rasbandi* or specific system, and the rates fixed by Government from time to time are generally on the prevailing market prices at the principal exporting centres.

14. For the facility of collection by the official agency the *Rasbandi* duty has been prescribed for certain commodities that is, a definite amount of duty is fixed by Government on the actual weight of commodities such as cotton,

TRANSIT DUTY.

15. In the Treaty of 1802 there was a clause which forbade the imposition of transit duties by the State on all goods passing from British territories into H.H. the Nizam's Dominions or vice versa. Along the maze of villages of the two territories which are inextricably interlaced on the border dutiable goods other than salt, covered by passports about the origin of goods from village officials in Indian territory are transported free of duty. Such goods in transit are not sealed with Signote scrapplings, as in India, but are escorted by Customs Jawans to the nearest Customs centre on the other end of the border. The system of issuing *Azmat dakhlas* for the free passage of goods applies also to goods belonging to Indian enclaves which have to pass through a part of a protruding spur of the State territory. The same system applies, *mutatis mutandis*, to goods passing from one village of the State territory to another through a narrow strip of Indian territory. Small villages of Indian territory near the border have under cover of such passports, imported or exported goods out

of all proportions to their requirements or the capacity of their population. The *modus operandi* of the smugglers residing in the enclaves was to accumulate stocks in villages along the border of the State or in isolated blocks of the State territory from which grain was conveniently rushed over the border as soon as the local Customs official's attention was diverted. In 1944, a very large stock of rice was seized in an isolated village, where no rice is grown or normally consumed. Customs officials generally get at the brains behind the smuggling which arrange for the transport of food grains from the State territory through paid hirelings who are known to have rushed across the border in head-loads with or without the collusion of officials, as a result of which public confidence dubious of food arrangements was said to have been shaken by the dreadful news of illicit exports. The position created by the existence of enclaves is very complicated and adds enormously to the difficulties of the day-do-day Customs administration.

16. Under the standstill arrangement, the present system of taxing goods meant for the the State at the various seaports, and again on their arrival in the State, has not undergone any change, with a view to bringing a long-sought relief to the consumers in Hyderabad. The Treaty of 1802 has conferred upon the State the right of importing foreign goods free of British Indian duties. The continuance of *status quo* for a year would mean that the State could not break away from the old moorings of 5 per cent. *ad valorem* and that our overseas goods would continue to be heavily taxed at the Indian Seaports and the proceeds credited to the Central Indian revenues. As the Government of India are willing "to co-operate with Hyderabad fully in regard to its import and export trade," it is anticipated that there will be development of a sense of economic realism which is an essential counterpart to the growing sense of political realism in the country.

A. R. Chida.

News in Brief

LOWER SECONDARY EDUCATION MADE FREE.

A Government Notification says :

The Education Department of H.E.H. the Nizam's Government has passed orders to the effect that from the beginning of the current academic year no tuition fee is to be charged from the students of Government Middle Schcols. Thus education up to the Lower Secondary Stage has also been made free like Primary education in the Dominion.

EXEMPTION OF SALARIES FROM ATTACHMENT.

A Notification issued by Information Bureau says :-

Section 303 of the Hyderabad Civil Procedure Code has been amended by H.E.H.'s Government so as to exempt the salaries and wages of the labourers and domestic servants from attachment to the extent of rupees one hundred. In case the monthly wage or salary exceeds hundred rupees but is less than two hundred, the first hundred rupees are non-attachable, and only one half of remainder of such wage or salary could be attached. Provision has also been made for temporary exemption of one year after two years' continuous attachment.

ANTI-CORRUPTION.

A Hyderabad Government notification says :—

During the year of 1356 F. the Anti-Corruption Department registered 69 cases of bribery out of which 32 were placed before the Special Tribunals.

During the month of Aban the Special Tribunals passed judgments in four cases, convicting all the accused. In two of these cases the accused were sentenced to two months Rigorous Imprisonment in each while the other two resulted in conviction of one month's Rigorous Imprisonment and a fine of Rs. 50 in each case.

The convicts included two Watandars. The Revenue Department has been requested to take steps for attachment of their Vatan.

The following officials were involved in the 69 cases brought before the Special Tribunals during the year 1356 F.

Supply Assistants 2, Tahsildars 4, Naib Tahsildars 1, Taluqa Commercial Officer 1, Supply Clerks 3, Girdawars 11, Patels and Patwaris 15, Members of local units 9, Textile Inspector 1, Head Constable of Police 1, Police Constable 1.

Out of the 49 officials mentioned above the following 19 received conviction in 28 cases.

Supply Assistants 2, Tahsildars 2, Naib Tahsildar 1, Supply Clerk 1, Girdawars 2, Patels and Patwaris 4, Textile Inspector 1, Police Constable 1.

The number of cases which are at present under trial in various Special Tribunals is given below.

The General Special Tribunal 10, Special Tribunal, Medak Suba 5, Gulbarga 6, Aurangabad 5, Warangal 2.

PETROL ONLY TO ESSENTIAL SERVICE.

A notification issued by the Hyderabad Information Bureau dated 20th November, 1947, says :—

Owing to transport difficulties petrol is not arriving in the Dominions even in its subnormal quantities. Under the circumstances petrol cannot be supplied to the public in full quantity even on production of countersigned coupons, receipts, etc.

It has, therefore, been decided that only essential services should receive petrol in limited quantities on production of countersigned coupons and receipts, etc., along with a certificate issued by Secretary, Petrol Rationing

Board who has been empowered by the Government in this behalf, showing therein the quantity to be supplied by dealers.

The holders of such countersigned coupons, receipts, etc., who have obtained a certificate from the Secretary, Petrol Rationing Board, will be able to obtain petrol only from specified dealers.

RADIO TRANSMITTERS FOR POLICE.

An interesting demonstration of the working of Radio transmitters, which will be installed at the Police Head-quarters in various districts of the Dominion as well as at important Police Stations in Hyderabad and Secunderabad, was given by the City Police at Petla Burj in the presence of Nawab Zain Yar Jung Bahadur, Deputy Prime Minister and Nawab Deen Yar Jung Bahadur, Director-General of Police, at whose initiative the administration has taken this progressive step.

Enquiries made by the United Press of India reveal that with the installation of these transmitters the Police administration at the Head-quarters will be able to maintain the closest touch with the happenings in the districts and it will consequently lead to greater efficiency in the Police force, whose foremost and primary duty is to maintain peace and tranquillity.

Major Khaja Moinuddin, Deputy Commissioner of City Police in charge of Petla Burj, who had arranged the demonstration, explained in detail the working of the sets to the guests invited on the occasion. The Staff entrusted with the operation of these sets, which is undergoing six weeks' training under expert instructors, was complimented by Nawab Zain Yar Jung Bahadur on having attained proficiency in such a short time.

HYDERABAD SALES TAX.

We said in our last issue that the Hyderabad Sales Tax came into effect from October 1, 1947. This information was based on the *Commerce*. We now understand on reliable

authority that the Sales Tax came into force in Hyderabad State with effect from December 1, 1947.

BLACK-MARKET PENALTY.

A merchant was fined, in England, recently, £. 25,000 and was ordered to pay 1,000 Guineas costs for selling onions and pears above control price.

MEN-DAYS LOST ON ACCOUNT OF INDUSTRIAL DISPUTES.

It has been estimated that 89,000,000 men-days were lost after the first World War whereas 6,000,000 men-days have been lost till now after the Second World War.

HOUSE-BUILDING IN BRITAIN.

15,000 houses were built in Britain October, 1947, and 297,000 houses were completed in Britain by the end of October, 1947, after World War II

NATIONALISATION OF RAILWAYS.

The British Government has announced that British Railways will be nationalised with effect from January, 1948.

ELECTRIC TRAINS FOR CALCUTTA.

Calcutta is to have electric trains very soon. A scheme which is estimated to cost Rs. 50 crores has already been drawn up. The proposed electric train service will connect Dum, Jessore Road, Cossipore Road and Chitapore railway yard junction.

CO-ORDINATION OF AGRICULTURAL FINANCE.

The Registrar of Co-operative Societies and Director of Agricultural Marketing and Rural Finance in Bombay has been appointed as the Registrar-General of Money-lenders for the purposes of the Bombay Money-lenders Act, 1946, which came into force recently.

THE HIRAKUD PROJECT.

The Government of India has decided to implement forthwith the Hirakud Dam Project on the Mahanadi. The Central Waterways Irrigation and Navigation Commission, which

made the preliminary investigation of the scheme, will undertake the construction of the project as agents of the Government of Orissa.

NATIONALISATION OF BANKS IN AUSTRIA.

Australian trading banks have issued a High Court writ seeking to restrain the Federal Treasurer and the Commonwealth Bank from taking action under the Banking Bill which provides for the nationalisation of banks, should the Bill be passed by the Parliament. The defendants have been allowed 10 days to enter an appearance.

THE KRISHNA-PENNNAR PROJECT.

Preliminary investigation of the Krishna-Pennar Irrigation Project has been sanctioned by the Madras Government. The scheme, when completed, is estimated to bring under cultivation about two million more acres of land and carry irrigation facilities as far south as South Arcot district, in addition to serving the Ceded Districts.

THE METTUR PROJECT.

Work in connection with the extension of distribution under the Mettur Hydro-Electric system (to Kumbakonam, Mayavaram and Chidambaram taluks) has been sanctioned by the Madras Government. The work is expected to cost initially Rs. 24.7 lakhs and another Rs. 27 lakhs in the course of eight years.

ERSATZ TEA GERMAN INVENTION.

Tea-lovers are offered as a "special treat" in an advertisement by a well-known Berlin firm, a "Genuine Blackberry tea, in taste, aroma and in golden colour, indistinguishable from real Chinese tea." The mutation tea is twice fermented in the Chinese fashion and is claimed by the advertisement to be the product of the latest scientific research.

Another "ersatz" product just on the market is a "Camebert" cheese produced at Senftenberg. French cheese-making methods are used.

Two German firms have developed production of a fuel made of peat and mud, which, they claim, generates more heat than soft coal briquettes. They intend to develop their production methods, further and hope to reach a level of 30 to 35 tons of "ersatz" coal a day, the German News Service in the British zone reports.

INDIA'S DOLLAR SOURCES.

The FAO study gave the following figures of India's dollar resources. Immediate \$ 140,000,000; other: 394,000,000; monthly deficit: \$ 15,000,000.

The immediate resources will pay for all imports for nine months, the others for 26 months. The monthly food imports are \$ 6,000,000. The immediate resources will pay for food for 23 months, the others for 66 months.

EXPORT OF WHEAT FROM AUSTRALIA.

EIGHTY SHIPS ENGAGED.

More than 80 ships have already been engaged to carry the export surplus from this year's bumper Australian wheat harvest, according to the Australian Board. The crop is estimated at between 220 million and 230 million bushels.

After the needs of Britain and India have been met, efforts will be made to supply France, Belgium, Norway, Sweden, Denmark, Italy and the South American countries, the announcement said.

HINDUSTAN AIRCRAFT FACTORY MAY BE NATIONALISED.

The Government of India proposed to develop the Hindustan Aircraft factory, as a national organisation, stated Dr. Shyama Prasad Mukherji, Minister for Industry and Supply, addressing the Hindustan Aircraft Employees' Association.

Dr. Mukherji said that in future building up of India, the factory was bound to play a very important role.

Dr. Mukherji announced that Mr. W. C. Casse General Manager of the Factory, had resigned.

Referring to the grievances of the employees, the Minister said the Board at its meeting on the last two days had discussed the question of dearness allowance, and decided to incur further expenditure of Rs. 3 lakhs per annum; Finances permitting a regular programme of building houses for the employees would be taken up.

HOUSE ACCOMMODATION AND STAMP FEES.

The Sind Government have imposed stamp duty of Rs. 2 on all applications as well as appeals made to the rent controller for housing accommodation.

HONORARY CO-OPERATIVE ORGANISERS.

The Government of Bombay have appointed sixty District Honorary Organisers of Co-operative Societies in the three Divisions of the Province, for the period ending June 30, 1948.

INDIAN FOOD MINISTERS' CONFERENCE.

Finance Minister opposes Increase in Procurement Price.

The Finance Minister explained the financial implications of decontrol and increase in procurement prices. He pointed out that an increase of one rupee per maund in the price to be paid to the cultivator would mean an expense of 18½ crores to the Provincial Governments assuming an annual internal procurement of Rs. 50,000,000 tons; while an increase of 20 points in the cost of living would saddle the Central Government with an additional 6 crores of rupees by way of dearness allowance. It would also have serious effects on provincial budgets and industrial costs.

RICE POSITION IN MADRAS.

Largest quantity procured.

There has been further improvement in the procurement position. Procurement for the week ending October, 30, exceeded 48,000 tons—19,000 tons more than the figure for the previous week. This was the largest quantity so far procured in a single week this year.

INDIA'S PLACE IN SHIPPING WORLD.

Although it is understood that the India Government's shipping policy announced recently does not affect the British owned companies operating in Indian waters, much interest has been aroused in shipping and financial circles here.

Commenting that the policy involves a semi-State control of Indian shipping, the "Financial Times" correspondent points out that the aim is to enable India to secure her "rightful place" among the world's maritime nations, for which it was necessary for the Indian Government to have an effective voice in shaping their shipping policy.

The intention of the plan is, says the correspondent, to encourage the flow of private capital to the shipping services and to eliminate unhealthy competition between Indian companies and private monopolies.

Interest-free Loan to U.N.O.

The United States has tentatively offered to the General Assembly of the United Nations an interest-free loan of up to \$ 65 million to finance the construction of a permanent U.N. headquarters in mid-town, New York City.

Jamshedpur Iron and Steel Production.

The total approximate production of iron and steel at the Tata Iron and Steel Works at Jamshedpur, during the month of October, 1947, was : Pig iron 86,200 tons; steel ingots 75,100 tons and finished steel 55,400 tons.

GERMAN TECHNICAL EXPERTS FOR INDIA.

An agreement has been reached between India and the British Government for some 40 German technical experts to visit India in the near future. They will include experts in locomotive building, radio, chemical and steel industries.

INDIAN CHEMICAL MANUFACTURERS ASSOCIATION.

The eighth Annual General Meeting of the Indian Chemical Manufacturers Association will be held in Madras on the 29th November. Dr. K. A. Hameed, President of the Association, will preside over the meeting.

PAKISTAN SCIENTIFIC MAN-POWER COMMITTEE.

The Government of Pakistan has decided to set up a Scientific Man-power Committee to take stock of the technical and scientific talent available to meet Pakistan's requirements in personnel. Dr. Nazir Ahmad, formerly a member of the India Tariff Board, is likely to be its Chairman.

CHINA SHIPPING

China, which did not have a single ocean-going ship at the end of the war, now possesses 1,179 ocean-going and 2,188 river vessels aggregating slightly over 950,000 tons. The Chinese Government is now considering the use of Japanese reparations for constructing a large shipyard.

RUHR COAL MINES.

France, Belgium, Luxembourg, and Holland will be given a direct voice in all Ruhr coal mines where their nationals have over 50 per cent. interest. This decision, taken under a new Anglo-American ruling, was made after protests by these countries against the recently concluded Anglo-American plan for Ruhr coal production which provided for increased German participation in the management of the mines.

LABOUR-CAPITAL AGREEMENT

A scheme aimed at stepping up the progressively diminishing steel output at Jamshedpur

has been agreed upon by Mr. J. R. D. Tata and Mr. John, President of the Tata Workers Union. The scheme, which took effect from 1st October, 1947, modifies the new wage structure and, according to it, all departments are to receive a uniform bonus, calculated on the average production of finished steel for which a target of 61,200 tons per month has been fixed. This arrangement is subject to revision in the event of any modification or addition to the existing plant's production capacity.

COMPENSATION TO LOCAL BODIES.

The Government of Madras have decided to continue the payment of compensation to local bodies for 1947-48 for the loss sustained as a result of the limitation of the maximum amount of Profession Tax to Rs. 50 per annum.

ENHANCED LOCAL FUND CESS IN BOMBAY.

A local fund cess of three annas will be levied on every rupee of land revenue in the Dharwar District with retrospective effect from October, 16, 1947.

COTTON EXPORT FROM PAKISTAN.

The Government of Pakistan has decided that exports of raw cotton will continue to be allowed without quantitative restriction to all permissible destinations for the cotton year ending August 31, 1948.

Exporters who desire to participate in the trade should apply to the Export Trade Controllers at the ports or at the land frontiers in Pakistan in the prescribed form for a formal licence.

WORKING OF PROHIBITION.

A report on the working of prohibition in the districts of Anantapur, Bellary, Kurnool, Cudapah, Salem, Coimbatore, Chittoor and North Arcot during August, states that the total number of cases detected in these eight districts during the month was 2,252 as against 2,256 in the previous month. The number of cases of

smuggling of liquor and intoxicating drugs decreased. A large number of addicts continued to visit border shops for drink.

There was a further increase in the number of coffee and tea stalls in all the prohibition districts and these were popular among ex-addicts. The amount saved in hundi collections during the month was Rs. 18,469 making up a total of Rs. 1,18,048 till the end of August. In the four districts of Salem, Coimbatore, Chittoor and North Arcot, jaggery of the value of Rs. 13.18 lakhs was produced till the end of August.

INDO-BRITISH AVIATION.

The Government of India is working out a scheme for the setting up of a quasi-public corporation for running an air service between India and the United Kingdom.

SHORT-TERM LOANS FOR WEST PUNJAB INDUSTRIES.

The West Punjab Government has set apart Rs. 6 crores for advancing short-term loans to the industrialists of the Province who have been inconvenienced because of inadequate banking facilities.

INDO-BURMA AIR SERVICE.

The Indian National Airways have inaugurated their first daily service from the Dominion of India to Burma. A Viking aircraft recently left Calcutta for Rangoon carrying a good-will message from the Director of Civil Aviation in India.

ALL-INDIA EXHIBITION AT JAIPUR.

The Government of Jaipur is organising an All-India Industrial and Agricultural Exhibition in Jaipur City for a month starting from 1st December, 1947. A Committee of officials and non-officials, with Mr. Daulatmal Bhandari, Development Minister, as Chairman, has been appointed to make the necessary arrangements.

FINANCE COMMITTEE OF THE INDIAN CONSTITUENT ASSEMBLY.

The President of the Constituent Assembly of India has appointed an Expert Committee with

Mr. N. R. Sarkar as Chairman and Mr. V. S. Sundaram and Mr. M. V. Rangachari, Deputy Secretary, Ministry of Finance, as members, to examine and report on the financial provisions to be included in the new constitution of India.

BRITISH IRON & STEEL PRODUCTION.

According to statistics released by the British Iron and Steel Federation, the U.K. steel output in September, 1947, was at the annual rate of 13,841,000 tons, compared with 12,978,000 tons a year in August and 12,402,000 tons in September, 1946. Pig-iron production was at the rate of 7,805,000 tons a year, compared with 7,660,000 tons in August, 1947, and in September, 1946.

EIRO-BRITISH TRADE AGREEMENT.

Britain and Eire have reached agreement on practical measures to increase the mutual exchange of goods, to strengthen the balance of payments position in the sterling area, and to reduce dollar requirements. The agreement provides for the supply of coal from Britain to Eire next year and the increased supply to Eire of other industrial and agricultural requirements and revision of prices for agricultural products.

INDO-PAKISTAN CUSTOMS AGREEMENT.

Consequent on an agreement reached between the two Dominions goods shipped from India to Pakistan and vice versa are to be exempted from customs duties. In implementation of this understanding, the Government of India has decided that all goods imported from, or exported to, a port in Pakistan shall, in future, be treated as goods imported from, or exported to, a customs port in India. These facilities do not, however, extend to goods first imported into Pakistan without payment of duty, from any country other than India and then shipped to an Indian port.

FRANCE-AUSTRALIA WHEAT PACT.

France and Australia have signed a wheat agreement under which Australia will ship

270,000 tons of wheat to France beginning by the end of November, it was confirmed in Paris on Thursday. France is to pay for the wheat in pounds sterling at the equivalent of the American price of 100 dollars per ton.

U.S. TOBACCO PRICES.

The U.S. Agriculture Department officials have predicted that the loss of the British market would substantially affect U.S. tobacco prices and might force Government to step up its tobacco buying programme to support prices at 90 per cent. of parity.

MAN-MADE WEATHER POSSIBLE.

A Chicago meteorologist, F. W. Reichelderfer, predicts that producing of man-made weather will be possible soon. He told newsmen: "The day is approaching when we will be able to end droughts, destroy hurricanes, dry up deluges, change climates and make every State a California."

Already rain-production by bombardment of clouds with chemicals has been achieved under certain conditions.

FOREIGN OWNED ASSETS IN U.S.

Foreign-owned assets in the United States are estimated to have been worth 14,900 million dollars as at the end of June, 1947. Even allowing for shrinkage since then, the total is still believed larger than the 12,738,700,000 dollars shown by a U.S. Treasury survey as of June, 1941.

UNBORN BABY GIVEN PART IN FILM.

An unborn baby is being given a part in a new Hollywood film. The film, starring Margaret O'Brien calls for scenes showing her at the age of ten.

Owing to the necessity for advance preparations, the studio is seeking a mother-to-be who will lend her baby for this role. Another unborn child has a trans-Atlantic air passage booked for it.

RATIONING IN CANADA.

Canada's last rationed food commodities, sugar and molasses, have been made ration-free.

WORLD FOOD COUNCIL MEETING.

The World Food Council which will hold its first formal meeting, is expected to consider the problem of feeding grain to live-stock during the present crisis, the need for fertilizers and farm machinery to make the 1948 harvest as large as possible, and the effect of exchange difficulties on world distribution of food and agricultural supplies.

BRITAIN'S ECONOMY.

According to the White Paper presented at Washington in June, 1945, during the negotiations for American loan, the war-time losses were computed as follows:—

	(In million) £.
Destruction of land	1,500
Destruction of ships cargo ..	700
Sales of external investments, gold, etc., at current rates	5,100
Total	7,300

Britain's total pre-war wealth has been computed to be £. 80,000 million at 1945 prices and this means that virtually speaking about 25 per cent. of the wealth of the nation has been destroyed by the war.

LOST FORTUNE COMES TO LIGHT.

Part of "Kruger Millions" found.

A portion of one of the world's great lost fortunes, the fabulous Kruger Millions, is claimed to have been found by a Johannesburg man, Mr. H. J. Lessing.

Mr. Lessing declares he found a map stitched into the cover of a heavily tooled Bible his father gave him shortly before he was killed in the South African War.

Recently when holidaying near the Swaziland border, between Johannesburg and Lourcenco Marques, the territory shown on the map, he and a friend motored to the marked spot and began digging.

Lessing says: "My pick struck something metallic and as we began to dig we uncovered five rusted and broken ammunition boxes filled with Kruger sovereigns and other coins and rotten Kruger banknotes. The boxes and their contents which would quite easily buy several motor cars are now in a Johannesburg bank.

The Kruger millions disappeared in May, 1900, as Lord Roberts marched on Johannesburg. Kruger, the Transvaal President was believed to have loaded the bullion on a special train for Laurence Marques.

The story was supported by a British examination of the Johannesburg Chamber of Mines records which showed a deficit of £. 2,024,278.

Kruger is known to have spent only £. 80,000, so the remainder is thought to be buried in the Veldt.

The South African Government is likely to claim any bullion recovered as "Treasure Trove."

CASUALTIES IN SECOND WORLD WAR.

Over 15,000,000 military personnel of the main belligerents were killed or missing in the late war, according to an estimate by the United States Secretary of State, Mr. Marshall.

The heaviest losses were Russian (7,500,000) killed or missing followed by Germany (2,850,000), China (2,200,000) and Japan (1,500,000). The United Kingdom's losses have been given as 805,700, the rest of the Commonwealth 146,800 and U.S. 295,904. No civilian casualties were estimated. Mr. Marshall, who gives the figures in an article written for the Encyclopedia Britannica, opines that this might be a decisive blow in the opening of moves of any future war.

650 MILLION NEW BOOKS IN RUSSIA SINCE WAR.

Thirty-three thousand book titles totalling 644,000,000 copies have been published in the U.S.S.R. in the two post-war years. This year average book edition is about 20,000 copies, which exceeds the pre-war average.

Notwithstanding the destruction of the painting and publishing industry in the Ukraine and White Russia, more than 62,000,000 have been issued in the Ukraine and 11,000,000 in White Russia.

About one-third of all the book titles deal with political and economic subjects and one-quarter are scientific. Interest in technical literature has increased; in great demand are also books on agriculture, including the works of outstanding Russian scientists, descriptions of improved farming methods evolved by rural stakhanovites, and manuals for tractor and combine harvester drives.

Personalities

Mr. R. K. Nehru.

Mr. R. K. Nehru, at present Communications Secretary, Government of India, is expected to join the Indian Embassy staff in Washington as Councillor in succession to Mr. B. R. Sen.

Sir Shri Ram.

Sir Shri Ram has been appointed honorary Trade Adviser to the Ministry of Food to advise it on its purchases of foodgrains from abroad, prices to be paid and other connected matters.

Mr. G. E. Orley.

Mr. G. E. Orley, representative of Foreign Traders Association in U. S., has arrived in Karachi to discuss the possibilities of opening a net-work of textile, jute and other industries in Pakistan.

Mr. G. W. St. John. Turner.

Mr. C. W. St. John Turner has been appointed Officer on Special Duty in the Ministry of Finance, Government of Pakistan.

Sir J. C. Ghosh.

Sir J. C. Ghosh, Director of the Indian Institute of Science, has been appointed Director-General of Industry, Government of India. He will go to Delhi on November 13.

The Council of the Institute, at an extraordinary meeting yesterday, generally approved the scheme for the development of aeronautical engineering prepared on the basis of the recommendations of the Technical Advisory Board for Aeronautics and resolved to place it before the Government for necessary action.

Major P. M. Kaul.

The Government of India have agreed to lend the services of Major P. M. Kaul, of the Office of the Director-General, Health Services, who has been offered an appointment by the Interim Commission of the World Health Organization.

Major Kaul has left for Geneva where he will receive a short period of training in the epidemiology division of the Interim Commission and will then be posted to Singapore as Director of Epidemiology Intelligence Station of W.H.O.

Sir Stanley Reed.

Sir Stanley Reed, K.B.E., M.P., former Editor of the *Times of India*, will shortly be in India on a brief visit.

Mr. Laurie Shaffi.

Mr. Laurie Shaffi has been appointed Acting Trade Commissioner for Pakistan in New York.

Mr. W. Zaman.

Mr. W. Zaman, will represent the Pakistan Government at the forthcoming International Wheat Conference at Havana.

Mr. Colin Grant Clark.

Mr. Colin Grant Clark, Under-Secretary of the Department of Labour and Industry, Queensland, Australia and authority on national income, has been invited by the Government of India for consultation on India's economic future.

Mr. R. R. Saxena.

India will be represented at the forthcoming meeting of the Economic Commission for Asia and the Far East by Mr. Saxena, of the Ministry of External Affairs.

Current Statistics

SEASON AND CROP REPORT FOR THE WEEK ENDING THURSDAY, 27TH DAI, 1857 F. (27TH NOVEMBER, 1947).

GENERAL REMARKS.

WEATHER.

The weather was bracing. Nights were cold and slightly dewy.

Compared to their respective normals (27 years), the following taluqs recorded a deficiency of rainfall:—Khuldabad (—11"), (Aurangabad District), and Hingoli (—8"), (Parbhani District).

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows:—

	Average (present season)	Normal (27 yrs.)	Departure from normal
S.W. Monsoon ..	82.74"	25.57"	+ .17"
N.E. Monsoon ..	1.49"	2.78"	— 1.29"
Total ..	84.23"	28.35"	+5.88"

CROPS.

Sugarcane crop being cut in parts.

Kharif harvest still proceeding in some areas.

Reaping of abi continues.

Rabi fair, requires rain in a large area of *Bhir* and in few tracts of *Gulbarga* and *Osmanabad*. Wheat suffered due to lack of moisture in few places of *Parbhani* and *Bhir*. Jawar attacked by insects in a small area of *Raichur*.

AGRICULTURAL STOCK.

Tabi lands are being prepared in parts.

Water and fodder generally available. Cattle health normal.

GRAIN MARKET.

Average retail prices of grains in seers per O.S. Rupee were:—

Grain	Present week	Last week	Correspond- ing week lat years
Wheat ..	2	2	2½
Rice ..	3	3	3
W. Jawar ..	4½	5	5
Y. Jawar ..	5½	5½	5½

Note. This report is based on 80 out of 105 (76 per cent.) weekly reports received on due date (details in Col. 3, page 4). Taluqdar's attention drawn to the portions italicised.

THE HYDERABAD STATE BANK.

RESULTS FOR 1856 F. (1946-47).

A Government Notification says:—

The net profits of the Hyderabad State Bank for the year ended 30th Aban, 1356 F., including the sum of Rs. 74,448-7-9 brought forward, amounted to Rs. 18,68,632-6-2. The Board of Directors at their meeting held on the 27th Azar, 1357 F., decided to distribute this amount as follows: To payment of a Dividend at the rate of 5 per cent. per annum free of tax Rs. 8,75,000; to Reserve Fund Rs. 10,00,000; to Taxation Reserve Rs. 3,05,000; to Bonus to Staff Rs. 1,10,000; and to carry forward Rs. 78,632-6-2.

HYDERABAD STATE BANK, HYDERABAD-DECCAN, WEEKLY POSITION AS ON 21ST DAI, 1357 FASLĪ.

No. of A/Cs.	Liabilities	O.S.		Total		Assets		O.S.		Total		
		Rs.	a. p.	Rs.	a. p.			Rs.	a. p.	Rs.	a. p.	
	Capital Account	..		75,00,000	0 0	<i>Advances.</i>						
	Reserve Fund ..	..		22,75,000	0 0	Loans (O.S.) ..		29,33,853	14 0			
	<i>Deposits.</i>					B.G. Rs. 23,968-8-6		27,963	4 7			
4485	Current Account (O.S.) ..		6,60,36,232	13 9		Cash Credits (O.S.)		1,01,18,965	8 7	29,61,817	2 7	
1548	B.G. Rs. 7,23,32,036-1-9 ..		8,43,87,375	7 4		B.G. Rs. 26,79,262-6-10		31,25,806	2 7			
				15,13,23,608	5 1					1,32,44,771	11 3	
2780	Savings Bank (O.S.) ..		21,37,486	4 11		Overdrafts (O.S.)		97,07,933	11 8			
686	B.G. Rs. 4,47,618-2-10 ..		5,22,221	3 3	26,59,707	8 2	B.G. Rs. 11,90,565-4-11		13,88,992	13 8	1,10,96,926	9 4
167	Fixed Deposits (O.S.) ..		47,10,134	8 10		Investment A/cs. (O.S.)				5,85,54,033	3 0	
21	B.G. Rs. 4,95,336-0-2 ..		5,77,892	0 2	32,88,026	9 0	Bills Discounted		4,58,042	10 8		
	Short-term Deposit	..		6,359	8 8	B. G. Rs. 20,40,800-0-0		23,80,933	5 4	28,38,976	0 0	
	Other Accounts	..		18,47,245	10 6	D. Ds Purchased (P.S.)		5,51,575	5 5	15,67,071	7 2	
				1,79,52,529	12 10	B.G. Rs. 8,70,425-13-10		10,15,406	1 9	7,87,762	8 7	
	Sundries ..	..				Dead Stock (O.S.)				1,38,51,694	6 6	
	Cash Credit (Cr. Bal.)	..	7,56,368	13 1		Sundries (O.S.)				56,933	5 4	
	B.G. Rs. 3,157-1-0 ..		3,683	3 10	7,60,032	0 11	Inland Bills					
						<i>Cash.</i>						
						In Hand (O.S.)		4,61,35,508	4 3			
						B.G. Rs. 75,77,081-4-10		88,39,928	2 10	5,49,75,436	7 1	
						With Bankers (O.S.)		29,32,443	13 6			
						B.G. Rs. 2,76,38,282-6-6		3,22,44,662	12 11	3,51,77,106	10 5	
	Total			18,96,12,529	7 2					18,96,12,529	7 2	

Includes Government Balances at H. O.

Rs.	a.	p.
O.S. Rs.	92,20,845	11 10
B.G. Rs.	4,70,65,985	6 8

HYDERABAD COAL STATISTICS.

Particulars	COLLIERIES				Total	
	Kotha- gudum		Tandur			
	Tons	Cwt.	Tons.	Cwt	Tons.	Cwt.
<i>September, 1947.</i>						
Production ..	70,128	4	26,491	12	96,619	16
Despatches .	59,860	15	17,823	2	77,683	17

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 32, 119-9, and to concerns that are outside the State is T. 45, 564-8.

Particulars	COLLIERIES				Total	
	Kotha-gudum		Tandur			
	Tons.	Cwt.	Tons.	Cwt.	Tons	Cwt
<i>October , 1947</i>						
Production .	72,185	0	20,875	12	93,060	12
Despatches ..	70,442	16	18,845	12	89,288	8

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 33, 481-2 and to concerns that are outside the State is T. 55, 807-9.

STATEMENT SHOWING THE VALUE OF PRINCIPAL COMMODITIES OF IMPORT & EXPORT DURING THE 11 MONTHS OF 1356 F.

Commodity	Value 1356 F. Rs.	Value 1355 F. Rs.
<i>Imports.</i>	<i>Rs.</i>	<i>Rs.</i>
Piece-goods ..	6,51,61,000	6,49,57,000
Yarn ..	1,95,70,000	1,92,84,000
Silk ..	21,64,000	20,90,000
Sugar ..	30,66,000	12,22,000
Fruit ..	1,48,80,000	1,29,24,000
Betchnut ..	68,73,000	48,00,000
Animals ..	40,04,000	32,16,000
Brassware ..	84,22,000	58,72,000
Iron ..	97,44,000	68,68,000
Timber ..	8,71,000	10,36,000
Silver ..	37,68,000	3,28,000
Gold ..	1,34,89,000	30,37,000
Foodgrains ..	2,18,12,000	8,58,000
Miscellaneous ..	18,64,39,000	14,49,86,000
Total ..	36,02,63,000	27,04,28,000
<i>Exports.</i>		
Foodgrains ..	1,55,98,000	4,26,82,000
Cotton ..	5,93,80,000	6,56,73,000
Linseed ..	3,65,000	40,68,000
Til ..	66,93,000	36,46,000
Groundnuts ..	3,48,92,000	7,31,81,000
Castorseed ..	74,48,220	83,40,000
Oils ..	6,67,18,000	5,56,88,000
Indigo ..	20,380	31,200
Timber ..	21,33,000	25,68,000
Hides and skins ..	26,36,000	19,72,000
Animals ..	2,83,000	26,69,000
Miscellaneous ..	5,43,25,400	5,62,33,000
Total ..	25,01,92,000	29,95,78,000

SURVEY OF BUSINESS CONDITIONS IN H.E.H. THE NIZAM'S DOMINIONS.

I. GENERAL CONDITIONS

1. During August, 1947, the Bullion Market showed a downward trend compared to last month while the wholesale commodity market still marked a rising tendency and the general index of wholesale prices in the City of Hyderabad stood at 381 points in August, 1947, as against 356 in July, 1947, and 356 in June, 1947. The working class cost of living index number for the City of Hyderabad increased from 138 points in July, 1947, to 140 points in August, 1947,

thereby showing a rise of 2 points.

II. PAPER CURRENCY & COINS.

2. *Gross Notes issued and Currency Reserve.*—

In October, 1947, the value of notes in gross circulation stood at Rs. 4,319.22 lakhs as against Rs. 4,376.26 lakhs in September, 1947, showing thereby a fall of Rs. 57.02 lakhs. The percentage of cash reserve to gross notes in circulation being 30.90 per cent. or a fall of 4.01 per cent. compared to the preceding month.

The following table gives the comparative figures of gross notes in circulation and the composition of the Reserve for October, 1947, September, 1947, and October, 1946.

FIGURES IN LAKHS OF RUPEES

Months	Gross notes in circulation	Gold	COMPOSITION OF THE RESERVE					Percent- age of cash Re- serve to gross notes in circulation
			CASH		SECURITIES			
			Silver		Govt. of India	Nizam's Govt.		
October, 1947	..	4319.22	..	1050.82	284.07	2979.25	5.07	80.90
September, 1947	..	4376.26	..	1190.82	306.11	2874.25	5.07	84.21
October, 1946	..	4602.89	..	1284.49	323.23	2990.09	55.07	83.19

During the month under report the Cash holdings in B.G. converted into O.S. as well as the cash holdings in O.S. declined by Rs. 140.00 and Rs. 22.04 lakhs respectively compared to the last month. The value of the securities of Government of India increased by Rs. 105.00 lakhs while that of H.E.H. the Nizam's remained

steady.

3. *Notes in circulation.*—Of the total notes issued 98 per cent. went into active circulation in October, 1947, as against 97 per cent. in September, 1947. A contraction in note circulation to the extent of Rs. 36.17 lakhs or about 0.85 per cent. also took place.

Absorption and contraction of currency together with their percentages for October, 1947,

with comparative figures for September,—1947 and October, 1946, are given below :

FIGURES IN LAKHS OF RUPEES

October, 1947	September, 1947	October, 1946	August, 1947	July, 1947	August, 1946
4819.22	4376.26	4602.89	4332.25	4580.25	4546.60
4248.55	4284.72	4490.79	4233.68	4492.85	4418.28
— 86.17	+ 51.04	+ 46.58	— 259.17	— 226.87	— 318.61
— 0.85	+ 1.19	+ 1.04	— 5.76	— 4.79	— 6.72

4. *Notes withdrawn.*—The following table gives the value of notes of different denominations

withdrawn from circulation.

VALUE IN THOUSANDS OF RUPEES

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1,000
October, 1947	..	8416.8	8287.17	10,812.4	15,589.0
September, 1947	..	2764.7	7094.5	10,015.1	8809.0
October, 1946	3560.8	2960.1	6842.9	12,187.6	4021.0

The heavy withdrawal of one-Rupee notes continued for the reason noted previously.

5. *The Denomination of Notes issued.*—The value of notes of different denominations issued for circulation to the Hyderabad State Bank during the month under survey, the preceding month and the corresponding month of last

year is noted below :—

VALUE IN LAKHS OF RUPEES

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1000
Oct. '47 ..	9.72	50.95	150.58	112.20	
Sep. '47 ..	20.11	48.98	119.89	141.76	
Oct. '46	52.69	19.27	82.02	90.21	57.30

6. *Coins—(A) Gold Coins.*—The value of 1947. and October, 1946, is as follows :—
Gold Coins issued in October, 1947, September

VALUE IN O.S. RUPEES

Months	ASHRAFI FULL		ASHRAFI HALF		ASHRAFI $\frac{1}{4}$		ASHRAFI $\frac{1}{8}$	
	No.	Value	No.	Value	No.	Value	No.	Value
		Rs.		Rs.		Rs.		Rs.
October, 1947 ..	110	13,200	8	488	15	465	96	1,586
September, 1947 ..	45	5,400	77	4,697	147	4,557	350	5,600
October, 1946 ..	121	13,310	13	728	15	435	160	2,400

(B) *Rupees and Subsidiary Coins.*—The following table gives the value of coins issued, coins withdrawn, and absorption of small coins

for the month of October 1947 and the comparative figures for the preceding month and the corresponding month of previous year.

VALUE IN THOUSANDS OF RUPEES

Particulars	Re. 1	Half-rupee	Four-anna pieces	Two-anna pieces	One-anna pieces	Pice	Total
<i>Coins Issued</i>							
October, 1947 ..	..	25	..	..	17	6	48
September, 1947 ..	..	..	..	..	5	4	9
October, 1946 ..	..	20	123	57	46.5	11.5	258
<i>Coins Withdrawn</i>							
October, 1947 ..	..	..	..	..	..	..	..
September, 1947 ..	..	..	..	..	7.75	1.5	9.25
October, 1946 ..	..	..	..	..	..	..	..

III. BANKING STATISTICS

7. *Joint-stock Banks : Liabilities and Cash Holdings.*—For the week ending 29th August 1947, the total liabilities and cash holdings of 24 reporting Joint-stock Banks (working in H.E.H. the Nizam's

Dominions) stood at Rs. 4264.14 lakhs and Rs. 610.55 lakhs respectively while the total value of advances made in the Dominions and the bills purchased and discounted amounted to Rs. 905.94 lakhs and Rs. 55.25 lakhs respectively.

8. *Cash Balance of Government.*—The cash Balance of Government with the Hyderabad State Bank and the Government Treasuries on the last day of the month under survey amounted to Rs. 282.50 and Rs. 127.61 lakhs, respectively as against Rs. 418.59 and Rs. 118.38 lakhs respectively in the previous month.

9. *Co-operative Banks and Societies.*—In the month of report the capital reserve of 19 reporting co-operative banks stood at Rs. 15.15 lakhs in August, 1947, while the value of deposits and loans held at the end of the month under report (from non-members and members in individual capacity, banks, societies and Government) amounted to Rs. 23.83 lakhs.

IV. PRICES.

10. *Wholesale Prices in the City of Hyderabad.*—Compared to July, 1947, the average index numbers of Cereals and Sugar remained unchanged at 282 and 185 points respectively in the month under report; the average index numbers of

Pulses and Other Food Articles advanced by 3 and 29 points respectively, due mainly to abnormal rise in Onions and Ghee, thereby bringing about an increase of 16 points in the index number of All Food group.

Index numbers of oil seeds, vegetable oil, building materials and other raw and manufactured articles shot up by 8, 14, 35 and 40 points respectively. Index numbers of cotton manufactures and hides and skins, remained unchanged. The average index number of All Non-Food group shot up by 15 points compared to last month.

The general index number for August, 1947, (on base August 1939=100) stood at 381 against 366 in July, 1947, and 356 in June 1947.

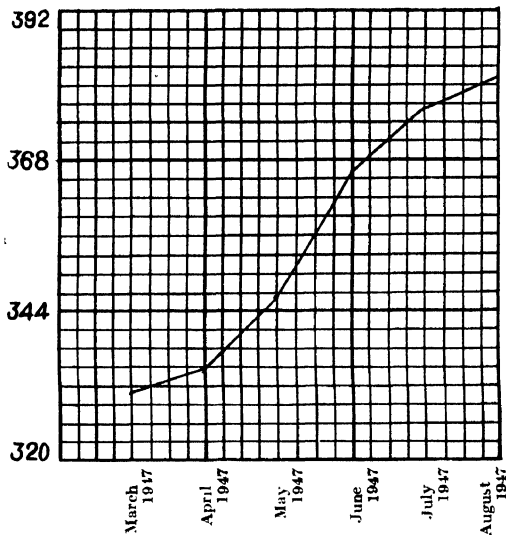
The following table compares the group indices of wholesale prices in the City of Hyderabad for August, 1947, and those for the preceding month and the same month of last year.

(BASE AUGUST 1939=100).

Serial No.	Groups	No. of items	INDEX NUMBERS			(+) OR (—) AS COMPARED WITH	
			August, 1947	July, 1947	August, 1946	July, 1947	August, 1946
1	Cereals	10	282	282	274	..	+ 8
2	Pulses	6	335	332	283	+ 3	+ 52
3	Sugar	2	185	185	164	..	+ 21
4	Other food	16	461	432	291	+ 29	+ 170
	ALL FOOD	34	375	359	276	+ 16	+ 99
5	Oilseeds	5	518	505	406	+ 8	+ 107
6	Vegetable oils	4	538	524	412	+ 14	+ 126
7	Raw cotton	1	250	250	213	..	+ 37
8	Cotton manufactures	5	325	325	333	..	— 8
9	Hides and skins	2	347	347	432	..	— 85
10	Building materials	8	259	234	237	+ 35	+ 32
11	Other raw and manufactured articles	7	309	269	216	+ 40	+ 93
	ALL NON-FOOD	32	339	374	325	+ 15	+ 64
	GENERAL INDEX NUMBER	66	381	366	298	+ 15	+ 83

The following graph shows the trend of general index numbers of wholesale prices in the City of

Hyderabad for the period March to August 1947.

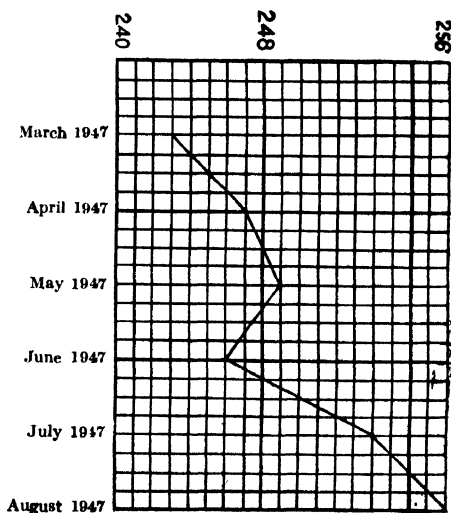


11. *Retail Prices.*—Compared to last month the prices of Paddy, Wheat, Jawar, Bajra, Maize and Tuar appreciated while that of Ragi went down in the month of report. Prices of coarse Rice, Gram and Salt remained stationary.

Retail prices of the ten main commodities in seers and chataks per O.S. Rupee with their index numbers are given in the following table.

Serial No.	Commodities	Base price Aug. 1939	PRICES FOR		INDEX NOS.	
			Aug. 1947	July, 1947	Aug. 1947	July 1947
1	Coarse rice ..	7- 3	3- 1	3- 1	235	235
2	Paddy ..	14-12	4-14	4-15	308	299
3	Wheat ..	7- 5	2- 1	2- 2	355	344
4	Jawar ..	10- 0	5- 3	5- 4	193	190
5	Bajra ..	10- 8	5- 2	5- 3	205	202
6	Ragi ..	11- 5	6- 0	5-14	180	193
7	Maize ..	10-13	5- 4	5- 8	206	197
8	Gram ..	7-10	2- 4	2- 4	330	339
9	Tuar ..	10- 1	2- 9	2-10	333	333
10	Salt ..	8-13	5- 7	5- 7	162	162
	GENERAL INDEX No. ..	..	..	..	258	254

prices of the above commodities during the period March to August 1947 is shown in the following graph : —



The trend of general index numbers of retail

V. BULLION MARKET

12. *Prices of Gold and Silver*—The lowest and the highest prices of gold in August 1947, oscillated between Rs. 129 and Rs. 132 per tola while those of silver ranged from Rs. 182 to 185 per hundred tolas.

Months	GOLD PER TOLA		SILVER PER HUNDRED TOLAS	
	Lowest	Highest	Lowest	Highest
	Rs. a p.	Rs. a p.	Rs. a p.	Rs. a p.
March, 1947	126 0 0	130 0 0	184 0 0	196 0 0
April, 1947	127 8 0	135 0 0	192 8 0	208 0 0
May, 1947	134 0 0	135 8 0	194 0 0	208 0 0
June, 1947	135 0 0	138 0 0	185 0 0	193 0 0
July, 1947	132 0 0	136 0 0	185 0 0	190 0 0
August, 1947	129 0 0	132 0 0	182 0 0	185 0 0

VI. B.G. EXCHANGE RATES

The B.G. highest buying and selling prices in August, 1947, stood at Rs. 116-15-0 and Rs. 117 as against Rs. 116-18-6 and Rs. 116-14-6 respectively in the last month.

Months	BUYING		SELLING	
	Lowest	Highest	Lowest	Highest
	Rs. a p.	Rs. a p.	Rs. a p.	Rs. a p.
August, 1947	116 13 0	116 15 0	116 14 6	117 0 0
July, 1947	116 12 6	116 13 6	116 13 6	116 14 6
August, 1946	116 10 0	116 11 0	116 11 0	116 12 0

VII. SHARE MARKET

14. The following statement gives the quotations for the Government promissory notes and

for other shares on the last day of July and August, 1947.

Particulars	CLOSING RATES ON THE LAST DAY OF	
	July 1947	August 1947
	Rs. a p.	Rs. a p.
<i>Government Securities</i>		
N.G.P. 2½ %	105 5 0	105 5 0
Do 3 %	102 12 0	102 12 0
Do 2½ %	100 10 0	100 10 0
<i>Banking</i>		
G. Raghunathmul Bank (O.S. 100-50 pd.)	50 0 0	50 0 0
Hyderabad Bank (O.S. 50)	51 0 0	41 0 0
State Bank (O.S. 100)	127 0 0	128 0 0
<i>Railways</i>		
N.S. Railways 5% (O.S. 250)	950 0 0	950 0 0
Do 6% do	509 0 0	509 0 0
<i>Textiles</i>		
Azamjahi Mills (O.S. 100)	307 8 0	297 0 0
D.B.R. Mills (B.G. 100)	227 0 0	227 0 0
M.S.K. Mills (B.G. 10) old	68 0 0	68 0 0
Osmanshahi Mills (B.G. 100)	310 8 0	290 0 0
R. B. Poona Mills (B.G. 100)	105 0 0	105 0 0
<i>Sugar</i>		
Nizam Sugar Ord. (O.S. 25)	50 4 0	50 4 0
Do (O.S. 25-15 pd.)	30 0 0	30 0 0
Do Pref. (O.S. 25) 5%	39 0 0	39 0 0
Do (O.S. 25-15 pd.) 4%	18 8 0	18 8 0
Salar Jung Sugar (O.S. 50-35 pd.)	20 0 0	20 0 0
<i>Chemicals</i>		
Bio-Chemicals (O.S. 10)	5 0 0	5 0 0
Chem. & Ferts. (O.S. 50)	21 0 0	21 0 0
Chem. Pharms. (O.S. 25)	22 8 0	22 8 0
<i>Miscellaneous</i>		
Allwyn Metals (O.S. 50)	62 0 0	62 0 0
Do (O.S. 50-25 pd.)	30 0 0	30 0 0
Deccan Flour (O.S. 100)	109 0 0	109 0 0
Hyd. Construction (O.S. 100)	258 0 0	255 0 0
Do 5 debt %	..	..
Hyd. Tanneries (O.S. 50-40 pd.)	30 0 0	30 0 0
National Food (O.S. 10)	5 0 0	8 0 0
Singareni Coll. (B.G. 10)	14 0 0	14 0 0
Sirpur Paper (O.S. 100)	185 0 0	177 0 0
Do (O.S. 100-50 pd.)	124 0 0	115 0 0
Starch Products	85 0 0	85 0 0
Taj Clay (O.S. 100)	95 0 0	95 0 0
Taj Glass (O.S. 10) old	8 12 0	7 4 0
Vazir Sultan (O.S. 10)	55 0 0	55 0 0
Veg. Products Old (B.G. 10)	10 4 0	10 2 0

VIII. INDUSTRIAL PRODUCTION

15. *Matches*—During the month under report, the Match Factories working in H.E.H. the Nizam's Dominions manufactured 15.1 thousand gross boxes thereby showing a fall of 7.4 thousand gross boxes compared to the preceding month.

16. *Cement*—The output of cement in August, 1947, stood at 14.4 thousand tons as against 16.4 thousand tons in the corresponding month of previous year.

17. *Sugar*—Due to off-season the production of sugar was not recorded.

FIGURES IN THOUSANDS

Commodities	Units	Aug., 1947	July, 1947	Aug., 1946	(+) OR (-) AS COMPARED WITH	
					July, 1947	Aug., 1946
Matches	G.B.	15.1	22.5	19.9	-7.4	-4.8
Cement	Tons	14.4	..	16.4	..	-2.0
Sugar	Cwts.	..	..	..	..	..

IX. TRADE STATISTICS

18. *Monthly Import of Foodgrains into the City of Hyderabad.*—Quantity of certain important food articles imported during August, 1947, and the same month of last year into the City of Hyderabad (including Secunderabad) from British India, Indian States and from various places of H.E.H. the Nizam's Dominions is given below.

Serial No.	Commodities	TOTAL IMPORTS DURING (IN PALLAS OF 120 SRS.)	
		August, 1947	August, 1946
1	Wheat	2,209	9,648
2	Wheat flour	..	..
3	Paddy	..	..
4	Rice	18,515	24,758
5	Jawar	54,595	340
6	Bajra	755	..
7	Ragi	..	..
8	Urad	6	275
9	Gram	5,595	3,490
10	Ghee (Maunds)	302	740
11	Tea	1,227	308
12	Sugar	11,334	4,790

19. *Monthly Imports into and Exports from the Dominions.*—The value of principal Commodities imported into and exported from the Dominions in July and August, 1947, is as follows:—

IMPORTS

VALUE IN THOUSANDS OF RUPEES

Serial No.	Commodities	August, 1947	July, 1947	(+) or (—) as compared with July, 1947
1	Piece-goods	44,18	65,80	+ 21,62
2	Yarn	13,37	21,08	- 7,71
3	Silk	95	2,71	- 1,76
4	Sugar	2,44	1,60	+ 84
5	Fruits	11,32	4,199	- 3,67
6	Betel nuts	5,22	6,34	- 1,12
7	Animals	2,15	2,61	- 46
8	Brassware	5,20	13,22	- 8,02
9	Iron	9,58	7,87	+ 1,61
10	Timber	12	40	- 18
11	Silver (Tolas)	9	6	+ 2
12	Gold (Tolas)	53	93	- ..
13	Foodgrains	35,02	48,93	- 13,91
14	Miscellaneous	1,70,55	1,99,62	- 19,07
15	Salt	6,36	15,07	- 8,31
16	Total	3,07,33	3,90,83	- 83,50
17	Total corresponding month of last year	2,63,34	2,63,09	+ 25

EXPORTS

VALUE IN THOUSANDS OF RUPEES

Serial No.	Commodities	August, 1947	July, 1947	(+) or (—) as compared with July, 1947
1	Foodgrains	8,17	1,16	+ 7,01
2	Cotton	78,36	55,59	+ 22,77
3	Linseed	..	2	- 2
4	Til	2,36	46	+ 1,90
5	Groundnut	38,26	30,72	+ 7,54
6	Castor seed	..	..	..
7	Oils	61,89	62,32	- 43
8	Indigo	..	1	- 1
9	Timber	1,82	1,01	+ 81
10	Hides & skins	4,48	3,75	+ 83
11	Animals	9	11	- 2
12	Miscellaneous	34,36	45,69	- 11,33
	Total	2,49,80	2,00,74	+ 49,06
	Total corresponding month of last year	2,74,32	2,74,41	- 9

X. COTTON STATISTICS

cotton markets were closed during the month under report.

20. Cotton Prices—Due to off-season the

Particulars	AUGUST, 1947		JULY, 1947		JUNE, 1947		AUGUST, 1946		JULY, 1946		JUNE, 1946	
	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing	Open- ing	Clos- ing
Kapas ..	..	..	62	65	46	53	40	45	..	..	45	42 0 0
Lint ..	..	..	..	..	65	62	58	58	..	..	61	50 0 0
	..	..	135	136	105	121	115	113	140	140	117	104 0 0
					123	186	163	151	145	150	145	152 8 0

21. *Cotton Export*—Quantity of cotton (ginned, pressed and unpressed and unginned cotton) exported by rail and road from the Dominions during August, 1947, and the corresponding month of last year is given in the following table.

FIGURES IN PALLAS OF 120 SEERS

Variety	BY RAIL		BY ROAD	
	August, 1947	August, 1946	August, 1947	August, 1946
Ginned cotton pressed ..	37,654	26,364	1,060	1,992
Unpressed ..	8,076	..	287	848
Unginned cotton (Kapas) ..	10,355	..	108	41
Total ..	56,085	26,364	2,055	2,881

22. *Cotton Pressed*—In August, 1947, the ginning and pressing factories, working in the Dominions pressed 6.7 thousand bales of cotton as against 2.9 thousand bales and 1.2 thousand bales of cotton in the previous month and the corresponding month of last year respectively.

Particulars	Quantity pressed (in bales 400 lbs.)
During August, 1947 ..	6,685
During July, 1947 ..	2,945
During August, 1946 ..	1,261
Total since 1st September, 1946 ..	190,261
Total for the corresponding period of last year ..	208,487

23. *Cotton Manufactures*.—During the month under survey, the total production of cotton piece-goods manufactured by the Mills, working in H.E.H. the Nizam's Dominions amounted to 34.0 lakh yards and 10.5 lakh lbs. as against 34.4 lakh yards and 10.8 lakh lbs. in the preceding month.

The quantity of cotton yarn spun in August, 1947, stood at 13.5 lakh lbs. as against 13.4 lakh lbs. in July, 1947, and 15.7 lakh lbs. in August, 1946.

Comparative statement showing the details of the above is given below :

FIGURES IN THOUSANDS

Serial No	Particulars	Units	August, 1947	July, 1947	August, 1946
1	<i>Cotton piece-goods</i>				
	(a) Gray and bleached piece-goods	Yds. Lbs.	2758.6 871.3	2828.8 906.5	2367.8 995.8
	(b) Coloured piece-goods	Yds. Lbs.	640.8 178.0	613.2 172.3	604.4 161.8
	(c) Gray and bleached goods other than piece-goods	Yds. Lbs.	.. ..	.. ..	0.8 3.4
	Total ..	Yds. Lbs.	3398.9 1049.8	3442.0 1078.8	3972.5 1101.0
2	Cotton yarn ..	Lbs.	1345.0	1341.8	1568.2

24. *Mill Consumption*.—The quantity of cotton consumed (pressed and unpressed) by mills, working in H.E.H. the Nizam's Dominions increased from 16.07 lakh lbs. in July, 1947 to 16.08 lakh lbs. in August, 1947.

FIGURES IN THOUSANDS.

Particulars	COTTON CONSUMED IN LBS. DURING			(+) OR (-) AS COMPARED WITH	
	August, 1947	July, 1947	August, 1946	July, 1947	August, 1946
Cotton pressed	1529.3	1528.2	1644.9	+ 1.1	115.6
Cotton unpressed	79.0	79.7	193.6	— 0.7	114.6
Total	1608.3	1607.9	1838.5	+ 0.4	230.2

XI. TRANSPORT STATISTICS.

25. *Railways*.—During the month under survey, the approximate total earnings of B.G. and

M.G. combined stood at Rs. 40.85 lakhs as against Rs. 42.86 lakhs in the last month.

The goods traffic earnings of Railway amounted to Rs. 22.17 lakhs as against Rs. 22.50 lakhs in July 1947.

The No. of passengers carried by rail stood at 18.52 lakhs in August 1947, thereby showing a fall of 1.80 lakhs of passengers compared to July, 1947.

26. *Road Transport*.—The total earnings of R.T.D. in August, 1947, amounted to Rs. 10.88 lakhs as against Rs. 11.73 lakhs in July, 1947, and Rs. 12.60 lakhs in June, 1947.

The number of passengers carried by R.T.D. decreased from 82.48 lakhs in July 1947 to 25.68 lakhs in August 1947.

The following table gives the total earnings of Railway and R.T.D and number of passengers carried by Rail and Road during July and August, 1947.

FIGURES IN LAKHS.

TOTAL EARNINGS			GOODS TRAFFIC EARNINGS				TOTAL No. OF PASSENGERS TRAVELLED BY			
RAIL		R.T.D.					RAIL		ROAD	
August, 1947	July, 1947	August, 1947	July, 1947	August, 1947	July, 1947	August, 1947	July, 1947	August, 1947	July, 1947	August, 1947
40.85	42.86	10.88	11.73	22.17	22.50	18.52	20.82	25.68	82.48	

XII. MONTHLY RECEIPTS & EXPENDITURE.

27. The following statement gives the receipts and expenditure under certain important

heads in H.E.H. the Nizam's Government for the month under report with comparative figures for the preceding month.

[Statement

FIGURES IN THOUSANDS OF RUPEES.

Serial No.	Heads	RECEIPTS		EXPENDITURE	
		Augst, 1947	July, 1947	Aug, 1947	July, 1947
1	Land Revenue	11,88	23,97	7,64	8,56
2	Forest	7,14	6,19	1,28	1,25
3	Customs	28,57	31,36	2,40	2,54
4	Excise	6,137	60,38	3,28	4,03
5	Stamps & Registration	3,45	58	37	40
6	Debt service	14,43	21,48	14,03	1,97
7	Mint currency & coinage	.	.	33	70
8	Posts	2,34	2,52	1,18	1,57
9	Civil Administration	48	3	4,17	10,12
10	Police	67	2	8,97	11,48
11	Education	70	1,43	20,25	18,85
12	Medical	14	13	6,00	5,52
13	Agriculture	7	99	1,50	2,19
14	Municipality and Public Health	70	48	4,09	2,96
15	Buildings	25	10	12,69	9,68
16	Irrigation	21	4	2,02	1,01
17	Railways	.	.	1	10
18	Miscellaneous	1,65	46	81	24

XIII. JOINT-STOCK COMPANIES.

28. During August, 1947, seven Joint-stock Companies were registered. Their names to-

gether with details of capital (authorised, issued and paid up) are noted below :—

Serial No.	Joint-stock Companies registered.	CAPITAL (IN LAKHS OF RUPEES)		
		Authorised	Issued	Paid up
1	Rainbow Publication Ltd.	1.0	1.0	.
2	The Golconda Publication Ltd.	5.0	2.5	.
3	Triveni & Company Ltd.	0.24	0.24	..
4	The Indo-American Trading Co., Ltd.	5.0	1.0	.
5	The Ayurvedic Kalaman-daram Ltd.	2.0	1.0	.
6	Tib Company Ltd.	1.0	1.0	..
7	The Ahjata Diary Co., Ltd.	1.0	1.0	..

XIV. WORKING CLASS COST OF LIVING INDICES IN H.E.H. THE NIZAM'S DOMINIONS.

During the month under survey, the working class cost of living index numbers for Hyderabad City and Nizamabad stood at 140 and 136 points respectively showing thereby rise of 2 and 1 point respectively compared to the last month. Index number of Gulbarga decreased from 134 points in July 1947 to 133 points in August 1947. Indices of Warangal, Nander and Aurangabad remained firm at 154, 163 and 146 points respectively compared to the preceding month.

Statement showing working class cost of living indices for the above six industrial centres (by groups) for July and August, 1947, is appended.

WORKING CLASS COST OF LIVING INDICES FOR THE MONTH OF AUGUST 1947.
(Base August 1943 to July 1944=100).

Serial No.	Groups	CITY OF HYDERABAD			WARANGAL			NIZAMABAD			NANDER			AURANGABAD			GULBARGA		
		Weight proportionate to total expenditure	July, 1947	Aug. st. 1947	Weight proportionate to total expenditure	July, 1947	Aug. st. 1947	Weight proportionate to total expenditure	July, 1947	Aug. st. 1947	Weight proportionate to total expenditure	July, 1947	Aug. st. 1947	Weight proportionate to total expenditure	July, 1947	Aug. st. 1947	Weight proportionate to total expenditure	July, 1947	Aug. st. 1947
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Food ..	62.25	138	137	69.43	154	154	64.38	136	135	62.89	185	185	58.67	147	148	66.50	127	124
2	Fuel and light ..	6.87	168	183	7.50	149	149	8.55	157	157	6.73	148	148	6.32	155	131	6.05	205	206
3	Clothing ..	11.03	105	109	8.70	137	137	13.66	118	118	13.85	106	104	18.42	133	136	13.15	106	118
4	Rent ..	5.31	100	100	3.21	100	300	3.74	100	100	4.29	100	100	4.15	100	100	3.32	100	100
5	Miscellaneous ..	10.66	171	169	8.04	198	198	5.73	138	149	8.49	157	156	11.46	172	171	8.50	191	184
6	Intoxicant ..	3.88	166	164	4.12	160	160	3.94	173	173	3.75	181	131	0.94	269	209	2.48	156	156
Cost of living Index No.		100.00	138	140	100.00	154	154	100.00	135	136	100.00	163	163	100.00	146	146	100.00	134	133

[Statement.]

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF AUGUST, 1947, COMPARED WITH BASE PRICES BASE : AUGUST 1939=100.

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR		INDEX No.			
				June, 1947	July, 1947	August, 1947	June, 1947	July, 1947	Aug., 1947
1	2	3	4	5	6	7	8	9	10
	FOODGRAINS - -								
	(i) Cereals:								
1	Rice fine 1st quality ..	Palla	87 0 0	..	..	..	..	..	..
2	Rice Arcoti ..	do	18 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat Bansi ..	do	18 8 0	60 0 0	60 0 0	60 0 0	324	324	324
5	Wheat Yellow ..	do	16 12 0	60 0 0	60 0 0	60 0 0	358	358	358
6	Wheat Potia ..	do	18 0 0	..	..	..	..	..	..
7	Wheat Red ..	do	14 8 0	60 0 0	60 0 0	60 0 0	414	414	414
8	Jawar 1st quality ..	do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar 2nd quality ..	do	12 0 0	24 0 0	24 0 0	24 0 0	200	200	200
10	Bajra ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals ..						282	282	282
	(ii) Pulses:								
11	Gram Bengal ..	Palla	16 0 0	47 4 0	46 4 0	47 4 0	294	294	294
12	Gram Horse ..	do	10 8 0	32 8 0	32 8 0	33 8 0	310	310	319
13	Mung Green ..	do	12 2 0	38 4 0	38 4 0	38 4 0	315	315	315
14	Mung Black ..	do	12 0 0	..	..	..	..	..	..
15	Lentils ..	do	15 9 0	..	..	..	..	..	..
16	Tuar Broken ..	do	15 4 0	62 8 0	62 8 0	62 8 0	410	410	410
	Average Index No. of Pulses ..						332	332	335
	(iii) Sugar.								
17	Sugar refined ..	Palla	45 0 0	78 1 0	78 1 0	78 1 0	178	173	173
18	Gur or raw sugar ..	do	28 8 0	56 0 0	56 0 0	56 0 0	196	196	196
	Average Index No. of Sugar ..						185	185	185
	(iv) Other Food Articles.---								
19	Tea ..	Lb.	1 3 0	3 8 0	3 6 0	3 6 0	204	284	284
20	Salt ..	Palla	12 0 0	21 0 0	21 0 0	21 0 0	175	175	175
21	Onions ..	Palla	5 0 0	46 0 0	56 8 0	77 8 0	920	1,130	1,550
22	Turmeric ..	do	81 0 0	116 0 0	107 8 0	110 0 0	874	845	855
23	Tamarind ..	do	14 8 0	84 8 0	81 0 0	84 8 0	238	214	238
24	Chillies ..	do	57 8 0	200 0 0	185 0 0	195 0 0	848	822	842
25	Betel-nuts ..	Seer	0 9 0	3 6 0	3 6 0	3 8 0	600	600	622
26	Ghee 1st quality ..	Maund	50 0 0	175 0 0	180 0 0	200 0 0	850	860	400
27	Potatoes ..	do	6 11 0	50 0 0	55 0 0	55 0 0	748	822	822
28	Ginger ..	do	6 11 0	86 11 0	50 0 0	40 0 0	540	748	598
29	Garlic ..	do	..	26 14 0	26 11 0	26 11 0	..	..	..
30	Fowl ..	Bird	1 0 0	2 8 0	2 8 0	2 8 0	250	250	250
31	Eggs ..	Dozen	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk ..	Seer	0 4 0	0 8 0	0 8 0	0 8 0	200	200	200
33	Beef ..	Lb.	0 1 8	0 6 0	0 6 0	0 7 0	380	380	420
34	Mutton ..	do	0 3 4	0 12 0	0 10 8	0 10 8	380	320	320
	Average Index No. of Other Food Articles ..						407	432	461
	Average Index No. of all-food ..						347	359	375

(Continued overleaf).

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF AUGUST, 1947, COMPARED WITH BASE PRICES BASE : AUGUST 1939=100.

Serial No.	Commodity	Unit	Base August, 1939 prices	PRICES FOR		INDEX No.			
				June, 1947	July, 1947	August, 1947	June, 1947	July, 1947	Aug., 1947
1	2	3	4	5	6	7	8	9	10
	II. OIL SEEDS.—								
35	Sesamum	Palla	21 0 0	120 0 0	107 8 0	120 0 0	571	512	571
36	Cotton seed	do	9 0 0	25 0 0	25 0 0	25 8 0	277	281	283
37	Groundnut	do	12 8 0	75 0 0	85 0 0	84 8 0	600	686	676
38	Linseed	do	11 8 0	57 0 0	55 0 0	55 0 0	496	478	478
39	Castor seed	do	12 0 0	70 8 0	69 0 0	67 0 0	587	575	558
	Average Index No. of Oil Seeds						506	505	513
	III. VEGETABLE OILS.—								
40	Sesamum oil	Palla	35 0 0	240 0 0	240 0 0	240 0 0	686	686	686
41	Castor oil	do	30 0 0	160 0 0	165 0 0	175 0 0	533	550	583
42	Linseed (doubled) Drum	Drum	22 8 0	32 0 0	32 0 0	32 0 0	142	142	142
43	Groundnut oil	Palla	25 0 0	155 0 0	180 0 0	180 0 0	620	720	740
	Average Index No. of Vegetable oil.						495	524	538
	IV. TEXTILES.—								
	(a) Cotton Raw :								
44	Cotton raw, Loose bales of 400lbs.		100 0 0	250 0 0	250 0 0	250 0 0	250	250	250
	Average Index No. of Cotton raw		250 0 0	250 0 0	250 0 0	250 0 0	250	250	250
	(ii) Cotton Manufactures :								
45	Yarn unbleached	Lb.	0 8 0	1 6 0	1 6 0	1 6 0	275	275	275
46	Dhotis	do	0 9 0	2 0 0	2 0 0	2 0 0	356	356	356
47	Chaddars	do	0 8 0	1 9 0	2 0 0	2 0 0	318	400	400
48	Saris	do	0 10 0	2 0 0	2 0 0	2 0 0	320	320	320
49	Shirtings	do	0 8 0	1 6 0	1 6 0	1 6 0	275	275	275
	Average Index No. of Cotton Mfgs.						308	325	325
	V. HIDES AND SKINS.—								
50	Hides not tanned	Head	2 6 0	8 0 0	7 8 0	7 8 0	387	315	315
51	Skins	do	0 9 0	2 0 0	2 2 0	2 2 0	356	378	378
	Average Index No. of Hides & Skins						347	347	347
	VI. BUILDING MATERIALS.—								
52	Corrugated iron sheet	Cwt.	12 3 0						
53	Iron Beams (Tata)	do	18 4 0						
54	Teak country	C.ft.	3 0 0	9 12 0	8 12 0	8 1 0	325	292	292
55	Teak Rangoon	do	7 8 0						
56	Cement Shahabad	Cwt.	2 14 0	5 0 0	5 0 0	5 0 0	174	174	174
57	Lime	100 c.ft.	19 0 0	45 0 0	45 0 0	65 0 0	237	287	342
58	Bricks country	1,000	9 8 0						
59	Table moulded bricks	1,000	15 8 0						
	Average Index No. of Building Materials..						245	284	269
	VII. OTHER RAW & MANUFACTURED ARTICLES.—								
60	Charcoal	Cwt.	1 12 0						
61	Kerosene oil 1st quality	A tin of 4 gallons	6 4 0						
62	Do 3rd quality	do	4 0 0	4 14 0	4 14 0	4 14 0	122	122	122
63	Tobacco	Maund	17 8 0						
64	Soap (Sunlight)	Cwt.	98 4 0	211 8 0	211 8 0	211 8 0	227	227	227
65	Matches	Gross	2 8 0	5 10 0	5 10 0	5 10 0	225	225	225
66	Firewood	Maund	0 8 0	2 8 0	2 8 0	3 5 0	500	500	603
	Average Index No. of other Raw and Manufactured Articles						269	269	309
	Average Index No. of all Non-food.						367	374	389
	General Average Index Number ..						356	366	381
	O.S. Rs. 116-10-8=B.G. Rs. 100.								

STATEMENT SHOWING THE PRODUCTION AND VALUE OF SOME OF THE LARGE SCALE INDUSTRIES IN HYDERABAD
IN 1856 F., 1854 F. AND 1855 F.

Serial No.	Name of the Factory	1853 F. PRODUCTION		1854 F. PRODUCTION		1855 F. PRODUCTION	
		Quantity	Value	Quantity	Value	Quantity	Value
1	2	8	4	5	6	7	8
1	Aurangabad Mills Ltd. (a) Yarn spun (b) Piece-goods	Lbs. 32,15,424 18,86,124	Rs. 14,29,318 17,29,237	Lbs. 26,73,110 16,34,071	Rs. 15,42,506 12,25,552	Lbs. 26,36,949 15,10,070	Rs. 17,85,084 12,55,777
2	Azamjahi Mills Ltd. (a) Yarn spun (b) Piece-goods	65,09,660 52,35,027	30,57,802 29,89,440	63,79,314 53,95,224	68,95,012 93,26,659	53,99,125 44,24,052	65,80,180 84,32,526
3	D.B. Ramgopal Mills Ltd. (a) Yarn spun (b) Piece-goods	25,22,905 21,07,592	34,15,562 39,23,549	24,73,110 20,68,109	33,99,604 34,23,881	25,91,588 22,82,503	38,34,854 43,98,750
4	Hyderabad (Deccan) Spinning and Weaving Mills Ltd. (a) Yarn spun (b) Piece-goods	12,34,759 6,95,538	30,64,148 14,80,417	9,11,804 5,49,864	11,52,792 8,91,724	8,28,796 4,48,788	8,12,596 5,66,588
5	M. S. K. Mills Ltd. (a) Yarn spun (b) Piece-goods	61,94,200 40,51,998	49,30,264 58,36,686	50,53,223 87,27,374	41,53,642 72,30,507	47,57,543 34,04,989	38,47,380 67,99,427
6	Osmanshahi Mills Ltd. (a) Yarn spun (b) Piece-goods	73,92,539 54,94,973	33,63,979 28,47,702	67,83,740 52,47,009	38,96,783 41,14,069	49,50,531 40,88,423	54,45,951 50,93,392
7	Alladin Bone Mill	..	..	Tons. 769	96,125	Tons. 1,911	1,19,100
8	Bio-chemical and Synthetic Products Ltd.	..	..	..	93,080	..	2,80,000
9	Deccan Shoe and Leather Works Ltd.	..	..	Prs. 19,961 Tons. 1,203	2,08,548 5,91,774	45,880 14,531	3,72,485 6,17,303
10	Deccan Flour Mills Ltd.	..	..	..	..	..	..
11	Deccan Fertilizer and Glue Products (Tons)	1,070	..	..	..	..	..
12	Deccan Porcelain and Enamel Works Ltd. (Pieces)	..	..	Tons. 780	1,10,000	Tons. 900	1,26,000
13	Hyderabad Chemical and Pharmaceutical Works Ltd.	66,864 ..	78,975 ..	1,93,654 ..	2,69,256 4,80,000	2,88,285 ..	3,25,298 4,80,991

STATEMENT SHOWING THE PRODUCTION AND VALUE OF SOME OF THE LARGE SCALE INDUSTRIES IN HYDERABAD
IN 1853 F., 1854 F. AND 1855 F.—(contd.)

Serial No.	Name of the Factory	1853 F. PRODUCTION		1854 F. PRODUCTION		1855 F. PRODUCTION	
		Quantity	Value	Quantity	Value	Quantity	Value
1	2	3	4	5	6	7	8
14	Hyderabad Roller Flour Mills Ltd. (Tons) ..	Lbs. 1,800	Rs. ..	Lbs. 2,289	Rs. as. ps. 14,72,618 10 0	Lbs. 3,448	Rs. as. ps. 16,19,540 0 0
15	Hyderabad National Industries Ltd.	..	..	14,853	1,38,991 7 3	13,000	..
16	(a) Paints. (Gallons) ..	..	1,56,485	6,804	1,84,671 10 2	9,925	4,19,118 10 4
17	(b) Glasswares (Gross) and Fertilizers Ltd. ..	..	..	..	2,16,000 0 0	..	2,17,464 5 2
18	Hyderabad Allwyn Metal Works Ltd. ..	..	20,98,021	..	21,00,000 0 0	..	19,70,289 6 11
19	Hyderabad Deccan Cigarette Factory Nos. ..	317,342,780	..	399,395,250	..	471,459,000	24,70,644 6 0
20	Indian Hume Pipe Co. ..	..	1,76,952	..	1,34,000 0 0	245,000	1,12,478 0 0
21	Hyderabad Starch Products Ltd. ..	15,000	..	Cwt. 12,500	5,87,000 0 0	..	5,67,206 11 5
22	Kohinoor Glass Factory Ltd. (Mds.) ..	38,80,000	..	736,860,000	..	128,610,000	..
23	National Food Product Ltd. (Mds.) ..	11,733	3,52,000	11,650	3,50,000 0 0	19,500	4,87,500 0 0
24	Nizam Sugar Factory Ltd. (Mds.) ..	..	..	239,206	1,79,405 0 0	299,000	2,25,176 11 0
25	Power Alcohol Factory (Gallons). ..	488,352	..	Mds. 480,999	1,06,69,449 0 0	Tons. 16,372	1,00,09,718 12 11
26	(a) Power alcohol ..	..	..	380,000	8,66,250 0 0	284,880	5,15,438 12 0
27	(b) Rectified spirit ..	..	..	2,000	5,838 0 0	119,505	2,91,298 7 0
28	(c) Impure Alcohol ..	319,000	..	10,300	4,505 0 0	19,270	12,043 12 0
29	(d) Fuel oil ..	..	..	450	7,875 0 0	659	9,885 0 0
30	Rose Biscuit Works ..	..	3,50,000	..	5,50,000 0 0	..	6,52,000 0 0
31	Singareni Collieries Ltd. (Tons.) ..	905,361	..	878,967	90,74,982 0 0	1,050,692	..
32	Shahabad Cement Works Ltd. (Tons.) ..	190,758	..	164,114	..	156,400	..

STATEMENT SHOWING THE PRODUCTION AND VALUE OF SOME OF THE LARGE SCALE INDUSTRIES IN 1853 F., 1854 F. AND 1855 F.—(concd.)

Serial No.	Name of the Factory	1853 F. PRODUCTION		1854 F. PRODUCTION		1855 F. PRODUCTION	
		Quantity	Value	Quantity	Value	Quantity	Value
1	2	3	4	5	6	7	8
29	Sirpur Paper Mills Ltd. (Tons.)	Lbs. 4,700	Rs. ..	Lbs. 4,894	Rs. 76,39,212 0 0	Lbs. 5,102	Rs. 71,93,592 2 4
30	Taj Clay Works Ltd. (Tons) ..	..	..	3,220	2,45,000 0 0	3,220	2,45,000 0 0
31	Taj Glass Works Ltd. (Tons)	..	..	1,080	4,50,000 0 0	3,600	15,00,000 0 0
32	Vazir Sultan Tobacco Co., Ltd. (Nos.) ..	2,376,893,500	..	2,666,171,500	..	2,847,182,000	..

STATEMENT INDICATING COTTON CONSUMED AND CLOTH PRODUCED IN HYDERABAD

Year	Cotton consumed (in bales of 400 lbs.)	Index No.	Cotton produced in yards	Index No.
1844 F. ..	47,810	100.0	86,188,278	100.0
1845 F. ..	51,182	107.0	88,160,482	105.4
1846 F. ..	51,097	106.8	85,626,002	98.0
1847 F. ..	68,706	138.2	42,405,487	117.0
1848 F. ..	68,805	142.8	47,868,710	180.8
1849 F. ..	67,768	141.7	58,984,562	141.0
1850 F. ..	78,886	154.5	61,127,090	168.0
1851 F. ..	78,977	165.0	68,342,857	188.0
1852 F. ..	82,463	172.0	72,279,728	199.0
1853 F. ..	76,179	159.0	62,742,420	178.0
1854 F. ..	71,681	149.0	61,060,161	167.0
1855 F. ..	64,291	134.0	..	..

II. PRODUCTION OF DIFFERENT QUALITIES.

Serial No.	Types of fabrics	1344-45 F.	1345-46 F.	1346-47 F.	1347-48 F.	1348-49 F.	1349-50 F.	1350-51 F.	1351-52 F.	1352-53 F.	1353-54 F.	1354-55 F.
1	Chaddars	1,229,413	1,590,491	2,506,566	8,596,167	4,552,339	3,988,564	1,677,112	1,886,462	1,823,611	1,139,080	1,288,952
2	Dhoties	9,018,256	10,392,532	6,797,589	10,577,984	12,113,078	13,433,288	4,240,407	9,793,609	10,395,598	12,957,949	12,797,266
3	Drills and jeans	143,244	178,217	26,930	51,133	77,549	534,210	2,781,677	3,119,776	2,567,951	2,068,043	1,962,322
4	Cambries	..	..	..	..	..	..	..	..	..	..	143,385
5	Printers	192,585	218,083	371,845	990,102	1,151,991	9,012,850	520,666	..	..	..	..
6	Shirting & long cloth	13,799,890	13,235,821	11,301,804	6,543,076	11,622,238	8,261,160	21,023,092	29,801,547	32,554,740	26,527,956	24,471,961
7	Table cloth domestic	4,920,331	4,374,992	1,964,057	10,743,385	3,286,783	3,433,927	6,718,547	7,483,257	7,093,428	5,510,296	6,191,417
8	Tent cloth	..	..	..	..	..	..	..	455,684	1,003,733	1,127,688	1,587,457
9	Khadi lungis or khaddar	943,331	1,264,909	2,166,529	2,409,488	2,583,951	1,994,397	2,690,811	1,733,691	2,052,210	2,616,123	3,084,006
10	Other sorts	288,114	401,912	760,753	1,173,436	861,007	794,747	1,650,519	3,568,136	3,520,103	2,589,295	1,789,905
11	Coloured piece-goods	5,680,417	6,493,179	7,636,924	6,318,188	11,101,498	12,478,032	11,686,283	10,501,259	11,364,597	8,194,105	7,820,117

III. MILL STATISTICS.

Year	Average working daily spindles	Index No.	Cotton looms	Index No.	Consumed bales of 400 lbs.	Yarn index No.	Spun bales in lbs.	Index No.	Cloth woven yards	Index No.
1344 F. ..	129,952	100	2,258	100	47,810	100	13,271,701	100	36,188,278	100
1345 F. ..	123,572	95	2,134	95	51,182	107	17,286,099	130	38,160,482	105
1346 F. ..	124,716	96	2,126	94	51,097	106.8	16,385,626	124	35,623,002	98
1347 F. ..	135,789	104	2,286	101	63,902	133	19,582,708	147	42,405,437	117
1348 F. ..	125,132	97	2,132	95	68,305	142	23,779,108	180	47,362,710	130
1349 F. .	115,222	89	2,043	90	67,763	141	24,789,880	186	53,934,562	149
1350 F. ..	138,594	107	2,543	112	73,886	154	22,946,307	173	51,127,090	160
1351 F. ..	19,667	92	2,443	108.1	78,977	165	28,689,293	216	68,342,857	189
1352 F. ..	121,000	93	2,462	109	82,403	172	29,111,617	219	72,279,728	199
1353 F. ..	120,308	92.5	2,462	109	76,179	159	26,599,405	200	62,742,420	173
1354 F. ..	120,760	92.9	2,462	109	71,631	150	24,154,907	182	61,060,161	168

Year

Average No.
of hands em-
ployed daily

Index No.

1344	..	..	..	6,788	100
1345	..	..	..	8,069	118
1346	..	..	..	7,899	116
1347	..	..	..	7,751	114
1348	..	..	..	9,472	139
1349	..	..	..	9,516	140
1350	..	..	..	10,859	160
1351	..	..	..	10,826	159
1352	..	..	..	12,105	178
1353	..	..	..	12,642	186
1354	..	..	..	12,648	186

IV. HYDERABAD PRODUCTION OF YARN
AND CLOTH.

MILL YARN CONSUMED BY HANDLOOMS

Year	Yarn in lbs.	Cloth in yds.
1344 F. ..	13,271,701	36,188,278
1345 F. ..	17,296,099	38,160,482
1346 F. ..	16,385,626	35,623,002
1347 F. ..	19,582,708	42,405,437
1348 F. ..	23,799,108	47,362,710
1349 F. ..	24,789,880	53,934,562
1350 F. ..	22,946,307	61,127,090
1351 F. ..	28,689,293	68,342,857
1352 F. ..	29,111,617	72,279,728
1353 F. ..	26,599,405	62,742,420
1354 F. ..	24,154,907	61,060,161

Years	Millions Lbs. (Annual)	Bales Monthly
1936 ..	15.0	3,125
1937 ..	12.9	2,690
1938 ..	16.6	3,460
1939 ..	21.1	4,395
1940 ..	18.5	3,855
1941 ..	14.4	3,000
1942 ..	18.7	3,895
Average of 1936-42 ..	16.8	3,500
Average of 1940-42 ..	17.2	3,535

INDIA'S CHEMICAL INDUSTRY.

Name of Chemical						Estimated pre-war production in tons	Estimated production in 1944 in tons
Sulphuric Acid	..	..	..	..	..	26,000	79,000
Nitric Acid	..	..	..	..	..	590	2,750
Hydrochloric Acid	..	..	..	..	..	860	2,500
Aluminium Sulphate	..	..	..	..	..	6,500	14,000
Alum	..	..	..	..	..	1,725	7,000
Sodium Sulphate	..	..	..	..	..	1,000	2,000
Sodium Sulphide	..	..	..	..	..	..	100
Copper Sulphide	..	..	..	..	..	Very small	1,000
Ammonium Sulphate	..	..	..	..	..	18,000	80,000
Zinc Chloride	..	..	..	..	..	Very small	800
Ammonium Chloride	..	..	..	..	..	Very small	800
II.							
Soda Ash	..	..	..	..	..	..	50,000
Sodium Bicarbonate	..	..	..	..	..	..	1,500
Caustic Soda	..	..	..	..	..	120	4,000
III.							
Potassium Nitrate	..	..	..	..	..	6,500	11,000
Chlorine	..	..	..	..	..	..	860
Bleaching Powder	..	..	..	..	..	..	4,500
Anhydrous Ammonia	..	..	..	..	..	..	1,500
Sodium and Potassium Bichromates	..	..	..	..	..	Very small	3,000
Glycerine	..	..	..	..	..	650	1,900
Sodium Thiosulphate	..	..	..	..	..	..	400

SHIP TONNAGE FIGURES.

				Owned 1939	'000 tons (dwt.) 1946	Under construction (gross tons) end June 1947
United States	..	..	..	4,484	14,002	26,890
Britain	..	..	..	4,704	4,280	828,110
Norway	..	..	..	8,125	2,269	..
World total	..	..	..	16,652	28,721	616,785

OIL AND OIL PRODUCTS IMPORTS.

(Million tons).

				Continental Europe	U.K.	U.S.A.	Total
<i>Crude oil</i>							
1938	..	..	..	10.8	2.4	8.7	16.4
1946	..	..	..	8.9	2.2	11.8	17.9
<i>Finished Products.</i>							
1938	..	..	..	12.1	9.7	8.7	25.5
1946	..	..	..	10.7	12.1	7.1	29.9

STAFF AND SALARIES IN THE INTERNATIONAL MONETARY FUND.

				Total staff	Salary of \$ 10,000 and above	Salary of \$ 4,000 to \$ 10,000	Salary of less than \$ 4,000
Canada	..	..	..	80	1	4	25
Europe	..	..	..	42	8	24	15
Far East	..	..	..	11	..	7	4
Latin America		..	..	20	..	8	12
Middle East		..	..	4	..	8	1
South Africa		..	..	1	..	1	..
U.K.	..	..	..	28	1	8	14
U.S.	..	..	..	224	8	48	173
Total				335	8	103	244

INDIAN OIL SEEDS.

The following table shows the relative position of exports of oilseeds both in terms of quantity and value in the pre-war year 1938 and the post-war year 1946 :

(Rs. in lakhs).

	1938 Quantity	Value	1946 Quantity	Value
<i>Seeds.</i>	Tons	Rs.	Tons	Rs.
Castorseed	9,159	12.75	6,807	29.90
Groundnut	900,107	1,092.00	60,225	202.70
Linseed	286,762	407.00	81,500	356.08
Sesamum	8,187	15.85	869	5.88
Mustard	2,627	4.87	108	0.84
Poppy	100	0.28	57	0.86
Rape	20,681	28.56	3,894	18.26
Mouru	48	0.07	49	(a)
Cotton	567	0.40	97	0.87
Copra	124	0.45	..	..
Total of seeds ..	1,228,807	1,561.78	153,101	618.84
<i>Oils.</i>				
(In million gallons).				
Castor	1.11	17.62	0.16	8.98
Groundnut	8.74	47.86	1.62	69.25
Linseed	0.26	4.88	0.45	24.92
Sesamum	0.26	3.50	0.07	4.55
Rape	0.87	5.25	(b)	1.29
Cocoanut	0.07	0.97	..	..
Others	0.15	2.28	0.41	12.00
Total of oils ..	5.96	81.86	2.71	120.94
Oil cakes (In tons)	442,881	298.6	175	0.71

CONSUMPTION AND STOCK OF COTTON IN INDIA.

(In bales of 400 lbs. each).

	CONSUMPTION		STOCKS AS ON	
	11 months Sept.—July 1946—1947	11 months Sept.—July 1945—1946	31-7-1947	31-7-1946
<i>Indian Cotton.</i>				
West Zone	1,661,290	2,115,096	775,887	1,081,326
North Zone	539,786	640,411	378,941	409,079
South Zone	522,809	680,626	288,818	282,374
Other areas	251,862	277,640	139,271	156,897
Total ..	2,975,197	3,663,773	1,581,917	1,879,176
Omras	650,019	748,056	385,178	533,107
Southerns	267,323	324,186	142,629	157,115
American Styles	988,643	1,171,343	649,532	718,918
Others	1,069,207	1,420,188	404,578	475,041
Total ..	2,975,197	3,663,773	1,581,917	1,879,176
<i>Foreign Cotton.</i>				
West Zone	554,424	472,836	266,680	211,954
North Zone	31,044	29,777	13,279	18,711
South Zone	51,290	51,510	20,634	22,050
Other Areas	3,526	2,174	1,801	3,447
Total ..	640,284	556,297	302,394	256,162
Egyptians	264,330	218,957	145,654	107,908
East Africans	188,006	193,471	94,418	58,902
Americans	69,269	9,967	31,022	8,407
Others	118,679	133,902	31,805	80,945
Total ..	640,284	556,297	302,394	256,162

GOLD IN CENTRAL BANKS AND TREASURIES.

(In millions of fine ounces).

	AT THE END OF						
	1940	1941	1942	1943	1944	1945	1946
U.S.A. (1)	639.8	650.4	659.6	628.0	589.4	573.8	586.0
U.K. (2)	†	†	†	†	†	46.0*	55.0*
Union of South Africa ..	10.2	10.5	18.1	20.1	28.1	26.1	26.8
India	7.8	7.8	7.8	7.8	7.8	7.8	7.8
France (3)	†	†	†	†	†	†	22.8
Belgium (4)	†	†	†	†	†	†	21.0
Netherlands	†	†	†	†	†	†	7.5
Switzerland (4)	14.8	19.0	23.2	27.3	32.8	37.9	40.8
Sweden	4.6	6.4	9.6	11.0	13.2	13.8	10.9
Argentina (5)	10.9	11.4	18.8	26.8	31.8	11.5	13.0*
Brazil (6)	1.5	2.0	3.3	7.2	9.4	11.4	10.1
Other Latin American Countries ..	7.4	8.2	8.8	17.2	22.5	28.9	26.5
Difference :—U.S.S.R. and other countries, Treasury stocks not disclosed, Western hoards, etc.	†	..	..	..	..	..	248.2
World Stock of Monetary Gold ..	938.7	976.4	1,007.4	1,029.4	1,046.8	1,061.8	1,076.4

*Estimates.

†Not available.

(1) Including Gold at Exchange Stabilisation Fund Spec. A/1 No. 1.

(2) Gold in Exchange Equalisation A/3.

(3) Including gold at Exchange Equalisation Fund and Caisse de Fe nce d'Outremer.

(4) Including gold held by Treasury.

(5) 1940, 1941, 1945, 1946, gold held by Central Bank at home, other years including gold source : Union Corporation Limited, Annual Report for 1946.

WHEAT PRODUCTION AND EXPORT SURPLUSES. (MILLION BUSHEL).S.

	1946			1947*		
	Produc- tion	Domestic consump- tion	Export- able surplus	Produc- tion	Domestic consump- tion	Export- able surplus
United States	1,156	918	248	1,409	1,209	200
Canada	421	122	269	353	153	200
Argentina†	221	180	91	190†	180	60
Australia†	117	78	39	200†	80	120
Total	1,915	1,278	642	2,512	1,572	580

*Provisional.

†Crop-years 1946-47 and 1947-48.

‡Forecast.

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING.

The following table gives the latest price indices issued by the Office of the Economic

Adviser to the Government of India and the cost of living index published by the Government of Bombay. The percentage increase (+) or decrease (—) over the corresponding figures of the previous month is shown in brackets:—

	August, 1947	July, 1947	August, 1947
I. General Index (Base : Week ended 19th August, 1939 = 100)	299.6 (+1)	296.9	271.8
II. Food Index (Base : Week ended 26th August, 1939 = 100)	282.8 (+2)	276.8	252.4
III. Industrial Raw Materials (Base : Year ended August, 1939 = 100)	306.5 (—1)	371.0	297.0
IV. Demi-Manufactured Articles (Base : Year ended August 1939 = 100)	258.8 (+1)	256.0	...
V. Manufactured Articles (Base : Year ended August, 1939 = 100)	277.7 (+1)	274.9	..
VI. Cost of Living Index (Bombay) (Base : Year ended June, 1934 = 100)	284.0 (+4)	274.0	267.0

The general price level continued to show an upward trend with indices for food, semi-manufactured and manufactured Articles recording increases of 6.0, 2.3 and 2.8 points respectively. A rise in the the 'other food articles' group due to an advance in the prices of tea and sugar brought about the increase in the Food Index, while an increase in the prices of 'leather' and 'textile products' contributed to the rise in semi-manufactured and manufactured articles respectively. The index for industrial raw materials, however, recorded a decline by 4.5 points, mainly as a result of a fall in the prices of 'oilseeds.' The Bombay cost of living index recorded an increase by 10 points on account of an upswing in the 'food' group.

COTTON CROP FORECAST.

The forecast for the 1946-47 cotton crop, showing an increase of one per cent. in both the area and output of Indian cotton, entire cotton area of India and deals with both the

early and late crops of the season. The table below shows the present estimates of area and yield, classified according to the recognised trade descriptions of cotton :—

Trade descriptions	Area (in acres)	Yield (in bales of 400 lbs. net)
Bengal ..	1,405,000	473,000
American ..	2,965,000	1,285,000
Oomra ..	4,200,000	640,000
Broach ..	586,000	134,000
Surti ..	330,000	70,000
Dhollera ..	878,000	174,000
Others ..	4,487,000	790,000
Total ..	14,860,000	3,566,000

54,500 TONS OF U.S. GRAIN TO INDIA FOR DECEMBER

India is to receive 54,500 long tons of grain as its share of the U.S. grain export allocations for December totalling 871,800 long tons, the U.S. Agriculture Department announced. The total represents a 10 per cent. increase over the November allocations of 788,800 long tons.

The Department also announced that the cumulative July-December, 1947, grain quotas (including a carryover from the June allocations) total 305,500,000 bushels. The original export goal for the 1947 crop-year was 470 million bushels, but it was recently raised by 100 million bushels to meet the pressing needs abroad. The goal of the current U.S. food conservation drive is to raise that additional 100 million bushels

THE EVER-WIDENING GAP IN BRITAIN.

VISIBLE TRADE DEFICIT, 1947.

(£ Million).

	Janu- ary	Febru- ary	March	April	May	June	July	August
<i>Imports.</i>								
Food, drink and tobacco	61.5	58.9	65.2	71.8	75.5	70.8	82.0	77.0
Raw materials ..	85.1	29.5	88.0	46.7	48.9	46.1	56.4	56.6
Manufactures ..	22.8	22.2	25.0	27.7	32.4	34.8	39.2	38.8
Others ..	2.5	1.9	1.8	1.4	1.4	2.6	1.7	2.1
Total ..	121.4	112.5	180.0	147.1	158.2	153.8	179.2	174.0
<i>Exports.</i>								
Food, drink and tobacco	5.8	4.4	5.5	5.2	5.1	6.6	6.8	6.4
Raw materials ..	7.4	8.1	8.2	8.2	8.5	5.8	5.7	5.5
Manufactures ..	80.6	67.7	72.1	72.7	80.4	82.2	97.8	82.8
Others ..	2.9	2.4	3.2	3.2	2.7	3.1	4.2	2.5
Total ..	96.8	82.6	89.0	89.8	96.8	97.3	114.6	97.2
<i>Deficit.</i>								
Monthly ..	25.1	29.9	41.0	57.7	56.4	56.6	64.7	76.8
Cumulative deficit ..	..	55.0	96.1	153.8	210.2	266.8	331.5	408.8

THE PROBLEMS OF EATING.

FOOD CONDITIONS IN THE UNITED STATES AND BRITAIN.

Apparent Per Capita Civil Consumption.

	UNITED STATES			UNITED KINGDOM		
	1947	1947 AS PER CENT. OF		1946-47	1946-47 AS PER CENT. OF	
		1946	1935-39		1946	Pre-war
Total	..	100	118	..	..	..
Meat	155	101	123	93.8	104	85
Eggs	47.2	101	127	21.1	100	86
Poultry	28.7	94	182	4.0	129	89
Milk	810	100	101	318.3	100	144
Fats and oils	42.5	108	95	83.4	96	74
Fresh fruits	148	105	107	54.8	117	80
Canned fruits	19	92	128	16.8	96	68
Fresh vegetables	260	95	111	85.6	96	108
Potatoes	122	100	93	202.0	100	166
Refined sugar	92.8	124	96	77.6	108	75
Corn meal	19	112	83	..	..	..
Wheat flour	150	96	98	217.3	98	112
Canned soups and baby foods	10.4	90	200	..	..	..

NUTRIENTS AVAILABLE FOR CIVILIAN CONSUMPTION.

Per Capita Per Diem.

	UNITED STATES			UNITED KINGDOM		
	1947	1947 AS PER CENT. OF		1946-47	1946 47 AS PER CENT. OF	
	lbs.	1946	1935-39		1946	1935-39
Food energy, calories ..	3,450	101	106	2,880	100	96
Protein, grams ..	99	97	111	89.4	99	112
Fat, grams ..	144	100	109	110.6	99	85
Carbohydrates, grams ..	438	104	102	380.8	100	101
Calcium, grams ..	1.07	95	119	1.03	100	149
Iron, milligrams ..	18.6	98	135	17.7	104	143
Vitamin A, internat. units ..	9,400	97	116	3,764	101	94
Hiamin, milligrams ..	2.17	95	141	1.87	101	155
Riboflavin, milligrams ..	2.46	95	132	2.02	102	125
Niacin, milligrams ..	21.2	99	188	16.7	97	125
Ascorbic acid, milligrams ..	135	96	117	107.6	99	122

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21	Bannerji, B.	The Constitutional Rights and Duties in India	1946	Federal Law Depot, Delhi	7 8 0
22	Cole & Others	Plan for Britain	1945	Vora & Co.	2 0 0
23	Fairchild, Furnis & Buck	Economics	1937	Macmillan	16 0 0
24	Sen, M. K.	Elements of Civics	1946	Hindustan Publications	5 0 0
25	..	Technological Possibilities of Agricultural Development in India	1944	Government of India	2 0 0
26	Thorne	The Outline of Banking and Foreign Exchange	1938	Pitman	6 0 0
27	Agarwala, A. N.	Pessimism and Planning	1945	Kitab Mahal	5 12 0
28	Basu, S. K.	Industrial Finance in India	1939	University of Calcutta	6 0 0
29	Spalding, W. F.	Foreign Exchange and Foreign Bill	1938	Pitman	16 0 0
30	Jathar & Beri	Indian Economics, Vol. I.	1947	Oxford University Press, Madras.	8 11 0
31	G. D. H. Cole	Money: Its Present and Future	1947	Cassel & Company Ltd., London.	16 6 0
32	John Gunther	Inside U.S.A.	..	Hamish Hamilton, London	22 15 6
33	Manoharlal Chowdhary	The Congress in Power	1947	The Lion Press, Lahore	8 11 6
34	Alexei Tolstoy	The Making of Russia	..	Hutchinson International Authors Ltd., London	3 1 0
35	S. Hyder	Progress of Pakistan	1947	The Lion Press, Lahore	3 1 0
36	..	Royal Commission on Equal Pay 1944-46.	1946	H. M.'s Stationery Office, London.	4 6 0
37	..	The Battle for Output, 1947	1947	do	0 9 0
38	..	Documents relating to the first Session of the Food & Agriculture Conference of the United Nations.	1945	do	1 1 6
39	..	Finance & Accounts of the United Kingdom (1944-45).	1945	do	1 1 6
40	..	Joint Memorandum & Agreement between H.M.'s Govt. of U. K. & Govt. of America regarding Settlement for Lend-Lease Reciprocal Aid, etc.	1946	do	0 13 0

FINANCE OFFICE LIBRARY.—(Contd.)

Serial No.	Author's Name	Title of Book	Year of Publication	Name of Publisher	Price B.G.
41	Sir H. Howitt	The Rhodesia Rlys. Ltd.	1945	H. M.'s Stationery Office, London.	Rs. a. p. 1 1 6
42	Sir H. Macmichael	Report on a Mission to Malaya	1946	do	0 4 6
43	"	Catering Wages Act, 1943	1944	do	0 4 6
44	"	Coal Mining Industry Quarterly Statistical Statement	1946	do	0 8 0
45	"	International Labour Conference	1946	do	0 8 0
46	"	Bank of England Charter	1946	do	0 8 0
47	"	Final Act of the Paris Conference on Reparation.	1945	do	0 4 6
48	"	Economic Survey for 1947	1947	do	0 9 0
49	"	Atomic Energy Commission, Official Records No. 1 to 4.	1946	Hunter College, New York	2 4 0

NEW BOOKS ADDED TO THE OSMANIA UNIVERSITY LIBRARY, ECONOMIC SECTION.

Serial No.	Author	Title	Year of Publication	Publisher	Published Price
1	Abel, D.	History of British Tariffs	1945	Heatheranton, Lond.	£. 0 9 6
2	Beveridge, Sir W. H.	Pillars of Security	1943	Allen & Unwin, Lond.	Rs. 5 10 0
3	Chamberlin, E. H.	Theory of Monopolistic Competition.	1946	Harvard Univ. Press, Camb.	\$ 3.50
4	Great Britain	Employment Policy	1944	His Majesty's Stationery Office, Lond.	£. 0 0 6
5	Do	National Insurance Bill, 1946	1946	do	0 2 6
6	Do	Report on the Marketing of Honey & Bees Wax in England and Wales	1931	do	0 0 6
7	Do	Report on the Marketing of wheat, Barley & oats in England & Wales	1928	do	0 0 6
8	Jathar, G. R. & Berle, S. S. G.	Elements of Indian Economics	1946	Oxford Univ. Press	3 4 0
9	Lerner, A. P.	Economics of Control	1946	Macmillan	£. 1 1 0
10	London Royal Commission on equal pay.	Report 1944-1946	1946	His Majesty's Stationery Office, Lond.	£. 0 4 0
11	Mackenzie, K.	Banking System of Great Britain, Finance General & the United States of America.			
12	Madge, C.	War-time Pattern of Savings and Spending.	1943	Camb. Univ. Press	£. 0 6 0
13	Momtchiloff, N.	Ten Years of controlled Trade in South Eastern Europe	1944	do	£. 0 6 0
14	Southard, F. A.	Foreign Exchange Practice & Policy	1940	McGraw-Hill N. Y.	\$ 2.75
15	Wigglesworth, F.	Money of Democracy		St. George Book Co., Hanover Square W. 1.	£. 6 0 0

Diary of Events of Economic Interest

- December 2, 1947.** Mr. John Snyder favoured the unfreezing of the balance of the Anglo-U.S. loan, namely, 400 million dollars.
The first meeting of the Human Rights Commission began at Geneva, presided over by Mrs. Eleanor Roosevelt at which 18 nations were represented.
- December 3, 1947.** The House of Commons accepted a motion for the appointment of an Economic Secretary to the Treasury in Britain.
F.A.O. report on the very bad food position in the Far East, India and Britain was published.
Decision was taken by the Food Advisory Council in Hyderabad to continue controls on food supplies.
- December 4, 1947.** The Premier of West Bengal announced his Government's decision to continue food control for one year more.
Pandit Nehru, Prime Minister of India, made a statement in the Legislature on India's foreign policy, reaffirming the country's determination to keep out of group alignments of World Powers.
India's Finance Minister announced the decision to set up an Economy Committee to recommend measures of retrenchment.
Setting up of a central organisation for conducting an industrial survey of India was announced in the Legislature by the Industries Minister.
- December 5, 1947.** India's contribution to UNESCO budget of \$ 8,000,000 fixed at 4.56 per cent. of total, was announced.
Indian Legislature agreed to all Budget demands.
Unfreezing of £ 100,000,000, the balance of the U.S. loan to Britain, was announced.
- December 7, 1947.** King Gustav of Sweden had his 89th birthday, with 40 years' reign, the oldest King in Europe.
- December 8, 1947.** Announcement was made by the Government of India Food Ministry of a plan to establish 45 new sugar factories very soon.
Decontrol of sugar and gur was announced by the Government of India.
- December 9, 1947.** An Indo-Pakistan agreement was arrived at on all points relating to the Partition, and no reference remained for the arbitral body.
Trade relations between France and the U.S.S.R. were broken off.
- December 11, 1947.** The Indian Shipping Conference resolved that coastal shipping should be reserved for Indian shipping concerns under Government control, with reciprocity arrangements as among India, Pakistan, Ceylon and Burma.
The Prime Minister of Ceylon, Mr. D. S. Senanayake, announced that independent Ceylon would soon consider joining the Indian Union in a scheme for the federation of Asia.
- December 14, 1947.** Air mail service was begun between Assam and other parts of India.
The Foreign Ministers' Conference at London was wound up without achieving any agreement.
The change in the foreign exchange rate of the U.S.S.R. rouble was announced from 21 to 32 per pound sterling.
- December 15, 1947.** The Industrial Conference began at Delhi, at which Hyderabad was represented.
Pandit Nehru addressed the Associated Chambers of Commerce and Industry at Calcutta.
- December 16, 1947.** U.S. Interim Aid to Europe was reduced to 506 million dollars, and China was excluded from the scheme,

- December 17, 1947.** The Interim Government in Hyderabad was announced.
H.E. Mir Laik Ali gave a radio talk on the task before the new ministry.
The Industries Conference convened at New Delhi passed a comprehensive resolution on industrial production as well as other resolutions on national policy of industrial development, foreign capital and enterprise, cottage and small scale industries, excise duty, industrial statistics, etc.
Argentine announced a "Marshall Plan" for Latin America, involving about £. 1,250 million, at the Havana Conference.
- December 18, 1947.** The Industries Conference at Delhi called for a three-year industrial Truce.
- December 19, 1947.** The Central Institute of Education was opened by Lady Mountbatten at Delhi.
Freezing of wages and prices for six months was announced in France.
A treaty of friendship was signed between Yugoslavia and Rumania.
- December 20, 1947.** Bengal gram and products were decontrolled in Madras.
President Truman asked the U.S. Congress to approve a 17,000 million dollar programme for aid to Europe with effect from April 1948, to continue for 4½ years (this amount being about 3 per cent. of the annual national income of the U.S.A.).
- December 22, 1947.** The 30th session of the Indian Economic Conference was opened by H.E. Sri C. Rajagopalachari, Governor of West Bengal, at Calcutta.
- December 27, 1947.** The 8th session of the Indian Society of Agricultural Economics was inaugurated by Mrs. Renuka Roy at Shri Niketan.
The Government of India had decided to increase the prices of cement and steel.
The Government of India promulgated an Ordinance temporarily amending the Negotiable Instruments Act in order to meet difficulties experienced by banks in dealing with bills drawn of firms and companies situated in the disturbed areas.
The Anglo-Russian Trade agreement was signed, the U.S.S.R. to supply foodstuffs, Britain to supply engineering equipment.
- December 28, 1947.** Text of Indo-Pakistan agreements relating to insurance companies, postal savings banks deposits and cash certificates, pensions, removal of assets of trusts, payments of unpaid bills to contractors, etc., was released.
Talks between the Prime Ministers of India and Ceylon on outstanding political issues between the two countries commenced at New Delhi.
- December 29, 1947.** The Institute of Metals inaugurated by Dr. S. P. Mookerjee at Calcutta.
The Government of India decided to adopt a "Go slow" policy in the matter of further decontrol.
One-day "token" strike in Bombay passed off without untoward incidents.
The All-India Women's Conference began its 20th session at Madras.
- December 30, 1947.** President Truman signed the Anti-inflation Bill containing only 3 out of 10 points suggested by him.

JANUARY

- 1 JANUARY
- 1 Foreign Minister of most noted to Rome overnight.
- 2 British Embassy in London concerned.
- 3 British Flag of R.A.F. reconsecrated.
- 4 British rejected R.A.F.'s claim to the Falkland Islands.
- 5 Mr. Ayres returned as U.S. Secretary of State.
- 6 Mr. Vicens-Arce elected President of French Republic.
- 7 French general election democratic tide won.
- 8 Government (de Chastel) returned.
- 9 Dates of Congress returned from Australia.
- 10 General on 31st.
- 11 General on 31st.
- 12 General on 31st.
- 13 Prince Gustaf of Sweden, Grace Moore and Dr. G. G. returned.
- 14 Dr. G. G. returned.
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FEBRUARY

3. **Sigmar de Casterio** re-elected Italian Government
5. **M. Blazynski** elected President of Poland, M.
6. **Pyrykiewicz** formed Government
10. **British** gave cue to industrial and domestic economic revival.
13. **Agreement** for sale of British-owned railways in
17. **British** signed agreement with Germany
17. **Royal Family** landed at Capotono
20. **British Government** a intention to transfer power
21. **to responsible Indian hands** in June, 1947
22. **announced**, Viscount Mountbatten appointed
23. **Viceroy**
24. **Yon Fajen** sentenced by German de-nationalization
25. **control** years in labour cast and confiscation
- of fortune.
25. **Allied Control Council** signed law liquidating
- State of Prussia.
27. **Secret** appointed committee to investigate
- British case against Albania, inconclusive
- report issued Mar 13, Security Council recommended
- case to International Court of Justice
28. **REPORT**

MARCH

- 3 March Stalin recalled post-war Minister of Foreign Affairs Vyacheslav Molotov from New York, Russia's Russian program for permanent membership in the Security Council, and announced that he was to be replaced by Andrei Gromyko, an experienced diplomat on September 24, 1946.
- 4 Treaty of Alliance with France signed at Dunkirk, Belgium, and the British announced that they would be withdrawing from the British zone of Germany.
- 5 New Zealand signed an alliance with Britain, with the understanding that the British would not send troops to New Zealand.
- 6 King Peter deposed of nationality by Yugoslavia.
- 7 Post-Power Moscow conference on Germany and the future of the German people.
- 8 British troops returned to the British zone of Germany after a year's stay with Czechoslovakia.
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ÁPRIL

- 1 King George of Greece died in Athens
- 2 Britain asked that Palestine be placed on U N
- 3 Budget introduced, increased income-tax allow-
- 4 sances and rebates, price of cigarettes, tobacco
- 5 and wine raised, 15% increase in Vichy trans-
- 6 portation in German-occupied France, increased
- 7 16% increase in German demand for life insurance
- 8 for war crimes.
- 9 Ministerial changes, Ministry Without Portfolio,
- 10 for Laval, Vichy, Lord Privy Seal Lord Lams-
- 11 den, Lord of the Admiralty, Lord Canning, Mr
- 12 Lord C. of D. or Lord C. of D. Lord C. of D.
- 13 14th Ministerial changes with Britain
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- 100 100th Ministerial changes with Britain

MAY

- 10 Territorial Army re-formed.
11 New Japanese constitution entered into force,
five-day week for miners introduced.
12 Field-Marshal Kesselring sentenced to death for
war crimes, commuted to life imprisonment on
July 4.
13 Royal Family arrived back from South Africa.
14 Dr. Schacht sentenced by German court to 8 years
in labour camp, confiscation of property, and loss
of rights.—Italian Government (de Gasperi)
resigned, new Government formed on 11st.
21 Hungarian Ministry (Nagy) resigned, new

Results

- 5 Mr Marshall, in speech at Harvard, outlined plan for U.S. aid to Europe.
- 7 Derby won by Pearl Diver.
- 11 Princess Elizabeth received Freedom of City of London.
- 12 First Trooping the Colour ceremony since 1939.
- 17 New laws of motor taxation announced.

- 19 Assist Gold Cup won by Sovereign.
20 Eric statue returned to Piccadilly Circus.
30 U.S. budget surplus, first for 17 years, signed
\$751,787,660.—Temporary agreement
with Rayns on sterling balance.

JULY

- 3 Title of Summary of News for Dominion Affairs changed to Summary of News for Commonwealth Affairs
- 4 Economic subcommittee on Law of Succession: largely unchanged
- 5 Economic Planning Board set up
- 6 Commonwealth Ministers' Conference on East-West relations: Commonwealth announced
- 7 Commonwealth Ministers' Conference on East-West relations: Commonwealth announced
- 8 Commonwealth Ministers' Conference on East-West relations: Commonwealth announced
- 9 Commonwealth Ministers' Conference on East-West relations: Commonwealth announced
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- 31 Commonwealth Ministers' Conference on East-West relations: Commonwealth announced

AUGUST

- [illegible]

SEPTEMBER

7. Communist Union has been disbanded. -Belgrade, 1949.
8. Communist Party of Yugoslavia expelled from the League of Communists. -Belgrade, 1949.
9. 7 Yugoslav defense troops stationed in Rio de Janeiro. -LUSACB report in favor of imprisonment.
10. British and U.S. troops reduced. -Greek Government.
11. Argentine Chamber approved bill granting amnesty to military personnel. -Buenos Aires, 1949.
12. Miscellaneous arrests on scheme for coup. -Lima, 1949.
13. S. Lauer went by surprise. -Lima, 1949.
14. 1000 Communist troops in Finland. Helsinki, 1949.
15. Hungary and Rumania claim new force. -Budapest, 1949.
16. 1000 Communist troops in Hungary. -Budapest, 1949.
17. Turkey governing, second stage of American forces. -Ankara, 1949.
18. 1000 Communist troops in Hungary. -Budapest, 1949.
19. First of state of war between Britain and Argentina. -London, 1949.
20. 1000 Communist troops in Hungary. -Budapest, 1949.
21. Found by New York. -New York, 1949.
22. 1000 Communist troops in Hungary. -Budapest, 1949.
23. 1000 Communist troops in Hungary. -Budapest, 1949.
24. 1000 Communist troops in Hungary. -Budapest, 1949.
25. 1000 Communist troops in Hungary. -Budapest, 1949.
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28. 1000 Communist troops in Hungary. -Budapest, 1949.
29. 1000 Communist troops in Hungary. -Budapest, 1949.
30. 1000 Communist troops in Hungary. -Budapest, 1949.

NAME
SECTION

- 1 Foreign travel allowance for pleasure trips outside working area abolished.—Basis ration abolished.
- 4 Remuneration by U.S.A. of share of Italian warships announced.
- 5 Formation of Communist Information Bureau in Helsinki announced.

- [illegible]

NOVEMBER

- [illegible]

DECEMBER

- [illegible]

Looking Back

THE KING'S CHRISTMAS BROADCAST

The British King said:—

I AM glad to speak to you once again on this festival which brings to all hearts the thought of peace and good-will. This third Christmas Day since the war ended finds us still praying that the time may soon come when true peace will have been established throughout the world ; when all men will be working together with good-will to rebuild what has been destroyed ; when everywhere fear will have given place to trust, hardships to well-being, and scarcity to plenty.

Yet it is in a spirit of thankfulness and hope that the Queen and I send our Christmas greetings to my peoples of the Commonwealth and Empire. Our memories would indeed be short if we had already forgotten to be thankful for our deliverance from the greatest peril that ever threatened our beloved land in all its long and glorious history ; and we should be showing ourselves unworthy of what we achieved then if we doubted our will to win through now.

WAY STILL UPWARD

We all know what it is to toil up a steep hill only to find that what we had thought was the top is not the top after all, and that the path still leads upwards, and that we must brace ourselves to climb still further. I think that many of us must have felt that sort of disappointment more than once since the day, two and a half years ago, when victory brought us at last to those heights on which our gaze had so long been fixed.

We had hoped that we would then have reached the top, but we found that the way still lay upwards, and the summit towards which we strive is still beyond. But our faith is unshaken that God will give us strength to reach it.

We cannot escape the fact that six years of terror and destruction must leave behind them

a devastation, material and spiritual, which cannot be repaired in a year or two. To rebuild ruined cities is a long and toilsome task, but even more arduous is the labour of re-establishing trust and friendliness in hearts long embittered by fear and hate. Here, at home, the greatness of our contribution to victory is the measure of our present difficulties. When, with our brethren overseas, we stood alone in the defence of freedom, we did not count the cost. We threw in all we had. We have now to create afresh the resources that we then poured out, and to deny ourselves while doing so.

ENSURING SUCCESS

But no one, remembering 1940, can doubt that we shall succeed, and no one can doubt that we are all doing our level best to ensure success. When we look across the seas we do not have to seek out reasons for thankfulness and hope. They are manifest. The unity and steadfastness of the British Commonwealth and Empire saved the liberties of the world.

The years that have since passed have brought their disappointments. But there is one thing they have brought which we must all prize beyond measure. They have shown that the same spirit of brotherhood still burns brightly. It did not flicker or grow dim when victory loosened the bonds that had held us together in a common purpose. The friendly and sympathetic policies of the Governments of the great Dominions, the infinite kindness shown by their peoples in countless gifts to the homes of Britain, the unforgettably moving welcome given to the Queen and me and to our daughters by the people of South Africa—these things and many others have shown us that the great British family of nations is still a family of the heart. I am sure that I am speaking for all of you here in the old country when I say to my peoples overseas that we are profoundly moved by the understanding and generosity they have shown,

New year Hopes and Messages

WORLD ASKED TO MAKE U.N.O. STRONG.

TRYGVIE LIE'S NEW YEAR EVE BROADCAST

The following is the full text of M. Lie's address :

"THROUGHOUT the world, men and women and children say farewell to another fateful year and turn their thoughts to a fresh New Year, full of hope that it will bring them better things. The year 1947 was the second full year of peace after the Second World War. We could not have expected that this period, in the immediate aftermath of a world catastrophe would be free of troubles.

"What we did hope for was steady progress back toward a normal world, in which human beings could pursue their lives in freedom from fear and hunger and the many problems which afflict humanity.

RECOVERY INCOMPLETE

"We hoped that this year would help to dissolve the differences which have divided the great Powers since the war—that it would restore the feeling of comradeship which brought them victory.

"Some of those hopes have been realized. Many countries which were stricken by the war have begun to recover economically and to restore to their peoples a fair degree of normal living. Other peoples have realized aspirations for independence which they had cherished for many generations.

"In the councils of U.N.O. the member nations have found it possible to come to agreement on many matters which affect the well-being of the world.

"Yet we have been disappointed in the greatest hope of all—the hope that the great Powers would be able to move, definitely and progressively, toward an understanding on the question which divided them.

"This lack of understanding has prevented us from achieving all that we should have achieved in relieving the plight of tens of millions of suffering human beings.

COLLECTIVE DUTY

"Let us look these facts full in the face as we turn toward the year to come. Let us, above all, not forget for one second that our first duty in these tragic times, is our common collective duty to improve the situation of these miserable millions of our fellow men.

"In this situation we all have one thing in common—the United Nations. In the Charter we have a solemn and binding set of principles and an agreement regarding the methods which we must follow in realizing those principles. Today 57 nations subscribe to those principles. These 57 nations meet regularly to settle their differences in accordance with the rules laid down in the Charter and to devise methods by which they can accomplish the constructive goals of the Charter.

"During 1948 we must continue to hope for a change in the tide of disagreement between the Powers, so that we may be allowed to move more swiftly forward in settling our problems. We must never give up hope for an agreement and we must never stop working for it.

"On the other hand, and at the same time, we must make the most of what we have. We must stand behind U.N.O. and increase its strength. We must believe in it and we must make sure that other people believe in it. Its progress must be so great, in the minds of all people, that it will be able to defend and to practise the principles for which it stands.

"With the combined support of ordinary people, all over the world, U.N.O. stands today as a mighty barrier to war and the hope of all mankind for a better world. Believe in it, work for it, defend it during the year to come."

WASHINGTON. President Truman expressed his confidence that the world would reach a workable peace and achieve "proper implementation of the United Nations."

GREECE. Mr. Dwight Griswold, Head of the United States Aid Mission to Greece, affirmed faith in Greek victory and rebirth in 1948.

CZECHOSLOVAKIA. The Prague Trade Union paper "Prace" described as a "good New Year Joke"; a report in the French newspaper "Combat" that the communists were preparing an offensive against the Czech bastion for January 15.

BULGARIA. The Prime Minister, M. George Dimitrov, in a New Year message, said Bulgaria would shortly conclude treaties of alliance with Rumania, Czechoslovakia, Poland, Hungary "and particularly with the Soviet Union."

GERMANY. Herr Jacob Kaiser recently deposed by the Soviet authorities from the Chairmanship of the Christian Democratic Union in the Eastern Zone, signed his Party's New Year message as its Chairman. The message said 1948 would prove "whether there is a basis for the real democratic development promised over and over again by the Allies."

WASHINGTON. Mr. William Green, President of the American Federation of Labour declared in a New Year manifesto that the 8,000,000 members of his organisation would devote themselves to the chief task in 1948 of ousting the Congressmen who enacted the Taft-Hartley Legislation, which Labour claims is repressive.

Mr. Green forecast continued high employment in 1948 and said "the needs of the American people and our commitments for foreign aid make increased production an inescapable duty."

TOKYO. The Japanese Premier, Tetsu Katayama, told the people in a New Year Message that Japan "must fight communism to the last ditch."

He said the only political group in the country capable of expelling communism from politics and industry was the Social Democrat Party (of which he is the Secretary-General).

MR. GEORGE MARSHALL AND M. CHERNYAVSKY ON THE NEW YEAR

We extract below two reports, one from George Marshall, the U.S. Secretary of State, the other from M. Chernyavsky, the Russian Commentator. These extracts should be of particular interest to us in Hyderabad. The following questions deserve very careful examination :

(a) Why does Mr. Marshall concentrate on the saving of Western civilization only? It is not many years ago that President Roosevelt stressed the duty of the U.S.A. to defend "human frontiers."

(b) Is the Plan for European Recovery a humanitarian move involving the U.S. in the writing off of about 20 billion dollars in the long run, is it a business proposition out of which the U.S. should expect a desirable and accelerating increase in her export trade, or is the programme intended to develop an American empire in Europe?

(c) Why has it not been possible for the U.S.A. to include the U.S.S.R. in the financing programme? Time and again, the U.S.S.R. has asked the United States for more and more capital goods and technical personnel. The U.S.A. has been reiterating her idea of aiding the economic recovery of China: if any thing, the prospects of good fruit are incomparably better in the U.S.S.R. than in China.

(d) Why has Mr. Marshall ignored the 400 million people of India and is determined to concentrate on the 270 million people of Western Europe? The need is much greater in India and the prospect of profitable investment much brighter. The U.S.S.R. comment that France and Italy are already drowned in a cesspool of inflation, and that Britain and U.S.A. are on the brink of it, cannot be

dismissed as mere propaganda: Britain is trying to maintain a standard of life that mathematics cannot allow, on the basis of the present level of efficiency and production and the United States is being advised by Mr. Marshall to spoonfeed the spoilt child of Europe which will very profoundly affect human welfare all over the world: more slices for Europe must mean correspondingly less for other continents.

GEORGE MARSHALL

Mr. Marshall opened by asserting that if Europe's economic health was not restored "the prospect for the American people and for free people everywhere to find peace with justice and well-being and security for themselves and their children will be gravely prejudiced."

"So long as hunger, poverty, desperation, and resulting chaos threaten great concentrations of people in western Europe—some 270 m.—there will be steadily developing social unease and political confusion on every side. Left to their own resources there will be no escape from economic distress so intense, social discontents so violent, and political confusion so wide-spread, that the historic base of western civilization, of which we are by belief and in-

heritance an integral part, will take on a new form in the image of the tyranny that we fought to destroy in Germany.

CHERNYAVSKY

Moscow radio has had harsh words to say about the New Year messages of British political leaders, especially Sir Stafford Cripps and Mr. Attlee. Since the Soviet currency reform and the abolition of rationing not a day has passed without a picture being painted, either in the Press or in broadcasts or both, of the Soviet Union as a land free from fear of crises and unemployment, and of the western democracies as slipping rapidly into a whirlpool of inflation The chief aim of the series is to represent Britain and America as heading for a major economic crisis which France and Italy are treated as having almost reached. Its first characteristic, inflation, Soviet listeners are being told, cannot be checked in France and Italy and in Britain its inevitable advent is "merely disguised."

A major crisis in America has been foretold by prominent Soviet economists for at least 18 months, and Professor Varga has committed himself to saying that it cannot arrive later than this year.

EDITORIAL NOTES

WANTED A MASTER PLAN FOR HYDERABAD.

PRESIDENT Truman has recommended a 17,000 million dollar aid to Europe programme to the U.S. Congress, to begin in April, 1948, and run on for 4½ years, in order to rehabilitate famishing Europe, with the condition that such aid should not be given to any European country dominated by communist influences. Even before the acceptance by Congress of this big programme, interim aid has been agreed to, involving about 506 million dollars. The U.S.S.R., on the other hand, has announced on 14th December, 1947, its programme of currency reform, de-rationing and substantial aid in the economic development of the East-European countries adjoining Russian territory: this is more or less a challenge to the U.S. Plan for Europe. Far away in South America, Argentine has announced a 10,000 million dollar programme for the economic development of Latin America. Some small effort is being made to aid recovery in China where conditions are, to put it mildly, most hopeless. To give one instance, the index of wholesale prices with 100 for 1937 is 8,839,000 for August 1947. Eighteen nations co-operated in spending about 500 million dollars for the rehabilitation work in China under the auspices of U.N.R.R.A.

But generally in the East, specially in India, the justification for international capital outlay on scientific lines is much greater both from the viewpoint of resources and that of the extremely low standard of life. Dr. P. S. Lokanathan recently urged a separate financial organisation for controlling the economic recovery of Asia and the Far East: he even went to the length of opining that India could be of great use to other Asian countries in this task. This view is rather contrary to the other one which is held by many that unless and until huge amounts of plant and machinery and technical personnel were made available in India, the prospect of

Indian "industrialisation" was very poor. Why a powerful Government like that of the U.S.A. and international institutions like the I.M.F. and the I.B.R.D. are so anxious to accommodate the needs of Europe, and perhaps more anxious to avoid the much greater demand for international capital outlay in India and the Far East, could be explained only one way: blood is thicker than water.

In India, a beginning was made with the Bombay Plan, the National Planning Committee put forward numerous reports, the Planning and Development Department of the Government of India proceeded with some work a number of Panels have given their reports with regard to different industries, and the Neogy Committee has reviewed the whole position and given certain indications with regard to the future work of economic planning. But with the partition of the country and the unprecedented refugee problem, the attention of the authorities is predominantly preoccupied, and the probability of an active and thorough-going implementation of any economic plan for the development of India, Pakistan and other territories should be considered rather distant. There is a silver line in the cloud: Dr. Henry Grady appears to be enthusiastic about developing Indian economy, and persuading the U.S. authorities to come forward with adequate supplies.

For the economic development of the country in Hyderabad as well as in India and Pakistan the bulk of our requirements for sound development could be got locally as, for example, with regard to agricultural development, the Institution of cattle breeding and dairy farms on a nation-wide scale and housing. This, of course, does not mean that we can completely avoid the importation of substantial amounts of foreign capital goods, but how far such importation would be in the interests of the country should depend upon the terms on which we

could get foreign aid, and secondly, on a clear and full knowledge of local potentialities with regard to factors of production and local demand. It is, of course, true that we have a practically limitless home market for our products, but we should exercise the greatest caution in taking to industries which would depend in the long run on foreign markets: any commitment of such kind would be like recokning without a host.

Hyderabad has been throughout financially self-contained. Her finances, national as well as Governmental, have been laudably improved during the past quarter of a century. In the Post-war Planning Secretariat work was done for over two years in evolving plans for economic development, but things have been at a standstill for the last few months, and we have yet to come to the stage of co-ordination and adjustment towards the fixation of a Master Plan. Side by side with the agreement on a Master Plan, any required importation of foreign capital goods and personnel would have to be negotiated on the spot at centres like London and Washington by competent and authorised plenipotentiaries of Hyderabad, and secondly, maximum attempt would have to be made through a small but high-level committee to get at some concrete data with regard to the potential resources of these dominions. The possession of a currency system of her own goes a long way in enabling Hyderabad to finance economic progress to the extent it depends on the marshalling up of local resources. In the present Prime Minister we have a highly capable and experienced industrialist who can be depended upon to give Hyderabad a Master Plan she needs today.

CURRENCY REFORM IN THE U.S.S.R.

It is a matter of common knowledge that after the earlier levelling trends, the Soviet economy, specially after 1937, gave a specific place to prices, incentives, savings and profits, within the structure of the socialist economy. During the last war, there was a premium on

individual ability and sufficient attraction had to be given for extracting war effort. The result was the sharp rise in war profits, black-marketing and speculation. M. Stalin promised to deration consumer goods in 1946, but was delayed on account of a bad harvest in that year.

The currency reform in the U.S.S.R. (announced on December 14, 1947) consists of three parts. Firstly, the foreign exchange rate of the rouble has been changed from 21 per pound to 32 per pound: this depreciation of the rouble is bound to give an impetus to the export of consumer goods, specially foodgrains, to the East-European satellites of the U.S.S.R. which contracted out of the Marshall Plan. The foreign trade of the U.S.S.R. being entirely a governmental activity, imports could be made sure of under a system of Barter Agreements. Secondly, differential exchange rates have been announced between the new and the current rouble, resulting in a process of graduated capital levy. For example, all deposit accounts in state banks, each not exceeding 8,000 roubles will be exchanged for the new rouble at full value. Holders of loans will get one new rouble for 8 old ones. Depositors of more than 8,000 but less than 10,000 roubles will get 2 new for 3 old roubles. Speculators and profiteers will get one new rouble against 10 old ones. Thirdly, the new currency reform announced the following reductions in food prices according to three geographical zones, namely, the Southern block, the Northern block and the North-Eastern coastal regions. So far as the small consumer is concerned the price of bread is reduced by 12 per cent., beer by 10 per cent., and industrial goods by more than 66 per cent. There is a close connection between the second and the third sections of the reform; the steepage reduction in the spending power of the richer classes must produce a profound influence on the reduction of prices of consumer goods, and this is reflected in the announced cheapening of bread, beer, etc.

The situation in Hyderabad (as in India and Pakistan) has worsened in the two post-war years. The general price index and the cost of living index have been going up, and the standard of life of the masses is being affected adversely. The authorities have made a beginning in anti-inflation by resorting to measures like income-tax, sales tax, business tax, etc., but the disease demands much more radical measures. Even anti-Communist France has taken to a 125 billion franc levy in order to save the country from inflation and crushing debt. On December 18, 1947, Hon'ble Nawab Moin Nawaz Jung Bahadur made his first announcement as Finance Minister that the Tax structure in Hyderabad demanded immediate investigation and adequate revision. The general theory held in capitalist economies is that a policy of cheap money and slightly rising prices is good for stimulating the national economy. But here is a case in which a new monetary system has been adopted with a higher value for each unit, of course, making sure of the poorer classes not losing by the transaction. There is, of course, another way out of the trouble, namely, around reduction in costs under a system of scientific subsidies by the Government—in which case prices should go down automatically. Even in this case, Government would have to make sure of the speculators and profiteers not swallowing the biggest slice. The currency and financial reforms in the U.S.S.R. do deserve very careful examination as to whether they could suggest any local measures to fight against the same epidemic, namely, inflation.

THE STANDARD OF LIFE IN HYDERABAD

Planning and public price administration are predominant features of Governmental activity all over the world, the prime objective being the maximisation of social welfare. Everywhere we hear of the good of the common man and the duty of Government to provide for him as quickly and as sufficiently as possible.

Hyderabad does not lag behind in this respect, but any policy would require certain scientific data to serve as the background. In the Section "Current Statistics" in this issue, certain figures are given with regard to wage rates, wage earnings, cost of living, market prices, and real wages evolved from these data. Attention may be drawn to a few salient features of these figures. For example, real wage rates in Britain rose from 100 in September, 1939, to 105.6 in September, 1947, real wage earnings rose from 100 in October, 1938, to 110 in October, 1946. These figures are based on an adjustment on the basis of money wage figures, cost of living figures and market price figures. These figures show that in real terms, the average man in Britain is better off by 10 per cent. compared to 1938. In the same country, we find that real salaries fell from 100 in 1938 to 86 in 1946. Real interest and profits fell from 100 in 1938 to 74 in 1946 whereas the real profits of public companies fell from 100 in 1939-40 to 73 in 1946-47. In the U.S.A., money wages rose from 24.1 to 47 while real wages rose from 24.1 to 31.4 between the years 1937 and 1947.

Where do we stand in India? The U.N.O. *Monthly Bulletin of Statistics* shows the index of wholesale prices in India as 283 in August 1947 (1937=100) whereas the cost of living index is shown as 268 and food items at 311 in August 1947 (1937=100). These figures show that general prices were slightly ahead of cost of living, but it is not possible to arrive at changes in the real wage level because we have no figures with regard to wage rates in India. In the U.S.A., weekly wages rose from 24.05 dollars per week in 1937 to 50.42 dollars in September 1947, and hourly wages rose from 62.4 cts. in 1937 to 125.1 cts. in September 1947. In tables No. 56 and 57 of the U.N.O. *Monthly Bulletin of Statistics*, India does not find a place because there are no figures available for India with regard to the money wage level. Still, the figures given in the Section on Current Statistics show that compared to 100 in 1937 real wages

fell in India to 61.2 by 1943, although money wages rose to 147 compared to 100 in 1937, and that was because the cost of living rose to 240 in 1943, compared to 100 in 1937. We have no figures for later years nor is it clear as to the basis on which figures even for 1943 were arrived at.

In Hyderabad the position is more oblivious. Available figures with regard to the index of wholesale prices are on the basis of August 1939 as 100, the figure for August 1947 being 381. But in regard to cost of living, the base year is not 1939 but August 1943 to July 1944 and the figure for August 1947 is given as 140. The base periods being different, it is not possible to get any light with regard to the relation between the general price level and the cost of living. It is necessary and urgent that a common base period should be adopted as soon as possible.*

Further, a beginning should be made as early as possible to get at accurate indices with regard to wage rates and wage earnings with the same base period as for wholesale prices and cost of living. It is only then that we in Hyderabad can hope to get a fairly approximate idea as to whether the standard of life in these Dominions, in the manufacturing fields to begin with, is stationary, is regressing or is improving, and if so at what pace. The U.N.O. *Monthly Bulletin of Statistics* gives 59 tables dealing with numerous aspects of human life, but it is deplorable that India finds a place in only a few of them. With the new status of Hyderabad, it has become all the more vital and urgent that every attempt should be made to secure and clarify statistics with regard to all the items covered by the 59 tables of the U.N.O. publication referred to above.

* A change of this kind, as within the index of prices, has just been made at Delhi. From January 1948 the office of the Economic Adviser to the Government of India will combine in a single General Purpose index the weekly indices previously published for foodstuffs, industrial raw materials, semi-manufactures, and finished goods. Previously the base period for the food group was taken as the last week of August 1939, but owing to price quotation difficulties, the base for the other three groups has been the year ended August 1939. In the interests of uniformity the food group will be brought into line with the others, and issued with the latter base. The change will not affect the relative fluctuations of the index, and the absolute figures with the old base can be obtained from the new indices by multiplying the latter with the following conversion factors: cereals .98, pulses .98, other food articles .98, and combined food index .95.

International Organisations

GOLD SUBSIDIES POLICY

· MONETARY FUND'S STATEMENT

THE International Monetary Fund has made public its policy statement on gold subsidies, which has been communicated to all members of the Fund. The following is the text of the statement:

"The International Monetary Fund has a responsibility to see that the gold policies of its members do not undermine or threaten to undermine exchange stability. Consequently every member which proposes to subsidize the production of gold is, under obligation, to consult with the Fund on the specific measures to be introduced.

"Under article four, section 2 of the Articles of Agreement of the Fund, members are prohibited from buying gold at a price above parity plus the prescribed margin. In the view of the Fund, a subsidy in the form of a uniform payment per ounce for all or part of the gold produced would constitute an increase in price which would not be permissible if the total price paid by the member for gold were thereby to become in excess of parity plus the prescribed margin. Subsidies involving payments in another form may also, depending upon their nature, constitute an increase in price.

EMPHASIS ON UNIFORMITY OF MONETARY VALUE

"Under article four, section 4 (A), each member of the Fund undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations." Subsidies on gold production, regardless of their form are inconsistent with article four, section 4 (A), if they undermine or threaten to undermine exchange stability. This would be the case, for example, if such

subsidies were to cause widespread doubt on the uniformity of the monetary value of gold in all member countries.

"Subsidies which do not directly affect exchange stability may, nevertheless, contribute directly or indirectly to monetary instability in other countries and hence be of concern to the Fund.

"Determination by the Fund that the proposed subsidy is not inconsistent with the foregoing principles will depend upon the circumstances in each case. Moreover, the Fund may find that subsidies which are justified at any one time may, because of changing conditions and changing effects, later prove to be inconsistent with the foregoing principles. In order to carry out its objectives, the Fund will continue to study, and to review with its members, their gold policies and any proposed changes, to determine if they are consistent with the provisions of the Fund agreement and conducive to a sound international policy regarding gold."

At the same time the Fund announced that it had examined a Canadian proposal for gold production subsidy and that the proposal was not inconsistent with the Fund's general policy.

· WORLD BANK MISSION TO CONSIDER CHILEAN LOAN

A three-man mission from the World Bank will visit Chile for several weeks to make studies in connection with that country's loan application.

Chile has applied for a loan to finance hydroelectric development, forest industries, railway electrification, transport facilities and port mechanization. The mission to study the loan will be headed by Gilbert H. Clee, Chief of the Western Latin American Division of the Bank's Loan Department.

The U.S. engineers who are experts in forest industries and in electrification, will join the mission in Chile and submit their findings to the Bank officials.

WORLD BANK LOANS

The International Bank for Reconstruction and Development will not make any large loans for the present but is definitely looking for good loanable risks among pending loan applications from the smaller countries according to the Bank's President, John J. McCloy. It was pointed out by the Bank spokesman that further progress in the plans for a European Recovery Programme will be awaited before the Bank acts on any loans to nations involved in the ERP. The spokesman stated: "We want to see where the Marshall plan is headed. The important factor is in what form the Marshall plan is to be applied. If the Marshall plan is to have a large sum of money available in the form of loans, the Bank would want to know the borrowing and repayment possibilities of the 16 European governments. This does not mean the Bank is not going to do business, but it does mean there is a tremendous new factor in the Marshall plan. We will have to hold off on large-scale loans for the 16 ERP countries."

General economic stabilization must be concurrent with the ERP or the recovery programme will not take hold. Economic stabilization, he said, involves more than monetary stabilization. For Britain, as an example, increased output and export of coal is necessary.

REHABILITATION OF ASIA & FAR EAST

"More than two years have elapsed since the war ended; yet the process of rehabilitation and recovery has been painfully and unexpectedly slow all over the world and more particularly in Asia and the Far East in which we are particularly interested," observed Dr. P. S. Lokanathan, presiding over the 30th session of the Indian Economic Conference on December 22,

Referring to the division of India, Dr. Lokanathan said that the inter-dependence of India and Pakistan is so close that "statesmanship and wisdom dictate the adoption by both of a sensible economic policy based on co-operation in the economic field." "The cutting off-the-nose to-spite-the-face policy would be both extremely foolish and unpractical."

Dr. Lokanathan said that post-war recovery and rehabilitation in no country in Asia had taken any forward step. "Even in India where the direct war damage was inconsiderable, production has not reached the best war levels." Reviewing the position in other countries in the Far East Dr. Lokanathan said: "Chinese economy, subject to the severe strain of a prolonged war, not only has not made any recovery since the termination of hostilities, but conditions have deteriorated seriously, as a result of the continuance of the civil war. Despite the considerable efforts of U.N.R.R.A. to rehabilitate agriculture and transport, food and fish production have not reached pre-war capacity. Transport, inadequate and ill-equipped even in normal times, has suffered further deterioration. Roads have been neglected and the destruction of railways and rolling stock has yet to be made good. Coal capacity is yet only 45 per cent. of pre-war level, while the industrial output ranges from 50 to 60 per cent. Worse is the situation in Indonesia where numerous plantations destroyed during the war have yet to be brought back to cultivation. The scorched earth policy led to the destruction of productive facilities which the continuing disturbed political conditions have rendered it hard to restore. The extensive damage to transport in Burma, Malaya, Indonesia, the Philippines and other countries in the region has not yet been repaired. Tin mines and petroleum refineries have yet to be reopened. Even the Philippines Republic, more fortunately placed in its possession of foreign exchange resources, has not made much headway in rebuilding its textile factories and saw mills and

sugar works. The general picture is gravely disturbing. Over a region where more than a thousand million of the world's population live, rehabilitation and recovery have been so slow that the peoples are forced into near-starvation and continuing distress."

SLOW RECOVERY

Saying that political factors are mainly responsible for this slow process of economic recovery, Dr. Lokanathan pointed out that "not until some degree of stability is attained can the process of economic reconstruction and recovery get a real start." Referring to "disruptions to previously existing patterns of trade and economy," he said that it would take a long time for reconstruction to be completed. Even if other conditions were favourable, he said, the economic changes brought about partly by the war and partly by technology would have rendered any simple process of rehabilitation not easy or smooth. Continuing, Dr. Lokanathan said that the fading out of Japan from the economic map of Asia, at least for some time, has been another factor rendering reconstruction painfully slow."

Declaring that "as long as European economy continues to be in a perilous state, the deleterious effects on the economy of the countries of the Far East are bound to be serious," Dr. Lokanathan said that the "recognition of the importance of the economic reconstruction of Europe to the stability and prosperity of the world in general has to some extent led to excessive preoccupation with the problems of European recovery at the expense of attention to the reconstruction of Asian economy." Referring to the Marshall Aid to Europe Plan, Dr. Lokanathan said that while there is no corresponding offer to the countries of the Far East which need it even more urgently than Europe, there is no sign or prospect of any such aid also as he noted from the speech of the U.S. Delegate to the Economic Commission for Asia and the Far East, who asked for deter-

mined self-help on the part of the Governments of these countries. He added that there is no immediate prospect of large loans from the International Bank or from private sources even.

REGIONAL CO-OPERATION

"The solution of many of the Asian problems cannot," Dr. Lokanathan said, "be therefore, looked for to outside countries or external agencies" and added that "the establishment of an Economic Commission for Asia and the Far East is an explicit recognition on the part of the United Nations that, with an international framework, there is a large place for regional bodies and that some of the economic problems could be more effectively handled through regional co-operation and on a regional basis."

Dr. Lokanathan, therefore, suggested that Asian countries should explore the vast possibilities for regional co-operation in canalising existing resources and facilities for production, by, for example one country creating facilities which would be open to the nationals of other countries in the region. "India has a special responsibility in this matter," he said and added that "our vast experience in irrigation and hydro-electric works, in agriculture and livestock research, in textiles and steel works and in a number of other industries should be made available and placed at the disposal of the peoples of the Far East. Efforts could also be made to get the services of technical experts for several countries on a joint and co-operative basis."

ELECTIONS TO GOVERNING BODY OF I. L. O.

Dr. Inis Alvarado, a member of the Peru Government, was elected chairman of the Governing Body of I.L.O. at its 108rd session.

Mr. Zellerback (employers' representative from the U.S.A.) and M. Jouhaux (workers' representative from France) were re-elected vice-chairmen,

INTERNATIONAL HOUSE ASSOCIATION

An organization, world-wide in scope and dedicated to the furtherance of world peace and international understanding was created, in the United States recently with the formation of the International House Association. Its membership will be made up from among the 50,000 former students from 'abroad' who lived at the three International Houses in the United States during their stay, and who are now living in more than 100 countries.

Twenty delegates from the trustees and alumni associations of the International Houses at Berkeley (California), Chicago (Illinois), and New York City met at the New York International House in mid-November to draw up a charter for the new organization. Ejler Peterdon of Denmark, President of the International House Alumni Association, was chairman of the gathering.

David Rockefeller, chairman of the executive committee of the board of trustees of New York International House, said: "The Association will encourage the formation of local chapters in centres throughout the world wherever there is a sufficient number of former members of the International Houses. The programme of the chapters will be implemented by discussion groups, forums, lectures and debates and will deal with issues of international consequences.

"The association will co-operate with other organizations dedicated to international understanding and world peace. In short, the association will devote itself through any means at its disposal to the furtherance of the ideal of the International Houses 'that brotherhood shall prevail throughout the world.' The International House idea grew from a chance encounter one autumn morning in 1910. While walking across the campus of Columbia University in New York City, Harry Edmonds, a student Secretary, Young Men's Christian Association called out a casual "Good Morning" to a passing Chinese student. A small, spon-

taneous gesture, but one that was to have far-reaching consequences because the Chinese youth stopped Edmonds and said: "Do you know that you are the first person who has greeted me in the three weeks I have been in New York?" Struck by the young foreigner's loneliness, Edmonds promptly invited him to his house for supper the following Sunday. Edmonds also invited several other students whom he learned about through the university and then and there began the Sunday Suppers that were to become a tradition at the Edmonds' home and are today an integral part of the programme of the three International Houses in the United States.

Gradually the idea took hold of having a place that foreign students could use as a permanent meeting place and a home as well—an opportunity to live together under one roof sharing common experiences. John D. Rockefeller, American financier and philanthropist, transformed this nebulous idea into a reality by donating huge sums for building and equipment.

PROPOSAL FOR WORLD UNIVERSITY OF AIR

A world "University of Air" has been planned by the United Nations Educational, Scientific and Cultural Organisation. Until U.N.O. has its own radio network, the existing stations in all member States will be used to bring the world's leading talents to listeners everywhere.

Recorded lectures from musical and educational programmes will be a prominent item of the activity. Field science co-operation offices are being established by U.N.E.S.C.O. in the Far East and South East Asia as the liaison centre for spreading the knowledge of technology between deficiency regions and more highly developed areas of the world. Other offices will cover Central and Latin America.

The U.N.E.S.C.O. surveys of technical needs, carried out last year in 12 countries, will be extended during 1948 to the Far East and Latin America.

**UNESCO "COUPON BANK" TO AID
WORLD BOOK SALES**

Plans for a "Coupon Bank" to enable dollar-short countries to buy books in the United States have been announced by Edwards J. Carter, counsellor of the library section of the U.N. Educational, Scientific and Cultural Organisation.

The "Bank" which was approved in principle at the U.N.E.S.C.O. conference in Mexico City, would sell internationally transferable coupons in various countries for the national currencies of those countries. The coupons

could be used to buy books from U.S. currency.

The coupon bank idea was initiated by the U.N.E.S.C.O. Preparatory Commission, in a report on the barriers to free circulation of publications, which said: "Even if there were a few or no restrictions on the use and circulation of documents for reasons of censorship or copyright, there would still remain currency restrictions, limiting or hindering payments across national frontiers. These difficulties hinder interchange so seriously as to cripple research and act as a sullen barrier against international understanding"

Money, Banking and Insurance

CONTROL OF EXCHANGE IN HYDERABAD

NEW CURRENCY ORDINANCE ISSUED

In exercise of powers conferred by Section (25) of the Legislative Assembly A'in, the President in Council, with the assent of His Exalted Highness, has been pleased to sanction the Hyderabad Currency (Amendment) Ordinance, which came into force from 22nd Bahman, 1857 F. (22nd December, 1947), the date of its publication in the Jareeda.

Under the above Ordinance, Section (17) of the Hyderabad Currency Act, 1821 F., has been substituted by the following new Section :—

“ 17. (1) No person offering goods for sale in exchange for cash payments or rendering service of any kind for hire shall refuse to accept at its face value, subject to the conditions under which it is legal tender, any Nizam's coin tendered to him, in payment of the price of such goods, or of the hire charged for the services rendered.

(2) No person shall.

(a) buy or sell any such goods, the consideration for which is payable in cash, or

(b) pay or receive rent or revenue in respect of any property or land situated in H.E.H. the Nizam's Dominions or wages in respect of services rendered in any currency other than in the currency which is legal tender.

(8) No person shall exchange any foreign currency with the Osmania Sicca Currency except at such rates of exchange as may be fixed by the Government by notification in the Jareeda.

(4) Whoever acts in contravention of the provision of this Section shall be liable on conviction, to fine not exceeding rupees one hundred or in default, to simple imprisonment not exceeding thirty days.”

The main object of the above amendment is to see that all cash receipts and payments in respect

of goods sold or property conveyed or services rendered in the Dominions are made only in the currency of the State. The amendment does not affect the position of the banks situated within the Dominions in respect of accounts opened in Indian rupees, so long as the transactions are not in contravention of the provisions of the Ordinance. It is, however, necessary that all cash transactions in the Dominions are effected only through the legal tender currency of the state, as the circulation of any foreign currency is legally prohibited. It will not, however, in any way restrict the free transfer of funds for settlement of trade and other liabilities in Indian currency outside the Dominions.

The public are, therefore, requested to co-operate with the Government in their effort to popularize the use of the State currency by bringing the offenders to book. If any person refuses to accept compensation in Osmania Sicca currency for goods sold, property conveyed or services rendered, etc., the matter should be immediately reported to the Police Department who would take necessary action against the offender.

MACHINERY FOR EXCHANGE CONTROL

“ H.E.H. the Nizam's Government, in consultation with the Reserve Bank of India, have decided to set up a machinery for independent exchange control and regulation of all transactions in foreign exchange, the Hyderabad State Bank is being reorganised as a Central Bank of issue, which will handle the buying and selling of all foreign currencies including Indian currency at such rates and conditions as the Government from time to time determine and in order to make the above authority to the State Bank immediately effective, the Foreign Exchange Regulation Ordinance is proposed to be passed on the lines of the Foreign Exchange Regulation Act of India with certain modifications and additions.”

Thus said Mr. Taraporevala, Additional Finance Secretary, when presiding over a meeting of the local bankers and the agents of the Foreign Banks in Hyderabad.

He further revealed that in order to make the exchange control effective, it has been rendered necessary that only the legal tender currency of the State *i.e.* Halli Sicca, should be allowed to circulate in the Dominions without in any way restricting the free transfer of Funds for settlement of trade and other liabilities in Indian Currency. The Ordinance does not affect the position of banks situated within the Dominions in respect of accounts opened in Indian rupees, so long as the transactions are not in contravention of its provisions.

RESERVE BANK OF HYDERABAD

Earlier, Mr. Taraporevala, in reference to the necessity for establishing a Reserve Bank for Hyderabad said that when he was placed on special duty to put up proposals for it, he had to choose between two alternatives; whether to start a separate bank or to reorganise the Hyderabad State Bank as a bank of issue.

For making his recommendations, he said that he studied the constitutions of 26 Central Banks of the world and consulted the Governors of the Reserve Bank of India, other bankers and industrialists and arrived at the conclusion that the State Bank should be reorganised instead of starting a separate institution, for Central and Commercial Banking and Industrial and Agricultural Credit.

He said that the State Bank was already functioning as a Central Bank holding all Government balances and providing banking facilities in the districts through its branches. It was, therefore, found economical to have only one bank performing different roles by having a department for Scheduling of Banks, another section to render clearing house service and yet another for control of foreign exchange. The model adopted was the Commonwealth

Bank of Australia. His recommendations, he said, have been accepted by the Government and a bill to the effect will be introduced in the next session of the Assembly.

INDIAN CURRENCY IN INDIAN POST OFFICES

In reply to a question put to him for elucidating the provisions of the Ordinance, Mr. Taraporevala said that in the Indian Dominion Posts and Telegraph Offices situated in Hyderabad State, the medium will continue to be Indian Currency as before. The N. S. Railway will collect the Railway fare from passengers in Halli Sicca but at non-jurisdictional Railway Stations of the Indian Dominion, fares will be charged in B.G. money. The margin of exchange will be narrowed, and fixed at Rs. 116-12-0 for buying B.G. money and for selling, the rate will be Rs. 116-8-0. The local banks, for making some profit on their exchange business will have to settle terms with the State Bank.

All employees will have to be paid their salaries and wages in Halli Sicca, he added.

He also appealed to the Bankers, Industrialists and the public to make the proposed Hyderabad Currency Amendment Ordinance a success by making all sales and purchase and transaction in Halli Sicca. Contravention of its sections will be penalised under the provisions of the Ordinance, he concluded.

HYDERABAD BAN ON INDIAN RUPEE

NEW ORDINANCE EXPOUNDED

In response to the request made by the Government of India, the Nizam's Government, sent a detailed clarification of the financial aspects implied in the recent Currency Ordinance, which is stated to be only meant to protect and popularise the legal tender currency of the State for all transactions within the Dominions. Enquiries in official circles show that so far as the Currency Ordinance referred to the cash transactions in the legal tender currency of the State and does not restrict the free transfer of

Indian Union and Hyderabad Currencies, "there is no breach of the stand-still agreement."

Referring to the position after the promulgation of the Ordinance an official spokesman said that its chief object was to encourage the circulation of Halli currency in border taluqs where it is not freely in circulation and also to see that all cash receipts and payments in respect of goods sold, property conveyed, or services rendered in the State are made in State currency. The spokesman added that the object of the Government in prohibiting export of gold, silver and copper either in the form of Hyderabad currency or jewellery, as indicated in a Government notification some time back, was to conserve these metals for minting State coins. He revealed that a very large amount of Hyderabad rupee coins was smuggled outside the State, melted and sold at a higher premium. Asked about reports of the flight of capital in recent months he said that as the trade and financial relations of Hyderabad were intimately linked up with the rest of India it was immaterial how the capital moved, from the State to Indian Provinces or vice-versa.

WORKING OF THE RESERVE BANK OF INDIA OVERSEAS

Exchange controls which are undoubtedly considerably inconveniencing many professionals here whose labours are requited by emoluments from India and Pakistan are subject to comment in "Indian Affairs," the journal of the India-Burma Association, which remarks: "That very few hard cases have come to light in the working of the Indian foreign exchange control during the past four months is a tribute to the reasonable and efficient manner in which Reserve Bank authorities have approached what even under the most favourable circumstances is an extremely difficult task.

"The partition of the country and the breakdown of physical communications over large tracts have made their work even more difficult

than it might have been. Despite an initially untrained subordinate staff and necessity for frequent references to Head Office there has been a steady improvement in the daily working of the control, which reflects great credit on all concerned."

"It is to be hoped that the experience gained in this first period and the consideration shown towards responsible requests will be carried forward into the next phase which it is hoped will reveal some improvement in India's balance of payments."

PAKISTAN'S OWN COINS

TO APPEAR ON APRIL 1.

New Pakistan coins will replace the current India-minted coins on April 1, 1948. Minted at Lahore, these will be of the existing denominations and will bear the Pakistan insignia—crescent star with "Hukumat-i-Pakistan" (Government of Pakistan)—in Urdu instead of the King's effigy.

With regard to paper currency, it is understood the Pakistan Government will circulate, simultaneously with the new coins, Indian notes overprinted with the words "Government of Pakistan."

Meanwhile, negotiations are also going on between Pakistan and various world-famous foreign printers including Messrs. Thomas De La Rue, printers of the British Treasury currency notes, for the establishment of a currency printing press in Pakistan.

It is pointed out that although, under the Standstill Agreement, India is responsible for the printing of Pakistan's currency for some years to come, the latter country is anxious to have an independent machinery as soon as possible on grounds of security, especially when she has to issue notes to the tune of over Rs. 1,00,00,00,000.

The new currency printing press, will cost the State Treasury about Rs. 50 to 75 lakhs and will be installed within a year,

DRAIN ON GOLD

MR. EDEN'S WARNING

Mr. Eden speaking at Alcester said that the comprehensive way in which Britain marshalled her national effort during the war was bound to present a situation without precedent in the nation's history, and he was not sure that the gravity of it had yet been fully understood.

Two announcements of great significance had been made recently. The first was the white Paper on the cuts in capital expenditure; the second that during November we sold another £. 48m. of our gold reserves and drew another £. 15m. from our quota in the International Monetary Fund.

The gold reserves belonged to the whole sterling area. They were, in fact, after the exhaustion of the American loan, all that stood between us and drastic reductions of the import programme.

The Government were calculating that we should finish 1948 with a gold reserve of £. 270m. but if this was to be realized the drain on the gold and dollar reserves over the next 12 months must on the average be less than half the loss suffered previously. In due course help might be received under the Marshall plan, but we could not afford to spend gold at the present rate.

*DEVALUATION OF STERLING EARLY IN 1948

WALL STREET PRESSURE ON BRITAIN.

British Treasury to consult India before Devaluing Pound.

Devaluation of the pound appears to be a distinct possibility in the early months of 1948. It is learnt that in the forthcoming Indo-British talks on the sterling balances, considerable prominence would be given to the question of maintaining the existing exchange

rates. The Finance Department of the Government of India, it is stated may be obliged to undertake an enquiry for a revision of the exchange rates of the rupee for other currencies besides the sterling.

Wall Street is known to be strongly in favour of the pound finding its own level, which would differ considerably from the official rate of four dollars per pound. The British Treasury, it is said, would consult India as to the time and rate of devaluation before effecting any change.

The exchange rate of the Italian lira was recently fixed at 633 per dollar and 1,700 per pound. It is confidently suggested that the United States would insist on the same standard for the new mark to be introduced soon in the Western Zones in Germany and also in the Greek, French, and other "Marshall Plan countries," where the currencies are now dangerously inflated.

London City circles are discussing 15 per cent. as the rate of devaluation, as suggested by the National Union of Manufacturers, but the American idea is that it should be 30 per cent. as illustrated by the lira rate. Reliable sources maintain that Whitehall is most reluctant to alter the current rates, though few believe that it could hold out for long against American pressure.

According to some expert opinion India need not follow the sterling, as the rupee can automatically hold its own or will require only a slight devaluation.

NOTE ISSUE'S BIG FALL IN DECEMBER 1947, IN BRITAIN.

The improving trend of the note circulation has taken a quite abnormal leap forward. A decline is customary at this time of the year, for this is the week in which the circulation normally reaches its pre-Christmas low point. But this time there has been a fall of no less than £. 12 million, probably the largest decline

*On January 6, 1948, Sir Jeremy Raisman most categorically denied that there was any intention to devalue the sterling or the rupee, at Karachi.

that has ever occurred except after a major holiday or special outflow. It carries the total circulation down to £. 1,848 million, fully £. 15 million less than at this date in 1946 and brings the reflux since the summer's holiday peak to £. 72½ million, in contrast with only £. 28 million for the similar period of 1946. Obviously, the pre-Budget spending must have been even larger than had been supposed. It is now certain, as Mr. Dalton implied in his Budget speech, that the Christmas requirements will be accommodated without the necessity of any increase in the fiduciary issue—for the first time since 1940. Thanks to the rapid return of currency in recent weeks, the reserve of notes and coin in the Bank's banking department has been raised to no less than £. 108.9 million, which is comfortably beyond the all-time record established in 1934. Christmas currency demands, for 1946 measured from the third week of November, totalled nearly £. 65 million, only a little less than the peak demand experienced in 1943. Even if needs, for 1947 are on a comparable scale, it will be seen that the reserve at Christmas would still stand at substantially more than £. 85 million. In 1940, when a pre-Christmas increase in the fiduciary issue was last avoided, the reserve was allowed to fall to £. 14 million—and it dropped to only £. 9,000,000 before the fiduciary increase of the following spring.

Whether it will be possible, as Mr. Dalton hoped, actually to reduce the issue in the 1948 when the Christmas currency has returned, is less certain. Obviously, the authorities are unlikely to effect a reduction unless there is no real danger that the issue would have to be raised again to cover next summer's holiday needs. If, however, the circulation shows the same secular trend a reduction will certainly be possible, for August 1947 peak was, for the first time since before the war, below the level of the previous Christmas peak. At this stage, it would be dangerous to attempt any firm prophecy. The influences upon the movement

of the note circulation are always rather difficult to determine, and it is an open question how far the acceleration of the downward movement in recent months reflects a natural decline in the public's need for currency. There can be little doubt that recent rumours that the authorities were contemplating a new issue of notes in order to catch the black marketeers have precipitated a reduction in these abnormal holdings. Also, it is never possible to be sure that some of the large quantities of sterling notes known to be held abroad are not being smuggled into the country, there have been some detected cases recently.

Finally, there is the curious fact that the large wave of pre-Budget spending had no expansionary impact upon the note circulation. To some extent this may mean that the spendings came from personal savings accumulated during the war in notes; but it seems much more probable that an important counter-influence, such as the unloading of black market currency, has been prevalent. As for the threat to the black marketeers, Sir Stafford Cripps' statement was couched in somewhat ambiguous terms. He said that the Government had considered the question of an exchange of notes, but "was not yet ready to take this step"—which plainly leaves the spies guessing. It is a moot point whether it will accelerate or retard the reflux of black market money.

GOLD PRODUCTION DRIVE IN CANADA

AMERICA'S CONCERN'

American Treasury officials are seriously concerned about the Canadian Government's plan to increase the Dominion's output of gold as one of the means of securing more American dollars. This would be done by paying a bonus of seven dollars per ounce on any amount in excess of the quantity produced by the given mine during the year ended last June.

Potential inflationary effects of gold shipments to the United States were emphasised

both by the Secretary of the Treasury, Mr. Snyder, and the Chairman of the Federal Reserve Board, Mr. Eccles, when they appeared before Congressional Committees in Washington. The latter said that the United States imported gold valued approximately at £. 80 million in 1947 and that the imports in 1947 had already amounted to nearly £. 250 million. Gold flow for next year, he said, was estimated at from £. 500 million to £. 750 million which would permit expansion of bank from £. 3,000 million to £. 4,500 million.

INFLATION FEAR

Other officials pointed out that increased Canadian production could only encourage these inflationary tendencies. Fears were also expressed that other gold producing countries might follow Canada's example and that American producers would be encouraged to increase their pressure on the United States Treasury for increase in the price of gold to meet higher operating costs.

Discussing the possibility of representations by the American Government or by the International Monetary Fund, the "Wall Street Journal" said that the situation has been rendered delicate because the Canadian Government have already committed themselves, Canadian mine-owners think that they should have even more than the proposed concession and the Truman Administration is anxious to avoid offending a friendly Government.

YUGOSLAV GOLD IN U.S.

A State Department spokesman said that he understood Yugoslav assets frozen in the United States since the war began, amounted to only 47 million dollars. Yugoslav Foreign Minister, Stanoje Simic, told newsmen after a meeting with Secretary of State, Marshall, that he had asked for the release of Yugoslavia's gold holdings worth 56 million dollars.

Yugoslavia's gold in the United States, frozen at the start of the war, has been under discussion

for some time, but other financial matters have complicated the question of its return.

Simic added that trade relations with western Europe also were discussed in connection with the Marshall plan, in which Yugoslavia is not a participating party.

HIGHEST GOLD STOCK IN U.S.

The United States gold stock is at its highest since September, 1948, reflecting gold shipments to the United States from other countries for purchase of American commodities. The gold stock was valued at 22,225,000,000 dollars on October 28, 1947. The peak was 22,799,000,000 dollars in October, 1941, and totalled 20,529,000,000 at the end of 1946.

"NON-MONETARY GOLD"

"Non-monetary gold" from Germany is to be used in the United States to aid the victims of Nazi persecution. It consists of jewellery, china, silver, rings, watches, and even valuable postage stamps which could not be traced to their owners.

They are to be sold and the proceeds devoted to the resettlement and rehabilitation of refugees.

RATIONS AND THE ROUBLE

The announcement from Moscow of the abolition of rationing, combined with a reform of the currency, fulfils a promise originally made by Mr. Stalin to the Russian people in February, 1946. It also raises interesting and perhaps important speculations about the future role of prices and incentives in the Soviet economy. Speaking on the eve of the elections to the Supreme Soviet Mr. STALIN foreshadowed the disappearance of the war-time food-rationing system and a general reduction in the prices of consumer goods. Later in the year it was explained that the abolition of rationing had been deferred by the bad harvest of 1946, which turned the early part of the present year into a period not of relaxation of hardships but of renewed stringency. The present announcement reflects economic progress. The rationing system never applied

in the Soviet Union except to the populations of the larger towns, and did not, therefore, occupy the same predominant role as in the economies of Great Britain and some of the other western Powers. But its abolition could hardly have been ventured on without the certainty that the harvest of 1947 and the machinery for its collection had marked a sufficient improvement on 1946 to relieve anxieties as to a sufficiency of grain supplies for the coming spring.

The decision to devalue the rouble in proportions varying with the extent and character of individual holdings represents a form of graduated capital levy. It will draw off some of the substantial profits and savings acquired during the war by means which were permitted at that time either as a stimulus to the war effort or as an unavoidable abuse, but were certainly contrary to the spirit and intentions of a socialist economy; and it will, to this extent relieve the pressure of large amounts of spending-power on a market still hungry for consumer goods. The devaluation is also a direct concomitant of the abolition of rationing, which might well have been impracticable if large supplies of "free" money in the hands of privileged individuals had been left to compete for limited quantities of "free" food-stuffs. Where incomes are equally distributed, non-rationed distribution of goods will work more or less equitably even in an understocked market. The Soviet authorities were evidently concerned to support the abolition of

rationing with this additional guarantee. Meanwhile both the re-establishment of a free market in food supplies and the levy on cash holdings and deposits are calculated to provide fresh incentives to production - a necessity never far from the thoughts of the framers of Soviet economic policy.

While, therefore, the significance of the withdrawal of food rationing is primarily domestic, the Soviet leaders will have doubtless felt a particular satisfaction in timing it as a demonstration to counter the effects of the Marshall plan and of American food supplies to Europe. As a signal of the strength of the Soviet economic position, it was probably calculated to reassure the countries of eastern Europe which, having under Soviet pressure contracted out of the Marshall plan, rely on the promised surpluses of Soviet food production to bridge the gap between the needs and resources of their own peoples. Beyond doubt, any concrete evidence of the ability of the Soviet Union not only to raise the living standards at home but to export foodstuffs to stricken Europe would result in an increase of Soviet prestige and Soviet influence. But while the disappearance of rationing, assuming that it does not lead to unbearable inequalities of distribution, represents a step on the road to recovery it does not by itself provide any very firm or convincing measure of the stage now reached in the reconstruction of the Soviet economy after the ravages of war.

Planning and Production.

COST OF PRODUCTION CRISIS FACES BRITAIN IN 1948

BUT SHE WILL WEATHER IT

BRITAIN started 1947 with a coal crisis and, as was foreseen, she ended it with a dollar crisis. Her economic horoscope for 1948 is that after weathering the dollar crisis she will run into a crisis of cost of production.

It is long odds that she will weather that also as she has a long history of surmounting such crises with less social and political disturbance than any other country in the world.

On the eve of 1948 she has plainly turned the corner in the production of coal, textiles and other bottle-necks. She is about to resume normal exports of coal, though initially in relatively small quantities and at high prices.

Despite occasional local strikes which have made headlines, industrial relations have in general been peaceful and are likely to remain so. Loss of working time by strikes has barely been a tenth as large as after World War I.

Thanks largely to Sir Stafford Cripps, who is Chancellor of the Exchequer and Minister for Economic Affairs, morale among both employers and workers is incomparably higher than could have been expected a few months ago.

This satisfactory and, indeed, heartening trend on the home front contrasts with continuing and grave anxiety over external balance of payments measured by the dollar deficit.

Reserves of gold and dollars start 1948 at about 3,000 million dollars, and unless and until Marshall aid turns up, no other accruals to reserves are in sight for the first half of 1948. Between August and November of 1947 she halved the deficit in her balance of payments. That reduced it from a fantastic level to one which is still intolerable, but the fact remains that she halved it in three months.

THREE MINUTE

Report

to the NATION

No 5

Every fortnight—plan it up and talk it over

Record Output, but— problem of world prices

We are producing, and exporting, more than ever before. Total output to-day is independently estimated at from 10 to 20 per cent. above pre-war. Last October we exported six things for every five pre-war; and we imported only five things for every six pre-war. Yet we fell short of paying our way that month by about £50 million. Why? Because world prices have gone against us, and we must pay so dearly for what we want; also we have lost overseas investments that paid for £100 million of imports a year.

So this year we shall owe the world about £650 million. That is why we have to do with less imports, and send more home produced goods abroad. It is the only way to get out of debt and put more goods in the shops.

Things are moving in the right direction now. Some have said we are "finished." Wiser ones know, as we know, that we shall do the job in peace as we did it in war.



Well done, George!

Miner George Weightman, 47, has set up a North East coalfield record at East Walbottle Colliery, Workinga Village, Northumberland. Working a 3 ft. seam, in five shifts he shovelled 152 tons 17 cwt. into tubs. In 64 shifts he loaded 1,465 tons averaging 22.8 tons a shift.



Credit Column

Despite big factory changes to meet the export target, W & J. Martin Ltd., Glasgow leather manufacturers, report 10 per cent. increase in output by 630 men and women employees.

700 men and women employed by S. Wolf & Co., London machine-tool makers, increased output by 10 per cent. in October, and broke production record.

It is HENNETT LTD., Bedford, provide a day nursery to help married women workers.

In five weeks, 1,200 employees of Messrs. Aveling Harford Ltd. of Grantham, agricultural engineers, have cut electricity by one-third, and increased production.

Over 1,000 above September's record—15,398 permanent houses were completed in October.

RAYON production at 20.1 million lbs. was a record.

YARN output in cotton industry was 17.61 million lbs in first week in November—best since 1941.

In second week-end of wagon drive, railway industrial and other volunteers cleared 50 per cent. more than last year—beating war-time's best.

2 DANGER SIGNALS

Scores of overseas markets, including dollar payers, are hungry for our cottons and woolsens. These are among our first exports—worth over three times as much as pre-war. We must go shorter than ever, unless thousands more men take the idle rooms.

Scrap at steel works is only half last year's stock. No extra scrap, no extra steel. National production depends on increasing scrap supplies. Factories, merchants, can help.

STOP PRESS

Electricity users are still causing factory "cuts" by failing to switch off fires and immersion heaters at peak times (8-10 and 4-6). Continual cuts this winter could add up to a "production crisis" as bad as last February's.

TEN PER CENT MORE will turn the Tide!

—Issued by His Majesty's Government—

What is the Position in Hyderabad?

Some of the omens for reducing it further are favourable. Most of the effects of her cuts in import and in capital programmes are still to be felt. That applies still more to import cuts by the outer sterling area. Their adverse balances fall on Britain's reserves just like Britain's own adverse balance, but outer sterling area countries were slower than Britain in economising dollars.

Britain no longer has direct liability for German imports; she is to restart regular coal exports, and the world is on an international coal standard rather than international gold standard at present.

Her agreements with Australia, Russia, Sweden and other countries will broaden her area of supply. And there is always the possibility of a break in inflation of Western Hemisphere prices which has been inflating Britain's import prices and ruining the world.

DOUBTFUL FACTORS

On the other side are some bad or doubtful factors. Still to be felt is the impact on British exports of restrictions in world trade which was aggravated by Britain's suspension of convertibility last August. For the moment Britain perforce pursues bilateralism, but she knows well enough that she will never find salvation in it. It cannot be expected that 1948 will see full restoration of sterling multilateral convertibility, but it cannot be doubted that 1948 will see some progress towards it.

Export prices may be the decisive factor. Her problem has been to produce exports; her problem in 1948 will be to sell them.

It goes without saying that so far the best way of bringing export prices down is by greater efficiency. What remains to be seen is whether the given present financial policy is anything other than a counsel of perfection. But down they must be brought.

HYDERABAD STAND-STILL AGREEMENT WITH INDIA

AGREEMENT

Agreement made this Twenty-ninth day of November Nineteen Hundred and Forty-seven between the Dominion of India and the Nizam of Hyderabad and Berar.

Whereas it is the aim and policy of the Dominion of India and the Nizam of Hyderabad and Berar to work together in close association and amity for the mutual benefit of both, but a final agreement as to the form and nature of the relationship between them has not yet been reached :

And whereas it is to the advantage of both parties that existing agreements and administrative arrangements in matters of common concern should, pending such final agreement as aforesaid, be continued :

Now, therefore, it is hereby agreed as follows :—

Status Quo TO CONTINUE

Article 1. Until new agreements in this behalf are made, all agreements and administrative arrangements as to the matters of common concern, including External Affairs, Defence and Communications, which were existing between the Crown and the Nizam immediately before the 15th August 1947 shall, in so far as may be appropriate, continue as between the Dominion of India (or any part thereof) and the Nizam.

NO MORE INDIAN TROOPS

Nothing herein contained shall impose any obligation or confer any right on the Dominion :—

(i) to send troops to assist the Nizam in the maintenance of internal order.

(ii) to station troops in Hyderabad territory except in time of war and with the consent of the Nizam which will not be unreasonably withheld, any troops so stationed to be withdrawn from Hyderabad territory within 6 months of the termination of hostilities.

EXCHANGE OF AGENTS

Article 2.—The Government of India and the Nizam agree for the better execution of the purposes of this Agreement to appoint Agents in Hyderabad and Delhi respectively, and to give every facility to them for the discharge of their functions.

END OF PARAMOUNTCY

Article 3. (i) Nothing herein contained shall include or introduce paramountcy functions or create any paramountcy relationship.

(ii) Nothing herein contained and nothing done in pursuance hereof shall be deemed to create in favour of either party any right continuing after the date of termination of this Agreement, and nothing herein contained and nothing done in pursuance hereof shall be deemed to derogate from any right which, but for this Agreement, would have been exercisable by either party to it after the date of termination hereof.

ARBITRATION FOR DIFFERENCES

Article 4. Any dispute arising out of this Agreement or out of agreements or arrangements hereby continued shall be referred to the arbitration of two arbitrators, one appointed by each of the parties and an umpire appointed by those arbitrators.

Article 5. This Agreement shall come into force at once and shall remain in force for a period of one year.

In confirmation whereof the Governor-General of India and the Nizam of Hyderabad and Berar have appended their signatures.

FOOD CONTROL TO CONTINUE IN HYDERABAD.

A Government Press Note Says :—

After consultation with the Central Food Advisory Committee, it has been decided that control over rice, wheat, jowar, bajra, minor millets and maize would continue till such time as the Committee was satisfied that every person

in the country would get his food at reasonable rates. The question of decontrol would be considered only when a buffer of 250,000 tons of foodgrains was built up. The process of decontrol thereafter would be progressive so that there may be no economic disturbances. It has, however been decided to withdraw rationing from Udgir, Taluqa Gangapur, Taluqa Pathan, Taluqa Achampet, Taluqa Ashti and Taluqa Patoda from the 15th Isfandar, 1357 F. It is hoped that these Taluqas would manage their food affairs without making large demands on the H.C.C.C.

The control over prices and internal movement of pulses has been removed. The surpluses of pulses, as determined by Government, would be allowed to be exported.

The levy prices of jowar and bajra and bonuses on paddy and wheat have already been announced. They will be :—

<i>Levy prices.</i>	Rs.	a.	p.	
1. White jowar including Berari and Mahori.	21	0	0	Per palla at every godown where levy is collected.
2. Peeli jowar	19	8	0	do
3. Bajra	22	0	0	do

Bonuses

1. Paddy	2	0	0	per maund.
2. Wheat	6	0	0	do

FOOD POSITION IN HYDERABAD

SUPPLY MINISTER'S SURVEY

Presiding over a meeting of the Central Food Council on 8-8-57 F. Mir Laik Ali, Prime Minister, pointed out that annual deficit of foodgrains in the State was to the tune of a lakh and twenty thousand tons. Efforts would be made, he said, to speed up production so as to wipe out this deficit within the next three years. He regretted that 20% of foodstuffs went into hoarding. This was one of the major problems which had to be tackled. He exhorted

land-owners to take steps to augment production and promised sympathetic consideration of their needs.

Mr. Pingle Venkatrama Reddi, Supply Minister, in the course of his address referred to the destruction of the wheat crop by rust and to the failure of eighty per cent. of the gram crop in the State. As a result he said, only about twenty-one lakh pallas of foodgrains could be collected during 1956 Fasli by levy and purchase. Their requirements were three lakh pallas per month. The Minister hoped that in two or three weeks the individual quota of rice would be increased and also rice of better quality would be supplied. Wheat stocks having fallen low, they did not expect the wheat ration to be increased until the local wheat was harvested in March next. During the year even jowar and wheat had to be imported.

After announcing the bonus to be paid to cultivators as part of the grow more food drive, the Minister referred to the proposed abolition of controls in India. The State would then be faced with the problem of soaring prices in the neighbouring provinces and consequent smuggling of grain from the State. They had maintained the usual military arrangements to prevent smuggling on the western frontiers. Until there was a prospect of sufficient food production in the State, the lifting of controls would not be justifiable. It would then be difficult to feed the poor. Once procurement and distribution arrangements were withdrawn, it would be difficult to enforce them again.

The Council endorsed the recommendations of the Working Committee urging the retention of controls on foodgrains and small cereals, and restricting the State's responsibilities to statutory rationing areas. The Committee felt that a reserve of twenty lakhs pallas of foodgrains should be built up, and the question of lifting controls reconsidered then. Every effort should be made to meet the deficit of 60,000 tons of rice and 80,000 tons of wheat during 1957 F.,

through imports. There should be no control on the prices of pulses nor should restrictions be placed on their internal movement. Exports outside should be permitted to the extent of declared surpluses. The question of export of lac and kangri should be reviewed after three months.

The Council also resolved upon the continuance of the present restrictions on the export of oilseed and controls on sugar and gur.

MR. LAKSHMI NARAYAN GUPTA ON FOOD CONTROLS IN HYDERABAD

Mr. Lakshmi Narayan Gupta, the Financial Secretary, who also participated in the above proceedings observed :

"Controls were introduced during the War to meet the situation created by scarcity of goods and inflationary tendencies. The controls were essential for guaranteeing the availability of a minimum of essential commodities and for fulfilling the basic needs of the average consumer at a price within his purchasing power. While considering the question as to whether controls should continue, we have to consider as to whether the conditions in which these controls were instituted are still continuing, or have been reverted to normal conditions. The facts reveal that we have not yet changed over from war economy to peace economy. It is still an adverse economy in which the world is passing through, and the scarcity of goods and inflation have not yet abated ; on the other hand are as yet on the increase. Under such circumstances the question of lifting controls is rather premature, and can only be considered as an experiment which may lead to disastrous results. The existence of black markets does not indicate failure of controls. What controls aim at is that a minimum supply of basic needs is assured to every citizen. As long as the State has been able to fulfil this minimum, controls have been successful. Black markets will always be patronised by those who wish to acquire more than the minimum of essential commodities and are prepared to pay

higher prices for their superfluous requirements. The black marketing is deplorable in as much as it is unsocial and leads to profiteering on the part of a few citizens. But its existence in itself does not justify the lifting of controls. The result of decontrol may be the removal or mitigation of black markets. But it would lead to a general increase in price levels and thus hit hard the average consumer and in the case of basic needs it may even lead to famine and starvation of the many whose purchasing power does not keep pace with the rising prices. It is wrong to imagine that the cultivator would be immensely benefited by getting higher prices for his produce as a result of decontrol. Because higher prices of foodgrains would lead to increase in prices of other essential commodities and thus lead to a general rise in the cost of living and the wages, which in turn would adversely affect the cultivator himself. We would thus be faced with an inflationary spiral out of which it would be difficult to come out and to stabilise prices at definite levels. Therefore, until normal conditions revert and production targets aimed at by the Government of India in their food drive are achieved, and India reaches the goal of self-sufficiency in food, we can ill-afford to do away with the existing controls over essential foodgrains. What we can do is to remove unnecessary controls over non-essential commodities, in order to ease the administrative difficulties with which we are faced in the administration of controls. We have our hands full and it is better to confine controls within such limit as can be managed effectively. Thus curtailment of controls to basic needs should be our policy and not decontrol of all commodities.

PRICES & TRANSPORT OF PULSES IN HYDERABAD

A Press Note issued by the Information Bureau says:—

After consultation with the Central Food Advisory Committee all restrictions on the prices and transport of pulses from one district to another within the Dominions have been with-

drawn. For the export of pulses outside the Dominions export licenses will have to be obtained and these will be given only to the extent of the surplus quantity of pulses.

INDIA GOVERNMENT TO GO AHEAD WITH DAMS CONSTRUCTION

DAMODAR PROJECT TO BE COMPLETED WITHIN FIVE YEARS

Now that the main principles underlying the Damodar Valley Corporation Bill have been, approved by the Indian Dominion Parliament, the Works, Mines and Power Ministry, Government of India, it is learnt, will go ahead with the settlement of preliminaries connected with the construction of 'dams' on the river Damodar.

The first 'dam' to be constructed will be the Tilaya Dam near Barrakar on the border of Bengal and Bihar. Construction of this dam is expected to begin immediately after the next monsoon, most probably in October.

The execution of the Damodar Valley project would normally have taken 8 years to complete; but the Government of India are reported to be anxious to complete this job in five years' time' even if it might involve some expenses in excess of their original estimates.

BHAKRA DAM PROJECT

EAST PUNJAB BIGGEST REHABILITATION SCHEME

While it has taken former Governments the best part of half a century to formulate a Bhakra Dam scheme, the new Union Government and the East Punjab Government have authorised their engineers to grapple with rock and river finally ending an era of talk and paper planning,

As a multiple purpose project, the Rs. 76 crore Bhakra Dam will provide irrigation for four million acres of land and generate 800,000 kw. of firm power.

It would mean adequate food for all in the East Punjab and electric light in every hamlet. In this coal starved province the development of electricity will also open a vista of industrial progress.

The Punjab, before partition, was known for its elaborate network of canals. Most of them now lie in the West Punjab. But a large number of engineers who helped in constructing the world famous irrigation system are now refugees in the East Punjab. Here they have planned to build India's largest irrigation-cum-hydro-electric project. They aspire to convert the deserts of their new province into smiling fields bestudded with factories.

Bhakra Dam has now become the East Punjab's biggest rehabilitation scheme. Without this, it could not sustain its present population which is much larger than the pre-partition days. Refugee engineers know they are working for the good of their fellow refugees.

RECLAMATION OF WASTE LAND

MECHANICAL OPERATIONS BEGIN NEAR HASTINAPUR

Some six miles from the historic ruins of ancient Hastinapur, the first large-scale mechanical operations by the Ministry of Agriculture, planned to save on India's foreign imports of grain began.

Heavy tractors upturned virgin soil of the Ganga Khadar tract of the U.P. which for centuries has remained a waste land.

Among those who watched the operations were Mr. A. N. Jha, Agriculture Secretary, Maj. Sanadhu, Colonisation Officer, of the U.P. Government, Mr. D. R. Sethi, Agricultural Development Commissioner, Government of India, Messrs. McKnight and Taylor of American Embassy.

These tractors, used first on the famous Stillwell Road, have been reconditioned in the Central Tractor Organization, and are operated by trained men, the majority of whom are refugees.

The U.P. Government, assisted by the Indian Government, will have reclaimed about 20,000 acres of waste land by May next year, and village colonies will be established.

Individual holdings will not be less than ten acres nor over 20 acres in extent, and no fragmentation will be allowed. The size of each village will be 500 acres. Among the colonists, preference will be given to refugees and ex-soldiers.

The land, which is now being ploughed up will first be grown with sun-hemp, a valuable green manure, and later with wheat. It is hoped to increase U.P.'s yield of foodgrains by 15,000 tons in terms of wheat, by May, 1949, as a result of the present scheme alone. This scheme, which in its magnitude and extent of operations, is, excluding Russia, the first of its kind in Asia, will be followed by similar reclamations in the U.P. and Bihar.

MARKET FOR INDIAN COTTON

GROWING WORLD DEMAND

There is a possibility of increased use of Indian and Pakistan cotton to meet the growing needs of Lancashire and other world requirements. Pointing out that cotton is becoming scarce all over the world, the "Financial Times" correspondent says that though Indian cotton cannot be used for every purpose, "there is some ground for believing that within its special fields its use might be further extended in world consumption."

Despite the effects of war-time reduction in the raw cotton acreage, there is still an export surplus of Indian cotton mainly of extremely short staple growths, of which Indian mills are not big consumers. Japanese mills are able to use short Indian growths and though recent fears that Japan would be supplied entirely by American cotton have not fully materialised, there is little doubt that India will not regain her pre-war share of the Japanese market.

Considerable difficulties would be involved in increasing Lancashire's use of short staple Indian cotton, but in the past few months large quantities of it have been imported "and it is quite possible that the necessity of wider use in cotton spinning was envisaged."

PRESERVATION OF CATTLE WEALTH

EXPERT COMMITTEE APPOINTED

The Government of India have decided to appoint an expert committee of officials and non-officials to consider the question of cattle slaughter in all its aspects, and to recommend a comprehensive plan of action which can be put into immediate effect for preserving the cattle wealth of the country, and for promoting its development.

Sir Datar Singh, Vice-Chairman, Indian Council of Agricultural Research, will be the Chairman of the committee.

In considering the subject, says a "communique" the committee will pay particular attention to the following: (a) the cause and the extent of periodical variation in the population of each class of cattle and the effect of such variation on the supply of milk and bullock power, (b) Detailed examination of the available statistics of slaughter, proportion of useful animals therein and an estimate of the material loss caused thereby, (c) Population trends of old and unproductive cattle and the problem of their maintenance and economic utilisation in view both of shortage of cattle feed and of prevailing sentiments against slaughter, (d) How agencies like Gaushalas and cattle protection societies and salvage centres can be utilised for preserving cattle wealth and for promoting its development. (e) A review of existing regulations regarding restrictions on cattle slaughter and of the administrative arrangements for the enforcement of the regulations.

INDIA'S ARECANUT INDUSTRY

NEED FOR RESEARCH STATION

The great need for setting up a central research station for dealing with the various problems of the arecanut industry in India was stressed by Sir Datar Singh, Vice-Chairman of the Indian Council of Agricultural Research, addressing a meeting of the Ad Hoc Arecanut Committee.

Sir Datar revealed that on the basis of the figures of average production, exports and imports of arecanuts for the ten years ended 1945, the total annual consumption of arecanut in India was 60,47,000 maunds valued at more than Rs. 80 crores. According to estimate the total area under arecanut in India and Pakistan was 5,28,400 acres, of which about 3,000 acres were in West Bengal and 2,62,700 acres in East Bengal, 27,200 acres in Assam and 2,29,800 acres in the provinces of Madras, Bombay and Coorg and the States of Mysore, Cochin and Travancore. The total annual production of arecanuts in India and Pakistan was estimated at 48,10,000 maunds valued at about Rs. 25 crores.

Hyderabad imports about half a crore of rupees worth of arecanut every year although there are vast expanses fit for arecanut gardens. It is said that Baba Budan imported the coffee plant into Mysore. Could we not expect, Rai Bahadur Kaldas Sawhney to start some experiments in acclimatising the arecanut plant to the Hyderabad climatic conditions?

THE PROBLEM BEFORE THE INDUSTRIES CONFERENCE IN DECEMBER, 1947

Reviewing the work of the Industries Conference held recently at Delhi, the *Indian Finance* observed:

That the Government of the Indian Union could not proceed with its plans for industrial and agricultural development and bring about a general improvement in the standard of living of the masses, owing to their preoccupation with the refugee problem, will be evident from the vigour with which the various issues are now being tackled. The restoration of normal conditions in the disturbed areas and the settlement of outstanding issues relating to the partition between India and Pakistan have created the necessary atmosphere. The realistic view adopted by the authorities was first known from the statement made by the Finance Minister when he presented the budget for the five and a half

months ending March, 1948, on November 26 last. Since then, events have moved rather fast and there are indications that with the earnestness shown by the authorities, industrialists and labour, the confusion on the economic front, that has been in evidence for some time, will gradually be got over. The Industries Conference convened by the Minister for Industries and Supplies, Dr. Shyama Prasad Mookerjee, is important in more than one respect. As a result of the free discussions between industrialists and Government representatives, and the negotiations for a truce between capital and labour till such time as production had increased to the peak levels of the war period, the price inflation with the acute shortage of various commodities is expected to be relieved to a great extent.

The seriousness of the economic situation will be realised from the fact that production of cotton textiles has declined from 4,826 million yards in 1944 to only 3,800 million yards in 1947. Of Steel though there is an installed capacity of 1,240,000 tons per year and as much as 1,160,000 tons were actually produced in 1943, production declined to 875,000 tons as estimated for 1947. Similarly, the monthly capacity for cement in India is 173,000 tons but the actual production estimated for the year is 112,000 tons per month. In the case of paper, against the installed capacity of 1,10,000 tons, only 86,000 tons were expected to be produced in 1947. This by no means completes the list of industries which have not been able to work up to the rated capacity. As stated in the memorandum circulated to members of the conference, over 80 industries have been seriously affected.

The immediate problem of the Government is to bring about an increase in the installed capacity and make the maximum use of available resources. The factors relating to the decline in production were mainly transport difficulties, shortage of raw material both indigenous and imported, and labour unrest. Efforts are being

made to overcome transport difficulties by the more effective utilisation of rolling stock and the diversion of goods by road and sea. The movement of coal particularly, has been very difficult. If the expected increase in industrial production is to be achieved, 150,000 tons of more coal per month will have to be moved. For this purpose, there will have to be diversion of supplies by road and sea as stated above. As regards raw materials there are certain limiting factors. But, if satisfactory use can be made of available supplies, in the case of soap and glass industries with concentrated production in the more efficient units, a greater output can be achieved. Of greater importance, perhaps, is the need for satisfactory relations between labour and capital. For, it should be remembered that the drop in industrial output has come about rather sharply after August 1946. It might be said that the shorter working week and communal disturbances were the contributory factors.

But as after the return to normal conditions and with increased working hours by the payment of overtime, there has been no improvement in production, it will be admitted that labour for a variety of reasons, has not been able to give its best and much valuable production had been lost, especially in the steel and cotton textile industries.

Even with an increase in industrial output to installed capacity, there would still be shortage. To bring about a general increase in capacity a short-term plan will be evolved and put into effect in a period of three years, with the maximum utilisation of available goods and constructional material. It remains to be seen whether in the short-term plan, extensions to plant will receive greater importance or facilities would be provided for speeding up construction of new factories in the case of companies which have been able to raise the necessary capital.

As for the long-term plan, in connection with which a number of industrial panel reports are

ready, the basic questions proposed at the conference relate to basic national economic policy regarding the different roles respectively of state enterprise and foreign capital.

DECONTROL AND AFTER

FALL IN PRICES OF COMMODITIES

GANDHIJI GIVES FIGURES

In his post-prayer speech recently, Mahatma Gandhi gave the audience certain figures placed before him by Shri Brij Krishan Chandi-wala, indicating the results of decontrol as far as it had gone. The price of *gur* (jaggery) had fallen to eight annas a seer from a rupee. He hoped it would fall still lower. In his youth *gur* was sold at one anna a seer. The price of sugar had fallen from Rs. 34 to 24 a maund. One rupee now bought one and a half seers of pulses instead of 14 *chhataks*. The price of wheat had been Rs. 34 a maund. It had come down to Rs. 24.

£.10 MILLION FERTILIZER FACTORY FOR INDIA

PRODUCTION EXPECTED TO BEGIN BY 1950.

A £. 10,000,000 project for a large fertilizer factory at Sindri, in Bihar, which will provide huge quantities of the nitrogenous fertilizer of which India stands badly in need, is announced.

The Power Gas Corporation Limited, or Stockton-on-Tees (Durham) had been appointed by the Government of India to act for the construction of the factory. The factory was based on designs prepared by the Chemical Construction Corporation of New York, which had been appointed by the Government of India as designers and engineers.

Outside Japan, it will be the largest chemical plant in Asia. It will find employment for 2,000 men.

A specialized organization of engineers will be resident in India to supervise the transporting of some of the heavy machinery and to deal

with the problems that may arise in the early stages of the operations of the factory. Eventually, Indian personnel will be responsible for the operation and maintenance of the factory.

All the main contractors have responded to the request of the Government of India to set up the training facilities.

The factory, planned to be in production by 1950, will have an annual output of 350,000 tons of sulphate of ammonia. India's pre-war total consumption of sulphate of ammonia was 100,000 tons a year. The value of contracts so far placed in Britain for the speciality plant and machinery exceeded £. 4,000,000.

The value of further work undertaken in the U.S.A. amounted to about £. 800,000. Most of the remaining work would be carried out by India herself.

Mr. W. R. Beswick, of the Power Gas Corporation, said "Tens of thousands of pounds worth of machinery and equipment was already on its way to India."

Hyderabad is very much interested in this venture as she had decided upon financial participation in it to the tune of Rs. 25 lakhs and has guaranteed an offtake of 10,000 tons per annum for 10 years after production starts.

STEEL PLANT FOR INDIA

FOREIGN TECHNICIANS TO BE INVITED

Dr. Shyam Prasad Mookherjee, Minister for Industry and Supply, held a meeting with the representative of the main steel producers and other experts to discuss the steps to be taken to implement the decision of Government that one or more steel plants capable of producing a million tons of steel per year should be set up in India at the earliest possible time.

The meeting was of the unanimous opinion that the first step should be to obtain the services either from the U.K. or the U.S.A. of expert technical consultants to make a rapid survey and

to report to the Government of India on the location, design and construction of the plant.

A small committee, which will include representatives of the main steel producers, will be appointed to draw up the terms of reference to the consultants.

EXTRACTS FROM SHRIMATI ANUSAYABAI KALE'S PRESIDENTIAL ADDRESS TO THE 20TH SESSION OF THE ALL-INDIA WOMEN'S CONFERENCE

"I have to invite the attention of the Government to one more important problem which cuts at the very root of all and that is the alarming increase of population. This is a real menace to our progress. No less a person than Sir M. Visvesvaraya has sounded a note of warning with regard to this. He says that unless and until we regulate this abnormal increase by artificial means, the economy of the whole country will collapse."

Shrimati Anusayabai was glad to note in this connection, that the important portfolio of Health had been entrusted to their ex-President, Rajkumari Anrit Kaur, who had already made a good beginning by putting the Nurses Council Bill on the statute book. She felt confident that this vital question also would be successfully tackled by her.

Concluding the President said: "The importance of social problems has been overlooked in our fight for political freedom. It is essential now that we should co-ordinate the two if we wish to achieve our goal of "equality and social justice." No country can make headway, even politically, unless and until social disabilities are removed.

MINISTRY OF SOCIAL AFFAIRS

"For this purpose, I may humbly suggest the establishment of a Ministry of Social Affairs both at the Centre and in the Provinces.

"The subjects that will roughly come under it are; legislative measures to equalize the status of all masses; removal of caste distinction and

untouchability and safeguarding of social security and justice; the place of workers and farmers in society; adult education and literacy; raising of the consciousness of the masses to assert their basic rights; framing of uniform laws of marriage and inheritance of all subjects of the State, as we have declared in unequivocal terms that ours is to be a secular State; and lastly regulating the population according to the needs of the country.

"In short, if I may be permitted to explain it will be the function of this Ministry to codify a new "Manusmriti," to remove the injustice and inequality that exists between man and man. It is needless to say that the new code will govern the social relations of all the subjects of the State.

"We must remember that we have got to do this immediately as there is a danger of a third world war. There is not a single moment to be wasted."

DR. S. P. MOOKERJEE ON MINERAL RESOURCES IN INDIA

METALLURGISTS' IMPORTANT ROLE

Inaugurating the meeting of the Institute of Metals at Calcutta Dr. Mookerjee said: "Until now, the mineral industry in India was not fully oriented to serve the needs of our own industrial development. As a result, barring coal and iron ore, the bulk of our mineral resources have been exploited solely for export.

"Taking an extreme example, we have in the past exported ilmenite at 10 shillings per ton and imported the pigment titanium white, at a hundred times this price. I hope this situation will never recur."

The metallurgists, he added, had an important role to play in the systematic refining and beneficiation as well as the conservation of India's mineral resources. The functions of the institute should be to discuss recent developments and to utilize them in manufacturing better metals and alloys, and shaping and forming them in ways most suited for particular uses,

"Today, the basic metal production in the country is confined to about a million tons of steel, about 6,000 tons of copper, about 4,000 tons of aluminium, a few hundred tons of antimony and a negligible quantity of lead. Our requirements in all these metals are many times our present production."

India, he pointed out, had sufficient resources for a great and well-regionalized metallurgical and heavy engineering industry as well as for mineral-based heavy chemical and other industries. The proper development of the steel and aluminium industries alone would be able to make India stand on her own legs.

100,000 RADIO SETS FOR INDIA

ELECTRONIC MACHINE TO PRODUCE THREE A MINUTE

Working on an order from India for 100,000 radio sets, a small factory near London will produce this month wireless receivers at the rate of three a Minute.

This will be the first production run of the "Electronic Brain" equipment machine which has, for the first time, made it possible to carry out a series of elaborate operations for assembling radio sets, "untouched by hand."

Approximately 70 feet in length, the machine consists of more than 20 "Electronic Brains" which control every phase of the complicated operations which take place from the time a girl feeds moulded plastic plates into the magazine at one end until the completed set is taken off the conveyor-belt at the other, Electronic memory units safeguard the processes, prevent piling up on the conveyors, cut out the whole series of operations in the event of a breakdown, and report the precise position of any defect.

APPLICATION OF NEW SCHEME

India will be the first country to receive the commercial fruits of this apparatus which, the inventor claims can, with only slight alterations, be used for a wide range of assemblies,

Invented by Mr. John Sargrove after a long research into the ways and means of producing an inexpensive radio set, the machine emphasises again the many applications which the new science of electronics has in industry.

Britain has already established the lead in the practical application of the principles of electronics. At the factory producing the radio sets, some of the technical methods devised are ahead of those used in America and elsewhere.

FIVE JUTE RESEARCH CENTRES FOR INDIA

COMMITTEE'S DECISION

The immediate establishment of five research centres for investigating the economics of jute growing in the Dominion of India was one of the important decisions of the Indian Central Jute Committee which met in Calcutta under the chairmanship of Sir Datar Singh. Of these research stations, two will be located in West Bengal and one each in the provinces of Assam, Bihar and Orissa.

Consequent on the partition of India and the Committee's decision to discontinue all its activities in Pakistan, the members resolved to close down its research stations now functioning in East Bengal. A most up-to-date and well-equipped Central Agricultural Jute Research Institute, which formed the pivot of a programme for increasing the production of jute to make the Dominion progressively self-sufficient in regard to this commodity would be opened in India immediately.

Emphasis was laid on the need for a land survey to find out new areas which might be brought under jute cultivation in various provinces. The Committee decided to depute two of its experts to Assam and one each to Bihar, Orissa and the U.P. to assist the provincial agricultural staff in carrying out such surveys.

PUBLIC LIBRARIES IN MADRAS PROVINCE

GOVERNMENT SCHEME ANNOUNCED

The Government of Madras have published a Bill to provide for the establishment of public libraries in the Province and for the organisation of a comprehensive rural and urban library service.

The Statement of Objects and Reasons says :

Libraries in this Province have not been developed on well-defined and proper lines. They are now distributed in a haphazard fashion and there is no proper co-ordination among them. Libraries are a potent agency for the development of adult education, and it is essential that they should be organised on a proper basis. The library system should also be co-ordinated with the general scheme for educational institutions. The Bill gives effect to these objects. It will save unnecessary expenditure and make for efficiency all-round.

The Bill provides for the constitution of a Provincial Library Committee to advise Government on all matters relating to libraries. A Director of Public Libraries will be appointed to superintend the working of libraries throughout the Province. There will be a Central Library in the Province which will be managed by the Director. Provision has been made for the free supply to this Library of four copies of every new book printed in this Province by suitable amendments to the Press and Registration of Books Act, 1867.

The Corporation of Madras, district municipalities and panchayats will be the Local Library Authorities for their respective areas. Every district board will be the Local Library Authority for those portions of the district which do not fall within the jurisdiction of a municipality or panchayat. A Library Committee will be constituted to assist a Local Library Authority other than a panchayat. Such a Committee may also be constituted by a panchayat

if it so desires or if Government for special reasons consider a Committee to be necessary. The Library Committee should, except in exceptional circumstances, be consulted by the Local Library Authority in regard to all library matters arising in its area.

Each Local Library Authority will have a separate Library Fund. Local Library Authorities, other than district boards, are required to levy a library cess in the form of a surcharge on the property tax or house-tax levied by them, at the rate of three pies for every whole rupee in the tax levied. The rate of this cess may be increased by the Government or with their sanction. Power has also been given to all Library Authorities (including district boards) to levy other library cesses with the previous sanction of the Government. The Government will also have power to compel such cesses where necessary. In all cases, the provisions of the City Municipal Act, the District Municipalities Act or the Local Boards Act, as the case may be will apply to the recovery of library cesses, subject to any modifications and restrictions which may be found necessary by Government.

ECONOMIC FUTURE OF PAKISTAN

SIR A. ROWLAND'S SUGGESTION

Sir Archibald Rowlands, whose services were lent by His Majesty's Government for three months to Pakistan, to advise its Governor-General on economic and other matters, expressed his confidence in Pakistan's economic future on the eve of his departure for London on the completion of his report.

Sir Archibald, however, felt that further taxation was inevitable in order to balance the budget, as Pakistan now found it difficult even to meet the defence bill. Neither here nor in other administrative spheres was there hardly room for economy and the period of self-denial and guts, which are plenty in Pakistan, would stabilise in course of time the Dominion's finances.

India's ex-Finance Member hoped that closer co-operation between the two Dominions would be possible, once the political tension subsided.

Although an agricultural country with a limited source of revenue at present, Sir Archibald said that Pakistan would become prosperous in the same way as other agricultural countries like Canada, Australia and Argentina.

Pakistan had its shortcomings too, added the British expert. Absence of industries, in spite of raw materials, limited capital resources, lack of political experience and shortage of skilled labour were among them. To overcome them, he suggested that Pakistan should start erecting jute and cotton mills and so build the credit of administration as to attract foreign capital for industrialisation.

PAKISTAN PLANS FOR RAPID INDUSTRIALIZATION

Detailed plans for the rapid industrialization of Pakistan were drawn up at the recent Industries Conference at Karachi. The first priority was given to implementation of hydroelectric projects and exploitation of mineral resources, and the exact spots were marked out in East Bengal, West Punjab, Sind and the N.W.F.P. where such power could easily be generated.

To provide for additional sources of energy, it was also agreed that immediate steps should be taken to exploit the existing collieries coupled with efforts for prospecting for coal, signs of which have been found in the territories of the Dominion.

The report of the Engineering Committee, recommending the establishment of workshops and dockyards at Karachi and Chittagong, and provision of facilities for the manufacture of agricultural implements, scientific instruments and machine tools, was also approved.

Other plans approved were a five-year plan for the development of the Textile industry, the setting up of a Central Jute Committee in East Bengal; a tentative 10-year plan to convert East Bengal's raw jute into an industry of its own.

AUSTRALIA'S PLANS FOR COAL PRODUCTION

The exporting of coal to the Pacific and Asian markets as well as supplying Australia's requirements are the aims of the Electric Supply Corporation which has just taken over Australia's richest coal area the famous Blair Atholl field reputed to have a 70 foot thick seam.

The cost of developing open-cut mining and providing rail and port facilities is expected to be £. 12,000,000.

Germany also plans to have a £. 6,000,000 fleet of ships to carry coal to all parts of the East including India and Pakistan.

Coal is expected to be produced at the rate of 8,000,000 tons yearly and a team of British experts is due to sail soon for Queensland to start work.

Finance and Resource

HON'BLE NAWAB MOIN NAWAZ JUNG BAHADUR ON TAXATION POLICY IN HYDERABAD

On page 149 of the December issue of this *Bulletin*, we gave a summary of the speech delivered by the Hon'ble Nawab Moin Nawaz Jung Bahadur, the Finance Minister, on 18th December, 1947. The following paragraph should be added to that summary :—

He said that the time had come when our entire system of taxation should be reviewed and overhauled so that the poorer people were afforded relief while the richer classes were asked to make a suitable contribution to the exchequer. He said that some measures of taxation which had recently been formulated, including the income tax and the sales tax on luxuries was a step in the right direction ; but it was necessary to make a scientific investigation of the whole problem and revise the taxation policy of Government on the basis of the results of such an investigation.

INDO-PAKISTAN AGREEMENT ON PARTITION ISSUES

ANNOUNCEMENT IN DOMINION LEGISLATURE

*Spirit of Mutual accommodation helps successful
settlement of questions*

Details of the agreement reached between the Dominions of India and Pakistan on all outstanding issues arising from the partition of the country were given in the Dominion Legislature by the Deputy Prime Minister, Sardar Vallabhai Patel. Sardar Patel made the following points reached on important issues :

CASH BALANCES

1. Undivided India's cash balances as on the date of partition are estimated at little under Rs. 4,00,00,00,000. Of this Pakistan's share has been fixed at Rs. 75,00,00,000. To this amount will be debited an amount of Rs. 20,00,00,000 already made available to the Government of

Pakistan on August 15, and the expenditure incurred on that Government's account to date.

LIABILITIES

2. The Government of India have assumed responsibility for all the liabilities of that Government subject to an equitable contribution by the Pakistan Government. It is agreed that Pakistan's share will be made up of the value of assets physical and financial, which lie in Pakistan or have been taken over by the Pakistan Government plus that allocated to Pakistan the excess of liabilities over assets of the undivided Government. Pakistan's uncovered debt has been fixed by agreement at 17½ per cent.

3. The value of assets taken over by the Dominion has been agreed at book value in all cases. In the case of strategic railways however the book value by agreement has been correct by about 50 per cent.

PAKISTAN'S DEBT

4. Pakistan will pay the total debt in Indian rupees in 50 annual instalments payable on the 15th August each year ; but no instalment will be payable for the first four years from the date of partition.

DISBURSEMENT OF PENSIONS

5. Each Dominion will continue to disburse pensions in its territory and India will continue to pay overseas pensions.

MILITARY STORES

6. It has been decided that Pakistan's share of military stores will be one-third of the stocks held in India and Pakistan on the date of partition.

ORDNANCE FACTORIES

7. India will take full liability for ordnance factories which will not be physically divided. India has agreed to make available to Pakistan

a sum of six crores of rupees to be withdrawn as when required by way of assistance towards the setting up of ordnance factories. This amount will be added to Pakistan debt to India.

STERLING BALANCES

8. As regards sterling balances it has now been agreed that India should sell to Pakistan for Indian rupees an additional block of sterling up to an agreed limit as and when demand is made until December, 1967. A comprehensive agreed formula for working out this agreed limit has been evolved.

U.S. AID TO CHECK INFLATION IN CHINA

United States aid of 800,000,000 dollars for China would be aimed at solving the "condition of extreme inflation there," Mr. George Marshall, Secretary of State, told the House of Representatives, Foreign Affairs Committee.

"China, however, can continue for some time to pay for her immediate import needs while France, Italy and Austria are almost face to face with a total lack of funds," he said.

Mr. Marshall claimed that recent political events in Europe had shown a development of "momentum" away from Communism, and declared that it would be tragic if the United States did not assist it by offering speedy aid.

Mr. Averell Harriman, Secretary of Commerce, told Congressmen that American exports had slumped from an annual rate of 18,000,000,000 dollars in the second quarter of this year to one of less than 11,000,000,000 dollars in the third quarter.

Questioned on the still secret report on conditions in China and Korea by Gen. Wedemeyer, Mr. Marshall said, "it would be to the definite disadvantage of both the Chinese and American Governments to make it public. I do not agree with everything Gen. Wedemeyer says in it."

When pressed to publish the report, he replied "No, in international affairs you cannot spread everything on the table."

FIGHTING INFLATION IN FRANCE

COMPULSORY LOAN PLAN

The French Cabinet, in a drastic anti-inflation move, approved a plan which will compel wealthy Frenchmen, farmers and big business to pay from 25 to 50 per cent. of their profits as an emergency loan to the nation.

The plan, prepared by the Finance Minister, M. Rene Mayer, to fight the gravest inflation menace in modern French history, was presented by him to the National Assembly. The forced loan will be used by the French Government to help to meet the 1948 budget reliably estimated at 1,000 billion francs.

The small wage earner, who always has borne the major burden of direct taxation, will be excepted from the loan.

FRENCH SPECIAL LEVY

BILL PASSED BY COUNCIL

Wider Powers

The Council of the Republic, the Second Chamber in the French Parliament, and the successor in form, though not in powers, to the former Senate, passed the Government's Bill for a special levy by 150 votes to 121, with 36 members abstaining. The Council made several important amendments to the Bill as it reached it from the National Assembly—amendments which restore to the measure much of its original form and detail. The Bill now goes back to the National Assembly for a second reading, when the deputies can accept or reject the amendments in whole or in part.

The general effect of the amendments would be to spread the levy over a wider mass of people, farmers in particular, thus restoring much of the Bill's original content. The "trimming" which went on in the Assembly was largely due to the fears of the different parties and deputies of the effect on potential electoral supporters of such an unpopular and stringent proposal. Thus, amelioration was sought and gained for farmers, shopkeepers, and victims of war damaged.

The Council of the Republic, emerging for the first time in its distinctly uneventful history into the parliamentary limelight, has given back to M. Mayer, the author of the Bill, much of what he lost in the Assembly's debate, many observers think that the new amendments will be left undisturbed. The gesture of guarding a constituent's interests has now been made, and it may be that the majority of the deputies will consider that, in this grave hour of economic and financial crisis, it need not be made again.

HIGH INCOME IN THE U.S.A.

Due to continued high employment, wage increases, and the cashing of \$ 1,800,000,000 in veterans bonds, personal income in the United States during September reached a new high, tantamount to an annual rate of \$ 210,300,000,000. This is \$ 14,200,000,000 above the previous high in July. On an annual rate basis, wage and salary receipts climbed to \$ 124,300,000,000 in September, compared to \$ 122,500,000,000 in August.

BALANCING U.S. ECONOMY

SUGGESTIONS TO PRESIDENT

LEVELLING OUT OF INCOMES URGED

Proposal for Smaller Profits for Capital

President Truman was warned by his Council of Economic Advisers that, if the United States is to avoid a cycle of "boom and bust" and achieve a "consistent and stable equilibrium," reduction of industrial prices, acceptance of smaller profits, balancing of wages, and a levelling out of income distribution are essential.

The Council, in its second annual report to the President, called for "continuous and well-balanced use of the nation's productive resources as against short-lived booms of unbalanced expansion and overcapitalisation."

It is said that these booms would be followed by "wasteful periods of unemployment, plant idleness and demoralising liquidation of property."

The report urged on the Government and Congress the formation of a "concrete programme of maximum production, which the masses of the people can see and feel."

It warned that "expansion of production would not alone solve the problem of how to maintain a maximum level of production," but would "simply advance the time when we shall have to face the problem of what price, income and property value adjustments have to be made to strike an internally consistent and stable equilibrium."

PRICE MUST COME DOWN

The report said: "Many industrial prices will have to come down. Many rates of profit must subside, while reasonable profitability is established in other areas.

"Gross unbalances in the wage structure must be rectified by some drawing together of those now at the opposite extremes of the wage scale. Better balances of income among sections, groups, and individuals must be attained."

Asserting that the achieving of these objectives will confront American business with its "supreme test," the Council also insisted that "economic stabilisation can be achieved within our private enterprise system, only if management accepts responsibility for a more stable practice in planning its investment and operative programmes."

Bluntly facing "our present economic problems -inflation, the high cost of living, threatened recession, and all the rest," the Council added that "monopolistic control" over any section of U. S. productive capacity must also be ended.

The Council of Economic Advisers is a three-man body appointed by the President and with the advice and consent of the Senate.

PRICE CONTROLS IN U.S.

PROPOSAL FOR CONGRESS

Specific proposals for United States price ceilings and price reductions, under President

Truman's request for anti-inflation powers, were submitted to Congress, by the Secretary of Labour, Mr. Lewis Schwellenbach.

He said that price controls would be limited to the commodities that, firstly, basically affected the cost of living, and which were essential items, secondly, to those that were basic to the costs of agricultural and industrial production and thirdly, to those that were "essential to effectuation of the foreign policy of the United States."

CHECKING INFLATION IN U.S.

PRESIDENT SIGNS BILL

Mr. Truman denounced the Bill for refusing to give the executive the power to compel business, industry and agriculture to comply, and

said "Every effort will be made, of course, to achieve whatever results are possible under this system of voluntary agreements.

"It is far too late in the fight against inflation, however, to place our main reliance upon the voluntary action," the President added.

He appealed to Congress when it reconvenes in January to "enact promptly an effective and workable programme" to combat inflation.

Mr. Truman gave details of the rise in prices since he addressed the special session on November 17.

The main points of the Republican-sponsored Bill provide for control of exports, and use of grain in distilling, and for voluntary apportionment of scarce commodities among industries.

Trade and Tariffs

FLOW OF BULLION INTO INDIA

IMPORTS FROM CUTCH

THE inflow of gold and silver from Cutch and Kathiawar into the Indian Dominion has been very conspicuous during the recent months. More marked are the imports of gold from Cutch. At least Rs. 70 lakhs worth of gold coins, mostly Mexican coins, and small cubes of the yellow metal, said to be hoarded stocks, have passed through the Viramagam customs cordon, duty free, and more are being imported.

As Cutch recently joined the customs union, these imports are allowed duty free on production of a certificate from the Cutch authorities.

Even otherwise, there has been a steady flow of bullion from Kathiawar, and not a day passes without at least one individual paying duty at Viramagam on the bullion he carries into the Dominion. One such notable instance is the levy of duty of Rs. 89,000 by the customs Manager at Viramagam on silver bars carried by one individual from Morvi. A certificate from Morvi would have passed these duty free, but the consignor did not possess a certificate and it was alleged that these bars were smuggled into Morvi in sugar stocks. However, duty had to be paid at Viramagam.

Yet another noteworthy feature is the heavy rush into the Dominion of "crores" of Queen Victoria and Edward VII silver rupees withdrawn from circulation. It is also reported that there are hoarded stocks in the states.

Other articles that are coming from the States are motor cars and bicycles.

THE INDIAN COTTON TEXTILE MACHINERY AND PROTECTION

Hyderabad has a big programme involving import of cotton textile machinery, and the following observations by the Indian Tariff Board on the industry, should be of high suggestive value to planners in Hyderabad.

A press Communique issued on August 9 by the Indian Ministry of Commerce States :—

The Government of India's Resolution on the Indian Tariff Board's report dealing with the claim to protection from the Cotton Textile Machinery Industry is published for general information in the Gazette of India (Extraordinary) dated August 9, 1947.

The Tariff Board considers that the application for protection of the Cotton Textile Machinery Industry is premature as the industry has not yet achieved sufficient production to allow a reasonable estimate of costs being made, and had recommended that the enquiry should be postponed and taken up again early in 1948.

It has also recommended the reclassification of the Spinning and Weaving Machinery items in the Accounts relating to the Sea-borne Trade and Navigation of British India.

The Government of India accept the Board's recommendations.

JUTE EXPORTS FROM INDIA

PAKISTAN DECLARED FOREIGN COUNTRY

The Government of India have declared the Dominion of Pakistan to be foreign territory for the purpose of levying customs duty on the export of raw jute and jute manufactures from India to Pakistan, according to a Press communique issued recently.

To implement this decision, the Government of India have issued the necessary notifications under the Indian Tariff Act, the Sea Customs Act and the Land Customs Act with immediate effect.

The Government of India are also taking suitable measures to ensure that sufficient stocks of raw jute are kept available in the Indian Dominion.

THREE GRAIN SHIPS A DAY

On an average, three ships a day brought over 450,000 tons of foodgrains to India from eight different countries during the month ending January 10, 1948. Argentina was the largest single exporter with 2,67,000 tons and the U.S.A. came next with 1,16,000 tons. In terms of maize, wheat and barley, the quantities were 1,55,000, 1,18,000 and 91,000 tons respectively. The balance consisted of rice and other coarse grain.

AUSTRALIAN CAPITAL GOODS

LINES IN WHICH INDIA MAY BE INTERESTED

A feature of the industrial advance made by Australia during the war was the comparatively high output of the engineering industry, the value rising from £. (Australian) 274.6 million in 1938-39 to £. (A) 858.1 million in 1943-44.

"Capital Goods from Australia," a pamphlet prepared by the Indian Government's Trade Commissioner in Sydney, states that although the domestic demand in civilian industries for machine tools is great, there are certain items which Australia may at this stage be in a position to export. The list includes a variety of machine tools and hydraulic pumps and presses,

From the long-term point of view, Australia's prospective exports of machine tools range widely from precision watch makers' lathes to large wheel and shaft lathes. They may also include capstan and turret lathes, milling, drilling and gear generating machines, worm wheels of all sizes, boring mills and centreless grinding machines, mechanical and hydraulic presses, a full coverage of wood-working machines, box nailing, canister and canning, packing and processing machines.

IRON AND STEEL

Although Australia produces steel cheaper than any other country, observes the Trade Commissioner, comparative costs in the secondary fabrication tend to rise. Industrialists in

Australia, however, believe that, with the application of modern production and quality control methods, there are many lines of specialised plant and equipment which Australia may be able to produce for foreign markets. Some major items of export of the iron and steel industry are wire-drawing, butt welding and die-polishing machines, electric melting and refining furnaces.

As regards non-ferrous metals, Australia can fabricate complete sheet rolling and cold rolling mills.

In the matter of power machines, the present export capacity is limited to various types of internal combustion engines, Diesel generating sets and Diesel engines for power houses.

ELECTRICAL GOODS

In the field of electric manufacture, Australian firms are interested in the export of alternators, transformers, four engine D.C. generators, horizontal heavy face grinding machines, rotary and traversing grinders, vertical grinders, universal milling machines, lead extension presses and hydraulic pumps, electric annealing equipment, electric furnaces and electric cranes. A list of smaller electrical goods includes household fittings, switches, plugs, electro-mechanical appliances and equipment for motor electric stoves, ranges and cookers, refrigerators and heating apparatus and domestic cooking appliances.

Enquiries from India regarding agricultural machinery are limited to light types. Australia is capable of supplying such machinery and implements.

Regarding the woollen industry, Australia may be able to supply immediately dyeing and scouring appliances, hydro-extractors and reduction gears.

For the hosiery industry, prospective items of export include knitting and pull-over machines, dyeing and bleaching machines, rib and linking machines, gauges and electrical dryers.

Chemical industry machinery available for export includes complete carburetted water gas plants, power plants, refrigerating equipment and machine tools for factory maintenance.

TRADE WITH INDIA

SWEDEN ANXIOUS TO DEVELOP

Sweden is anxious to develop Indo-Swedish trade on the basis of a long range agreement. Swedish circles in London believe that exchange of Ambassadors between the two countries agreed to some months ago should be hastened and Trade Commissions established. Both the countries, they hold, have a lot to gain from increased trading between themselves particularly, if any slump occurs in the American and British economy.

The October statistical bulletin of the British Iron and Steel Federation points out that Sweden is no longer content to export iron ore and specialised high grade steel products but is anxious to enter the world steel market with heavy rolled forged products which normally she used to import. By 1950 her rolled forged products alone will reach 18,20,000 tons.

It is further pointed out that Sweden contracted to supply industrial goods to Russia beyond her present productive capacity, firstly, in order to assure her independence of dollar and sterling and secondly, to make sure of a vast new market in case of a slump. Sweden is eager to find still other new markets for goods which are very often needed by India.

DROP IN U.K. EXPORTS TO INDIA

Britain's November 1947 exports to India and Pakistan showed a considerable drop compared with October.

The figures relating to the main exports given by the Board of Trade with the October figures in parenthesis are: Machinery £. 2,587,778 (£. 8,284,597); Vehicles £. 618,819 (£. 1,488,854); Chemicals and Drugs £. 894,479 (£. 755,180);

Electrical goods £. 282,579 (£. 666,178); Iron and Steel manufactures £. 864,522 (£. 618,354).

But over the eleven months ended November 30, 1947 the value of Britain's main exports to the Dominions has been increased, over the corresponding period of 1946

U.K. PAYS LESS FOR WHEAT THAN INDIA

Britain will get 80,000,000 bushels of wheat from the coming Australian harvest, at a price lower than that she pays to any of her big overseas suppliers, except Canada, under the terms of one of the biggest wheat deals in Australia's history.

The price—17 shillings (A) a bushel f.o.b. at Australian ports, is 1 sh. 6d. below that charged by Australia to India who, under another contract, will get 25,000,000 bushels of wheat and flour.

If the harvest—which, before recent rains, was estimated at 235,000,000 bushels—exceeds 210,000,000 bushels, which is still considered possible, Britain and India will get another 5,000,000 bushels each.

The price to Britain equals 2.7 dollars a bushel. Canada, who has a long contract, is charging Britain 1.55 dollars to 2 dollars.

No specific reason has been given for Australia accepting a slightly lower price for her British than for her Indian bulk wheat contract, but several logical or plausible reasons can be conjectured.

In a slight different connexion, the Australian announcement mentions that the size of the British contract (more than three times as big as the Indian one) and the fact that the British Ministry of Food will provide the shipping, justified some special consideration for Britain. Since the haul from Australia to India is shorter and cheaper than that to Britain, the difference in the respective prices delivered to British and Indian ports will be less than the difference in the export price at Australian ports.

Australia has to charge prices in accordance with those which she herself charged for her imports (Argentina has emphasized this point forcibly), and it may be that the prices of Australia's imports from Britain are less inflated than those of her imports from India.

Prices of some typical Indian exports to Australia, notably jute and oilseeds, are at present very high.

Australia may also have wished particularly to help Britain, as being the focus of the sterling area. Any strengthening at the centre automatically helps Australia, India and every other outlying member of the area.

But the unpublished factor which weighed most with the Australians may have been the considerations of their long-term market, which Canada also keeps well in hand. At the moment, both Australia and Canada can sell their food almost anywhere and at almost any price they like to ask. But they remember when Britain was almost their only market, and envisage that this might happen again.

U.S. STEEL EXPORTS CONTROL

NEW ITEMS IN JANUARY

After January 1, 1948 36 more American iron and steel products are to be added to those already under export control, leaving only 5 per cent. of all iron and steel exports free from such control. The addition of these new items—rails, car wheels and axles, and several kinds of structural and fabrication steel—has been ordered by the Secretary of Commerce Mr. Harriman, because of the continued domestic deficiencies of many steel products. Mr. Harriman will refuse licences where the receiving country proposes making use of the steel for what he considers non-essential purposes or for purposes detrimental to the United States.

Canada will not be affected by the new order because a 1941 agreement exempts from it the

exports to that country. The 5 per cent. of steel not subject to export licence includes mostly special products such as surgical instruments.

GENEVA TRADE PACTS

The Agreement is to come into force on the thirtieth day following the day on which the instruments of acceptance have been deposited with the Secretary-General of the United Nations on behalf of governments signatory to the Final Act the territories of which account for 85 per cent. of the total external trade of the signatories to the Act, percentages being determined in accordance with the table reproduced below :

(Based on the average of 1938 and the latest twelve months for which figures are available).

Australia	..	..	3.2
Belgium-Luxemburg-Netherlands	..	10.9	
Brazil	..	..	2.8
Burma	..	..	0.7
Canada	..	..	7.2
Ceylon	..	..	0.6
Chile	..	..	0.6
China	..	..	2.7
Cuba	..	..	0.9
Czechoslovakia	..	..	1.4
French-Union	..	..	9.4
India-Pakistan	..	..	3.8
New Zealand	..	..	1.2
Norway	..	..	1.5
Southern Rhodesia	..	..	0.3
Lebanon-Syrian Customs Union	..	..	0.1
Union of South Africa	..	..	2.8
U.K.	..	..	25.7
U.S.A.	..	..	25.2
Total			100.0

So far as India is concerned negotiations were conducted successfully with Australia, New Zealand, Canada, Belgium, Netherlands, Luxemburg, Brazil, Chile, China, Czechoslovakia,

France, Norway and the United States of America with the following considerations in view :—

(i) Concessions should be such as are demonstrably in the interests of the national economy; or are not injurious to the national economy,

(ii) Concessions should not relate to products which are 'protected' or in respect of which a claim to protection is likely to be made during the next three years (the period of three years was taken, because at the end of this period it would be open to contracting parties to ask for a review of the tariff concessions),

(iii) Concessions should not result in an excessive loss of revenue to the state.

As a result of these negotiations India has offered concessions on a representative range of goods of which the major items are : milk and milk products, canned food, fruit, vegetables, chemicals, drugs and medicines, coal for dyes, machinery (specified classes), radio receiving sets and transmitters, typewriters and other office machinery, optical instruments, raw wool (textile) fertilizers, domestic refrigerators and refrigerating machinery. The principal commodities in respect of which concessions have been offered to India are reported to be jute and jute manufactures, cotton manufactures, cashewnuts, mica, shellac, coir matting, sports goods, carpets, spices and condiments, essential oils, tea and tobacco.

The final act adopted at the conclusion of the negotiations at Geneva, along with the text of the general agreement of Tariff and trade and of the protocol of provisional applications was released simultaneously in the Capitals of all the signatory countries as agreed upon by the representatives of 28 nations (including India) on October 30th 1947.

ANGLO-SOVIET AGREEMENT

SUPPLY OF GOODS

No Payment in Hard Currency.

Britain will get a substantial quantity of coarse grain from Russian 1947 harvest under

the new Anglo-Soviet trade agreement, Mr. Harold Wilson, President of the Board of Trade, announced.

He was reporting to the House of Commons that agreement had been reached in principle on "the whole range of subjects covered."

Mr. Wilson further stated that Soviet authorities, had told him that the grain would be available for shipment at Black Sea ports within two or three weeks, of the further signing of the contract, which it was hoped, would be in the near future.

There would be no payment by either side in hard or scarce currency.

Contract for shipment of grain included agreement on quantities, prices and details of terms.

In addition to the immediate supply of certain goods from Britain, provision was made for Soviet importing organisations to enter into contracts with appropriate British firms for the supply of engineering equipment from Britain.

Further discussions will be held in May to prepare long-term supply arrangements over a wide range of goods providing for a balanced programme of trade between the two countries.

Their aim, Mr. Wilson said, was to secure a long-term balance in trade and financial transactions.

He said the talks were conducted in a friendly atmosphere and agreement in principle had been reached on the terms of the repayment of the British credits advanced in 1941.

ANGLO-SOVIET TRADE

PACT SIGNED IN MOSCOW

A short-term trade agreement was signed in Moscow on December 27, 1947, between Great Britain and the Soviet Union, according to an official announcement issued by the Board of Trade. Sir Maurice Peterson, the British Ambassador, signed for Britain and Mr. Anastas

Mikoyan, Minister for Foreign Trade, for the Soviet Union. The signature sets the seal on the understanding reached with Mr. Mikoyan by Mr. Harold Wilson, President of the Board of Trade.

No details have yet been made known, though it is expected that they will be published within a short time. The official Soviet agency, *Tass*, has issued a fairly long statement from Moscow giving certain facts about the agreement which do not include the level of prices at which the exchange of goods will take place, but do include the revised terms of redemption by the Soviet Union of its war-time credit. It was partly on this point that the negotiations first attempted by Mr. Wilson in the summer of 1947 broke down.

Under the 1941 civil supplies credit agreement Britain sent Russia goods to the value of £. 100m. on the understanding that 40 per cent. should be paid in cash and the rest by credit repayable at 8 per cent. over seven years. In 1946 the rate of interest was reduced to 2 per cent., and in 1947 the Soviet Government asked for a further reduction to $\frac{1}{2}$ per cent. and for an extension of the period of repayment. This extension was to apply to all contracts, both old and new. Mr. Wilson agreed at the time to an extension for all the newer contracts and for one-quarter of the old.

INTEREST LOWERED

The Soviet Government withdrew their request that all the old contracts should be included and asked instead for half. Mr. Wilson was unable to agree to more than one-quarter, and the negotiations came to an end. He had already agreed that the rate of interest should be reduced to $\frac{1}{2}$ per cent., to waive the 40 per cent. cash payment, and to extend the period of repayment to 12 years for 60 per cent. of all deliveries old and new; and it was felt that concession had gone far enough.

In August 1947 an instalment of £. 2,400,000 was due from Moscow, but only half was received.

The British Government could not agree that the Soviet Government should, without consultation, cut the payments due in this manner; but they made it clear that if payments were received in full they would negotiate on the basis that any agreement reached should be retrospective, and an adjustment of the sum paid could be made in Russia's favour, if necessary. Early in December, Mr. Wilson went to Moscow again and announced on December 11, on his return to London, that agreement had been reached in principle.

According to the *Tass* Agency statement, the British Government have now "accepted the proposals of the Soviet Government." Retrospectively from May 1 of 1947, the rate of interest will be lowered to $1\frac{1}{2}$ per cent. The period of redemption for all loans to be granted in the future will be prolonged to 15 years. This extension is also to apply, it is stated, to one-half of the loans not yet redeemed, and this seems to be a reference to the point on which the negotiations broke down earlier.

SUPPLY OF GRAIN

The agency goes on to say that redemption will be commenced at the end of the fourth year and carried out in 12 equal annual instalments.

It deals next with the commercial side of the agreement. The Soviet Government have agreed to supply Britain with 750,000 tons of fodder grain, within a period between February and September of this year, "at prices agreed upon by the parties." This summer Britain had been offered 500,000 tons of coarse grains as well as 500,000 tons of wheat; the quantity of the former has thus been increased. For various reasons Britain did not, in the talks, make any request for wheat, though it will probably be discussed in May 1948 in connexion with a long-term agreement. The figure of 750,000 tons of fodder grain may be compared with the total imports of animal feeding-stuffs from all sources, which were 116,000 tons in 1946, and nearly 2 m. tons in 1938.

The British Government on their side, says the Moscow report, have agreed to help Soviet import organizations to place orders in Britain for mechanical equipment in the timber industry, and electrical and other equipment. (Given equipment the Russians have said they could make large exports of timber). The British have also agreed to deliver a first consignment of rails for narrow gauge railways in the near future, and to help the Soviet economic organizations to buy wool, rubber, aluminium, cocoa, beans, coffee, and other goods. The quantities and prices are not specified. There are to be discussions about deliveries of tin to the Soviet Union later. It is declared that this is only the "first stage" of trade negotiations between the two countries, who have agreed to meet not later than May of this year to agree on an extended programme for a longer period "on the basis of balanced trade." The announcement concludes by observing that both parties believe the agreement "will serve both the cause of development of Soviet-British trade in the mutual interests of both countries and the early re-establishment of international economic connexions disrupted by the war."

DETAILS AWAITED

There are a number of details in the agreement still to be made clear. It is said, for example, that the British Government have "with only a few exceptions renounced their claims against the Soviet Union, in connexion with deliveries and services rendered during the second world

war." What exactly Britain has renounced is not certain, but at a first glance it seems to be a fairly large sum and witnesses the Government's anxiety to have a treaty signed, and an understanding of the losses incurred by the Soviet Union in the war. It shows that, though political disputes remain and indeed flourish, it is at least possible to reach an agreement about trade; and one of the best things visible in the agreement so far is the arrangement to meet again and to extend it. It was Sir Stafford Cripps who arranged the war-time credits to the Soviet Union, and he has many times expressed the hope that trade relations will be developed during peace. Mr. Wilson, acting under Sir Stafford Cripps in the latter's capacity both as Minister for Economic Affairs and as Chancellor of the Exchequer, conducted most of the negotiations last year, and patience and mutual respect seem to have been shown by him and by Mr. Mikoyan. The agreement is economic and not political; but it expresses the Government's reiterated intention to develop relations eastwards whenever possible as well as westwards, and Mr. Bevin has followed it closely and has been firmly in favour of concluding and extending it.

It may be noted that in the Anglo-French financial agreement of December 1946 which regulated the repayment of the balance of credits advanced to the French Government, the rate of interest was also fixed at $\frac{1}{2}$ per cent., and redemption was to be carried out by 12 equal annual payments starting in 1950.

Transport

DECCAN AIRWAYS STATISTICS

(a) *Present Routes.* Mileage Frequency

(i) Madras-Hyderabad Napur-Bhopal-Delhi	1,155	Daily.
(ii) Hyderabad-Bom- bay	387	do
(iii) Hyderabad-Bangalore	316	do

(b) *Connections.*

- (i) At Delhi for Lahore and Peshawar.
- (ii) At Nagpur for Calcutta by Mistry Airways Service.

(iii) At Bangalore for Cochin, Coimbatore and Trivandrum by Air India Ltd. Service.

(iv) At Bombay for Ahmedabad, Karachi and Jaipur by Air India Ltd.

(v) At Madras for Vizagapatam by Airways India Ltd. Service and for Colombo by Air India and Ceylon Airways Ltd.

(c) Booking Agents to M/s. Transworld Airways, Pan-American Airways and British Overseas Airways Corporation. Bookings accepted to anywhere in the world.

(d) *Traffic Carried.*

Period	No. of passengers	Passenger ton/miles	Freight lbs.	Freight ton/miles	Mails lbs.	Mail ton/miles
(i) October 1947	3,211	1,42,448	88,578	18,400	8,232	2,486
(ii) 1st January to 30th September 1947	20,630	9,86,442	3,82,008	82,093	35,092	11,864

(e) The authorities are considering connecting Bezwada with Warangal, Aurangabad and Ahmedabad.

MAKING BUS TRAVEL COMFORTABLE

R.T. DEPARTMENT'S SCHEME

IN order to meet the increasing demand for travel by bus H.E.H. the Nizam's State Railway have placed an order for 420 buses including 30 double deckers at an estimated cost of Rs. 2 crores.

It may be mentioned that in the year 1946-47, the number of passengers travelling by the State Railway buses, increased by 9 millions.

Of the total number ordered, 30 double deckers and 196 single deckers have already been received,

of which all the double deckers and 75 single deckers have been pressed into service.

The delivery of the rest of the order is expected to be received by December 1948. They will be assembled for service within a short period of their receipt in Hyderabad.

In a period of about 16 months, 420 new buses will be running on the Railway Transport Department Service in the Dominions and bring to fruition the long-envisaged schemes of adequate and comfortable travel both in the City and the districts.

[Statement.]

PROGRESS OF CIVIL AVIATION IN INDIA.

ACCIDENT-FREE RECORD OF INTERNAL AIR SERVICES.

	Route	Route miles	Frequency
The first half of the year 1947 maintained the rate of progress in the development of internal air transport services. The traffic figures of air services showed that the public demand for air transport continued to increase. The Air Transport Licensing Board received as many as 126 applications for licences, and the flying clubs were, during this period, confronted with an increasing demand for flying training.	<i>Air India Ltd., Bombay.</i>		
	Karachi-Ahmedabad-Bombay ..	1,780	Daily.
	Hyderabad-Madras Colombo ..		(2 daily between Karachi and Bombay).
	Bombay-Ahmedabad-Delhi ..	750	2 Daily.
	Bombay-Calcutta ..	1,038	Daily.
	Madras-Bangalore-Cochin-Trivandrum ..	509	5 Weekly.
	Total ..	4,077	
	<i>Indian National Airways Ltd., New Delhi.</i>		
	Delhi-Lucknow-Cawnpore ..	819	Non-stop Daily.
	Allahabad-Calcutta ..		Stopping 2 Weekly.
Further progress was registered in the reorganisation of the air routes, aerodromes and radio stations to meet the requirements of increased air services. The initial spade-work on the C.A.T.C. (India), which commenced towards the end of the year 1946 was continued during the half year under review. There was an important change in personnel when Sir Frederick Tynms, D.G.C.A., who was the head of the Civil Aviation Organisation of the Government of India for the last 16 years, retired from service and was succeeded by Mr. M. I. Rahim, I.C.S.	Delhi-Jodhpur-Karachi ..	683	Daily.
	Delhi-Lahore-Chaklala-Peshawar ..	522	1 Weekly.
	Lahore-Bikaner-Jodhpur-Ahmedabad ..	594	2 Weekly.
	Lahore-Quetta-Karachi ..	812	1 Weekly.
	Total ..	8,430	
	<i>Air Services of India Ltd., Bombay.</i>		
	Bombay-Keshod-Porbandar ..	620	Daily.
	Jamnagar-Bhuj-Karachi ..		(9 weekly on Bombay-Jamnagar-Bhuj sector).
	Bombay-Bhopal-Cawnpore-Lucknow ..	807	1 Weekly.
	Jamnagar-Wadhwan-Ahmedabad ..	162	2 Weekly.
On June 30, 22 air services (including one external service from Calcutta to Rangoon) were operating over 21 air routes, totalling 15,020 miles, as against 15 air services operating over 14 routes totalling 10,517 miles, on January 1. Thus during the first six months of the year, there was a 42 per cent. increase in the route mileage.	Bombay-Bhavanagar ..	210	4 Weekly.
	Bombay-Gwalior-Delhi ..	774	8 Weekly.
	Total ..	2,578	
	<i>Deccan Airways Ltd., Begumpet.</i>		
	Delhi-Bhopal-Nagpur-Hyderabad-Madras ..	1,155	Daily.
	Hyderabad-Bangalore ..	816	4 Weekly.
	Hyderabad-Bombay ..	887	Daily.
	Total ..	1,858	
	<i>Mistri Airways Ltd., Bombay.</i>		
	Bombay-Nagpur-Calcutta ..	1,088	Daily.
Details of the air services now operating are given in the Chart in columns 2 and 3.	<i>Ambica Airlines Ltd., Bombay.</i>		
	Bombay-Baroda-Ahmedabad ..	290	2 Weekly.
	Bombay-Rajkot-Morvi ..	297	3 Weekly.
For operating the services there were nine air transport undertakings employing 161 aircraft, 190 pilots and 111 other air crew personnel			
There has been a steady increase both in operations and traffic on the internal air services in India and miles flown increased from 2,869,000 in the second half of 1946 to 4,624,000 on the first half of 1947, while the serial traffic carried increased from 5½ million to 7 million ton miles during the same period. Thus there has been an increase of 61 per cent. in miles flown and of 27 per cent. in ton miles operated in first half of 1947 when compared with figures for previous half year.			

PROGRESS OF CIVIL AVIATION IN INDIA
ACCIDENT-FREE RECORD OF INTERNAL AIR SERVICES

	Route	Route miles	Frequency
The capacity ton miles operated during the first half of 1947 was about 9 million ton miles, or equivalent to 18 million ton miles a year. The scale of operations established on January 1, produced a total ton mile capacity of 18 million a year. Thus during the half-year, there has been an increase from 18 million to 18 million ton miles a year—this was an increase of 38 per cent. in the capacity ton miles operated. The figure of 18 million ton miles a year has overshot the target of 17 million ton miles a year aimed at in the initial programme of development in the post-war plan	<i>Airways (India) Ltd., Calcutta.</i>		
	Calcutta-Vizagapatam-Madras	1,08	3 Weekly.
	Bangalore	1,036	
	<i>Bharat Airways Ltd., Calcutta.</i>		
	Delhi-Lucknow-Gaya-Calcutta	809	3 Weekly.
	<i>Orient Airways Ltd., Calcutta</i>		
	Calcutta-Akyab-Rangoon	650	Daily.
	Total	15,020	

IMPROVED AIRPORTS FOR INDIA

FINANCE COMMITTEE APPROVES PROPOSAL

India, across which the world's sky routes pass, will soon have bigger and better airports. A sum of approximately Rs. 2 crores for the improvement of 12 aerodromes up to international standards was agreed to by the Standing Finance Committee when it met recently in New Delhi. The aerodromes are in Delhi, Calcutta, Bombay, Madras, Allahabad, Gaya, Lucknow, Nagpur, Ahmedabad, Bhubaneswar and Vizagapatam.

The runways and hangars of India's major airports when completed would meet the requirements of larger and heavier aircraft now in use by operating airlines. Aeronautical communication service will also be improved in accordance with the plans for the development of aviation.

The need for larger hangars and stronger runways arose with the increasing use of heavier aircraft by airlines. Some progress has already been made in the erection of steel hangars in Bombay and Delhi.

The Government's plans now include the erection of such hangars in Calcutta and Madras also, strengthening of runways, construction of residential quarters, installation of obstruction

lights and the purchase of radio communication equipment and vehicles from the Disposals Directorate.

The work will be speeded up by the Civil Aviation Wing of the C.P.W.D. who will buy and use mechanized plant and equipment, such as bulldozers, pump sets, tractors and diesel engines for construction purposes. A portion of the pre-fabricated parts of hangars and roofing material will be available from the surplus assets of the Defence Ministry.

MANUFACTURE OF MOTOR CARS

MADRAS SCHEME

The Food Minister Government of Madras, revealed recently that the Provincial Government had a scheme to start motor car industry in the Province, which within five years was expected to manufacture up-to-date cars and all necessary spare parts. This would help the Government in implementing its policy of nationalizing the entire bus transport system in the Province. He hoped that within three months, bus transport in the city of Madras would be completely nationalised.

WORLD'S MYSTERY RAILWAY

The Trans-Siberian Railway, one of the world's biggest railway systems, is also the world's mystery railway, since, unlike other

public utilities, it asks for no spotlight on its operation. In fact, it seems deliberately to eschew it. The Russian authorities are apparently determined to shroud it in mystery. Beside being an enormous and mysterious system, however, it is one of the best organised in the whole world, and maintains a highly efficient restaurant service throughout its 4,600 mile stretch. All along the Trans-Siberian run passengers may make liberal use of the restaurant car facilities on moderate terms — three meals a day with cups of tea. Russia's loud-speakers provide music and current news in the restaurant cars and an ample library service supplies reading matter for all moods.

U. S. MERCHANT SHIP SALES ABROAD TOTAL 1,074

INDIA BUYS FOURTEEN

A total of 1,074 war-built merchant ships, of which 858 are dry cargo vessels and 216 are tankers, had been approved for sale to 30 countries by the United States Maritime Commission for foreign flag operation, as of September 30, including 14 to India. Within the total of 1,074 ships, 113 vessels were approved for sale to American citizens with the privilege of transferring to a foreign flag.

The dry cargo vessels approved for sale for foreign registry comprised 782 of large types, including 57 of C types, 577 Libertys and 98 Victories and 126 of coastal types. The tankers comprised 208 of large types and eight coastal tankers.

WORLD'S LARGEST AIRLINERS

"STRATO-CRUISERS"

The "Strato-cruisers" will be the largest airliners available on the world's air routes during the next few years.

Fifty-five, including six for the British Overseas Airways' Trans-Atlantic route, have already been ordered by six American and foreign airlines. Final tests may not be completed before late spring. The luxurious double-decked Boeing "strato-cruisers," fitted with four Pratt and Whitney 8,000 horse-power engines, will have a gross laden weight of about 188,000 pounds, approximately 88,000 pounds more than the latest model Lockheed Constellation. It will be able to carry 60 passengers in seats or 42 in berths non-stop from New York to London at an economical cruising speed of 305 m.p.h. As many as 114 passengers can be taken on short journeys.

The cost of the "Strato-cruiser," which varies according to the interior fittings, will be about 912,500 sterling. It can land or take off with a maximum permissible weight on a runway of under 6,000 feet.

The 66-foot long main passenger cabin is connected to the lower deck by a spiral staircase. On the lower deck are the cargo holds and a luxuriously appointed observation lounge equipped with a bar which will certainly be popular and relieve the monotony of long trips. The plane is pressurised and air-conditioned, capable of flying at 30,000 feet and fitted with the Therman "not wing" de-icing system.

ATOM BOMB-PROOF WATERWAY

PANAMA CANAL TO BE CONVERTED

The U.S.A. is to convert the Panama Canal into an atom bomb-proof waterway at a cost of £. 500,000,000. A deal will be concluded this week with an agreement by which the Panama Government will lease 14 bomber bases for the Canal's defence.

Labour

GOVERNMENT PLANS TO IMPLEMENT INDUSTRIAL TRUCE DECISIONS

COMPREHENSIVE MACHINERY FOR NEW LABOUR-CAPITAL RELATIONS

Profit-sharing bonus for stepping-up production

THE institution of a comprehensive machinery for settling Labour-Capital disputes, the initiation of measures to step up production such as joint consultations, profit-sharing bonuses and wage revision plans, have been taken in hand by the Government of India.

A completely new Industrial Relations set-up is being rapidly worked out in a determined attempt to implement the all-party decisions taken at the recent Industries Conference.

The Industrial Truce having come into force except in the matter of the token strike in Bombay, the Government of India it is understood, are working out details for setting up Central, Provincial, Regional and Unit Production Committees, as recommended by the Conference.

THE FORMATION OF THE COMMITTEES WILL INAUGURATE A NEW RELATIONSHIP BETWEEN CAPITAL AND LABOUR IN INDIA

It is likely that the Committees may be set up in the first instance in industries like Textiles, Steel, Cement and Sugar and then extended to other industries like Transport, Mining and Engineering.

The United Committees for each factory might consist of four or more representatives of the employer, an equal number of labour representatives and one or two independent men nominated by the Government.

There will be regional committees for each industry, in a particular region with equal representation for employers, workers and Government. Consumers also will be represented.

Then there will be a Provincial Committee for the whole Province on the same lines as the Regional Committee.

Lastly, there will be a Central All-India Committee.

IN CASE OF DIFFERENCE OF OPINION

If there is a difference of opinion in a Unit Production Committee, for example, on a proposal for increased production, the matter may be referred to the Regional Committee, which will have expert advice. It will also be the function of the Regional Committee to see that agreements in the unit production committees are carried out.

General directions may be issued by Provincial as well as Central Committees, the Provincial Committee's directions being subject to the Central Committee's decisions.

It is felt that the personnel of the Unit Committees can perform the functions of Works Committees as well, by holding separate sittings.

If there is no agreement in a Works Committee, the matter will immediately be taken up by the conciliation machinery and other industrial relations machinery. To facilitate their work, compilation officers may be attached to the Unit Committees.

PERMANENT CONCILIATION BOARDS

Both the Provincial and Central Governments should maintain permanent Conciliation Board and Industrial Tribunals. A Province may have a Tribunal, consisting of three to seven members, according to the extent of its industrialisation. The members may be distributed over different areas and one member only may settle small disputes on the spot. Important cases may be heard either by the whole tribunal or by two or more of its members.

The Central Government may have a Tribunal, consisting of three to five members to lay down general principles on important points, which will serve as a guide to all the

Tribunals in India. Where necessary, the Provincial Government could utilise the Central machinery and 'vice versa.'

The question of production bonus is also under consideration. It is suggested that workers' share in profits accruing solely from increased production should be a substantial percentage and this bonus may be distributed preferably at short intervals.

GOVERNMENT TO TAKE INITIATIVE TO REVISE WAGES

The question of industries where wages are low although no dispute has so far arisen is also engaging the Government's attention. Government are considering whether they should not, of their own accord, refer suitable cases to tribunals or courts of enquiry instead of waiting till there is an actual threat of a strike. Such Government action would create confidence in the workers, in addition to removing the hardships of unorganised units.

Apart from production and works committees, the Government is studying the British system of "working parties" for each industry. The function of "working parties" would be to investigate the whole question of production in each industry and make recommendations both short-term and long-term, for improving production.

INDIA'S LABOUR SHORTAGES

While the demand for technical and skilled workers continues to be as great as ever, there was a definite deterioration in the employment situation in the country during the month of October, 1947. This is revealed by the returns of Employment Exchanges to the Directorate General of Resettlement in the Ministry of Labour. Almost all Exchanges, it is learnt, reported a shortage of skilled moulders, turners, fitters and steno-typists. In Bengal and Bihar there was a shortage of loco-drivers, foremen, boiler makers and masons. An acute shortage of qualified technicians and accountants was reported from Bombay. There was a shortage of overseers, surveyors, brick layers and masons

in Madras. In the United Provinces, employers placed demands for tractor drivers, refrigerator mechanics and foundry workers. No such persons could however be found on the registers of the Employment Exchanges. There was as usual a large surplus of unskilled workers on the registers of almost all the Exchanges. These, says an official note, wanted soft jobs and were averse to take to manual labour. The deterioration in the employment situation is attributed mainly to disturbances in the Punjab and to labour disputes. Owing to general unsettled conditions many schemes of expansion were abandoned. Frequent strikes also had a deterrent effect. There were reports of temporary closing down of factories in Poona, Calicut, Cawnpur and Agra. The leather industry in the last two places was effected by the large-scale migration of Muslim employers and workers to Pakistan. Difficulties of transport further held up the tempo of production with the result that many employers effected minor retrenchments.

PROPOSED LEGISLATION IN MYSORE

GOVERNMENT'S PLAN

Mr. K. T. Bhashyam, Law Minister, Mysore, addressing the Mysore Iron and Steel Works Labour Association, announced that the Mysore Government intended bringing in legislation in order to ensure a basic wage for all classes of industrial workers in the State.

He also stated that the Government had decided to set apart four to five crores of rupees for providing housing facilities to the labourers. Besides, the Government proposed to introduce unemployment and health insurance facilities.

LABOUR POLICY OF THE MYSORE GOVERNMENT

Mr. K. T. Bhashyam, Minister for Law and Labour, in a recent speech, referred to the labour policy of the Government. He said that labour should be treated as an honourable partner in the national production. Every

labourer must, in return for his labour, get sufficient wages so as to enable him to obtain food, clothing, medical aid, shelter and in short, a decent and comfortable life. Mr. Bhashyam added that a contented labour was the founda-

tion of industrial progress in the country. They also wanted to make it possible for every citizen to get some work or other and thus minimise unemployment.

Special Article

ECONOMISTS CONFER

(From our Special Correspondent).

CALCUTTA, December 30, 1947.

That was very tight business to participate in the two Conferences at Calcutta and Sriniketan, the first of the Indian Economic Association and the second of the Indian Society of Agricultural Economies. Calcutta was chill and rainy for the first two days and cleared up afterwards. Sriniketan was much more enjoyable, specially under the bright moon. It would be impossible and inadvisable to attempt a professional summary of the deliberations at the two places: the *Hyderabad Government Bulletin on Economic Affairs* may have no space, and the Editorial Board may not be inclined to pass all the academic discussions and controversies that took place in those assemblies of the Economists of India. What is attempted here is a brief and popular version of the proceedings and happenings at the two Conferences.

PLANNING AND WORKING

His Excellency Sri C. Rajagopalachari, Governor of West Bengal, inaugurated the 30th Session of the Indian Economic Conference. His Excellency laid stress on three points. First of all, he said that with the realisation of national freedom, the psychology of the average man showed a radical change—for the worse. Two or three decades ago, the punctuality and the efficiency of the Post Offices and the Railways in India were at a high level: today, misdeliveries, misplacements and accidents had become the rule. And this, in spite of substantial increases in wages and salaries of the lower ranks. Among the upper strata of officers, corruption had grown rife. There was so much talking about Economic Plans, but His Excellency felt that the most urgent need was for each citizen to attend to his or her work with endurance and honesty of purpose.

INTERPRETATION OF STATISTICS

The second point stressed by Sri Rajagopalachari was that the time had come for the Economists carefully scrutinising and analysing the statistics and interpreting them for the benefit of and in the language of the common man. There was a time when Economists felt that their business was finished with releasing sets of dumb statistics which tried the patience of any reader or student. Statistics in India are few and far between, but even these required much more careful analysis and exposition at the hands of Economists.

NO FEAR OR FAVOUR

His Excellency further cautioned the Economists in India not to compromise their independence of judgement. Economists were intelligent and in his own experience, he had found that they could write and speak to the tune of the British Government in India, and when the Congress came into power, in praise of the Congress policy. India having won her freedom now, there was no justification for Economists to belittle their profession by subordinating Economics to party politics. His Excellency was of the firm opinion that half a dozen eminent Economists should be asked by Government to give their considered and authoritative views on all economic matters affecting the nation's life vitally.

AT THE GOVERNMENT HOUSE

The day was so dim and rainy that a photograph had to be taken in the Assembly Hall itself. In spite of very heavy engagements, His Excellency found time to meet Members of the Executive Committee of the Indian Economic Association at lunch at Government House, Calcutta. It was a strange sight to see the walls of the Government House packed with past British personalities, but the rooms occupied by plain and simple Indians. The

same was the story at lunch : it was a hundred per cent. European service with equally unmixed Indian dishes. After lunch, Sri Rajagopalachari engaged the Economists guests for over an hour in discussing numerous current economic problems. A degree-holder of the Osmania University, Hyderabad was particular in eliciting detailed information with regard to the latest Hyderabad trends and events.

END OF COLONIAL ECONOMY

The Welcome Address was given by Prof. P. N. Banerjee, Vice-Chancellor of the Calcutta University. We could pick out two main ideas from his Address. He pointed out that with the transfer of power on August 15, 1947, the colonial economy under which India had suffered for centuries, came to a end, and it was the duty of the Government and the public alike to see to it that "Brown Imperialism" did not take the place of "The White Man's Burden." Prof. Banerjee doubted as to how far the continual cheap money policy could suit a country like India with a high degree of decentralisation in economic organisations. That policy was all right during war-time : it was very convenient for Government to finance itself in that way in order to fight the war to a finish. But the pursuance of such a policy in a country like India during peace demanded a great deal of circumspection, because the easy money policy must profoundly and adversely influence national savings.

BACKWARD ECONOMIES

Then came the brilliant Presidential Address by Dr. P. S. Lokanathan, who is at present the Secretary of the Economic Council for Asia and the Far East, a body set up recently under the auspices of the U.N.O. Having been in Shanghai for some time, Dr. Lokanathan's Address dealt much more with the general problem of Asia and the Far East than of India particularly. He emphasised the prime need for allowing

economically backward countries to exercise a certain amount of discretion with a view to rise to their full stature instead of subjecting them to regimentation dictated from Washington, or London, or Moscow. In that respect, he pointed out, the draft Trade Charter now being discussed at Havana, was a very well thought out document, containing more escape clauses than positive ones. He thought that for countries like India, there was no danger in enrolling as members of the proposed International Trade Organisation. Another frank observation made by him was that even though the U.N.O. and sister International Organisations came into being about two years ago, power politics was still having a grip over mankind. Unless and until the Big Powers shed their superiority complex and armament-mania, he thought there was little chance for a real and permanent economic development of the world in all its parts.

EASY MONEY POLICY

The afternoon discussion was on Cheap Money Policy. Several of the younger Economists elaborated on different aspects of the question, but few seemed to remember that in the cost structure generally interest played a very minor part. Thus, the economic development of a country depended very much more on other factors like natural resources, personnel, fiscal policy, etc., than on whether the money market was easy or otherwise. For instance, the bank rate in the New York Federal Reserve Bank is $\frac{1}{2}$ per cent. against government securities maturing within 90 days. In Bolivia, the bank rate is 6 per cent., in Iran 7 and in U.S.S.R. 4. In spite of these wide variations in the bank rates, economic programmes were more or less equally active in all these countries. Many speakers pointed out the recent change that had come about in British monetary policy : with Mr. Dalton, it was much more a policy of consolidation than of further and indefinite cheapening. One remembered with amusement when hearing these discussions, the theory of Keynes that the rate of interest should soon go down to zero,

MULTILATERALISM

There was a keen and interesting debate on Multilateralism the next morning. It was pointed out by many of the speakers that the external trade of the different countries in the world had gone down in recent years both in quantity and in value. This was mostly due to tariff walls, the theory of economic self-sufficiency and the prevalent "Beggar My Neighbour" policy pursued by many Governments. The theoretical advantages of free trade were dwelt upon as usual, but it fell to the lot of one speaker to point out that in spite of the numerous International Organisations recently set up and in spite of several Charters, the freedom of movement internationally either of population or of capital had not been agreed to even in principle. He pointed out that in a recent book, an Australian author sympathises with the low standards of life in Asia and added that the Australians would be very glad to go to Asia and educate the Asiatics towards higher standards of life, implying thereby that under any conditions, Asiatics could not be allowed to go to Australia. It was pointed out that so long as there was no freedom of movement for Labour and Capital across political frontiers, it was futile to speak of freedom of trade: Providence had endowed different countries at different levels, and with freedom of trade, it would simply be a repetition of history: Britain championed freedom of trade in the 19th century, because she led in Commerce and stood to gain by freedom of access to all parts of the world. Similarly, the U.S.A. to-day advocated multilateralism knowing full well that she was the strongest competitor. Another question raised by the speaker was—was there a direct ratio between the level of external balance and the level of the national income of any or every country? In the U. S. S. R., external trade had gone down very much during the past 10-15 years, but the same period saw a substantial increase in the national income of the U.S.S.R.

INDO-PAKISTAN RELATIONS

There was a heated discussion on Indo-Pakistan relations. In spite of precautions and presidential directions, high tension could not be concealed by many of the speakers. From the long-term view-point, it was, however, admitted that the relations as between the two Dominions had been amicably settled in a very friendly way, and that in a very short time: there was no precedent in history for this. The terms of the Financial Agreement were also appreciated as indicating the genuine goodwill on both sides. Another point dealt with by several speakers was that in the nature of the case, the economies of India and Pakistan were complementary, and it would be against Nature's ordinance for either of the two Dominions to non-co-operate with the other and look to a foreign third party to assist her own economic improvements.

VISVA BHARATI

The setting at Sriniketan was quite different. The number of Delegates was fairly large and the grounds of *Visva Bharati* were expansive. It was a world by itself with its own standard of art and study, of physical culture and social service. The inmates of *Visva Bharati* gave a dance and recital, including many poems and songs of Rabindranath Tagore, the like of which experience most of the Delegates never had before: styles of dance and music had been incorporated even from far off Travancore. Mrs. Renuka Roy, a Member of the Constituent Assembly, inaugurated the proceedings of the 8th Session of the Indian Society of Agricultural Economics on the morning of the 27th December, 1947. But in the dining hall the same night, her leadership was more touching: she took the ladle and served the Delegates in the truly orthodox oriental style of hospitality. In her Inaugural Address, she pleaded for the economic uplift and freedom of the masses. Babu Rathindranath Tagore, son of *Guru Dev*, welcomed the Delegates and described Shantiniketan as a huge experiment carried out by the late Poet

over more than three decades. There was no spectacular success, but he pointed out that the Institution had made progress on national lines with regard to Education, Culture, Music, Art and Social Service. He thought that the assembling of India's Economists at Shantiniketan only a few months after the attainment of freedom was both a fulfilment and a promise : it confirmed the all-India character of *Visva Bharati*, and he hoped that the deliberations of the Conference would persuade Governments to pay the deserved attention to numerous rural problems which had been neglected for centuries.

ECONOMIC AND POLITICAL DECENTRALISATION

Sjt. Vaikunth Mehta, Finance Minister, Government of Bombay, gave the Presidential Address. A born Co-operator (his father Sir Lallu Bhai Hamaldas was a pioneer in Co-operation), Mr. Mehta maintained the same fascinating simplicity of dress and ideas as before. The main theme of his Address was economic and political decentralisation. He thought that a great deal could be done for the economic good of the country by reviving small scale irrigation and conserving soil fertility also on small scale. He thought that the main objective of Indian freedom should be the evolution of a classless society.

PRESSURE OF POPULATION ON LAND

On the pressure of population on land in India, there were two views. Many thought that there were too many people on the land and the solution lay in large-scale industries that could absorb the surplus agricultural population. The other alternative suggested was that the unused resources of land were still practically limitless, and not only the present population but even a larger number could live well and comfortably in India provided agriculture was modernised. The density of population in Cochin specially in rural areas, was over 800 per square mile, but no one talked of overpopulation there. Rather, there was great demand for more labour. Another suggestion was that the yield of land could be materially increased through organising, in

different parts of the country, suiting local conditions, State Farms, Capitalist Farms and Co-operative Farms in addition to the usual peasant proprietorship that is prevalent in the country.

AGRICULTURAL LABOUR

Agricultural labour was another subject that was handled with much vigour. Most of the speakers wanted early State intervention through legislation and adequate administrative machinery as also through working the minimum wage principle varying in application in different parts of the country according to circumstances. A few feared the "Red Rag." Already, Communists had caught the imagination of the labourers, and any campaign to improve their conditions would inevitably result in enterprise and capital leaving the land, making Indian agriculture much more deficit than at present. It was, however, pointed out in reply that this attitude was nothing less than "Brown Oligarchy." The agricultural labourers had the inherent right to live, not only to live but to live according to standards that must change according to general world changes. The Government of India started a proposal for holding an Agricultural Labour Inquiry some time ago. They sent a circular to all the Provinces and many States. The latter were asked to set up the machinery for fieldwork, the Government of India Labour Department confining its activity to supervision and the maintenance of uniformity among the local inquiries. But with the transfer of power and the problem of refugees, this question seemed to have been shelved for the present. The Conference felt very strongly that these Agricultural Labour inquiries should be taken up by the Governments immediately.

AGRARIAN REFORMS

Last came the question of Agrarian Reforms. The Economists were divided into two strong camps, one supporting the abolition of *Zamindari* system, the other pointing out how this measure would result in a very serious amount of hardship to people who had purchased many *Zamin-*

daris at high prices in recent years. Also, the abolition of *Inam* lands was very much regretted, although the Madras Government had undertaken to maintain all charitable and religious institutions at Government expense. But one Delegate remarked that this would amount to a theocratic state in India.

PROTECTIVE LEGISLATION IN HYDERABAD

A brief review of measures adopted in Hyderabad for the welfare of the tiller of the soil was also given. It was true that nothing spectacular had been achieved so far, but there had been Inquiries in villages in 1929-30 and again in 1936-37. The first Inquiry revealed that the size of the average holding in Hyderabad was fairly large, about 18 acres in area. This Inquiry also showed that large areas of agricultural land were passing from cultivating to non-cultivating owners. The 1936-37 Inquiry gave an approximate idea of the very heavy debt burden on land, namely, about 67 crores. The Government of Hyderabad had taken several measures with a view to make the home of the cultivator happier. The Land Alienation Act had succeeded in preventing large-scale transfers of land to non-cultivators. The registration of Money Lenders Act had reduced the malpractices of money lenders in villages. Debt Conciliation Boards were functioning in many Taluqas and had tackled the debts of many raiyats. The Bhagela Act safeguarded the interests of agricultural labourers, specially in the Telangana areas. Government had very recently approved of the scheme to develop the present Hyderabad State Bank into a full-fledged Reserve Bank, one of the Departments to be in charge of long-term

Agricultural Credit. This Department would help in starting and working a network of primary land mortgage banks all over the Dominions. Under the Nizamsagar and other big irrigation projects, lands are being leased out to co-operative farming societies with a view to secure the double advantage of non-landless and modern methods of cultivation. Very recently, the Government of Hyderabad appointed *Jagir* Commission, the report of which was under the consideration of Government. It was understood that the administration of small *Jagirs* would be taken over by Government, and in the case of big *Jagirs*, only revenue administration would be left with them. The problem of *Jagirs* in Hyderabad was quite different from that of the *Zamindaris* in India. The *Jagirdar* collected land revenue but paid little or nothing to the State whereas the *Zamindar* in India was a regular landholder paying the Government an amount of land revenue which was stationary. It was also pointed out that an agricultural income-tax was about to be levied on incomes of over Rs. 10,000 per annum. Lastly, Government had under consideration the inauguration of a permanent Department for Economic Inquiry, Research and Publicity, so that Government could depend upon getting scientifically collected data and expert opinion on all economic problems that had to be handled by them.

CONCLUSION

It is not customary for these two Associations to pass any Resolutions, but it can be said with confidence that each Delegate went back wiser after the heavy Conference week.

London Letter

HYDERABAD HOUSE.

6, PALACE GREEN.

LONDON, W. 8.

31st December, 1947.

(From our Special Correspondent in Britain.)

The Agent-General and his Office moved to Hyderabad House at No. 6, Palace Green, West, 8, in London in the middle of November 1947. The building is situated on Crown Lands in a central but quiet part of London and is very near the main bus route and the Kensington High Street tube station.

There was a gathering of Hyderabad students and officers at the Hyderabad House in the afternoon of the 16th December, 1947 when the Agent-General entertained them to tea. All Members of the Honorary Advisory Committee for Hyderabad Students, including its Chairman, Lord Erskine, were present. General Hance, (retired I.M.S.) who is now attached to the Commonwealth Relations Office and who has been helping the Agent-General in connection with the Medical students and officers from Hyderabad in London, was also present at the function and met and discussed matters with students and officers.

The position of the supply of capital goods from Great Britain has remained unchanged though in the case of certain items, particularly, of small generating motors, the delivery dates have improved. It is hoped that Hyderabad will now be able to make more lasting arrangements with regard to facility for import and currency to obtain the machinery required for economic development. The all-out export drive in Great Britain under the plan of targets laid down by Sir Stafford Cripps has been successful and the output in both the coal and the steel industries has exceeded the targets laid

down so far. If the Indian mechanics of trade work smoothly for Hyderabad there is no reason why the essential requirements of industry, agriculture and Public Works and transport should not be speedily obtained from Great Britain.

There have been several enquires about the export of surplus raw materials from Hyderabad and it is hoped that now arrangements will be made for the free flow of these from Hyderabad to purchasers abroad which will enable Hyderabad to obtain some of its requirements of foreign currencies.

The last three weeks saw in France and in Italy a first class struggle between Communism and controlled Capital Economy. This week would show that both in Italy and in France the Communists had to fall back and with American interim aid rushing to these two countries as a precursor of the Marshall Plan aid, it would appear that the chances for the Communists gaining the upper ground in these two countries, without outside aid, have receded. Europe, however, is definitely now divided into two groups after the failure of the Foreign Ministers Conference in London and events in Rumania and Greece show that while Western Europe is swinging further West; Eastern Europe is showing marked Communist influence. The year 1948 brings the grim prospect of a further struggle between the two groups.

There have been recently two items of news of economic interest from Russia. The abolition of the food rationing in Moscow has resulted in a temporary chaos. Inflation has been noticed by the Russian Government which recently decreed the demonetisation of the old rouble notes and issued new notes only to the extent of a certain percentage of notes held in cash. The deposit accounts in banks, however, were restored in full through the new notes. While

discussing measures of curbing inflation in various countries some of our friends here in London have expressed a wish that the welcome measure introduced recently in Hyderabad of giving higher pay to all Government employees would be accompanied by rigorous measures to combat inflation and rise in prices, which will result

from the extra purchasing power thus released. It is hoped that while making arrangement for plentiful supply of consumer goods and necessities of life in the State all measures necessary will be taken to encourage savings among the large number of people who have been given the extra purchasing power.

News in Brief

THE NEXT INDIAN ECONOMIC AND AGRICULTURAL ECONOMIC CONFERENCES

THE 31st Session of the Indian Economic Conference and the 9th Conference of the Indian Society of Agricultural Economics will meet in Hyderabad in December 1948. The invitation by H.E.H. the Nizam's Government has been accepted by the two Associations.

HYDERABAD ASBESTOS COMPANY

The plant ordered by the Hyderabad Asbestos Company and which could not be moved due to embargo on movements, have now arrived in Hyderabad.

It is understood that the factory will start production soon.

It may be of interest to know that the whole year's production has already been in advance.

TWO CRORE RAYON FACTORY FOR HYDERABAD

The Government have given sanction to the proposal by a local firm to invest one crore of rupees for a factory to manufacture rayon in collaboration with a foreign firm.

The Government are participating in the capital to a substantial extent.

The Mill will be located at Sirpur and is expected to start production in a couple of years.

MINERAL FINDS IN MYSORE

Results of far-reaching importance have attended the efforts of the geophysical section of the Mysore Geological Department in the exploration of concealed ore bodies and deep water tables. This geophysical section, it may be recalled, was organised in 1939 specially to carry out this work. The application of the geophysical techniques has resulted in the discovery of a promising pyritiferous ore body at a depth of 80 feet below the surface at Guddaran-

gavvanahalli and another in Ingaldhal, both in the Chitaldrug district. The latter is estimated to yield about half a million tons of pyritic material with a sulphur content varying from 25 to 42 per cent. in an area of about 100 acres so far surveyed. The ore can be utilised in the manufacture of sulphuric acid. The application of the same methods has been responsible for the discovery of a large body of graphite schists estimated to yield 50,000 tons of the ore at a depth of 10-15 feet below the surface and suitable for pencil making, lubricants, paints, foundry facings and electrodes.

RAYON FACTORY FOR MYSORE

The question of establishing a factory for the manufacture of rayon from bamboo pulp is now under consideration by the Government of Mysore.

Preliminary experiments conducted in the U.S.A. show that the Indian bamboo is quite suitable for the purpose.

KOLAR GOLD MINES PRODUCTION

The output of gold from the Kolar Gold Mines in 1946-47 was 167,982 ozs. and of silver 11,814 ozs. with a total value of Rs. 46,352,191 according to an official estimate.

The increase in production as compared with the year before is due to a greater number of working days. The number of persons employed in the mining industry was 20,465 of whom 17,948 were engaged in gold mining.

The duty payable to the Mysore Government under the Mysore Duty on Gold Act amounted to Rs. 22,128,888. Under the Mysore Duty on Gold (Amendment) Act, 1945 a refund of gold duty of Rs. 6,940,740 was granted to the Mysore Champion Reef, Oorgaum and Nandydroog Companies, as recommended by the Gold Duty Relief Committee. Loans to the extent of Rs. 2,18,000 were granted to the old mining

companies with a view to financing their capital works.

RS. 7 CRORE MADRAS PLAN

The Madras Government have drawn up a five-year programme for development of roads in the province at an estimated cost of Rs. 7 crores. Out of this Rs. 2.8 crores is to be utilised in the laying of new roads to the extent of 3,000 miles to link important villages with nearby towns.

IRON ORE IN SALEM

DR. KRISHNAN ON CHANCES OF DEVELOPMENT

Possibility of the development of iron industry in Madras Presidency based on the large deposits of iron ore found in the Salem district was held out by Dr. M. S. Krishnan, Deputy Director of the Geological Survey of India.

Dr. Krishnan estimated that there were about 600 million tons or more of iron ore of a good quality in the Salem district.

FACILITIES FOR REFUGEES

The Government of India have persuaded Insurance Companies and Provident Funds to agree to give loans for payment of Premiums, and for reviving lapsed policies without medical examination.

RATIONING IN INDIA

171 million people were under rations in March 1947.

EMBASSIES AT DELHI

There are 58 embassies at Delhi and this number is fast increasing.

HYDRO-ELECTRIC POWER IN INDIA

The present output of Hydro-electric power in India is 2 million K. W. whereas production capacity is between 35 and 45 million K. W.s according to experts.

RS. 15 LAKH HEALTH RESEARCH PLAN

A health research plan involving the expenditure of nearly Rs. 15 lakhs has been recommended by the Scientific Advisory Board of the Indian Research Fund Association, which met in Delhi recently. This recommendation will be considered by the Governing Body of the Association which will meet shortly.

Different reports of the advisory committees of the I.R.F.A. on cholera, malaria, plague, industrial health and nutrition were considered by the Board.

INDIAN EXHIBITION IN IRELAND

Indian carpets, fabrics, pottery and articles in silver, enamel, ivory and wood attracted many traders and art lovers to the first Indian Exhibition in Ireland.

Mr. M. L. Chatterjee, Assistant Trade Publicity Officer of the Government of India, said "India wanted to trade with Ireland and it was their firm intention to carry on such trade in amity and with increasing advantage to all."

ENLIGHTENING THE PUBLIC

PUBLICITY SCHEMES

"The object of the Government of India's visual publicity would be to enlighten the public and put before people in an easily assimilable form the Government's activities and plans," stated Mr. G. S. Bhalja, Secretary, Ministry of Information and Broadcasting, Government of India, to a deputation from the film industry.

Mr. Bhalja explained that in the past, Government's machinery of publicity was looked upon with some suspicion, but with the changed circumstances, it would function so as to bring people closer to their own Government and to one another.

Tentatively, the present scheme, Mr. Bhalja said, was to set up a model organisation with the best available Indian talent to produce documentaries of the right type. Private enter-

prise would be given an opportunity to supplement Government production of these films.

INDIA-BRITAIN SHIPPING LINE

MAY BE INAUGURATED SOON

The India-Britain shipping line of Scindia Steam Navigation Company will be inaugurated soon. India's Commerce Minister, Mr. C. H. Bhabha, was greatly interested in this project and is believed to be strongly inclined to offer the line every possible Government patronage. It is understood Mr. Bhabha will shortly pay a visit to Scindia's Vizagapatam shipbuilding yard.

INFLATION REACHES NEW FIGURE IN FRANCE

Inflation in France reached an all-time high level in the week ending December 4 with 898,985,000,000 francs (about £. 1,872,000,000) worth of bank notes in circulation against the previous all-time high level on November 27 of 879,492,000,000 francs (roughly £. 1,760,000,000).

BLACK MARKETING IN BABIES

The British Home Office has discovered a new black market racket—this time in babies. It is revealed that a number of babies have been smuggled to the U.S.A., where they have been sold to childless couples for sums ranging from £. 50 to £. 100.

Most of the children have been taken by air "as guests or sometimes passed off by passengers as their own children." As foreigners cannot adopt British children, it is believed that the Americans use passports on which the children's names are entered.

The police are now investigating the methods used in getting the children out of the country. There is a great shortage of children for adoption in the U.S.A. where it is estimated that there are 1,000,000 couples applying annually for children.

GOLD RUSH IN SIBERIA

Siberia is now the scene of one of history's biggest gold rushes. According to Dr. Charles

Prince, an American expert on Soviet economy, prospectors in thousands are seeking gold amid its frozen wastes.

Writing in the magazine "United Nations of the World" Dr. Prince estimates that Russia's gold output is now probably the biggest in the world.

BRITISH COUPLES OFFER FOR COLD TESTS

Several British couples have volunteered to spend their honeymoon in hospital as "human guinea-pigs" on whom tests are to be made to attack the secrets of common cold. They will live together in complete isolation and will be infected with viruses that are suspected to cause colds.

The experiments aim at identifying beyond doubt the organism responsible for cold and establishing how colds are transmitted from one person to another. The test, which will be the largest ever made with human volunteers is being carried out by a special unit established by the Medical Research Council and the Ministry of Health.

A specially-equipped hospital has been provided in Salisbury, Wiltshire, where the tests, which have important bearing on public health and efficiency of the workers, will be conducted.

BREAD CAN NOW BE KEPT FRESH FOR MONTHS

The U.S. Army Catering Department claims to be able to produce loaves of bread which can be kept for six months as fresh as on the day they were baked. The loaves are baked by a new formula and are packed in laminated plastic and paper wrapper. Experts say that a method has been discovered of keeping certain kinds of food so fresh for a long period that the war rationing system is now "obsolete."

ASIAN YOUTH CONFERENCE

Miss Kitty Boomla, who has come to India as a representative of the World Federation of

Democratic Youth to make arrangements for the South-East Asian Youth Conference to be held in Calcutta from February 15 to 20 has met Pandit Nehru and Maulana Azad. They are understood to have welcomed the idea of holding such a conference and promised their assistance.

BUSINESS LIFE IN CHINA

SIR V. SASSOON'S VIEW.

Sir Victor Sassoon, leading figure in pre-war Shanghai business life, announced that he was considering the transfer of some of his large interests to South China, especially Kwangtung Province.

The main stumbling block in China's return to normality was her unstable currency. With the present unsettled conditions business was naturally forced to adopt a cautious attitude. There would be little advance in the solution of China's currency problems, until her printing presses stopped working overtime turning out Bank notes.

Sir Victor believed in a speedy increase of international trade with Japan after the signing of the peace treaty. Exchange difficulties and limited export production were at present hampering Japanese trade.

NOBEL PEACE PRIZE WINNERS

The American Friends Service Committee of Philadelphia, Pennsylvania, which shares the Nobel Peace Prize for 1947 with the Service Council of the British Society of Friends, has administered some 60,000,000 dollars for relief in more than 20 devastated countries since World War I without regard to creed, nationality or political belief.

The Committee, headed by Henry J. Cadbury, represents about 100,000 members of the Society of Friends, more generally known as Quakers. Of the 579 persons on the Committee, 82 per cent. are members of the Society of Friends. Volunteers work in the field without salary, their expenses being paid by the Committee.

800TH ANNIVERSARY

The Society of Friends celebrated its 800th anniversary, in 1947 having been founded in England in 1647 by George Fox. It has had close affiliations with the United States since colonial times, particularly in the establishment of Pennsylvania in 1681 by William Penn. Former President Herbert Hoover, a member of the Society, headed the United States Relief Administration after World War I. Members do not perform military service. They concentrated in war time on such work as medical aid and mass evacuations of war victims.

Besides its efforts towards international relief, the American Friends Service Committee carries on such work in the United States as job placement, housing, counselling, and sponsors "peace caravans" composed of youth leaders who carry the Society's peace message throughout the country.

OTHER WINNERS

Last year the Nobel Peace Award was shared by two Americans, Dr. Hohn R. Mott, 81 year veteran worker in the International Young Men's Christian Association and student movements, and Emily Greene Balch, 79 year old professor emeritus at Wellesley College and honorary president of the Women's International League for Peace and Freedom.

In 1945 the peace award went to former United States Secretary of State, Cordell Hull for his work at the Dumbarton Oaks Conference where the foundation was laid for the United Nations Charter. Altogether, ten Americans have received the peace award.

FELLOWSHIPS FOR SOCIAL WELFARE STUDIES

A group of 20 social welfare officials, from China, Austria, Yugoslavia, Czechoslovakia, and the Philippine Republic, arrived recently in the United States to study under United Nations fellowships in social welfare. The group is part of a total of 124 from these countries and Albania,

Finland, Greece, Hungary, India, Italy and Poland, to whom U. N. fellowships have been granted. They will study current developments in the social services of the United States. Others will make similar studies in various countries.

Upon returning to their native countries these experts will put to practical use new methods learned in their studies in the fields of care of children and the aged, rehabilitation of the physically handicapped, the operation of social insurance systems and the administration of welfare services.

The United Nations is also assisting these governments by supplying them with technical literature and films for training purposes; by sending experts to give advice and assistance; and by holding seminars to discuss matters of interest with leaders in the welfare field. Two such seminars have already been successfully held in Latin America.

SHIP WITH ULTRA COLD STORAGE

A Scottish shipbuilding firm has built a new vessel, the 8,800 ton Clan MacLachlan, incorporating several important innovations. One of the most interesting developments is a refrigerator chamber running at an ultra low temperature, *i.e.*, considerably colder than normal ships' refrigeration chambers. It enables a cargo of foodstuffs to be frozen quickly and, it is emphasised, to retain its original flavour much better than at the normal ice-box temperature. The chamber will also be available for the carriage of drugs.

WORLD'S LARGEST MECHANICAL EXCAVATOR

To get at iron stone from depths of 100 feet in Northamptonshire, a giant robot nearly as high as Nelson's Column and nearly as long as a full-sized football pitch is being constructed by a U. K. firm. It is a mechanical excavator and will be the largest in the world.

The aim of the firm that has placed the order for this giant excavator is to win iron stone in

the open instead of underground. The excavator is expected to be ready for work by July 1950.

SAVING COAL BY USING OIL

Substantial progress is claimed by the Ministry of Fuel and Power in Britain in the conversion scheme from coal to oil engines on railways and in industry. Up to the end of March, the annual oil consumption was 1,000,000 tons, representing a saving of 1,500,000 tons of coal. It is hoped by the change to save about 8,000,000 tons of coal a year by the middle of 1948.

U. S. PRODUCING 20,000 CARS A DAY

The U. S. automobile industry is trying to catch up with the postwar demand for cars, despite prospects that supply demand balance, particularly in steel, will not be restored in less than two years' time. Air delivery by suppliers of parts has become as common as truck delivery to keep assembly lines moving.

By mid-November automobile assembly lines in the United States were moving at a rate of 20,000 cars a day, 833 cars per hour, 14 cars every minute around the clock. At that rate the industry hoped to breach the 6,000,000 cars per year mark for the first time since 1937.

PAPER, PULP PRODUCTION

New all-time weekly production rates were established by the United States pulp and paper industry in September. The general upward trend is expected to continue this year until consumer requirements and inventory replenishment are satisfied.

The gap between over-all paper and paper-board supply and demand remains. Although some items and certain higher-grade lines are readily available, supplies of the less expensive, utility grades, including news-print remain tight and are still being allocated by mills.

Imports of wood pulp from Sweden and Finland showed large gains in August, but in September fell below the quantities received during June

and July. September imports of pulp from Canada, representing 70 per cent. of the total for the month, showed a moderate gain over August.

WORLD POPULATION

The world's population has been rising by some 15,000,000 to 20,000,000 each year with the result that demand for food and other consumer items is everywhere higher than before the war. The U. S. Department of State estimates the world increase in population in the 10-year period preceding 1946 at 8 per cent. Sir John Boyd Orr, Director-General of the United Nations Food and Agriculture Organization, recently stated that world food production would need to be expanded by 110 per cent. in the next 25 years to provide sufficient food for the increasing world population.

100 M. P. H. DIESEL LOCOMOTIVES

BR. COAL-SAVING PROGRAMME

Britain's first main-line 100 m.p.h. Diesel electric locomotive has undergone local trials at Derby, and will soon be hauling long-distance expresses on the Anglo-Scottish rail service. It is powered by a 16 cylinder 1,600 h. p. engine.

The new locomotive has been designed to work either independently or when coupled to a second unit—now under construction—to form a 3,200 h. p. locomotive, capable of working the heaviest long-distance express trains.

The London Midland and Scottish Railway announced their decision to introduce Diesel-electric traction on the main-line services last March. Their programme also provides for a 300 h. p. Diesel-loco which will be suitable for branch and cross country traffic and capable of 60 m. p. h.

One important advantage of these Diesel-locos is that they will entail a substantial saving of coal. For example, one main line unit of 3,200 h. p. will, on its annual mileage, save some 2,500 tons of coal yearly.

WORLD'S BIGGEST IRON ORE FIELD DISCOVERED

The world's biggest iron ore field is stated to have been discovered in Labrador, where the deposits of ore extend for 350 miles. They are to be developed as the greatest potential source for world markets.

Railway lines and a harbour are to be constructed to serve this great new enterprise, which is being developed by a gold mine company.

Personalities

Mr. K. M. Munshi

Mr. K. M. Munshi has been appointed as the Government of India's Agent-General in Hyderabad (Deccan). Mr. Munshi will take over charge in the first week of January.

Mr. Sudhir Ghosh

Mr. Sudhir Ghosh has been appointed as Mr. K. M. Munshi's Secretary at Hyderabad.

Nawab Zain Yar Jung

Nawab Zain Yar Jung Bahadur has been appointed Agent-General of Hyderabad at New Delhi.

Nawab Yousuf Yar Jung

Nawab Yousuf Yar Jung Bahadur has been appointed as Special Officer with the Agent-General at New Delhi.

Dr. S. P. Raju

Dr. S. P. Raju, Director of Engineering Research of Hyderabad recently attended the meeting of the Engineering Division Council of Indian Standards Institution held at Delhi, whereat he pressed for standardisation of frequency and voltage of electrical supply with the object of avoiding the difficulties experienced by the consumers of electricity in the country due to the differences in the frequency and voltage of the electrical appliances supplied by foreign manufacturers. The subject was included in the list and Dr. Raju was elected a member of the Engineering Division Council and the executive committee of the Indian Standards Institution to establish liaison between the Indian Standards Committee and the Hyderabad Engineering Research Laboratories.

Sir Feroze Kareghat

Sir Feroze Kareghat has been appointed Regional Adviser of the F. A. O. for India,

Sir Mohammed Zafrullah Khan

Sir Mohammed Zafrullah Khan, who led the Pakistan Delegation to the recent session of the United Nations Assembly has been appointed Foreign Minister of Pakistan.

Mr. A. G. Townsend and Mr. Arthur H. Bull

Mr. A. G. Townsend, Export Manager, and Mr. Arthur H. Bull, Technical Adviser of Messrs. Oldham & Sons, Ltd., Manchester, England the biggest manufacturers in Britain of portable mine's lighting equipment, are on a visit to India for conducting a survey of mining conditions in the country.

Sir S. S. Bhatnagar

With effect from November 20, 1947 Sir Shanti Swarup Bhatnagar has been appointed to officiate as Secretary to the Government of India in the Ministry of Education in place of Sir John Sargent.

The Prime Minister could not spare the services of Mr. Bhatnagar for the permanent Secretaryship of the Ministry but has permitted him to act as Secretary for a month in addition to his duties as Director of Scientific and Industrial Research.

Sir Frederick Burrows

Reports are circulating in London that Sir Frederick Burrows, the former Governor of Bengal, is to be appointed Director of the British Government's £. 100,000,000 Colonial Development Corporation.

Mr. P. V. Subba Rao

A new post of Development Commissioner has been created by the Government of Madras.

Mr. P. V. Subba Rao, formerly Food Secretary to Government, has been appointed Development Commissioner,

The post has been sanctioned for a period of three months, for the preparation and submission of a report, formulating a co-ordinated plan for the economic development of Rayalaseema.

Dr. B. B. Dey

Dr. B. B. Dey, at present Director, Board of Industrial and Research Schemes, has been ap-

pointed Director of the Indian Institute of Science, Bangalore, in the vacancy caused by the appointment of Mr. J. C. Ghosh as Director-General of Industry and Supply, Government of India.

Mr. Dey was for many years Professor of Chemistry in the Presidency College, Madras, and also its Principal and for some time Director of Public Instruction, Madras.



Current Statistics

SEASON AND CROP REPORT FOR WEEK
ENDING THURSDAY, 25TH BAHMAN 1357 F.
(DECEMBER 1947).

GENERAL REMARKS

WEATHER

Rain fell in a few stray tracts. Cold weather advancing. Nights dewy and sky occasionally cloudy.

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows:—

	Average (Present season)	Normal (27 yrs.)	Departure from normal
S. W. Mon- soon ..	32.74"	25.57"	+ 7.17"
N. E. Mon- soon ..	1.49"	2.78"	- 1.29"
Intermediate Period ..	0.48"	0.17"	+ 0.31"
Total ..	34.71"	28.52"	+ 6.19"

CROPS

Sugar-cane cutting continues in parts.

Harvesting of kharif approaching completion.
Crop slightly suffered by the week's rain in few areas of Aurangabad.

Abi reaping continues in parts.

Rabi cared for. *Crop not fair due to lack of rain in parts of Adilabad, Parbhani, Bir, Gulbarga and Osmanabad, requires rain in some places of Adilabad, Aurangabad, Parbhani and over a large area of Bir, attacked by insects in some tracts of Karimnagar. Wheat suffered due to lack of moisture in parts of Parbhani, Bir and Osmanabad.*

Tabi lands still under preparation and sowing proceeding.

ACRICULTURAL STOCK

Water and fodder generally obtained. Cattle health normal.

Grain Market

Average retail prices of grains in seers per O.S. rupee were:—

Grain	Present week	Last week	Crrres- ponding week last year
Wheat ..	2	2	2½
Rice ..	3	3	3
W. Jawar ..	4½	4½	5
Y. Jawar ..	5½	5½	5½

Note:—This report is based on 80 out of 105 (nearly 82%) weekly reports received on due date.

CROP FORECASTS IN H.E.H. THE NIZAM'S DOMINIONS

	Forecast	Acreage	
Rice ..	First	754,847	
Wheat ..	..	..	
Jawar ..	First	28,11,789	
Bajra ..	First	11,08,818	
Maize ..	First	3,30,813	
Ragi ..	First	94,563	
Barley ..	..	..	
Gram ..	..	..	
Groundnut ..	Second	18,34,454	Estimated outturn 52,117 tons.
Sesamum ..	Third	7,14,270	
Castor ..	First	2,53,144	
Linseed ..	First	1,776	
Rape and Mustard.	First	413	
Other Oil- seeds.	First	174,869	
Cotton ..	Third	15,01,784	Estimated outturn 224,311 (bales).
Sugar-cane ..	Second	89,851	

SURVEY OF BUSINESS CONDITIONS IN H.E.H. THE NIZAM'S DOMINIONS

PAPER CURRENCY AND COINS

Gross notes issued and currency Reserve :—
The value of notes in gross circulation stood at Rs. 4568.77 lakhs in November 1947 as against Rs. 4319.22 lakhs in the last month (August),

thereby indicating an increase of Rs. 249.55 lakhs. The percentage of cash Reserve to gross notes in circulation being 84.68 or a rise of 3.78 per cent. compared to the preceding month.

The following table gives the comparative figures of gross notes in circulation and the composition of the Reserve for November 1947, October 1947 and November 1946 :

Figures in Lakhs of Rupees

Months	Gross notes in circula- tion	COMPOSITION OF THE RESERVE				Percentage of cash Reserve to gross notes in circula- tion
		CASH		SECURITIES		
		Silver B. G. value in O. S.	Silver O.S.	Govern- ment of India	H.E.H. the Nizam's Govern- ment	
November 1947	4,568.77	1,290.94	293.51	2,979.25	5.07	84.68
October 1947	4,319.22	1,059.94	274.96	2,979.25	5.07	80.90
November 1946	4,982.40	1,436.11	358.62	2,990.10	197.57	86.02

In November 1947 the cash holdings in B.G converted into O.S. increased by Rs. 231.00 lakhs while the cash holdings in O.S. increased by Rs.18 55 lakhs compared to October 1947. The value of the securities of Government of India and H.E.H. the Nizam's Government remained stationary.

Notes in circulation.—Of the total notes issued 98 per cent. went into active circulation in November 1947 as against same percentage in October 1947.

Absorption and contraction of currency together with their percentages for November 1947, the preceding month and the corresponding month of last year are given below :

Figures in Lakhs of Rs.

Serial No	Particulars	November 1947	October 1947	November 1946
1	Total notes issued	4,568.77	4,319.22	4,982.39
2	Total notes in circulation	4,409.68	4,248.35	4,891.08
3	Absorption (+) or contraction (—)	+251.13	—36.17	+381.19
4	Percentage of 2 to 3	+ 5.58	—0.85	+7.79

Notes withdrawn.—The following table gives the value of notes of different denominations withdrawn from circulation :

Value in Thousands of Rs.

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1,000
September 1947 ..	4,520	1	1,089	8	..
August 1947 ..	4,225	2	1,081	8	..
September 1946 ..	2,895	1	616	4	..

The heavy withdrawal of one rupee notes continued for the reasons noted previously.

Denomination of notes issued.—The value of notes of different denominations issued for circulation to the Hyderabad State Bank during the

month of September, the preceding month and the corresponding month of previous year is noted below :

Value in Lakhs of Rs.

Months	Rs. 1	Rs. 5	Rs. 10	Rs. 100	Rs. 1,000
Sept. 1947 ..	85	..	..	..	..
August 1947 ..	80	..	..	..	..
Sept. 1946 ..	80	20	25	..	..

COINS

(A) Gold coins

The value of Gold coins issued in September 1947; August 1947 and September 1946 is noted below :

Value in O.S. Rupees

Months	FULL ASHRAFIS		HALF ASHRAFIS		QUARTER ASHRAFIS		ONE-EIGHTH ASHRAFIS	
	No.	Value	No.	Value	No.	Value	No.	Value
		Rs.		Rs.		Rs.		Rs.
November 1947 (Dai 1857 F.) ..	192	28,040	14	854	25	775	267	4,202
October 1947 (Azur 1857 F.) ..	148	17,760	22	1,342	40	1,240	127	2,082
November 1946 (Dai 1856 F.) ..	77	8,470	5	280	1	29	18	450

HYDERABAD STATE BANK, WEEKLY POSITION AS ON 2nd ISFANDAR 1857 FASLI

Liabilities	Rs.	as.	ps.	Assets	Rs.	as.	ps.
Capital Account ..	75,00,000	0	0	Loans (O.S.) ..	25,88,685	4	1
Reserve Fund ..	22,75,000	0	0	Cash Credits (O.S.) ..	1,34,20,714	0	11
Deposits.				Overdrafts (O.S.) ..	2,18,72,757	8	2
Current Accounts (O.S.) ..	19,49,39,819	15	11	Investment A/c.s. (O.S.) ..	5,71,66,581	9	0
Savings Bank (O.S.) ..	27,17,850	0	10	Bills discounted ..	12,86,685	4	1
Fixed Deposit (O.S.) ..	52,17,826	10	9	D.D.'s purchased (O.S.) ..	22,74,651	1	2
Short Term Deposit ..	23,69,692	14	0	Dead Stock (O.S.) ..	7,88,723	18	8
Other Accounts ..	11,03,022	7	9	Sundries (O.S.) ..	69,78,247	18	8
Sundries ..	5,53,145	8	4	Inland Bills ..	84,650	0	0
Cash Credit (Cr. Bal.) ..	10,68,587	8	8	In Hand (O.S.) ..	2,41,10,765	10	8
				With Bankers (O.S.) ..	2,72,72,282	12	8
Total ..	15,77,89,694	8	8	Total ..	15,77,89,694	8	8

PRICES

Wholesale Prices in the City of Hyderabad for November 1947.—Compared to last month (October 1947) the index numbers of Cereals and Sugar remained firm on 244 and 194 points respectively in the month under report, while those of Pulses and Other Food Articles decreased by 11 and 51 points respectively thereby bring about a fall of 27 points in the index number of All Food group. The considerable decrease under Other Food Articles was mainly due to sudden fall in prices of Onions, Ghee 1st quality and Potatoes.

The index numbers of Oil-seeds and Cotton Yarn under Non-Food Group, declined by 57 and 1 point while those of Hides and Skins, Building Materials and Other Raw & Manufactured Articles went up by 42, 52 and 9 points respectively; consequently the index of All Non-Food depreciated by 6 points compared to the preceding month.

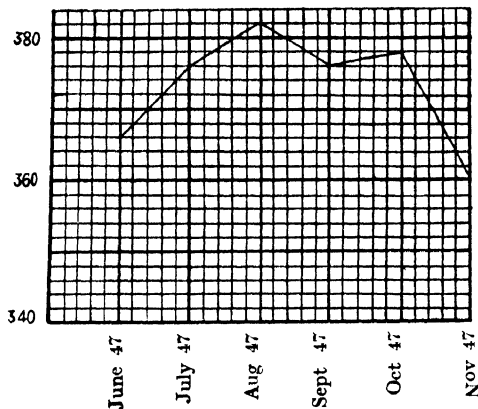
The General index number for November 1947 stood at 860 as against 878 in October and 876 in September 1947.

THE FOLLOWING TABLE COMPARES THE GROUP INDICES OF WHOLESALE PRICES IN THE CITY OF HYDERABAD:—

(BASE AUGUST 1939=100)

Serial No.	Groups	No. of items	September 1947	INDEX NUMBERS	
				October 1947	November 1947
1	Cereals	10	244	244	244
2	Pulses	6	344	379	368
3	Sugar	2	194	194	194
4	Other food	16	480	487	436
	ALL FOOD	34	376	384	357
5	Oilseeds	5	514	498	441
6	Vegetable Oils	4	533	514	514
7	Raw Cotton	1	250	250	250
8	Cotton Manufactures	5	325	325	324
8	Hides and Skins	2	337	337	379
10	Building Materials	8	269	269	321
11	Other Raw and Manufactured Articles	7	245	245	254
	ALL NON-FOOD	32	377	370	364
	GENERAL INDEX NUMBER ..	66	376	378	360

The following graph shows the trend of general index numbers of wholesale prices in the City of Hyderabad from June 1947 onward:—



RAILWAY STATISTICS

JULY 1947

N.S. Rail- Road Tpt.
way Dept.

1. No. of passengers carried ..	2,118,853	3,129,959
2. Ton-miles ..	47,929,766	129,576

Rs. Rs.

3. Gross earnings ..	44,77,504	11,73,588
4. Total expenditure ..	28,96,081	8,83,534

5. The number of tourist parties from outside the State that visited the State Hotel during the period September 1947 to November 1947 is 21 in singles and 78 in 27 parties of more than one.

INDUSTRIAL STATISTICS

Industrial Production in H.E.H. the Nizam's Dominions

	Cement (in tons)	Matches (in gross)	Sugar (in tons)
Year 1945-46 1355 F. ..	164,803	312,899	15,938
Year 1946-47 1356 F. ..	150,070	338,892	10,908
Year 1347-48 1357 F. ..	..	..	..
Month October 1947 Azur 1357 F.	18,346	10,056	1,867
Month November 47 Dai 1357 F.	13,820	5,650	2,342

HYDERABAD COAL STATISTICS

Production and despatches of coal from the collieries during November 1947, are as follows:—

Particulars	COLLIERIES				Total	
	Kothagudum		Tandur			
	Tons	Cwt.	Tons	Cwt.	Tons	Cwt.
Production	67,431	1	27,440	10	94,880	11
Despatches	63,788	6	29,830	10	93,618	16

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 45,890-1 and to concerns that are outside the State is T. 47,728-15.

TRADE STATISTICS

Monthly Import of Foodgrains into the City of Hyderabad

Quantity of certain important food articles imported during September 1947 and the same month of previous year, into the City of Hyderabad (including Secunderabad) from India and

[Statement.

Pakistan Dominions and States and from various places of H.E.H. the Nizam's Dominions by Rail is given below :—

Sl. No.	Commodities	TOTAL IMPORT DURING (IN PALLAS OF 120 SEERS)	
		September 1947	September 1946
1	Wheat . . .	25,306	1,368
2	Wheat flour . . .	..	..
3	Paddy . . .	..	..
4	Rice . . .	28,480	83,067
5	Jawar . . .	40,882	341
6	Bajra . . .	871	..
7	Ragi . . .	5,716	..
8	Urad . . .	9	985
9	Gram . . .	4,178	6,691
10	Ghee (maunds) . . .	462	1,025
11	Tea . . .	1,217	1,158
12	Sugar . . .	4,381	2,789

(The detailed statement is also appended).

Monthly Import into and Export from the Nizam's Dominions;

The value of principal commodities imported into and exported from the Dominions in September 1947 is noted below :

IMPORT

Value in Thousands of Rs.

Serial No.	Commodities	September 1947	August 1947	(+) or (—) as compared with August 1947
1	Piecegoods	70,03	44,18	+ 25,85
2	Yarn . . .	19,54	13,37	+ 6,17
3	Silk . . .	61	95	— 34
4	Sugar . . .	2,47	2,44	+ 3
5	Fruits . . .	11,23	11,32	— 9
6	Betel nuts . . .	3,90	5,22	— 1,32
7	Animals . . .	2,04	2,15	— 11
8	Brassware . . .	4,02	5,20	— 1,18
9	Iron . . .	10,68	9,48	+ 1,20
10	Timber . . .	70	12	+ 58
11	Silver (Tolas) . . .	16	4	+ 12
12	Gold (Tolas) . . .	88	93	— 5
13	Foodgrains . . .	50,61	35,02	+ 15,59
14	Miscellaneous . . .	2,14,94	1,70,55	+ 44,39
15	Salt . . .	4,78	6,86	— 1,58
	Total . . .	3,96,68	3,07,33	+ 89,35
	Total corresponding month of last year . . .	2,09,49	2,03,34	— 53,85

EXPORT

Value in Thousands of Rs.

Serial No.	Commodities	September 1947	August 1947	(+) or (—) as compared with August 1947
1	Foodgrains . . .	42,35	8,17	+ 34,18
2	Cotton . . .	67,08	78,36	— 11,28
3	Linseed . . .	..	..	..
4	Til . . .	16	2,36	— 2,20
5	Groundnut . . .	25,89	38,26	— 12,37
6	Castor seed . . .	..	..	..
7	Oils . . .	40,77	61,89	— 21,12
8	Indigo . . .	2	..	+ 2
9	Timber . . .	4,93	1,82	+ 3,11
10	Hides and skins . . .	4,78	4,48	+ 30
11	Animals . . .	9	9	..
12	Miscellaneous . . .	78,95	84,36	+ 44,59
	Total . . .	2,55,02	2,49,80	+ 5,22
	Total corresponding month of last year . . .	2,27,44	2,74,32	— 46,88

COTTON STATISTICS

Area and Outturn—The estimated acreage according to the 3rd cotton forecast for the year

[Statement.

1947-48 (1856-57 F.) being 1,501,784 acres as against 1,769,210 acres last year, showing a decrease of 267,426 acres or about 15.1 per cent.

The estimated outturn for the Dominions is about 224,811 bales as compared with 242,127 bales of last year showing a decrease of 17,816

bales or about 7.8 per cent. The average outturn worked out at 78 per cent. of the normal as compared with 65 per cent. reported last year.

Classified by trade description the figures are as follows:—

Trade Description	1947-48 (1856-57 F.)		1946-47 (1855-56 F.)		5 yrs. average		Staple
	Acreage	Yield in bales	Acreage	Yield in bales	Acreage	Yield in bales	
1	2	3	4	5	6	7	8
I. Hyd'bad Oomras	9,81,209	1,85,881	11,78,808	1,68,272	14,56,202	1,88,044	Short staple
II. Hyd'bad Gaorani	4,82,594	84,011	5,51,456	74,728	7,81,088	1,08,348	Medium staple
III. Raichur Kumpta and Upland ..	805	87	4,894	584	48,418	5,012	do
IV. Western ..	15,452	2,102	15,695	1,812	1,22,307	15,058	do
V. Warangal & Cocoanadas ..	22,224	2,280	28,862	2,281	55,417	7,071	Short staple.
Total ..	15,01,784	2,24,811	17,69,210	2,42,127	24,18,427	3,18,528	..

COTTON MARKET RATES

(Rate of Kapas per palla of 120 seers)

Serial No.	Market	Variety	Opening	Closing	Last year closing
1	Aurangabad	Jarilla ..	59 4 0	68 0 0	70 4 0
2	Pattan	do ..	51 0 0	56 0 0	..
3	Gangakhed	Bani ..	48 4 0	59 8 0	..
4	Hingoli	Havri ..	60 8 0	68 8 0	..
		Verum ..	56 4 0	65 8 0	..
		Jarila ..	62 0 0	67 4 0	..
5	Nanded	Bani ..	63 4 0	66 0 0	65 8 0
		G. 6 ..	69 4 0	72 8 0	..
	(Rate of Cotton Lint per palla of 120 seers.).				
1	Nanded	Bani ..	188 4 0	151 0 0	..
		G. 6 ..	69 4 0	72 8 0	..

Pressing—During November 1947, 2,912 sales were pressed as against 1,848 bales in the corresponding month of last year and the average for the preceding five years of 1,719 bales. Total number of bales pressed

since the beginning of the season (1st September 1947) is 12,190 bales as against 8,066 bales during the corresponding period of last year.

Exports.—Export by rail and road in the month of Azur (October 1947) amounted to 21,985 bales as against 11,796 bales of last year and the average of the corresponding month of the preceding five years of 10,427 bales. The total export since the beginning of the season (1st September 1947) being 353,441 bales as against 362,594 bales of last year.

Mill Consumption.—Spinning and weaving mills in the Dominions consumed 1,964,380 lbs (4,910 bales) during the month of November 1947 as against 1,174,337 lbs. (2,936 bales) in the corresponding month of last year and the average for the corresponding month of the preceding quinquennium of 2,319,600 lbs. (5,799 bales). Total consumption since the beginning of the season (1st September 1947) amounted to 6,040,800 lbs. (15,102 bales) as against 5,226,977 lbs. (13,067 bales) last year.

Cotton stock.—The stock of cotton on 31st August 1946 was 60,389 bales as against 205,777 bales reported for the corresponding period of last year.

The stock of cotton in the Regulated Markets for the month of Dai 1857 F. (November 1947) is noted below :—

Cotton ginned & pressed in bales	Cotton ginned & unpressed in lbs.	Cotton unginned in lbs.	Total No. of bales
28,763	lbs. 20,124,292 bales 50811	lbs. 1,267,411 bales 1056	75,130

Cotton Manufactures.—The total production of cotton piecegoods manufactured by the mills working in H.E.H. the Nizam's Dominions stood at 86.3 lakh yards and 11.0 lakh lbs. in September 1947 as against 84.0 lakh yards and 10.5 lakh lbs. in August 1947.

The quantity of cotton yarn spun in the month of report amounted to 18.8 lakh lbs. bringing about a rise of 0.3 lakh lbs. compared to the previous month,

Comparative statement showing the above details is given below :

Figures in Thousands

Serial No.	Particulars	Units	September 1947	August 1947	September 1947
1	Cotton piece-goods				
	(a) Gray and bleached piecegoods	Yds. Lbs.	3051.3 985.7	2758.8 871.3	4016.1 1190.7
	(b) Coloured piecegoods	Yds. Lbs.	582.6 171.8	640.3 178.0	715.0 197.3
	(c) Gray and bleached goods other than piecegoods	Yds. Lbs.	.. ..	.. ..	1.0 3.8
	Total	Yds. Lbs.	3633.9 1107.0	3398.9 1049.8	4782.1 1391.8
2	Cotton Raw	Lbs.	1376.0	1345.0	1306.6

MONTHLY RECEIPTS & EXPENDITURE

The following statement gives the receipts and expenditure under certain important heads in H.E.H. the Nizam's Government for the month under report with comparative figures for the preceding month.

FIGURES IN THOUSANDS OF RUPEES

Serial No.	Heads	RECEIPTS		EXPENDITURE	
		September 1947	August 1947	September 1947	August 1947
1	Land Revenue	3,71	11,33	17,08	7,64
2	Forest	14,09	7,14	2,90	1,24
3	Customs	32,68	28,57	6,65	2,40
4	Excise	77,92	61,37	6,31	3,28
5	Stamps and Registration	3,22	3,45	66	87
6	Debt services	11,77	14,43	2,07	14,03
7	Mint currency and coinage	2	..	1,36	38
8	Posts	3,10	2,34	4,34	1,18
9	Civil administration	4	48	18,66	4,17
10	Police	1	67	30,02	8,97
11	Education	1,40	70	46,45	20,25
12	Medical	16	14	13,50	6,00
13	Agriculture	30	7	9,29	1,50
14	Municipality and Public Health	2,63	70	8,76	4,09
15	Buildings	14	25	13,37	12,69
16	Irrigation	8	21	8,30	2,02
17	Railway	42,18	..	25	1
18	Miscellaneous	49	1,65	2,04	81

**DETAILED STATEMENT SHOWING PARTICULARS OF JOINT-STOCK COMPANIES INCORPORATED IN
H.E.H. THE NIZAM'S DOMINIONS AND REGISTERED**

Serial No.	Months	Classification and Name of the Company	Names of Agents and Secretaries, etc., and situation of registered office	Object	CAPITAL (O.S. CURRENCY)		
					Authorised	Issued	Paid-up
I	September, 1947	..	..	..	..	..	..
		<i>Trading and Manufacturing</i>					
II	(1) October, 1947	Sugarcane and Agricultural Industries Ltd. ..	Managing Director Mr. W. L. Dhanu- ker, Hyderabad- Deccan.	Trading and Manufactur- ing	Lakhs 10	Lakhs 1	..
		<i>Engineering</i>					
	(2) Do	The Combined Building and Irrigation Corporation Ltd.	Managing Agents, M/s. Jubilee Engi- neering Co., Hyder- abad-Deccan ..	Construction	5	5	..
		<i>Oil Refineries</i>					
	(8) Do ..	Lahoti Vanaspathi Products Ltd.	Managing Agents M/s. Lahoti & Co.	Oil Refining	25	25	..
III	November, 1947	..	..	..	..	..	..
IV	December, 1947	Data under collection	..	..	..	..	..

**WORKING CLASS COST OF LIVING
INDICES IN H.E.H. THE NIZAM'S
DOMINIONS**

(Base August 1943 to July 1944=100).

During the month under survey the working class cost of living index numbers for the City of Hyderabad, Warangal, Nander and Gulbarga stood at 134, 146, 156 and 182 points respectively thereby recording a fall of 6, 8, 7 and 1 point

compared to the preceding month. The living indices for Nizamabad and Aurangabad centres shot up by 4 and 2 points respectively when compared to last month.

Statement showing working class cost of living indices for the above six industrial centres (by groups) for the month of August and September 1947 is appended.

[Statement,

WORKING CLASS COST OF LIVING INDICES FOR THE MONTH OF SEPTEMBER 1947

BASE: AUGUST 1943 TO JULY 1944=100

Serial No.	Groups	CITY OF HYDERABAD			WARANGAL			NIZAMABAD			NANDER			AURANGABAD			GULBARGA		
		Weight proportional to total expenditure	Aug-ust	Sep-tem-ber	Weight proportional to total expenditure	Aug-ust	Sep-tem-ber	Weight proportional to total expenditure	Aug-ust	Sep-tem-ber	Weight proportional to total expenditure	Aug-ust	Sep-tem-ber	Weight proportional to total expenditure	Aug-ust	Sep-tem-ber	Weight proportional to total expenditure	Aug-ust	Sep-tem-ber
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Food ..	62.25	133	134	68.43	154	146	64.38	135	141	62.89	185	174	58.67	148	151	66.50	124	125
2	Fuel and Light	6.87	183	157	7.50	149	147	8.55	157	157	6.73	148	148	6.32	131	131	6.05	206	206
3	Clothing	11.03	109	101	8.70	137	107	13.66	118	118	13.85	104	106	18.42	136	140	13.15	118	107
4	Rent ..	5.31	100	100	3.21	100	100	3.74	100	100	4.29	100	100	4.15	100	100	3.32	100	100
5	Miscellaneous	10.66	169	162	8.04	198	203	5.73	149	158	8.49	156	151	11.46	171	172	8.50	184	183
6	Intoxicants	8.88	164	166	4.12	160	160	3.94	173	173	3.75	131	131	0.94	209	209	2.48	156	156
Cost of Living Index No.		100.0	140	134	100.00	154	146	100.00	136	140	100.00	163	156	100.00	146	148	100.00	133	132

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF NOVEMBER 1947 COMPARED WITH BASE PRICES—BASE: AUGUST 1939=100.

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR			INDEX NOS.		
				September 1947	October 1947	November 1947	September 1947	October 1947	November 1947
1	2	3	4	5	6	7	8	9	10
	FOODGRAINS								
	(i) Cereals								
			Rs. as. ps.	Rs. as. ps.	Rs. as. ps.	Rs. as. ps.			
1	Rice fine, 1st quality ..	Palla	37 0 0						
2	Rice, Arcoti ..	do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice, Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat, Bansil ..	do	18 8 0	43 10 0	43 10 0	43 10 0	236	236	236
5	Wheat, Yellow ..	do	16 12 0	43 10 0	43 10 0	43 10 0	260	260	260
6	Wheat, Potia ..	do	18 0 0						
7	Wheat, Red ..	do	14 8 0	43 10 0	43 10 0	43 10 0	301	301	301
8	Jawar, 1st quality ..	do	12 8 0	25 0 0	2 05 0	25 0 0	200	200	200
9	Jawar, 2nd quality ..	do	12 0 0	24 0 0	24 0 0	24 0 0	200	200	200
10	Bajra ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals ..						244	244	244
	(ii) Pulses								
11	Gram, Bengal ..	Palla	16 0 0	47 4 0	47 4 0	47 4 0	294	294	294
12	Gram, Horse ..	do	10 8 0	37 8 0	32 8 0	32 8 0	357	310	310
13	Mung, Green ..	do	12 2 0	38 4 0	61 0 0		315	503	
14	Mung, Black ..	do	12 0 0			55 0 0			468
15	Lentils ..	do	15 9 0						
16	Tuar, Broken ..	do	15 4 0	62 8 0	62 8 0	62 8 0	410	410	410
	Average Index No. of Pulses ..						344	379	368
	(iii) Sugar								
17	Sugar, refined ..	Palla	45 0 0	86 4 0	86 4 0	86 4 0	192	192	192
18	Gur or raw sugar ..	do	28 8 0	56 0 0	56 0 0	56 0 0	196	196	196
	Average Index No. of Sugar ..						194	194	194
	(iv) Other Food Articles								
19	Tea ..	Lb.	1 3 0	3 6 0	3 6 0	3 6 8	284	284	288
20	Salt ..	Palla	12 0 0	21 0 0	21 0 0	14 8 0	175	175	121
21	Onions ..	do	5 0 0	92 8 0	90 0 0	82 8 0	1,850	1,800	1,650
22	Turmeric ..	do	31 0 0	116 0 0	120 0 0	110 0 0	384	387	355
23	Tamarind ..	do	14 8 0	34 0 0	33 0 0	33 0 0	234	228	228
24	Chillies ..	do	57 8 0	192 8 0	195 0 0	185 0 0	335	342	322
25	Betel-nuts ..	Seer	0 9 0	3 8 0	3 8 0	3 8 0	622	622	622
26	Ghee, 1st quality ..	Maund	50 0 0	200 0 0	230 0 0	180 0 0	400	460	360
27	Potatoes ..	do	6 11 0	55 0 0	55 0 0	30 0 0	822	822	449
28	Ginger ..	do	6 11 0	33 5 0	40 0 0	40 0 0	498	598	598
29	Garlic ..	do		28 5 0	40 0 0	48 5 4			
30	Fowl ..	Bird	1 0 0	2 8 0	2 8 0	2 9 0	250	250	256
31	Eggs ..	Dozen	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk ..	Seer	0 4 0	0 8 0	0 8 0	0 8 0	200	200	200
33	Beef ..	Lb.	0 1 8	0 8 0	0 8 0	0 7 0	460	460	420
34	Mutton ..	do	0 3 4	0 10 8	0 10 8	0 11 0	320	320	330
	Average Index No. of Other Food Articles ..						480	487	436
	Average Index No. of All Food ..						376	384	357
	II. OIL SEEDS.								
35	Sesamum ..	Palla	21 0 0	120 0 0	120 0 0	110 0 0	571	571	524
36	Cotton Seed ..	do	9 0 0	25 0 0	25 8 0	26 8 0	281	281	294
37	Groundnut ..	do	12 8 0	34 0 0	80 0 0	50 0 0	672	640	400
38	Linseed ..	do	11 8 0	56 0 0	55 0 0		487	478	
39	Castor Seed ..	do	12 0 0	67 8 0	62 8 0	65 8 0	559	521	546
	Average Index No. of Oil Seeds ..						514	498	441

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF NOVEMBER 1947 COMPARED WITH BASE PRICES: BASE AUGUST 1939 = 100.—(contd.)

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR						INDEX NOS.		
				September 1947			October 1947			November 1947		
1	2	3	4	5	6	7	8	9	10			
III. VEGETABLE OIL												
40	Sesamum Oil	Palla	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
41	Castor Oil	do	35 0 0	240 0 0	240 0 0	240 0 0	240 0 0	240 0 0	240 0 0	240 0 0	240 0 0	240 0 0
42	Linseed (double boiled)	Drum	30 0 0	175 0 0	170 0 0	170 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0
43	Groundnut Oil	Palla	22 8 0	82 0 0	82 0 0	82 0 0	86 0 0	86 0 0	86 0 0	86 0 0	86 0 0	86 0 0
48	Average Index No. of Vegetable Oil	..	25 0 0	180 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0	165 0 0
IV. TEXTILES												
(i) Cotton Raw.												
44	Cotton raw loose bales of 400 lbs.	..	100 0 0	250 0 0	250 0 0	250 0 0	250 0 0	250 0 0	250 0 0	250 0 0	250 0 0	250 0 0
	Average Index No. of Cotton Raw	..	..	..	..	..	..	..	..	..	..	..
(ii) Cotton Manufactures.												
45	Yarn unbleached	Lb.	0 8 0	1 6 0	1 6 0	1 6 0	15 8 0	15 8 0	15 8 0	15 8 0	15 8 0	15 8 0
46	Dhotis	do	0 8 0	2 0 0	2 0 0	2 0 0	1 15 8	1 15 8	1 15 8	1 15 8	1 15 8	1 15 8
47	Chaddars	do	0 8 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
48	Saris	do	0 10 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
49	Shirtings	do	0 8 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0
	Average Index No. of Cotton Manufactures	..	..	..	..	..	..	..	..	..	..	..
V. HIDES AND SKINS												
50	Hides not tanned	Head	2 6 0	7 0 0	7 0 0	7 0 0	9 0 0	9 0 0	9 0 0	9 0 0	9 0 0	9 0 0
51	Skin	do	0 9 0	2 2 0	2 2 0	2 2 0	2 2 0	2 2 0	2 2 0	2 2 0	2 2 0	2 2 0
	Average Index No. of Hides & Skins	..	..	..	..	..	..	..	..	..	..	..
VI. BUILDING MATERIALS												
52	Corrugated iron sheet	Cwt.	12 3 0	..	..	..	..	..	..	..	..	..
53	Iron beams (Tata)	do	13 4 0	..	..	..	..	..	..	..	..	..
54	Teak, country	C.ft.	3 0 0	8 12 0	8 12 0	8 12 0	8 12 0	8 12 0	8 12 0	8 12 0	8 12 0	8 12 0
55	Teak, Rangoon	do	7 8 0	..	..	..	..	..	..	..	..	..
56	Cement, Shahabad	Cwt.	2 14 0	5 0 0	5 0 0	5 0 0	4 4 0	4 4 0	4 4 0	4 4 0	4 4 0	4 4 0
57	Lime	100 C.ft.	19 0 0	65 0 0	65 0 0	65 0 0	70 0 0	70 0 0	70 0 0	70 0 0	70 0 0	70 0 0
58	Bricks, Country	1,000	9 8 0	..	..	..	45 0 0	45 0 0	45 0 0	45 0 0	45 0 0	45 0 0
59	Table moulded bricks	1,000	15 8 0	..	..	..	..	..	..	..	..	..
	Average Index No. of Building Materials	..	..	..	..	..	..	..	..	..	..	..
VII. OTHER RAW AND MANUFACTURED ARTICLES												
60	Charcoal	Cwt.	1 12 0	..	..	..	..	..	..	..	..	..
61	Kerosene oil, 1st quality	A tin of 4 gallons	6 4 0	..	..	..	..	..	..	..	..	..
62	Do 3rd quality	do	4 0 0	5 1 0	5 1 0	5 1 0	5 1 0	5 1 0	5 1 0	5 1 0	5 1 0	5 1 0
63	Tobacco	Maud	17 8 0	..	..	..	..	..	..	..	..	..
64	Soap (Sunlight)	Cwt.	93 4 0	211 8 0	211 8 0	211 8 0	211 8 0	211 8 0	211 8 0	211 8 0	211 8 0	211 8 0
65	Matches	Gross	2 8 0	5 10 0	5 10 0	5 10 0	6 8 0	6 8 0	6 8 0	6 8 0	6 8 0	6 8 0
66	Firewood	Maud	0 8 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
	Average Index No. of Other Raw and Manufactured Articles	..	..	..	..	..	..	..	..	..	..	..
	Average Index No. of All Non-Food	..	..	..	..	..	..	..	..	..	..	..
	General Average Index Number	..	..	..	..	..	..	..	..	..	..	..

O.S. Rs. 116-10-8 = B.G. Rs. 100-0-0.

INDIAN PRODUCTION FIGURES

A statement laid on the table of the Central Assembly of the Indian Dominion by the Hon'ble Dr. Shyama Prasad Mookherji, Minister of Industry and Supply, gives latest figures regarding the production of cloth, cement and steel.

The total quantity of iron and steel at the disposal of India (including Pakistan) was 9,81,210 tons in 1947, up to September. A total allotment of 1,88,465 tons of steel has been made for the Provinces of India and Pakistan and for the States. This figure includes only allotments made to the Provinces and States for distribution to the general public including small-scale manufacturers of consumer goods. Besides this, steel is also distributed to Provincial Governments for their development schemes, and to private industries in the Provinces and States for steel processing, industrial development and maintenance requirements.

The production of cement during 1946 in factories in the Indian Union was 15,42,826 tons. The production in these factories for the nine months ending September 30, 1947, has been 10,29,812 tons. The estimated production for 1947 will, on this basis, be about 18,75,000 tons. The maximum annual capacity of the existing factories, however, is 20,75,000 tons. Production has been affected, among other causes, by inadequate supplies of coal and by labour troubles.

The total quantity of mill cloth produced in the Indian Union averages 802 million yards a month. The following were the cotton textile goods imported into the Indian Union during the period April-June 1947: cotton piecegoods 8,408,866 yards; tents 2,969,254 yards; cotton thread 507,266 lbs; cotton twist and yarn, 880,880,048 lbs.; canvas, 15,857 yards; handkerchiefs and shawls, 847,107 in number; stockings and socks, 80,868 lbs. lace and net 862,686 yards; cotton ropes 90,770 lbs.; cotton blankets, 852 lbs.; cotton goods mixed with other materials,

2,009 yards; and cotton manufactures, other sorts, 21,068 lbs.

WORLD RICE CROP IN 1947-48

FALL BELOW PRE-WAR AVERAGE EXPECTED

The world's rice crop for the harvest year 1947-48 is expected to be 150,000,000 bushels more than last year's but will still be 350,000,000 bushels below the pre-war average, the U. S. Officer of Foreign Agricultural Relations said.

The 1947-48 crop, it was estimated would be 7,050,000,000 bushels compared with 6,900,000,000 for the previous year, with most of the production increase coming from Asiatic areas affected by the War.

A record acreage has been planted in Europe, where production will slightly exceed the pre-war totals. North American and African crops are above the high level of the previous year but production decline is possible in South America.

Asia's production was estimated at 6,580,000,000 in 1946-47 and 7,100,000,000 pre-war. Excluding India, the acreage of Asiatic countries has increased by 2,000,000 to 8,000,000.

Primarily because of some reduction in India's acreage and production, Asia's total harvest shows only a relatively small rise.

In the pre-war surplus areas of Burma, Siam, and French Indo-China, the total production might be 60,000,000 or 100,000,000 bushels more than in last year.

The greatest progress in producing acreage was in Burma. Siam's production is about 25 per cent greater, but there is some decrease in French Indo-China's production.

China's production is only slightly higher with the acreage still 1,400,000 acres less than the pre-war average. The South Korean crop is 15 per cent higher.

Japan's acreage is higher but unfavourable weather has reduced production below last year's. The Philippines production exceeds the pre-war average, and 80,000 acres have been planted in Malaya.

WAGES, SALARIES, INTEREST AND PROFITS IN MONEY AND REAL TERMS IN BRITAIN†

1.—WAGE RATES

	Weekly Wage Rates Sept. 1939 = 100	Cost of living Sept. 1939 = 100	Col. (1) divided by Col. (2)	Market Prices 1939 = 100	Col. (1) divided by Col. (4)
	1	2	3	4	5
September 1939	100.0	100	100.0	100	100.0
1940	111.5	119	93.7	117	95.3
1941	121.5	128	94.9	130	93.5
1942	130.0	129	100.8	139	93.5
1943	135.5	128	105.9	143	94.8
1944	142.5	130	109.6	148	96.3
1945	149.5	131	114.1	149	100.8
1946	161.5	131	123.3	152	106.3
1947	169.0	132*	128.0	160*	105.6

* Estimate.

2.—WAGE EARNINGS

	Average Weekly Earnings Oct., 1938 = 100	Percent. Deduction for Direct Taxation	Net Earnings (1) adj. by (2) 1938 = 100	(3) Adj. by Cost of Living	(3) Adj. by Market Prices
	1	2	3	4	5
October, 1938	100	3	100	100	100
July, 1940	130	3	130	110	109
„ 1941	142	4	141	111	106
„ 1942	160	6½	154	120	108
„ 1943	176	8½	166	131	114
„ 1944	182	11½	166	129	110
„ 1945	180	13	162	125	107
October, 1946	190	10	176	135	110

3.—SALARIES

	Total Salaries (£. mn.)	(1) as Index 1938 = 100	Per cent. Deduction for Direct Taxation	Index of Total Net Salaries	(4) adj. by Market Prices
	1	2	3	4	5
1938	1,110	100	5	100	100
1939	1,150	104	6	103	100
1940	1,215	109	7½	106	89
1941	1,340	121	10½	114	86
1942	1,370	123	16½	108	76
1943	1,420	128	18½	110	75
1944	1,465	132	18½	113	75
1945	1,530	138	19	118	78
1946	1,675	151	16	134	86

4.—INTEREST AND PROFITS

	Interest and Profits (£. mn.)	Col. (1) as Index 1938 = 100	Per cent. Deduction or Direct Taxation	Net Interest and Profits 1938 = 100	(4) adj. by Market Prices
	1	2	3	4	5
1938	1,368	100	19½	100	100
1939	1,540	113	19½	113	95
1940	1,885	138	23	132	99
1941	2,190	160	32	135	95
1942	2,410	176	33	146	190
1943	2,525	185	43	130	86
1944	2,470	181	48	116	77
1945	2,390	175	49	111	73
1946	2,370	173	47	114	74

† There is an Editorial Note dealing with these figures.

5.—PROFITS OF PUBLIC COMPANIES—ECONOMIST ESTIMATES

Reports Published in Years to June 30	Total Pro- fits before deducting Income- Tax	Profits Index (gross)	% Deduct- ion for In- come- Tax	Index of Net Profits after Tax	(5) adj. by Index of Market Prices	Ordinary Share Di- vidends before Tax	Gross Ordinary Dividend Index	Net Ordinary Dividend Index	(9) adj. by Index of Market Prices
1	2	3	4	5	6	7	8	9	10
2039 Companies :—	£. mn.					£. mn.			
1939-40 ..	284.1	100	86	100	100	158.3	100	100	100
1940-41 ..	281.1	99	44	86	74	155.9	98	84	72
1941-42 ..	281.8	99	50	77	59	151.2	96	75	58
1942-43 ..	282.1	99	50	77	55	149.1	94	73	53
2068 Companies :— 1942-43 ..	291.6					155.7			
1943-44 ..	307.1	104	50	81	57	168.2	99	70	49
1944-45 ..	320.9	109	50	84	57	170.6	103	80	54
1945-46 ..	344.8	117	49	94	63	183.4	111	89	60
2004 Companies :— 1945-46 ..	332.1					176.7			
1946-47 ..	388.7	187	45	117	77	207.5	130	111	73

MONEY AND REAL WAGES

I. IN WESTERN EUROPE:

MONEY WAGES

	Eire	U. K.	Denmark	Nether- lands	France
1937 ..	..	..	135	100	6.25
1938 ..	..	..	142	103	6.76
1939 ..	100	100	147	104	..
1940 ..	103	111	164	108	6.91
1941 ..	105	121	176	111	7.81
1942 ..	106	130	184	112	8.56
1943 ..	117	135	197	112	9.19
1944 ..	126	142	209	113	16.53
1945 ..	131	149	225	136	23.13
1946 ..	139	161	245	168	38.80
1947 ..	..	165	..	170	..

COST OF LIVING INDEX NUMBER

	Eire	U. K.	Denmark	Nether- lands	France
1937 ..	100	100	100	100	100
1938 ..	102	101	102	101	116
1939 ..	105	102	104	102	125
1940 ..	120	119	130	116	149
1941 ..	133	129	150	134	172
1942 ..	147	130	158	143	201
1943 ..	166	129	158	149	259
1944 ..	174	130	160	153	319
1945 ..	174	132	162	..	436
1946 ..	171	132	161	..	746
1947 ..	..	132	163	198	981

REAL WAGES

	Eire	U. K.	Denmark	Nether- lands	France
1937 ..	..	..	135	100	6.3
1938 ..	..	..	139.2	102	5.8
1939 ..	95.2	98.0	141.8	102.0	..
1940 ..	94.2	98.4	126.1	93.1	4.6
1941 ..	79.0	98.8	117.3	83.0	4.5
1942 ..	72.1	100.0	118.0	79.0	4.3
1943 ..	70.5	104.6	124.7	75.1	3.6
1944 ..	73.0	109.2	130.6	73.8	5.3
1945 ..	75.3	113.0	138.8	..	6.5
1946 ..	81.3	121.9	152.1	..	5.2
1947 ..	..	125.0	..	86.9	..

[Statement.]

COST OF LIVING INDEX NUMBER

II. IN CENTRAL AND EASTERN EUROPE:

MONEY WAGES			
	Bulgaria	Czechoslovakia	Switzerland
1937	..	..	12.11
1938	..	..	11.90
1939	..	63.6	12.20
1940	..	63.6	12.62
1941	..	78.1	13.84
1942	..	95.2	14.08
1943	..	129.8	16.08
1944	..	227.1	16.90
1945	..	352.4	17.64
1946	..	388.7	..
1947	..	396.8	10.66

COST OF LIVING INDEX NUMBER

1937	..	100	100
1938	..	105	100
1939	..	100	101
1940	..	112	110
1941	..	136	127
1942	..	178	141
1943	..	226	149
1944	..	339	152
1945	..	509	153
1946	..	576	152
1947	..	626	155

REAL WAGES

1937	..	..	11.9
1938	..	..	12.1
1939	..	69.6	12.2
1940	..	56.7	11.4
1941	..	56.4	10.5
1942	..	53.5	10.4
1943	..	57.4	10.9
1944	..	67.0	11.1
1945	..	69.2	11.5
1946	..	67.5	..
1947	..	62.0	..

TABLE III

III. IN AMERICA: MONEY WAGES

	Argentina	Canada	Chile	Columbia	U.S.A.	Uruguay
1937	..	100	..	12.6	..	24.1
1938	..	100	..	14.4	1.4	23.3
1939	..	102	..	16.6	1.5	23.9
1940	..	102	..	20.2	1.5	25.2
1941	..	105	26.2	25.0	1.5	29.6
1942	..	112	28.6	32.7	1.6	36.6
1943	..	120	30.8	36.4	1.7	43.1
1944	..	130	31.8	43.3	2.1	46.1
1945	..	142	32.0	49.0	2.3	44.4
1946	..	177	32.0	56.4	2.7	43.7
1947	..	211	38.0	66.5	..	47

	Argentina	Canada	Chile	Columbia	U.S.A.	Uruguay
1937	..	100	100	100	100	100
1938	..	99	101	104	113	98
1939	..	101	100	106	118	97
1940	..	103	104	119	114	98
1941	..	106	110	137	112	102
1942	..	112	116	172	122	113
1943	..	113	117	201	141	120
1944	..	113	117	224	170	122
1945	..	135	118	244	189	123
1946	..	159	122	288	207	136
1947	..	165	125	344	230	149

REAL WAGES

1937	..	100	..	12.6	..	24.1
1938	..	101	..	13.9	1.2	22.7
1939	..	100.9	..	15.6	1.3	24.6
1940	..	99.0	..	16.9	1.3	25.7
1941	..	99.0	23.8	18.2	1.3	29.0
1942	..	100	24.6	19.0	1.2	32.5
1943	..	106.2	26.5	18.1	1.2	36.0
1944	..	111.5	27.2	13.3	1.2	37.7
1945	..	105.2	27.1	20.0	1.2	35.5
1946	..	111.3	26.2	19.9	1.2	32.1
1947	..	128.0	26.4	19.3	..	31.4

IV. IN ASIA AND AUSTRALIA:

MONEY WAGES

	Australia	Far East China	Japan	Middle East Palestine	India
1937	..	24	24	2.5	333
1938	..	25.3	41	2.5	350
1939	..	26.3	52	2.6	345
1940	..	27	100	2.8	372
1941	..	28.8	233	3.1	516
1942	..	31.0	436	3.3	771
1943	..	32.8	1,064	3.8	926
1944	..	32.8	3,854	4.7	1,086
1945	..	33	14,018	..	1,250
1946	..	33.8	65,073	24.0	1,294
1947	..	..	2,56,457	40.6	..

COST OF LIVING INDEX NUMBER

REAL WAGES

	Austra- lia	Far East China	Japan	Middle East Palestine	India		Austra- lia	Far East China	Japan	Middle East Palestine	India
1937 ..	100	100	100	..	..	1937	24	24	2.5	..	..
1938 ..	103	129	109	..	..	1938 ..	24.5	31.8	2.3	..	..
1939 ..	105	172	123	..	102	1939 ..	25.0	30.2	2.1	..	100.9
1940 ..	110	360	145	..	111	1940	24.5	27.7	1.9	..	96.4
1941 ..	115	..	149	..	115	1941 ..	25.0	..	2.0	..	94.7
1942 ..	125	..	151	110	..	1942 ..	24.8	..	2.1	469.0	..
1943 ..	129	..	170	134	240	1943 ..	25.4	..	2.2	575.3	61.2
1944 ..	129	..	230	142	..	1944 ..	25.4	..	2.0	652.1	..
1945 ..	129	24,978	249	150	..	1945 ..	25.5	56.1	..	724	..
1946 ..	181	3,37,001	2,018	155	..	1946 ..	25.7	19.3	0.9	806.4	..
1947 ..	188	6,72,408	..	163	..	1947 ..	..	38.4	..	795.7	..

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8	Do ..	Report on an Enquiry into the Conditions of Labour Employed in Ports ..	1946	do	2	0	0
9	Do ..	Report on an Enquiry into Condi- tions of Labour in the Cotton Mill Industry in India ..	1946	do	2	14	0
10	Do ..	Report on an Enquiry into Condi- tions of Labour in the Jute Mill Industry in India ..	1946	do	1	8	0
11	Wright, C. W. ..	Economic History of the United States ..	1941	McGraw-Hill	15	0	0

Serial No.	Author's Name	Title of Book	Year of publica- tion	Name of Publisher	Price R.G.		
					Rs.	as.	ps.
1	H. P. Sheldon	Practice and Law of Banking	1946	Macdonald & Evans Co.,	12	8	0
2	Karl Brandt	The Reconstruction of World Agri- culture	1945	Norton & Combay Co., New York	30	5	0
3	Geoffrey Crowther	An Outline of Money	1946	Thomas Nelson & Sons., Ltd., New York	10	2	0
4	Bye Hewett	Applied Economics	1947	F. S. Crofts Co., New York	22	0	0
5	Cummins & Devynet	The Labour Problem in U.S.A	1947	Dwan Nostand Co., New York	20	5	0
6	W. J. Brown	Every Body's Guide to Parliament	1946	George Allen & Unwin Ltd., London	6	1	6
7	Edgar Snow	Red Star over China	1946	Victor Gollancz Ltd., London	10	2	6
8	Louis Fischer	The Great Challenge	1946	Rajkarnal Publications, Delhi	10	2	6
9	V. Austry	The Economic Development of India	1946	Longmans & Co. London	22	12	0
10	Munro	The Constitution of the United States	1930	Macmillan & Co.	8	2	0
11	W. Beveridge	Full Employment in a Free Society	1945	George Allen & Unwin Ltd., London	10	2	6
12	W. K. Hicks	Public Finance	1947	Cambridge University Press	8	8	6
13	Ellsworth	International Economics	1947	Macmillan & Co	22	0	0
14	P. H. Wicksteed	The Common Sense of Political Economy, Vol. I & II	1940	George Routledge & Sons Ltd., London	21	15	0
15	Wadia & Merchant	Our Economic Problem	1946	New Book & Co., Bombay	8	6	0
16	D. S. Sastri	Banker's Advances Against Goods.	1946	Thacker & Co., Bombay	12	8	0
17	Davau	Elements of Indian Mercantile Law	1947	Progressive Corporation Ltd.	9	0	0
18	M. J. Taman	Banking Law & Practice in India	1947	Thacker & Co., Bombay	12	8	0
19	Cohn Clark	National Income & Outlay	1938	Macmillan & Co.	12	6	0
20	G. D. H. Cole	Money, Its Present and Future	1945	Cassell & Co. Ltd., Lon- don	15	0	0
21	H. A. Silverman	The Substance of Economics	1944	Pitman & Sons	9	5	0
22	A. Marshall	Principles of Economics	1946	Macmillan & Co	17	1	0
23	B. Majumdar	Rise and Development of the English Constitution.	1945	Prasad & Co.	5	0	0
24	H. A. Silverman	Studies in Industrial Organisation	1946	Methuen & Co.	16	4	0
25	M. Dobb	Political Economy & Capitalism	1946	George Routledge & Sons Ltd., London	9	12	0
26	Robertson	Essays in Monetary Theory	1946	Staples Press Ltd., London	12	3	0
27	A. V. Bowley	Studies in National Income (1924-38)	1944	Cambridge University Press	12	3	0
28	A. C. Pigou	Employment Equilibrium	1941	Macmillan & Co.	18	0	0
29	M. Dobb	Studies in the Development of Capitalism	1947	George Routledge & Sons London	16	10	0
30	V. K. R. V. Rao	Planning Economic Transition from War to Peace in India	1945	Vorot Co., Bombay	1	8	0
31	Mackenzie	Banking Systems	1945	Macmillan & Co.	4	14	0
32	K. S. Sayers	Modern Banking	1947	Oxford University Press	12	3	0
33	H. Withers	International Finance	1925	John Murray & Co.	4	14	0
34	I. M. Keynes	The General Theory of Employ- ment	1947	Macmillan & Co.	8	8	6
35	M. V. Bhutwedekar	A History of Indian Currency	1944	Popular Depot, Bombay	3	12	0
36	Sentohatarji	Short Studies in Indian Economics	1946	Bookland Ltd., Calcutta	2	12	0
37	I. D. Unwin	Our Economic Problems	1945	George Allen & Co., London	6	14	6
38	Coker	Readings in Political Philosophy	1946	Macmillan & Co.	17	14	0
39	R. S. Lester	Economics of Labour	1946	do	17	0	0
40	Appadorai	The Substance of Politics	1947	Oxford University Press	7	0	0
41	A. Gray	The Development of Economic Doctrine	1947	Longmans & Co.	6	1	6

FINANCE OFFICE LABRARY—(Contd.).

Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Price B.G.
					Rs. as. ps.
42	W. E. Fox	Money & Credit in the Modern World	1946	The College Press	4 1 0
43	Vakil & Patel	Finance under Provincial Autonomy	1940	Longmans & Co.	4 0 0
44	V. K. R. V. Rao	The National Income of India (1931-32)	1940	Macmillan & Co	8 8 6
45	I. R. Andrus	Basic Problems of Relief in South-East Asia	1946	Oxford Press	2 8 0
46	Wocksell	Lectures in Political Economy	1946	George Routledge & Sons Ltd., London	17 1 0
47	H. Delv	The Indian Tariff Problem	1933	George Allen & Co., London	13 0 0
48	F. A. Ogg.	European Government & Politics	1947	Macmillan & Co.	20 5 0
49	C. R. Fay	Great Britain from Adam Smith to the Present Day	1945	Longmans & Co.	13 0 0
50	M. H. Deekock	Central Banking	1946	Staples Press Ltd.	20 5 0
51	M. Kalecki	Studies in Economic Dynamics	1943	George Allen & Unwin Ltd.	4 14 0
52	R. Boothly	The New Economy	1943	Secker Warburg, London	4 14 0
53	Hubback	Population Facts & Policies	1945	George Allen & Unwin Co	2 0 6
54	R. G. Hawtray	The Gold Standard	1945	Longmans Co.	6 1 6
55	H. Dalton	Principles of Public Finance	1947	George Routledge & Sons	6 1 6
56	A. C. Pigou	A Study of Public Finance	1947	Macmillan & Co	13 0 0
57	K. Lowen Stein	Political Reconstruction	1946	Macmillan & Co	16 4 0
58	H. Withers	Money Changing	1932	John Murray & Co., London	4 14 0
59	H. Withers	Poverty and Waste	1932	do	4 14 0
60	Do	Our Money and the State	1922	do	4 1 0
61	D. R. Gadgil	The Industrial Evolution of India	1946	Cambridge University Press	7 0 0
62	S. K. Basu	Recent Banking Developments	1946	The Book Exchange, Calcutta	12 8 0
63	H. Clay	Economics for the General Reader	1946	Macmillan & Co	4 14 0
64	Benham	Economics	1946	Pitman's & Sons, London	8 2 0
65	K. Lalwani	An Introduction to Money	1947	Mukerjee & Co	3 8 0
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67	A. V. Bowley	Elements of Statistics	1947	Staples Publication, London	22 6 0
68	S. Gupta	Advanced Accounts	1947	Chatturaj & Co.	7 0 0
69	P. Banerje	A Study of Indian Economics	1944	Macmillan & Co	8 2 0
70	Paul Einzig	Economic War-Fare	1941	do	6 1 6
71	H. Young	The System of National Finance	1936	George Murray & Co	6 14 6
72	H. J. Laski	Reflections on the Revolution of Our Times	1946	Central Book Dept., Allahabad	10 8 0
73	R. D. Tiwari	Our Economic Resources	1944	New Book Co., Bombay	7 8 0
74	Jennings	The Law and the Constitution	1917	University of London	6 8 0
75	Louis Fischer	Gandhi and Stalin	1947	Raj Kamal Publications, Delhi	6 8 0
76	B. Malmowski	Freedom and Civilization	1947	George Allen & Co.	13 0 0
77	Owen & Elean	The Making of Modern China	1945	do	6 14 6
78	P. Chandra	Sixty Years of Congress	1946	Lion Press, Lahore	15 0 0
79	J. Robinson	The Economics of Imperfect Competition	1946	Macmillan & Co.	14 10 0
80	A. H. Hansen	America's Role in the World Economy	1945	George Allen & Co.	6 14 6
81	J. Robinson	An Essay on Marxian Economics	1947	Macmillan & Co.	4 14 0
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84	R. Mukerjee	The Depressed Classes	1947	Hind Kitabs Ltd.	7 8 0
85	J. Isaac	Economics of Migration	1947	Kegan Paul Trench & Co., London	14 10 0
86	J. T. Murphy	Stalin	1945	John Lane the Bodey Head, London	12 3 0

Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Price B.G.
					Rs. as. ps.
87	B. C. Ghose	A Study of the Indian Money Market	1943	Oxford University Press	7 8 0
88	Tawssigi	Principles of Economics, Vol I & II	1945	Macmillan & Co.	32 8 0
89	Ganguli	Reconstruction of India's Foreign Trade	1946	Oxford University Press	6 0 0
90	H. Venkata Subbanna	The Foreign Trade of India, 1900-40	1946	Oxford University Press	3 8 0
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96	Mapundar	Political Science and Government	1946	Mondal Bros., Calcutta	7 0 0
97	Amir Ali	The Village Economic Studies on Rice	1934	Visva Bha'ati Publications, Sriraketan	1 0 0
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101	R. Tagore	City and Village	1941	do	1 0 0
102	Do	Report of the Co-operative Planning Committee	1946	Government of India	5 0 0
103	Alvin H. Hansen	Economic Policy & Full Employment	1947	McGraw Hill Book Co., New York	18 12 0
104	R. C. Jones	Taxation of Foreign National Enterprises	1933	League of Nations	8 0 0
105		The Land Tenure System in Europe			2 0 0
106		Money and Banking 1942-44	1945	do	18 8 0
107		Network of World Trade	1947	do	11 4 0
108		Statistical Year Book 1942-44	1945	do	18 8 0
109	John T. Dunlop	Wage Determination under Trade Agreements	1944	Macmillan & Co.	18 0 0
110	C. O. Ruggles	Problems in Public Utility Economics & Management	1938	McGraw Hill Book Co.	30 5 0
111	F. Lorimer	The Population of the Soviet Union	1946	League of Nations	18 0 0
112	W. T. C. King	The Stock Exchange	1947	George Allen & Unwin Co.	4 11 0
113		World Economic Survey, 1942-44	1945	League of Nations	13 8 0
114		Economic Stability in the Post-War World, Part II	1945	do	13 8 0
115	G. Haberler	Prosperity and Depression	1946	U. N. Lake Success, New York	18 8 0

Diary of Events of Economic Interest

January, 1948
Isfandar, 1357 F.

1. The U.S.S.R. Ambassador to India presented his credentials to the Governor-General of India.
2. Mr. D. S. Senanayake announced at Madras that there were no more Indo-Ceylonese problems.

The Bilateral Interim Aid Agreement was signed at Paris between France and the U.S.A.
3. The Italo-American Agreement regarding Interim Aid was signed.
4. The independence of Burma was declared after 61 years of Imperial Rule.
5. The Industrial and Scientific Research Board announced that a phosphorus factory would be set up soon with a capacity of 1 ton per day.

The first meeting of the "Little Assembly" of the U.N.O. took place (the U.S.S.R. and the Eastern European nations having been absent).

The French Legislature voted a special levy of 125 billion francs with a view to arrest inflation.

The Anglo-Egyptian Sterling Agreement was signed by which 6.25 million dollars worth of freely convertible currency was made available by Britain to Egypt. Also Britain undertook to supply Egypt enough gold to pay the subscription due to the I.M.F. and the I.B.R.D.

Anglo-Danish Trade talks began.
6. British Delegation led by Sir Jeremy Raisman arrived at Karachi for discussions on interim settlement of sterling balances.

Britain withdrew a further instalment out of the Anglo-American loan leaving a balance of only 200 million dollars.

Sir Jeremy Raisman denied the rumour of the devaluation of sterling or the rupee.

10th Anniversary Celebration of the India League of America.
7. President Truman announced his scheme for U.S. prosperity.
8. A demand was made by the Finance Minister of Pakistan for 55 crores out of cash balances with the Reserve Bank of India.

National Savings Fortnight began at Delhi.

300 million dollar U.S. credit for Canada was signed by Mr. Abbott, the Canadian Minister for Finance.
9. The Provincial Social Workers' Conference was held at Madras.
10. The exchange of 20 crores worth of Government of India Securities for an equal amount of Pakistan Securities was announced by the Finance Minister of Hyderabad.

By the disposal of Land Tenancy Act, the Burma Government assumed power compulsorily to take over all lands in excess of 50 acres from each occupant on terms of tenancy to be fixed by Government.
11. A Committee was announced at Madras to go into the question of land rents in the *Zamindari* and *Inam* areas.
12. The Anglo-Portuguese Trade Agreement was signed.

January, 1948
Isfandar, 1357 F.
13.

13. Fourteenth Meeting of the Central Board of Education took place at Delhi. Indo-Pakistan Agreement was arrived at on Food.
Dr. Henry Grady interviewed President Truman.
15. The India Government agreed to implement immediately the Financial Agreement with Pakistan with regard to cash balances.
16. Decontrol of wheat and wheat products came into effect in Hyderabad.
20. Considerable relaxation was announced by the Government of India with regard to cotton textiles.
Ceilings and floors of prices were removed on cloth.
The export duty on cotton cloth was doubled.
23. Finalising of the Congress Economic Programme.
24. Compulsory Provident Fund for Labour in collieries was announced by Government of India.
25. Devaluation of the franc from 480 to 864 per £. was announced, as also a free market for gold and foreign exchange in France.
26. An A.I.R. station was opened at Patna.
"Australia Day"—160 years after the first emigrants landed at Sydney.
28. Budget Session of the Indian Legislature began.
The Government of India appointed an Economy Committee.
An A.I.R. station was opened at Cuttack.
29. Demonetisation of the 5,000 franc notes in France.
The British House of Commons agreed to the Geneva Trade Pacts, previously agreed to by the British Government, among 23 nations including India and the U.S.A.
30. The greatest apostle of non-violence and social and moral freedom, of our time, Mahatma Gandhi, was assassinated at New Delhi.
31. Control was lifted on the export of cotton yarn and cloth to Australia, East Africa, etc.
Benelux agreed to join the Anglo-French Union for economic reconstruction.

February, 1948
Farwardi, 1357 F.

1. The new Federation of Malaya came into being with nine States.
2. F.A.C. Regional Conference was opened at Cairo.
5,000 franc notes were presented at the Bank of France, only one day having been allowed to do so.
Under the new exchange arrangement in France it was agreed that sterling could be supplied for purchases in British or other parts of the Sterling Area only through certain accounts in France.
4. The Government of India announced that the Reserve Bank of India and the Imperial Bank of India would be nationalised as early as possible after September 30, 1948.
5. The Government of India levied a cess on cotton textiles being the difference between controlled and decontrolled prices on cloth already in stock with mills and quota-holders, and this cess is expected to bring in about Rs. 8 crores.
The Anglo-Belgium Trade Agreement was signed for one year.
7. The ban on the private sale of cotton yarn and cloth was removed in C. P. and Berar.

February, 1948.
Farwardi, 1357 F.

8. The World Health Organisation came into being, with an annual budget of 6 million dollars.
An industry for synthetic petrol was decided upon by the Government of India.
9. His Excellency C. Rajagopalachari opened the Conference on Quality Control and Standards at Calcutta.
The Indian Parliament passed the Miners Wages Bill accepting the principle of minimum wages.
The Franco-Spanish frontier was opened by air, land and sea.
Denmark, Norway and Sweden met for considering their participation in the West European Union scheme.
10. Ceylon Independence Day : The Lion Flag was unfurled after 133 years of colonial subordination.
The new Ceylonese Parliament was opened by the Duke of Gloucester.
13. Ragi and other millets were decontrolled in Mysore.
The Coal Mines Housing Board was established by the Government of India.
The Industrial Finance Corporation Bill was passed by the Indian Parliament.
Burma announced her decision to nationalise all key industries within two years : other important industries would be controlled.
18. The Damodar Valley Corporation Bill was passed by the Indian Parliament.
20. The Seventh All-India Cattle Show began at Delhi.
21. The Jog Hydro-Electric Project was switched on by the Maharaja of Mysore and was named after Mahatma Gandhi.
An Indian Industrial Exhibition was opened at Singapore.
The Committee appointed by the Bombay Government recommended a ban on Forward Trading in bullion.
22. An extension of the Indo-British Sterling Balances Agreement, dated August 14, 1947, for the period January-June, 1948, was announced.
South East Asia Youths' Conference began at Calcutta.
24. Government of India announced the decision to construct 14 new major civilian Air Ports.
The New Malayan Union was inaugurated.
A Barter Agreement was signed between Egypt and U.S.S.R. to exchange cotton for wheat and maize.
27. An ordinance was passed in Hyderabad, appointing a Committee to check corruption in Civil Departments.
28. Budget estimates for 1948-49 were presented at New Delhi and Karachi.
29. The Hyderabad Government decided to enhance the salaries of teachers in aided schools.

Editorial Notes

PLANNED ECONOMY OR FREE ENTERPRISE

HYDERABAD AND THE INDIAN CONGRESS ECONOMIC PROGRAMME

THE U.S.A. and the U.S.S.R. economies are based on fundamentally divergent principles: Britain occupies to-day a half way house under the Labour Government; but in all the three countries, Central Planning is the basis on which policies and programmes are formulated. It is now some years Professor F. A. V. Hayek published his book "Road to Serfdom" bitterly complaining that planning must lead to regimentation and thus to slavery. The *Economist* while reviewing this book advocated that the solution lay in a happy marriage of the two systems: there was great need for planning in order to ensure that enterprise got *real freedom* for economic activity. It was pointed out that this freedom was neither of the statute book type (with no relation to realities) nor of the wild ass type. We in India have been discussing the question of economic development of the country on modern lines for nearly a decade and we have by no means come to the end of it. In the December 1948 issue of this *Bulletin* we presented the case for an early evolution of a Master Plan for Hyderabad. Now we have before us the Nehru Committee Report on the Congress Economic Programme, and protests against it by the capitalist magnates and shareholders of Bombay. The issues dealt with are too numerous to be examined in the small space available in these columns, but we think it quite necessary to draw pointed attention to some of the salient features of the Programme.

The Nehru report is not a blueprint but is simply a programme intended to be worked—and modified in view of experience. This contrasts with the Five-Year Plans of the U.S.S.R., the Truman Plan and the Cripps Plan in the U.S. and U.K. respectively: the latter plans give definite targets based on reliable data.

We would like to begin by dealing with some of the very healthy features of the Congress Programme.

(a) The removal of all intermediaries between the tiller of the soil and the State;

(b) Nation-wide anti-erosion work under the direct initiative of the State;

(c) Insurance of balanced cultivation, (between food and cash crops); and

(d) Substitution of the present land revenue system by progressive taxation of agricultural incomes.

The Nehru report does not say anywhere that these improvements should be brought about overnight. How soon or how late each or all of these reforms can be enforced, must depend upon the local circumstances as well as the policy of Government.

In spite of the terrible and inestimable economic destruction caused by the two world wars, and in spite of the war of nerves that is still going on amongst the Big Powers, "industrialisation" is the cry in this country: hundreds of experts invited by Governments have skipped through India like the whirlwind, and scores of Indian Missions have traversed the European and American continents in search of available and potential capital goods, in some cases purchasing in feverish anxiety anything to hand. "Industrialisation" means high capital intensity which in turn means centralisation and monopolisation, and when the monopolists disagree in their grab for profits, colonies and empires, war must break out. In the face of this simple inexorable connection between industrialisation and war, the demand for industrialisation has become more and more persistent in this country in recent years. And the Nehru report has come none too soon. The following suggestions made in that Programme deserve the most careful consideration of policy-makers in Hyderabad:

(i) The production of food, clothing and other consumer goods should be organised on

small-scale, the commensurate economic unit being fixed at about 1 million population : this would ensure a level of self-sufficiency which should have freed India from the present humiliation of mendicancy in regard to food supply ;

(ii) The respective spheres of large-scale, small-scale and cottage industries should be definitely demarcated : this would ensure minimum friction and uneconomic production ;

(iii) Costly capital goods should be used to the minimum extent, the bulk of the work being done by the unutilised or partially utilised labour force in the country : this would enable a higher level of employment to be reached, as also more equitable distribution ;

(iv) Such large-scale industries as can improve the economic basis and the operative efficiency of small-scale and cottage industries, should be organised ;

(v) An economic civil service and intensive and detailed economic surveys should be instituted ;

(vi) A maximum of 5 per cent. profit on employed capital should be fixed ;

(vii) Undistributed profits should be taxed at a much higher level than distributed profits ; and

(viii) A Central Planning Commission should be set up "to advise and assist the Government in implementing the Programme."

We must, however, point out that the report is rather vague and hazy in certain respects ;

(a) "A proper balance between rural and urban economy" is recommended. What is the meaning of this "proper balance" ? Is it a division of the land area, population, national income or expenditure as between the two economies ? Is it a mathematical division or should it be on the basis of certain weightage ? What should be this weightage ? We hope that the Central Planning Commission will go into these questions and throw more light.

(b) "A strong federal structure" of primary and central co-operatives has been prescribed, and this structure would have to be started, developed and managed by "non-official promotional bodies." This "co-operative commonwealth" is really fascinating, but nothing like this has been achieved anywhere in the world so far. The absence of private initiative seeking selective grades of remuneration has been and will continue to be the limiting factor in the spread of the Co-operative Movement.

(c) No differentiation has been made between short-term and long-term policy, and there is no provision for minimising hardships on account of the contemplated changes in the economic structure. Immediately, what would be the effect of the Programme on the existing industrial structure, on a large body of small investors, and on the quantum of production ? This aspect of the problem should have been dealt with—as far as possible on a statistical basis.

Economic doctrines are not hard to expound. And the Indian Economic Programme may not suit Hyderabad in every respect. The large number of foundational issues dealt with by the Nehru Committee deserve immediate and careful examination in Hyderabad at the hands of a small local Economic Planning Commission, the findings of which would have to be given due consideration by Government before making commitments on Economic Planning for Hyderabad.

HYDERABAD NATIONAL FINANCE

A COMPARATIVE STUDY

I. OBJECTIVES OF PUBLIC FINANCE

The old idea of confining financial policy to narrow budgetary results has been given up all over the world during the last decade, and its general economic effects on the nation as a whole are kept in the forefront. In other words, even

at the expense of budgetary equilibrium, the objective of Public Finance has been accepted to be

(a) to help maintaining equilibrium of the cost-price-wage-profit structure in the country with a view to avoid the occurrence of booms and bursts and ensure steady and stable economic progress : inflation would act as an enemy of equilibrating forces ;

(b) to serve as a powerful engine for social justice by bringing about an equitable redistribution of the flow of national income" amongst the different classes : there is in the U.S.A. a "soak the rich" Tax ; and

(c) to explore and conserve the sinews of economic construction or reconstruction programmes.

Even in countries like Britain and the U.S.A., such a policy has not had satisfactory results and in India (also in Hyderabad) no such policy has been either accepted or practised. On the other hand, we, in this country, have been basking under the sun of "British responsibility for the good government of India" with pious resolutions, make-believes, imitations and half-hearted measures. Some pertinent figures are given below to prove the mildness of these observations.

II. NOTE ISSUE.

The Note Issue rose from 6.8 billion dollars in 1938 to 27.2 billion by September, 1947 in the U.S.A. In Britain, the figure rose from £. 505 million in 1938 to £. 1377 million by September, 1947. In India, it was Rs. 1.8 billion in 1938 and Rs. 11.8 billion in August, 1947. In Hyderabad, the Note Issue stood at Rs. 145.7 million in 1938 and is expected to stand at Rs. 487.2 million by September, 1948. Thus, the increase in Note Issue works out roughly at more than 300 per cent. in the U.S.A., more than 150 per cent. in Britain, about 550 per cent. in India and 250 per cent. in Hyderabad. It is noteworthy that while in India, the Note Issue increased phenomenally, the British increase was lower in percentage than in Hyderabad. It may be observed in passing that the extent of

increase in the Hyderabad Note Issue was considerably influenced by the automatic importation of inflationary conditions from India through the unilateral maintenance of a stable exchange rate by Hyderabad.

III. BANK DEPOSITS

Here again, inspite of high level national financial policy, British bank deposits rose from £. 1256 million (sight) and £. 2253 million (total) in 1938 to £. 3823 million (sight) and £. 5685 million (total) by December, 1946 (peak level) and slightly came down to £. 3653 million (sight) and £. 5615 million (total) by September, 1947. In the U.S.A., sight deposits were 26 billion dollars and total deposits 41 billion in 1938, and stood at 88 billion and 118 billion respectively in September 1947. In India, bank deposits were Rs. 1.2 billion (sight) and Rs. 2.3 billion (total) in 1938. These figures rose to the peak level of Rs. 7.5 billion and Rs. 11.0 billion in November, 1946, and showed a slight reduction by August, 1947, to Rs. 6.9 billion and Rs. 10.4 billion respectively. In Hyderabad, we have no figures with regard to Bank Deposits, most of the banks functioning in the State being branches of important Indian banks, with no separate figures for Hyderabad State, the State Bank having been started only recently. On this item also, we find that the rate of expansion was about 150 per cent. in Britain, less than 200 per cent. in the U.S.A., but about 450 per cent. in India. In the absence of separate figures for Hyderabad, it may be presumed that the increase in Bank Deposits was by the same percentage in Hyderabad also.

IV. PRICE INDEX

India fared much less than either Britain or the U.S.A., In Britain, the figure rose from 93 in 1938 (1937 : 100) to 179 in September, 1947. In the U.S.A., it was 91 in 1938 (1937 : 100) and 182 in September, 1947. In India, the figure was 90 in 1938 (1937 : 100) and 283 in August, 1947. That is to say the general price index rose by 100 per cent. in the U.S.A., by less than 100 per cent. in Britain and more

than 200 per cent. in India. In Hyderabad, the base period is the last week of August, 1939, and the figures for 1945, 1946 and July, 1947 were 265, 292 and 366 respectively. If these figures can be relied upon, it shows that prices in general rose highest in Hyderabad.

V. COST OF LIVING

Here, Britain and the U.S.A. have been comparatively successful, thanks to a high level technical handling of the problem. In Britain, taking the base year as 1937, the figure for food items was 101 and for all items 101. In June, 1947, the food index rose to 116 and the general index to 182. In the United States, base year being 1937, food index was 93 and general index 98 in 1938. In June, 1947, the respective indices were 181 and 153. In Hyderabad, the base period given is August, 1943 to July, 1944, and the index for June, 1947 is given at 133 (general) and 180 (food items), for Hyderabad City. The ratio between the food index and the general price index is very significant in Britain: the latter figure rose to 179, but former only to 116. This means that food prices were maintained at a much lower level than general prices, through a thorough-going policy of subsidies. In the U.S.A., the upward movement in general prices and in food prices was more or less the same, the figures being 182 and 181 respectively. On the other hand, we find that in India, food prices rose to 311 while the general price index was at 288. This proves that food prices rose higher than general prices in spite of the costly and complicated machinery set up for controls: it was not control, not decontrol, but miscontrol. The figures for Hyderabad cannot be compared with those for the other countries, because the base is so recent as 1943-44. Still, it may generally be assumed that the cost of living level in Hyderabad is slightly lower than in India.

VI. THE WAGE LEVEL

We have no figures for Hyderabad and India. In Britain, the general wage level rose from 100 in 1939 to 169 in September, 1947, whereas in

the United States, the average weekly wage rose from 22.8 dollars in 1938 (base: 1937) to 50.42 dollars in September, 1947. Wages were better controlled in Britain than in the U.S.A. It is no surprise that a severe inflation and an impending crisis are feared in the latter country. And President Truman's complaint is that wages have lagged behind profits! President Truman recently pointed out that Corporation profits had risen by 83 per cent. between 1946 and 1947. Even though we have no figures for Hyderabad, it must be pointed out that the recent heavy increases in Railway and other Government services, wages and the interest free loans by Government have set a standard for general increase in the wage level all round: a much larger amount of money in workmen's pockets is chasing a much smaller amount of consumer goods available in the Dominions due to smaller production and restricted imports.

VII. YIELDS ON GOVERNMENT BONDS

Figures are not available for Hyderabad. In India, the yield works at 2.82 per cent. in 1938, 3.40 in 1939 (peak due to war conditions) and 2.01 in August, 1946. This was the result of a cheap money policy followed by the Government of India in the footsteps of Britain and the United States, specially for financing the war. But as in the other two countries so in India, the average yield rose to 2.44 per cent. by March, 1947. In the United States, the yield on taxable bonds was 2.46 in 1942, 2.08 in April, 1946 and 2.24 in September, 1947. Here again, we find signs of a cheap money policy having been given up recently. In Britain, we find the same trend: 2.5 per cent. consols yielded 3.38 in 1938, 2.43 in November, 1946 and 2.99 in September, 1947. The Federal Reserve Bank rate which was 1 per cent. before the second World War was reduced to $\frac{1}{2}$ per cent. on short-term securities during the war. It was restored to 1 per cent. in 1946. Of late, it has been raised to 1.25 per cent. In Britain, the government did not attempt to place the Transport Stock at a rate

below 8 per cent. recently, and the rates on loans to local authorities from the Local Loan Fund have been raised. The few figures that have been given here clearly show that the easy money policy which was considered as normal some time ago, has been given up. In fact, a serious suggestion made for curbing inflation in Britain is to fund the floating national debt, giving higher rates but taking away a good bit of redundant money: it has been calculated that as a result of funding operations, the British floating debts were reduced from £. 1,570 million in 1919 to £. 800 million by June, 1928.

VIII. THE STOCK EXCHANGE

The Hyderabad Stock Exchange was started recently and we have no figures that can be depended upon. But the boom in shares was more marked in India compared to Britain and the U.S.A.: taking the base year as 1937 the index of industrial shares was 126 in 1940 and 288 in July, 1947. In Britain, the index was 88 for 1938, 144 in May, 1946 and 119 in September, 1947. In the U.S.A., it was 76 in 1938, 184 in May, 1946 and 109 in September, 1947. It is no surprise that the Indian nation is economically miserable on account of such inflationary conditions: the success in Britain and the United States and failure in India in checking speculative heights in the share index makes all the difference between sound and effective policy, and arm-chair drift.

IX. INFLATIONARY CONDITIONS

This review shows that so far as the first objective of financial policy mentioned above goes, Britain and the U.S.A. have failed mathematically, but should be considered as having partially succeeded in view of the extraordinary circumstances in which they were placed. In India (and so in Hyderabad), there was no precise and effective policy and programme: it has been a surprise to many that inflation has worsened after the victory was won, but a careful study leads to the opinion that inflationary conditions must worsen hereafter—unless financial policy in Hyderabad comes to the rescue.

X. THE INCOME-TAX

Much has been said in favour of the income-tax. But we must remember that "an old tax is no tax." The level of income of a very high majority of families in this country is so low that what obtains in Britain and in the U.S.A. cannot hold good with regard to this country. Inflated conditions nowadays are so severe that even a family with a monthly income of Rs. 1,000 is not able to provide satisfactory milk supply for the health of the family, and it would be a travesty to tax such a family on grounds of "ability to pay": at best, it might be *comparative* ability to pay. At the other end, there is so much margin given by law and custom that income-tax in India is much less operative on the highest slabs of income: a typical illustration is the exemption of Indian princes from customs examination at Indian ports. The United States is such a rich country that there are said to be more than 30,000 millionaires. In countries like Britain, the income-tax is hedged in numerous ways with a view to safeguard the national standard of life. For example, rates of income taxation are different for earned and unearned incomes. A similar difference is allowed on incomes of single and married people, and the latter with children. A cash bonus of 5 sh. per week is allowed for children (up to 3 in number) to the mother. Rates of taxation on individual and Corporation incomes are different. Families with more than £. 7,000 income per annum in Britain are quite a handful, but everything is being done with a view to maintain the health and spirit of the common man: the British Government is spending more than £. 300 million per annum on food subsidies. Here in this country, the income-tax knows none of these safeguards and precautions, and the strongest argument for its imposition is that it is being levied elsewhere.

XI. OTHER MEASURES SUGGESTED.

Apart from the recent change in the easy money policy, control and adjustment of prices, wages, profits, etc., other measures have been sug-

gested in different quarters to abort or remedy inflated conditions. Firstly, we are asked to increase production. This is a very important long-term prescription. In 1947, Britain exported 7 per cent. more than her exports in 1938, speaking quantitatively in value, 1947 exports were about 250 per cent. higher than in 1938 on account of highly inflated prices. This is an achievement in view of the tremendous sacrifice Britain had to bear during the last war. In the U.S.A., national output has increased since 1939 by about 50 per cent. and the target is to reach an additional 35 per cent. in the next 10 years. In India and in Hyderabad, if we keep in mind the steep rise in price indices, we find that the national output has actually decreased in quantity, as also exports and imports. For example, in 1938-39, Hyderabad exports amounted to Rs. 13.57 crores and in 1945-46, it was Rs. 36.10 crores. Imports for the respective years were Rs. 14.69 crores and Rs. 36.96 crores. But if we bear in mind that between these two years, the price index rose from 100 to 292, the *real* exports and imports are less in the latter year than in the former. The Bombay plan this side we have had any number of Plans. And the latest is that most of the Plans would have to wait and yield in preference to Indo-Pakistan squabbles and settlement of refugees. The formulation of a Master Plan is the very first step on which production can be expected to increase, and increase in a steady and stable manner. But we have as yet had no Master Plan either in India or in Hyderabad.

XII. CURRENCY DEPRECIATION

There has been very recently a currency reform in the U.S.S.R. depreciating the rouble externally from 21 to 32 roubles per £. and appreciating it locally, discriminating as among the masses, shareholders and speculators. The French franc has been depreciated by nearly 50 per cent. But this mechanism does not suit either India or Hyderabad, because exchange depreciation is looked down upon nowadays and is fraught with the danger of competitive depreciation. Britain

had an idea of depreciating the sterling some two years ago, but it has been definitely given up by now: Britain is to-day trying to regain her economic balance through more production on the basis of less cost and more exports.

XIII. LEVY ON CAPITAL PROFITS

We have had the Excess Profits Tax, but that was on *incomes*. We have a Business Profits Tax, but it is mostly an apology. In India, Britain and the U.S.A., so much property has been destroyed and so much redundant purchasing power has been injected into the national economy that during the last 4 or 5 years, there has been an accelerating scramble for land, houses, factories, shares, motor-cars and quite a large variety of other items of property. A typical example is this. A house was built or was purchased by *A* about 6 years ago, at a cost of Rs. 12,000. To-day, he sells it at not less than Rs. 30,000. The capital profit he has made is Rs. 18,000 minus Rs. 3,000 towards incidental expenses equals a net amount of Rs. 15,000: this after having lived in the house or enjoyed the rent of the house all the time. Instead of having to face the depreciation charge for repairs, etc., he gets a clean net profit of Rs. 15,000. This is entirely unearned capital profit, which is much more than the original capital value of the house itself. This does not recur every year or even every decade. There is no exertion of any sort on the part of *A* to make this Rs. 15,000. Will it be unfair if the government of the country should take over 50 per cent. of the benefit, namely, Rs. 7,500 and allow the balance to be enjoyed by *A*? The worst would be to take Rs. 7,500 from *A* as a loan and allow a nominal rate of interest.

It is a commonplace principle that there should be either a blanket control or no control. In India and in Hyderabad, control has been very partial. What has been the result? Numerous people have made huge profits—not in the shape of current profits, but as capital profits: these profits deserve much more to be confiscated by the government than excess profits made by

private parties during the war. The three-fold purpose of national financial policy would be substantially served by the authorities by accepting the principle of a levy on capital profits operating retrospectively over the past 5 years. The catching of capital profits on account of transactions in immovable properties is comparatively easy: a reference to Registration Offices will produce full data. Sales of shares, motor cars, and similar items are more difficult to get at, but as in the case of income-tax declarations by the authorities can be demanded. It is very important to remember that such capital profits do not come within the purview of income-tax, and even in countries like Britain, where income-tax has got a long arm the demand for a capital levy is quite strong. The French Legislature has already voted a capital levy of 125 billion francs. A small committee could be appointed, if the principle was accepted, to work out details. To preclude small transactions, an exemption level of Rs. 5,000 for each transaction may be allowed. Fifty per cent. of the capital profit should reasonably go to the public coffers after allowing of course for the Rs. 5,000 exemption line and a further sum against depreciation of the currency in between the dates of purchase and sale, in real terms. Vested interests are, of course, very powerful. It might be argued that a capital levy would take away the working capital, and further that people who are old and unfit and depend upon such windfalls would become destitutes. But the two safety clauses, namely, the exemption level of Rs. 5,000 and the taking over of 50 per cent. as a loan after allowing for depreciation of amount, must be good enough to brush aside such conjectural objections! A number of practical difficulties would have to be carefully gone into by such a Committee. For instance, how should the exact amount of capital profit be ascertained after a lapse of 5 or 10 years during which time the seller might have again and again spent money on repairs, improvements, etc.? Supposing the sale is made for the purpose of re-investment, would it be fair

to take away 50 per cent. of the ascertained capital profits? This would reduce the holdings of the seller in *real terms*. How far would such a levy fit in with the general socio-economic structure of the Dominions at present? But, difficulties would have to be surmounted and the principle, if accepted as sound, should not be thrown overboard for fear of practical difficulties.

S. KESAVA IYENGAR

EXCHANGE DEVALUATION AND HYDERABAD

The franc has been depreciated to 214.392 per dollar: till recently the official rate was 119.107 per dollar: so recently as in 1945 the par value was 50 francs per dollar. At the present rate one anna in Hyderabad must fetch about 3.8 francs. The latest is a further devaluation of the Chinese dollar. In 1937 one Chinese dollar was worth 29.6 U.S. cents. With a series of steep tumbings down, the Chinese dollar came to 10,000 per U.S. dollar by August 1947. But now a further devaluation is announced: the new ratio is 130,000 Chinese dollars for one U.S. dollar. This means that one *dub* in Hyderabad must fetch 400 Chinese dollars at the new rate. One must naturally wonder whether there is any commodity in the world as cheap as the Chinese dollar. The depreciation in the U.S.S.R. is of a different variety: the external rate has been lowered from 21 to 32 roubles per pound sterling, but internally the new rouble has been appreciated (details of which have been mentioned in the Editorial Notes and in the Section on "Money, Banking and Insurance" in our January 1948 issue. In the Section on "Money, Banking and Insurance," in this issue, the after effects of the Russian Currency reform have been shown as on the whole beneficent to the workers). Rumours were strong a few weeks ago to the effect that there was a move for depreciating the Indian rupee as also the pound sterling. But from a recent categorical statement made by Sir Stafford Cripps in the House of Commons, it can be taken for granted that Britain has finally

made up her mind against exchange devaluation. Although France has parted company from her in this respect, and the value of the pound sterling in the free market is around 2.60 compared to the official rate of 4.08 dollars per pound. Costs of production rose higher in the U.S.A. than in Britain during 1947, and the consequence has been that from the viewpoint of purchasing power parity, the sterling dollar ratio stands at about 4.30. The low rate of 2.60 in New York in the free market is due to the supply of £. 1 Notes (smuggled across the Atlantic) being much larger than the demand for them: it is mostly tourists who buy these, in order to spend in Britain. It is further calculated that any depreciation of sterling, under the present circumstances, can neither stimulate production nor increase her exports, because both production and export are progressing according to schedule to full capacity. It can be assumed that the rumour about exchange depreciation in India has no basis: the balance of payments position of India, specially in the near future, is likely to be quite strong, and the national Government that is in power must be able to appreciate this fact and not waste their time in pointless discussions. The main argument in support of French and Chinese devaluation is that the *real* value of the respective currencies is much lower than the official rates, and it is no use sticking to an official rate without being able to manage it, and to the detriment of the prosperity of trade on the basis of free competition. A further argument adduced by France is that with the present devaluation and the opening of a free exchange market* in Paris, the exporter would be legitimately stimulated, and a great deal of gold and foreign exchange owned by Frenchmen in refugee pockets would automatically come out to the French market and thus enable the French Government to strengthen their gold and foreign exchange position. The psychology of the British Government, on the other hand, is that exchange depreciation works as a symbol of defeatism and is bound to have further psy-

chological consequences. Both the U.S. dollar and the pound sterling were depreciated only once, the U.S. dollar from 20.67 per fine ounce of gold to 35, the pound sterling from 4.866 dollars to 4.03. The concomitant dangers of competitive exchange depreciation cannot be ignored and it is too soon to say what effect the devaluation of the franc will have on exchange values of the other European currencies, and the administrations of the International Monetary Fund.

*What aroused such keen opposition, both internally and externally, was the simultaneous decision to introduce, as an integral part of the whole scheme, a free market for gold and certain convertible currencies to be restricted at first to U.S. dollars and Portuguese escudos. French exporters will be permitted to sell in this market one half of the dollar or escudo proceeds of their sales, the other half being sold to the French monetary authorities at the official rate. Only importers of non-essential commodities will be authorised to buy convertible currencies in the free market and their dealings will have to be conducted through an authorised French bank and will have to be covered by the necessary import licences. Imports of essential commodities will, for the most part, still be handled by the French Government and will be transacted at the official rate of exchange. Indeed, for certain bulk imports the Government will continue to use the parities which existed before devaluation, but this decision has a mere accounting significance. The free market will also handle exchange arising from certain "invisible" exports, including sales of dollars and other permitted convertible currencies by tourists. Finally, the free market will be open to receive without question any sales of gold and specified hard currencies which French hoarders may unload. This two-decker devaluation of the franc, with its establishment of a free market in which specified currencies will be allowed to find their own level, and which will therefore produce foreign currency equivalents that may bear no relation to the parities notified to and agreed by the International Monetary Fund, has been strongly opposed by Britain and rejected by the International Monetary Fund.—*The Economist*, January, 31 1948.

So far as Hyderabad is concerned the situation has been definitely improving over the last quarter of a century: the range of variation has narrowed down from between 114 to 118 to between 116-8-0 to 116-12-0, and a study

of the size and position of the paper currency Reserve and Osmania Sicca Stabilization Reserve must convince everybody that the Hyderabad Currency position can compare favourably with that of many other important currency systems. The only item on which improvement is urgently needed is the securing and conservation of an adequate amount of gold to be held in reserve. It should not be difficult for Hyderabad to do this, in view of her holdings of about 50 crores worth of Indian Securities and her general excellent financial position: provided she gets the co-operation of the Reserve Bank of India and the Government of India, it should be quite easy for Hyderabad to purchase or borrow the commensurate amount of gold from the U.S. Treasury.

SOME READJUSTMENT IN THE BULLETIN

This issued of the *Bulletin* is published as for Feb.-Mar., 1948. The object is to enable the

publication of each issue in the first week of every month as for that month. Therefore, the next issue will be released as for April, 1948, during the first week of April. The Editorial Board wishes to record its appreciation of The Government Press and its Director Mr. Abdul Qaiyum's co-operation in connection with the printing of this journal.

A NEW MEMBER ON THE EDITORIAL BOARD

We welcome Mr. Mohd. Younus, Secretary to Government, Planning and Development Department, and a distinguished Engineer, as a Member of the Editorial Board.

We look forward to substantial help from him in raising and maintaining the quality of the *Bulletin*.

International Organisations

AN INTERNATIONAL WHEAT AGREEMENT

THE United States has already made two attempts in the past twelve months to get an international wheat agreement signed to stabilise the world grain market. A third attempt is now in progress. One of the items on the agenda of the International Wheat Council which met in Washington recently was the consideration of such an agreement to come into force next August. Last March, the wheat conference held in London broke down because the United Kingdom was unable to agree to the proposed price range of \$1.00 to \$ 1.80 a bushel. The British view was that wheat prices would fall considerably below the maximum price of \$1.80 in future seasons. But the fall has not occurred. The short American maize crop and the poor European harvests last summer inflated the world demand for wheat and the price rose to well above \$3.00 a bushel.

The current negotiations, however, have been put on a broader basis and all the members of the United Nations have been invited to attend—which will mean a stronger representation of consumer interests. Argentina, however, is unlikely to alter its previous decision and join the agreement and so long as one of the world's main exporters remains outside it cannot be an effective force in the international grain market. Wheat importing countries have lost much in the past year through not accepting the prices offered last March. Yet under the conditions which have existed since then, would the agreement in fact have worked? Would the low prices have been maintained, and if so would they have prevented wheat being fed to livestock? Part of the recent rise in Chicago quotations has been due to the American Government buying supplies for its foreign relief programme, thus neutralising any effect that the European dollar shortage may have had on demand.

Wheat importing countries have resisted all attempts to sign long-term wheat agreements for the past 15 years, and it would be a pity to give in now, although the United States may exert strong pressure. A long-term price agreement for a commodity like wheat is generally disadvantageous to consumer countries; hence the eagerness of producer countries to secure one. If the price is fixed too high the deficiency countries suffer; if it is too low, too little wheat will be forthcoming—and the deficiency countries again suffer. There is no sign of a break in wheat prices for some time, although they are unlikely to remain perpetually at the present high level. It is generally believed that, given good crops in 1948 and 1949, the worst of the world's grain shortage should be over. Under such conditions would it be worthwhile signing an agreement for five years, particularly one based on present prices?

INDIA WILL NEED HEAVY FOOD IMPORTS

FALL IN WHEAT AND RICE PRODUCTION: U.N. REPORT BLAMES CIVIL STRIFE AND WEATHER.

Dealing with food production in India and Pakistan, a report prepared by the United Nations Department of Economic Affairs says, that production has suffered not only from adverse weather but even more seriously from civil strife and very heavy imports will be required if acute deterioration in the food situation in these countries is to be prevented.

The report says: "the production of wheat in India and Pakistan is about three quarters of a million tons under the previous year and production of rice is about two and a half million tons lower. It is doubtful if the entire decrease in rice production can be off-set by increased rice imports; with the decline in wheat production as well, India will need to import a minimum of 2,000,000 tons more bread grain than during

* The Agreement has since been concluded.

the previous year to maintain the present low cereal consumption.

Other deficit bread-grain areas of the world taken as a whole may be able to maintain consumption levels with slightly smaller imports than they had last year. But present levels are extremely low in some of these countries especially in the Far East.

"In summary, the present outlook is that without drastic changes in grain utilisation in both importing and exporting countries the exportable supplies of bread and coarse grain will fall approximately 10,000,000 tons short of the quantity needed to maintain 1948 bread rations in the deficit countries during 1947 to 1948.

RICE EXPORTS

Rice exports from three Far Eastern exporting areas, Burma, Siam and Indo-China are expected to be about 500,000 tons greater in 1947 to 1948 than in 1946 to 1947. Exports from other parts of the world are expected to be about the same.

Since deficits in the Far East have increased more than the difference in exportable surplus the overall situation is expected to deteriorate slightly.

On industry, the report says : " In those parts of the Far East that were subjected to enemy occupation during the war, industry suffered serious dislocation if not complete paralysis while in those other parts which were actively associated in the war effort of the allies industrial equipment was exposed to the strain of an incessant intensive use, causing considerable deterioration of machines that could not be adequately maintained.

War damage to public utilities and wear and tear on what installations and equipment could be kept in use have drastically curtailed the supply of electric power, gas and water in industrial centres in many countries of the region and have accordingly hampered their industrial recovery.

" Recovery has been held back also by lack of foreign exchange necessary to purchase new, or to replace obsolete, machinery and by lack of domestic capital formation. Inflation and political unrest are further slowing down reconstruction.

Finally, undernourishment of workers that has resulted from shortage of food is in no small part responsible for the decline in industrial output.

MINERAL PRODUCTION

Post-war mineral production is below pre-war levels in practically all devastated countries. Destruction of mining installations and oil-refineries for the restoration or replacement of which requisite capital and materials are lacking has so far prevented resumption of oil production in Burma.

" In Indonesia oil production in 1947 amounted to only five per-cent. of pre-war output. Tin mining in Burma at present is negligible. Production in Malaya is only about 14 per cent. of prewar output ; but in Indonesia where new dredges, ordered during the war, were available production has recovered to pre-war level.

" In the Philippines restoration of gold and iron production is delayed by technical obstacles while silver production has risen slightly above and coal production well above pre-war levels.

" Mineral production in China is only a fraction of what it was before the war and owing to dislocation of transport and other disturbances the ore mined cannot be made readily available for export or to domestic industries in acute need of it."

PLANNING IN INDIA

" In India, great interest is taken in development planning and the Dominion Government has plans for railway, highway and industrial development. An Advisory Planning Board was created in 1946. The Government is planning to undertake and operate many large hydro-electric projects such as Damodar project and a large Government-owned

artificial fertiliser factory is understood to be nearing completion. Provincial Governments of the Dominion of India also have many plans. Emphasis in all Indian plans is on industrial and power development, although plans for development of communications, literacy and hospitals also occupy a prominent place.

"Information relating to India and Pakistan indicates that the plans of the Central and Provincial Governments will involve about 5,000,000,000 dollars. Electrical development, railways, roads, agriculture and education in that order, will account for the greatest expense."

Also included in the plans is the annual production by 1952 of an additional 3,000,000 tons of foodgrains.

The Dominion of Pakistan is in a stronger position agriculturally than the Dominion of India. Further, its jute and tea exports are expected to strengthen its balance of payment position. On the other hand Pakistan has less than a proportionate share in the sub-continent's industries and coal deposits.

Although it is too early to determine the main lines of development planning in Pakistan, it is certain that development of hydro-electricity will play a crucial part.....

* U. N. SUB-COMMISSION'S REPORT ON BACKWARD ECONOMIES

The Sub-Commission on Economic Development is a body set up by the Economic and Employment Commission of the United Nations to advise them on the principles and problems of long-term economic development with particular attention to the inadequately developed parts of the world. Unlike most other bodies of the United Nations, this Sub-Commission does not consist of Governmental delegates but of experts elected in their individual capacity by the Commission. There are seven experts on the Sub-Commission, the nations represented being the United States, the U.S.S.R.

China, India, Mexico, Brazil and Czechoslovakia.

The first session of the Sub-Commission was held in Lake Success from the 17th November to the 16th December 1947. The Sub-Commission held twenty-six meetings in all and have submitted their first report to the Economic and Employment Commission. It is a matter for satisfaction that in spite of certain basic differences in ideology, members of the Sub-Commission, including the Russian and the American experts, were able to agree on a unanimous report. This fact does show, in my opinion, the greater possibilities that exist of genuine and co-operative discussion of difficulties in bodies of the United Nations, when members sit in their individual capacity rather than as delegates of Governments with set briefs and rigid national positions to maintain. At its first session it was inevitable that discussions should be more exploratory than specific, and conclusions reached more general than in detail. The Sub-Commission have laid down what in their view are the purposes and methods of economic development and their conclusions ought to be of considerable relevance when problems of economic development of the under-developed countries come up for discussion before any Specialized Agency of the United Nations. The Sub-Commission have defined the objective of economic development as the promotion of higher standards of living, full employment, and conditions of economic and social progress and development in the countries concerned," and the manner for achieving it as "a sound, efficient and fuller utilization of manpower, natural resources, energy and capital. In this connection, the Sub-Commission drew particular attention to the importance of political independence and the desirability of eliminating foreign economic and political interference for the achievement of economic development.

The Sub-Commission gave it as their deliberate opinion that economic development has to be thought of largely in terms of industrialization.

* By Dr. V. K. R. V. Rao in the *Eastern Economist* of 16-1-1948.

There can be no possibility of optimum utilization of resources without the use of capital equipment and modern technological methods. The Sub-Commission emphasised, therefore, the importance of ensuring that industrialization should occupy a prominent place in any programme of economic development. At the same time, attention was drawn to some of the undesirable social and economic phenomena that have accompanied industrialisation in the past and the opinion was expressed that, when embarking on programmes of industrialization, the underdeveloped countries should take deliberate steps to see that such industrial conditions are created as would result in the maintenance of the dignity of human labour, equitable distribution of the product of industry, a raising of real wages, and the promotion of social welfare. In this connection, the Sub-Commission deemed it desirable to emphasise the importance of calling upon trade unions to play their appropriate role in the solution of the problems of industrialization.

Among other considerations with the Sub-Commission regarded as relevant in drawing up programmes of economic development are mentioned the need for :

1. a diversified economy ;
2. establishment of key industries in the country, even though such industries may not satisfy strictly economic criteria in terms of comparative costs ;
3. diversification of technology within the country ;
4. co-ordination of economic developments with the stimulation and strengthening of the incentive behind economic effort ;
5. due attention being paid to the development of agriculture ; particularly production of food in national development programmes ;
6. viewing economic development of the country as a whole ; and
7. international economic co-operation as a factor in national economic development of a progressive character.

This by no means exhausts the considerations that should guide the economic development of under-developed countries, for each country has its own peculiar requirements and limitations that are bound to influence the nature of its economic development. At the same time, the Sub-Commission consider the general considerations outlined above to be of some use in determining the broad foundations upon which economic development should be based.

As regards the methods by which economic development on the lines set out above could be achieved, the Sub-Commission felt that part of the action necessary lay in the national sphere and part in the international sphere. They emphasised, however, that the bulk of the action required for the promotion of economic development lay in the national sphere ; and it was only on the basis of vigorous and sustained action within the countries concerned that there was any hope of achieving within a reasonable measure of time the economic development of underdeveloped territories. This emphasis of national self-reliance and national action for the promotion of economic development is particularly important in the context of current events when there seems to be a tendency on the part of many countries to concentrate their attention on the securing of outside help rather than on the maximum mobilization and utilization of their own domestic resources.

The Sub-Commission did not deal in any detail with the action necessary in the national sphere for the promotion of economic development in view of the fact that they were precluded by their terms of reference from discussing conditions in specific countries or action to be taken in specific countries except on the invitation of the Governments concerned. The Sub-Commission did, however, discuss some of the general lines on which national action was necessary for the promotion of economic development. The Sub-Commission recognized the part played both by the private enterprise and public enterprise in the promotion of economic

development in various parts of the world, but also expressed their unanimous conclusion that "economic development on the required scale in the underdeveloped and least-developed countries is not likely to be secured without a significant part being played by national governments." The Sub-Commission recognized that the role of Government in national economic development cannot be reduced to a formula, universally applicable in space and time to the different countries of the world; nor can it be decided solely or even largely on a priori considerations. All the same and subject to differences induced by local circumstances, the Sub-Commission felt bound to lay down certain lines of activities which in their own opinion would be most useful for the promotion of economic development. Thus, it is their opinion that it is an important governmental task to stimulate public interest in economic development, to create public enthusiasm and national support for programmes of development, and to provide the machinery for focussing attention on and for dealing with the problems of development. The Sub-Commission recognized that there were a number of countries where Government was already playing this part. But it was also a fact that in many of the underdeveloped countries where such action on the part of the Government was most necessary, little was being done in this direction. The Sub-Commission have, therefore, recommended that Governments of underdeveloped countries, should issue a public declaration of their intention to promote economic and social development of their countries in such a manner as will lead to a rising standard of living of their peoples. Such an affirmation should be followed by the setting up of the necessary machinery for focussing attention on economic development, for formulating the problems of development, and for devising ways and means of solving them.

The Sub-Commission did not lay down the precise form which such a machinery should take for the obvious reason that there is bound to be a certain amount of modification, appropriate

to local circumstances in each individual country. The exact form of the machinery suggested by the Sub-Commission has, therefore, to be determined by each country in the light of its own constitution and traditions. Whatever may be the precise form of machinery that might be set up, the Sub-Commission are of the opinion that the machinery has to be such as would promote *inter alia*, the following objects:

(a) Surveys of national resources, natural, human and technological. This would be particularly important in the case of the least-developed countries.

(b) Setting up targets of economic development, with a view to indicating the extent of effort and the resources needed, and for stimulating national interest.

(c) Examination of the country's monetary, banking and fiscal machinery, with a view to making it as effective as possible for development purposes.

(d) Examination of existing obstacles to economic development, and especially bottlenecks in the fields of transport, power resources, technical skill and finance.

(e) Definition of criteria for appraising economic development in terms of its pace and content.

(f) Co-ordination, evaluation and, if necessary, supervision of projects and plans of development.

A more detailed enunciation of the various lines of action necessary in the national sphere for the promotion of economic development was left over for future consideration.

The Sub-Commission then went on to consider the international action that is possible in the field of economic development. After emphasising once again that it is national action which is of importance in the stimulation and achievement of economic development, the Sub-Commission indicated the scope of international action for the promotion of economic development. The spheres where international action

could be useful were broadly classified under the following four heads :

1. Finance and Investment.
2. Capital Goods and Export Prices.
3. Technical Education.
4. Technical Assistance.

The Sub-Commission emphasised that the following two principles should be recognised as governing all types of international action that may be undertaken for the promotion of economic development. The first principle is the importance of canalizing, as far as possible, all such assistance through international machinery, especially the machinery set up by the United Nations Organization and its various Specialized Agencies. The second principle is that of seeing that international assistance made available to the underdeveloped countries is not accompanied by any political or economic strings and that such assistance is utilized primarily in the interest of the peoples of the countries receiving the assistance and not for the purpose of securing special advantages for the countries through whom such assistance is made available.

The Sub-Commission devoted a great deal of its attention to the question of foreign financing and pointed out that the resources available to the International Bank for Reconstruction and Development are inadequate, especially in view of the fact that the non-dollar currency countries are at the moment not in a position to make available to the Bank the funds they have pledged themselves to do on paper. The Sub-Commission drew pointed attention to the importance of the role the Bank should play in the financing of economic development and expressed the opinion that loans for development purposes should be appraised by the Bank not solely on the basis of eventual direct monetary returns from the specific projects for which the loans are made, but rather on the basis of the contribution that each loan will make to the general economy of the borrowing country and with due regard to its ability to meet the terms

of the loan. The opinion was also expressed that loans for development purposes should, for the greater part, be long-term loans, and interest rate should be as low as possible. As regards other forms of foreign financing, such as inter-Governmental loans, private loans and direct private investments, the Sub-Commission emphasised the danger that some of these forms of foreign financing might involve foreign economic or political interference and emphasised the importance of seeing that such loans and investments are solely used in the interest of the peoples of the borrowing countries. They felt that it was necessary to have international conventions for regulating the conditions of such loans and investments, but postponed to a future session a detailed formulation of these conditions.

The Sub-Commission emphasised that the objective of foreign borrowing is to obtain the commodities essential for economic development especially capital goods, and that this purpose would be defeated unless the lending countries assume some responsibility for ensuring that the goods necessary for economic development are actually made available for export, and at reasonable and fair prices. The Sub-Commission noted the importance of technical education for the promotion of economic development and pointed out that there was a great scope for international action in this field. They emphasised the importance of the necessary technical institutions being built up within the countries themselves and recommended that the necessary assistance in the form of personnel and equipment should be made available by the countries which are in a position to do so. As regards technical assistance, the Sub-Commission emphasised the role that technical missions can play in the solution of the problems of underdeveloped countries as well as in the solution of international assistance for such solution. They recommended that greater advantage should be taken by the underdeveloped countries of the technical assistance that is available under the I.L.O., the International Bank, the Inter-

national Monetary Fund, and the U.N.E.S.C.O. and the W.H.O.

Finally, the Sub-Commission was very much impressed by the fact that many of the underdeveloped countries were, at the present moment, facing urgent economic difficulties which were preventing them from embarking or vigorously continuing on long-range schemes of economic development. Among the more important of the short-period problems facing the underdeveloped countries are :

1. Food Shortage ;

2. Shortages of other consumer goods brought about by the comparative shortage of imported goods and by the internal dislocations caused by the strain of war ;

3. Inflationary conditions of an acute character ;

4. Balance of Payments difficulties ;

5. Transportation difficulties ;

6. Difficulties of obtaining domestic or foreign disinvestment arising out of war conditions and other factors ; and

7. High prices of goods imported by the underdeveloped countries, and especially of machinery and equipment.

The Sub-Commission were emphatic in their view that something should be done immediately by way of international action for meeting those short-period difficulties. The Sub-Commission recognized that the underdeveloped countries have so far not received international assistance on the scales justified either by the urgency of their problems or of the magnitude of their requirements. They felt that more positive action on an international scale was required to meet the immediate problems of these countries and at the same time the underdeveloped countries should themselves undertake mutual co-operation in the solution of their immediate difficulties. The Sub-Commission were so much impressed by the importance of this question that they have recommended unanimously the following resolution for consideration by the Economic and Employment Commission :

THE ECONOMIC AND SOCIAL COUNCIL

A. (1) Recognizing that the current economic position of the various underdeveloped economies is so serious as to prevent them from efficiently embarking on and/or continuing long-range schemes of economic developments ;

(2) Recognizing that the internal resources are the basis of economic development and that foreign aid can only be considered as a supplementary resource.

(3) Recognizing nevertheless that an effective handling of the short-period problems is not possible without rapid and substantial international loans and credits in the form of both funds and goods ;

(4) Recognizing that the quantum of foreign loans and credits available either through international or national channels is limited, that substantial calls are already being made on these funds by the economically more developed areas of the world, and that there is great danger of short-term needs of the economically underdeveloped areas being neglected ;

(5) Recommends that immediate international provisions be made for those underdeveloped countries by way of finance, food and equipment, in order that they may better deal with their short-term economic problems, and thus facilitate not only the promotion of their own economic development but also the successful rehabilitation of the economies of the more developed parts of the world and the maintenance of world stability and full employment, but that such provision should not be used for the purpose of exploitation or of obtaining political or other advantages for the countries rendering such assistance.

B. (1) Recognizing that it is necessary that immediate international provision be made to assist in meeting the short-period economic problems of the underdeveloped economies ;

(2) Recognizing that it is difficult to ascertain the amount of help necessary without a comprehensive study of the immediate

requirements of countries in different economic circumstances; and

(8) Recognizing that it is desirable to have specific data collected about the magnitude and variety of the short-period requirements of those countries; /

(4) Notes with satisfaction the terms of reference of the Economic Commission for Asia and the Far East; and

(5) Recommends that similar functions be assigned to other Regional Economic Commissions that may be set up by the United Nations.

C. (1) Recognizing that it is imperative that there should be an early contribution towards the rapid solution of the immediate short-period problems of the underdeveloped economies; and

(2) Recognizing that it would not be possible to find from international sources all the funds and equipment necessary for the solution ;

(8) Is strongly of the opinion that the Governments of underdeveloped countries should proceed to consult with one another and with others, in such manner as they may deem fit, on their short-period requirements and on the extent to which those could be met by mutual economic agreements and by better utilization of their national resources.

It is hoped that this resolution would be followed by the initiation of the necessary international action for the solution of the short-period problems of the underdeveloped economies.

I am convinced that the Report of the Sub-Commission on economic development could be of great use to the underdeveloped countries in obtaining necessary international recognition of the lines on which they desire their economic development, especially in respect of industrialization. Such a recognition should be more readily forthcoming as the Sub-Commission is a body of experts appointed by the United Nations Organization and their conclusions,

therefore, cannot be regarded as having any political bias. Such a recognition also would meet many of the apprehensions which have been expressed by the underdeveloped economies at Havana in their discussion on the draft charter of the proposed International Trade Organization. The Sub-Commission's Report should also be useful to the underdeveloped economies in the emphasis that it lays upon the utilization of international machinery for the giving of foreign assistance and the absence of any political or economic strings being attached to the grant of such assistance. The Sub-Commission's Report should be of special interest to the peoples of some of the underdeveloped and least-developed countries whose Governments so far have not paid much attention to the promotion of economic development in so far as they can now use this document to bring pressure on their Governments to undertake some positive action for dealing with their economic problems.

Finally, and this in my opinion is the most important part of the Sub-Commission's Report, is the emphasis the Sub-Commission has laid on vigorous and positive international action being taken immediately for assisting the underdeveloped economies to solve their short-period problems. Hitherto, the economic difficulties of Western Europe have dominated the scene and the bulk of international assistance made available either through international or national agencies has been towards Western Europe. It is hoped that the categorical recommendation of the Sub-Commission that something should be done immediately for assisting the underdeveloped economies to solve their short-period problems would be followed not only by international action, but might also have a salutary influence in stimulating Governments with economic resources like the United States to make available a part of these resources for the benefit of the underdeveloped economies instead of concentrating solely on the needs of Western Europe.

In view of these reasons, I would urge that the Report of the Sub-Commission on economic

development should be vigorously sponsored by the Governments of the underdeveloped economies and every attempt should be made to get the conclusions of this body accepted, first by Economic and Employment Commission, then by the Economic and Social Council and finally by the General Assembly.

WORLD FOOD COUNCIL DISSOLVED

The International Emergency Food Council has announced that it has been dissolved from January 1, 1948, and its functions assumed by the Council of the U.N. Food and Agriculture Organization.

The Central Committee of the IEFC will become the International Emergency Food Committee of the FAO and the ten existing commodity committees will continue as before.

NO SALE OF DOLLARS TO STERLING AREA

MONETARY FUND'S ACTION

The international Monetary Fund sold no dollars during three months ended November, 28 to sterling countries other than Britain, according to the quarterly report of the Fund.

Annual entitlements of dollars from the International Monetary Fund in each of four years are: Egypt 15 million; India 100 million; Australia 80 million; South Africa 25 million;

and Iraq 2 million making the substantial total of 172 million dollars a year.

Such drawings could appreciably augment the dollar supply of the area for which Britain should have to provide, and thus either replenish the central reserves of the sterling area in London or reduce the drain on them.

A feature of the Anglo-Egyptian agreement was that Britain agreed to sell Egypt 4 million dollars worth of gold for sterling to entitle Egypt to draw 15 million dollars annually from the International Monetary Fund. Britain's pending agreements with India and possibly with other countries are likely to contain the same feature.

WORLD STUDENTS' LEADER COMING TO INDIA

Mr. J. Grohman, the Czechoslovakian Chairman of the International Union of Students, will leave for India shortly to take part in the Calcutta Congress of East Asia students' organizations.

At a students' conference in Budapest held recently, it was decided that special passports for students should be issued enabling students to travel abroad for the purpose of studying. Those passports would entitle students to cheaper travel, accommodation and other facilities.



Money, Banking & Insurance

NICKEL COINS FOR HYDERABAD

A PRESS NOTE SAYS.

Under sections 9 (a) and 21 (7) of the Hyderabad Currency Act No. 8, 1921 F., of the Nizam's Government have decided to issue pure nickel coins of 8 as., 4 as. and 2 as. denominations. These will be in addition to the coins of the same denominations which contain fifty per cent. silver and fifty per cent. alloy. The pure nickel coins will be in circulation from 23rd Feb. 1948 (23rd Farward 1357F.) The value of the new nickel coins will be inscribed in words instead of in figures.

MR. LAKSHMI NARAYAN GUPTA ON THE FUTURE ROLE OF CO-OPERATIVE BANKING.

MR. L. N. GUPTA, H.C.S., Financial Secretary, H.E.H. the Nizam's Government Hyderabad, presiding at the Annual General Meeting of the Prudential Co-operative Central and Urban Bank, Secunderabad, observed on the 18th January, 1948, that the Prudential Bank had made a name in the field of Co-operative Banking. It occupied now the second place after the Apex Bank, i.e., Co-operative Dominion Bank. Its working capital now amounted to over Rs. 50 lakhs which was creditable for any co-operative bank and its solidarity was indicated by the investments in Government Securities which amounted to Rs. 25 lakhs, being about 50 per cent. of the working capital; and the Reserves amounting to over Rs. 1 lakh, being about 2/8 of its paid up capital of Rs. 1.5 lakhs. The Bank mainly catered to the small investor and the loan-holder. The scope of the Bank was being widened by the revision of its bye-laws by which its paid up capital would be raised to Rs. 10 lakhs, and it would be in a position to finance primary Co-operative Societies mainly in Secunderabad. There was no Co-operative Bank at

present which met the needs of the small traders and industrialists, and the Bank in its new programme intended to fill in this gap and to finance small trade and industries on a co-operative basis. The co-operative movement would be strengthened by expansion of its activities to this group of persons. The Bank also wished to extend its activities outside Secunderabad and had made a good start by establishing a Branch in Hyderabad in a portion of a large building of thier own which was situated in a very good locality and served as a good investment for the Bank. The Bank had also a Safe Deposit vault in Secunderabad of which increasing advantage was being taken by its members. It was also proposed to build another Safe Deposit vault in Hyderabad.

Mr. Gupta referred briefly to the general movement for nationalisation of the Banking and Insurance all over the world, and mentioned the legislation undertaken in Australia in this regard. He said that a step was being taken in Hyderabad in this direction by nationalising the Hyderabad State Bank, which was being reorganised as a Reserve Bank for Hyderabad, with powers to issue Paper Currency and with new Departments of Industrial Finance and long-term Agricultural Credit under it. The latter Department of the State Bank would go a long way to help the development of agricultural banking in Hyderabad. Mr. Gupta said that co-operative banking would fill the intermediary role between nationalisation of banks and private enterprise. The co-operative banks would have all the good points of a national concern as not being motivated by profiteering; whereas they would have the advantage of the initiative and drive of its honorary workers as was available to private enterprise from its promoters.

ALL MONEY IS NOT THE SAME

Idle Money.—It lies about doing nothing all day; some of it is permanently bedridden—stuffed away in a mattress for safe keeping.

Hot Money.—Some is in big amounts and some in small; some is used for speculation; some huddles in a thickish wad which does a cheque out of a job and is expert at never meeting the Chancellor of the Exchequer.

Black Money.—It haunts Continental casinos and cocktail bars, and tries to get back here by devious and unlawful ways.

Loose Money.—It goes chasing after scarce goods so hard that a lot of it melts away.

Cool Money.—Cool, collected, hard-earned, carefully budgeted, wisely spent, and working for its keep.

How much of Hyderabad money belongs to each of these different categories?

INDUSTRIAL FINANCE CORPORATION OF INDIA

MR. R. K. SHANMUKHAM CHETTY ON OBJECT OF BILL

In the Constituent Assembly of India (Legislative), the Hon'ble Mr. Shanmukham Chetty, Finance Minister, on November 20 moved that the Bill to establish the Industrial Finance Corporation of India be referred to a Select Committee* with instructions to report on the opening day of the next session of the Assembly.

The object of the Bill, he said, "is to supplement existing facilities available for the supply of immediate and long-term capital to industry."

He stressed the importance of the measure to the national well-being, and felt that it was overdue.

The Finance Minister said:—

The question of establishing an Industrial Bank or Corporation for supplying medium

The Select Committee has since met and has made some minor alterations. The Bill has since been passed.

and long-term financial requirements of Indian industries has exercised public opinion in this country for several years past.

The Indian Industrial Commission (1916-18) had recommended the appointment of an expert committee to examine the possibilities of establishing industrial Banks in India and the Indian Central Banking Enquiry Committee (1929-31) had recommended the formation of Provincial Industrial Corporations and an All-India Industrial Corporation.

INDUSTRIALISATION

The attention of the public has again been drawn to the question since the beginning of 1945 in connection with the schemes formulated by the Government of India for the post-war industrialisation of the country. In the Statement on Industrial policy issued by the Government of India, on April 21, 1945, with reference to their plans for the future industrial development of the country, the Government states that the question of the promotion of an Industrial Investment Corporation or similar institution was under examination.

Subsequently, in the General Purposes Sub-Committee appointed by the Planning and Development Department, it was decided that the subject should be examined by the Finance Department in consultation with the Reserve Bank of India. In implementation of this decision, a Bill was prepared by the Reserve Bank for the establishment of an Industrial Finance Corporation to provide medium and long-term credit to industrial enterprises in British India, where recourse to commercial banks or capital issues channels is considered inappropriate.

Sir Archibald Rowlands intended to introduce it in the Assembly in the Budget Session of 1946, but could not do so owing to crowded legislative programme. It was introduced in the Autumn Session of 1946, but could not be proceeded with both on account of pressure

of legislative business and the impending constitutional changes.

NEW SIGNIFICANCE

With the inauguration of the independent Dominion of India and our anxiety to go ahead full-speed with the industrial development of the country, the setting up of an Industrial Finance Corporation has acquired a new significance and urgency which is further accentuated by the recent unfortunate occurrences, which have dislocated economic life in certain parts of the country.

The financial requirements of industries may be generally classed under two heads, *viz.*, block capital and working capital. Block capital is required by industries to finance fixed assets such as land, buildings, machinery and other appliances of a more or less permanent character, while working capital is required for the purchase and working up of raw materials into financial production for stores, for expenses incidental to the marketing of products, for day-to-day requirements, etc. A part of the working capital is also of a permanent nature.

Generally, in industries, the stock of raw, manufactured or semi-manufactured materials never falls below a certain minimum and the capital required for holding these is more or less of the nature of permanent capital. Any working capital over this minimum falls in the category of short term finance. It is also possible to distinguish, in some cases, capital requirements of a semi-permanent type which may be classed as medium term requirements of industry.

According to orthodox British practice, commercial banks do not supply the capital required for financing fixed assets which is obtained by industries in Great Britain by public or private subscription. As a rule, the banks there would be prepared to furnish the capital required to finance only the floating assets against the security of stock or other

liquid assets after the industry concerned has established itself in sound position.

On the European Continent, however, and particularly in Germany, Italy and Belgium and in the United States the banks generally, used to engage in 'mixed' bankings (combining short-term with long-term industrial financing) until the great economic depression of 1929-33, which demonstrated the drawbacks and disadvantages of the mixed system.

As a result of the experience gained during the years of the economic depression it has been generally agreed that long-term industrial finance should be eschewed by banks. Apart from the 'mixed' type of banks, which have declined since the depression special industrial banks were established in some of the European countries.

In France, there were the "Banques d' Affaires," which specialised in the issue of securities and in the flotation of industrial and financial undertakings. In Finland, an industrial mortgage Bank was floated in 1924, with capital supplied mostly by the joint stock banks, to meet the long-term requirements of industry.

The National Hungarian Industrial Mortgage Institute, Ltd., was founded in 1928 for granting amortisation loans to industry, the Treasury contributing 80 per cent. of the capital and the National Union of Manufacturers the remainder. A Provincial Mortgage bank was established in Saxony in 1925 to provide credit to industry, trade and handicrafts. It worked as an annex of the Bank of Saxony which was an institution wholly owned by the State.

In Poland, the Economic Bank was brought into existence in 1926 which was empowered, among other things, to make industrial loans. The capital of this Bank was subsequently acquired by the State.

INDUSTRIAL BANKS

After the great economic depression, the Reconstruction Finance Corporation was

created in the United States with the object of extending financial assistance to agriculture, commerce and industry, the activities of the Corporation were considerably extended during the war to enable it to aid the defence programme.

The most recent additions to the list of industrial banks are those incorporated in the British Empire. In Great Britain, the Chancellor of the Exchequer announced in January, 1945, the formation of two Finance Corporations, namely, the Finance Corporation for Industry, Ltd., and the Industrial and Commercial Finance Corporation, Ltd., The purpose of the former company, in brief, is to provide finance for industrial business with a view to their quick rehabilitation and development in the national interests, and that of the latter to supply medium and long-term capital to the small and medium sized business of the country.

In Canada, an Industrial Development Bank has been brought into existence as a subsidiary to the Bank of Canada to ensure adequate credit to industrial enterprises which may reasonably be expected to prove successful; and in Australia, a separate Industrial Finance Department has been created in the Commonwealth Bank to assist in the establishment and development of industrial undertaking.

The question of establishing separate corporations in India to supplement available facilities for financing industries was exhaustively studied by the Indian Central Banking Enquiry Committee and the various Provincial Committees. After reviewing the facilities available in the capital market and the working of the "State Aid to Industry," Acts and certain finance Corporations established by Provincial Governments, the Central Committee recommended the formation of a Provincial Industrial Corporation in each province. At the same time, they stated that they did not rule out the possibility of the

formation of an All-India Industrial Corporation at the Centre for the purposes of meeting the requirements of Industries which may fall within the scope of the Central Government.

In view of the recent constitutional developments the scope of an All-India Corporation is greater now than was envisaged in 1931 by the Banking Committee. The Bill, which is now before the House, however, is not intended to meet the requirements of basic and nationalised industries but only to provide finance to meet the long-term needs of private industry.

MAIN PROVISIONS

I shall now explain briefly the main provisions of the Bill which, as I have stated, was introduced by the previous Government. Besides the drafting changes necessitated by the new constitutional position, it needs in my opinion certain minor modifications, but these can be dealt with in the Select Committee and it will be enough if I merely indicate them when referring to the particular provisions.

It is proposed in Clause 4 of the Bill that the capital of the Corporation shall be Rs. 5 crores, divided into 2,000 shares of Rs. 25,000 each fully paid up. Of these, the Government and the Reserve Bank will each take up 400 shares and the balance of 1,200 shares will be offered to schedule banks, insurance companies, investment trusts and the other like financial institutions on the lines indicated in sub-clause (4) of Clause 4.

In the present circumstances in India, it appears that an institution controlled by Government, the Reserve Bank and institutional investors will have the best chances of success.

Sub-Clause (6) of Clause 4 restricts the transferability of shares to the Central Government, the Reserve Bank, scheduled banks, insurance companies, investment trusts and the other like financial institution. Clause 5 provides for a guarantee by Government of dividend on shares not exceeding 2½ per cent. I think this clause

is not happily worded. The guarantee must be for a fixed rate and it will be best to leave the rate to be notified, at the time of issue of shares, by Government, who will naturally fix it at a reasonably low level.

I next come to Clauses 6 and 7 dealing with management. The general superintendence and direction of the affairs of the Corporation has been entrusted to a Board of 11 Directors of whom two will be nominated by the Central Government. Three will be nominated by the Central Board of the Reserve Bank, one will be a Managing Director appointed by the Central Government after consideration of the recommendations of the Board; three will be elected by banks who are shareholders of the Corporation, and the remaining two will be elected by the insurance companies, investment trusts and other shareholders.

The first Managing Director will be appointed by the Central Government after taking into consideration the recommendation of the Reserve Bank. The constitution of the first Board of Directors and the terms of office of the various classes of Directors are prescribed by Clause 7.

Clause 11 lays down an obligation on the Corporation to start four offices at Bombay, Calcutta, Delhi and Madras. Offices may be established at other places with the sanction of the Government.

Clause 18 is an important clause dealing with the Corporation's borrowing powers. It is provided that the Corporation may issue and sell bonds and debentures not exceeding four times the amount of the share capital. This limit seems to me to be inadequate and I propose to suggest that it be raised to five times the aggregate amount of share capital and reserve fund. The principal and interest in respect of bonds and debentures is guaranteed by the Central Government, the latter at a rate not higher than $2\frac{1}{2}$ per cent.

Fixation of such a limit under the law seems to me inappropriate and I would suggest that the rate should be fixed by the Government at the

time the bonds and debentures are issued. The Corporation is authorised under Clause 14 to receive fixed deposits for periods of not less than 10 years, provided the total amount of such deposits does not exceed Rs. 10 crores.

BUSINESS OF CORPORATION

The business of the Corporation is defined by Clause 15. The Corporation is authorised to grant secured loans to industrial concerns payable within a maximum period of 25 years. It may guarantee loans raised in the market by industrial concerns for an agreed rate of commission. It has also the powers to underwrite the issue of stock, bonds and debentures and of retaining, as part of its assets, such stock, bonds or debentures as it may have to take up in fulfilment of its underwriting obligations, but is required to dispose of any such stock, bonds and debentures within a period of seven years.

Clause 16 limits the maximum amount of accommodation it can grant to any single borrower, by way of loan, a guarantee-undertaking or underwriting agreement in the aggregate to 10 per cent. of its share capital.

In terms of Clause 19 of the Bill, in case of industrial concerns requiring loans in foreign currency, the Corporation is authorised with the previous sanction of the Government to borrow such funds through the International Bank for Reconstruction and Development or otherwise.

Under clause 21, the Corporation is empowered to recall loans within the agreed period under the circumstances defined in it. In view of its special position the Corporation is proposed to be given, under Clause 22, certain privileges in the matter of endorsement of claims.

In the event of a default by the borrower, the Corporation may, after due notice to the borrower, apply to the Court for attachment of property of the industrial concern, and the Court shall pass without delay an *ad interim* order attaching so much of the property of the industrial concern as would realise an amount

equivalent to the outstanding liabilities of the industrial concern to the Corporation together with the costs of the proceedings.

RESERVE FUND

Clause 24 requires the Corporation to establish a reserve fund out of profits. So long as the reserve fund is less than the share capital, and so long as any amount is due to the Government under a guarantee given by them under clause 5 or Clause 18, the rate of dividend on shares shall not exceed the rate guaranteed by Government. When the reserve fund equals or exceeds the share capital, the rate of dividend may be raised to a maximum of five per cent. and the balance of profits shall be transferred to the Central Government.

Clauses 25 and 27 prescribe the period within which the annual general meeting must be held after the close of the financial year of the Corporation and prescribe the returns to be sent to Government, the Reserve Bank and other shareholders. These clauses are on the usual lines and call for no special comments. The next clause 28 provides that the Corporation shall not be wound up without the sanction of Government.

The only other clause which requires an explanation is Clause 31, which exempts the Corporation from income tax and super tax. The clause is a logical sequence to Clause 24, which provides that the balance of profits, after appropriations specified therein, shall be transferred to the Central Government.

The object of the Bill is to supplement existing facilities available for the supply of medium and long-term capital to industry. Having regard to the inadequacy of the existing facilities in India in this regard and the necessity of rapid industrialisation to raise the standard of living, the importance of the present measure to the national well being of the country needs no emphasis.

CO-OPERATIVE BANKS IN INDIA

MR. V. L. MEHTA'S VIEW

The fact that the Reserve Bank permitted

the Bombay Muslim Co-operative Bank to join the banking and clearing house spoke for the progress of that commercial institution, observed Mr. V. L. Mehta, Minister for Finance, Co-operation and Village Industries.

Throughout the world there were nearly 20,000 Co-operative Banks and India possesses 8,000 such banks, he said.

Co-operative Banks, should receive further impetus from Hindus and Muslims as they would be helpful in removing the communal virus which had begun to find its way into this field, as well.

Mr. Morarji R. Desai, who also addressed the gathering, said successful running of co-operative banks such as the Muslim Co-operative Bank would only materialise if Hindus as well as Muslims jointly entered the co-operative movement. No communal co-operative banks should be countenanced. Only on this line could communalism be eradicated from all spheres of life he added.

STERLING RATE NOT TO BE ALTERED

SIR S. CRIPPS'S STATEMENT IN THE COMMONS
ON FRANC DEVALUATION, 26 JANUARY, 1948.

Sir Stafford Cripps said :—

"When M. Rene Mayer came to London 10 days ago he informed me of the intentions of the French Government and the method that they were considering to adjust the exchange value of the franc. He stated that no decision had been arrived at by the French Government but that they would be giving their executive director on the International Monetary Fund instructions on the following Monday to lay whatever proposals they finally decided upon before the board of the fund. The method of which he then gave me details was that which has now been adopted by the French Government.

APPLICATION TO FUND

"At those interviews with M. Mayer I emphasized that we were entirely in sympathy with

the main objective which the French Government had in view, which was to arrive at a realistic value between the franc and the dollar. We stated that we were prepared to support that objective at the fund, but that we were not in agreement with the method that they proposed to adopt.

"We had long and most friendly discussions on this matter, and though we were neither of us able to convince the other, we parted with a full understanding of each other's point of view. I then told M. Mayer that we should, of course, be obliged to put forward our own view at the fund, failing any measure of agreement with the French, and that position he fully understood.

"The French proposals were duly placed before the fund a week ago and the same arguments were there deployed on both sides as had been used in London.

"The House will have it in mind that under the provisions of the Bretton Woods Agreement, of which both ourselves and the French were signatories, members are required to obtain the approval of the fund for a change in the par value of their currencies and also undertake not to engage in multiple currency practices except as authorized by the fund.

SUGGESTIONS TO FRANCE

"From indications as to the course of discussions on the matter by the fund in Washington we formed the view that approval was most unlikely to be given unless the French were prepared to consider some modification in their method, and we were most anxious to avoid a situation in which the French application should be disapproved by the fund.

"We therefore told the French Government that if they found it possible to accept a straight devaluation of the franc, without the system of a free market, we would do all we could to help them by immediate discussions for expansion of trade between the franc and sterling areas on that basis. The French Government,

however, concluded that straight devaluation was, for a number of reasons, impracticable for them.

"As a next step we said that we would still agree to work immediately for an expansion of trade and for provision of additional important supplies for the French economy if they could accept a suggestion which we understood has been made to them in Washington—that the free market should not apply to the rate for commercial transactions but should be limited to financial transactions such as the repatriation of French capital held abroad.

"The French found themselves unable, for the requirements of their own economic position to depart from their original method.

THE PARIS TALKS

"As His Majesty's Government were concerned for the possible effect on Western European economic and political co-operation and stability that might be brought about by the proposal by the French, I flew to Paris on Friday morning for further conversations with the French Government. I repeated to them that we were anxious to help in every way and that we regarded agreement on this matter at the fund as of the utmost importance.

"I urged them to consider once again the limitation of the free market such as I have already described. They repeated their objections. I then made another proposal to them about which I understand there has been some confusion in Washington.

"The French Government assured me throughout that the method they were adopting was of a transitory nature. They maintained their adherence to the objective of an exchange system based on a fixed single rate, as indeed is made plain by their public statements. I proposed to them, therefore, that they should seek the approval of the fund for the method they had preferred, but that this method should be limited to a period of three months and that it could only be continued beyond the three months

if, as a result of the experience gained during its working, the fund was able to approve its continuance.

FRIENDLY DISCUSSION

"In making this proposal I in no way modified my objection to the principle of the method the French were proposing. Nor could I, of course, assume that the fund would necessarily approve its application even for this limited period. But as it was to be a transitory arrangement and as one of the chief difficulties in discussion was that we and the French took differing views about the effect of this method on existing exchange systems in operation, I thought it might be practicable for both Governments to make it plain to the fund that they had in mind only an experimental treatment of the problem strictly limited in time.

"Our discussions were again on the most friendly basis. M. Schuman, M. Bidault, and M. Mayer all took part in these talks together with their expert advisers. We were, however, unable to convince them that it was possible for them to make the adjustments of their plan that would enable us to support their case at the fund as we desired to do.

"The French Government have as their chief objective the stabilization of the French economy. Their fiscal and budgetary measures were the first step in this programme. Their next step was to adjust the rate of exchange in order to take into account the rise of prices in France. They regarded it as impracticable at this stage in the evolution of their economic programme to determine a new and fixed rate which would be appropriate. Therefore, in their judgment, it was necessary that, for a transitory period, part of the convertible currencies, coming to France should find its level through the operation of a free market.

"They came to the conclusion that if they adopted any of our suggestions they would be unable to achieve in full measure the results for which they hoped from their present arrangement.

"Although all of us agreed on the extreme importance of working towards a closer economic integration of western Europe, the judgment of the two sides on the effect that the French action was likely to have differed. We held the view that the particular methods which they were proposing were of less decisive value for them than they considered, and that the adverse effects on the relation between the franc and other European currencies which were likely to ensure from their action were greater than they estimated. In the result, they decided to adopt the method in the form which M. Mayer had first explained to me, in spite of the disapproval which they were conscious would be registered by the International Monetary Fund.

TWOFOLD POLICY

"We regard this result as unfortunate, but nevertheless we are as anxious as are the French Government that this difference of opinion should have no adverse effect on our general relations and co-operation, or in any way militate against our coming together for the purposes announced by the Foreign Secretary on Thursday last, to which I found the warmest response among all members of the French Government whom I met."

"Our policy will be two-fold—to give any help we can to assist the French Government in reaching their objective of a fixed uniform rate at as early a date as possible, and at the same time to take such measures as may prove necessary in the interval to limit the repercussions on our own currency and the many other currencies in which we are closely interested.

"I therefore left in Paris some technical staff who will, I hope, be able to work out in full consultation with the French Government the measures of precaution which we must be prepared to take here.

"I need not point out to the House that this is a matter in which we bear responsibility to the whole of the sterling area—(cheers)—and to all those others who are trading on the basis of

sterling, and we must therefore maintain our freedom to take any action which may be found necessary.

DESIRE TO CO-OPERATE

"The new free market for dollars and escudos in Paris will be quite different from the free exchange markets before the war. The market will be organized through the authorised banks in Paris and will be accessible only to residents in French territory who wish to buy dollars or escudos for approved purposes. It is not intended to give facilities for the flight of capital for currency speculation or for arbitrage between one currency and another.

"We are certain the French Government intend to take all possible action to prevent any direct effect of their plans on the relation of sterling to other currencies, and we do not contemplate taking any action to alter the rate of sterling in relation to other currencies, as we do not believe that this will be rendered necessary or advisable.

"In any action that we are compelled to take we shall, of course, exercise the greatest care not to add to the difficulties of our French friends more than might prove absolutely inevitable.

"I wish to emphasize very firmly on behalf of his Majesty's Government that this difference of view will not have any effect whatsoever on our sincere and earnest desire to co-operate with the Government of France to the fullest extent in the economic as well as in the political field.

STEPS PREPARED

SIR JOHN ANDERSON (Scottish Universities, Nat.) asked whether the Chancellor could assure the House that he and his advisers had been able to work out the international implications of the French decision, and that all practical measures would be adopted without delay to minimize repercussions on other unconvertible European currencies.

SIR S. CRIPPS.—Yes, Sir. I can give the assurance that we have gone into this matter very fully. We have prepared all the necessary

steps, I hope, and we are in consultation with the French Government to-day as to how best they can be applied."

MR. DALTON (Bishop Auckland, Lab.)—May I ask the Chancellor whether he will instruct our representative on the International Monetary Fund to keep closely in touch with the United States representative and others to do everything possible to make sure that this is a purely transitory departure from fixed exchange rates?

SIR S. CRIPPS.—Yes, Sir. We have done our utmost along those lines, and I understand that the International Monetary Fund is still going to try to persuade the French to make it transitory and not permanent.

MR. W. FLETCHER (BURY, C.)—Will there be an opportunity for the House to discuss the various steps when they have been worked out?

SIR S. CRIPPS. Measures of that sort have to be imposed without prior discussion if they are to be of any real value.

WESTERN UNION

SIR F. SANDERSON (EALING, E., C.)—Will the Chancellor reinforce foreign exchange control and give an assurance that he will take every step possible, no matter how drastic or far-reaching, to conserve the interests of the savings of our people?

SIR S. CRIPPS.—We shall certainly do all we think necessary and desirable to preserve the strength of sterling.

MR. R. A. BUTLER (SAFFRON WALDEN, C.)—Will the Chancellor give an assurance that, besides the technical discussions on this matter which are taking place in Paris, the Government are pressing ahead with the talks and processes involved in setting up a Western Union, both political and economic?

SIR S. CRIPPS.—We certainly hope that this will not prevent in any way the going forward of these discussions.

COLONEL J. HUTCHINSON (GLASGOW, CEN., C.) In view of the emphasis laid on the transitory nature of these proceedings, will the Chancellor

urge our representative on the International Monetary Fund to clear up exactly a similar system which has been in operation for months with Italy, which is doing great damage?

Sir S. Cripps said he understood that the International Monetary Fund was pressing Italy to discontinue.

MR. MIKARDO (READING, LAB.) Will the Chancellor reconsider the decision, announced by Mr. Bevin last week, at least 'partially to raise the ban on foreign travel?

SIR S. CRIPPS.—I hope this will not make that necessary. That was, as Mr. Bevin said, subject to agreement with other specific countries and we hope we shall be able to come to an agreement with France.

THE DEVALUED FRANC

After a week-end of troubled discussions in Paris, London, and Washington, the French Government went ahead with its proposals for devaluing the franc on the Italian model. It is doing so, moreover, in face of the disapproval of the International Monetary Fund. The new rate for the dollar is to be 214.4 f., compared with the present rate of 119 and the 1945 rate of 50. That on sterling will be 864 f., which nominally preserves the existing relationship of 4.08 dollars to the £ 1. The proposal to establish a free market for gold has come up before the French Parliament.

The French Cabinet have held firm to the view first that the incentive of obtaining relatively free disposition over their receipts of foreign currencies in the open market is an imperative necessity for French exporters, and secondly that only by allowing "free" rates of exchange for foreign currencies and gold will French-owned holdings of gold and hard currencies be enticed back from abroad or internal hoards. To the argument that the plan will undermine the system of controlled international exchanges and of international trade, based on Bretton Woods, and set in train a process of competitive devaluation of currencies they re-

tort in effect, that the plan will on the contrary underpin that system by helping France to re-establish internal equilibrium.

ITALIAN PRECEDENT

The timing of the change, the particular method chosen, add the circumstances in which it has been pressed forward all combine to make the ultimate effects unpredictable. In Italy, where shortly after the devaluation of the lira in January, 1946, from 100 to 225 to the dollar, the Italian Government allowed an open market to be organized in hard currencies, the free market value of the dollar was presently being quoted at twice the official rate. Thus the exporter by selling 50 per cent. of his receipts of hard foreign currency on the open market was able to get an average return per dollar 40 per cent. larger than at the official rate. This additional devaluation, on top of the incentive of being able to dispose of foreign exchange relatively freely, gave a powerful stimulus—for a time—to Italian exports to hard-currency countries.

Italian experience, however, is not necessarily a safe precedent. Many French exports of merchandise consist of luxuries and the tourist traffic has a big role in her invisible exports. The international sellers' market is already beginning to contract, and the level of incomes of foreign nationals is likely to be a much more critical factor for such products in the coming months than prices as such. Devaluation therefore, may still inflate the cost of imports—which France needs for reconstruction purposes more than it may stimulate exports, with consequences to the upward spiral of internal prices and wages that cannot be foreseen. In any case, as experience since 1945 had demonstrated, devaluation itself is but one step towards economic rehabilitation.

Meanwhile, the obvious danger is that the position of sterling will be weakened by leakage through the French exchange control into the free market. British objections to a free market in ordinary sterling are to be met to some extent by banning dealings in the pound except at the

new official rate. But unless added restrictions are to be placed on transfers of sterling the insurance thereby offered is likely to be small since the cross rate between the "free" quotation of the dollar and the official quotation for sterling will represent an open inducement to all sorts of people to "beat the controls." There are suggestions that some Frenchmen are already beginning to have second thought on the value as well as the international propriety of a "free" gold market. The best hope is that experience will quickly reinforce these doubts and demonstrate that France stands to lose for more than she now hopes to gain by the new policy.

STERLING AND THE FRANC

So many rumours have provided so many occasions for official flat denials of any intention to devalue the pound or otherwise tamper with the sterling exchange rate that the sequency has now become something of a formality. But the Chancellor added something when he went out of his way to record a considered official opinion that "this will not be rendered necessary or advisable."

Naturally no prudent man would venture any forecast on what might or might not happen if these "free" markets become a universal habit outside the sterling and dollar areas, though logically nothing need happen except further restriction of the transferability of sterling between residents of different countries. But it is impossible to suppose that limited free exchange markets in France, Italy, and Greece are in themselves enough to break sterling. It is likely enough that further tightening up of exchange regulations may be needed, so far as they affect French sterling, and that there will be loopholes which will result in this country acquiring a moderate additional amount of French francs instead of hard currencies. It is even likely that a free market in hard currencies in Paris, putting very possibly a substantial premium on the dollar against sterling in comparison with the official rates, will diminish in

respect of sterling in some parts of the world. All these things are highly inconvenient and unwelcome. They constitute the reasons which, along with the violation of the concept of the International Monetary Fund implicit in the French plan, prompted this country to oppose France's proposal both with the Fund and in direct negotiation. But they are hardly of the order of magnitude which could spell danger to the exchange stability of sterling in a wider context.

Since French sterling does not belong to the "transferable account" area, no major change in exchange regulations seems likely to be imminent. The task in essence is to prevent any unauthorized use of French sterling, which might indirectly make possible the use of cheaply acquired sterling by the residents of hard-currency countries. Such unauthorized use might consist of anything ranging from re-sale of sterling-area goods by French importers down to plain fraud. No doubt the British and French controls will have to work fast and shrewdly to prevent circumvention of the regulations on a serious scale. But reasonable confidence in their success should not be misplaced. The real danger, if there is one, seems to lie in the uncertainty whether the habit can be prevented from spreading to other European countries. Sterling, after all, will remain exposed to danger by the actions of other countries unless and until, through an improvement in the balance of payments and a suppression of internal inflation, assisted by whatever Marshall aid may be forthcoming; it can stand fairly on its own feet.

GOLD SHARES UP, GILT-EDGED DOWN

Sir Stafford Cripps' unequivocal statement was not available until after dealings had ended in stock markets. It may be hoped that the statement will correct some of the exaggerated apprehensions which found expression in prices and which incidentally the past few days' comings and goings have done not a little to foster. There is no reason to doubt either the sincerity

or the solid basis of the Chancellor's belief that a change in the exchange value of sterling will not "be rendered necessary or advisable" by the French devaluation or the setting up of a free gold market in Paris.

According to messages from the Continent the French decision did not greatly influence dealing on the Brussels Bourse, and the reaction in Paris itself was said to have failed to come up to expectations; the "black market" rates for gold there were marked down. Yet in London markets, which in December, 1945 took the then bigger though straightforward devaluation of the franc in their stride with scarcely a ripple in prices, the effects were immediate, substantial and cumulative. At the one extreme gilded were flat—the new Transport Stock was marked down to 96—and finished very little above the bottom, after a fairly big turnover. At the other extreme gold shares scored rises of up to 6s. and closed a best under active bidding, particularly for the low-grade mines. Between these extremes industrial ordinary shares, international stocks, and commodity shares were all firm, but business here was held in check first by uncertainty about the possible effects of French competition on United Kingdom profit margins and secondly by the prospect that Sir Stafford Cripps would be persuaded to make assurance doubly sure that the coming Budget would help safeguard confidence in the intrinsic value of the pound.

THE FREE FRANC

FRENCH PREMIER'S ASSURANCE

Mitigating the Disturbances

At the meeting of the National Assembly, the Prime Minister, M. Schuman, made a statement on the financial decisions taken explaining why the Government had found it necessary to set aside the recommendation of the International Monetary Fund and the friendly appeals of the British Government that no free market should be instituted for franc exchanges against dollars and escudos (Portuguese). He insisted

on the desire of the French Government to continue its collaboration with the Fund and said that France would pay heed to the suggestions made for mitigating any disturbances which the free market in the franc might cause. He also spoke in warm terms of his conversations with Sir Stafford Cripps, and renewed the assurances given to the British Chancellor that the French Government would concert with British measures to control dealings in sterling.

MAINTAINING EXPORTS

Mr. Schuman first explained why a free rate had become necessary. A simple devaluation would not have sufficed to maintain exports. It was impossible to determine a new rate satisfactorily and, had one been fixed, it would have convinced nobody. Secondly, Frenchmen had large gold hoardings in the country and abroad (a circumstance peculiar to France) and it was necessary to bring these out of their hidings. A free market seemed to offer the only solution. Its advantages appeared greatly to outweigh its inconveniences.

M. Schuman replied to those who feared the repercussions on internal prices by recalling that the devaluation merely recognized the depreciation in the franc's purchasing power; and that imports represented only 10 per cent. of the national revenue. He added that wheat and coal prices would not be increased.

Turning to international aspects, M. Schuman said that informal conversations with officials of the International Monetary Fund began in September; the Government's intentions to set up a free market in certain currency dealing were then announced. The French Government believed that Article 14 of the Fund's statutes concerning special rights for the transitional post-war period for countries that had been occupied by the enemy covered the measures contemplated.

M. Schuman declared that in his visit to Paris Sir Stafford Cripps had argued that the French proposals might harm western European co-

operation and the recovery programme. The French Government had offered to adopt suggestions for strengthening control over sterling dealings, but this had not satisfied the British.

ITALIAN PRECEDENT

The French Government had felt that it could not allow the "uncertain disadvantages" to Britain to outweigh the certain damage which the abandonment of the free rate would involve for France.

M. Schuman, in conclusion, asserted that the French Government believed that its decision, far from creating any disturbance in international trade, would help to foster it, and that, "if any unfavourable repercussions were to arise in the immediate future, we would be ready to examine them with our neighbours and take, in agreement with them and the Fund, such measures as were necessary, in the general interest, to avert them."

The new measures have received no rousing welcome. Approval is generally accompanied by apprehension. Several independent observers have hinted that the game may not be worth the candle—the candle being represented by Anglo-French differences and French disregard for the Bretton Woods agreement.

AMERICAN FEDERAL RESERVE POLICY

Gone are the days when the raising of Federal Reserve rediscount rates in the United States would have been accepted as a signal for an advance of Bank rate in U.K. Bank rate is now fixed primarily with a view to internal conditions; its place in the structure of interest rates has long since been subordinated to the rate of all rates, the yield on long-dated gilt-edged securities and "open market operations" have largely usurped changes in Bank rate as the chief instrument of credit control. None the less, the rescue, as it were, of a once-familiar instrument from desuetude is itself something of an event.

The present advance from 1 per cent. to 1½

per cent. is the first general advance in the regular rediscount rates of the Federal Reserve banks since the war. A special ¼ per cent. discount rate was allowed during the war on advances secured by short-term Government securities. This was withdrawn in 1946 and the regular 1 per cent. rate made applicable to such advances. The declared object of the present advance is to discourage member banks from borrowing from the Federal Reserve banks against short-term Government bonds. United States policy, faces the familiar dilemma of how to check an expansion of credit without permitting a rise in the long-term rate of interest on Government borrowings. As a step in the resolving of the dilemma the Federal Reserve authorities during the past 18 months have been attempting to narrow the disparity between short- and long-term rates by allowing a gradual rise in the former. Not unnaturally the effect has been to provide an inducement to banks to increase their holdings of short-term Government bonds in order to take advantage of the improvement in yields. The Treasury meanwhile has continued the policy of supporting bond prices in the open market at levels that would maintain the long-term rate of interest at 2½ per cent. Latterly this policy has only been possible at the cost of increasingly heavy purchases of long-term Government securities. These purchases have been more than offset so far by the sale or redemption of short-dated securities. But this can hardly be expected to continue indefinitely; already indeed, the authorities had to lower their prices slightly in order to avoid adding to bank funds available for investment. The present advance in rediscount rates, which was forecast by Mr. Eccles, chairman of the Federal Reserve Board, in a statement before the turn of the year, is perhaps only a small move in a much broader-based programme for restricting credit expansion. But its results will be watched with interest outside as well as inside the United States as a test of the effectiveness of an old weapon in new conditions.

U. S. BOND MARKET POLICY

A long article on the problem of combating inflation contained in the January letter of the National City Bank of New York examines the basis of present American credit policy in the light of the recent lowering of the official pegs of United States Treasury Bonds.

American policy, as the recent testimony of the Treasury and the various Federal Reserve authorities plainly recognized, faces the familiar dilemma of how to check expansion of credit without permitting a rise in the rate of interest on Government borrowings. Though a large rise in short-term rates has been permitted, the fall in bond prices has been checked by official support, and, though the support prices have been slightly reduced, the principle of keeping the rate for long-term dated stocks down to $2\frac{1}{2}$ per cent. has not so far been abandoned. The $2\frac{1}{2}$ per cent. Victory Bonds, 1967-72, are pegged at $100\frac{1}{4}$ (compared with a price of 103 four months ago), the $2\frac{1}{4}$ per cent., 1959-62, at 100, and the $1\frac{1}{2}$ per cent., 1950, at $100\frac{1}{4}$. The National City letter feels that it may be possible to hold these pegs during the first quarter of 1948 without inflating credit thereby, since there will be a heavy compensating surplus of revenue which will be used for debt retirement. But this "can hardly be expected to continue indefinitely." Maintenance of the pegs thereafter is held likely to lead to "an enlargement of total Federal Reserve Credit in use, with inflationary results." The question whether the pegs will in the event be maintained is therefore, very naturally, left open.

The letter expects that what has happened already in the monetary sphere will do much more to constrain inflation in 1948 than people generally realize. The enthusiasm of business for the less urgent type of capital expenditure is expected to be damped down considerably by the fall in bond prices, the rise in short-term interest rates, the rise in indebtedness to the banks and the investing public, and the fall in business holdings of Government bonds. Illus-

trating these last two factors the returns for all corporations (other than banks and insurance companies) for June 30 last show a fall in Government security holdings from \$ 22,400m. in mid-1945 to \$13,000m. in mid-1947, while corporations' issues of bonds and notes for new money in 1947 totalled about \$3,800m. compared with only \$ 2,100m. in 1946 and \$600m. in 1945. But even so the letter is doubtful whether, in the absence of further anti-inflationary measures in the fiscal and monetary fields, the U.S. economy can meet the prospective demands of consumption, domestic investment, and foreign aid without inflation persisting.

INFLATION IN GREECE

Fears of Economic Collapse

EXPERTS' CONFERENCE

The head of the economic division of the American mission has expressed the fear that unless the present runaway inflation can be stopped Greece will collapse without the rebels having to fire another shot. The drachma reached the new low level of 235,000 to the gold pound. In the last few months the prices of almost all commodities and services have doubled. Wages, which a few weeks ago were brought into line with the rise in prices, are again dangerously lagging behind. None but the few profiteers can afford even a square meal. Beggars in greater numbers are appearing in the streets of Athens.

Events since Christmas Eve, when the rebel "Government" was proclaimed, have added to the feeling of insecurity in Greece. This uncertainty, coupled with the knowledge that the drachma has already been devalued three times since the liberation, has prompted more and more people immediately on receiving drachmas to change them into gold. Hence the recent precipitous rise in the price of the sovereign. Rents and more expensive articles are quoted in terms of sovereigns. American and Greek economic experts had a long conference after which it was announced that the

Bank of Greece would sell sovereigns on a larger scale than hitherto. The price of a sovereign has fallen 10 points as a result, but American economic experts have pointed out that, since the supply of sovereigns is limited, this intervention of the Bank can only be a temporary measure and prices can only be contained by the import of food-stuffs and other essential commodities.

TOO FEW GOODS

The delay in the arrival of these goods on a sufficiently large scale has been a contributory factor in the present crisis. There has been some criticism that the planning stage of the American aid programme has been too long. The Americans for their part with the comparatively stable dollar in mind, find it difficult to understand the Greeks' lack of faith in their drachma and their trust only in gold. The half million refugees who have fled from the rebels into the towns are presenting almost an insuperable problem and are an economic dead-weight. Sufficient food and houses, of which there was already a shortage, cannot be found for them. What they would have produced had they been able to remain in their villages has been lost. Work on reconstruction is almost at standstill because more and more American aid funds are needed for the refugees and to increase and maintain the armed forces in their fight against the rebels. Although the rebels have failed in their attempt to capture a town, for their "Government," their work of destruction and terror may succeed. If they can drive the villagers to despair and starvation, and if present inflation continues, there may

well be a psychological and economic collapse of the nation.

PLENTY OF FOOD FOR ALL IN MOSCOW

The wage-earners are gaining considerably from the new monetary regime. Bread and sugar are cheap and can be brought freely, meat and butter are plentiful, and all the foods which were formerly severely rationed or bought in the expensive market are now becoming more plentiful on the working man's table.

Without rationing, the peasant markets and co-operative shops were still tending to sell above State prices, but they were not finding customers and prices are inevitably coming down. In spite of the sacrifices of the reform—revaluation of cash and State bonds—in which nearly everybody is involved life for urban workers is unquestionably easier. The public imagination has been stirred by the boldness with which Stalin and Zhdanov liquidated the financial hangover of the war. The Press declares that capitalist countries would not have the courage to do things on such a grand scale and suggests that the dominant note in many foreign comments is a rentier's moan.

CHINESE DOLLAR DEVALUED AGAIN

The Chinese dollar was devalued again when the Central Bank increased the open market rate of both the United States dollar and sterling.

The new sterling rate is 408,000 Chinese dollars for buying and 418,000 for selling. The new buying rate for the United States dollar has been increased to 180,000 and the selling rate to 183,000.

Planning and Production

STEPPING UP INDUSTRIAL OUTPUT IN HYDERABAD STATE

THE Hon'ble Mr. J. V. Joshi, Minister for Commerce and Industries, is shortly convening a conference of industrialists, it is learnt, in order to consider plans to step up industrial production in the State in an organised manner. At the first conference, it is understood, broad details of the proposed scheme will be discussed with the representatives of key industries. A second conference, to be convened some time later will pertain to the cottage industries and other small industries. The third group, which is to be consulted, will consist of artisans. After these three conferences a sub-committee of these interests will be formed to suggest methods to improve the tone of industries in Hyderabad.

DAIRY FARMS TO BE IMPROVED

NIZAM'S GOVERNMENT TO GIVE INTEREST-FREE LOANS

To give an impetus to the milk industry of the State so that the general public in the city and districts should get unlimited quantities of unadulterated and cheap milk, it is understood that H.E.H. the Nizam's Government have decided to advance loans without interest to persons interested in opening Dairy Farms.

According to the Rules framed in this connexion and approved by H.E.H. the Nizam, any person or persons who are desirous of starting business in milk would be given a loan to the extent of Rs. 25,000 in instalments. The first instalment will not exceed Rs. 10,000. The loan will be advanced to those who mortgage their immovable property worth one and half times the value of the actual loan. The period in which the loan is to be repayed will not exceed 10 years. The Director of Veterinary Department will be responsible to collect instalments from the respective debtors. On failure to repay any instalment of the loan the Government

would charge an interest not exceeding 6 per cent. per annum.

Every debtor will be bound to supply the Government 15 lbs. of milk daily at the rate of 4 lbs. a rupee or at the existing market rate on each sum of Rs. 1,000 obtained as a loan. On the refusal of the Government the respective debtors are at liberty to sell their milk anywhere.

The Government has also taken the responsibility of breeding the dry cattle at concession rates and for this purpose Cattle Breeding Centres would be opened all over the State by the Veterinary Department. The Director of Veterinary Department will supervise all the Dairy Farms.

THE H.C.C.C. LTD., AND PROMOTION OF CO-OPERATION

CONTRIBUTION FOR THE ECONOMIC WELFARE OF THE PEOPLE

The conversion of the H.C.C.C. into a Co-operative Apex body has given rise to much speculation and wishful thinking among the vested interests in the Dominions. They spared no pains to proclaim to the world outside that the authorities of the Government are determined to wipe out the trading community from the Dominions by subjecting them to various statutory restrictions even in times of peace. This kind of mischievous propaganda serves no useful purpose except resulting in landing the middlemen into a weak position. The sane-thinking sections of the population who have been watching with interest the co-operative tinge given to the food organisation are convinced that the vested interests, as usual everywhere, are not inclined to help the Government undertake ameliorative measures for the good of the teeming millions in the villages. The assurance given by H.E. the Prime Minister in his broadcast speech that as soon as circumstances would permit, restrictions and controls would be progressively relaxed and removed

and more and more opportunities thrown open to private enterprise, would, it is hoped, clear the misunderstanding and dispel the fears of the trading community.

India is predominantly an agricultural country with 7 lakhs of villages of which more than 21,000 are scattered throughout the Nizam's Dominions. While the total land under cultivation in India is about 209 million acres, the corresponding figure in Hyderabad is 2.6 crores of acres. In order to bring about rapid economic regeneration of the vast majority of people living in the rural areas, it has been agreed all the world over that development of co-operative institutions alone will relieve the agricultural countries of their present plight in food-stuffs and economic distress.

CO-OPERATIVE PLANNING COMMITTEE

The Government of India had appointed a Co-operative Planning Committee during January 1945 to make suitable recommendations for the promotion of co-operation in the country on modern methods. The report of the Committee was since published and it envisages the possibility of reorganising the co-operative Credit Societies already existing. In the opinion of the Committee, these societies should serve as centres for the general improvement of their members and should have their aims to:

1. advance sufficient funds for crop raising ;
2. work as agents to sell the produce to the nearest Co-operative Marketing Organisation;
3. supply the simple needs of the cultivator such as seeds, fertilisers, agricultural implements and fodder;
4. distribute goods like cloth, matches, kerosene, salt, etc;
5. form a centre for keeping agricultural implements and machinery for joint use; and
6. establish subsidiary occupations to provide suitable employment to the villagers who are generally without employment for about 8 to 9 months in a year.

H.C.C.C. LTD. AND CO-OPERATION.

It will be obvious from a dispassionate study of the working of the H.C.C.C. that the authorities concerned carefully considered the various reports pertaining to the promotion of co-operative movement in food supplies on non-credit basis and evolved the best suited system to the existing conditions obtaining in Hyderabad. The very idea of giving a co-operative turn to the food administration is a novel one which is not practised elsewhere in the country. Fortunately, the whole scheme was well arranged from the commencement of the Corporation and experience of its working for the last four years proved, beyond doubt, that it is a marvellous success and an achievement for which Hyderabad should feel proud.

The establishment of Village Co-operative Grain Banks on the willing participation of not less than 75 per cent. cultivators of every village affiliated to the Taluq Co-operative Development Unions which are connected with the H.C.C.C., the apex co-operative institution in the Dominions, goes far enough to meet the requirements suggested in the recommendations of the Planning Committee. Already about 13,500 village Grain Banks were formed and very soon every one of the 21,000 villages in the Dominions would have such a useful body. The Taluq Development Unions are existing in every taluqa and they are managed by the Taluqa Corporation Officer appointed by the H.C.C.C. Ltd.

UTILITY OF THESE BANKS AND UNIONS

The formation of these co-operative unions and grain banks working in close liason with the H.C.C.C. which is the apex institution completes the pyramidal federal structure of the non-credit co-operative organisation promising encouraging results in future. Although the activities of the H.C.C.C. and the Unions are confined for the present to supplies of food, it is envisaged that they will undertake the task of supplying manures, fertilisers, improved

seeds, agricultural implements and also afford warehouse facilities for marketing agricultural produce which is of transcendental importance for the economic stability of the rural population, soon after the existing food crisis is overcome. Perhaps, the H.C.C.C. corresponds to the Agricultural Credit Corporation the establishment of which was recommended by Gadgil Committee, in matters of food supply to the people. The Unions now in existence acquitted themselves very well indeed and had done creditable work. They not only rendered valuable assistance to the H.C.C.C. in procuring large quantities of foodgrains but also in starting sales depots in the villages and arranging distribution of foodgrains on co-operative lines. Their business ran into several crores of rupees and the benefits accrued were equally shared by the members.

These unions acquired popularity by arranging quick payment for foodgrains delivered at the Local Units Godowns and also as agents of the H.C.C.C. making open market purchases of grains.

CONTRIBUTION OF H.C.C.C. FOR ECONOMIC WELFARE

This system has already given fruitful results. The H.C.C.C. contributed for the economic welfare of the rural masses and its activities in the Dominions gave enlightenment to them. Formerly, the ryot used to suffer many hardships in the process of disposing his produce. He was mercilessly exploited by both the creditor and middlemen. With the advent of the H.C.C.C. the need for approaching them disappeared and the producer is now confident of securing a reasonable and fixed price for his produce which he was not getting before from the middleman. The scheme is designed to work on co-operative lines and there is opportunity for every one, be he a middleman or a cultivator, to participate in it and take utmost advantage of collective responsibility for the good of all.

There is acute food shortage in the country. Import from abroad are likely to be curtailed and the need for becoming self-sufficient in

food is great. The policy of progressive de-control adopted by the Government of India and Provinces causes considerable alarm for the administrators who are responsible for feeding their people. In view of the difficulties facing the food front, it has been wisely decided by the Government of Hyderabad to continue the controls until a reserve of a quarter million tons of food grains is built up. It is therefore, incumbent on all people in the Dominions to co-operate with the Government and make available all surplus grain to the authorities.

Hyderabad is on the onward march of economic advancement. An ambitious programme of industrial and agricultural development for a period of fifteen years has been drawn costing about 250 crores of rupees. The future is full of promise and the time is not far off when we can see every one in the State gets his or her legitimate share in the economic prosperity and remains free from want for ever. That co-operation alone is best suited to raise the standard of living among the rural population is realised by the modern administrators and every possible effort is being made to give increasing facilities for the promotion of co-operation in the Dominions through the H.C.C.C. Ltd.

Sweden, Denmark, Japan, Italy and Germany are splendid examples where co-operation played a worthy role in uplifting the people. The H.C.C. being the only non-credit co-operative institution in the country, working on non-profit basis for the benefit of the people is expected to fill the existing void in ministering to the needs of the agricultural population in the Dominions and become a useful limb of the future economic programme.

DELHI INDUSTRIES CONFERENCE RESOLUTIONS

RESOLUTION No 1

IMMEDIATE, SHORT-TERM AND LONG-TERM OBJECTIVES.

Moved by Mr. J. R. D. Tata and seconded by Mr. M. A. Srinivasan, Dewan of Gwalior,

I. This Conference views with grave concern the continued decline in industrial production which has occurred during the last two years.

II. This Conference is of the view that the present inability of Industry to produce to its installed capacity and to expand as planned is mainly due to

(a) inadequate transport to meet present needs,

(b) unsatisfactory relations between management and labour,

(c) shortage of raw materials and defects in their procurement and distribution,

(d) difficulty in obtaining capital goods and constructional materials to instal them,

(e) supply and exchange limitations on the import of the full requirements of industry, and

(f) paucity of technical personnel.

This Conference recommends the following immediate measures :—

(1) *Transport :*

(a) The increase in the movement of coal by four million tons per annum over the existing level of 25 to 26 million tons per annum to enable existing requirements to be met. For this purpose, the fullest use should be made of present wagon availability, and every effort should be made to increase wagon availability and other railway facilities.

(b) The assessment of the transport required for the movement of finished goods and raw materials necessary for full production : and arrangements to secure such transport through a reduction of less essential movement, whether of goods or passengers.

(c) An examination of all possibilities of increasing total goods traffic such as rationalisation of line, power and wagon capacity, and fullest use of present resources.

(d) The fullest utilisation of road, river, sea and air transport.

(2) *Raw Materials :*

(a) Special assistance for increased production in India of industrial raw materials like steel,

cement, caustic soda and other chemicals, metals etc.

(b) The increase of imports of essential raw materials in short supply, like steel, non-ferrous metals, caustic soda and other chemicals etc.

(c) Foreign exchange difficulties should be overcome to the extent possible by limiting less essential imports, by increasing exports, including export for barter, and by arranging deferred payments and loans in cash or commodities on lines approved by Government.

(d) The planned utilisation of industrial raw materials in critical short supply with a view to secure increased production. To the extent possible, such distribution of raw materials should be effected in consultation with representative Associations of industry in the case of organised industries and with Provincial and State Governments in other cases.

Provinces and States should be invited to consider, in consultation with industries in their areas, the possibilities of rationalising the use of raw materials in short supply so as to secure maximum production. For this purpose they should suggest standards of classification of units in an industry according to efficiency in production, so that all-India standards may be laid down.

(3) *Technical Manpower :*

(a) The establishment of scientific and technical liaison offices abroad for the recruitment of technical personnel and the placing of advanced Indian students and technicians in foreign universities, technical institutions, and the acquisition of technical information.

(b) The increase of facilities in India for the, training of scientific and technical personnel and the training of labour to increase its efficiency and skill.

(c) The maintenance of a register of scientific and technical personnel.

III. This Conference recommends that during the next three to five years the increase of capacity and production in certain industries for which plans have been approved and are under execution should be pressed forward with vigour.

The essential prerequisite for such expansion is the increase of production of commodities and provision of services which are basic to industry and without which any expansion would be impossible. The following measures are, therefore, recommended :

(a) *Railways*.—The capacity of rail transport should be increased to meet prospective demands of movement of constructional materials, fuel, raw materials and finished products. The import of locomotives and wagons should be given high priority and existing capacity for manufacture should be developed so as to secure self-sufficiency at the end of this period.

(b) *Steel*.—New steel plants should be erected and brought into production and in the meantime every effort should be made to import the country's essential requirements in iron and steel.

(c) *Cement*.—The approved plan for the expansion of cement production should be hastened to an early completion so that this important constructional material becomes available for the installation of new industrial plants.

(d) *Electric Power*.—Simultaneously with the preparation and execution of Hydro-electric projects like the Damodar Valley Scheme, which will take time, existing plans for the installation of ancillary Thermal power stations should be speedily implemented.

(e) *Coal*.—The recommendations of the Indian Coalfields Committee regarding the acquisition of mineral right, planned and co-ordinated development of production in new areas, regulation of use and distribution and creation of suitable executive, machinery amongst other things, must be implemented early, so that, the growth of the coal industry on rational lines can be facilitated.

(f) *Oil*.—In order to reduce dependence on foreign sources, prospecting for oil should receive increased attention and the possibility of producing substitutes from coal should be investigated.

In addition, legislation to secure the fullest utilisation of power alcohol produced in the

country should be enacted.

(g) In the light of the development anticipated under (a) to (f) above, targets for the next five years should be fixed in a realistic manner for other important industries like cotton textiles, paper and newsprint, chemicals, penicillin, sulphadiazine and anti-malarial, heavy and light engineering, electric and other machinery should be established for watching and ensuring progress towards the targets.

(h) Machinery for watching and ensuring the execution of immediate and short-term plans : The need for close consultation between the various Ministries concerned with industrial development needs no emphasis.

It is also necessary to associate representatives of Provincial and States Governments, Industry and Labour in a periodical review of progress and the measures necessary to stimulate it. A Central Industrial Advisory Council should be set up with appropriate Sub-Committees for important groups of Industry and one Sub-Committee for reviewing and advising on problems of transport in relation to industry. Similar Industrial Advisory Committees should also be constituted in the Provinces.

(j) To assist Government on the proper utilisation of scarce raw materials, capital goods, foreign exchange and other resources, a Priorities Board should immediately be set up.

IV. Current limitations of men and materials necessitate concentration on immediate and short-term measures for increasing productive capacity. A long-term plan, however, should be based on the needs of the country for the achievement of maximum self-sufficiency, a higher standard of living and maximum exploitation of indigenous resources. The long-term plan, therefore, must be of a fundamentally different character. The Conference, therefore, recommends that separate machinery for long-term planning must be established very early so that completion of the immediate and short-term programme might merge smoothly into future plans for industrial development.

A Planning Commission or Development Board, free from the preoccupations of immediate problems of industrial development appears to be suitable.

V. This Conference recommends the creation of permanent machinery, both in the Centre and in the Provinces and States, for the regular collection and maintenance of accurate industrial statistics, as provided for in the Industrial Statistics Act of 1942.

RESOLUTION No. II.

NATIONAL POLICY.

Moved by Pandit K. D. Malaviya, Minister of Industry, U. P., and seconded by Prof. D. R. Gadgil.

This Conference recommends to Government that while enunciating their national policy of industrial development, the following aspects among others, should be kept in view :—

(1) The need for an equitable distribution of the country's wealth and production leading to rapid improvement of the standard of living and comfort of the masses of the Indian people, based on social justice.

(2) The need for the fullest utilisation of the country's resources without allowing wealth to accumulate in the hands of a section of the people.

(3) The need for central planning, co-ordination and direction so as to obtain maximum efficiency and output, a fair and reasonable distribution of the industries throughout the country in relation to the potentialities of each area, and also to determine a fair basis of wages and profit.

(4) The division of industries into three broad categories :

(a) Industries which should be under State ownership and management.

(b) Industries which may be jointly owned and managed by the State and private enterprise.

(c) Industries owned and managed by private enterprise.

In selecting the industries as aforesaid, which will be reviewed from time to time the paramount considerations will be the country's basic economic and defence requirements on the one hand and the possibility of quick and efficient production on the other.

RESOLUTION No. III.

FOREIGN CAPITAL.

Moved by Dr. Alagappa Chettiar and seconded by Mr. Anantasayanam Ayyangar.

This Conference, while recognising that participation of foreign capital and enterprise, particularly as regards industrial technique and knowledge, will be of value for the rapid industrialisation of the country, considers that the conditions under which they may participate in Indian Industry should be carefully regulated in the national interest, and that all arrangements between private industry in India and abroad should have the prior approval of the Central Government.

RESOLUTION No. IV.

COTTAGE INDUSTRIES.

Moved by Dr. Banerji, Minister, West Bengal, seconded by Mr. Ramalingam Chettier and supported by the Hon'ble Rajkumari Amrit Kaur.

This Conference recognises the importance of cottage and small-scale industries to the economy of the country. It is of the view that while the size and nature of these industries make it unavoidable that their proper development must remain the responsibility of Provincial and State Governments, the Central Government should investigate how far and in what manner these industries can be co-ordinated and integrated with large-scale industries. The healthy expansion of cottage industries depends on the provision of raw materials, technical advice and organised marketing of their produce. For this purpose the Central Government should establish a Cottage Industries Board.

RESOLUTION No. V.

SALES TAX.

Moved by the Hon'ble Mr. H. Sitarama Reddy, Minister, Madras and seconded by Mr. K. D. Jalan.

This Conference recommends that the following suggestions be considered by the Central Government in consultation with the Provinces :—

(a) that raw materials of vital importance to industry like coal, steel, cement and cotton should be exempted from the Sales Tax ;

(b) that the tax on other industrial raw materials should be low and at uniform rates ;

(c) that taxation of the same material more than once should be avoided ; and

(d) that the policies of Provincial and States Governments regarding the levy of Sales Tax should be co-ordinated.

(Resolutions VI and VII were moved and seconded together).

RESOLUTION No. VI.

ALCOHOL PHARMACEUTICALS.

Moved by the Hon'ble Mr. D. K. Mehta Minister, Bombay, and seconded by Mr. H. Rahaman, Representative of Hyderabad Government.

This Conference considers that the lack of a uniform policy in the matter of provincial excise has adversely affected indigenous manufacture of spirituous medicinal and other preparations.

The Conference recommends :

(a) that a uniform rate of excise duty be fixed on spirituous, medicinal and other preparations in all Provinces and States, and be collected at the point of manufacture for credit to the first importing Province or State ; and

(b) that all inter-provincial restrictions on the free movement of spirituous, medicinal and other preparation be abolished.

RESOLUTION No. (VII).

This Conference is of the view that the expansion of the alcohol industry whether for

power or for other industrial purposes is of national importance.

The Conference recommends :

(a) that Central legislation to enforce admixture of power alcohol with petrol should be undertaken,

(b) that the question of reducing the excise duty should be considered with a view to making the mixture of power alcohol and petrol available to the consumer at a reasonable price, and

(c) restrictions on manufacture of by-products be removed.

RESOLUTION No. VIII.

STATISTICS.

Moved by Dr. Radha Kamal Mukerjee.

This Conference notes with regret that the census of manufacturing industries for the years 1944 to 1946 has failed. It is of the view that this failure is largely due to the inadequacy of staff and organisation in the Provinces and States. It recommends that adequate machinery is necessary both at the Centre and in the Provinces and State for the regular collection and maintenance of accurate industrial statistics as provided for in the Industrial Statistics Act of 1942. It is also of the view that the existing statistical forms should be re-examined with a view to simplifying them, if possible.

CONGRESS ECONOMIC PROGRAMME

NEHRU REPORT OUTLINES PROSPERITY PROPOSALS

What they aim at

The aims and objects of the programme are :—

A quick and progressive rise in the standard of living of the people by expanding the volume of production and full employment of manpower and material resources.

The achievement of maximum national income variable according to the cost of living

and productive efficiency fixing a ceiling for incomes which should bear a reasonable proportion to the national minimum.

Equitable distribution of the existing income and wealth and prevention of the growth of disparities in this respect with the progress of industrialisation.

Widest diffusion of opportunities for occupations through an economy based on decentralisation and compatible with the requirements of an adequate standard of living and the country's internal and external security, national and regional self-sufficiency and a proper balance between rural and urban economy.

SELF-SUFFICIENCY BASIS

The main recommendations relating to agriculture are :

Minimum levels of assured production of food, cotton and building materials in every province and every prescribed area on the basis of a scheme of balanced cultivation, removal of all intermediaries between the tiller and the State and replacement of all middlemen by non-profit making agencies such as co-operatives ;

Remunerative prices for basic agricultural products and living wage-levels and relief of indebtedness for agricultural workers ;

Non-recurring permanent land improvement anti-erosion etc., through direct investment by the State ;

Farms to demonstrate efficient and modern methods of agriculture and pilot schemes for experimenting, with co-operative farming under State auspices ;

Organisation of co-operative colonies on Government unoccupied but cultivable lands ;

Organisation of co-operative multipurpose enterprises and their unions for credit ;

Processing and marketing and supply of manufactured goods from towns to villages ;

Land, generally to be owned by ' bona fide ' cultivators fixing the maximum size of holdings and placing the surplus above the maximum at the disposal of the village co-operatives ;

Consolidation of small holdings and prevention of further fragmentations ;

Substitution of land revenue system by progressive taxation of agricultural income.

Organisation of Agricultural Finance Corporations operating through Co-operative Societies and Statutory Village Panchayats with well-defined powers and adequate financial resources and machinery of conciliation between landless and land-holding peasants.

ORGANISATION OF INDUSTRY

The main recommendations regarding industry (village, small-scale and heavy)—categories and spheres of industries are :

That industries producing articles of food and clothing and other consumer goods should constitute the decentralised sector of Indian economy and should, as far as possible, be developed and run on a co-operative basis. Such industries should for the most part be run on cottage or small-scale basis.

Larger units are inevitable in the case of heavy industries, e.g., manufacture of machinery and other producer goods. The choice of size will be determined by the net balance of economic and social advantage, preference being for smaller as against larger units.

HOW TO AVOID INSECURITY

To avoid economic insecurity and destructive competition, the respective spheres of large-scale, small-scale and cottage industries should be demarcated. In the conditions prevalent in our country emphasis will be on providing opportunities for employment of our unutilised or partially utilised man-power and minimising the use of costly capital goods. Large-scale industry should also be utilised to improve the economic basis and the operative efficiency of small-scale and cottage industries. Certain lines of manufacture should be reserved for cottage industries. Cottage industries may be protected from the competition of large-scale industries through State control of competing large-scale industries, grant of subsidies or some

method of price equalisation, control of investment and licensing of new undertakings.

Regional self-sufficiency should be the aim with regard to all types of industries. The location of industry should be planned as to make a district of average size, having roughly a population of ten lakhs, as nearly self-sufficient as possible in respect of consumer goods supplying the daily needs of the people. Fiscal and other measures may be adopted to foster suitable industries in different regions, specially in depressed areas.

INDUSTRIAL CO-OPERATIVES

The small-scale and cottage industries should be promoted on non-profit lines through Industrial Co-operatives under the State auspices through non-official promotional bodies, Government being represented in it but not controlling it. The structure that is built up should be a strong federal structure, consisting of primary societies, their regional unions and the apex federation. The Industrial Co-operatives should do the purchases, sales, arrangement of tools; workshops, guidance, and supervision. The major portion of the produce of these industries should be sold through consumers and multipurpose agriculturists' societies. To create the right type of leadership in the development of these industries a cadre of organisers, technicians and secretaries etc., with pay and conditions of service similar to that in public bodies, should be trained.

The Government should encourage the development of cottage industries by grant of direct loans and subsidies through co-operative societies in the initial stages, specially in case of losing industries and new industries, by using their products in their departments, organising propaganda and advertisement and arranging the demonstration of and training in the application of better tools and processes and undertaking and encouraging research for the purpose of developing these industries efficiently and for better utilisation of available natural resources through a permanent board of research.

New undertakings in defence, key and public utility industries should be started under public ownership. New undertakings which are in the nature of monopolies or in view of their scale of operations serve the country as a whole or cover more than one province should be run on the basis of public ownership. This is subject to the limit of the State's resources and capacity at the time and the need of the nation to enlarge production and speed up development.

In respect of existing undertakings the process of transfer from private to public ownership should commence after a period of five years. In special cases a competent body may after proper examination, decide on an earlier transfer. The first five years should be treated as a period of preparation during which arrangements should be made to take over and run these undertakings efficiently. The progress of transition to public ownership should be controlled so as to avoid dislocation of the economic life in the country. State acquisition of these industries should take place when the excessive margins of profits prevailing in the existing abnormal conditions have declined to a reasonable level in consequence of the fall in price or under pressure of appropriate legislation or administrative measures.

ECONOMIC CIVIL SERVICE

To secure efficient development and conduct of public-owned industries, suitable administrative agencies should be set up, *e.g.*,

- (1) Creation of an Economic Civil Service which will furnish industry with executives of different grades;
- (2) Training of requisite industrial cadre;
- (3) Technical training and general education of the workers.
- (4) Organisation of research and information;
- (5) Control of investment and of shares or strategic resources; and
- (6) Intensive and detailed economic survey.

Departmental control should be confined to questions of policy. The system of Statutory Corporations should be developed with neces-

sary adaptations to suit Indian conditions.

In private industry the existing system of Managing Agencies should be abolished as early as possible. Private industry will be subject to regulations and control in the interest of national policy in industrial development.

LIMITS OF PROFITS

Return on capital will be computed on employed capital, *i.e.*, capital plus reserves. Distributed profits will be taxed at a higher rate than undistributed profits. A five per cent. dividend in terms of employed capital will be the maximum limit for distribution of profits.

After the date of declaration of the maximum limit, the amount of profits to be transferred to the reserve funds should be limited to such sums as, in the opinion of competent authority may be utilised for productive purposes by an industry or industries. Out of the profits earned in any year the surplus, after setting apart three per cent. on employed capital as dividend and another portion to be earmarked by Government for schemes of social welfare and industrial improvement will be shared between the workers and the shareholders in proportion to be fixed by Government—the employer's share not exceeding in any year a third of the basic wage or the national minimum whichever is higher.

All resources available for investment should be subject to the control of the State. The State should set up a Finance Corporation. Banking and insurance should be nationalised.

CAPITAL LABOUR RELATIONS

Stable and friendly relations between Labour and Capital should be maintained through profit-sharing and increasing association of Labour with management in industry and establishment of Works Committees in each undertaking; Regional Labour Boards with adequate and elected representation of Labour in each industry; settlement of all disputes through conciliation, arbitration and adjudication and guarantee of a minimum wage, proper housing

and insurance against old age, sickness and unemployment.

To have a balanced progressive economy in which regulated distribution will form an integral part of a comprehensive economic plan for the country and to control wages and the prices of agricultural and manufactured commodities and distribution of consumer's goods should be co-operatively organised.

A Multi-purpose Co-operative Society with branches for agricultural producers, consumers and small industries should be set up to develop an integrated economy for the village.

Co-operative Consumers Societies may be organised for a locality or for groups of wage-earners and where possible for salary-earners in establishments of private or State concerns. State may encourage the growth of societies in various ways.

CENTRAL PLANNING COMMISSION

The Economic Programme Committee suggests that a Central Planning Commission should be appointed to advise and assist the Congress Governments in implementing the programme. The nature of present tax structure, complexion of the country's foreign trade and the place of foreign capital in the development of the country's economy should also be examined by the Planning Commission so that each of them might help in the development of a free and self-sufficient economy on the lines indicated in the programme.

BOMBAY BUSINESSMEN ON CONGRESS ECONOMIC PROGRAMME

The recommendations of the Economic Programme Committee of the All-India Congress Committee were calculated to damage irreparably the industrial and economic structure of the country and to side-track the work of the Industries Conference recently held at Delhi; according to 50 prominent industrialists.

The meeting, which was convened by Sir Homi Mody, passed four resolutions, criticising

the Committee's proposals. They were communicated to the Government of India and to the President of the Indian National Congress.

Voicing "grave apprehensions" about the recommendations, the meeting pointed out that, if implemented, the proposals would not only defeat the objective of industrialisation, which had been accepted by every section of public opinion, but would irreparably damage the existing industrial structure.

The industrialists also emphasised that no free country in the world had ever sought to reach the goal of socialisation at one bound, as the Economic Programme Committee was trying to do. At this stage of India's development it was observed such an approach to the problem could only result in the complete disruption of the country's economy and heavy loss to a large body of small investors.

Increased production, it was stated, was the most urgent need of the people. Any scheme of large-scale public ownership and control, particularly without the requisite experience and trained personnel, must actually retard the progress so far achieved.

Those present at the meeting were of the opinion that the Committee's recommendations, apart from impairing the confidence of the industrial community and the investing public, were calculated to destroy the basis of the agreement reached at the recent Industries Conference at Delhi. According to that basis of agreement, most of the fundamental questions dealt with by the Committee were to be decided by a machinery, representative of all interests, which was to be set up by the Government of India for considering the objectives agreed upon at the Conference and giving concrete shape to them.

The industrialists uttered a warning against the "hasty adoption" of economic doctrines "wholly unrelated to the realities of the situation." and urged upon the Government of India clearly to define their policy on industrialisation "after giving the interests concerned every

opportunity of putting forward their viewpoint."

SUMMARY OF THE PRESIDENTIAL ADDRESS

SECTION OF AGRICULTURAL SCIENCES, INDIAN SCIENCE CONGRESS JANUARY 1948.

(President : Rai Bahadur Kaldas Sawhney, M.Sc.)

URGENT AGRICULTURAL PROBLEMS OF INDIA AFTER PARTITION

Arable farming has been the predominant feature of Indian agriculture since times immemorial. Food crops cover the largest area followed by cash crops of different kinds. Mixed farming including rearing of poultry, dairy farming and the growing of fruits and vegetables is practised by only a few. Vast bulk of the area under cultivation depends on an uncertain rainfall and the irrigated area represents only about 20 per cent. of the net area sown. The net result is that the average yield per acre in a greater part of the Dominion are low and compare unfavourably with those of the agriculturally advanced countries.

During normal times, no one gives much thought to the agricultural producer or the methods employed by him. During the war, the shortage of food made the governments awake to the importance of increased food production within the country and special schemes were brought into operation for increasing food production. The United Nations Conference on Food and Agriculture also stressed the fact that there has been never enough health-giving food for all people and that it was the primary duty of each government to see that its people have the food needed for life and health. The Advisory Board of the Indian Council of Agricultural Research in considering this subject estimated that for meeting Indian requirements of food for men and cattle, production must be increased by percentages varying from 1. in the case of cereals to 400 in the case of oilcakes and other concentrates.

The year 1947 has witnessed revolutionary political changes followed by exchange of populations on a tremendous scale in some parts of the country. This has accentuated certain long-standing agricultural problems and created certain other fresh ones. The food and cotton surplus areas in North-West Punjab and Sind and the principal jute areas in East Bengal have been allotted to Pakistan. The migration of four millions of people from Western Pakistan into the Indian Dominion has created vast problems of relief and rehabilitation in East Punjab. A large majority of these emigrants hail from the rural areas. The solution of these problems can brook neither delay nor duplication of efforts. It is most essential that resettlement of refugees is co-ordinated with the increased production of food and cash crops. It is also necessary to determine whether the refugees should be settled as private land-owners on relatively small-sized individual holdings or some other method should be adopted. In any case, the method finally selected must be in harmony with the principles guiding All-India's industrial and social advancement. The All India Congress Committee has only recently set up a sub-committee to evolve an economic structure* which will yield maximum production without the creation of private monopolies and the concentration of wealth. In respect of agricultural development, such a structure should solve the following most pressing objectives :

- (i) National as well as regional self-sufficiency in food production ;
- (ii) Achievement of balanced nutrition for all ;
- (iii) Rehabilitation of refugees on sound lines ;
- (iv) Meeting the deficit in the supplies of long-staple cotton and jute ;
- (v) Increasing the cash income of the farmer ; and
- (vi) Reconstruction and improvement of rural areas.

*Report published recently.

For the early solution of these problems, the choice lies between the primitive methods and limited resources of the small peasant proprietors and 'group agriculture' employing modern methods with centralised farm management under expert supervision. Taken as a whole, the small private land-owner seems to have failed in this country in his duty to himself as well as the nation. Low yields, poor quality produce, low wages and a very low standard of living for both agricultural labourer and the small farmer are the order of the day. Organized agriculture on a group basis seems to be the only feasible alternative. Of the many different systems of group cultivation, 'co-operative farming' for the production of fruits, vegetables, poultry, eggs and dairy products, and 'joint-stock company farming' for the growing of food, fodder and cash crops appear to hold the greatest promise. Both of these types of group cultivation are recommended for adoption to solve the immediate as well as the long-range agricultural problems of the country. The joint-stock farming is practised at present in respect of tea, coffee, rubber, cinchona and sisal with private profit as the principal motive. Increased production to meet the national needs is not its basic motive. Furthermore, the workers employed by the joint-stock companies have neither a share in the profits of the concerns, nor a hand in their policy or management. Farming by public utility companies of my conception should necessarily provide for the following :—

- (i) The production of foodgrains should be their primary objective.
- (ii) They should be financed jointly by the government, farmer-producer and the consumers.
- (iii) They should be under expert centralised management.
- (iv) The policy should be determined by a Board representing government, farmers and the consumers:
- (v) The farmer-members should actively work on the estate as partners, and receive an adequate share of the net profits as remuneration.

(vi) The government should finance research and experimental work needed for the area of operation.

(vii) The government should receive a fixed percentage of the net profits as dividend on the capital invested and in lieu of water rates (if any) and land assessment.

(viii) The annual dividend on the investment of the consumer-members should be limited to a maximum of, say, 10 per cent.

(ix) The government should have the first option on the purchase of all foodgrains which may be surplus to the legitimate requirements of the people employed in the concern.

(x) Ample funds should be set apart in the annual budget for training workers to increase their efficiency and for providing social amenities for them.

(xi) The methods of farming should be such as will produce maximum yields per acre without destroying soil fertility.

A unique plan satisfying many of the principles mentioned above has been in operation in Sudan for the past 20 years in canal irrigated area of the Sennar Dam on Blue Nile. This is a co-operative arrangement between the Government of Sudan, the cultivators and the managing company (the Sudan Plantations Syndicate). Definite duties are assigned to each of the three parties and the net profits of the principal cash crop, viz., cotton are shared by the cultivators, the Government and the Plantation Syndicate in the ratio of 40: 85: 25. This arrangement has worked admirably and enabled the quick development of over 800,000 acres of irrigated area under the project. It has also carried results of research into practical application on a large scale. This plan with suitable modifications is suggested for the quick and scientific development of project areas, and such government lands as do not attract private cultivators in the beginning. With necessary adjustment, this profit sharing arrangement can also be employed to improve backward agricultural conditions in the existing cultivated areas. What is necessary is to put

it into action without delay in one or another part of the country.

PAKISTAN ECONOMY

Mr. Ghulam Mohammad, the Minister for Finance, in the Pakistan Government in the course of a Press interview, has given a general forecast of Pakistan's economic future. The burden of Mr. Ghulam Mohammad's review is

FOOD FACT

*for everyone with
a garden or allotment*

TO INCREASE FOOD SUPPLIES NEXT WINTER—

GROW ALL THE POTATOES YOU CAN

By doing this you help not only yourself, but the country too.

To grow more potatoes, dig extra ground if you can; if not, plant fewer summer crops. But leave space for your winter greens . . . they're important too.

"Potatoes are an A1 double plus priority"
—the Minister of Food



THE MINISTRY OF FOOD, LONDON, S.W. 1. FOOD FACTS No. 396a

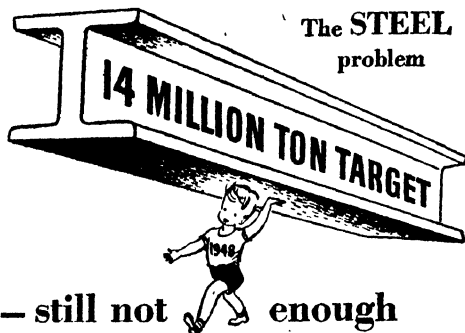
POTATOES: MORE POTATOES!

Here is an appeal by the British Ministry of Food to the Nation. The appeal contains a very significant suggestion. Compared to Britain we in Hyderabad have huge expanses of unused and misused land. To produce much more potatoes in kitchen gardens should not at all be difficult. In men's memory potato sold at Hyderabad at 15 seers a rupee. We can return to that level of plenty if only we look out to our open spaces and take up the spade and the sickle.

REPORT TO THE NATION



No. 9



— still not enough

IN 1947 we produced about 12½ million ingot tons of steel. This year our aim is 14 million ingot tons—and that will still be over a million tons of finished steel short of our needs. New methods in industry and the losses of war together mean a heavy world-wide demand for steel, most of it permanent.

At home, industry, agriculture, transport, the mines—all are crying out for new machinery and essential equipment. We could easily use at home all the steel we can make. Yet we must export both steel and steel products to pay our way and earn our food and essential materials. That's why this year we have to eke out our steel—holding up some important jobs so that others even more vital will get done.

Needs of the hour

FIRST: Enough coke, scrap and transport for the steel industry to reach and beat its target.

SECOND: While the long-term expansion programme is under way get the utmost out of existing steel plant.

HOW CAN INDUSTRY HELP?

- 1 Face the wagon shortage by speeding up turn-round.
- 2 Use less metallurgical coke so that the blast furnaces and foundries get all they need.
- 3 Get scrap and worn-out machinery back to the steel-works quickly.
- 4 Management and workers must make do-and-mend while the equipment shortage lasts.

TEN PER CENT MORE will turn the Tide!

— Issued by His Majesty's Government —

The STEEL problem**Credit Column**

MRS FANNY FLETCHER (55), a Leeds grandmother, produces double the normal standard output, at David Dixon's Wool Mill, Leeds.



AMONG exports which last year showed biggest volume increases over 1938 were: Machine Tools (2½ times as much); Agricultural Machinery (3 times); Motor Cars (twice); Aircraft (2½ times); Radios (5 times); Aluminium Manufactures (2½ times); Bicycles (1½ times).

FOR the first January week in five years, output of deep mined coal exceeded 4 million tons.

EMployers at Hercules Cycle Factory, Birmingham, to-day produce 8 bicycles for every 7 a year ago.

TEAMWORK, extra effort and overtime, enabled Sexton Son & Eversard, Norwich Shoe Manufacturers, to deliver the biggest American post-war order of women's high fashion shoes on time.

JARROW Tube Works increased production by 15% in the past 4 months. Now, a voluntary Sunday night shift is increasing the mill output still further.

great travails ahead and great hopes further off. Deficit budgets and austerity in which groups such as the Socialists and Communists are expected to co-operate will mark the first stage covering the next five or six years after which will emerge another, with enhanced industrial wealth, enlarged social amenities and a full Exchequer. Prevailing conditions in Pakistan would confirm the prospect of the first phase, the less agreeable one, but not the second. Rich as Pakistan is in agricultural resources, more than self-sufficient in food, the State has few industries, even such essential industrial raw materials such as coal and iron have not been found to exist. The disorders which followed partition have completely undermined orderly Government in the larger part of Western Pakistan and made the tasks of economic reconstruction much more arduous. The Finance Minister is aware of all these handicaps and difficulties, but he does not despair on their account. He has a ready recipe on hand ample borrowing. Mr. Ghulam Mohammad is not apologetic about Pakistan's need for foreign capital and he is also determined to acquire as much of it as he can. He has mentioned the United Kingdom and the U.S.A. as the most willing and reliable sources to be tapped. Dr. Grady has offered assistance to whichever country needs it, if only United States is satisfied that the borrowing country understands the role of private enterprise. If, Mr. Ghulam Mohammad's reported views indicate Pakistan's official policy, that State is bound to attain industrial development and financial solvency smoothly and in record time.

U.K.'S ECONOMIC POSITION MAY STABILIZE BY 1952

The U.S. State Department forecast that Britain would remain on food, clothing and petrol rationing during and after completion of the European recovery programme. Britain's deficit, estimated at about 2 milliard dollars would go down to one half of that by the end of 1948, but large dollar deficits would continue for several years thereafter.

However, the State Department said Britain's overseas payments might be approximately in balance by 1952.

The new date covers export and import production and the political prospects of each country, including western Germany, involved in the Marshall Plan. It did not disclose what sums, and in what forms, American money would be allocated.

State Department officials said they had tentatively decided to give outright grants to Greece, a string of part grants, part credits to Britain, France, Italy, the Netherlands, Luxembourg, Denmark and Iceland, and loans only to Eire, Sweden and Norway. Switzerland, Portugal and Turkey would pay for goods in cash.

In terms of calories, Britain should have reached its pre-war food consumption level by 1952, although the quality of the diet would remain below 1938 standards.

Steel production should have reached a point in 1952, at which supplies of durable goods for domestic use would be approaching pre-war levels, but accumulated demands, however, would mean continued short supply.

The Department forecast a continuation of almost all present controls and hinted at a possible devaluation of the pound.

It declared: "If, in future, the British Government should become convinced that sterling is an overvalued currency, and that the present exchange rate is permanently and adversely affecting the balances of payments, or is otherwise causing serious difficulties, Britain probably will seek to make required adjustments in the rate of exchange in co-operation with the International Monetary Fund."

Of the British political scene, the State Department said that the Conservatives "are now showing increased vigour" and added that there was no basic difference of opinion between the Conservatives and the Labour Government on foreign policy.

It said there was a division in the Labour Party between those "who would move rapidly to the Left, and those who follow a slightly Left of Centre course." The political power of the British Communist Party was described as very small.

The importance of Britain's overseas dependencies in helping eventually to achieve a satisfactory balance of payments, was emphasized. "They will likewise be primary sources from which the U.S.A. will be able to maintain materials which are required as a result of deficiencies or potential deficiencies in our own natural resources. The anticipated expansion of production of such materials should increase the net dollar earnings of these dependencies during the recovery programme period."

SOVIET FIVE-YEAR PLAN

BETTER SECOND YEAR

The State Planning Commission of the Soviet Union in its annual report on the execution of the Five-Year Plan (1946-1950), indicates that things went a good deal better in 1947 than in 1946.

The target figure for gross industrial output was exceeded by 3½ per cent., the highest percentage being reached by the Latvian Republic with 117 per cent. Two of the constituent Republics fell short of their targets the Karelo-Finnish showing 87 per cent., and the Ukraine, which was one of the worst devastated areas 99 per cent.

The report for 1946 had declared that the plan was fulfilled that year "in the main" but that of the 28 chief industries listed 14 fell slightly short, the lowest being agricultural machinery with 77 per cent. and transport machinery with 81 per cent. The new report states that in 1947 only six of the 28 industries fell short, and that the lowest, transport machinery, secured 94 per cent. Coal production, which throughout the past year has been the subject of much criticism (aimed more at the Ministry responsible than at the miners themselves who were offered an increasing number of incentives), reached the target quantities in the eastern districts (97 per cent. in

1946) and 95 per cent., in the western districts (103 per cent. in 1946).

The figures that probably helped most to make possible the recent abolition of rationing and reduction in the price of bread are those for the harvest. The 1946 harvest was the worst for 50 years. The 1947 report gives no tonnage figures, but records that agricultural production as a whole increased by 48 per cent. over 1946 grain crops by 58 per cent., cotton by 21 per cent., potatoes by 30 per cent., and sugar beet by 190 per cent. The grain harvest is said to have reached "the pre-war level."

MORE LOCOMOTIVES

Industrial output was up by nearly one-quarter, and that of the textile and light industries by one third. The industry that showed the best improvement over 1946 was that of railway locomotives, the output of which was up by 177 per cent. and the poorest were those of steel and copper, both up by 9 per cent. In the last quarter, the report states, industrial output "reached the average quarterly level of 1940."

Work on capital construction exceeded the 1946 figures by 10 per cent., the light industries and food production showing the largest increase. Housing achievements are described in terms of "square metres of living floor space"—9m. newly built or restored by the State and the local soviets, and 4m. built by individual citizens "using savings earned by their own labour." In 1946 the total was 6m. square metres, and no mention was made of this second category. In rural areas formerly occupied by the Germans, the report states, 370,000 dwelling houses were built last year. The total of wages paid is stated to have risen by 23 per cent. over 1946, at the end of which year there were considerable increases in the prices of rationed goods and some advances in wages.

The report refers to the system of "socialist competition" which spread during the past year, and ends with a reference to the workers of Leningrad, on whose initiative a movement is said to be developing throughout the country to fulfil the Five-Year Plan ahead of time.

Finance and Resource

HON'BLE NAWAB MOIN NAWAZ JUNG BAHADUR ON SOME CURRENT FINANCIAL PROBLEMS

THE HON'BLE NAWAB MOIN NAWAZ JUNG BAHADUR, Minister for External Affairs and Finance in an interview to the Press Exchange observed, "The point of view of the Hyderabad Government was made clear regarding the transfer of Securities to Pakistan, the promulgation of Currency Ordinance and the restrictions on the export of gold and precious metals from the Dominions."

He added, "It was explained that even before August 15 H.E.H. the Nizam's Government had a free hand in investing their surplus funds anywhere without consulting the Government of India or informing them beforehand about such transactions. There have been precedents of the purchase by the Hyderabad Government of Securities of Commonwealth countries without any reference to the Government of India or the British Government. The transfer of Securities at any rate could not constitute a breach of the Standstill Agreement inasmuch as the Nizam's Government had not departed from the established procedure in these matters as it existed prior to August 15, 1947."

CURRENCY ORDINANCE

Adverting to the objection raised against the Currency Ordinance the Nawab Sahab said that it was made clear that actually no ban had been placed on the Indian Currency in the Dominions. The Ordinance was promulgated with a view to popularise the State Currency within the State limits and confine cash transactions within the State to the State Currency. There was no limitation on the transfer of funds in Indian Currency and the exchange rate was also stabilized so that the economy or the trade of India was not in any manner affected. In this regard there was also a precedent in the Marketing Act which was promulgated years

ago, according to which the use of any Currency other than the State Currency had been penalised.

RESTRICTIONS ON EXPORT OF GOLD

The restrictions on the export of gold and precious metals had been in existence since 1942 and their continuance with suitable modifications could not in the opinion of the Hyderabad Government be regarded as a breach of the Standstill Agreement.

HYDERABAD'S LOAN TO PAKISTAN

INDIA GOVERNMENT PAPER EXCHANGED

Finance Minister's announcement

The Nizam's Government have transferred to the Pakistan Government, Government of India securities of the value of Rs. 20 crores which it was holding.

Nawab Moin Nawaz Jung Bahadur, Finance and Foreign Minister of Hyderabad State, told the A.P.I. at Delhi that this transfer was negotiated for, in exchange of Pakistan Dominion securities. He said the deal was put through long before the "present unfortunate strained relations between Pakistan and India developed.

Nawab Moin Nawaz Jung Bahadur, vigorously denied that this transfer of securities to Pakistan was in any way designed as an unfriendly act towards the Indian Dominion. He said it was actually a conversion of its (Hyderabad) securities into other kind of securities. It was a normal procedure for any Government to hold some stocks of securities belonging to other States, he added, and revealed that some time ago the Hyderabad Government was negotiating for the acquisition of a block of sterling securities, but due to various developments in the country the negotiations were not pursued.

Nawab Moin Nawaz Jung Bahadur disclaimed any connection between the visit of the Pakistan Finance Minister, Mr. Ghulam Mohammed to Hyderabad and the Nizam's Government making

over 20 crores of securities to Pakistan. As a matter of fact, he said, the State Government was considering this proposition for some time early in November when he was informed by higher quarters in Delhi that India and Pakistan maintained cordial relations and that India proposed to treat the Pakistan Government generously in the matter of making available a large amount of money out of the cash balances. This, naturally hastened the Nizam's Government's decision to transfer these securities to Pakistan.

ALLEGED NON-IMPLEMENTATION OF AGREEMENT

The Nawab Saheb said, "Not much progress has been made in regard to the implementation of the Standstill Agreement between India and Hyderabad." This, he emphasised, he was not saying in any spirit of grievance. The co-operation which Hyderabad expected was not forthcoming in full measure, nor was the Agreement being implemented with that speed which one anticipated. This was presumably because the respective agents had assumed charge of their office only recently and it would take some time to put things on stride. It was too early for him to hazard any statement regarding the future, but he did not see why the Agreement could not be a success.

The Finance Minister said it was an incorrect appreciation of facts to suggest that the recent currency ordinance issued by the Nizam's Government was intended to help Pakistan. He pointed out that there was no ban against anyone operating of bank accounts within the State in the Indian Currency, nor was there any ban on the export of such currency to any amount from Hyderabad to the neighbouring Provinces. The present Ordinance had a very limited application. In Hyderabad, the only legal tender was the Osmania currency. The Nizam's Government was asked by the Government of India some time ago suggesting that Hyderabad should promulgate foreign exchange control. Exchange control would not be possible with two currencies in the area and a single legal

tender was necessary. Nevertheless, Indian currency did not cease to circulate and the Ordinance was merely intended to regulate local transactions.

He further pointed out that Hyderabad did not in any way decide to restrict Indian currency. He emphasised that the exchange rate of the Indian and Osmania currency was now stabilised. The fluctuation, if any, was restricted to annas four and this stabilisation had been there more or less for some time past.

HYDERABAD GOVERNMENT'S PURCHASE OF STOCKS

OFFICIAL STATEMENT

The Director of Information has been authorised to issue the following statement: During the last six months, on account of certain trade and economic conditions, and rumours spread by irresponsible persons, prices of almost all industrial shares in the Hyderabad Stock Exchange depressed below a reasonable level. With a view to supporting the market and to create confidence among the investing public, the Government purchased, recently, through four or five brokers, a number of shares in well-known industrial concerns at current market prices and they are glad to note that despite heavy unloading, local textile shares have not exceeded 10 to 15 points and the market prices of all important shares have been maintained at reasonable level. The Government also desire to make it clear that the recent Currency Ordinance does not and cannot, in any way, affect prices and transactions relating to certain shares quoted in Indian currency, since no restrictions have been placed by the Government on keeping accounts in Indian currency in local banks or on free remittance of funds outside the State."

INDIA'S ECONOMY UPSET BY FOOD IMPORTS

SELF-SUFFICIENCY KEY TO INDUSTRIAL UPLIFT

Mr. R. K. Shanmukham Chetty, Finance Minister, Government of India, said that unless

India ceased to depend on imported foodgrains to feed her population, she could not overcome the economic difficulties.

The Finance Minister, who was replying to memoranda presented by the Madura-Ramnad Chamber of Commerce and other associations, explained that owing to exchange difficulties the Government were unable to allow free imports and sterling that India had earned by exports to be consumed in buying foodgrains abroad leaving little or nothing for import of other materials.

India, Mr. Chetty added, had to pay foreign countries for foodgrains twice the internal prices and had to spend Rs. 25 to Rs. 30 crores a year in subsidizing the imported food. To save people from starvation, the Government had to give first priority to food imports. If they were self-sufficient in the matter of food, they could now utilize all their foreign exchange earnings for buying essential materials from abroad needed for the economic development of the country. Therefore, to overcome economic ills, it was essential that the country should produce all the food needed by its people.

CLOTH EXPORT NOT AFFECTED

The Finance Minister then referred to the export duty on cloth and yarn and assured the handloom cloth merchants that this would not adversely affect their export trade. He said the Government of India had permitted export of 300 million yards of cloth of which only 80 million were handloom cloth out of total mill and handloom production of 5,200 million yards. The "ad valorem" duty of four annas per square yard would fall on the purchaser abroad and not on the exporting merchant." Therefore, the only question to be considered from trade point of view was whether Indian cloth could compete favourably in importing countries. He could say without hesitation that Indian cloth was the cheapest in the world market.

The Finance Minister pointed out that the Government of India recently imported some Japanese cloth but found that it cost three times as much as the Indian cloth. As this could not

be sold in India, they were now contemplating re-exporting it to other countries.

The real difficulty that faced the handloom industry today was the shortage of mill yarn. This was the reason why the price of handloom cloth was higher than mill cloth. The only way to bring down the prices of handloom cloth was to increase the internal production of yarn. For that co-operation of labour was necessary and this must be sought for. They could not think of imports of either cotton cloth or yarn from foreign countries for the next two or three years. They should, therefore, make efforts to see that internal production was increased.

As regards the reduction of income-tax, the Finance Minister said that the question would be examined at the time of the coming budget. He also stated that the Government could not agree to do away advance payment of income-tax as this was the chief source of revenue for them.

PAKISTAN IMPOSES TAX ON SALT

DUTY OF Rs. 2-8-0 PER MAUND TO INCREASE REVENUE OF STATE

An Ordinance published on 16th January imposes a duty of Rs. 2-8-0 per maund on all salt manufactured in, or imported into, any of the provinces of Pakistan. It came into force at once.

The Ordinance specifically mentions only locally manufactured salt and salt imported by land, but a similar duty will be automatically applied to imports by sea since the Customs Tariff states that the standard rate of sea customs duty will be the rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place, states a press note of the Ministry of Finance, Pakistan.

DUTY REIMPOSED

It will be recalled that the Indian salt duty was abolished less than a year ago. The Pakistan Government regret that they are felt compelled to reimpose this duty.

It is, however, necessary that all citizens of Pakistan should make a contribution to the

revenues of the State, and the duty on salt as tax which is capable of yielding a substantial amount of revenue at a very small cost of collection and without imposing any appreciable burden on the individual consumer. At the rate now prescribed the duty should not increase the retail price of salt by more than one anna per seer, and it is expected to produce a revenue of about Rupees two and half crores in a full year.

PAKISTAN NEEDS EIGHT HUNDRED MILLION DOLLAR LOAN

It is understood that Mr. Isphahani who was in Hyderabad recently met some of the officials and held discussions with His Excellency Mir Laik Ali on the question of United State's loan to Pakistan. Circles closely connected with Pakistan affairs mention that the Pakistan authorities have been negotiating for some time past for a loan of 800 million dollars from the U.S.A. His Excellency Mir Laik Ali, during his sojourn in America is stated to have broached the subject with the authorities there and discussed matters. Since he has been appointed as the Prime Minister of Hyderabad he had to keep himself aloof from further pursuing the question. This is said to be a reason for Mr. Isphahani's visit to Hyderabad.

It is also learnt that negotiation between Pakistan and U.S.A. have taken a final shape and Mr. Ghulam Mohammed, Finance Minister for Pakistan will leave for U.S.A.

REPORT TO THE NATION



No. 8

This DOLLAR business

Why the shortage to-day?

Because there is so much production of food and goods in America and too little in Europe and other countries where farms and factories were devastated by the war. America has far more to supply to other countries than they have to offer in return. So we all need far more dollars than we are earning

Why no shortage before the war?

Even before the war Britain bought much more from U.S.A. than U.S.A. bought from Britain. We had to pay "indirectly." We sold cotton goods, for instance, to Malaya. Malaya sold tin and rubber to U.S.A. Because Malaya did not need to spend in America all the money she earned she used some to pay for our cotton goods. And we used it to buy raw cotton, wheat and other things from America. Before the war there were many more countries in the position of Malaya than there are to-day

What is to be done?

Immediately, we can and must cut down our own spending of dollars and increase our direct exports to America. But we cannot close the "dollar gap" completely until there is a vast world-wide expansion of production and international trade. Countries must not only make for themselves much of what they now have to buy from America, but they must supply other countries as well. Coal is one good example. If we can send coal to Europe, Europe need no longer spend dollars on American coal. And Sweden can send in return timber and wood pulp for which we now have to pay in dollars.

We are the world's largest single buyer, so it is all-important for us to lead by increasing production and exports of the things the world needs to help it back to prosperity

BOLTON COTTON WORKER'S RECORD



Mrs. Annie Johnson has increased output by 60% in six months.

She is a typical employee of the Knowles Group of five Bolton mills, where, by skilful replanning of teamwork on one process, output increased last year by 44%.

If this increase is maintained, it will earn 2 million extra dollars.

TARGET POINT

Switching on your electric fire or water heater during the peak periods (8 to 10 a.m. and 4 to 6 p.m.) may well stop a factory producing dollar-earning exports



Credit Column

IN the closing months of 1947, production rose in vital industries compared with 1946. Output per manshift at the coalface was 7% up. Steel output was 12% up; wagon output, 25% up; output of coalcutters, 20% up; of coal conveyors, 50% up.

A 30% increase of finished goods—half due to the operators' increased efforts—is reported by John Harper & Co., Willenhall (Staffs), engineers. Foundry production in late December was a post-war record.

IF YOU WANT enlarged copies of this advertisement (20" x 10") for your Factory Notice Board, write to Campaigns Division, Section 3, Central Office of Information, 83 Baker Street, W.1.

TEN PER CENT MORE will turn the Tide!

Issued by His Majesty's Government.

HIGHLIGHTS OF INDIAN FINANCE

"OUR FINANCIAL POSITION IS INTRINSICALLY SOUND."

"The very small deficit in the next year's budget is an index of the efforts which we are making to close the era of deficit budgets and place our revenues in a satisfactory position. Our revenue and expenditure position is intrinsically sound. Our debt position is even sounder. The productive capacity of the country is great. The resources at our command are even greater. Natural resources we have in plenty and our manpower is stupendous. The two combined will create wealth of great magnitude which will enable our people to attain a high standard of life.

"Our destiny is in every sense of the term in our own hands. What every patriotic citizen should do is to produce more, to save substantially, to pay all legitimate taxes to his National Government and to lend his surplus savings to the State. If only we can act up to this ideal we can look forward to the future with hope and confidence and realize in the fullest measure our cherished ambition of assuming the leadership of Asia and a position of power and influence in the councils of the nations of the world."—The Indian Finance Minister on 28-2-1948.

BUDGET AT A GLANCE

1947-48

(FROM 15-8-47 TO 31-8-48)

		In crores of rupees
Income	..	178.77
Expenditure	..	185.29
Deficit	..	6.52

1948-49

Income	..	280.52
Expenditure : Civil		186.29
Military	..	121.08
		257.37
Deficit	..	28.85

NEW AND HIGHER TAXES.

Corporation Tax raised from 2 to 3 annas for foreign companies.

Export levy on oil seeds, vegetable oils and manganese.

Import duty on cars raised.

Levy on tyres up.

Excise duty on tea and coffee up.

Excise duty on cigarettes and some types of tobacco.

Reimposition of excise duty on matches.

Postal registration fee increased.

Trunk telephone fee raised.

Estate Duty Bill to be introduced.

TAX RELIEF.

Lower B.P.T.

Super-tax limit raised.

Super-tax on undistributed profits of companies lowered.

Income-tax on smaller companies (those with incomes of below Rs. 25,000) halved.

Donations to charities up to Rs. 2½ lakhs exempted from income-tax.

Betel nut duty off.

SUMMARY OF ESTIMATES.

REVENUE

EXPENDITURE

In lakhs of Rupees

REVENUE			EXPENDITURE		
	Revised 1947-48	Budget 1948-49		Revised 1947-48	Budget 1948-49
Customs	54.50	81.75 —58*	Direct demands on revenue	5.45	8.98
Central Excise Duties ..	20.72	34.00	Irrigation	8	13
		18.10*	Debt Services ..	19.24	41.16
Corporation Tax ..	40.48	39.50	Civil Administration ..	23.75	34.56
Taxes on Income ..	74.57	10.30*	Currency and Mint ..	1.14	2.20
		90.50	Civil Works ..	6.28	7.21
		-3.92*	Pensions ..	1.57	2.70
Salt	90	..	Miscellaneous :		
Opium	08	1.40	Expenditure on refugees	14.89	10.04
Interest	46	1.17			
Civil Administration ..	7.28	5.12	Subsidy on foodgrains ..	20.16	19.91
Currency and Mint ..	1.25	9.40	Other expenditure ..	2.36	3.28
Civil Works	47	81	Grants to Provinces ..	1.85	2.96
Other sources of revenue ..	5.11	4.36	Extraordinary items ..	1.89	3.16
Contribution from Posts and Telegraphs ..	2.14	38 40*	Defence Services (Net) ..	86.63	1,21.08
Contribution from Railways ..	..	4.50			
Deduct.—Share of income- tax revenue payable to Provinces	29.74	37.87 1.96*			
Total Revenue ..	1,78.77	2,56.28	Total Expenditure Net Deficit	1,85.29 6.52	2,57.87 1.09

* Budget proposals.

NEW RATES OF SUPER-TAX 1948-49

In the case of every individual, Hindu undivided family, unregistered firm and other association of persons :—

	Rate, if income wholly earned	Rate, if income wholly unearned
On the first Rs. 25,000 of total income	Nil	Nil
On the next Rs. 15,000 of total income	Two annas in the rupee	Three annas in the rupee.
On the next Rs. 15,000 of total income	Three annas in the rupee	Four and a half annas in the rupee.
On the next Rs. 15,000 of total income	Five annas in the rupee	Six annas in the rupee.
On the next Rs. 15,000 of total income	Six annas in the rupee	Seven annas in the rupee.
On the next Rs. 15,000 of total income	Six and a half annas in the rupee.	Eight annas in the rupee.
On the next Rs. 50,000 of total income	Seven annas in the rupee	Nine annas in the rupee.
On the next Rs. 1,00,000 of total income	Nine and a half annas in the rupee.	Nine and a half annas in the rupee.
On the next Rs. 1, 00,000 of total income	Ten annas in the rupee	Ten annas in the rupee.
On the balance of total income	Ten and a half annas in the rupee.	Ten and a half annas in the rupee.

OLD RATES OF SUPER-TAX 1947-48

	Rate, if income wholly earned	Rate, if income wholly unearned
On the first Rs. 25,000 of total income	Nil	Nil
On the next Rs. 5,000 of total income	Two annas in the rupee	Three annas in the rupee.
On the next Rs. 5,000 of total income	Two and a half annas in the rupee.	Three and a half annas in the rupee.
On the next Rs. 10,000 of total income	Three annas in the rupee	Four annas in the rupee.
On the next Rs. 10,000 of total income	Four annas in the rupee	Five annas in the rupee.
On the next Rs. 10,000 of total income	Five annas in the rupee	Six annas in the rupee.
On the next Rs. 10,000 of total income	Six annas in the rupee	Seven annas in the rupee.
On the next Rs. 15,000 of total income	Seven annas in the rupee	Eight annas in the rupee.
On the next Rs. 15,000 of total income	Eight annas in the rupee	Nine annas in the rupee.
On the next Rs. 15,000 of total income	Nine annas in the rupee	Ten annas in the rupee.
On the next Rs. 30,000 of total income	Ten annas in the rupee	Ten and a half annas in the rupee.
On the balance of total income	Ten and a half annas in the rupee.	Ten and a half annas in the rupee.

FOOTLIGHTS ON PAKISTAN BUDGET

Mr. Ghulam Mohammed, the Finance Minister, said.—"Building a new country and putting it on its feet is an uphill task. The catastrophic happenings of the last few months have increased our difficulties manifold, but we mean to march on with grim determination to succeed. Our difficulties are of a temporary character, and I see before me a prosperous and happy Pakistan based on the sustained sacrifice and disciplined hard work of our people. Our objective is clear, our course is set. Let us pray in all humility that Providence that gave the gift of this free State to us will guide us to use our freedom wisely and temperately, so that we may all work for the prosperity of our people and the greatness of our country."

28-2-1948.

PAKISTAN'S FINANCES

1947-48.

	In lakhs of Rupees
GROSS REVENUE.	
Principal heads of revenue ..	17,37
Railways, Posts and Telegraphs ..	20,10
Other heads of revenue ..	5,32
Total ..	42,79

GROSS EXPENDITURE.

Defence Services ..	34,24
Railways, Posts and Telegraphs ..	22,15
Other expenditure ..	9,81
Total ..	66,20
Deficit ..	28,41

1948-49

GROSS REVENUE.

Principal heads of Revenue ..	81,20
Railways, Posts and Telegraphs ..	86,89
Other heads ..	11,48
Total ..	79,57

GROSS EXPENDITURE.

Defence Services ..	37,11
Railways, Posts and Telegraphs ..	87,15
Other Expenditure ..	15,42
Total ..	89,68

DEFICIT ..	10,11
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U.K. DRAWS ON U.S. LOAN THIRD INSTALMENT

Britain withdrew another 100 million dollars from the United States loan, leaving a balance of 100 million dollars.

This was the third withdrawal since the 3,750 million loan was unfrozen last December. Similar withdrawals were made in December and January.

It was anticipated here that the final 100 million dollars would be withdrawn at the beginning of the next month, 18 months after Congress ratified the original Anglo-American Financial Agreement. It was, therefore, anticipated that there would be a gap of at least a month possibly a good deal longer between the expiry of the Loan and the beginning of the European recovery programme.

Financial experts forecast that if the Marshall Plan had not begun by the beginning of the second quarter of this year, Britain would have to step up her sales of gold once again in April in order to meet essential hard currency commitments.

EGYPT'S STERLING BALANCES

AGREEMENT SIGNED IN CAIRO

Provision for release of £. 21,000,000

A new Anglo-Egyptian Financial Agreement signed in Cairo extends until December 31, 1948, the financial agreement signed on June 30 with certain modifications.

The new agreement provides for a "release" during 1948 of £. 21,000,000 from Egypt's pre-July 1947 sterling balances and for an increase of £. 11,000,000 in the working balance—over and above the £. 12,000,000 already placed at Egypt's disposal—on which she may draw to meet any temporary shortage in her available means of payment abroad.

Britain has undertaken to sell to Egypt against sterling in 1948 £. 6,250,000 worth of United States dollars. The United Kingdom will also

sell Egypt against sterling enough gold (approximately 4,000,000 dollars) to enable her to pay her increased quota and subscription in the International Monetary Fund and International Bank respectively.

Britain will also extend facilities to Egypt under which she will be able during 1948 to use sterling to pay for nitrates imported from Chile, for oil from British companies marketed in Egypt by self-contained subsidiaries of American companies in Egypt and for equipment imported into Egypt by Anglo-Egyptian oilfields and shell.

It is hoped that the new agreement will further trade relations between Britain and Egypt.

NATIONAL INCOME IN AUSTRALIA

The national income of Australia which had been valued at £ A 803 million in 1938-39 and had stood fairly stable at about 55 per cent. above that level since 1942-43 rose by £ A 29 million to £ A 1,265 million during 1946-47. Though the current rate of personal savings is still 3 per cent. above that for 1938-39, only about 10 per cent. of the national income was saved during 1946-47, as compared with 21 per cent. in 1945-46 and 27 per cent. in 1943-44, which year saw a record level of Australian saving. A peak level of £ A 1,497 million was reached in 1946-47 by the gross national product (selling value of all goods produced) of which 65 per cent. was used for Australians' personal consumption as compared with 71 per cent. in 1938-39, and 50 per cent. in 1943-44, the peak year of war-time austerity.

Wages and salaries accounted for 57.8 per cent. of the national income in 1946-47 as against 53.6 per cent. in 1938-39. Compared with the pre-war year 1938-39, company income had risen from £ A 89 million to £ A 140 million; income from incorporate business, firms and professions from £ A 165 million to £ A 260 million; income retained by institutions from £ A 16 million to £ A 23 million; income from dwellings from £ A 59 million to £ A 69 million; gross private investment from £ A 145 million to £ A 270 million and personal consumption expenditure from £ A 668 million to £ A 972 million.

THE U.S. BUDGET

Anxious concern for saving the world from "the menace of totalitarianism" and readiness to put the fullest available resources into that task have provided the major inspiration for the Budget which President Truman has presented to the U.S. Congress. Out of a total expenditure of \$39,700 million, \$7,000 million—about 18 per cent.—will be spent on aid to European countries, under the Marshall Plan. The total expenditure on Marshall aid spread over 4 years is tentatively fixed at \$17,000 million. In the new year's budget, there is provision for \$60 million for aid to China and lesser sums for other non-European countries. It is the assumption of responsibilities transcending continental, even hemispherical needs, which accounts for the most outstanding item in the expenditure, *viz.*, \$11,000 million on defence. The estimated income for the year is \$44,000 millions.

Earlier in his "state of the union" message, the President promised labour a minimum hourly wage of 75 cents. as against the existing 45 cents. Low income tax payers have been offered substantial relief in the form of tax reductions at the rate of 160 dollars per family. To compensate the resulting loss of revenue to the state, big business will be asked to part with a larger share of their income. As part of a "New Deal" Programme intended to lift the standard of living to nearly double that which obtained before the war, an expenditure of fifty billion dollars is envisaged on the expansion of production during the next ten years.

Production and export trends during the last twelve months have been satisfactory. U.S. exports in 1947 exceeded those of the previous year by three billion dollars and if the expansion in production approximates to schedule, the need for reintroduction of controls would hardly arise. Higher wages for labour and the tax relief offered to lower income groups would serve as a corrective to the prevailing maladjustment between wholesale prices on the one side and wages and salaries on the other.

EFFORTS TO PLEASE BOTH PEASANT AND WORKER

AIM OF SOVIET GOVERNMENT'S LATEST REFORMS

It was only to be expected that reports of hardship following the abolition of rationing in the USSR, would be hotly contested by every branch of Russia's powerful propaganda machine. But even allowing for the inevitable bias displayed in some quarters against anything that Russia does, it would seem, on the basis of there's no smoke without fire, that the first jubilation has not been entirely justified.

The overall picture of today, particularly in the large towns, makes it appear that since supplies of foodstuffs to shops are approximately the same as before it is a question of first come first served.

During the first few days the queues at food shops were longer than ever, and people with plenty of money bought more than their fair share. Reports suggest that this development has been countered by a kind of unofficial rationing State Shops refusing to sell more than limited amounts, roughly corresponding to the old rations, to any one customer.

Because it was expected that with the abolition of rationing there would be plentiful supplies at controlled prices, the so-called "free" markets shut down a fortnight ago. But when the shortages became evident, they re-opened, and now there is a tendency for food from farms to find its way to the "free markets," where sales bring bigger profits.

FRENCH ANALOGY

In short, although the background is different, there is a certain similarity in the problems facing France and Russia today, that is, the effectiveness of the latest reforms depends on the administration's ability to stabilize the new level of prices.

In Russia's case this, in its turn, depends on the supply of consumer goods to Government and co-operative shops and on the degree of efficiency of Government-controlled trade. Much of the further outlook depends on the peasantry's reaction to the reforms.

It is noteworthy, that the Soviet Government delayed the revaluation of the rouble until the end of the whole agricultural campaign the completion of delivery by the peasants of agricultural produce to the Government. The journal *Economist*, in fact, points out that if revaluation of the rouble had been carried out in the middle of the agricultural campaign, it might have caused trouble.

In this respect the *Economist* correspondence writes: "What has in a sense been impressive in all the reforms now carried out is the Government's ability to manoeuvre between two basic classes of Russian society; workers and peasants.

"Repeatedly the Government has had to swing now to one side now to the other. For the peasant the policy has as a rule been of a Rightist shade. Policies favouring industrial workers have had a Leftist colouring. At present the social policy has steered to the Left."

There seems general agreement that provided, the afore-mentioned stability of the new level of prices is successfully achieved, the ordinary Russian will be able to feed, better as the result of the abolition of rationing.

But with general improvement in, the living standard of the working class as a whole, there is an accompanying widening, of the discrepancy between the living standards of various groups of workers. Those with low wages will probably be able to live slightly better than hitherto, while earners of higher wages will be able to live much better.

This comes about because under the new system the rich man will be able to buy all the food he needs for much less than he has had to pay, hitherto, since he has mainly lived during the last few years not on meagre and low-priced rations, but on food bought off the ration at astronomical prices in the so-called commercial shops now abolished.

When it comes to consumer goods the lower-income group benefit from the stabilization of prices at about two-thirds less than the old high "commercial price," but still a great deal

higher than the old rationed prices. Thus, the poor man will have to pay more for his pots and pans, while the rich man will pay a great deal less for all kinds of consumer goods than he has hitherto paid in the commercial shops.

The abolition of rationing in Russia should be viewed in the light of the campaign recently initiated for the fulfilment of the five-year plan in four, instead of five years.

According to the Economist the speeding up of the tempo is in part explained by the fact that some initial targets of the five-year plan had been set too low, coal for instance. In a speech to the Cominform last July, M. Malenkov stated: "Eighteen months of work on the plan has shown that the Soviet Union has resources to advance the number of industries even faster than anticipated. Some initial targets of the plan for separate industries are now being increased."

However, as the astute heads of the Kremlin no doubt realized, the speeding-up of the five-year

plan would hardly have been possible without some sort of "new deal" for the working classes.

"For instance," writes the Economist's correspondent, "anybody who has come in contact with Russian workers after the war could easily feel that they resented the peasants' war-time prosperity. This created certain antagonism between town and countryside, which although it was politically inarticulate, could not have been ignored by the Soviet Government."

SOVIET BUDGET

Mr. Zvery, the Soviet Finance Minister, in his Budget speech at the session of the Supreme Soviet which began on 31st January 1948, reported that expenditure for maintenance of the Russian armed forces in this, the third year of the five-year plan, was being reduced by 2,500m. roubles (about £114m. at the official rate), compared with the past year, the total being 66,000m. roubles (£3,000m). Money for public health and education was being increased. The total enrolment at schools this year would rise to 33m. and of high-school students to 722,000.

Trade and Tariffs

NUMEROUS MARKETING SURVEYS UNDERTAKEN IN HYDERABAD

THE agricultural market continued to work under the same abnormal conditions as during the war, for the food situation did not improve and consequently there was no relaxation in the war-time control measures, says the Administration Report of the Marketing Department of the Nizam's Government for the year 1955 F.

The monsoon, during the year under report was again unfavourable in the south-western parts of the State with the result that the Rabi crops failed in Raichur and Bidar districts. The internal movement of foodgrains other than pulses and groundnuts remained restricted due to control measures. Wholesale prices of foodgrains showed a small variation while those of cash crops such as groundnuts, castor, etc., showed considerable increase. Altogether, Agricultural produce worth Rs. 23 crores was handled in the 28 regulated markets in the Dominions during the year under report, as against Rs. 17 crores in the preceding year.

In collaboration with the Central Agricultural Marketing Department, Government of India numerous surveys, such as those for chillies, onion, garlic, turmeric, custard apples (sharifa), other fruits and animal fats were undertaken and reports on sesamum, arecanut and poultry were forwarded to the Marketing Adviser, Government of India.

The budgets of the Marketing Committees showed a net saving of Rs. 1,89,431 and the total balance at the end of the year under report stood at Rs. 6,49,988 as against Rs. 5,10,507 in the preceding year.

BRITISH MARKET FOR HYDERABAD CARPETS

The report of the Board of Trade Working Party on the carpet industry is an attractively produced document, well printed on good paper

and with handsome illustrations. This may account for the time taken to publish it and thus for the fact that the more topical sections of the report were out of date before it appeared. Estimates of future demand prepared in the summer of 1946 can hardly be expected to make full allowance for the severities introduced by the fuel crisis and dollar shortage of 1947. Most of the assumptions on which the calculations of future demand are based would be hard to substantiate now. The report assumes that between three and four million new houses will be completed in the decade 1946-55. It assumes a rising standard of living, *i.e.*, increased average carpeting per house, a combination of people buying more carpets and more people (new classes of people) buying carpets.

In 1937, 18 per cent. of total British carpet production was exported; the report assumes a post-war export level of 20 per cent. although a footnote added in June, 1947, raises this to 40 per cent. Its conclusion—that even when the pre-war rate of production has been regained, output will be sufficient to meet only about two-thirds of the requirements of the home market—may still be true, or may not. The factors on which it is based certainly need to be re-assessed.

The working party finds that the capital structure of the industry is sound and the profits reasonable, and that there are adequate reserves for reconstruction. It concludes, therefore, that the industry is strong enough to take care of its capital development by normal means. It shows concern, however, to accelerate the rate at which carpet manufacturers re-equip their factories. To this end it makes two fiscal proposals. It wants the period allowed for depreciation of plant under the Income Tax Act of 1945 to be shortened from between fifteen and twenty years to between seven and ten. It also recommends a revision of section 21 of the Finance Act, 1922 (which limits the proportion of profits of private companies which may be

ploughed back before surtax is charged), in order to remove deterrents on the re-equipment and rebuilding. This is a consideration which applies to other industries besides the carpet industry. It raises the question of how far the country can afford to encourage the competitive re-equipment of the light industries in the next seven years.

That many people would like new carpets can hardly be questioned. A Central Office of Information survey conducted in the summer of 1946 is described in the report. It found that 89 per cent. of working class housewives thought that they were in need of a new carpet and 50 per cent. of working-class homes had no carpet at all. The generally cheerful tone of the report can be attributed, perhaps, to the fact that home demand for carpets increased by 88 per cent. between 1931 and 1937. It is a mistake, however, to assume too readily that effective demand will go on increasing at that rate.

House building in Britain is strictly according to plan. At the most the domestic industry can meet two-thirds of the home demand. The Hyderabad carpet industry is discouraged on account of the absence of satisfactory export outlets. The Hyderabad Agent-General in London must be able to bring together Hyderabad supply and British demand.

BENEFITS OF DECONTROL

GANDHIJI QUOTES FIGURES

In a written message to one of his prayer gathering, Mahatma Gandhi said: "From the numerous letters and wires giving me thanks for the decontrols and pleading for more, I pick up the following written in English from a well-known businessman. He reduced to writing his thoughts at my instance."

"As desired by you, I am giving below the following data about sugar, gur, shakkar and various other foodstuffs, showing their present and past prices before decontrol,

Present Rates

Sugar, Rs. 37-8-0 per maund.	Gur Pansera, Rs. 18 to Rs. 15 per maund.	Rates prevalent during the month of November before decontrol of sugar was taken up by you. Rs. 80 to Rs. 85 per maund. Rs. 80 to Rs. 32 per maund.
Shakkar, Rs. 14 to Rs. 18 per maund.		Rs. 37 to Rs. 45 per maund.
Sugar Cubes, Re. 0-11-0 per packet.		Re. 1-8-0 to Re. 1-12-0 per packet.
Sugar Desi, Rs. 80 to Rs. 85 per maund		Rs. 75 to to Rs. 80 per maund.

Thus there is 50 per cent. fall in the prices of Sugar and its allied products.

FOODGRAINS

Wheat, Rs. 18 to Rs. 20 per maund .	Rs. 40 to Rs. 50 per maund.
Rice Basumati, Rs. 25 per maund .	Rs. 40 to Rs. 45 per maund.
Maize Rs. 15 to Rs. 17 per maund.	Rs. 30 to Rs. 32 per maund.

GRAMS

Grams, Rs. 16 to Rs. 18 per maund.	Rs. 38 to Rs. 40 per maund.
Moong, Rs. 28 per maund.	Rs. 35 to Rs. 38 per maund.
Urad, Rs. 23 per maund .	Rs. 34 to Rs. 37 per maund.
Arhar, Rs. 18 to Rs. 19 per maund .	Rs. 30 to Rs. 32 per maund.

PULSES

Gram Pulses, Rs. 20 per maund .	Rs. 30 to Rs. 32 per maund.
Moong, Rs. 26 per maund.	Rs. 37 per maund.
Urad, Rs. 26 per maund .	Rs. 37 per maund.
Arhar, Rs. 22 per maund	Rs. 32 per maund.

OILS

Sarson, Rs. 65 per maund. Rs. 75 per maund.

"Woolen and silk cloth:—Due to decontrol of woollen and silken cloth, the markets are flooded with silk and woollen cloth. The prices in silk

and woollen cloth have fallen by 50 per cent. at least and even 66 per cent. in some cases.

*"Cotton cloth and yarn:—*In anticipation of the decontrol of cotton cloth and yarn, the prices are gradually falling. In the atmosphere created by the decontrol of sugar, the prices of cloth are also coming down. If cotton cloth is decontrolled altogether, the prices of cloth are sure to fall by at least 60 per cent. and the quantity of the cotton cloth will also improve. Mill owners will have to vie with one another. The supply will be available in abundance as is the case now with woollen and silk cloth which were decontrolled long ago. In case cotton cloth is decontrolled, its export to foreign countries may be totally prohibited for at least three years, to make the decontrol a thorough success.

"The jugglery of the departmental statistics should not stand in the way of the decontrol of the entire food grains, cotton cloth and yarn.

PETROL RATIONING

*"Petrol rationing:—*The rationing of petrol was only a war measure and is no longer needed now. As a matter of fact it is only enriching enormously a few transport companies and only they want it. The teeming millions have nothing to do with it. Needless to say that the owner of one vehicle who has got a licence for even a single route is earning ten to fifteen thousand rupees per month on a single vehicle. If there is no petrol rationing and there is no monopoly system of the plying of vehicles, one vehicle owner cannot earn more than Rs. 300 per month. So much so that a regular trade is going on for the obtaining of petrol permits for vehicles. For a petrol permit for a lorry a man can easily obtain Rs. 10,000 by simply selling his permit to the transport dealer. If petrol rationing is removed, transport, food, cloth, housing and various other problems confronting the country at present will be solved. Petrol rationing and the monopoly system of transport is only enriching the transport companies, but has upset the lives of the masses. Do come to the rescue of suffering humanity by getting

the controls removed. The country will become worth living in, not only for the favoured few but for the unfavoured millions. Controls were only war measures. They should have no place in free India."

DECONTROL AND PRICES

"Mahatma Gandhi's written message of January, 5, illustrates how figures can mislead, even when not meant to mislead," said Mr. A. S. Gorwala, until recently President of the Commodity Prices Board.

He added, "The area to which these figures relate has not been given. They are undoubtedly black market quotations, but no mention is made of this fact. The impression conveyed is that all over India prices have fallen very appreciably.

"We have it on the authority of so acute an observer as Mr. Khandubhai Desai, an Ahmedabad labour leader, that not more than one per cent. of the very large population dependent for supplies on Government, bought grain at black market prices. This he stated while supporting the decontrol policy during the Constituent Assembly debate.

"It should be clearly understood that the prices before decontrol in the Mahatma's statement refer to prices paid by a very small section. Reports from various areas in Bombay Province show that after decontrol, prices have risen from 50 to 100 per cent. above the controlled rates at which grain and sugar were distributed before decontrol.

"That the commercial informants of the Mahatma should be anxious to compete with each other in furnishing him with evidence of the alleged benefits of decontrol is quite understandable. But let them at least not use the Mahatma's authority to mislead the public in this manner."

MONKEYS IN FOREIGN TRADE

A new avenue for the expansion of India's export trade is being opened on account of the need of foreign countries for Indian monkeys.

The Globe News Agency mentions a report in the *Daily Worker* that the British Government are making strenuous efforts to obtain monkeys from India. Last year's epidemic of infantile paralysis in Britain has revealed vital gaps in concerned research, arising out of the lack of the necessary experimental animals. Indian monkeys are expected to fill this need. There have been reports recently that in the U.S.A. too there is a demand for monkeys. Though in India, the monkey is considered sacred, in recent times monkeys have come into the news, as a pestilential nuisance to man and crops. They have not spared even the capital city of India. If Britain's import needs can be met by supplies drawn from areas which are the bases of trouble, it will be a good riddance for our municipalities. In an item which can never be a considerable earner of foreign exchange, the incidental solution of a domestic problem would be the least that could be attempted. Immediately after the war, there developed a regular and growing demand for rat-snakes which some time provided work for a good many people in South India. The exit of rat-snakes have inevitably brought a new freedom to the rats, a worse domestic pest. In the case of the export of monkeys on a moderate scale, scarcely any disagreeable consequence can follow.

SIAMESE RICE FOR INDIA

The Siamese Government announced the abolition of the Government Rice Purchasing Bureau and the transfer of its functions to the Government-operated Thai Rice Company, in the new measures to protect Siam's rice trade and to prevent low quality rice being shipped abroad.

It was understood that Siam's December rice shipments amounted to 52,106 tons, while another 34,040 tons are despatched 16,400 tons for China, 9,370 tons for India, 3,830 for Malaya 3,280 for the Netherlands East Indies, and 1,210 for Borneo.

Besides ensuring the quality of exports, about Malaya complained recently, the rice company

will build up stocks for local consumption and will handle the whole country's paddy for distribution to the Mills.

The former Premier, Thawi Hunyaket, Chief of the Purchasing Bureau, has been named Managing Director of the company.

TRADE BETWEEN INDIA AND CHINA

BRIGHT PROSPECTS AHEAD

"The fact that China and India are agricultural countries need not prevent them from developing trade and commerce between them which, of course, will thrive more when the two countries become more industrialised," declared Dr. Lo Chia-Luen, Chinese Ambassador to India in an interview.

Dr. Lo Chia-Luen said: "Industrialization and agricultural development will go hand in hand in China and India instead of being mutually exclusive. Even at present, Chinese cotton yarn, cotton cloth, silk piece-goods, soya beans and salt, and Indian jute and raw cotton may serve to meet each other's requirements.

"Although at the moment both countries happen to be preoccupied with certain problems, yet the prospects are doubtlessly bright. The volume of trade between the two countries at present may be restricted by transport and currency exchange conditions, but on the whole it is on the upgrade.

TRADE MISSION'S VISIT TO CHINA

"In this connection I recall that the Indian Trade Mission to China visited Shanghai, Tientsin, Peiping and Chungking in January 1947, contacted Chinese Government officials and discussed with them the possibilities of Sino-Indian trade. They made some suggestions, which should gradually prove valuable and useful."

Referring to China's recovery from the effects of the war, Dr. Lo said: "In Central China and South China, especially in the province of Kwangtung, signs are much in evidence of recovery from the ravages of war and reconstruction being under way.

"In respect of communications, the Canton-Hankow Railway, the Cheking-Kiangsi Railway, and the Nanking-Wuhu Railway have completed all repairs and resumed regular operation. A new railway from Chungking to Chengtu is nearing completion. In respect of water-conservancy, the Lo-Wai irrigation system in Shensi, noted for its stupendous engineering, has been completed and it is capable of irrigating 250,000 acres of farm land."

CULTURAL DEVELOPMENT

On the cultural relations between India and China the Ambassador stated: "They, with glorious records of yore, can be most easily developed with renewed vitality and spontaneous mutual response. The exchange of students and professors is only the first rung up a long ladder of possibilities. The study of the Chinese and Indian languages, translations of Chinese and Indian books, educational missions, tourist groups, film shows, periodicals and other mediums of contract and understanding should be encouraged, facilitated and organised."

"The campaign for literacy and basic education is being spread and intensified all over the vast territory of China. There is at least an elementary school in every village in China today and over 78 per cent. of children of school age are in school. This is a broad base of democracy which China cannot afford to neglect but must develop, in spite of all difficulties facing her at the moment."

Referring to inflation in China, Dr. Lo remarked: "No doubt the inflation in China hits the urban population most. But farmers, who produce grains and vegetables and fruits for the necessary consumption by the urban population, can raise their prices and thus partly offset the rising prices of the consumer goods they need. There is no doubt that the Chinese Government is seriously devising and enforcing effective measures to check inflation. I hope that in a few more months things will take a turn for the better."

"NO DECONTROL OF FOOD"

PAKISTAN GOVERNMENT'S DECISION

Pirzada Abdus Sattar addressing his first Press Conference as Pakistan's Minister for Food, Agriculture, and Health, said: "The Government of Pakistan would never yield to any agitation for decontrol of foodgrains and other essential commodities."

The removal of control, he added, would result in an immense rise in prices and in consequence a break-down of the whole economy which be "suicidal for the people."

Pirzada Abdus Sattar said that Pakistan, as a whole was faced with a deficit in foodgrains during the current year. West Punjab a surplus area, had asked for 25,000 tons of foodgrains. But conditions would be better after the next crop.

The Government intended to supply East Bengal with 70,000 tons of foodgrains which were in the process of shipment."

Sind, through the Pakistan Government, had loaned 30,000 tons of wheat to the Indian Dominion. India had returned only 8,000 thus 22,000 tons were yet to be returned.

He revealed that the Pakistan Government had asked the international Emergency Food Council for 30,000 tons of rice but had so far received no reply.

RECORD BRITISH CAR EXPORTS IN NOVEMBER

£4,450,000 IN VALUE

Exports of motor-cars during November reached the highest figure recorded —16,154 units valued at £4,459,025. The increase was largely because of extra shipments of chassis to Australia, where the body-making plants are evidently getting into their stride once more.

Satisfaction with the continued progress towards the mid-1948 target of £5m. is tempered by the knowledge that import restrictions are not being relaxed at anything like the rate the industry would like to see, while the sellers'

market is rapidly disappearing in some areas which have been most lucrative. There is no longer a waiting list for British cars in certain countries.

Commercial vehicle exports were steady at 4,500 units valued at just under £3m. but there was a big jump in agricultural tractors, which reached nearly £800,000 compared with £508,702 in October. The Statistics issued by the Society of Motor Manufacturers and Traders do not record the number of tractors exported. The total value of motor-vehicle exports was more than £7,25,000.

The output of both cars and commercial vehicles showed a slight decline, the weekly output being nearly 6,000 cars and 3,500 commercial vehicles. The fall in car output of 660 units a week is attributed to the temporary dislocation of the Austin factory, caused by the change-over to the new A. 40 model which supplants the 8, 10, and 12 h.p. Austins.

BRITAIN'S EXPORT OF SILVER TO INDIA

Nearly 74 per cent. Britain's bar silver exports in 1947 went to India and Pakistan, according to an estimate by leading London bullion brokers. Silver sales to what is still commercially classed as "British India" are placed at just over 25,000,000 ounces out of the total exports of just over 31,000,000 ounces.

It is estimated the amount of silver consumed for essential purposes in Britain during the year was about 12,000,000 ounces. From its withdrawn silver coinage, Britain is expected to recover 250,000,000 ounces.

MORE RHODESIAN TOBACCO

FIVE-YEAR AGREEMENT

A new agreement for the purchase by Britain of Rhodesian tobacco is announced by the Board of Trade.

A delegation from the Southern Rhodesian Tobacco Marketing Board, representing growers and dealers, recently discussed with representa-

tives of United Kingdom tobacco manufacturers, under the chairmanship of Sir Alexander Maxwell, the expansion of the tobacco growing industry in Rhodesia. The Rhodesians are planning to increase their flue cured crop to 70m. lb. a year, and the United Kingdom manufacturers have agreed to buy two-thirds of this amount in suitable United Kingdom grades each year during the next five years, and to renew consultations from year to year with a view to settling each year a provisional five-year programme.

The British Government, the Board of Trade states, welcome these arrangements because they are mutually advantageous, and as evidence of the cordial relations between tobacco producers in Southern Rhodesia and users in the United Kingdom.

ANGLO-SWISS TRADE AGREEMENT

£. 15 MILLION GOLD DEPOSIT CONTINUED

£. 85 Worth of Swiss Francs the ration for the British Tourist.

In the Anglo-Swiss discussions just concluded in London agreement has been reached both on financial relations and on the programme of trade or the 12 months beginning March, 1, 1948.

During the year 1947-48 the sterling area was in deficit with Switzerland, but it has now been agreed that for the current year payment should be brought into balance so that further losses of gold by the U. K. should be avoided.

To make this adjustment possible Switzerland will increase its imports from the sterling area and the Swiss authorities are prepared to authorize the importation of all classes of goods of sterling area origin.

The Swiss Government will control the volume of exports to the sterling area in such a way as to keep it within the limits necessary to maintain the balance of payments. If British exports to Switzerland show better results than expected the U. K. will be able to accumulate Swiss francs.

TOURISTS' EXCHANGE RATION

The total amount of Swiss francs to be allocated during the current year for tourists from Britain will depend on the success of the plan to increase British exports to Switzerland.

On the present estimates it seems likely that roughly the same number will be able to go to Switzerland as did last year if each person is given only £. 35—the sum which is expected to be the basic tourist ration of foreign exchange. If the pressure for Swiss francs should become too heavy the amount may be regulated by reference to the length of the stay in Switzerland.

In any case a mixed Anglo-Swiss committee are to keep the situation continuously under review. In short, the point of the new Anglo-Swiss agreement is that Britain hopes to increase exports to Switzerland so much as to earn enough Swiss francs for British tourists without having to meet any deficit in gold.

Can this be done? Recently British cars and fine textiles among other things, have sold particularly well in Switzerland, but they will now have to hold their own against suddenly cheapened French products.

What is certain is that a very large surplus of exports from the U. K. to Switzerland will be needed to offset not only the heavy tourist expenditure involved in the revival of the basic exchange ration and a substantial deficit in the financial and other services but also the trading deficits of other sterling area countries.

PROBLEM FOR TOURISTS

While the new agreement must be generally welcomed as the first relaxation of the irksome ban on foreign travel, it is at one and the same time an illustration of the strait jacket imposed on international traffic by the current distortion of world trade.

It will be difficult for travellers to plan their holidays because there is no guarantee that a tourist's allowance with the consequent length of stay abroad may not vary from month to month. Something of the sort happened last

year when the Swiss Government fearing that the franc allowance was run out cut down the permissible allowance for tourists at a days' notice, and on another occasion held up intending travellers for three or four days.

What had happened was that the Swiss Government had issued a vast number of currency credit certificates which holders never cashed.

Another aspect of the agreement between the two countries is referred to by the Daily Telegraph, which points out that what is proposed in effect is that the British will be able to holiday in Switzerland by denying Swiss goods they would like to buy. The Swiss on the other hand will relieve their hard hit tourist industry at the expense of their export industries, and by buying in sterling area goods they do not particularly want, or which they might prefer to buy elsewhere.

In conclusion the fact that the Swiss Government has agreed to hold £15m worth of gold accumulated under the agreement made in March 1946 for at least another year without any special exchange rate guarantee is regarded in some quarters as a welcome counter to rumours of sterling devaluation.

But a fairer assessment of the position would perhaps be that the new agreement underlines the degree of importance which Switzerland attaches to her hotel and tourist industry.

WOMEN HELP BOOST BRITISH EXPORTS

British Government's Christmas and New Year greeting to men and women in industry was "You've done a grand job-but there's a tough bit to come."

About the "tough bit" it will be told shortly and may include cuts in other rationed food-stuffs.

1947 began with gloom; it ended in hope. And women have played a fine part in making the curve rise. There are now some 600,000 part-time women workers in essential industry—24,000 volunteers in one month alone.

Three textile firms opened nurseries for women workers' children a couple of weeks ago. The New Year resolution of many other firms will be to follow that example. The re-establishment of day nurseries will release many thousands more women for the mills and factories which spell EXPORT, women anxious and willing to do a job for the country's sake if their welfare is assured.

CANADIAN TRADE WITH BRITAIN

EXPORTS UP 27 PER CENT

Canadian exports valued at more than \$609m. were shipped to Britain during the first 10 months of 1947. This was nearly 27 per cent. higher than in the corresponding period of the preceding year.

Notwithstanding a disappointing harvest, commodity production in Canada last year recovered sharply from the moderate level of the preceding year. Even on a volume basis it would appear that the output was greater than in any other corresponding peace-time period. With a sharp reduction in 1946, the export trade of Canada threatened to break away from the traditional similarity between its direction and production in this country. The relationship was ostensibly re-established last year, when the decline in the value of exports to Britain over a period of two years was halted.

Commenting on this development, a report from the Dominion Bureau of Statistics observes that the value of agricultural products exported to Britain last year was particularly high. Shipments in the first 10 months were over 105m. bushels compared with over 72m. bushels for the same period of 1946. Flour shipments exceeded 7m. barrels. The trade with Britain in wood and paper products rose from \$67m. in 1946 to \$110m. in 1947. Exports of non-ferrous metals were greater during 1947 than the average for the 10 year period ended 1946. Interest centred on the sale of aluminum, which reached 184m lb. in the first 10 months. Nickel and zinc also scored in this direction, while advances were shown in

the declared values of copper and lead, contrasting with a decline in volume.

Another striking feature of recent years had been the marked acceleration of the shipment of British textiles to this country. Imports were valued at \$73m. in the first 10 months of last year, a greater amount than in any full year since 1935.

CANADIAN FOOD FOR BRITAIN

HIGHER PRICES OFFSET BY COST OF WHEAT

The prices which Great Britain will pay this year for Canadian bacon, beef, cheese and eggs were announced by Mr. Gardiner, the Minister of Agriculture, who said that Britain had agreed to buy Canadian surpluses of these commodities up to the end of 1949. Although the prices will be higher than those hitherto paid, they have to be considered in relation to the price Britain is paying for Canadian wheat, which is much lower than Britain is paying elsewhere.

For 195m. lb. of bacon to be delivered this year Britain will pay at the rate of \$36 for 100 lb. of grade A number one sizeable Wiltshire sides at seaboard. This compares with \$20 paid last year. Beef prices will vary according to quality and on the two best qualities will cost Britain \$27.50 and \$26.50 for each 100 lb., an increase of \$3.25 Medium quality and cow carcasses will each rise by \$2 on every 100 lb. to \$23.10 and \$21.20. Boneless manufacturing beef will cost \$24 and \$25.50 for 100 lb., an increase of \$2 in each category.

For cheese the new contract raises the price by five cents a lb., for cheese supplied from the production year starting on April 1. Britain wishes to get 50m. pounds during the year ending March 31, 1949. This is a higher price than Britain is paying Australia and New Zealand, but so far as Australia is concerned it is offset in Canada by the much lower price Britain is paying for Canadian wheat.

The spring price for eggs will be five cents a dozen higher than last year, and the autumn

price will be three and a half cents higher. Deliveries during the year are estimated at 80m. dozen, compared with 86m. delivered under last year's contract.

Referring to future arrangements, Mr. Gardiner said that the prices for beef and bacon are not to be less in 1949 than they were in 1946, and will be negotiated before the end of this year to maintain the proper relationship with grain prices. He emphasized, however, that the prices and quantities of the new contracts will not be affected by any further financial discussions which have to take place between Britain and Canada at the end of March.

Mr. Gardiner indicated that prices in the new contracts had been brought into line with the increased cost of feed grains, whose scarcity in this country was also responsible for the reduced amounts of live-stock products available. He added that in the event of the Marshall plan being applied to British requirements, it had been made clear that the existence of food contracts would not be regarded as interfering with the provision of money.

POWER TO CONTROL PRICES

REFERENDUM IN AUSTRALIA

A referendum will be held throughout Australia on the Federal Government's request that it be given permanent Constitutional power to control rents, prices and charges.

Present controls are exercised under the Defence Power granted during the war and which has now lapsed.

Explaining the Government's case, the Minister for Labour and National Service (Mr. Holloway) said that external and internal inflationary pressure would continue for some time. Prices of imported goods were now two and a half times their pre-war level and were still rising. A large volume of liquid balances which people accumulated because of war-time shortages, was still awaiting spending. Against this there was a serious deficiency of goods. Despite Australia's high export income, imports were

held back by dollar shortages and production difficulties in non-dollar countries.

An immediate relaxation of prices control would lead, because of these inflationary forces, to price increases comparable with those which had occurred in America.

The Opposition parties in Parliament have agreed to extend the present power until the end of 1948, but are opposed to any alteration of the Constitution.

The Prime Minister (Mr. Chiefley) said that the Government should have power to impose price controls whenever inflation or a deterioration in economic condition required.

U.K. EXPORTS IN 1947

TOTAL OF £. 1,187M.

For the whole of 1947 the value of exports from the United Kingdom was £. 1,187,100,000, which was the highest on record apart from 1920 and nearly two-and-a-half times the total in 1938. The provisional volume index last year, however, was only 108 per cent. of 1938. During 1947 exports of metal goods increased relatively to textiles and other manufactures which remained virtually unchanged.

In 1946 the rise in the value of exports just about kept pace with the rise in imports, but owing to the fuel crisis and severe weather a marked reduction occurred in exports between the fourth quarter of 1946 and the first quarter of 1947. The subsequent expansion, which continued up to the end of the year, was insufficient to offset the increased quantities and higher prices of imports, which amounted to £. 1, 787,500,000 for the whole of 1947.

ADVERSE BALANCE

The recent cuts in imports have yet to make their full effect felt. Allowing for re-exports of £. 59,200,000, the net excess of imports for the year was £. 591,200,000, compared with £. 386,100,000 in 1946. At its peak in August, however, the adverse balance was running at an annual rate of over £. 920m..

The latest returns show that in December United Kingdom exports amounted to £. 110,200,000, which is £. 7,900,000 more than in November and only £. 50,000 below the peak figure of last July. Allowing for the rise in prices, the volume of exports in December is provisionally estimated at 120 per cent. of 1938, against 112 per cent. in November and 126 per cent. in July. December was, however, a short working month, and exports for each working day were actually about $8\frac{1}{2}$ per cent. higher than in July.

Imports in December at £. 153,400,000, were £. 15,200,000 higher than in November, but apart from this month they were the lowest since May. As the rise in imports was substantially greater than that in exports, the adverse balance of trade at £. 39,200,000 was £. 7, 300,000 greater than in November, though £. 10m. less than in October.

AMERICA SHOULD ENCOURAGE NON-COMPETITIVE IMPORTS

AGRICULTURE SECRETARY'S PLEA

Mr. Clinton P. Anderson, United States Secretary of Agriculture, urged that America should maintain its present position in world economy, encouraging non-competitive imports and maintaining production as high as possible.

In his Annual Report, he said that this policy should make it easier for America to avoid a major depression and so to avoid agricultural programmes of the kind found essential in the 1930's.

Mr. Anderson pointed out that the United States Government's efforts to revive normal world trade, the part it had taken in setting up the International Monetary Fund and Bank, and its part world food relief and aid to war damaged foreign communities were all favourable for American farmers.

He recommended such imports as shipping, services to American tourists tropical agricultural products, foreign industrial specialities,

and various minerals and metals not produced in sufficient quantity in America.

LARGE FOOD EXPORTS

In the year ended last June 30, the United States exported more than 19,000,000 long tons of grain and other food, mostly to war-hit countries, the report said, adding that this was more food than any country had ever before shipped abroad in a single year.

Of this total, grain, including rice, amounted to 15,000,000 tons.

Although the United States might eventually have wheat surplus problems, the Report added, it would probably play an active role in the export market for some time and moreover long-term world demand might rise above pre-war level.

Cash receipts from farm marketings in America during the year totalled 30,000,000,000 dollars, the highest on record.

Because agriculture abroad would eventually recover, American farmers needed the assistance, the Report declared, of permanently high domestic employment along with a big commercially financed export trade.

MEETING WORLD'S FOOD NEEDS

U. S. EXPECTED TO SUPPLY HALF OF GRAIN

The U. S. Agriculture Department has issued a year-end survey of the wheat situation stating that wheat and flour exports from the United States in the 1947-48 crop year are again expected to constitute over half of the approximately 865 million bushels expected to enter world trade.

Total 1947-48 wheat supplies in the United States were estimated at 1,449 million bushels, including a July 1 carry-over of 84 million bushels and a crop now estimated at 1,865 million bushels.

The survey reported that in the half-year ending on December 31, about 260 million

bushels of wheat and flour in terms of wheat have been expected. If present estimates hold up, the report said, about 600 million bushels would be available for export and domestic carry-over.

A provision of the recently enacted bill covering emergency U. S. foreign aid requires a domestic carry-over of 150 million bushels. This would leave some 450 million bushels for export 190 million bushels to be exported during the first six months and of 1948.

It was pointed out, however, that the total U. S. wheat crop for 1947-48 and consequently the total of U. S. grain available for export cannot be accurately estimated until late March when the 1948 spring wheat crop can be gauged.

Should the United States export 450 million bushels of wheat in 1947-48, as estimated tentatively at this time, it will be the most wheat ever exported in one year by a single nation. It will also mean a continuation of the heavy wartime drain on U.S. land resources and postponement of much-needed soil conservation and crop rotation measures.

It is also expected that Canada may export about 200 million bushels of wheat, Australia about 90 million, Argentina about 75 million and other countries, including the Soviet Union, possibly 50 million bushels.

U. S. RICE EXPORT ALLOCATIONS

The U. S. Agriculture Department has announced U. S. rice export allocations for the first half of 1948 totalling 4,022,100, hundred-pound bags. This is approximately the same as the quantity allocated during the corresponding period of 1947.

The January-June 1948, allocations bring the total for July 1947-June 1948 fiscal year to 8,100,000 bags, about 85 per cent. of the estimated total supply. Allocations follow the recommendations made by the International Emergency Food Council and in addition provide exports to historical U. S. markets in the Western Hemisphere and for special reserves.

U. S. allocations for January-June 1948 in thousands of 100-pound bags, milled and for direct use only, included: British West Indies 88.2; China 1,278.7; Cuba 1,878.9; Iceland 6.6; Korea, Ryukyus 176.4; Newfoundland 2.8; Saudi Arabia 110.2; reserve for Europe 154.3; unallocated reserve 80.8 and for contingency, including seed and for exports through gift parcels 100.

The reserve for Europe is in compliance with an IEFC recommendation that the United States reserve 7,000 metric tons of rice for shipment to Europe during the first half of 1948. This includes 4,000 tons for Austria, 1,000 for France and 2,000 for Greece.

REDUCTION IN PRICE OF ELECTRIC GOODS

U. S. FIRM'S BOLD STEP

The announcement by the General Electric Company of immediate price reductions of three to ten per cent. on a wide range of electrical products which are in great demand was warmly praised by Mr. Nourse, Chairman of President Truman's Council of Economic Advisers.

Businessmen, he said, had been unwilling to make price reductions until they could see what wage demands would be made upon them, "but the General Electric has taken the striking and courageous stand of telling labour, We will give you our commitment on prices in advance and now we ask your co-operation. It is a statesmanlike approach."

The company's president explaining the decision said: "It is time industry and labour faced up to this inflationary danger that seems to have been growing up in this country. This building up of prices continually cannot take us anywhere except to disaster."

President Truman, has called the announcement "extremely heartening in the nation's fight against inflation" adding, "Should other industries follow your example a real bulwark will be built against inflation."

**GRANTS FOR ARGENTINE STOCK-
BREEDERS**

The Argentine Trade Promotion Institute, a Government buying and selling agency has requested the Bank of the Argentine Nation to grant stockbreeders special temporary credits in view of the possible suspension of meat ship-

ments to the United Kingdom. The British trade mission have received no notification of the Argentine Government's intention to suspend meat shipments, and official hints that the shipments may cease after January 7th are believed to be trial balloons with a view to speeding the Anglo-Argentine trade talks.

Transport

HYDERABAD COMMUNICATIONS SECRETARIAT

Government have established a common Secretariat for all Departments dealing with communications and transport, namely, Post, Telephone, Telegraph, Broadcasting, Road, Rail and Air.

FIRST INDIA-BUILT OCEAN VESSEL

Pandit Jawaharlal Nehru, Prime Minister of India, performed the launching ceremony of the first India-built ocean-going vessel on March 14. The ship, named "Jala Usha", is an eight thousand ton liner, the first of its size to be built in Indian ship-building yards.

COAL TRANSPORT BOTTLENECK

COMMITTEE TO REVIEW WEEKLY MOVEMENTS

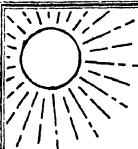
The Government of India have set up, a Coal Transport Advisory Committee under the chairmanship of Sir S. N. Roy. The Committee, which will have its headquarters in Calcutta, will meet every week to review coal movements during the week preceding and prepare a tentative programme for the next week. Clearing of transport bottleneck in the colliery area of Bihar and Bengal, which it is the object of this Committee to effect, it is expected, marks the first positive step towards solving the problem of coal shortage, which affects the entire problem of production in the country. Besides the Chairman, there are twelve other members of the Committee, including the Coal Commissioner to the Government of India, General Managers of E. I. R. and B. N. R. and representatives of shipping companies, colliery owners and labour.

FLYING-BOAT OF 140 TONS

COMFORT FOR 140 PASSENGERS

Seeing for the first time Britain's biggest flying-boat, the 140-ton SR 45, one was tempted to wonder what its ultimate fate will be.

Britain is now the only country using flying-boats on any scale, and this involves the operator in the heavy expense of maintaining separate marine bases along its routes, whereas landplane operators can use airports merely on payment of a landing fee. But flying-boats are as popular to-day as ever they were, and because marine aircraft are so well suited to our needs we must not risk the abandonment of a type which, in



Early Holidays

Three good reasons for taking your
holiday in May or June:—

- ★ MORE COMFORTABLE TRAVEL
- ★ LONG DAYS
- ★ HOTEL AND OTHER ACCOM-
MODATION CHEAPER AND
MORE PLENTIFUL .

Plan now for an Early Holiday and
Travel Mid-Week, if possible

BRITISH RAILWAYS

Railways in Britain and in Hyderabad

The impression we get from newspapers and journals, from visitors and tourists, is that life in Britain is far from comfortable, that the Government pokes its nose in every aspect of human life—resulting in social suffocation. But here is an advertisement by British Railways, which refreshes while reading, even the Indian reader. If British Railways with so much of coal shortage are able to offer such nice holidays, it is high time that the Indian Railways should put in similar efforts to make life a bit more easy by offering attractive terms and facilities for hard-worked holiday-hunters. We plead for a change in the psychology of Railway authorities from despondency to cheer.

the very large sizes now possible, may eventually prove of superior performance to the landplane. The Government have promised that the flying-boat project will not be abandoned on the ground of economy, so that the SR 45 will presumably stand or fall according to the judgment of its technical merits.

Three of these giants are being built for B.O.A.C. Whether more are made depends upon the operator's assessment of their worth as passenger carriers, but B.S.A.A. are understood to be interested in them. The first is in an advanced stage of construction and the others are fast taking shape at the Saunders-Roe works at East Cowes. One should be ready for flight trials late next year or early in 1950.

In spite of its great size the SR 45 is undoubtedly a beautiful craft, shapely and elegant, and promising a high standard of speed and comfort. The huge hulls are surrounded by a forest of staging, from the top of which one gets the impression of looking down from a fourth-floor window of a building. The aircraft is 148 ft. long and has a wing span of 220 ft.

TWO PASSENGER DECKS

The hull is of figure eight section, the shape which is most efficient for pressurizing and for making the best use of the available space. Passengers will be accommodated on two decks, the inter-section of the two circles of the figure eight forming the upper deck floor. Up to 140 passengers can be carried, but the internal lay-out will be adjusted to the operator's requirements. The whole of the interior will be pressurized and air-conditioned.

The aircraft will have the range and speed to maintain non-stop services between Britain and New York, allowing for the possibility of meeting head winds up to 90 m.p.h. This calls for a range in still air of 5,500 miles. With full tanks the aircraft will carry 15,000 gallons of petrol weighing 40 tons, which is 85 per cent. of the all-up weight. Operating at extreme range the flying-boat can carry 85 passengers,

The SR 45 will almost certainly be the first airscrew turbinized flying-boat air-liner in the world. It will have 10 Bristol Proteus engines of 3,500 h.p. each, so that one horse-power will be available for each 9 lb. of weight, giving a wide margin of preserved power and promising a high speed. The cruising speed is estimated at more than 350 m.p.h. Eight of the engines will be coupled, but each can continue to work if its twin should fail. Each pair will drive a contra-rotating airscrew. The two single-turbine units will be in the outboard positions.

£. 8 M. LOSS BY B.O.A.C.

POOR FACILITIES

The report and accounts of British Overseas Airways Corporation for the year ended March 31 last, show a deficit of £. 8,076,844. A report for British European Airways, published on December 22, disclosed a deficiency of £. 2,157,987 so that the combined loss of the two corporations was £. 10,234,781.

The report and accounts for the third corporation, British South American Airways, which it is expected will be published soon, will show a profit sufficient to enable the three-state-owned airlines to keep within the £. 10 m. maximum Government assistance laid down in the Civil Aviation Act, 1946.

B.O.A.C.'s operating account shows revenue as £. 11,547,513 and expenditure £. 18,805,703, a deficit of £. 7,258,190. Traffic revenue was £. 11,459,784, made up of £. 6,465,605 from passengers' fares, £. 220,061 from excess baggage, £. 3,403,225 from mail £. 673,844 from diplomatic freight, £. 553,824 from commercial freight, and £. 143,175 from charters.

The report gives the following main reasons for the deficit:—

The multiplicity of types of uneconomic aircraft which the corporation had to use.

The delay in the delivery of Avro Tudor aircraft and the consequent changes of plans, with their financial repercussions: the scattered and

improvised maintenance bases which the corporation had to use; the deficiencies in route organization; the development work carried out by the corporation during the year; and the programme of services in which commercial considerations were often subordinated to the national interest.

The report adds: "With the present types of aircraft, even with a high load factor, receipts barely cover operating costs. On many routes little or no contribution was made to direct costs and overheads, and consequently increased services merely meant an increased deficit.

ONE CONCLUSION

There is only one conclusion. Heavy deficits will inevitably continue until the corporation has the aircraft and facilities to make it financially self-supporting in a highly competitive international business. The corporation operates one of the largest networks of routes in the world, and there is little doubt that it could be operated economically with suitable aircraft and good route organisation.

With the exception of the North Atlantic, facilities on the corporation's routes were far below minimum requirements, resulting in great difficulty in keeping to operational schedules, in reduced use of aircraft and reduced payloads, and in restriction of the types of aircraft which could be used. Inadequate maintenance facilities and lack of spares were also major factors in the low average use of the corporation's aircraft. This was reflected in high costs.

The report states that for efficient and economical operation an airline needs a standardised fleet of not more than two or three main types suited to the operating and traffic requirement, of the routes. On April 1, 1946, the corporation's fleet consisted of 207 aircraft of nine main types. At the end of the year its fleet totalled 175, but without any reduction in the number of types. Most of the fleet consisted of obsolescent aircraft, nearly all being military conversions. Their pay-loads were small, in contrast with their high operating costs.

COMPLEX AND COSTLY

The number of types made the planning of operations complex and costly. In addition it required the multiple training of air and ground crews; holding a large assortment of spares; and maintaining much larger administrative and maintenance staffs than would be needed for a united fleet of economic aircraft. The indirect operating costs of flying boats were particularly high, since B.O.A.C. was the only major user of marine aircraft and had, therefore, to provide its own marine airports, whereas airfield facilities were normally provided by the Government concerned on payment of a landing fee.

The report, comments that the corporation's work in a year of adjustment from war to peace conditions would have been difficult in any case, but it was made harder by the factors noted. While expenditure was being attacked, it would be wishful thinking to suggest that administrative economy alone would solve the corporations financial problem. Nevertheless, in judging the ultimate effect of the corporation's operation on the national expenditure account must be taken of its primary responsibility for providing Commonwealth and Empire communications in circumstances in which the commercial character of the services must often be subordinate to the national interest. These air routes were indispensable to the political and commercial well-being of the United Kingdom and the Commonwealth and vital to Britain's export market.

GREAT SIGNIFICANCE

The total staff of B.O.A.C. at March 31, 1947, was 24,464, an increase of 1,515 during the year. Of these, 1,236 were overseas at 47 bases and stations and 1,536 in the United Kingdom. The remainder were engaged locally. Many of the staff were engaged on work for other operators. During the year B.O.A.C. gave increasing assistance to the development of Colonial airlines. These had great significance for the corporation in the future, both in linking local

services to its trunk routes and in the prospect of their becoming its agents at overseas airports.

During the year a total of 129,928 passengers were carried an average distance of 2,127 miles. The corporation's record of freedom from fatal accidents since November, 1944, ended with an accident at Stowting, Kent, in January, 1947. During the year the corporation's aircraft flew 276 m. passenger-miles. One of the most promising features of the year was the freely expressed recognition by the public of the high standards of safety, regularity, and passenger service which were maintained under difficult conditions. Together, these constituted great commercial assets.

STATE-OWNED RAILWAYS

SIR C. HURCOMB'S OUTLINE

From the first of January the familiar monogram and initials which had denoted each of the four main-line railway companies since the amalgamations of 1923 began a quiet passage into disuse. Though the letters may remain for a time they will mark an era that has gone, for British railways have passed to the control of the State. No formal ceremonies marked the handing over of the railways to the British Transport Commission, and the traveller will notice no change. It will be some time also before new markings and colours are decided upon.

In place of the four separate headquarters of the former companies there are now two central organizations: the British Transport Commission and the Railway Executive Committee.

The executive operates from offices in Marylebone, under the chairmanship of Sir Eustace Missenden, formerly general manager of the Southern Railway.

MAIN PRINCIPLES

The relations between the various controlling bodies was explained in a statement by Sir Cyril Hurcomb, chairman of the British Transport Commission. He said that the reorganization of

railway administration was based on the following main principles:—

Reservation to the Commission of necessary control of major questions and policy, including budgetary control of finance.

Subject to such control, delegation of the widest nature to the Railway Executive of the activities and responsibilities of managing, operating, and maintaining the railways.

Further decentralization through the creation of a number of regions which must not be unwieldy in size but cannot be multiplied without full regard to the flow of traffic and other practical considerations.

Devolution to regional officers generally of all powers consistent with national standards and the full exploitation of the advantages to be derived from unification, and devolution to the chief regional officer in particular of the authority necessary to enable him to co-ordinate and to control the internal working of the region.

FLEXIBILITY ESSENTIAL

The statement, after remarking that huge accumulations of repairs and replacements have yet to be tackled before the structures and rolling stock can be restored to pre-war condition and the flow of the development and improvement resumed, explained the functions of the Commission, and said that the precise ways and means of exercising control will be modified and extended or relaxed as circumstances appear to warrant. "Flexibility is essential and if that is kept in mind from the start it will not be difficult in application."

The statement added:—

"In future the British Transport Commission will take over the powers residing in the boards of directors, together with the new powers and duties laid upon them by Parliament, and will hold the properties in trust for the nation.

"The Railway Executive will represent a unified management and technical direction under the scheme of organization already an-

nounced, but there will be no change at the stations or in the districts, which are the points of contact most directly affecting the public. Moreover, in each of the six regions now created there will be a principal officer, the chief regional officer, able to deal with all matters which directly affect the public in his region. Subject to budgetary control of expenditure and train mileage, local questions affecting the region will be for him to settle, working in conjunction with the functional officers in the regions.

DEVOLUTION OF POWER

"The reasons for this distribution of responsibility are not far to seek. For example, supplies of wagons and in a lesser degree carriages and locomotives, cannot be held in a region for exclusive use of that region. The member of the Railway Executive who deals with operating will therefore arrange through the continuous contacts of his central control with the operating officer in each region for the distribution of the rolling stock and for the working of through trains. But if the chief regional officer feels that his region is not being adequately served he will have recourse to the Railway Executive.

NEW AIRCRAFT FOR B.O.A.C.

A CANADIAN OFFER

Pay as you earn terms

In its report for the financial year ended March 31 last, British Overseas Airways Corporation attributed its loss of over £8m. mainly to having to use uneconomic and unsuitable types of aircraft, most of them converted military machines. This has been due to the Government's decision that no further American aircraft can be bought because of the dollar difficulties. The corporation is now discussing with Canada plans which, if approved by the Government departments concerned, would solve its aircraft problems for four or five years until entirely new British air liners are ready for service.

Since last April Trans-Canada Airlines has been using on its North Atlantic service the

D.C. 4M, an aircraft based on two American designs, which is being built under licence in Montreal by the Canadair Company, of which the Canadian Government owns the factory and machinery. The aircraft is powered by British Rolls-Royce Merlin engines. The Canadian manufacturing company has offered to supply this aircraft to B.O.A.C. on very favourable terms.

DEFERRED PAYMENT

Appreciating Britain's dollar difficulties, Canadair, with the approval of its Government, has offered to supply the air-liner on a deferred payment basis which amounts virtually to "pay as you earn." As the engines are British the dollar expenditure would be smaller. The aircraft costs just over £162,000 each—little more than half that of an American Constellation—but one-sixth of the cost is for the engines. During the years the air-liner would be in service most of the maintenance cost would be for engine spares and replacements, and it is estimated that this would bring the sterling expenditure involved up to almost 50 per cent. of the total outlay. The dollar expenditure could be met from the earnings of the aircraft in service.

Canadair is under contract to Trans-Canada Airlines to supply 20 of a new and improved version of the D.C. 4M, which is fitted with a pressure-cabin and has accommodation for 40 passengers, instead of 36 in the current version. So far eight have been delivered to T.C.A., and the remainder of the contract will be completed shortly. Canadair estimates that if the purchase were approved it could start deliveries to B.O.A.C. by July, and that by arrangement with T.C.A. aircraft could be made available to the Corporation before this date to train crews. As the air-liner has already proved itself on T.C.A.'s North Atlantic route it could be put into service without delay.

EMPIRE ROUTES

The D.C. 4M, or Canadair IV as it is now known, has an all-up weight of 80,000 lb. and a still air range of 3,910 miles carrying a load of 7,644 lb. The maximum payload is 18,844 lb. over a range

of 2,680 miles. The Merlin engines give a maximum speed of 345 m.p.h. and a cruising speed of 275 m.p.h. It is understood that B.O.A.C. would use the aircraft on the Empire routes, on which Canadair says it could be operated economically. One of this type recently established a record by flying from Vancouver to Montreal, a distance of 2,345 miles, in eight hours 40 minutes.

Canadair was originally the Canadian Vickers company. It was taken over for military production by the Canadian Government during the war.

TRANSPORT IN EUROPE

DEALING WITH FUTURE EXPANSION

In expectation of a large expansion of road transport in Europe in the near future, the transport section of the Economic Commission for Europe is conducting a close inquiry into the possibilities of international co-operation to facilitate traffic.

The inquiry has been undertaken by two groups of experts drawn from Belgium, Czechoslovakia, Denmark, France, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States, as well as representatives from the International Chamber of Commerce, the International Bank, and international touring and automobile organizations. The United Kingdom experts were Brigadier A.E.M. Walter and Mr. C. E. Carroll. The inquiry was divided into two parts, the one dealing with long-term problems and the other with more urgent questions. The experts will report to the inland transport committee of the Economic Commission for Europe.

It was generally agreed that a great expansion of transport in Europe is to be expected as recovery and development proceed. Already

the demand for all forms of land transport is far in excess of supply. While railways are now taxed to the utmost, road transport is regarded as being relatively undeveloped. In the experts' discussions there was inevitably a clash between railway and road interests, especially among the countries which have nationalized railways but not other forms of transport. The prospect of finding the cream of commercial traffic drawn to road transport and the bulky and less profitable traffic left to the railways was evidently not deemed attractive, but the advantage enjoyed by road transport in delivering right up to the store or warehouse could not be overlooked, while the vital importance of road transport at a time when Europe is faced with scarcities of coal, railway equipment, and electric power was self-evident.

NATIONAL RESTRICTIONS

The main discussion was devoted to considering how best road transport could be freed from national restrictions, and what form international co-operation should take. From the point of view of commercial traffic the experts had to consider questions of taxation, contract rules, the unification of Customs formalities, the question of routes, and measures to reduce the ratio of empty loads to paying loads. In connection with tourist traffic such matters as motor-car certificates and marks, driving permits, civil liability, and compulsory insurance were considered. Attention was given to international planning and financing in respect of the development of the road network of Europe and the need for wider and better roads, having regard to the increased weight and size of vehicles. The experts also came to the conclusion that the time had arrived for the adoption of a uniform rule of the road for the direction of traffic.

Labour

SCHOOL CHILDREN AND THE STATE IN BRITAIN AND IN HYDERABAD

No more glowing tribute could be paid to those who devised the special food schemes for children than that contained in the report of the Chief Medical Officer of the Ministry of Education for the years 1939-45 (HMSO, 2s.). At a time when the enemy was attempting to reduce Britain by bombardment and blockade, and shipping space was urgently required for the purpose of war, it seems almost a miracle that the nutrition of the elementary school child should have been maintained, and almost certainly improved, and that in the majority of areas boys and girls gained in height and weight compared to pre-war years.

The report describes the Government's food policy as "brilliantly successful" and this it certainly was. Not only was the nutrition of school children accepted whole-heartedly as a national responsibility, but, after a period of hesitation in 1940 and 1941, very great concessions were made to fulfil it. The school milk and meals schemes provided large numbers of children with an invaluable addition to the family rations, while at home their priority supplies of milk and the improvements in the dietary value of "national" flour and margarine gave them additional protection the latter being shared by the nation as a whole.

Summary of Routine inspections of Elementary School Children (5-14).

PERCENTAGES

Year	A (excellent nutrition)	B (normal nutrition)	C (slightly sub-normal nutrition)	D (bad nutrition)
1935 ..	14.6	74.1	10.6	0.7
1938 ..	14.5	74.2	10.8	0.5
1941 ..	14.8	74.2	10.6	0.4
1945 ..	16.8	74.5	8.9	0.8

During the war the number of children receiving school meals rose tenfold, from 150,000 to 1,700,000, and the number receiving milk rose from 2,500,000 to 3,300,000 and the proportion from 55 to 71 per cent. Since the decision to provide all school-milk free of charge the figure has increased sharply. The additional provision of orange juice, cod-liver oil and milk for the under-fives and for expectant mothers contributed to the satisfactory results shown in the table, for it meant that these young children reached the first stage in their school life very much fitter and better nourished than they would otherwise have been.

It would not be fair, however, to attribute all these improvements to food policy alone. The report very properly emphasises the war-time improvement in wages, which raised the general standard of living and also the remarkable absence of any serious epidemics. All these factors played their part. In a gloomy world this report makes cheerful reading.

It is a matter for regret that in Hyderabad we have no figures in such matters. We need a health survey of all school-going children in the Dominion. We should take stock of the facilities the school is giving to the child and of the average distance between the child and the school, the number of school-going age children covered by the average school. The child of to-day is the citizen of to-morrow. We are sure that the Director of Public Instruction in Hyderabad will give his attention to this subject.

BILL TO FIX MINIMUM WAGES IN TWELVE SCHEDULED TRADES

DISCUSSION IN DOMINION PARLIAMENT

In the Dominion Parliament the Labour Minister, Mr. Jagjivan Ram, commending the Bill, said that it had had a long and chequered career before it could be brought to the House.

The Bill was originally introduced by Dr. Ambedkar, his predecessor. It was imperative that workers employed in a large number of industries, especially in the rural areas or small towns, should be protected and helped. Schedule one of the Bill had enumerated some 13 industries but these were by no means exhaustive. They were just illustrative.

Some of the main features of the Bill are: The provincial or the Central Government, as the case may be, after due enquiries, is empowered to fix minimum rates of wages or revise such wages in respect of scheduled employments. To determine the minimum wages or revision thereof, the appropriate Government shall appoint adviser committees and sub-committees. "The Central Government shall appoint a Central Advisory Board to advise the Governments generally in the matters of the fixation and revision of minimum rates of wages and for co-ordinating the work of the advisory boards in the provinces. Provision is also made to set up a machinery to decide claims arising out of payment of less than the minimum rates of wages. The provincial Governments may add to the list of industries mentioned in the schedule.

The present schedule, among other occupations, includes employment in woollen carpet making or shawl weaving establishments, rice mill, flour or dal mill, bidi making, oil mills, road and building, constructions, tanneries and leather manufacture, public motor transport, lac and mica works. Farm labourers and employment in dairies, poultrys, and other like places are also included within the scope of the Bill.

Kazi Karimuddin, supporting the Bill, said that it was necessary to check employers and industrialists from taking unfair advantage of disorganized workers. Legislation of this kind was essential under a system of private enterprise. The procedure laid down in the Bill for prosecuting offenders was, however, inconsistent with the established procedure in all law courts and should be amended.

Mr. B. Dass said that, after reading the report

of the Select Committee, he was not in favour of nationalisation of all trades. But the Utopia which the Bill proposed to create for the worker was impracticable and would result in a rise in prices all over the country and the industry may not be able to survive these measures.

The Bill put the entire responsibility on the provincial Governments for the execution of the law. He was afraid that preoccupied as they were, they would not be able to shoulder the burden.

COST OF LIVING COMPUTATION

Diwan Chamanlal congratulated the Government in bringing forward this measure and urged that the cost of living index on which should be based minimum rates of wages should be scientifically computed. He disagreed with the views of Mr. B. Dass and said that employer should not only look to material dividends and profits but to human happiness as well. He hoped that Government would also extend the scope of this Bill to cover workers in seasonal factories.

Mr. R. K. Sidhwa preferred that the provision in regard to agricultural workers as contained in Schedule 2 of the Bill should also come into operation as soon as possible and the time limit of two years was not necessary. He was afraid the procedure laid down for the fixing up of the minimum wage was rather cumbersome and wanted a simplified means to give effect to the Bill.

Prof. N. G. Ranga considered the measure to be of far-reaching importance to the welfare of millions of agricultural labourers. In fact, this was the first step towards social revolution in as much as it would seek to bring some 70 million agricultural workers all over the country within the provisions of the Bill. Prof. Ranga also supported the plea for a more scientific approach in the calculation of the cost of living index. It would do well for industrialists, big and small, to extend their whole-hearted co-operation to Government in implementing this measure.

Mr. Gokhulbhai Bhat said that the most satisfactory feature of the Bill was that it aimed at bringing relief to even junior office clerks and apprentices.

Mr. Naziruddin Ahmad said that the whole question of minimum wages must ultimately depend upon the ability of each industry to support increased cost of labour and the ability of labour to increase production. He asked whether the provisions of the Bill might not conflict with the agricultural laws which were developing in the Provinces.

The Labour Minister, Mr. Jagjivan Ram, replying to the debate, said he was as anxious as anyone else to see that production was stepped up and the wealth of this country increased. If he had brought a measure of this kind before the House, it was because he was convinced that it was bound to increase industrial and agricultural production. Production depended not merely on machinery, capital, manure and other things but above all on the human factor.

In agriculture, for instance, there was no doubt that we were losing thousands and thousands of tons of foodgrains every year because the ill-paid agricultural labourer, who had no stake in the land, did not put his heart into his work. This state of things would be remedied when he was assured of minimum wages. His Bill was, therefore, in the interests of the entire nation and anybody who opposed it was not only an enemy of the agricultural labourers alone but of the country.

He claimed it to be a revolutionary Bill. He would call it to be a revolutionary Bill not because it would do something which would contribute to the betterment of the lot of agricultural labourers but because it conceives a situation in which India might become self-sufficient in the matter of foodgrains. Similarly one could argue for all the industries that were included in the schedule.

But apart from that, he had always taken the view that a minimum wage for a labourer should not depend upon the capacity of any employer

to bear that burden. If a cultivator found that he could not bear that burden, it was better that he should not be engaged in agriculture. After all one could not go on carrying on any business or industry on the exploitation of other persons. It would be beneath the dignity of the House to propound the theory that because certain persons were not in a position to pay reasonable wages to their employees, they should not pay those wages. Acceptance of this principle would mean putting a premium on the exploitation of helpless men by more resourceful and influential persons. If any industrialist was not in a position to pay minimum wages, let him close his shop. If the country found that agriculture or any particular industry was essential to the community but that it could not afford to pay minimum wages, then it was the duty of the Government to subsidise it. In no case should any industry or agriculture be allowed to subsist on the exploitation of the working class.

LABOUR ON VOLUNTARY BASIS

NEW EXPERIMENT IN JAIPUR JAIL

A new experiment is being made at the Jaipur Central Jail. Here the undertrial prisoners have been encouraged, and so far all of them have elected, to labour on voluntary basis. In due course, all such voluntary workers will be paid on prescribed scales, and they will be permitted to have their earnings deposited in their individual accounts maintained by the jail.

This is one of the reforms that are shortly to be introduced in the jails of the State. Major Ram Singh, Deputy Inspector-General of Jails, and Superintendent of the Central Jail, who were sent by the Government to study jail administration in the United Provinces, is expected to put up the proposals for the introduction of the reforms soon.

The introduction of voluntary labour amongst under-trials who remain idle throughout their stay except when they go to Court, is in advance of the forthcoming reforms. This measure will

go a long way to check mischievous activities in which an under-trial usually indulges and to make the jails self-supporting. Jaipur Central Jail is the first jail in India where this experiment is being made with success.

WORKING OF BOMBAY SHOPS ACT

SUGGESTIONS BY COMMITTEE

Leave with pay for employees, compulsory weekly closures of shops and commercial establishments, a substantial reduction in the normal working hours in all establishments, except commercial establishments, and the application of the Act to areas with a population of 25,000 and more—these are some of the highlights of the suggestions made by the Committee appointed by the Government of Bombay to report on the working of the Bombay Shops and Establishments Act, 1939.

The statement adds; The committee has suggested material and substantive changes in the Act. It recommended that the scope of the Act should be extended by including in its operation residential hotels and clubs and widening the definitions of "commercial establishment" and "shop." The Act should be applicable to local areas with a population of 25,000 and more.

EXEMPTIONS

The total exemptions from the provisions of the Act should be severely curtailed and partial exemptions should be provided. Similarly registration of establishments should be provided and the opening and closing hours of establishments should be fixed.

Weekly hours for shops, daily and weekly (instead of existing provisions for monthly) hours for commercial establishments should be fixed. A substantial reduction in the normal working hours in all establishments, except the commercial establishments should be effected.

Provision for identity cards for employees in residential hotels, restaurants and eating houses should be made. Women should be prohibited from work before 7 a.m. and after 7. p.m. and the

age-limit of a child should be raised from 12 to 14. Fourteen days leave with pay with freedom to accumulate up to 28 days should be provided.

FACTORIES ACT

The Factories Act should be amended, so that the employees in clerical establishments of factories may be governed by it.

These are tentative suggestions which will be taken into account when drafting a Bill for amending the existing law on the subjects, after Government have considered the Committee's report in detail. In the meantime, Government have invited public comment on these tentative suggestions of the Committee.

MOUNTBATTENS SHOW THE WAY

Lady Mountbatten has written to the Minister of Works, Mines and Power, Mr. N. V. Gadgil, placing at his disposal the south wing of Government House, New Delhi, containing 26 beds as the contribution of Lord Mountbatten and herself towards solving the housing problem caused by the influx of refugees.

The Minister will soon decide how best to utilize the accommodation.

MORE AMENITIES FOR C.P. AND BERAR MINERS

The Government of India have decided that the recommendations of the Board of Conciliation (Colliery Dispute) regarding leave, promotions, medical facilities, etc., which are simple and of a general nature should also be implemented in the coal fields of C. P. and Berar and Orissa in so far as they are applicable and to the extent the present position falls short of them.

Although the recommendations of the Board were applicable only to Bengal and Bihar, the Government had recognized that appropriate action would be necessary elsewhere. Accordingly, a fact-finding committee was appointed for the coalfields in C. P. and Berar and Orissa to deal with the more important recommendations relating to the grant of monetary benefits and concessions which require special

consideration in the light of varying local conditions. The committee's report and the Government's decision granting similar benefits to the C.P. and Orissa miners were published in October, 1947.

The Government of India hope that colliery-owners who have not so far implemented any of these recommendations will do so without further avoidable delay.

INDUSTRIAL DISPUTES

GOVERNMENT PLAN TO ENFORCE TRIBUNAL AWARDS

The Government have decided to introduce legislation making it obligatory on parties to an industrial dispute to abide by the terms of the award of the Industrial Tribunal in the dispute.

The legislation will be by way of an amendment to the Industrial Disputes Act, 1947, making either party employers or employees—who refuses to implement the terms of the award liable to punishment including imprisonment. Power will also be taken to run the industries in which the dispute has arisen, including compelling the owner to run it.

PROVIDENT FUND FOR MINERS

CENTRAL GOVERNMENT'S DECISION

A Compulsory Provident Fund Scheme, which will ensure provision for old age to about 250,000 coal miners in India, is soon to be brought into force by the Government of India. The provision of provident fund for colliery workers was recommended in April last by the Board of Conciliation (Colliery Dispute) appointed by the Central Government.

The scheme, it is intended, should apply to all workers in collieries who are below the age of 55 and whose basic monthly salary is not over Rs. 800. Each worker will contribute roughly one anna in the rupee of his basic wage and the employer will pay an equal contribution if the worker has not been irregular.

According to the scheme, there will be a Central Fund for all collieries, with power to open regional offices. This will make it possible for the worker to continue participation in the scheme even when he changes employment from the one colliery to another. It is proposed that the Central Fund should have a board of management and an Executive Committee, on which the Central Government and employers and workers' organisations will be represented.

A worker who joins the Fund will be entitled to get back the full sum to his credit when he retires after the age of 55 or when permanently invalidated. If he dies it will be paid to his nominees or to his heirs. The object of the fund is to provide for the worker in his old age or for his heirs and dependents in case of his death.

The contributions will be collected through a system of special stamps pasted on cards. This system is expected to facilitate accounting and bring about a reduction in the cost of administration.

BONUS FOR COLLIERY WORKERS

The Government of India, it is understood, are considering the question of making colliery-owners pay bonus to their workers in quarterly instalments instead of annually.

This, it is said, has been necessitated by a number of complaints against colliery owners of not implementing the recommendations of the Board of Conciliation (Colliery Dispute). It is feared that defaults in payment of the annual bonus would have serious repercussions on the labour situation, which is at present comparatively quiet. If the bonus is paid in quarterly instalments, it may obviate or in any case lessen the chance of any friction between the employers and colliery workers.

The Board of Conciliation recommended the grant of an annual bonus equal to four months' basic wages, half of it to be linked to the worker's attendance and the other half to the output of the mine. These were accepted by the Central

Government in respect of collieries in Bengal and Bihar including railway collieries and were extended to the coal fields in C.P. and Berar and Orissa in October 1947.

BRITISH WAGES 73 PER CENT. HIGHER NOW THAN IN SEPTEMBER, 1939

The Attlee Government fell into line with the policy of the Trades Union Congress that there should be no pegging of wages to prevent the threat of nation-wide inflation, and no interference with the existing machinery of collective bargaining.

The Government issued a statement giving the warning that there should be no more "general" increases in wages unless accompanied by corresponding increases in production.

They declared that there was "no justification" for rises in incomes from profits, but allowed that higher wages and salaries could be justified in exceptional cases consistent with the national interest.

The statement followed hard upon the publication of statistics for 1947 showing a steady increase in the cost of living and a corresponding increase in wages during the latter half of the year.

According to the "Ministry of Labour Gazette" five million Britons have been benefited from higher pay, and the wage level is 73 per cent. higher than in September, 1939, when the last World War started.

T. U. C. DEMAND

Last October, when rumours of wage pegging first spread, delegates of the T. U. C. met Government representatives and were understood to have insisted that if the Government retained their subsidies on food, the Union would do their best to keep wages down.

The Government offered the alternative of general agreement to act together "upon sound and public spirited lines," or a serious and prolonged economic setback. They emphasised that each claim for increased wages must be decided

on the basis of the particular industry's contribution to the national well-being.

HOME FORCES' RATION CUT IN BRITAIN

ANNOUNCEMENT IN THE HOUSE OF COMMONS.

Annual Saving \$ 11m.

Substantial changes in the ration scales for service men in home establishments were announced by Mr. Alexander, Minister of Defence, in the House of Commons on January 28. He indicated that the adjustments, which were regarded as "reasonable in the circumstances," by a committee representative of the Ministry of Food, service departments and medical opinion, would save dollar expenditure estimated at \$ 11m. a year. He was also examining overseas ration scales to ascertain what economies were possible in hard currency expenditure. Mr. Alexander said: -

In view of the urgent need to reduce our expenditure in hard currency countries, the Government have decided to make certain important changes in the ration scales of the forces serving at home. The general effect of these changes will be to bring service rations broadly into line with the food available to the civilian worker.

The services' home ration scale has been carefully reviewed, in consultation with the Ministry of Food and the service departments. The present services' home ration scale includes more meat, bacon and cheese, but less sugar and fats, than are available from all sources to the corresponding civilian, and it is primarily in these items that the adjustments will be made.

NEW SCALE

A new ration scale has accordingly been agreed. Compared with the present ration scale, the amount of meat and offal will be reduced by 12.25 oz. a week, bacon and ham by 4.5 oz a week, and cheese by 1.75 oz. a week.

By way of compensation, and to make good the existing deficiencies in those items, the amount of fats will be increased by 2.75 oz. a week, and sugar by 3.5 oz. a week. The net calorie reduction which will result from these adjustments will fall to be met partly by an increase of bread and partly by additional purchase of fish, vegetables, and such other unrationed items as are available.

On present services' strengths at home, and on existing food prices, these adjustments are estimated to result in savings in dollar expenditure at the rate of \$ 11m. a year.

The small cash element of the Army ration is being increased from 2½d. to 4d. a day, because the Army ration, including meat, bacon, and cheese, is mainly issued in kind, whereas the rations of the other two services are purchased from a cash allowance.

It is recognized that these adjustments will materially alter the character of the services' dietary. They will therefore be made in two stages. One half of the adjustments will have effect from February 14, and the balance three months later. The question of varying the cash messing allowance of all three services to assist in maintaining a balanced dietary under the new conditions is under review.

OVERSEA REVIEW

These adjustments of the ration apply only to the forces stationed at home, including naval and shore establishments. I am examining the oversea scales to see what economies in hard currency expenditure are possible, and I hope to make a further announcement on this point in the near future.

The Government much regret that, it has become necessary to reduce the force's allowance of meat, bacon and cheese. I am sure, however, that the services will realize that they should bear their share of the austerities which in our present difficult position are the lot of the civilian population.

Mr. Alexander, replying to Mr. H. D. Hughes (Wolverhampton, Lab.) said that for the

purposes he had mentioned, B.A.O.R. was not included in home forces, but was one of the forces within the scope of the examination which he had mentioned.

Mr. Eden (Warwick and Leamington, C) said it appeared that the reduction was of about one-third in meat and of nearly a half in bacon. In view of the drastic nature of the reductions, would Mr. Alexander say what he meant by his statement that the general effect of the changes was to bring the service ration broadly into line with that available to the civilian worker? What type of civilian worker had he in mind?

Mr. Alexander replied that in the main the service men covered by the revision would, he thought, be compared closely with intermediate workers, and not heavy workers.

"EXTREMELY DRASTIC"

Mr. Eden asked if the Minister would bear in mind that the reductions were extremely drastic for recruits called upon to take an active physical part in training. Was he satisfied, in consultation with the medical authorities, that it was fair to ask the recruits to make extra physical efforts on the basis of the reduced rations?

Mr. Alexander replied that the committee which considered the matter included representatives not only of the Ministry of Food and the services but medical opinion. They decided that the reductions were reasonable in all the circumstances.

Mr. Bellenger (Bassetlaw, Lab.)—While the services will not wish to have any undue preference over the civilian population—and never have had—may I ask the Minister to bear in mind that many of the duties which the services are performing are equivalent to the heaviest manual labour by civilians?

Mr. Alexander pointed out that compensatory increases in sugar and other foods were being made, and in the case of the Army the daily cash allowance for purchases of food from other sources was being increased. The whole matter would remain under consideration, but he could

say that in view of the present rations of civilians, and in answer to much pressure of opinion of members of the House, it was right to bring service rations as nearly as possible to a reasonable and just comparison with those of the civilian population.

Mr. Alexander informed Mrs. Castle (Blackburn, Lab.) that rations in the women's services would be approximately *pro rata*—up in some cases and down in others.

CALORIE REDUCTION

Brigadier Head (Carshalton, C.) asked in order to be able to assess the extent of the cuts, what was the estimated calorific value of the new ration. Mr. Alexander said that, broadly speaking, the net reduction was not more than 30 calories a day.

Mr. Low (Blackpool, N. C.) asked whether, in the comparison with the rations of civilian workers, it was taken into account that those workers could buy food in civilian canteens. Did he not think it necessary to adjust soldiers' pay so that they could reinforce their ration? Mr. Alexander said there were service men's canteens in the majority of stations and the Army cash allowance was being increased.

Air Commodore Harvey (Macclesfield, C.) asked whether the Minister had taken into account the duties required from air crews, especially those flying at high speeds. Mr. Alexander replied that special factors were taken into account by the joint committee of the services, advisers of the Ministry of Food, and medical experts.

TRANSPORT WAGE DEMANDS

ALL SECTIONS IN BRITAIN ASK FOR INCREASES : MILLIONS A YEAR

Claims for increased wages for all sections of the road passenger transport industry, recently submitted through the three main negotiating bodies, must raise in a more acute form than ever the problem of the inflationary dangers caused by wage increases. These claims affect altogether several hundred thousand workers

and if met would increase the wages bill by many million pounds a year.

The latest figures issued by the Ministry of Labour show that the percentage of increase in wage rates since the war went up by 8 per cent. in November, when miners and builders secured increases. Only recently Sir Stafford Cripps said that a general rise in prices and wages could only lead eventually to uncontrolled inflation and thereby run our trade. The Trades Union Congress, however, asked by the Government to examine questions of policy on wages, prices, and allied matters, recently declared emphatically against any sort of control or co-ordination of wage claims.

THREE CLAIMS

Of the three claims, that for the employees of the former London Passenger Transport Board was placed before representatives of the new London Transport Executive. The National Joint Industrial Council for the road passenger transport industry met to consider the claim made on behalf of employees of municipal bus, trolley-bus, and tramway undertakings, and adjourned consideration. A claim on behalf of workers employed by private companies has been submitted to the National Council for the omnibus industry.

Full details of the claims are not available, but in the case of the London transport workers, wage increases of about 11 sh. are sought, for the central services and for some workers in country districts increases of as much as £. 1. The other two claims are on a similar scale.

All three groups obtained wage increases just under two years ago. Last year they negotiated agreements for shorter hours and improved conditions, though in the case of the company undertakings not until after prolonged difficulties and unofficial strikes in various parts of the country.

The new claims are of particular significance because of the nationalization of transport, and because the chief union concerned is the Trans-

port and General Workers' Union, the largest in the country, of which the general secretary Mr. Arthur Deakin, has been a leading opponent of a wages policy.

ACCELERATING SPIRAL

Whatever the merits of the present claims, it is clear that wages of different groups of workers are pursuing each other in an accelerating spiral.

The unions' case is that the earnings of road transport workers have fallen behind those of workers in other industries. They point particularly to the fact that other workers are in many cases able to increase their earnings through systems of payment by results. If transport output was measured by the number of passengers carried to each man employed, it would be seen that they were giving increased output. There is no reason why they should not be entitled to increased reward for increased productivity as other workers are.

WORKING OF DOUBLE-DAY SHIFT IN THE U.K.

LESSONS FOR HYDERABAD

The Committee set up in March 1945 by the British Ministry of Labour under the Chairmanship of Prof. J. L. Brierly, to inquire into the merits of the double-day shift system in manufacturing industries and the changes that would be necessary to facilitate its adoption, have published their findings. The Committee's main recommendations with regard to the legal position were: (1) that the authorisation in respect of individual factories or departments should continue to be required, before women and young persons were permitted to work on a double day-shift system; (2) that double day-shift working by young persons under 18 should, in general, be prohibited, but that latitude in the matter should be allowed during a period not exceeding two years; (3) that, as a normal arrangement, the hours of double day-shift working would fall between the hours of 7 a.m.

and 11 a.m. instead of 6 a.m. and 10 p.m.; (4) that where a double day-shift system is worked, there should be normally no Saturday work, but provision should be made for a limited amount of overtime on Saturday mornings; (5) that, in all cases, in which it is proposed to work a double day-shift system, the workers concerned should be given a reasonably full account of the reasons for the institution of the system; (6) that the ballot should be retained as a means of consulting the workmen concerned in cases where it was proposed to introduce double-shift working by women and young persons, except (as at present) in the case of a new factory; (7) that, where a ballot is required, a favourable majority of the workmen actually voting should be required, before an application for an authorisation for double day-shift working by women and young persons is granted; and (8) that special attention should be paid to the welfare and transport arrangements for shift workers.

Finally, the Committee added that the wide adoption of the system, which was desirable on economic grounds, would depend, on the one hand, on the willingness of individual employers to examine closely the economic and other advantages which the system might secure in particular cases, and, on the other hand, on the workers being convinced that its social inconveniences to themselves could and would be offset as far as possible by compensating benefits.

It is admitted that the need of the hour in Hyderabad is more and more production of consumer goods and this is a prerequisite for any progress in the economic development of the country. Self-sufficiency in consumer goods can only be attained if there is whole-hearted and sincere co-operation between the worker and the industrialist. Labour, at least for the present, should close up its ranks and must look to co-operative methods to attain its ends. The three-year truce between employers and employees arrived at the recent Industries Conference held at New Delhi, which was attended by the representatives of the Government of

India, the Provincial Government and the Governments of the Indian States, on the one hand, and the leading industrialists and labour leaders in the country, on the other, is indeed welcome. And it is, for these three groups, to devise methods by which the available labour force in the country can be put to maximum use, on fair terms to all and, in this respect, the United Kingdom Committee's recommendations may be found to be of great practical assistance.

THREE SHIFTS IN U.S. MILLS

American experience in regard to working conditions and payment of wages to mill workers is of special interest to countries where labour's go-slow tactics have resulted in heavy loss of production. It is reported that over 68 per cent. of U.S. mills are working on three shifts, the number of mills working on single shifts being only about 10 per cent. A large majority of the mills working on three shifts make extra payment for the third shift, while few pay higher wages for the second shift.

AMERICAN LABOUR UNIONS

WORKERS' SUPPORT FOR INCREASED PRODUCTIVITY

ATTENTION TO RESEARCH AND EDUCATION

Behind the turbulence of day-to-day political and internal struggles in the American trade union movement is an unobtrusive but steady development which may prove to have great long-term significance. The unions are devoting ever closer attention to research, education, and public relations, in much of which they have far outstripped their more experienced, but on the whole more conservative, British counterparts. One result of this expansion of their thinking machines has been to give them a closer understanding of production problems and a stronger realization of the importance to them of high productivity.

Their whole approach to this subject is radically different from that of British workers. Their aim is not a socialist commonwealth

but "more and more, here and now," as Samuel Gompers used to put it. They accept free competition and have long realized in theory that the bigger the cake the larger their slice may be, and that high productivity is therefore among their most vital interests.

PROFITS AND WAGES

In Britain to-day workers' leaders recognize that increased industrial productivity is essential if the standards of life of the workers are to be improved or even maintained and the well-being of the community pursued; but even in the present economic emergency it is proving hard to spread that recognition among the rank and file, and to translate it into practical politics. In America there is the narrower and immediately practical realization that if a firm is to continue to pay wages at all, it must make some profits, and that the more successful its operations the more it can afford to pay in wages.

As in Britain, however, there is a chasm between theory and practice. The old-established unions, such as those in building and printing and transport, have built up a pyramid of restrictive safeguards, mainly originating in fears of unemployment, similar to that of old British unions.

In America there are complaints about low productivity in building very similar to those heard in England, and the American building unions could certainly not be persuaded to approve incentive payments. It was considered necessary in the Taft-Hartley Act passed last year to take legislative action against "feather-bedding," or insistence by a union on the employment of more men for a job than are required. Opposition to payment by results is more widespread than in England. In many industries seniority rights are fixed by hard-and-fast contract clauses.

MASS PRODUCTION

The position of the unions in mass production industries is different. They are comparatively new. American industry is still less generally

organized than that of Britain—there are more than three times as many workers and only twice as many trade union members—but 10 years ago there was very little unionism in mass production. Between 1935 and 1945 C.I.O. membership of the steel-workers grew from under 10,000 to 850,000, of the automobile workers from 80,000 to 750,000, of the electrical workers from 15,000 to 750,000, of the textile workers from 100,000 to 450,000, of the clothing workers from 150,000 to 350,000, of the ship-builders from 10,000 to 200,000, and of the rubber workers from 3,000 to 187,000.

It was through Government assistance—in the Wagner Act—that these unions were able to establish themselves in spite of bitter employer opposition, but one of the chief impulses behind the trade union flood when the gates were forced open was opposition to the “speed-up,” the ever accelerating movement of the production line in such enterprises as the manufacture of motor-cars, and the “stretchout,” the increasing number of machines, in textiles for instance, and to all that is involved in scientific management.

The workers felt that the growing pace, the wider responsibility, the systematic cutting away of every unnecessary movement or casual pause imposed a strain upon them which was affecting health and happiness and could not be borne indefinitely. That feeling is deep in the heart of the worker in American mass production industry to-day.

Before the growing unions demanded a halt, however, the arts of mass production were already further advanced than they are in Britain. The assembly lines were moving faster. The shift system—to which it has been so hard to persuade British cotton workers—was already the rule in American textiles. Moreover, since considerable sections of most industries are still unorganized, the unions are forced to accept new production methods and equipment in existing plants, to give them a chance of survival against unorganized competition.

There are also a number of important old unions which have for years played a positive part in the development of industrial efficiency, and some of the new unions are attempting to do so. The ladies' garment workers, the clothing workers, the hosiery workers, the printing pressmen have experts who give technical advice to employers. The clothing workers have a bank which lends them money. In industries where there are many small employers these unions perform some of the functions of a trade association. Among the newer unions the steelworkers have worked with individual small employers in difficulties to help them improve their efficiency and so remain solvent. In contract negotiations unions not uncommonly bring evidence designed to show that if the employers conducted their operations more efficiently they could afford to pay higher wages.

EMPLOYER'S ATTITUDE

There are signs that workers' opposition to new productive devices and techniques can be overcome where understanding between employers and unions is sufficiently far advanced. The unions try to insist on certain conditions—that they shall be consulted in any consequent revision of wage rates or job classification; that any resulting unemployment shall be controlled by agreement; and that the workers share in the additional rewards which result. At present such understanding is much rarer than in this country. It is only a decade since collective bargaining was forced on the majority of employers by establishment of the legality of the Wagner Act. Perhaps most have now accepted the new situation, but, there are still many, particularly in the south who struggle with all their power against unionization.

The war gave a stimulus to labour-management committees—the American equivalent of joint production committees—but in most industries, as in this country, they were abandoned as soon as it came to an end. The anti-labour spirit in the present Congress is not conducive to good industrial relations.

The other main condition for union participation in increasing production, since restrictive practices derive largely from fear of unemployment, is security. The United States has no comprehensive social security scheme such as is now established in Britain and is particularly weak on the side of health insurance.

There are, of course, examples of close labour-management co-operation. It is to be found in the garment trades, the printing and construction trades and utilities, and in textiles, where there was recently the unusual spectacle of both employers and workers giving evidence before a Congressional committee in favour of an increase in the federal minimum wage from 40 c. to 70 c. an hour. Some States and cities have set up joint labour relations committees to help and preserve industrial peace. An unusual and successful device known as "fishbowl" negotiation has been adopted in the West Coast paper industry, where representatives of management and workers from every mill are present at negotiations and can thus spread knowledge of all the considerations that have given rise to the final agreement. The United States Steel contract early this year provided for quarterly joint meetings between the management and union. T. V. A. has model machinery for joint consultation. So have a number of individual firms. Even with much less social security and with much less consultation than in Britain, however, American unions do support in a general way increased productivity. The "situation demands production, production, and more production," declared Mr. Philip Murray in his presidential report to this year's C.I.O. Convention advocating National Industrial Councils to enable management and labour to combine their efforts to secure the production needed by America and the world. And leaders of business, agriculture, and labour, as members of the National Planning Association, signed a joint declaration which included the words: "The will to peace with freedom calls for promotion of joint responsibility in achieving a common goal: greater production at a lower unit cost,

with the proceeds so distributed that consuming power will remain high and plant additions and improvements will be made."

MECHANICAL COTTON-PICKERS OUST WORKERS IN U.S.A.

Revolution is stalking the U. S. cottonlands today. A grotesque-looking machine that resembles nothing so much as a cartoonist's nightmare threatens the south with one of history's sharpest social and economic upheavals.

The machine is a mechanical cotton-picker and it can do as much work in a day as 50 human beings. It cuts the cost of picking cotton to less than a fifth of what it was. It should mean a world-wide reduction in the price of cotton goods. It should mean more and cheaper sheets, towels and shorts for everybody. But, experts say, it will probably also oust over 2,500,000 U.S. farm workers from their jobs.

UPROOTED FAMILIES

Only a few of these mechanical cotton-pickers are yet in use. In the whole Mississippi delta, there are just one hundred of them at work today. However, the portents of tomorrow's cottonland revolution can already be seen. Empty farm houses tell the story of uprooted families. Jobless farm hands, both white and Negro, standing on southern roads, suitcases in hand, looking for a ride up north, are symptomatic of the migratory tide that is swelling daily.

Within the next few years, as the number of new farm implements in operation increases, it is expected the throngs of migrating workers will multiply into millions.

Some observers feel most of the ousted workers can be absorbed in other phases of cotton farming. However, most of agricultural authorities are not optimistic. They see ahead a drastic change in the fabric of southern life, with consequent repercussions throughout all the U.S.

This southern revolution dates from three years ago, when some 2,500 people gathered on the rolling cotton farm of Richard and Howel Hopson, Jr., at Clarksdale, Miss. They had

come to watch the first public testing of the new cotton-picker. Eight of these huge contraptions were lined up for the test. They looked like almost nothing ever seen before, and were reminiscent of a Rube Goldberg invention.

Slowly, awkwardly, the big diesel-powered machines got under way. Each one straddled a row of cotton plants and started inching forward at a speed of about two miles an hour. The machines were carefully picking almost all of the matured cotton leaving untouched the unripened balls.

Steadily, the lumbering machines forged ahead. They sucked in the cotton plants through a wide opening in their noses. There, the cotton passed through a metal guide where it was probed by clusters of moistened, revolving spindles. These "metal fingers" picked the lint out of every open boll, left the closed, unripened bolls alone. The cotton was then removed from the spindles by rubber strippers. At that point it was bafled up by a blower and heaped in a wire hopper on top of the machines.

Each machine had picked cotton at the rate of a bale every 70 minutes, the equivalent of the labour of 50 to 60 men. It had harvested 95 per cent. of all the ripened plants.

There were gulps among the people watching

the show. Many of the 130 tenant families who had helped work in the Hopson farm were present. The years that have gone since that experiment took place have proved their fears well-founded. Where once it took between 600 and 700 hands to cultivate the 4,000 acres of cotton there, now nearly 40 skilled workers chiefly tractor drivers and mechanics are needed.

THREAT TO NEGROES

Similar changes are anticipated throughout the cottonlands as mechanization becomes widespread. Over 1,000,000 families, a large part of whom are negroes, are now occupied in working the 22,000,000 cotton acres in the U.S. The cotton picker and the other mechanical devices, now being introduced will, it is predicted by experts, result in the dislodgment of 75 to 80 per cent. of them.

Officials of the U.S. Department of Labour estimate that 1,600,000 workers left the south between 1940 and 1945, and that 800,000 a year are leaving now.

In this connection, welfare authorities in three big northern cities—New York, Detroit, and Chicago—report that thousands of southern Negroes, made jobless by mechanization, have come to those cities in recent months.

Special Article

SOME ASPECTS OF INDUSTRIAL FINANCE AND ITS POLICY IN HYDERABAD.

By A. F. SYED SALLAHUDDIN, B.A.

(Hons.), H.C.S.,

Deputy Finance Secretary.

THE relation of banking to the financial requirements of industry has to-day become a formidable and insistent problem. The need for the establishment of industrial Banks and the intervention of the State over a wider sphere and the nationalization of some of the key industries and financial institutions is keenly felt and freely sponsored all over both by the Press and platform. What is true of India applies with equal or perhaps greater force to Hyderabad, and its industrial problems, especially when no organized money market exists and the financial agencies which provide capital to the agricultural and industrial enterprises work independently of the central institutions, i.e., the Hyderabad State Bank.

In fact, much depends upon the agencies of the money market which play a very important role in co-ordinating the supply of and formulating the demand for financial requirements of Trade and industry. And hence, before suggesting ways and means for the financing of big industrial enterprises which are being contemplated under the ægis of Post-War Planning, we may consider and examine how far the existing institutions and agencies of industrial finances cater to the needs of big and small industries and fill the gap between private enterprises and the State aid to Industry.

Like India, in Hyderabad also most important institutions which can be looked for accommodation are the branches of Imperial and Central Banks of India, the Co-operative and Indigenous Banks, Managing Agents and Money-lenders and the State Bank itself. The Imperial Bank in consequence of the responsibilities and priv-

ileges placed by the Act of 1920, and subsequently by the Reserve Bank of India Act of 1938, has not been able to advance for a longer period than 6 months, nor can it discount bills or lend or advance to any individual or partnership the amount exceeding over 20 lakhs except on certain special securities. Similarly, the branches of the Joint Stock Banks (Central Bank) can neither be expected to make bold ventures in making long-term advances for capital or block expenditure of industries being commercial ones, nor are they interested in the industrial developments of our industry, as experience has borne out. The usual form of their advance is the cash-credit account, against personal credit, with a second signature to the pro-note or advances against tangible or marketable securities.*

The reason why Joint Stock Banks and the indigenous banks in Hyderabad, as in British India, insist on having tangible securities for lending out money to industrialists and craftsmen is not far to see. They are essentially commercial banks, and good banking presupposes a series of self-balancing transactions, and hence Joint Stock Banks whose assets consist largely of customers deposits liable to be withdrawn at short notice, cannot obviously without serious risk lock them up in long-term advances. Besides they have no trained staff to scrutinise and examine the prospects of an industry or valuing the assets of an industrial concern for judging whether it is solvent or not and this makes it difficult for them to gauge the soundness of a new enterprise; perhaps they are a bit too cautious and conservative and theirs would be a case of "an Army going into battle without any trained officers" should they try to do so as Shirra puts it in his Indian Finances and Banking.

The natural result is, as reported by the Hyderabad Banking Enquiry Committee, "that the Banks and Bankers are more agents for the encashment of Hundies, Demand-drafts than agencies for credit. The rate of interest charged

by the local banks has been reported, time and again, to be unduly higher than the industries could bear, and an evidence produced before the Hyderabad Banking Enquiry Committee shows that in some cases the requests by small scale industries for accommodation were turned down and the factory owners were asked by the Banks to secure the guarantee of the Government before securing advances. In short even the existing Joint Stock Banks are only performing the ordinary functions of banking, and among other services, they receive deposits and make loans and advances. Hence their functions are akin to those of the big indigenous banks, who mostly work on their own private capital, without any reference to the needs of the industry. The absence of a central co-ordinating agency is another formidable drawback in harnessing and co-ordinating the resources of the indigenous banks and other Joint Stock Banks. There is no legal provision compelling the other banks to keep minimum balances with the State Bank and hence it comes to be that there is no organised money market in our Dominions, and there cannot be a concerted attempt by central institution, *i.e.*, the State Bank to maintain easy money market conditions, as the Bank rate is not effective and the rates of various banks differ, each dealing in its own specialised lines, *i.e.*, some finance trade, some finance consumption and most of them cater to the consumption requirements of agriculture and agriculturists. The Co-operative banks and the indigenous money-lenders it is almost a byword to say, finance, agriculture, only and "in the few cases where non-agricultural societies have been formed—the beneficiaries are Government Servants, small traders, weavers and so forth.* Financial requirements of major industries are completely outside their purview. In short, without belittling their importance they can be left aside as financiers of consumption rather than production. The State Bank also is a commercial bank and the very Act prohibits it from making advances for a period of more than 12 months.

Besides, like other banks, it can advance only against special type of securities; but as industrial ventures involve long-term investments with its attendant risks, the State Bank cannot possibly lay hands on these reserves or balances lodged with it by the Government in return for certain special responsibilities for financing big industries. Even if it had been so authorised, it would be hazardous and one wrong step would tell upon the currency and credit policy of the Government. It is therefore, no wonder that the balance-sheet of the State Bank shows large amounts invested in Government of India Securities and amongst the loan-holders, preference is enjoyed by those who could hypothecate or deposit their merchandise in the bank godowns: Thus, in Hyderabad, there is no intimate relationship between industry and banking, and industrialists have got to adopt their own methods of finances, without reference to the banking structure of the country. There is too much of decentralisation and specialisation and too little co-ordination between the constituencies of the money-market. Moreover, the Government, by its open market operations, like ways and means, advances, treasury bills and development loans, have dominated the money-market and the people rightly feel nervous to take industrial securities in preference to Government Securities.

Under circumstances, like these, the industrial finance in Hyderabad took various shapes and forms and Government had to give up its policy of *laissez faire* and had to finance and aid the industries through Industrial Trust Fund. And as this Fund and the Government's participation could not cope up with the increasing surge for industrialisation, the managing agency system assumed great importance during the last quarter of a century.

The history of the Industrial Trust Fund dates back to 1887 F., when, for the encouragement of industries in the Dominions, this Fund was inaugurated. To-day, the total amount under

* Banking and Industrial Finances in India

this head is estimated at nearly Rs. four Crores and Government tried its level best to support and encourage industries as far as possible, and taking advantage of favourable conditions created by the 2nd world war, the Government assisted many industries to the extent of 50 per cent. of their capital, and to-day, as a result of this policy, the Hyderabad Alwyn Metal Works, the Hyderabad Starch Products, Limited and the Hyderabad Chemical and Fertilizers, etc., etc., came into existence. But considering the gigantic post-war industrial programmes, which envisage the establishment of scores of new industries and the formation of more than one industrial town neither the Industrial Trust Fund nor the cautious control of the Government on the capital issue, can finance the stupendous and varied demands of industries. If Hyderabad is to achieve the ideal placed before it, then it will have to provide credit facilities sufficiently accommodating and adopt measures conducive to fast industrialisation, in the light of experience gained in the other countries of the world, like England, Germany, Japan and America.

The establishment of an industrial bank, which to-day is receiving serious attention of the authorities in India was recommended by the Hyderabad Banking Enquiry Committee, as early as 1930; and from the reports received from other countries it appears that the setting up of a separate industrial bank is considered to be panacea of all evils and an ideal method of industrial finance. Even England has realised that commercial banks cannot cope up with the current requirements of industry. Their anxiety for finding new and up-to-date agencies of industrial finances has resulted in the development of 2 new financial organizations: They are the Industrial Finance Corporation, Ltd., and the Finance Corporation for Industries, Ltd. Similarly, in other countries also special institutions have been set up for the purpose of providing finances for the long-term requirements of industries. In Australia, the Commonwealth Bank is to create an Industrial Finance Department,

while in Canada the Industrial Department Bank of Canada has been started by the Bank of Canada (Commerce, 28th July 1945).

In Japan, while there was too much of specialisation, there were different institutions for different purposes; for instance, Exchange Banks, Agricultural Banks and Industrial Bank of Japan, founded in 1900, on the model of the Credit Mobilier of France. But the hold of Government over the activities of the various banks was so great that the Japanese Banking system became in a large measure the creation of the State.* But the English and American system of Trusts and separate Industrial Banks, will not at all suit our local conditions. For historical, social and political reasons their institutions proved a great success, and to work them so successfully elsewhere requires an age-long experience and their peculiar industrial temperament. In suggesting that we should try to take a leaf out of German system of Industrial Finance, the main consideration is not Germany's sensational success in the industrial world, but its peculiar circumstances and conditions after the 1st World War, which were not quite different from those that are to be found in Hyderabad to-day, under which the German system of finances was evolved. In Germany also, like Hyderabad, there was scarcity of capital and of investors. Whatever capital was available it was misdirected. Thus the poverty of Germans and the great demand for capital to finance the needs of the rapidly growing industries led to the development of banks, which took an active part in providing capital requisite by both the granting of long-term loans and by the floatation of joint-stock companies.

In order to compete with the English, industry in Germany had to turn to banks to obtain permanent as well as short dated capital. That is how in Germany the commercial banks were forced to partake in the floatation of new concerns and for this they have on the Board their own technical advisers on the strength of whose

* Allen's Modern Japan and its Problems.

advice they advance capital and later on after the concern is matured and is in the public eye, they pass on the shares to the public."

This mixed banking system is popular on the continent also. In Hyderabad, as there is no organised bill or money market and the industries are still in their infancy and very few in number, banking institutions and capitalists are nervous of risky enterprises and the wealth is concentrated in the hands of a few managing agents and capitalists (as the list of Excess Profits Tax payers bears out), and hence the formation of an industrial bank, as a separate or private institution, will not meet with the measure of success, as anticipated. We have already got a State Bank, which enjoys the Government patronage and as a corollary, the confidence of the public at large, and hence an *Industrial Credit Branch* in the State Bank itself, with the Government's active participation in the share and debenture capital, say up to 50 per cent. while the rest being subscribed by leading industrial concerns and institutions, like Co-operative Banks, Insurance Companies and other Joint Stock Banks, would, be a better device for the financing of industries and the rapid industrialisation of our country. This, of course, implies the transference of the corpus of I.T.F. to the Branch. As an alternative it should be restricted to the financing of small scale and Cottage Industries which have been very much neglected so far.

An industrial bank can neither be a private affair or wholly a private bank, as it cannot attract large capital and offer a higher rate of interest, which a Commercial Bank can do, nor can it be expected to be unmindful of her profits in preference to the interests of the country at large. Those who advocate a separate industrial bank with little or no state interference tend to forget that the failure of hundreds of banks in British India between 1922-27 was largely due to their hazardous industrial enterprises—(Our Economic Problems by Wadia and Merchant).

But the industrial credit branch of the State Bank should not be allowed to be dominated by

the official elements, in virtue of the Government's heavy share in its capital, as is generally the case on the Boards of some of the industries where Government officials dictate the policy of the concern. Secondly, the industrial credit branch should have on its Board its own technical advisers, drawn from the ranks of experienced industrialists and economists, on the strength of whose advice it should finance the capital. It should be required to maintain an index of Industrial Production and general business activity. It should have its branches in important industrial centres operating under its directions. Thirdly, the industrial current account of those concerns which would be financed by the credit branch should be strictly watched by the experts, with a view to giving them an insight into the working of their debtor concerns. The current account relationship is a very important factor, as it provides the data required for estimating the risk involved in the capital transactions. Fourthly, if however, a new industry is approved by the Government, it should obtain a certificate from the technical adviser of the credit branch that either capital is available in sufficient quantity or that the industrial branch is prepared to finance its requirements. Fifthly, the present control of capital should be continued, (the limit of one lakh be relaxed to two lakhs at the most) so that Government may watch and avoid the mushroom growth of industries which cannot stand the competition from foreign firms, or for which markets are not adequate enough to warrant their establishment.

It is gratifying to note that the Government has recently decided to convert the Hyderabad State Bank into a Reserve Bank and to inaugurate a separate Department for Industrial Credit along with the Issue, Commercial and Agricultural Banking Departments.* But it is rather unfortunate that the need for starting the Industrial Section forthwith has not been fully appreciated in as much as it is proposed to start the Agricultural and Industrial Sections after some time.* With the implementation of post-war schemes and the rapid industrialisation of

* It has been decided to start these departments forthwith.

the neighbouring provinces, it is imperative that Hyderabad should get down to its industrial programme without losing further time. The country is rich both in men and material and what is required therefore is a proper co-ordination of the work of various Departments and the public interested in industrial schemes. An overall development of a country requires a well co-ordinated system. This, may take the shape of an Economic Council or a Co-ordination Committee. All this, of course, presupposes in the first instance a declared industrial policy. The Government of India have made an announcement to this effect some time back, and the Government of Bombay also have made known their plan of industrial development, but no such action has been taken by our Government so far. For want of any declared policy in regard to the control which Government should exercise over certain industries, there has been a haphazard growth of industries in our State. Certain industries which are very important from the point of view of public utility and defence are being taken up by private enterprises owing to their being very remunerative. As the present day policy of the Governments all over the world is to nationalise some of the basic industries and to control such of those which are necessary from national or public point of view, it is necessary that Government should categorically declare the future industrial policy so that a well co-ordinated and over-all development of industries throughout the Dominions may be ensured. Failing this, the vested interests are bound to become strong enough in course of time to withstand any Government efforts to obtain a control over them or to secure their nationalisation. The following line of action is, therefore, suggested for Government to consider :—

Allowing free play of individual initiative and enterprise without prejudice to the interests of the community the State shall play a positive role in the direction of economic policy and the control of the industries in the following

manner :—

1. *Industries to be owned by Government :*

(a) Basic or mother industries, i.e. industries which provide the basic equipment and all other industries which are vital to the existence of the people of the State,

(b) Public utilities.

2. *Industries to be controlled by Government :*

(a) Industries supplying essential requirements of the people,

(b) Industries which have assumed national importance owing to the scale of their operations, labour employed, the nature of commodities or services supplied or for any other reason.

3. *Other Industries including Cottage Industries :*

In the category of basic industries will be included :—

(i) Power Hydro and Thermal Fuel.

(ii) Mineral Oil, Power Alcohol.

(iii) Mines including coal.

(iv) Industries for making of machine-tools and machinery.

(v) Iron and Steel.

(vi) Heavy engineering industries for the building of locomotives, wagons and automobiles and the like which are of vital nature.

(vii) Heavy chemicals. Under public utilities will be included :—

Public Transport and Communications Services, Watersupply, Electricity, Telephone and sanitation, etc.

All such industries falling under group 'A' should be State owned and State managed. The profit motive must be summarily and completely excluded from their conduct and organisation. It would certainly not be possible to manage or own all the basic industries forthwith but it would be enough if rigid control is exercised in case any such industry is allowed to be operated by private enterprises or strong private interests have already been accumulated.

Under group 'B' will be included textiles, oils, paper, cement, sugar and fertilizers. Whatever policy may have been followed in the past, it has now been indisputably recognised that a larger measure of control by the State than as hitherto been exercised should be imposed over such industries if they are to be developed according to the post-war requirements of Hyderabad. To take the case of textiles, for instance, according to the most reliable figures obtainable, Hyderabad imports about 60 per cent. mill-made cloth used in the State, whereas cotton produced in the State gives a percentage of 8.8 per cent. of the total production of India. Government cannot observe with calm indifference the haphazard growth of such industries or allow them to develop according to the fancies or capabilities of individuals. Private enterprise, of course, may be allowed in this sphere but control over this industry by participation in capital and getting adequate share in the Board of Directors is an urgent necessity. Government may also seriously consider the setting up of one or two big mills of its own.

Other Industries :

As regards industries other than those mentioned above, while Government may or may not exercise any control, State aid and supervision for co-ordinating the over-all development of these industries is essential. Various forms of Government aid can be conveniently

summarised as follows :—

- (a) Financial subscription in the form of shares, loans, debentures, etc.
- (b) Guaranteeing regular payment of minimum rate of interests on debentures of Companies interested in these industries.
- (c) Granting of subsidies or bounties.
- (d) Purchasing of a fixed quantity of the output of industries at guaranteed price.
- (e) Provision of free or cheap lands as site.
- (f) Reduced rate for transport facilities or exemptions from customs duties.
- (g) Training of personnel at public expenses.
- (h) Maintenance of public Laboratories for scientific research.
- (i) Facilities for the purchase of industrial equipment through Trade Commissioners to be appointed for the purpose in various countries.

The Resolutions of the Delhi Industrial Conference in December last and the Congress Economic Programme, although rather contrary in approach, will be of great assistance to Hyderabad in formulating her own policy in this respect. The plea for organised industrial banking in Hyderabad gets further support from the fact that we have already got the Industrial Trust Fund, whose substantial corpus could be utilised at once giving a powerful momentum to this Department of the Reserve Bank of Hyderabad.

District Surveys

ECONOMIC CONDITIONS IN BIR

BY AHMED ABDUL JABBAR B.A., H.C.S.
1ST TALUQDAR, BIR.

THE natural environment of Bir is the sum total of all those external factors that affect economic life and development and may be assessed under the following heads:—

1. Geographic position and natural divisions.
2. Geology.
3. River system.
4. Climate.
5. Rainfall.
6. Forests.

Excepting a few gaps the district is surrounded on all the sides by rivers. To the North and the East flows the Godavari, the Manjra forms the base, while the Seena is the border for the Bombay Presidency. The Balaghat Range covers more than half the district.

The characteristic physical features of the Mahratwada or Trappean rock area, of which Bir forms a part, are its vast fertile plains of very productive, black and rich soil retentive of moisture. These plains have gradual undulating outlines in general and the elevated tracts have step-like accents, abrupt cracks and cliffs and detached eminences.

Of the four main soil groups in India, Bir has the black cotton, which, next to the alluvial, is the most valuable. The district, however, has no mineral resources.

River System.—Though there are innumerable rivers, they do not play any part in the economic life of the people, because the water supply is not constant.

Climate.—Bir enjoys a fair climate which is highly conducive to the growth of the crops.

Rainfall.—The monsoon winds that blow over this tract are dry and the rainfall is very poor, ranging from 20" to 80". The western portion of the district comprising of Bir, Georai,

Ashti and Patoda is "Chronically liable to drought and the spectre of famine looms large on the horizon of the agriculturist."

Forests.—In the whole of the districts of Bir, Osmanabad and Bider there is really no forest at all. All over the Deccan, particularly on the Bombay-Hyderabad border, treeless hill sides year by year display ever more naked ribs of boulder or sheet-rock, the soil having gone for ever. There is here a considerable scope for afforestation.

The details about forest in the district are given below:—

District area in sq. miles	FOREST AREA			Total	Percentage
	Reserved	Protected	Open		
4,132	7.87	43.25	0.65	41.27	1.27

Much of it lies in taluks other than Bir and Ashti.

No decade during the past century and a half can be regarded as quite normal because various factors like famine and plague have been at work militating against the growth of the population at a fair rate.

Population.—In Europe it has been estimated that the maximum population which can be supported by agricultural occupations is 250 persons to a square mile. Bir is still within the limit, having the lightest pressure on land within the Dominions. The 1941 census showed a population of 7,13,680.

Roads.—The total road mileage in the district is 240, maintained by the P.W.D., and is the last but one in the Dominions in this respect.

Communications.—It has a railway line 29½ miles long in the extreme corner in Mominabad taluk with 8 stations. Purli Vajinaht

is the junction for B.G. and M.G. lines and only one service runs on both the gauges.

Agricultural indebtedness:—In the district, as in other parts, farming is carried on with the minimum of capital and there is practically no outlay on buildings, fencing and agricultural machinery. The agriculturists are illiterate and agricultural indebtedness and high rate of interest still prevail. Though the Co-operative Department is striving to relieve the people of this burden, yet the efforts are still in their infancy. The working of the co-operative organizations is not satisfactory, and the accounts are not audited for several years. The accounts of the agricultural produce sale society also are in a similar state and no profits were declared so far. The people and shareholders in particular lost confidence in the movement.

The indigenous bankers' methods are swift and secret and do not involve much documentation. The joint-stock banks are too difficult to approach, while the bankers are more accommodating to the needs and urgency of the borrower.

Bir is also unfortunate in not having any town amenities though it is the district headquarters.

Live Stock:—All cultivation is done by bullocks. Bullock power is also used for raising water from wells, for field irrigation and for treading out the grain in the threshing yard. The cultivator cares well for his bullocks which, in most cases, constitute the most important part of his movable property.

Implements:—In general, cultivating implements are few and simple and remarkably well-suited for the tillage operations for which they have been evolved.

Agricultural Crops:—The total area of Bir is 22,28,167 acres, 1.8 per cent. of this area is under forests, 90.7 per cent. is devoted to agriculture and the remaining 8 per cent. is not available for cultivation.

The principal crops, which occupy about 86 per cent. of the cultivated area in Bir, may be

considered under the following three groups:—

1. Food crops, such as jowar, rice, ragi, bajra and pulses, which are mainly grown for consumption in the country.

2. Commercial crops, which include wheat, cotton and oil-seeds and which are grown mainly for sale and export.

3. Garden crops, which comprise of an infinite variety of vegetables and fruits and which so far have not received any serious attention from the agriculturists.

Jowar is the main food crop of the people and is extensively grown in these parts. Its yield varies between 400 and 600 lbs. per acre.

Area under Jowar in Bir and Ashti.

Year	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	173,796	19	1,21,179	16
1854 F. ..	177,567	4	1,15,153	15
1855 F. ..	76,642	31	1,47,415	10
1856 F. ..	76,591	33	1,55,562	27

The staple food of Bir is jowar and bajra bread taken with pulses, onions and chillies.

Bajra is a food crop supplementary to jowar and is grown extensively where jowar cannot be grown due to the limitations of soil and rainfall.

Area under Bajra in Bir and Ashti.

Year ..	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	1,05,000	25½	69,674	12
1854 F. ..	86,178	3	44,238	16
1855 F. ..	61,731	18	15,776	35
1856 F. ..	57,782	23	40,546	31

Cotton is by far the most important commercial crop of this district.

Area under Cotton in Bir and Ashti.

Year	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	49,758	14	9,051	12
1854 F. ..	13,267	23	181	2
1855 F. ..	14.55	2	581	39
1856 F. ..	14,755	2	581	39

Wheat is grown in this region both for consumption and export.

Area under Wheat in Bir and Ashti.

Year	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	15,641	34½	6,973	10
1854 F. ..	10,792	34	5,430	16
1855 F. ..	10,770	28	5,329	9
1856 F. ..	9,879	9	5,405	36

Oil-seeds are grown in this region as food crops as well as cash crops.

Area under groundnut.

Year	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	22,609	18	5,522	12
1854 F. ..	27,078	20	8,971	24
1855 F. ..	24,122	14	2,408	25
1856 F. ..	25,851	20	2,238	36

Garden crops.—Except sugarcane no other in this class has been extensively grown on an organized basis. There is an infinite variety of vegetables, like potatoes, brinjals, tomatoes, onions, cabbage and other leaf and bulb species which if grown in small gardens on a systematic basis would fetch good prices to the needy cultivators at any moment, the demand for them being constant. The same can be said about fruits and with a stronger emphasis.

Area under Sugarcane.

Year	BIR TALUK		ASHTI TALUK	
	A.	G.	A.	G.
1853 F. ..	811	15	43	11
1854 F. ..	803	3	49	18
1855 F. ..	1,285	19	114	13
1856 F. ..	2,015	20	68	33

Agricultural Development.—This question firstly resolves itself into question of water, manure and cattle. An adequate supply of water is the first necessity of agriculture. Because the rainfall here is scanty and soil unretentive, the problem of water, supply is very serious and hence the special importance of irrigation in this region. The Famine Commission of 1880 strongly advocated the construction of irrigation works as a preventive measure against famines in the Deccan.

The irrigation works in these parts may be divided into two classes. Tanks are very popular in the Telingana while wells are the typical source of irrigation in the black cotton soil area. The cost of boring wells is prohibitive and there is no certainty of the existence of underground water.

Insufficiency of manure is one of the causes of the backwardness. It is not the ignorance of the ryots which prevents them from utilizing natural

farm-yard manure to fertilize fields, but it is their poverty which compels them to use it for other purposes. Cattle droppings are used as fuel because there is already shortage of firewood. Similarly poverty compels the agriculturist to export his oil seeds, and thus a very valuable source of high quality manures is lost to him. Nightsoil and low manures are rarely used by the small cultivator because of his inherent prejudice against them, while the value of green manure is

yet to be realised by him. Cattle dung is largely utilized for village fuel. Concessions should be granted to encourage extension of the cultivation of green manure crops.

The rate of wages is rarely so high as to induce them to forego their leisure and hence the widespread cry of the inadequacy of agricultural labour. High wages alone are not sufficient to improve the efficiency of labour which will have to be better equipped in addition.

News in Brief

PRICE CONTROL ON DESI SUGAR LIFTED

A Supply Department Notification says :

It is hereby notified for public information that in accordance with the recommendations of the Food Advisory Working Committee meeting dated 9th Azoor, 1857 F., price control has been lifted from the following kinds of sugar : Brown, Burha, Desi, Ground and Durga varieties. Control will continue only on factory made sugar.

TANNERY FOR HYDERABAD

HYDERABAD will soon have a Tannery on a large scale. Machinery worth Rs. 40,000 has been purchased and another order for Rs. 1,00,000 has been placed.

The services of a Scottish tanning expert have been obtained by the promoters, who are prominent businessmen.

GRANT TO AIDED SCHOOLS

The Nizam's Government have decided to bear two-thirds of the expenditure of all aided schools on condition that the managements enhanced the salaries of their teachers approximately to the level of the scales of pay in Government schools.

NO ADDITIONAL LOAN TO PAKISTAN

A Government Press Note says :

A news has appeared in certain section of the Press that the 'Nizam of Hyderabad' has advanced a loan of Rs. 70 crores to the Pakistan Government. The Director, Information Bureau, has been authorised to contradict the news as baseless and without any foundation.

RESERACH IN MINES AND MINERAL WEALTH

India Government to set up Bureau.

It is understood that the Government of India have decided to establish a Bureau of Mines for the purposes of research in Mines and Mineral

Wealth. A recurring expenditure of about Rs. 8 lakhs has been sanctioned, it is understood, by the Standing Finance Committee.

AGRARIAN REFORM

MADRAS PREMIER TO HEAD COMMITTEE.

The Congress President, Dr. Rajendra Prasad, has appointed an Agrarian Reforms Committee with Mr. O. P. Ramaswami Reddiar, Premier of Madras, as Chairman in pursuance of the resolution adopted recently at the Revenue Minister's Conference in Delhi.

The Committee will tour different provinces and examine the present land-tenure systems and conditions of the agricultural population. It will make its recommendations within three months to the All-India Congress Committee on Agrarian reforms which are necessary prior to the abolition of the zamindari system in India. The Committee will also consider the question of introducing co-operative farming and methods of improved agricultural produce.

MAKE THE COUNTRY SELF-SUFFICIENT

DR. KUMARAPPA'S APPEAL.

A strong appeal to those in charge of administration in the Provinces and States to take steps for making the country self-sufficient in regard to food, clothing and shelter, was made by Dr. J. C. Kumarappa, Secretary, All-India Village Industries Association, presiding over the twentieth anniversary of the Kengeri Gurkul Ashram, situated about 10 miles from Bangalore.

Dr. Kumarappa observed that politics should be the handmaid of economics and said that constructive work should now take the foremost place amongst all their activities. Unfortunately, some Governments, including the Mysore Government, were going in for large-scale industries. He would say that their plans should be people-centred and not done with a view to attracting a good market. When stating this, Dr. Kumarappa added, he should not be misunderstood as

being against large-scale industries. The Government must find out what the common man wanted. The things produced in the Bhadravati Iron Works, for instance, were not what the farmer wanted. There was complete lack of understanding of the needs of the people, if people looked at the way western countries were going after rapid industrialisation.

SOIL EROSION BOARD

It is learnt that the Government of India have decided to appoint a Soil Erosion Board, primarily to go into the question as to how to prevent erosion of the soil and the steps to be taken to conserve the fertility of the soil.

It is learnt that through the efforts of Dr. Henry Grady, American Ambassador in India, some soil conservation experts will be shortly coming to India and these experts will form the nucleus of the Board.

SHORTAGE OF NITROGEN FERTILISER

It has been estimated that India needs approximately 1,500,000 tons of nitrogen per annum. The total amount of nitrogen available from cowdung is about 820,000 tons, which leaves an overall shortage of some 1,200,000 tons. Even if one-half the oil-cake produced in India could be used for manurial purposes, the country would still be deficit in nitrogen by about 1,000,000 tons per annum. Other sources of nitrogen are green manures and town composts, but the former can be grown only under certain conditions and the latter is used mostly for market gardening. Chemical manures will, therefore, have to be imported from abroad until India is able to manufacture her own requirements of sulphate of ammonia. Nitrogenous manures are controlled by the International Emergency Food Council. Assuming that India desires to increase her production of foodgrains in 1951-52 by 8,000,000 tons, she would need 800,000 tons of sulphate of ammonia, against which she is not likely to secure more than 100,000 tons. It is obviously necessary that manufacture of chemical fertilisers in existing factories should be speeded up and the starting of additional plants encouraged.

ECONOMIC SURVEY OF OIL-SEEDS

A scheme for an economic survey of oil-seeds and plants has been drawn up by the Director of Agriculture. Under the scheme, information will be collected on the area in different districts, trends and factors affecting the spread, production in different districts, and imports, exports and consumption of oil-seeds, oil and cake in the different areas, among other matters.

It is expected that the survey will take about eight months to be completed and a further two months will be required before the report can be got ready. The scheme will cost Rs. 18,000.

HINDUSTAN AIRCRAFT CO.

INDIA GOVERNMENT TO BUY ALL MANUFACTURED PLANES

A decision that all aircraft manufactured by the Hindustan Aircraft Company, Bangalore, will be purchased by the Defence Ministry, India, is understood to have been taken at the conference between the Directors of the Company and Government representatives held recently at Bangalore.

A contract to that effect, which will be valid for 5 years, has been already signed.

It is understood, the company had agreed to manufacture a special kind of "trainer-cum-transport" aircraft according to designs approved by the Ministry of Defence.

Both the directors of the company and the Government of India representatives are believed to have felt that the Indian aircraft industry in its infancy would not be able to stand competition with foreign makes if it were to offer its products for sale in the open market. At the same time, it was considered essential that India must have her own aircraft industry. The contract was signed accordingly, to encourage the industry for a period of five years in the initial stages.

Mr. Aftab Rai, till lately Director-General of Disposals, Government of India, is the new General Manager.

INDO-PAKISTAN INCOME-TAX AGREEMENT

It is officially announced that all the provisos for the agreement between Pakistan and India for the avoidance of double taxation of income, profits and gains shall come into force throughout the Dominion of Pakistan.

INDIA'S POPULATION AND FOOD SUPPLY

The New York Herald Tribune in an editorial on hunger in India urged that scientists should study the subject of population in relation to food supply.

"It is only too obvious that India's population is increasing faster, except when halted by famine, disease or war, than the supply of food can be increased. Here is a field for study that might save millions of men from death by starvation and thus produce results as great as any, ever achieved by a scientist," the newspaper said.

FOOD CONTROL ENDS IN U.P.

Control in respect of movement and prices over all foodgrains has been withdrawn in U.P., and from February 1, ration is guaranteed only to people with an income of Rs. 100 per month or less, living in cities of Kanpur, Allahabad, Banares, Agra and Lucknow and in the towns of Lansdowne, Pauri, Ranikhet, Almora, Naini Tal, Mussorie and Dehra Dun. This announcement was made by Mr. Chandra Bhan Gupta, Minister for Food and Civil Supplies, at a Press conference.

He added: "Ration will also be guaranteed to the industrial labour, labour employed on railways, refugees living in towns at present rationed and camps, inmates of jails, hospitals, etc., and also employees of the police force. The ration will be two chhattaks of wheat and four chhattaks of coarse grains, mostly overseas maize, per adult person. The augmented ration will be adjusted accordingly."

NEW RATE OF CESS ON TEA

The Government of India, by a notification, has prescribed that the rate of cess to be levied

and collected on tea produced in India or Pakistan and exported from any customs-port of any province of India or Pakistan to any port beyond the limits of India and Pakistan shall be Rs. 1-6-0 per 100 lbs.

This follows the recommendation of the Indian Tea Marketing Expansion Board.

SEPARATE ACCOUNTS FOR PAKISTAN AND INDIA

A system of separate accounting for the foreign exchange earnings and expenditure of India and Pakistan is established from 1st January 1948.

OOTACAMUND VENUE FOR THE NEXT SESSION OF E.C.A.F.E.

Ootacamund is likely to be the venue of the next session of the United Nations Economic Commission for Asia and the Far East to be held in India in May or June, 1948, at the invitation of the Indian representative.

COMMISSION FOR ASIA AND FAR EAST

The Third Session of the United Nations Economic Commission for Asia and the Far East will be held in India (probably in Ootacamund) in May next.

IRON AND STEEL PRODUCTION AT TATA WORKS

The total approximate production of iron and steel at the Tata Iron and Steel Works at Jamshedpur during the month of January, 1948, was: Pig Iron—82,800 tons; Steel Ingots—82,000 tons, and Finished Steel—57,600 tons.

U.S COAL FOR PAKISTAN

First shipments of U.S. coal for Pakistan have been authorised, according to the U.S. Coal Operating Committee. Nine cargoes aggregating 81,000 long tons have been released from previous February allocations to other nations for shipment to the new nation, the Committee said.

BRITAIN TO GROW MORE LINSEED

As part of a plan to step up agricultural output, Britain is to grow five times as much linseed this year as was grown in 1947. Apart from increasing the supply of linseed oil, the programme is calculated to bring a substantial addition of cake to the feeding stuffs ration pool. The plan, which is spread out over the next four years, is expected to increase agricultural production to the value of £. 100,000,000

INDIA GOVERNMENT TO PARTICIPATE IN INTERNATIONAL COMMERCIAL EXHIBITION

The Government of India has decided to participate in the International Commercial Exhibition to be held in Milan, Italy, from the 12th to 29th April, 1948. An artistically designed Indian Government pavilion will be located in the main central hall of the Palace of Nations in the fair-to-house manufactured goods and productions from this country. The exhibits will include specimens of cotton textiles, silk, rugs, mats, carpets, jute and coir, leather, electrical, chemical and surgical goods, toilet requisites, tea, coffee, and toys.

INDIA TO BUY MORE BRITISH CRUISERS

It was learned reliably that India will purchase some of the seven British cruisers, which the British Admiralty announced were disposable.

It is understood that the purchase price would be defrayed from the sterling balances.

SUCCESSFUL USE OF "RADIUM HEN"

LOST MATERIALS PICKED UP FROM RUBBISH

A successful use of the "Radium Hen" to detect the loss of radium has recently been made by Mr. V. Krishnamurthi, an official attached to the Government Bernard Institute of Radiology, Madras.

A loss of about 80 milligrammes of radium valued at about Rs. 30,000 was reported from a hospital in Ahmedabad a few months ago. On

information that the institute for detecting the loss was available in Madras a requisition was made and accordingly an official of the institute proceeded to Ahmedabad and used the instrument with success. The stolen article was recovered from the Hospital rubbish consigned to the municipal rubbish dump.

RAW SILK FROM JAPAN

The Government of India have decided to purchase in Japan and import on Government account 3,000 bales of raw filature silk 18/15 denier and 20/22 denier, and 28 lakhs of pounds of rayon yarn of first quality in 120 and 160 deniers. Rayon yarn and raw silk have arrived in Bombay. The Government of India have decided that the rayon yarn should be made available to consumers, through the distribution scheme which operated during the war. It will be offered directly to art silk mills through their recognised associations, where these exist, and to handlooms and cotton textile mills through the Textile Commissioner. A quantity of one lakh of pounds will be thrown open for sale by tender.

The raw silk will similarly be offered at a fixed price to the Governments of the Provinces and the States where the silk handloom industry is developed.

DEVELOPMENT BOARDS FOR PAKISTAN

The Government of Pakistan have decided to constitute a Development Board and a planning Advisory Board to co-ordinate Pakistan's Development Schemes.

The Development Board will work at Secretariat level, while representatives of Provincial and States Governments, Commerce and Industry will be associated with the work of the Planning Board.

The Development Board will co-ordinate plans both Central and Provincial and put them to the best possible use and recommend regarding priorities among development plans. They will act as a clearing house of ideas and information.

and bring to the notice of the Ministries ideas or schemes which might aid development. They will also watch the progress of development schemes and report periodically on the progress of the schemes to the Cabinet.

The function of the Planning Board will be to advise the Government on matters relating to planning and to review the progress made in implementing plans.

Dr. Nazir Ahmed will be Secretary of the Development and of the Planning Boards.

CEYLON REJECTS U.K. OFFER FOR TEA

Ceylon's Government has rejected a British offer of 2d. a pound more than the 1947 contract price for the Island's tea this year, it was reliably learned.

Ceylon was anxious to maintain equilibrium between exports and increasingly costly food imports, a Government official said.

NATIONALIZATION OF LAND IN BURMA

Burma's first step towards the socialization of the agricultural industry was announced in a new Act empowering the Government to take control of all land exceeding 50 acres belonging to any individual group.

Under the new powers, contained in the "Disposal of Tenancies Act, 1948," the Government is able to lease all the land it controls to peasants for cultivation. Owners whose land is taken will receive a standard rent fixed by the Government, while peasant land-owners holding 50 acres or less and cultivating it themselves will be unaffected by the new Act.

ANTI-SMUGGLING DRIVE IN KARACHI

LAND AND SEA CORDONS BEING TIGHTENED UP.

Karachi Customs authorities are tightening up their land and sea cordons in view of the increase in smuggling of gold and foodgrains, a Customs Intelligence official has revealed.

The Karachi Customs have accordingly acquired a 72-foot-long, fast, motor driven, sea-going launch which will patrol, for the first time on the "high seas" along the Sind coast-line in an endeavour to prevent smuggling which is carried on at places along the coast.

The Customs authorities have already in operation two craft for sweeping the creeks around the port and two others for patrol work within the harbour.

The land and sea customs watch from the Indus delta to Cutch is also being intensified to prevent unauthorised export of foodgrains.

PAKISTAN POSTAGE STAMPS

It is understood that in the new series of Pakistan postage stamps photographic views of the principal towns of the Dominion will be used. These will include the views of Dacca city, Chittagong port as well as of Karachi and other towns in Western Pakistan.

PETROL RATIONING CANCELLED IN SYRIA

Although introduced only a few days ago, the petrol rationing order, has been cancelled here, after a sharp rise in the price of petrol and crude oil. A can of petrol costing four liras before the introduction of rationing shot up to ten liras when petrol was rationed.

BRITAIN'S LEADING BAR SILVER BUYERS

Nearly 74 per cent. of Britain's bar silver exports in 1947 went to India and Pakistan, according to an estimate by leading London bullion brokers. Silver sales to what is still commercially classed as "British India" are placed at just over 25,000,000 ounces out of the total exports of over 31,000,000 ounces.

It is estimated that the amount of silver consumed for essential purposes in Britain during the year was about 12,000,000 ounces. From her withdrawn silver coinage, Britain is expected to recover over 250,000,000, ounces.

MR. H. WILSON AND CUSTOMS UNION

Mr. Harold Wilson, President of the Board of Trade, denied that, he said in a speech at Ormskirk that he was opposed to a Customs union for Western Europe.

The nations at the Paris Conference, he had said, had set up a study group to examine the problems, and the Government were fully co-operating in the work of that group, while emphasizing the special relationship between the United Kingdom and other Commonwealth countries. Whatever, the outcome of these discussions a Customs union would necessarily be a very long job and Mr. Wilson emphasized that attention was being given to other and more direct forms of economic co-operation. At no point did he suggest that he was opposed to a Customs union.

FULL ECONOMY IN BRITAIN

KING GIVES LEAD

The King and Queen have given a lead to the domestic fuel economy campaign launched by the Ministry of Fuel and Power. Notices signed by Sir Piers Legh, Master of the Household, have been put up in Buckingham Palace and other Royal residences, calling for the utmost economy in the use of all fuel.

The notice reads:—The Minister of Fuel and Power has made a national appeal for the greatest economy in the use of fuel and power, and it is His Majesty's wish that the Royal household should co-operate.

"It is imperative for electricity and gas to be cut to the minimum, particularly between the hours of 8 a.m. and 10 a.m. and 4 p.m. and 6 p.m. and at mid-day on Sundays :—

"If full support is given to the appeal, the Government are confident that it will be possible to keep industry going without imposing further hardship on the people."

NEW TURN IN NAVAL STRATEGY

ANTI-ATOMIC AIDS IN SHIPS

The British Admiralty's decision to scrap five capital ships as well as a number of small units

must be assessed against the background of post-war naval strategy and developments in atomic field, writes a naval correspondent.

The curtain secrecy is fairly dense as to what is happening in the naval theatre, but from information available at the end of the war and reports from various war-time countries since, it is easy to make several deductions regarding the trend of naval strategy in any future global war.

The day of the big ship is not finished by any means, but she will presumably have on board anti-atomic installations and a ship's company trained in precautions against atomic attack. Hitting power and speed of such a ship would be tremendous compared with her predecessors. A good deal of naval research lately has obviously been directed at producing a modern battle-ship combining the fighting potentialities of a capital class aircraft carrier with the manoeuvrability of a much smaller vessel.

OLD SHIPS OF NO USE NOW

To adapt a ship built during the last war to these standards would be difficult, but to modernise a considerably older ship to such standards would be technically impossible. Emphasis has been growing lately on rockets with or without atomic aids, and the provision of pilot-less aircraft and long-range projectiles.

This suggests that the trend of future naval strategy will be less in the direction of sinking enemy fleets than of threatening whole countries. To visualise the next war in terms of naval fighting one would have to imagine a fleet, small and compact, fast and capable of swift offensives, defended by its own aircraft and generally presenting an elusive target, and at the same time able to pin-point cities and towns many miles inland. Such a fleet would be aided by screens of fast submarines capable of remaining submerged for weeks at a time.

Britain's current naval development is one of the world's most closely guarded secrets today. But the fact, that she is now herself "sinking" great ships that Germans failed to sink for years

must be assumed to have an important relation to this development.

BRAZIL'S TEXTILE INDUSTRY FACING CRISIS

Brazil's textile industry which boomed during the war is facing a crisis. Many small weaving plants have been forced to close down.

U. S. and Italian natural silk, selling at 25 per cent. below inferior Brazil products, is one of the causes. A Government order which prohibited the export of cotton and rayon, except to the Argentine, is another.

Brazil has a population of 45,000,000, internal demands are about 1,800,000,000 metres of cotton goods and the country's output is 1,200,000,000 metres.

MARRIED 70 YEARS

January 8, 1948, marked the wedding anniversary of Mr. Frederic Eastaugh, who 70 years ago was married to Ellen Alldis in the parish church at Great Glemham, Suffolk, a small village near Saxmundham, on January 9, 1878. Mr. Eastaugh is now 98 years of age and his wife is 91. An announcement recalling the marriage appeared in the advertisement columns of the Times.

NUFFIELD'S SUBSIDY TO BR. MOTOR INDUSTRY

The flow of the cheaper British cars into overseas markets is the aim of the one-million 'subsidy' granted by Lord Nuffield to promote sales in other countries of his firm's products. The grant will be used to defray in part the costs of production, export and lower prices of cars. This grant brings Lord Nuffield's gifts over a number of years to £. 27,000,000.

VALUE OF DIAMONDS FOR BRITAIN

BIGGEST DOLLAR EARNERS

Diamonds are becoming one of Britain's biggest dollar earners. Hatton Gardoen merchants say that last year has topped all previous years for sales. During 1947 rough diamonds

worth £. 8,100,000 were sold; industrial diamonds—used now in a hundred vital production jobs—totalled some £. 2,700,000. Other sales brought the year's total to nearly £. 15,000,000.

NEW ECONOMIC SURVEY OF BRITAIN

Work on the Government's economic survey for 1948 is well advanced, but no final decision has yet been taken on either the form or the date of its publication.

Since the economic survey for 1947 was published as a White Paper last February, there have been changes in the structure of the Government, and the wide control over both economic and financial policy now exercised by the Chancellor of the Exchequer might suggest some method of presentation more directly linking the survey with the financial budget. But since the survey deals with the calendar and not the financial year, it might be thought advisable to publish it as early in the year as possible.

The survey will deal with the outstanding problems of the year on the basis that the country must stand on its own feet, and will outline the changes in the national economy that are required by the new conditions. The measures taken since the late summer to meet the economic crisis will be brought up to date and will find their places in the over-all plan for the year. As in the first survey, estimates will be made of the output of the main industries and the man-power needed to attain the production targets.

BRITISH GIFT TO BURMESE PRESIDENT

Mr. Arthur Henderson, Secretary of State for Air, who represented Britain at Burma's independence celebrations, presented two British cars—a Rolls Royce and an Austin—to Sao Shwe Thaik President of the new Republic. A message from Mr. Atlee read at the ceremony described the gift as "a token of sincere goodwill."

ABUNDANT RICE CROP IN EGYPT

20,000 TONS RESERVED FOR INDIA

Announcing that abundant rice crop this year would be exchanged for cereals from other countries, the Under Secretary of the Egyptian Supply Ministry said that 20,000 tons have been reserved for India in exchange for jute. Rice would be mixed with flour for bread in Egypt in future instead of maize.

VACUUM NET FOR FISHING

Fishing fleets of the future may use a "Vacuum net" to draw their catches of herring from the sea bed. Based on the principle of an ordinary vacuum cleaner, it is the invention of a Norfolk fisherman.

THE FLIGHT TO SOUTH AFRICA

The agreement between the British Government and that of the Union of South Africa to discourage at least certain types of capital export from Britain to the Union may be regarded as the reason for the recent decision that interest will no longer be paid on non-residents' deposits with South African banks. This change applies also to such deposits held in North and South Rhodesia, British South West Africa, Basutoland and Nayasaland. In Kenya and Tanganyika interest on non residents' deposits will still be paid up to a maximum of 1 per cent. for 12 months, but as there is an exchange charge of $\frac{1}{2}$ per cent. each way the income attraction cannot be said to be great.

RUSSIA SIGNS TRADE PACT

A four-year, \$1,000m trade pact between Russia and Poland was announced by Moscow radio.—

A joint communique, quoted by the radio also announced that both Governments had "reached complete agreement" on questions concerning the present international political situation.

The Polish delegation was headed by the Polish Prime Minister. It arrived in Moscow on January 15, and in subsequent talks the highest Russian officials took part—Marshal

Stalin, M. Molotov, Foreign Minister, and M. Milkoyan, Foreign Trade Minister.

The agreement, covers mutual goods deliveries.

TWO-WHEELED CAR STEERED LIKE BOAT

A two-wheeled car steered like a boat has been successfully tested by the Czech designer who aims at running costs equivalent to a light motor-cycle.

Steering is by a till and the auxiliary wheels can be lowered to give stability at a low speed.

EASTERN EUROPE AND THE COMINFORM

A DIARY OF EVENTS

Various measures for strengthening the regimes in eastern Europe—and especially in the Balkans—are listed in the following outline of events since the Cominform was set up in Belgrade on October 5:—

October 6.—Bulgaria rejects British protest on trial and execution of M. Petkov, leader of the Opposition Peasant Party.

October 8.—Greek Communist Party publishes manifesto calling on all Greeks to support the guerillas.

October 9.—Mr. Vyshinsky, Soviet delegate to the United Nations General Assembly, announces that Russia will boycott the Balkans Commission. Poland, Yugoslavia, and Czechoslovakia follow suit.

October 20.—Announcement that Professor Tarnawski, the greatest Polish authority on English literature, has been sentenced to 10 years' imprisonment before a secret military court for "trying to turn back the will of history" and on other charges.

October 21.—General Cyril Stanchev sentenced by a Bulgarian court of life imprisonment, after 16 months in prison without trial, for plotting to overthrow the State. Thirty-eight other officers sentenced.

November 5.—Mr. Tatarescu, Rumanian Foreign Minister and leader of the National Liberals, resigns from Government and is succeeded by Mme. Anna Pauker, a Communist.

November 11.—Dr. Maniu, leader of Rumanian Peasant Party, is sentenced to hard labour for life for treason. Eighteen other accused sentenced.

November 27.—Treaty of friendship, collaboration, and mutual aid signed between Yugoslavia and Bulgaria at Varna.

December 8.—Treaty of friendship, collaboration, and mutual aid signed between Yugoslavia and Hungary at Budapest.

December 16.—Pact of friendship, collaboration and mutual aid between Bulgaria and Albania signed at Plovdiv.

December 17.—Decrees issued by Rumanian Government appointing administrators to take over the two British oil concerns: Astra Romana and Unirea.

December 19.—Pact of friendship, collaboration, and mutual aid signed between Yugoslavia and Rumania.

December 20.—Russian attempt to oust Herr Kaiser and Herr Lenner from leadership of C.D.U. in Russian zone of Germany because of their refusal to conform to Communist-dominated bloc.

December 24.—Setting up of a "free democratic Government" in Greece announced from the headquarters of General Markos, the Greek Communist guerilla leader.

December 30.—Abdication of King Michael of Rumania after his return to his country from attending the Royal Wedding in England.

January 1.—One hundred and sixty Army officers pensioned off from the Rumanian Army under the orders of the Communist Minister of Defence, Mr. Bodnarash.

January 7.—Nine hundred officers purged from the Bulgarian Army.

BELGIUM-SOVIET TRADE PACT

Belgium would receive 300,000 tons of cereals from Russia during the first three months of this year as a result of the recent Belgium-Soviet trade talks in Moscow, according to *La Drapeau Rouge*, Belgian Communist Party official organ. This was the main clause of the agreement, the paper added.

WORLD'S BIGGEST IRON ORE FIELD

The world's biggest iron ore field is stated to have been discovered in Labrador, where the deposits of ore extend for 350 miles. They are to be developed as the greatest potential source for world markets.

Railway lines and a harbour are to be constructed to serve this great new enterprise, which is being developed by a gold mine company.

TRAVEL AID FOR EMPIRE STUDENTS

The Carnegie Corporation of New York announced that a scheme for assisting British Commonwealth students, educational administrators, and leaders in other spheres to travel and to study abroad is to be resumed after its war-time suspension.

Assistance from the Corporation's British Dominions and Colonies Fund is to be made available again to "key individuals." The object of the scheme is to permit these persons to gain first-hand experience of overseas activities in their chosen work.

U.S. TO PRODUCE WORLD'S CHEAPEST CAR

The production of the world's cheapest car at £149 and capable of doing 45-50 miles per gallon has begun in a Michigan factory. The makers aim to break into the world market as soon as they can build 100 cars daily.

Except for bearings, springs, bumpers, axles and steering, the car, including the wheels and engine, is of aluminium alloys.

GRAIN RATIONED TO U.S. DISTILLERS

U.S. Secretary of Agriculture, Clinton P. Anderson, has signed an order limiting distillers

grain supplies to 2,450,000 bushels during January in order to increase the amount of grain available for export. The amount is less than 80 per cent. of the 8,584,000 bushels used by distillers in January, 1947.

MACHINERY FOR RAND GOLD MINES

Engineering equipment for gold mines embodying features of manufacture new to the Rand, have been shipped to South Africa by a North England firm, which has considerably expanded its overseas market, particularly in the hard currency areas during the past year. As an enterprising firm of engineers and mining gear-makers, it has made important strides in the manufacture of gears and steel castings for oil-field equipment, a trade hitherto almost exclusively in American hands.

3 U.S. SUPREME COURT JUDGES WALK OUT

WHEN APPEAL AFFECTING NEGROES RIGHTS
COMES UP

Three of the nine Judges in the United States Supreme Court walked out of the hearing of an appeal against a lower court's decision preventing Negroes from using houses which they had bought in Detroit, Saint Louis and Washington.

The appeal was brought by the National Association for the Advancement of Coloured People and was part of a 80 years' legal battle to test the legality of Governmental enforcement of private restrictive covenants on residential property.

Justices Wiley B. Rutledge, Stanley F. Reed and Robert H. Jackson disqualified themselves from the hearing of the suit but gave no reason for doing so when they left the Bench.

Each judge is entitled to make his own decision whether he should take part in the hearing of a case, and when judges have done so in recent years they have not made known their reasons.

The present case hinges on the right, upheld by State and Federal court, of property-owners

to prevent the sale of houses to members of racial groups through agreements or covenants forbidding such sales.

With only six Justices left on the Bench to hear the appeal, there arose the possibility of an evenly divided court.

By historic precedent the decisions given by the Supreme court sustain rulings by lower Courts.

SOVIET MOVE TO WRECK MARSHALL PLAN

BRITISH FOREIGN OFFICE CONFIRMS COMMUNIST 'PROTOCOL M' TO BE GENUINE

A Foreign Office spokesman announced that the Communist 'Protocol M' seized in Germany was genuine.

The spokesman said that copies of the "Protocol M" had been given to French and American authorities in Germany but not to the Russians.

He said: "Information from Germany now confirms us in our previous belief that the document is genuine. For obvious reasons, we cannot state how we came by it but it was in British possession before it was published in a French-licensed newspaper in Germany. Before the publication it was made available to other Allied powers."

The spokesman indicated that British authorities know who drafted the document but refused to elaborate.

The Communist plan is being studied by official of the Control Commission for Germany and the Foreign Office before a decision on future steps is taken.

A spokesman of the Control Commission for Germany said that occupation forces in Germany are alert to deal with any situation that might arise.

U.S. FIRE LOSSES

The National Board of Fire Underwriters estimates that fire damage in the United States for 1947 will approach \$ 700m (£. 140m), the

highest annual loss of any nation in time of peace. Thirty-three conflagrations last year are estimated to have cost \$ 100m (£. 80m). The Board cites as the most serious the disaster at Texas City.

NATIONALISE IMPERIAL BANK

DEMAND BY 50 BRANCHES OF BANK IN "BOMBAY CIRCLE"

Nationalisation of the Imperial Bank of India was urged by representatives of 50 branches of the Bank in "Bombay Circle" which includes Bombay Presidency, C. P. and Berar, Rajputana, Central India and Kathiawar, who met in conference.

Mr. Abid Ali Jafferbhai, President of the Bombay Circle Staff Association presided.

The Conference in a resolution expressed the opinion that the tremendous resources at the disposal of the Bank, "which enjoys a privileged position under the Imperial Bank of India Act of 1920" should not be left in the hands of private individuals for profit-making purposes but should "be harnessed and utilised for nation-building activities of the country, the top leaders of which believe in the establishment of the Socialist Republic of India."

FRANCE AND SAAR SIGN CONVENTION

A judicial convention between France and the Saar was signed at the French Foreign Office on the afternoon of January the fifth, naming M: Gilbert Grandval, Saar Provisional Governor since 1945 as French High Commissioner for the Saar.

At the signing of the convention three main points were discussed: Nomination of a high

commissioner; unification of jurisprudence; and exploitation of mines.

The discussion was a development towards the economic attachment of the Saar territory to France, of which the conversion of the Saar currency from marks to francs was the start.

PAYMENTS FROM BLOCKED ACCOUNTS

CONCESSION TO U. S. CREDITORS

The U. S. Treasury Department has announced that it is prepared, in appropriate cases to grant licenses for payments to creditors, resident in the United States of business organizations and individuals in Bulgaria, Hungary and Rumania, from blocked accounts in the United States in which the debtors have an interest. A similar announcement was made last May 20 concerning payments to creditors of persons in Italy.

Officials explained that the step in regard to Bulgaria, Hungary and Rumania is being taken even though the final disposition of the blocked assets of these countries has not been determined. In general, licenses will be issued only in those instances where the debt was incurred either prior to the date of blocking the country involved or after that date in accordance with a license specifically authorizing the use of blocked funds.

The Treasury also announced that, in view of ratification of the peace treaties with the four countries, the governments and citizens of those countries are no longer deemed "enemy nationals." This, however, does not modify most of the rules governing transactions with the nationals of these countries.

Personalities

Mr. Mohamed Younus

Mr. Mohamed Younus, Chief Engineer, P.W.D., has taken charge as Secretary to Government, Planning and Development.

Mr. Hamiduddin Ahmed

Mr. Hamiduddin Ahmed, Director, Civil Supplies, has taken charge as Secretary to Government, Information and Broadcasting.

Dr. J. C. Sinha

Dr. J. C. Sinha, Professor of Economics, Presidency College, Calcutta, has been elected President of the Indian Economic Association the next Conference under the auspices of which will be held at Hyderabad.

Dr. Tarachand

Dr. Tarachand has been appointed as the Secretary to the Government of India, Education Department.

Prof. M. S. Thacker

Prof. M. S. Thacker, head of the Department of Power Engineering in the Indian Institute of Science, Bangalore, and Prof. A. Visvanath, Principal, Arthur Hope College of Technology, Coimbatore, are putting up research and development schemes for producing standardised oil engines to fit in with the industrial expansion in the country. Their immediate objective is to evolve standard engines of small units.

Mr. B. N. Adarkar

Mr. B. N. Adarkar of India was elected chairman of the International Trade Organization Sub-Committee examining Article 18 dealing with governmental assistance for economic development.

Mr. Rowland Owen

Mr. Rowland Owen has resumed his duties at Delhi as H.M.'s Senior Trade Commissioner in India and Economic Adviser to the High Commissioner for the U.K. in India.

Sir John Madsen

An Australian scientific delegation of five members, headed by Sir John Madsen, Professor

of Electrical Engineering and Dean of the Faculty of Engineering, University of Sydney, visited Hyderabad.

The delegation has come at the invitation of the Government of India.

Other members of the delegation are Sir Kerr Grant, Professor of Physics, Adelaide University, Prof. J. S. Prescott, Mr. R. G. Thomas, Geo-Chemist, Australian Council of Scientific and Industrial Research and Mr. G. B. Gresford, Assistant Secretary, Australian Council of Scientific and Industrial Research.

Mrs. Ambrose N. Diehl

Mrs. Ambrose N. Diehl, President of the National Council of Women of the U.S.A., a unit of the International Council of Women, recently arrived in New Delhi. As Chairman of the International Relations Committee of the General Federation of Women's Clubs in the U.S.A., Mrs. Diehl makes regular reports through 17,000 women's clubs to nearly 300 American women, on problems and opinions of women, throughout the world and on aspects of culture in foreign countries.

The International Council of Women works closely with the Economic and Social Council of the United Nations and is concerned with international problems relating to peace, laws, suffrage, moral standards, public health, child welfare, education, migration, the Press, trades and profession, letters, arts, cinema, broadcasting and housing.

Sir John Anderson

Sir John Anderson, a former Governor of Bengal, has been reappointed to the Board of the Imperial Chemical Industries in London. He had resigned from the Board in 1938 on being appointed as Lord Privy Seal.

Professor Alexander Findlay

Professor Alexander Findlay, one of the world's most distinguished chemists and Britain's delegate to this year's Indian Science Congress,

is now on a goodwill tour of India and Pakistan. He will hold consultations with the chemists of India and Pakistan on how best the Royal Institute of Chemistry, which has a local section and conducts examinations in India, can help the chemists of the sister dominions to build up a strong profession of chemistry in the interests not only of chemists but of the country as a whole.

Mr. Thomas Bayard McCabe

Few of the sturdy controversialists of the Roosevelt regime now retain positions in which they can sway Federal policies. The latest victim of the Truman axe was Mr. Marriner Eccles, chairman of the Federal Reserve Board of Governors, who will retain a position as vice-chairman of the board, but who will be replaced as chairman by Mr. Thomas Bayard McCabe an industrialist and former chairman of the Reserve Bank of Philadelphia.

Although reports from Washington have suggested that Mr. Eccles would be re-appointed for another term as chairman, the decision is not altogether surprising. From early post-war days Mr. Eccles has been a vigorous and outspoken critic of monetary and fiscal policy, and his more

recent remarks have pounded impartially at Congressmen and Cabinet for their successive failures to grapple with the inflationary boom. The climax was no doubt reached during the special session, when his plea for new control powers over credit policy met with the stubborn resistance of Mr. John Snyder, Secretary of the Treasury, and a close personal friend of the President.

Because the new F.R.B. chairman is "Republican by politics and considered conservative by bankers," it should not be too easily assumed that Treasury policy will undergo an immediate and radical change. The Treasury has constantly upheld the policy of maintaining the long-term rate, and in that view was supported by Mr. Eccles and the whole of the Reserve Board. Official emphasis now places great reliance upon the voluntary co-operation of member banks in their present campaign to curb "speculative and non-productive" loans, and with a heavy Treasury cash surplus through February, inflationary pressure may lessen. If by the close of March the inflationary trend is still well in evidence, industry must be prepared for a more general retreat from the cheap money pattern of recent years.

Current Statistics

HYDERABAD

HYDERABAD SEASON AND CROP REPORT
FOR THE WEEK ENDING THURSDAY, 29TH
ISFANDAR, 1357 F. (29TH JANUARY, 1948).

GENERAL REMARKS

Periodical average rainfall for the Dominions
for the current agricultural year and the normal
figures are as follows :—

	Average (Present season)	Normal (27 years)	Departure from normal
S. W. Monsoon .	32.74"	25.57"	+ 7.17"
N. E. Monsoon .	1.49"	2.78"	— 1.29"
Intermediate period ..	0.64"	0.50"	+ 0.14"
Total ..	34.87"	28.85"	+ 6.02"

Rabi crop slightly suffered by the week's rain
in parts of Aurangabad and Bir, by fog in few
areas of the latter district; not fair in some places
of Mahbubnagar, Karimnagar, Adilabad, Bir,

Gulbarga, Raichur and Osmanabad and attacked
by insects in some tracts of Karimnagar. Wheat
suffered due to rust in some areas of Bir; not
fair in parts of Parbhani, Bir, Gulbarga and
Osmanabad and failed in certain tracts of
Adilabad and Parvham. Harvesting of crop
commenced in a few stray places.

Average retail prices of grains in seers per
O.S. Rupee were :—

Grain	Week under Report	Previous week	Corres- ponding week last year
1	2	3	4
Wheat ..	1½	1½	2¼
Rice ..	3	3	3
W. Jawar ..	4½	4½	5
Y. Jawar ..	5½	5½	5½

Note : —This report is based on 77 out of 105
(78 of) weekly reports.

Comparative Statement showing Rainfall of past and present seasons

Districts	Average rainfall of current season corrected upto 22-4-57 F. 22-1-1948	DURING WEEK ENDING 29TH ISFUNDAR 1857 F.		Total average rainfall from 16-8-56 F. 16-5-47 upto 29-4-57 F. 29-1-1948	Total average rainfall of corresponding period of last year	Departure from normal (27 years)
		No. of Talukas from which reports have been received	Average rainfall			
1	2	3	4	5	6	7
Hyderabad City ..	38.38	.	..	38.87	23.04	+ 12.95.
Atrafi-i-Balda ..	38.87	Report due	..	33.87	28.78	+ 9.78
Nizamabad ..	38.84	3 out of 5	..	38.854	32.75	+ 5.41
Medak ..	36.54	4 „ 5	..	36.54	28.88	+ 6.94
Baghat ..	39.52	Received	..	39.52	24.80	+ 14.88
Mahbubnagar ..	39.18	4 out of 6	..	39.18	27.23	+ 14.06
Nalgonda ..	35.01	5 „ 7	..	35.01	25.22	+ 10.79
Warangal ..	43.80	6 „ 8	..	43.80	34.27	+ 9.88
Karimnagar ..	38.28	all	..	38.28	35.11	+ 5.78
Adilabad ..	38.40	5 out of 10	..	38.40	41.18	+ 1.23
Telingana Average ..	38.70	35 out of 49	..	38.70	31.17	+ 8.18
Aurangabad ..	27.09	8 out of 10	0.57	27.66	26.46	+ 0.89
Parbhani ..	31.00	4 „ 7	0.20	31.20	29.05	+ 0.51
Nander ..	35.70	4 „ 6	0/09	35.79	32.39	+ 4.27
Bir	30.22	5 „ 6	0.81	30.53	23.22	+ 8.59
Gulbarga ..	35.61	5 „ 8	..	35.61	24.52	+ 11.55
Raichur ..	25.90	7 „ 8	..	25.90	23.88	+ 6.07
Osmanabad ..	28.17	4 „ 5	0.12	28.29	24.52	+ 1.02
Bidar ..	38.38	all	..	38.38	25.80	+ 4.51
Marathwara Average ..	30.88	42 out of 55	0.16	31.04	26.11	+ 8.85
Dominions average ..	34.79	77 out of 105	0.08	34.87	28.64	+ 6.02

Note:—Variation in normal .. 6.02" as against + 6.09" last week is due to the variation of the weekly normal.

COINAGE AND CURRENCY

Ashrafies Minted in Value (December 1947).

Months	FULL ASHRAFIES		HALF ASHRAFIES		QR. ASHRAFIES		ONE-EIGHTH ASHRAFIES	
	No.	Value	No.	Value	No.	Value	No.	Value
December 1947 ..	Nil	..	85	2,185	186	4,216	565	9,040
Bahman 1857 F.								

Coins Minted, in value (December 1947)

Full Rs.	Half Rs.	Quarter Rs.	One-eighth Rs.	One-sixteenth Rs.	Two pies
Nil	Nil	3,41,000	1,78,500	48,500	4,100

Coins withdrawn in value (December 1947)

Rupees	Small silver coins	Small copper coins
Nil	Nil	Nil

Note Issue

Gross notes issued and currency Reserve.—The value of notes in gross circulation increased from Rs. 4,568.77 lakhs in November, 1947 to Rs. 4,915.27 lakhs in December, 1947. The percentage of Cash Reserve to gross notes in circulation was 39.28 per cent. showing a rise of about 4.61 per cent. compared to the previous month.

The following statement gives the comparative figures of gross notes in circulation and the composition of the Reserve for the month and the corresponding month of the previous year.

Figures in Lakhs of Rs.

Months	COMPOSITION OF THE RESERVE					Percentage of cash Reserve to gross notes in circulation
	Gross notes in circulation	CASH		SECURITIES		
		B.G.	O.S.	Government of India	H.E.H. the Nizam's	
December 1947 ..	4,915.27	1,491.82	439.12	2,979.25	5.07	39.28
November 1947 ..	4,568.77	1,290.94	298.51	2,979.25	5.07	34.68
December 1946 ..	5,106.99	1,685.99	541.68	2,824.25	55.07	43.62

Figures in Lakhs of Rs.

In December 1947, the Cash holdings in B.G. converted into O.S. as well as the cash holdings in O.S. increased by Rs. 200.88 lakhs and

Rs. 145.61 lakhs respectively while the value of the securities of Government of India and H.E.H. the Nizam's Dominions remained unchanged, compared to last month.

Notes in circulation.—Of the total notes issued 98.85 per cent. went into active circulation in December, 1947 as against 98.40 per cent. in the previous month. An absorption in note circulation to the extent of Rs. 859.27 lakhs or about 7.10 per cent. also took place.

The following table gives the absorption and contraction of currency together with their

percentages for December, 1947, November, 1947 and December, 1946.

Denomination of notes issued.—The value of Notes of different denominations issued for circulation to the Hyderabad State Bank during the month under survey, the preceding month and the corresponding month of last year is noted below :—

Value in Lakhs of Rupees

Months	1 Re. Notes	5 Rs. Notes	10 Rs. Notes	100 Rs. Note.	1,000 Rs. Notes
December 1947	..	154.41	865.60	269.99	176.59
November 1947	..	24.00	52.70	74.14	252.92
December 1946	52.04	115.13	282.95	178.57	121.57

Notes Withdrawn.—The following table gives the value of Notes of different denomination

withdrawn from circulation.

Value in Thousands of Rupees

Months	1 Re. Notes	5 Rs. Notes	10 Rs. Notes	100 Rs. Notes	1,000 Rs. Notes
December 1947	..	8,800.0	7,962.9	22,464.9	28,281.0
November 1947	..	1,867.8	4,568.9	6,558.0	428.0
December 1946	81,472.5	2,764.9	4,799.6	8,872.9	15,156.0

Figures in Lakhs of Rupees.

				December 1947	November 1947	December 1946
1 Total Notes issued during the month	..	..	..	966.59	408.76	750.20
2 Total Notes in circulation	..	..	..	4,915.27	4,568.77	5,107.06
3 Absorption (+) or contraction (—)	..	..	..	+ 846.50	+ 269.58	+124.60
4 Percentage of 2 to 3	..	..	..	7.58%	5.77%	2.50%

HYDERABAD STATE BANK, HYDERABAD-DN.

Weekly position as on 13th Farwardi 1857 F.

Capital Accounts		75,00,000	0	0	Inland Bills		80,700	0	0
Reserve Fund		22,75,000	0	0	Loans (O.S.)	30,48,104	0	4	
Deposits					B.G. Rs.				
					14,635-10-0	17,074	14	4	30,65,178 14 8
1818	Current Acct. O.S.	5,52,87,764	0	9	Cash Credits O.S.	1,60,03,668	4	3	
B.G. Rs.					B.G. Rs.				
1648	4,29,51,040-10-7	5,01,09,547	7	0	22,01,458-1-6	26,73,367	12	4	1,80,77,036 0 7
Savings Bank (O.S.)		23 93,538	0	9	Overdrafts (O.S.)	1,70,81,531	8	6	
B.G. Rs.					B.G. Rs.				
585	4,60,529-11-11	5,37,284	11	2	5,41,791-12-7	6,32,090	6	8	1,77,13,621 15 2
Fixed Deposit O.S.		53,99,809	13	8	Investment				
B.G. Rs.					Accounts (O.S.)				
165					Bills Discounted	8,55,928	18	8	5,96,55,031 9 0
10	4,16,752-5-5	4,86,211	1	3	B.G. Rs.				
Short Term Deposit					4,20,200-0-0	4,90,233	5	4	13,46,162 3 0
Other Accounts					D.D. Purchased				
					O S	8,14,090	3	8	
Sundries					B.G. Rs.				
					4,14,168-0-4	4,83,196	0	4	7,97,886 4 0
Cash Credit (Cr. Bal.)		19,91,611	18	2	Dead Stock (O.S.)				8,06,260 7 7
B.G. Rs. 3,481-3-5		4,061	6	8	Sundries (O.S.)				58,31,408 0 5
		19,95,673	3	10	Cash				
					In hand (O.S.)	1,09,85,765	0	10	
					B.G. Rs.				
					71,49,029-5-4	83,40,584	3	6	1,92,76,299 4 4
					With bankers O.S.	3,52,707	10	2	
					B.G. Rs.				
					35,76,703-0-5	41,72,820	3	2	45,25,527 13 4
Includes Government Balance at H.O.									
O.S. Rs.		78,87,949	15	10					18,12,31,112 8 1
B.G. Rs.		1,81,25,452	8	10					

Railway Statistics.

Srl. No.		N.S.Rly. August 1947	Road Transport Department		
			August 1947	September '47	October 1947
1	No. of passengers	1,822,448	2,561,494	2,789,288	3,290,065
2	Freight ton miles	44,485,588	115,819	98,876	104,877
3	Gross earnings	49,13,649	10,85,622	10,68,088	11,57,017
4	Total expenditure	22,82,485	7,48,910	9,78,818	8,26,184
5	The number of tourist parties that visited the State Hotel during December 1947 is 5 in singles and 27 in 9 parties of more than one (comprising one party of seven, two parties of four and six parties of two).				

COAL STATISTICS

Production and despatches of coal from the Collieries during December, 1947.

Particulars	COLLIERIES						Total	
	Kothagudum			Tandur				
	T.	Cwt.		T.	Cwt.		T.	Cwt.
Production ..	69,801	0		30,411	1		1,00,212	1
Despatches ..	63,542	0		27,966	11		91,508	11

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 89,942-18 and to concerns that are outside the State is T. 51,565-18.

INDUSTRIAL STATISTICS

Statement showing the production of special commodities for the Months of November and December, 1947.

Srl. No.	Commodities	Units	November 1947	December 1947
1	Cotton Yarn Spun	Lbs.	17,33,769	16,50,572
2	„ Piecegoods	„	14,38,495	14,03,468
„	„ „ „	Yds.	48,47,894	46,36,477
3	Cement	Tons.	13,820	14,952
4	Matches	Gross	5,650	14,908
5	Sugar	Cwt	40,838	66,521
6	Cotton consumed (pressed)	Lbs.	18,53,446	22,63,163
„	„ (un-pressed)	„	110,934	195,120

Detailed statement showing particulars of Joint Stock Companies incorporated in H.E.H. the Nizam's Dominions in the month of December, 1947.

Srl. No.	Classification and name of the Company	Names of Agents and Secretaries, etc., and situation of registered office	Object	CAPITAL		
				Authorised	Issued	Paid-up
1	<i>Trading and Manufacturing.</i> The Deccan Optical and Allied Industries Ltd.	M/s. A. R. Kapur & Co., Hyderguda, Hyderabad-Deccan.	Manufacture of optical goods	5 lakhs	1 lakh	Nil

AVIATION STATISTICS

(Deccan Airways)

Period	Passengers Carried	Passenger ton Miles	Freight Lbs.	Freight ton Miles	Mails Lbs.	Mail ton Miles
November ..	3,137	1,44,292	75,693	14,740	7,589	2,458
December ..	3,105	1,41,862	77,287	16,681	8,053	2,453

TRADE STATISTICS

(In lakhs of O. S. Rupees)

Commodity	FOR THE MONTH OF BAHMAN		FOR THE FIRST THREE MONTHS OF	
	1956 F.	1957 F.	1956 F.	1957 F.
<i>Imports.</i>				
Piecegoods	73.82	70.48	179.14	100.88
Yarn	20.89	19.04	58.15	88.45
Silk	2.48	1.77	8.04	5.88
Sugar	6.74	2.15	20.81	10.86
Fruit	20.84	13.41	39.48	25.90
Betelnut	7.86	8.15	14.68	14.88
Animals	2.65	1.72	6.95	3.78
Bassware	10.81	4.47	20.96	12.77
Iron	9.78	5.67	20.53	16.22
Timber	0.67	0.16	1.55	0.70
Silver	15.97	0.45	17.48	0.75
Gold	10.92	7.67	17.58	15.65
Foodgrains	1.79	26.26	8.00	94.13
Miscellaneous	170.64	157.47	448.00	458.51
Salt	6.48	7.66	10.84	17.88
Total imports ..	360.29	326.48	867.19	816.569
<i>Exports.</i>				
Foodgrains	10.61	23.72	88.62	59.58
Cotton	77.14	90.43	138.60	164.84
Linseed	0.15	30.41	0.38	55.81
Til	7.54	9.09	22.06	14.05
Groundnuts	57.94	16.28	80.57	25.96
Castorseed	2.45	12.47	8.23	50.89
Oils	69.98	21.54	160.75	47.26
Indigo	0.02	0.01	0.07	0.03
Timber	1.76	3.54	5.57	4.67
Hides and Skins	1.66	4.05	4.15	12.04
Animals	0.22	0.16	1.47	0.26
Miscellaneous	47.82	84.78	180.78	180.41
Total Exports ..	276.74	246.48	641.20	615.24
Grand Total ..	637.03	572.96	1,508.39	1,431.98

PRODUCTION OF ELECTRICITY

HUSSAIN SAGAR POWER HOUSE.

The following is the data for the month of January 1948 pertaining to the production of Electric Power by the Hussain Sagar Power House:—

Number of Units Generated ..	29,44,780
Number of Units Sent Out ..	27,95,448
Coal Consumed ..	8,504 Tons, 19 Cwts
Max. Load during the month ..	7,100 KW.

COTTON STATISTICS

Harvest of kharif cotton is over. Rabi sowing is still in progress. The condition of cotton crop in parts of Adilabad, Aurangabad, Parbhani, Nanded, Bir, Gulbarga and Osmanabad is reported to be unsatisfactory due to lack of rain and in Karimnagar due to insects.

Area and Outturn.—The estimated area according to the 3rd cotton forecast for the year 1947-48 (1956-57 F.) was 1,501,784 acres as

against 1,769,210 acres last year showing a decrease of 267,426 acres or about 15.1 per cent.

The estimated outturn for the Dominions is about 224,811 bales as compared with 242,127 bales of last year showing a decrease of 17,816

bales or about 7.8 per cent. The average outturn worked out at 78 per cent. of the normal as compared with 65 per cent. reported last year.

Classified by trade description the figures are as follows :—

Trade Description	1947-48 1856-57 F.		1946-47 1855-56 F.		5 YRS. AVERAGE		Staples
	Acreage	Yield in bales	Acreage	Yield in bales	Acreage	Yield in bales	
I. Hyd'bad Oomras.	9,81,209	1,85,881	11,78,303	1,68,272	14,56,202	1,88,044	Short staple.
II. Hyd'bad Gaorani	4,82,594	84,011	5,51,456	1,74,728	7,81,083	1,08,348	Medium Staple.
III. Raichur Kumpta and Upland ..	305	87	4,824	584	48,418	5,012	do
IV. Western ..	15,452	2,102	15,695	1,812	1,22,807	15,058	do
V. Warangal and Coconadas ..	22,224	2,280	23,862	2,281	55,417	7,071	Short Staple.
Total ..	15,01,784	2,24,311	17,69,210	2,42,127	24,18,427	3,18,528	

(Rate of kapas per palla of 120. seers)

Markets		Variety	Opening	Closing	Last year closing
			Rs. a. p.	Rs. a. p.	Rs. a. p.
Warangal ..	..	Barsati ..	46 4 0	48 0 0	..
Adilabad ..	..	..	..	..	..
Aurangabad ..	..	Jarila ..	71 0 0	76 8 0	72 0 0
Umri ..	..	General ..	73 12 0	78 12 0	70 8 0
	..	Reserve ..	76 12 0	82 0 0	..
Gangakhed ..	..	Bani ..	60 4 0	68 4 0	..
Partur ..	..	..	..	..	..
Sailu ..	..	..	..	..	..
Purna ..	..	..	..	..	..
Hingoli ..	..	..	..	..	..
Nanded ..	..	..	..	..	..
Latur ..	..	Bani ..	60 12 0	69 8 0	63 0 0
	..	American ..	70 8 0	73 12 0	66 0 0
	..	No. 12 ..	81 8 0	85 0 0	..
Bhainsa ..	..	..	..	..	..
Dharmabad ..	..	..	..	..	..
Raichur ..	..	Mungari ..	51 4 0	58 8 0	58 0 0
	..	Faram ..	56 0 0	58 4 0	55 0 0
	..	Upland ..	56 4 0	58 8 0	..
	..	Jawari ..	53 4 0	57 8 0	55 0 0
	..	(Price of Cotton Lint per palla of 120 Seers).			
Raichur ..	..	Mungari ..	122 0 0	180 0 0	125 0 0
	..	Farm ..	140 8 0	149 0 0	150 0 0
	..	Upland ..	188 0 0	149 0 0	..
	..	Jawari ..	188 0 0	147 0 0	..
	..	Stone ..	180 0 0	148 0 0	..

Pressing.—During the month under report (December, 1947) 50,653 bales were pressed as against 45,180 bales in the corresponding month of last year and the average for the preceding five years of 45,204 bales. Total number of bales pressed since the beginning of the season (1st September, 1947) is 62,843 bales as against 48,246 bales during the corresponding period of last year.

Export.—Export by rail and road in the month of Dai, 1357 F. (November, 1947) amounted to 20,548 bales as against 16,641 bales of last year and the average of the corresponding month of the preceding five years of 19,161 bales. The total export since the beginning of the season (1st September, 1947) was 378,989 as against 379,285 bales of last year.

Mill Consumption.—Spinning and weaving mills in the Dominions consumed 2,458,288 lbs. (6,146 bales) of cotton during the month of December, 1947 as against 840,600 lbs. (2,102 bales) in the corresponding month of last year and the average for the corresponding month of the preceding quinquennium of 2,323,200 lbs. (5,808 bales). Total consumption since the beginning of the season (1st September, 1947) amounted to 8,499,083 lbs. (21,248 bales) as against 6,067,577 lbs. (15,169 bales) last year.

Cotton Stock.—The stock of cotton on 31st August 1947 was 60,889 bales as against 205,777 bales reported for the corresponding date of last year.

The stock of cotton in the Regulated Markets for the month of Bahman, 1357 F. (December, 1947) is noted below :—

Cotton ginned and pressed in bales	Cotton ginned and unpressed in lbs.	Cotton unginned lbs.	Total No. of bales
57,492	Lbs. 1,377,916 Bales 84,45	Lbs. 21,014 711 Bales 517,512	78,449

WORKING CLASS COST OF LIVING INDICES IN THE DOMINIONS

During the month of October the working class cost of living index numbers for the City of Hyderabad, Nizamabad, Nander, Aurangabad and Gulbarga stood at 136, 143, 161, 149 and 142 points respectively thereby showing a rise of 2, 3, 5, 1 and 10 points respectively compared to the previous month. The cost of living index number for Warangal decreased from 146 points in September, 1947 to 141 points in October, 1947.

Statement showing working class cost of living indices for the above six industrial centres (by groups) for the months of September and October, 1947 is given below :—

[Statement.]

WORKING CLASS COST OF LIVING INDICES FOR THE MONTH OF OCTOBER, 1947.

(Base : August 1943 to July 1944 = 100).

Serial No.	Groups	CITY OF HYDERABAD			WARANGAL			NIZAMABAD			NANDER			AURANGABAD			GULBARGA		
		Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947	Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947	Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947	Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947	Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947	Weight proportional to total Expenditure	Sep-tem-ber 1947	Oc-to-ber 1947
1	Food ..	62.25	134	137	48.43	146	140	64.38	141	146	62.89	174	181	58.67	151	151	66.50	125	135
2	Fuel and light ..	6.87	157	145	7.50	147	145	8.55	157	157	6.73	148	148	6.32	131	131	6.05	206	206
3	Clothing ..	11.03	101	110	8.70	107	111	13.66	118	118	13.85	106	106	18.42	140	142	13.15	107	112
4	Rent ..	5.81	100	100	3.21	100	100	3.74	100	100	4.29	100	100	4.15	100	100	3.32	100	100
5	Miscellaneous ..	10.66	162	160	8.04	203	185	5.73	158	152	8.49	151	150	11.46	172	171	8.50	188	196
6	Intoxicants ..	3.88	166	166	4.12	160	160	3.94	173	173	3.75	131	131	0.94	209	209	2.48	156	205
	Cost of Living Index No.	100	134	136	100	146	141	100	140	143	100	156	161	100	148	149	100	132	142

MONTHLY INDEX NUMBERS OF WHOLESALE PRICES IN THE CITY OF HYDERABAD FOR THE MONTH OF DECEMBER, 1947

Compared to last month (November), the average index numbers of Cereals and Pulses shot up by 81 and 56 points respectively while those of Sugar and Other Food Articles declined by 28 and 67 points respectively; thereby bringing about a fall of 19 points in the index of All Food group. The increase under Cereals and Pulses groups was mainly due to the rise in prices of Wheat Yellow, Wheat Red, Gram Bengal and Tuar Broken, while the decrease under Other

Food Articles was owing to sudden fall in Price of Onions, Potatoes and Ginger.

The index numbers of Oilseeds, Cotton Raw and Hides and Skins, under "All-Non-Food Group" appreciated by 9, 75 and 82 points respectively while those of Vegetable Oils, Cotton Manufactures, Building Materials and Other Raw and Manufactured Articles went down by 4, 4, 7 and 80 points respectively compared to the preceding month.

The General index number for December 1947, (on base: August 1939=100) stood at 352 points as against 360 in November and 378 in October.

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF DECEMBER 1947 COMPARED WITH BASE PRICES.—BASE: AUGUST, 1939=100.

Serial No.	Commodity	Unit	Base: August 1939 Prices	October 1947	PRICES FOR		INDEX NOS.		
					November 1947	December 1947	October 1937	November 1947	December 1947
1	2	3	4	5	6	7	8	9	10
I. FOODGRAINS.									
(i) Cereals.									
			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.			
1	Rice, fine, 1st quality ..	Palla	37 0 0	48 10 0	48 10 0	48 10 0	268	268	268
2	Rice, Arcoti ..	do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice, Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat, Bansi ..	do	18 8 0	43 10 0	43 10 0	N.S.	236	236	..
5	Wheat, Yellow ..	do	16 12 0	43 10 0	34 10 0	60 0 0	260	260	358
6	Wheat, Potia ..	do	18 0 0	..	..	..	..	..	..
7	Wheat, Red ..	do	14 8 0	43 10 0	43 10 0	60 0 0	301	301	414
8	Jawar, 1st quality ..	do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality ..	do	12 0 0	24 0 0	24 0 0	23 8 0	200	200	196
10	Bajra ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals ..	..	..	..	..	..	244	244	275
(ii) Pulses.									
11	Gram, Bengal ..	Palla	16 0 0	47 4 0	47 4 0	68 8 0	294	294	428
12	Gram, Horse ..	do	10 8 0	32 8 0	32 8 0	32 8 0	310	310	310
13	Mung, Green ..	do	12 2 0	61 0 0	..	51 0 0	503	..	421
14	Mung, Black ..	do	12 0 0	..	55 0 0	N.S.	..	453	..
15	Lentils ..	do	15 9 0	..	..	..	..	..	..
	Average Index No. of Pulses ..	..	..	..	..	..	379	368	418
(iii) Sugar.									
16	Sugar, refined ..	Palla	45 0 0	86 4 0	86 4 0	81 8 0	192	192	181
17	Gur or raw sugar ..	do	28 8 0	56 0 0	56 0 0	43 0 0	196	196	181
	Average Index No. of Sugar ..	..	..	..	..	..	194	194	186

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF DECEMBER 1947 COMPARED WITH BASE PRICES.—BASE : AUGUST 1939 = 100.

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR			INDEX NOS.		
				October 1947	November 1947	December 1947	October 1947	November 1947	December 1947
1	2	3	4	5	6	7	8	9	10
<i>(to) Other Food Articles.</i>									
19	Tea	Lb.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.			
20	Salt	Palla	12 0 0	21 0 0	14 8 0	13 8 0	284	288	276
21	Onions	Palla	5 0 0	90 0 0	82 8 0	52 8 0	1,800	1,600	1,050
22	Turmeric	do	31 0 0	120 0 0	110 0 0	129 0 0	387	355	416
23	Tamarind	do	14 8 0	33 0 0	33 0 0	38 0 0	228	228	206
24	Chillies	do	57 8 0	195 0 0	185 0 0	160 0 0	342	322	278
25	Betel-nuts	Seer	0 9 0	3 8 0	3 8 0	3 8 0	622	622	622
26	Ghec, 1st quality	Maund	50 0 0	230 0 0	180 0 0	162 8 0	460	360	325
27	Potatoes	do	6 11 0	55 0 0	30 0 0	23 5 0	822	449	349
28	Ginger	do	6 11 0	40 0 0	40 0 0	15 0 0	598	598	224
29	Garlic	do	..	40 0 0	48 5 4	40 0 0	..	..	..
30	Fowl	Bird	1 0 0	2 8 0	2 9 0	2 10 0	250	256	263
31	Eggs	Dozen	0 7 0	1 8 0	1 8 0	1 8 0	343	348	343
32	Milk	Seer	0 4 0	0 8 0	0 8 0	0 10 0	200	200	267
33	Beef	Lb.	0 1 8	0 8 0	0 7 0	0 7 0	480	420	420
34	Mutton	do	0 3 4	0 10 8	0 11 0	0 11 0	320	330	330
	Average Index No. of Other Food Articles	..	..	..	..	..	487	436	369
	Average Index No. of All Food	..	..	..	..	..	384	357	338
<i>II. OIL SEEDS.</i>									
35	Sesamum	Palla	21 0 0	120 0 0	110 0 0	92 8 0	571	524	440
36	Cotton seed	do	9 0 0	25 8 0	26 8 0	27 8 0	281	294	306
37	Groundnut	do	12 8 0	80 0 0	50 0 0	55 0 0	640	400	440
38	Linseed	do	11 8 0	55 0 0	N.S.	57 0 0	478	..	496
39	Castor seed	do	12 0 0	62 8 0	65 8 0	68 0 0	521	546	567
	Average Index No. of Oil seeds	..	..	..	..	..	498	441	450
<i>III. VEGETABLE OIL.</i>									
40	Sesamum oil	Palla	35 0 0	240 0 0	240 0 0	240 0 0	686	686	686
41	Castor oil	do	30 0 0	170 0 0	165 0 0	160 0 0	567	550	533
42	Linseed (double boiled)	Drum	22 8 0	32 0 0	36 0 0	36 0 0	142	160	160
43	Groundnut Oil	Palla	25 0 0	165 0 0	165 0 0	165 0 0	660	660	660
	Average Index No. of Vegetable oil	..	..	..	..	..	514	514	510
<i>IV. TEXTILES.</i>									
<i>(i) Cotton Raw.</i>									
44	Cotton raw Loose bales of 400 lbs	..	100 0 0	250 0 0	250 0 0	385 0 0	250	250	325
	Average Index No. of Cotton raw	..	..	..	..	..	250	250	325
<i>(ii) Cotton Manufactures.</i>									
45	Yarn unbleached	Lb.	0 8 0	1 6 0	1 5 8	1 5 10	275	271	273
46	Dhoties	do	0 9 0	2 0 0	1 15 8	1 15 0	356	353	344
47	Chaders	do	0 8 0	2 0 0	2 0 0	1 12 0	400	400	350
48	Saris	do	0 10 0	2 0 0	2 0 0	1 15 0	320	320	310
49	Shirtings	do	0 8 0	1 6 0	1 6 0	1 10 0	275	275	325
	Average Index No. of Cotton mfgs.	..	..	..	..	..	325	324	320

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF DECEMBER 1947 COMPARED WITH BASE PRICES.—BASE : AUGUST 1939 = 100.

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR			INDEX NOS.		
				October 1947	November 1947	December 1947	October 1947	November 1947	December 1947
1	2	3	4	5	6	7	8	9	10
V. HIDES AND SKINS.									
50	Hides, not tanned ..	Head	Rs. a. p. 2 6 0	Rs. a. p. 7 0 0	Rs. a. p. 9 0 0	Rs. a. p. 10 0 0	295	379	421
51	Skins ..	do	0 9 0	2 2 0	2 2 0	2 4 0	378	378	400
	Average Index No. of Hides and Skins ..						337	379	411
VI. BUILDING MATERIALS.									
52	Corrugated Iron sheet ..	Cwt.	12 3 0	N.S.	N.S.	N.S.	..	..	..
53	Iron Beams (Tata) ..	do	13 4 0	N.S.	N.S.	N.S.	..	..	..
54	Teak, country ..	C.ft.	3 0 0	8 12 0	8 12 0	8 12 0	292	292	292
55	Do Rangoon ..	do	7 8 0	N.S.	N.S.	N.S.	..	..	..
56	Cement, Shalabad ..	Cwt.	2 14 0	5 0 0	4 4 0	4 4 0	174	148	148
57	Lime ..	100 C.ft.	19 0 0	65 0 0	70 0 0	65 0 0	342	368	342
58	Bricks, country ..	1,000	9 8 0	0 8 0	N.S.	45 0 0	..	474	474
59	Bricks, Table mould ..	1,000	15 8 0	N.S.	N.S.	N.S.	..	..	..
	Average Index No. of Building Materials ..						269	321	314
VI. OTHER RAW, MANUFACTURED ARTICLES.									
60	Charcoal ..	Cwt.	1 12 0	N.S.	..	..	..	..	..
61	Kerosene oil a tin of 1st quality ..	..	6 4 0	N.S.	N.S.	N.S.	..	..	..
	4 gallons ..	..	4 0 0	5 1 0	5 1 0	4 10 0	127	127	116
62	Kerosene oil 3rd quality ..	..	4 0 0	N.S.	N.S.	N.S.	..	..	..
63	Tobacco ..	Maund	17 8 0	N.S.	N.S.	N.S.	..	..	..
64	Soap (Sunlight) ..	..	03 4 0	211 8 0	211 8 0	180 0 0	227	227	193
65	Matches ..	Gross	2 8 0	5 10 0	4 8 0	6 8 0	225	260	200
66	Firewood ..	Maund	0 8 0	2 0 0	2 0 0	1 10 0	400	400	825
	Average index No. of Other raw and Manufactured Articles ..						245	254	224
	Average Index No. of All Non-Food ..						370	364	367
	General Average Index Number ..						378	360	332

O.S. Rs. 116-10-8 = B C. Rs. 100-0-0.

OTHER STATISTICS

CONTROL OF CAPITAL ISSUES IN INDIA

During the year 1947 the figures relating to consents for capital issues have been declining sharply from quarter to quarter, the decline being more marked in respect of the amount sanctioned. In the quarter ended 30th September, 1947, consent was given to 100 companies for an issue of Rs. 27.92 crores as against 111 companies for an issue of Rs. 57.27 crores during the quarter ended 30th June, 1947, and 185 companies for Rs. 85.58 crores for the quarter ended 31st March, 1947. In the latest quarter as in the

earlier periods immediate schemes occupied a more prominent place than the long-range ones, their percentage to total consents being 86.0 in respect of the amount allowed. As regards the distribution of consents between industrial and non-industrial schemes, the former predominated over the latter, being 62.0 per cent. of the total number of companies and 62.03 per cent. of the total amount sanctioned. The accompanying table gives the group-wise distribution of consents. The aggregate figures for the first two quarters of the year also have been given for comparative study.

CONTROL OF CAPITAL ISSUES

CONSENT FROM 1ST JULY 1947 TO 30TH SEPTEMBER 1947†.

(Amount in crores of rupees)

Classification	IMMEDIATE		LONG-RANGE		IMMEDIATE and LONG-RANGE SCHEMES COMBINED	
	No. of companies	Amount sanctioned	No. of companies	Amount sanctioned	No. of companies	Amount sanctioned
Industrial	52	12.45	10	4.87	62	17.82
Agricultural	7	0.61	1	0.50	8	1.11
Financial	18	4.74	1	0.65	19	5.39
Trade and Transport ..	7	0.98	1	2.50	8	8.48
Other Services	2	0.40	1	0.22	3	0.62
Total Non-industrial ..	84	6.73	4	8.87	88	10.60
Total for the quarter ended September, 1947	86	19.18	14	8.74	100	27.92
Total for the quarter ended June, 1947	80	37.49	31	19.78	111	57.27
Total for the quarter ended March, 1947	189	42.50	46	48.08	185	85.58
TOTAL FOR 9 MONTHS ENDED SEPTEMBER, 1947 ..	805	99.17	91	71.60	896	170.77

† Subsequent to 15th August, 1947, figures relate only to Indian Union.

LESS WHEAT AND FEWER POTATOES

1947 CROP COMPARISONS

Wheat production in 1947 was estimated at 801,000 tons less than the 1946 yield, in spite of the area being increased by 98,000 acres. The agricultural returns of England and Wales, give the full figures for wheat as :—

1946, 1,982,000 acres ; estimated total production, 1,882,000 Tons. 1947, 2,075,000 acres ; total production, 1,581,000 tons.

The abnormal weather of 1947 adversely affected almost every crop. Potatoes especially showed a big reduction. In 1946 the acreage was 1,009,000 and the yield 6,840,000 tons. The acreage was reduced to 941,000 in 1947 and the yield to 5,478,000 tons. Other figures were :—

Barley—1947 acreage, 1,879,000 (2,008,000 in 1946) ; 1947 yield, 1,468,000 tons (1,755,000 in 1946).

Oats—1947 acreage, 1,961,000 (2,154,000 in 1946) ; 1947 yield, 1,504,000 tons (1,731,000 in 1946).

Sugar beet.—1947 acreage, 862,000 (420,000 in 1946) ; 1947 yield, 2,821,000 tons (1946, 4,447,000 tons).

COAL PRODUCTION COST UP IN BRITAIN

LOSS CAUSED BY 5-DAY WEEK

The cost of coal production during the first half of 1947—the first six months of nationalization—increased by about 4s. a ton, according to statistics published by the National Coal Board (price 6d.). The increase was brought about mainly by extra wage commitments through the

introduction of the 5-day week in May, and by the greater cost of stores and materials.

The statistics, which contain separate figures for each of the first two quarters of 1947, follow broadly the same lines as the quarterly statistics issued before nationalization by the Ministry of Fuel and Power, but changes in the method and basis of computation make comparison with earlier statements rather difficult.

Costs and proceeds were formerly expressed to units or a ton of commercially disposable coal, whereas the new statements are based on total saleable tonnage, and thus include in costs the value of coal supplies free to miners and coal consumed at the collieries. The Coal Charges Account, which was previously operated separately by the Ministry, no longer exists independently, but is incorporated in the new figures.

CHARGES REPLACED

Royalties, rents, and wayleaves payable to the Coal Commission were charged in previous statements, but are not now paid, and have been replaced by a provision for the amortization of the value of minerals formerly owned by the Commission and now vested in the board.

Certain other charges, including pensions, subscriptions, donations, and depreciation of assets other than plant and machinery, were not included in costs in previous statements, but these, and all other expenses of the board, including administrative costs, have also been incorporated.

The following tables of costs of production, proceeds, and profits afford comparison between the first and second quarters of 1947 :—

FIRST QUARTER

OUTPUT OF COAL :							Tons
1.	Tonnage disposable commercially	..	..	..			42,066,664
2.	Mine consumption	..	..	..			2,756,507
3.	Miners' coal	..	..	..			1,865,021
4.	Saleable tonnage from N.C.B. mines	..	..	..			46,188,192
5.	Item 4 as percentage of total saleable tonnage (including licensed mines)	..	..	..			98.9%
COSTS OF PRODUCTION :						Amount	Per ton saleable
6.	Wages (including holiday pay and allowances in kind)					£.	s. D.
						57,809,640	24 9.8
7.	Roof supports, general stores and repairs	..				11,604,14	5 0.8
8.	Coal and power consumed	..	..	..		5,950,064	2 6.9
9.	Other costs (including depreciation)	..	..	..		12,781,094	5 6.4
10.	Total Costs	..	..	..		87,644,943	37 11.4
11.	Proceeds	..	..	..		89,619,752	38 9.6
12.	Profit (before charging interest)	..	..	..		1,974,809	0 10.2
EARNINGS PER MAN-SHIFT WORKED : ..					Underground	Surface	All Workers
13.	Cash earnings	..	..	..	s. D.	s. D.	s. D.
14.	Value of allowances in kind	..	..	..	27 5.2	17 11.8	25 0.8
		..	..	..	1 8.2	0 11.4	1 2.2
15.	Total	..	..	..	28 8.4	18 11.2	26 2.5a
AVERAGE WEEKLY EARNINGS PER WAGE-EARNER :					Underground	Surface	All Workers
16.	Cash earnings	..	..	..	s. D.	s. D.	s. D.
		..	..	..	184 6	101 7	127 0
17.	Value of allowances in kind	..	..	..	6 2	5 4	6 0
18.	Total	..	..	..	140 8	106 11	133 0a

(a) The estimated average earnings, including the value of allowances in kind, in Great Britain for all adult male workers in the first quarter of 1947, amounted to 27s. 11d. per man-shift worked and 141s. 6d. per week.

SECOND QUARTER

OUTPUT OF COAL :							Tons
1.	Tonnage disposable commercially	..	..				42,084,976
2.	Mine consumption	..	..	..			2,561,084
3.	Miners' coal	..	..	..			1,204,248
4.	Saleable tonnage from N.C.B. mines	..	..				45,850,258
5.	Item 4 as percentage of total saleable tonnage (including licensed mines)	..	..	..			98.9%
COSTS OF PRODUCTION :						Amount	Per ton
						£.	Saleable
						s. d.	
6.	Wages (including holiday pay and allowances in kind)					60,835,859	26 8.9
7.	Roof supports, general stores, and repairs	..				13,529,460	5 10.8
8.	Coal and power consumed	..	..	..		5,714,416	2 5.9
9.	Other costs (including depreciation)	..	..	..		13,108,107	5 8.6
10.	Total Costs	..	..	..		92,687,342	40 5.2
11.	Proceeds	..	..	..		88,966,666	38 9.7
12.	Loss (before charging interest).	..	..	..		Loss 3,720,676	Loss 1 7.5
					Underground	Surface	All Workers
					s. d.	s. d.	s. d.
EARNINGS PER MAN-SHIFT WORKED :					29 7.3	19 8.2	27 0.0
14.	Value of allowances in kind	..	..	..	1 2.4	10.9	1 1.5
15.	Total	..	..	..	30 9.7	20 2.1	28 1.5a
AVERAGE WEEKLY EARNINGS PER WAGE-EARNER					Underground	Surface	All Workers
					s. d.	s. d.	s. d.
16.	Cash earnings	..	..	..	137 9	101 8	129 6
17.	Value of allowances in kind	..	..	..	5 7	4 9	5 5
18.	Total	..	..	..	143 4	106 5	134 11a

(a) The estimated average earnings, including the value of allowances in kind, in Great Britain for all adult male workers in the second quarter of 1947, amounted to 29 s. 9 d. per man-shift worked and 142s. 10d. per week.

As indicated in the tables, the profit or loss made is the result before meeting the extra liabilities of interest payments to the Treasury on account of working capital borrowed, and interim income payments to former colliery owners which are due for the first two years after vesting day. In a year, this is expected to amount to about £. 13m., three-quarters of which is in respect of interim income.

ADDITIONAL LIABILITIES

The board's liabilities are therefore greater than as shown in the tables, but are offset to some extent by the expected revenue from ancillary undertakings, such as the coke ovens, which are not included in the present statistics. Estimated revenue from this source is about £. 8m. a year.

If these additional liabilities are taken into account, the profit in the first quarter is thus turned into a loss, which, again, is further increased in the second quarter. Even disregarding the unseen liabilities of interest and interim income there was still a loss in the second quarter, due, as already stated, to beginning of the five-day week without any counter in the form of increased coal prices until September 1. However, benefits from much of the board's increased expenditure—for example, that on recruitment, training, and reorganization work—cannot be expected to show in financial results until a later period.

The interest and interim income liabilities must in the long run become a charge on the cost of coal. Although this liability will decrease in time, it is possible that it may rise again as the board is compelled to borrow additional money to finance reconstruction of the collieries.

In making comparisons with the last quarter of 1946 it must be remembered that the profits then would have been reduced by about 1 s. a ton if computed on the present basis. A rough estimate, which is all that is possible, shows that the increase in costs in the first quarter of last year was about 2 s. 6 d. a ton, or 1 s. 6 d. effectively taking into account the new compu-

tation, and in the second quarter was an additional 3 s. 6 d. a ton, or 2 s. 6 d. effectively, thus making a combined increase of 4 s. by the end of the half-year.

BANKING PROFITS IN 1947

With the preliminary statements issued by Lloyds Bank, the Midland Bank, and Williams Deacon's Bank, it is possible to obtain a broad view of the earnings experience of the eight principal English clearing institutions last year.

As will be seen from the tabular summary given below, aggregate profits show a net increase of 1.1 per cent. over 1946, but individually the results vary from a decline of 2.3 per cent. in the net profits of Barclays to a 3.6 per cent. increase in those of Williams Deacon's. The inference to be drawn from the figures is that the employment of larger average resources in the more profitable forms of banking assets has, generally speaking, more than offset the effect on gross profits of heavier expenses and the doubled profits tax:—

—	1947	1946	Inc. or Dec.
	£	£	Per cent.
Barclays	1,037,700	1,070,403	— 2.3
District	503,700	487,270	+ 3.4
Lloyds	1,635,612	1,583,178	+ 3.3
Martins	711,031	708,763	+ 0.4
Midland	2,002,570	1,987,148	+ 0.8
National Provincial ..	1,347,020	1,331,071	+ 1.3
Westminster	1,391,070	1,366,022	+ 1.8
Williams Deacon's ..	247,126	238,547	+ 3.6
Aggregate	9,477,740	9,379,008	1.1

A feature of the preliminary statements has been the tendency to strengthen inner reserves against future contingencies, though it will be noted that Williams Deacon's on the other hand, is transferring £. 800,000 from inner reserves to the published reserve (besides £. 100,000 from profits), thus increasing it to £. 1,500,000. Both Lloyds Bank and the Midland Bank adop-

ted this policy in their statements issued recently. Lloyds, besides maintaining its allocation to the published reserve at £. 500,000, is raising the appropriation to future contingencies from £. 100,000 to 150,000; the Midland, at the expense of a reduction from £. 280,000 to 150,000 in the transfer to bank premises account, is increasing its allocation to reserve for future contingencies from £. 400,000 to £. 500,000. Both these banks, as well as Williams Deacon's are maintaining their dividends at previous rates, a course in which they join the other banks.

LONDON'S POPULATION NOW 1,02,00,000

London's population in 1947 was 10,200,000; an increase of over 500,000 on the previous year.

STRIKES AND LOST-MEN-DAYS IN U.S.A.

The United States Labour Department of Statistics estimated that 35 million man-days were lost during 1947 in establishments directly affected by labour controversies.

WORLD'S CRITICAL FOOD POSITION

EXPORTABLE SUPPLIES GREATLY REDUCED.

The U. S. State Department reported that the shift in the food position of Far Eastern countries, which had reduced the exportable supplies of food available to other deficit food producing areas by about 11,000,000 short tons, was one of the three main underlying reasons for the present critical world food position.

The report, compiled as evidence to be submitted to Congressional committees inquiring into the proposed European economic recovery plan, points out that the Far East has not yet returned to its pre-war food export position. In 1935-39 this area was a net exporter of 4,500,000 short tons of foodstuffs yearly, whereas in 1947 the Far East became a net importer of 6,500,000 tons.

Grain exports to the Far East being about as large as in 1947 would have to be made if mass

starvation was to be averted. "The conclusions which a general analysis leads to is that food consumption targets as planned by countries participating in the recovery plan will not be reached unless there is a series of very fortunate crop conditions in many areas of the world," states the report.

Large grain deficits would have to be covered during the period of the Marshall Plan.

The total import requirements of countries participating in the recovery plan in 1947-48 were approximately 80,000,000 tons, and approximately 27,000,000 tons for each of the following three years.

RICE AREAS

Against the 80,000,000 tons needed for 1947-48, there appeared to be only about 19,000,000 tons available with a gradual increase to about 23,000,000 tons to meet the 27,000,000 tons requirement for 1950-51.

Pointing out that during pre-war years the countries participating in the recovery plan imported about 1,000,000 tons of rice yearly, the report says that production in the major rice-growing areas in the Far East was today handicapped by political unrest, war devastation and lack of fertilizers and equipment. This production should be increased as rapidly as possible, not only to assist rice-eating populations but to ease the Far Eastern drain on world wheat supplies and thereby release more for European countries.

The requirements for rice submitted by the Committee for European Economic Co-operation was modest, as related to pre-war imports, but extremely optimistic when related to the probable availability of world supplies.

Assuming a gradual improvement in the world rice position, it was estimated that net imports for Marshall Plan countries might reach 440,000 tons in 1947-48, increase to 108,000 tons by 1950-51 and to 262,000 tons by 1951-52, compared with stated import requirements of 230,000 tons to 800,000 tons annually for 1947-48 to 1949-50 and 870,000 tons in 1950-51.

FATS AND OILS

Dealing with the proposed programmes for fats and oils, the report said it was doubtful that the oil crushing industry in Europe would recover to the pre-war level if such recovery depended on historical sources of supply for oil-breaking materials.

Recovery of the oil-seed processing industry in Europe depended on restoration of exports from Manchuria and an increase of production of oil-breaking materials in the African Colonial areas. Supplies from China, the Netherlands, East Indies, and now depended on the successful solution of local political problems and future exportable supplies from India, which formerly supplied a large volume of oil seeds to Europe, were questionable because of increased domestic use.

World production of fats, oils and oilseeds, though increasing gradually, were now about 20 per cent. below the pre-war average.

The total quantity of fats and oils available for international trade in 1947 was estimated at approximately 3.2 million metric tons of oil compared with 5.9 million tons available before the war.

The pre-war level of exports were only attainable by further production increases. The only major sources of supply available to markets of the world were the Philippines, China and South America. The situation after 1948 promised gradually to improve, but that depended on the rapid recovery of areas like the Netherlands, Indies and Manchuria. Recovery of the oil-seeds crushing industry in France and the U. K. depended on increased production of raw materials from the African Colonies.

DEMAND FOR TEA

Dealing with tea needs, the report points out that the U. K.'s needs represent more than 88 per cent. of the total in each year. Before the

war, India, Ceylon and the Netherlands, East Indies were the major tea exporting countries, but the Japanese occupation and subsequent strife had resulted in the destruction of East Indies tea plants and future exportable supplies of tea from those countries could not at present be estimated. However, the tea production of Ceylon and India had increased during the war to such an extent that most of the demand for tea had been met.

It was expected that supply and demand for tea would remain in equilibrium up to 1951. This assumption was based on the belief that India and Ceylon would continue to export the average quantity of tea of the past five years.

Although cotton manufacturing in the Western Hemisphere, India and the Middle East was estimated during the war, the report emphasizes that Europe today is not in a financial position to purchase textiles from abroad and must endeavour to bring about rehabilitation of its own industry. A sharp reduction in Japan's capacity to produce textiles afforded Europe the chance to regain at least a substantial part of its former export trade. Countries, including India, which are normally importers of textiles would probably have their deficiencies supplied from Europe.

SHIFT TO RAYON

To the extent that participating countries were unable to produce raw cotton, efforts would be intensified to promote the shift to rayon. Nevertheless, the position which it was hoped that the participating countries could achieve was not one of independence of cotton imports. It was rather expected that as industrial recovery progressed the need for raw materials must increase and durability of recovery at the end of the programme would depend on the ability of countries then to pay for imported cotton, which in its turn depended upon their success in re-establishing an export trade in textiles.

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Diary of Events of Economic Interest

March, 1948

Ardibehisht, 1357 F.

1. The International Rice Conference was opened at Baguio in the Philippines under the auspices of the Food and Agricultural Organisation.
2. The Nizam's Government sanctioned Rs. 46,000 for the revival and maintenance of cottage industries at Aurangabad.
3. The Government of India decided not to levy duty on Jute and Jute manufactures imported by sea or land from Pakistan.
The U.S. Secretary of State proposed a twenty million dollar loan to the U.S. and Allied occupied area of Trieste.
4. H.E.H. the Nizam's Government constituted an Economic Affairs Sub-Committee of Council.
A Five-Power Conference was opened at Brussels for discussing the formation of a Western European Union.
6. Dr. S. P. Mookherjee inaugurated the Plastics Manufacturers Association.
Pandit Nehru opened a Stamps Exhibition organised by the Indian Institute of Arts at Delhi.
The Government of Madras fixed Rs. 54 as fair price per ton ex-factory for sugarcane.
The Inter-Governmental Maritime Convention was signed at London by representatives of eighteen countries.
The International Wheat Conference put a ceiling price of 2 dollars a bushel on wheat exported.
7. The Reserve Bank of India ordered a census of all foreign investments in India.
The Government of India announced that a detailed scheme had been prepared for crop and cattle insurance on an experimental basis.
The United Nations Maritime Conference decided to set up a new centralised agency of the United Nations to deal with shipping.
The Indian Prime Minister announced that he could not agree to postpone the appointment of the Economic Planning Commission.
8. The Economic Survey of Britain for 1948 was published.
9. An "Interim Government" was established in Indonesia by the Dutch.
10. The Government of India announced that coastal trade would be progressively reserved for Indian shipping.
The Forest Utilisation Conference was opened at Dehra Dun.
The President of the Transport Commission announced in England that a Master Plan would be formulated for co-ordinating transport services.
11. A 5-7 Year Education Plan was announced for India by Maulana Abul Kalam Azad.

An Indo-Pakistan Agreement was signed under which twenty bales of long-staple cotton would be exchanged by Pakistan for twelve bales of manufactured cotton goods.

12. The Pakistan Parliament approved a Central Sales Tax Bill.
The throne of King Thebaw was returned to Burma by Lord Mountbatten.
13. *Begari* (serf-labour) was declared unlawful in Hyderabad.
The Constructive Workers' Conference was opened at Wardha.
The formation of a National Cadet Corps was announced by the Government of India.
14. The first Indian ocean-going steamer—"Jala Usha" 8,000 tons—was launched at Vizagapatam by Pandit Nehru.
A "Grow More Jute" campaign was launched in West Bengal.
15. A Donation of Rs. 2 lakhs for cultivating communal harmony was announced by H.E.H. the Nizam's Government to the Andhra University.
16. De-control of cloth was announced in Hyderabad.
The Minimum Wage Bill affecting a few organised industries became law in India.
A desire to appoint an Agricultural Planning Commission was expressed in the Indian Parliament.
The Government of India enhanced the protective duty on steel from 12 per cent. to 30 per cent. on U.K. manufactures.
The U.N.O. called for applications from candidates to undergo training for the U.N.O. Secretariat, for each Zone.
17. Hyderabad Government's orders on the Pay and Service Commission Report (Civil and Military) were announced.
Britain restricted her imports of books and journals as a further step to reduce dollar drain.
The West European Union Treaty was signed as among the Benelux countries, France and the United Kingdom for 50 years, for economic co-operation and military aid.
18. New Delhi was directly linked with New York by Air.
20. The annual conference of the All-India Manufacturers Organisation was held at Delhi.
An Italo-French customs union was signed.
21. Britain, France and the U.S.A. declared their intention to return Trieste to Italy.
22. The Nizam's Government modified the ban on the export of gold and silver.
An Estate Duty Bill (except on agricultural incomes) was introduced in the Indian Legislature.
23. Dr. Grady urged the formulation of a "Nehru Plan" for economic co-operation among Asian countries.

Betting tax was increased in West Bengal from 15 per cent. to 20 per cent.

The United Nations Freedom of Press and Information Conference opened at Geneva.

24. An International Trade Pact was signed by 53 Nations at Havana.

28. The 21st Session of the Federation of Indian Chamber of Commerce and Industries was opened at Delhi by the Indian Prime Minister.

29. The First Cottage Industries Exhibition was held at New Delhi.

30. The Inter-American Conference was opened in Columbia.

Reduction in prices was announced in France with effect from April, 1; 15 per cent less on raw material imports, and no luxury tax on many items including cars.

Quotations were given for the first time in the Paris free exchange market for Swiss francs, in addition to U.S. and Portuguese currencies.

31. The Madras Government announced permission for importing groundnut, oil-cake and selling at any price.

An Indo-Pakistan announcement was made that the Reserve Bank of India would continue to operate for both the Dominions up to June, 30, 1948.

Editorial Notes

A CENSUS OF PRODUCTION FOR HYDERABAD

THERE is a special article by Messrs. W. B. Reddaway, C. F. Carter, and J. R. N. Stone, of the Department of Applied Economics, University of Cambridge, in *The London Times* dated February 18, 1948. This article shows that in 1946-47, production in Britain increased on the average by about 1 per cent. per month. The authors admit that the indices on which their calculations are based, are not complete. But still, many of the observations they have made should prove of great help to the concerned Ministry. They point out that compared to the first six months of 1946, British production rose by 19 per cent. in the six months (June-November 1947). They further point out that this increase in production was mostly due to temporary causes which cannot be expected to offer any help in the future. The three temporary factors they have pointed out are, firstly, the increase in the number of labourers employed in civilian production on account of the demobilisation process, secondly, the diversion of many labourers employed in the munitions industry to production of civilian goods, and thirdly, the larger employment of hands on completion processes compared to preparatory processes. The authors sound a note of warning that production cannot congratulate herself on the increase in output in 1946-47 in view of the fact that the factors at work, enumerated above, cannot be expected to be of assistance in the future. The note concludes with a caution that salvation for Britain lies in some other unexpected advantage or windfall thrust upon Britain (as for example the Marshall Plan) - such unexpected crutches cannot be expected reasonably—or in every Britisher realising that he should put in adequate work against good wages. The following extract from the article is very instructive :

“.....We cannot, therefore, expect any such rate of advance to continue unless another

special factor comes into play, in the shape of a determined and successful attempt to raise the level of output of each worker.”

Naturally, the question arises in our mind : “Where do we stand in Hyderabad ?” We have no census of production : there is no index of production. The absence of such fundamental data in the past, is a great handicap, and with the growing needs of Economic Planning, Employment and Social Security, even the first steps cannot be taken without a satisfactory census of production and an index of production. It is true that we may not be able to reach the level of completeness and efficiency as has been attained at Cambridge, but Government is alive to the necessity of taking early steps for making a beginning in the direction. All this must lead to one conclusion economic research must be given due importance and a sufficient number of qualified and capable workers should be employed on the work. Apparently, this kind of work might look a luxury, but in its absence the unavoidable consequence should be groping in the dark—the public and the Government as well.

THE BRITISH BALANCE OF PAYMENTS

ITS MORAL TO HYDERABAD

Sir Stafford Cripps has lost no time in drawing the pointed attention of the British nation to the extremely unenviable position of Britain as a producer and a consumer : she is definitely progressing in the fine art of consuming more than what she produces. He has pointed out that in 1946 the deficit of balance of payments was £. 880 million and this developed into £. 675 million in 1947 (of course, this figure is provisional). Britain is managing the Sterling Area Dollar Pool, and as the custodian of gold and free foreign exchange of that area she had to allow a drain of £. 1,028 million during 1947 (including drawings on the Canadian Loan, the U.S. Loan and the International Monetary Fund). Details

of this huge gap are given in the Section "Finance and Resource." But we would like to make particular mention of a few strange items. For example, in spite of unmistakable insolvency, Britain's Overseas Net Military Expenditure was £. 80 million in 1947, compared to about £240 million in 1946. On Relief and Rehabilitation £. 62 million were spent, about a half of the expenditure in 1946. British occupation of Germany cost her £. 79 million in 1947, this being about twice the expenditure on the same item in 1946. On invisible items, there was a surplus balance of £. 232 million in 1938, a minus balance of £. 176 million in 1940 and £. 226 million in 1947: her overseas investments have almost disappeared and her shipping, banking and other services are all earning incomparably much less than before. In spite of this, the British spirit of holiday and adventure has not been curbed: British tourists' expenditure abroad was £. 50 million in 1947—about twice that of 1946. When Sir Stafford Cripps was asked as to whether all this would result in a lowering of the British standard of life in Britain he gave a definite "not." Britain's reserves are quite strong—£. 512 million in gold, £. 80 million (from South Africa); £. 75 million (balance of U.S. Credit) and £. 50 million (balance of Canadian Credit) making a total of £. 717 million. But this reserve is estimated to last only for six months, and Britain is trying her best to avoid or postpone the impending evil: examples of escapades are blocking of £. 100 million sterling balances of Palestine, the continuation of the August 14, 1947 agreement with India and Pakistan, and the European Recovery Programme.

For us, in Hyderabad the position is not at all so desperate: we have been paying and can pay our bills, and our natural and human resources are plentiful. But, even in our present complacent situation, Britain's economy offers us a few morals. Firstly, commitments abroad must lead to a heavy drain on the national income. Secondly, charity should begin at home. And thirdly, policy and pro-

gramme must suit the present standards and capacity of the people and the administration: there is certainly a great deal fascinating about Britain, but an admiration by economies like ours must be from a respectable distance as otherwise there is bound to develop calamitous burning of hands (leave alone burning of hearts).

NATIONALISATION OF CENTRAL BANKING

The Reserve Bank of India, it has been announced, will be nationalised as early as possible after September 30, 1948. The Government of Hyderabad have already accepted the principle of nationalising the Hyderabad State Bank, and this will be implemented very early. A few points involved are interesting. Firstly, the Government saves payment of dividends to private shareholders. Also, commissions to the Central Bank for remittances and public debt management, will cease. Of course, the Government will have to pay off the private shareholders, but the annual cost of this will be much less than of dividends paid annually, till now. Another issue is of the representation of public interests. In spite of safeguards taken, it is a fact too well known that in India shares tended to be monopolised by small areas and by a few persons. The same would have happened in Hyderabad also. But now, with the nomination of all directors by the Government a better representation of public interests can be expected.

The most important question involved in the nationalisation of a Central Bank is—should or should not the Central Bank of the country have some discretion in the management of the currency and credit of the country? It is true that the Bank of England has been nationalised, but it does not follow that nationalisation will suit every other country under all circumstances. After nationalisation, there will be no difference between Government and the Central Bank: the Central Bank will be a technical arm of

Government. While this would be an advantage, it would be at the same time very necessary to insulate the Central Bank against political changes and changes in policies on account of new Governments coming into power. This danger could be minimised by the constitution of the Central Bank laying down certain fundamental rules which should not be abrogated either by the Government or by the Central Bank under any circumstances.

THE DAMODAR VALLEY CORPORATION

On 18th February, 1948 the Damodar Valley Corporation Bill was passed by the Indian Parliament. This scheme is the first of its kind in India, and has a number of features in common with the T.V.A. Three Governments are directly interested in the scheme, namely, West Bengal, Bihar and the Indian Union Government. The Project is expected to cost more than 55 crores of rupees and may be completed in ten years. It is a multi-purpose enterprise with the four-fold object of preventing floods, irrigating land, providing internal navigation facilities, and producing cheap hydro-electric power, which in its turn must develop a number of industries and cater substantially to social welfare through direct consumption. 764,000 acres of land are expected to be irrigated, most of it double crop. 850,000 kilowatts would be the annual production of power. Calcutta and the coal mining areas would be connected through navigable canals. The establishment of a special Corporation with requisite administrative powers should go along with, in making the Corporation a success. The Damodar Valley Corporation is only the first Scheme: there are many other which can be and ought to be developed: the chances of the schemes should be all the greater if the different States and Provinces in India should agree upon and co-operate in the launching of such special Corporations.

STATISTICS IN PAKISTAN

It is good news that the Economic Adviser in Pakistan has begun compiling and publishing certain statistics, among others, relating to the index of weekly wholesale prices for Western Pakistan and Eastern Pakistan separately, index of weekly wholesale prices of declared values of imports and exports of Pakistan, the index of prices of industrial raw materials, and the index of prices of manufactured and semi-manufactured articles. The indices in Pakistan are computed on the basis of prices obtaining in the week ended 19th August 1939 and although it is difficult to deal with the behaviour of prices in India and Pakistan precisely, there is no doubt that the price levels are spiralling much higher in Pakistan than in India. For example, in India the general wholesale price index was 298 for September, 298.2 for October and 296.7 for November 1947. On the other hand, the same index for Karachi was 311.9 for October, 317.4 for November and 323.5 for December. Food grains rose from 351 on August 14, 1947 to 368 on 27th December 1947. Sugar and Gur rose from 270 to 257 as between the same dates. These figures are only indications, and the actual hardship to the poor and middle classes must be much more. The indices as given by the Director of Statistics in Hyderabad for the months of May, June, July, August, September, October and November 1947 are respectively 386, 356, 366, 381, 376, 378 and 360.

SYNTHETIC PETROL.

With the decision of the Board for Industrial Research to start a factory in India for the manufacture of synthetic petrol from coal, the authorities in Hyderabad have taken up correspondence with European and American experts in order to see how far Hyderabad coal could be used for the same purpose.

International Organisations

INTERNATIONAL WHEAT AGREEMENT

INDIA WELCOMES FIXATION OF PRICES

THE Indian representative on the International Wheat Council has welcomed the 36-nation wheat agreement which fixed the ceiling price at which wheat will be exported by the United States, Canada and Australia.

Speaking at a meeting of the Council at Washington he said, as a result of the agreement the farmer and consumer would be able to get a fair deal. The Agreement would not restrict free trade nor would this be curtailed in any way. India as an agricultural country was as interested as any other country in the world in maintaining stability of agricultural prices.

He said, if the implementation of the agreement was pursued with the same vigour employed in its framing, it may be possible to arrive at a bigger and better agreement in five years time.

The ceiling price of wheat which has been fixed under the agreement is 2 dollars a bushel, and the minimum price for the present year has been fixed at 1 dollar 50 cents, but it will drop at the rate of 10 cents per bushel annually till 1952 when the minimum price will be 1 dollar 10 cents.

RICE CONFERENCE AT BAGUIO

Mr. S. Y. Krishnaswamy, Joint Secretary, Ministry of Agriculture, Government of India, represented India at the International Rice Conference, convened by the Food and Agricultural Organization of the UN. at Baguio in the Philippines.

The idea of a Rice Conference was originally initiated by the Indian delegation to the Preparatory Commission of FAO in 1946. In May, 1947, a Study Group met in Trivandrum to draw up an agenda for the proposed Rice Conference and to bring together (a) statistics of production, trade and price, (b) data relating to marketing methods, price stabilization and famine reserves and (c) scientific and technical

information regarding Rice culture, milling practices and storage.

The report of this Group was considered at the third annual Conference of FAO in Geneva in September, 1947 and later by the World Food Council of FAO in November, 1947. As a result, a conference at Government level of all the rice producing and consuming countries has been called to examine and take decisions on the recommendations made by the Rice Study Group.

While research and experimental work in connection with increased production of rice will be undertaken by the respective Governments, international action is called for on problems such as improvement and standardization of statistical and economic services, the use of better methods of cultivation, control of pests and diseases, maximization of supplies through various measures of milling economy, prevention of waste in transit and storage and the rehabilitation of transport in all the South-East Asian rice producing countries.

THE HAVANA CONFERENCE

Since November 20, the representatives of 59 nations meeting in Havana, have been discussing the Charter of the proposed International Trade Organisation. Their progress has been very slow.*

One of the major achievements has been the unprecedented recognition of domestic factors in World Commerce. Though many controversial points remain to be solved, the I.T.O. has performed much constructive work in the field of international economic co-operation. Salient among the achievements has been the recognition by the world of the close relationship between domestic economic control policies and international trade policies, and between local labour standards and world commercial competition.

* The Conference has since concluded.

The draft charter at the very beginning demands, that the member states should secure, full employment and a steadily growing volume of real income and effective demand at home. They should also reduce tariffs and remove discriminatory treatment in International Commerce. For the benefit of the backward economic regions like India, China and Brazil, the member states should encourage the flow of capital for productive investment and help in the development of industries. Thus, we see that the nations of the world have realised at long last, that without full employment at home, International Trade would suffer greatly. Thus, it follows, the greater the volume of employment in a country, the bigger the volume of its international trade.

Some of the difficulties which have arisen at Havana were due to the fact that the 36 nations at Havana which had not been among the 28, which laboured at Geneva, were inclined to suspicion with regard to a code of commercial behaviour in the drafting of which they had played no part.

This led to the resistance movement led by Argentina. This resistance of un-represented became the resistance of under-developed countries which will brook no interference from any international body in the means they choose to foster their industrialisation. This was the cause of the flare up of inflammatory speeches in the beginning. These have cooled down. But the difference still persists. On the issue of voting power, there has been considerable discussion. The British delegation has supported the principle of weighing the voting according to the economic importance of each member. But an overwhelming majority is against it and wants equal voting rights for all.

Another controversial point is that of grant of export subsidies, which the United States strongly favours. The problem of relation with non-members is another bone of contention. Another puzzling point is how should countries like Switzerland, which have no balance of payment difficulties, be treated.

The problem of customs union also would undergo some changes. The I.T.O. would soon be launched. The charter is a comprehensive one in spite of many drawbacks. It can be improved to a great extent.

Next, while securing full employment to help international trade, the members are asked not to do anything which would create balance of payment difficulties to other countries. In order to avoid this, they should employ only purely internal measures, *i.e.*, they should abandon the age-old policy of "Beggars-my-neighbour." The Charter is silent as to what is to be done should such a situation arise.

The latent power of backward countries is recognised and the members are asked to render help to them in various ways, including foreign investment. But foreign investment is a harbinger of political domination and it would do well if loans take its place.

As to the question of the advisability or otherwise of the adoption of the policy of protection by backward countries, the I.T.O. is undecided. In this case, limited protectionist policy is advisable. On the subject of quantitative trade control to help backward countries, economies the charter is curiously silent.

Another important feature of the charter is its aim to secure free, unfettered, expanding trade amongst the members, and reduce tariff barriers. Strangely enough, the charter permits quantitative controls to safeguard the financial position of a member and denies them for the development of backward countries.

Even subsidies can be granted but only after consulting other members of the I.T.O. Subsidies which encourage dumping are forbidden. Certain provisions regarding state trading have been included to enable socialist countries to join the I.T.O. But the absence of Russia, a full-fledged socialist country deprives these provisions of their significance.

International bickerings can be stopped by the member states levying anti-dumping or

countervailing duties. The charter aims to regulate trusts, cartels, combines, etc., which are the camp-followers of capitalism and which restrain free trade. The charter also recognises the control over production, consumption and exchange of primary commodities, because the instability in their production is the course of trade cycles.

The Charter then goes on to make certain proposals regarding the constitution of the I.T.O. But over this issue there is a difference of opinion.

Meanwhile, plans went ahead for the establishment of an interim commission for the I.T.O., to function after the present conference adjourns. Conference Secretary told a working group of proposals for a prompt meeting after approval of the I.T.O. charter, for the election of an executive committee, formulation of a budget and the scheduling of later meetings until the formal I.T.O. is established.

Thus, we see that the charter is a comprehensive one. Its membership may show some gaps, but gaps are becoming common in this world. The charter as it will emerge from Havana, will be concerned with exceptions as much as, with positive basic principles. At least, the charter will ensure that, whatever shifts and devices of bilateralism and discrimination the nations of the world will be driven to, the ideals of a saner system of multilateral and non-discriminatory trade will be kept before their eyes. That should prevent the habits formed in those abnormal times from becoming incurable—*The Economist*.

INTERNATIONAL MARITIME CONFERENCE

Mr. M. A. Master, President of the Federation of Indian Chambers of Commerce and Industry and General Manager of the Scindias, was a Government Delegate to the International Maritime Conference. The main object of the Conference is to consider the establishment of an inter-governmental maritime organisation. It will then be a specialised agency in the field of shipping which will be affiliated to the U.N.O. Whether the aims and objects of the Conference

should be confined to technical matters or whether they should be extended to include questions on commercial policy will be an important and vital issue before the Conference, as, it is understood, there is a strong divergence of views on this subject amongst different maritime countries of the world.

Questioned by the "United Press of India" as to what his Company was doing to meet the requirements of Government for building at least 50,000 tons of gross shipping per year in India as recently announced, in the Dominion Parliament in India, Mr. Master remarked that they were building two ships of 8,000 tons in the Scindia yard at Vizagapatam and negotiating with Government for laying out further six ships, so that they could build about 10 to 12 ships per year which would exceed 50,000 tons gross.

Mr. Master further observed that there was every possibility of the Government of India helping the Scindias to complete the outlaying of all ships and later establishing necessary workshops for the construction of engines and boilers.

In reply to a question as to whether his Company would carry passengers on India-United Kingdom run or not, Mr. Master stated that he expected the delivery of his two passenger-cum-cargo ships by the middle of this year. He further hoped that the India-United Kingdom would carry cargo as well as passengers on this route.

That co-operation and good-will among the different nations of the world for promoting trade and commerce is still a far-off possibility, has once again become evident from the happenings in the recent Maritime Conference at Geneva. As in the case of the abortive attempt made some time ago regarding international aviation rights, the first big Maritime Conference called by the United Nations was divided sharply at its opening itself when the four Scandinavian countries, Norway, Denmark, Sweden and Finland, supported by Australia, objected to the formation of an inter-Governmental maritime

organisation to end discriminatory shipping practices.

India, which was one of the countries which supported the establishment of the new organisation, was represented by Sir A. Ramaswami Mudaliar, whose experience of international conferences needs no reiteration. Sir Ramaswami, in so far as we know, him is by no means an internationalist. Yet, he has found it necessary to condemn, according to Reuter, the efforts of countries with centuries-old shipping interests, to prevent the abolition of restrictive practices.

Discriminatory and restrictive shipping practices in dealings between two nations is bad enough. But when such are practised by powerful nations against comparatively weaker ones, it becomes most reprehensible, and every one who aims at friendliness and mutual understanding between the different nations of the world will readily condemn it. "One world" can be achieved only by allowing every nation—small and big—a legitimate share in the world's trade, so that equal opportunities may be provided for their development and growth. Unfortunately, the action of the four Scandinavian countries mentioned above hardly holds out to the under-developed countries any hopes of being justly treated by their bigger and more advanced neighbours.

SEA SAFETY CONFERENCE.

INDIA TO BE REPRESENTED

It is understood that both India and Pakistan are to be represented among the 82 nations attending the International Conference on Safety of Life at Sea and in the Air, opening in London on April 16, to which the Secretary General of UNO will also send observers.

The conference has been convened to revise and bring up-to-date the Safety of Life at Sea Convention of 1920 to which 18 countries affixed their signatures.

In view of the great advances made in shipping and aerial matters since then and specially

during the recent war; there has been a widespread desire expressed by many countries for another conference.

The conference will consider international regulations for the safety of ships, passengers and crews and the provision of life-boats, installation of radar and other navigational aids. A preliminary conference of experts has already been held and has tabled tentative recommendations for the consideration of the conference.

WORLD HEALTH ORGANIZATION

FORMATION ANNOUNCED

The World Health Organisation came into formal existence when Dr. Andrija Stampar Yugoslav Chairman, announced at its final meeting as an interim body that the Organization's Charter had been ratified by 29 United Nation countries—three more than the requisite number.

The first World Health Assembly is to open on June 24 at Geneva.

During its fortnight session the Interim Commission voted a 6,000,000 dollars budget for 1949 providing for: (1) Fellowships, teaching equipment and medical supplies to meet post-war health problems, (2) World-wide campaigns against malaria, tuberculosis and venereal diseases and (3) A top priority programme for mother and child welfare.

WAR ON TUBERCULOSIS

15,000,000 TO BE VACCINATED

Fifteen million people will be vaccinated in the next 18 months in the biggest mass immunisation ever undertaken, the World Health Organisation has announced.

Two hundred expert medical teams will use the vaccine called B.C.G., with which great success has been achieved in the Soviet Union, according to a report of the Soviet delegate at the meeting of the World Health Organisation's Interim Commission. The International Children's Emergency Fund has al-

located 10 per cent. of its funds to the B.C.G. war on tuberculosis. It will also feed children in 12 European countries and China.

WORLD RE-EDUCATION

U.N.E.S.C.O.'s PROGRAMMES

The educational programmes for 1948 adopted at the Second General Conference of U.N.E.S.C.O., which recently ended, show that the size of the task of world re-education as a preliminary to world peace has not been minimised.

U.N.E.S.C.O. is to try to carry out the decisions reached by delegates from nearly forty countries. These include a World Association of Universities, an International Charter for Youth, an International Teachers' Charter, and study seminars similar to that held at Severs this year. In addition, it will send educational missions to member States, continue its fundamental education programmes in Haiti, China, and British East Africa, stimulate technical instruction in schools, and start a campaign among the children in all parts of the world to make the nature and the objects of the United Nations understood.

STUDY SEMINARS

Four study seminars will be organised during 1948. One will be sponsored jointly by U.N.E.S.C.O. and the United Nations and will be held near Lake Success, on the general topic of teaching about the United Nations, particularly in elementary and secondary schools. A second seminar will discuss the education of teachers, and a third the education of children. U.N.E.S.C.O. will also sponsor a conference of teachers with a view to increasing collaboration. University leaders from all parts of the world will meet with the object of forming a World Association of Universities.

U.N.E.S.C.O.'s four pilot projects in fundamental education were scheduled by the conference for Haiti, China, East Africa, and a fourth which will be either in India or Latin

America. The conference gave a fillip to the Haitian project by voting to underwrite 20 per cent. of the cost. Delegates of the United Kingdom said that a project already under way in Nyasaland will be duplicated in Tanganyika. These pilot projects are in the nature of field experiments in techniques and materials for bringing basic education in health, literacy and citizenship to under-privileged peoples. At the same time, U.N.E.S.C.O. will help in developing several hundred bush schools in Latin America and mass education projects in Latin America and China.

EXPENDITURE TO BE DOUBLED

U.N.E.S.C.O. will spend on mass communication during 1948 more than twice as much as has been spent this year. To a preliminary budget of \$. 858,000 for the mass communication section will be added \$. 500,000 for an International Ideas Bureau which Mr. J. B. Priestley, one of its chief proponents, sees as "a fountain head for ten million dollars worth of materials, in film, press and radio, to promote international understanding."

The ambitious programme will be realised through the Press, radio and films, and presumably will have the support of the world theatre group which was formed in Paris, last year. The organisation has deferred for the time being plans for a world wide radio network based on U.N.E.S.C.O. headquarters. The reasons are partly economic and partly because it hoped that the United Nations will establish such a network in the near future. Delegates meanwhile have been not a little excited by a proposal that a world radio university be created to make the best brains of every country available to all peoples by linking established radio facilities.

As for films, U.N.E.S.C.O. will produce documentary series about national talents, customs and development, and full-length features based on ideas emanating from the International Bureau.

PLANNED ECONOMY

TREND REFLECTED IN U.N. STUDY

A definite trend towards planned economy in under-developed nations was shown in a report to the Economic and Social Council by the U.N. Secretariat on a study of more than 30 such countries.

The study covered widely separated areas of the world. The report titled "Economic Development in Selected Countries," was the first of a series being prepared by the United Nations to serve as reference works in U.N. deliberations.

Much space was devoted to plans for the development of India, including Pakistan, with special note made of the difficulties of industrialization in over-populated areas with a large extent of illiteracy.

Other countries, whose official plans for development and elevation of living standards

were discussed, included Argentina, Bolivia, Brazil, Chile, Mexico, Peru and Venezuela in Latin America; Egypt and others in the Middle East; Liberia, Anglo-Egyptian, Sudan and many other British and French territories in Africa; and Yugoslavia and Poland in Europe.

WORLD-WIDE CHILDREN'S MEETING

A gathering of children of many nationalities which was originally scheduled for February 14, was held instead on February 28, according to Chester Bowles, chairman of the international advisory committee of the U.N. Appeal for Children. The meeting of the children will be part of an appeal to all workers to give their salaries for February 29, to U.N.A.C.

Bowles, former U.S. Government official, said national committees for the Appeal had been set up in 14 nations.

Money, Banking and Insurance

THE HYDERABAD CURRENCY (AMENDMENT) ORDINANCE

THE Hyderabad State Bank has issued the following Memorandum :

In connection with the above Ordinance recently promulgated by Government, the following arrangements have been brought into force with effect from the 28th February 1948, and are subject to the free availability of funds in Indian Government Currency from the Bank's accounts with the Imperial Bank of India.

(1) There will be no restriction on the withdrawal of funds in cash from accounts maintained with Banks in Indian Government Currency.

(2) There will be no restriction on the exchange of O.S. Currency into Indian Government Currency at the day-to-day selling rate when such amounts are paid into the credit of accounts in Indian Government Currency.

(3) Bills in Indian Currency received for collection or realisation will be retired only in O.S. Currency if cash is tendered ; they may be retired in Indian Currency if payments are made by cheque or transfer.

(4) Bills in Indian Currency will be discounted or purchased only in O.S. Currency, if payment is required in cash. Payment in Indian Currency may be permitted if the proceeds are credited to current accounts with Banks.

(5) Drafts drawn in Indian Currency and made payable within H.E.H. the Nizam's Dominions, will be paid in O.S. Currency only if cash is required ; but the amount may be credited to current accounts in Indian Currency.

(6) Exchange of O.S. Currency into Indian Currency will generally be restricted to small amounts, say, Rs. 500 for non-constituents ; but on their offering a satisfactory explanation

tion of their requirements in excess of the above, they may be allowed to convert O.S. into Indian Currency up to a reasonable limit.

(7) For the convenience of Banks, conversion of O.S. Currency into Indian Currency through the Hyderabad State Bank, will also be effected by cheques drawn on the Imperial Bank of India, Hyderabad-Dn.

TRAVELLERS CAN USE INDIAN CURRENCY

NIZAM'S GOVERNMENT AMEND CURRENCY ORDINANCE

A press note issued by Information Bureau, Hyderabad-Deccan, dated 28th March, 1948 informs. —

The Nizam's Government have promulgated an Ordinance to amend the Ordinance which was issued in December last penalizing the use of any currency other than the State Currency for cash transactions within the State. The Ordinance now issued legalizes the use of Indian Currency by travellers or visitors from outside the State for their bona fide requirements.

BULLION PRICES

Replying to a question in the Constituent Assembly (Legislative) the Finance Minister said, that the question of controlling forward transactions in bullion was engaging the attention of the Government of India. The question of controlling arises from the need for keeping speculation in bullion under check in this country. A free market in bullion exists only in a few countries, the prominent one being India. Current prices are not in proportion to the official parity prices. For example, the free market spot prices on the Bombay Bullion Exchange as on February 5 were as follows :—

Gold.—Rs. 106-4-0 per tola, that is Rs. 282-5-4 per ounce.

Silver.—Rs. 164-12-0 per 100 tolas, that is Rs. 4-6-8 per ounce.

Compared to these current prices in India, the U.S. Treasury price of gold is Rs. 114-13-4. The corresponding prices for silver are Rs. 2-7-9 and Rs. 2-8-0 per ounce respectively. Although, there is thus a great divergence between the official prices and the market prices, the prices, in this country are controlled by many influences, the prominent among them being the proverbial investment demand and other institutional factors arising from other than monetary and industrial demand. In foreign countries practically the only factors impinging on bullion prices are the official consideration and the industrial demand. The difficulty in bringing down the prices of bullion in India is that while transactions in bullion in other countries are officially approved and done at the official prices, in this country much of the transactions are indulged in by private individuals.

INDO-PAKISTAN CURRENCY AGREEMENT

The tripartite talks between the representatives of the Government of India and Pakistan and of the Reserve Bank of India on the currency and exchange problems concerning the two Dominions which commenced in Bombay on March 10 had been concluded.

The decisions arrived at are embodied in an order issued under the joint signatures of the Governors-General of India and Pakistan.

According to this order the Reserve Bank will manage the currency of Pakistan and carry on the business of banking in that Dominion until June 30, 1948, and not until September 30, 1948, as contemplated under the original arrangements. But contrary to the provisions made in the original Pakistan monetary system and Reserve Bank Order of 1947, the Pakistan Government will not now assume responsibility in respect of its exchange operations and the management of public debt from April 1, 1948, and until June 30, 1948, the Reserve Bank will continue to function in Pakistan in all respects as at present, i.e., as the currency authority, as banker to Government and as agent for the

management of public debt and for the exercise of exchange control.

Until June 30, at least, there will be no exchange control as between India and Pakistan nor will any restrictions be placed on the transfer of funds or securities from one Dominion to the other, whether such transfers are on capital account or current account.

A provision has also been made in the order regarding the withdrawal of India notes from Pakistan, the manner in which the assets of the Issue Department of the Reserve Bank will be shared between the two Dominions on the termination of the monetary arrangements and other consequential matters.

STERLING ASSETS

INDIA TO GET £. 18 MILLION

Agreement with U.K. extended

A communique from the Ministry of Finance announcing the Sterling Balances agreement between India and the United Kingdom said:

The financial discussions between the Indian and the United Kingdom delegations relating to India's Sterling Balances have concluded and the financial agreement of August 14, 1947, has been extended to June 10, 1948. As a result of this extension, the balance of the No. 1 Account, including the working balance of £. 80 million, will be carried forward. Out of this a certain sum, to be determined in accordance with the agreement between India and Pakistan relating to the division of the assets of the Reserve Bank, is transferable to Pakistan. An additional transfer of £. 18 million for India is being made immediately from the No. 2 Account to the No. 1 Account.

In view of the world-wide dollar shortage and the strain to which the central reserves of the sterling area are being subjected, the Government of India have agreed to restrict their net drawings on the central reserves for hard currencies to a total of £. 10 million in the current half-year. India will, of course, have available

at her disposal her own earnings of hard currencies in addition to the £. 10 million.. India will seek permission to draw from the International Monetary Fund any additional amounts needed to cover her deficit in United States dollars.

STANDARDISING ARAB CURRENCY

The newspaper "Al Balagh" reported that a proposal to standardise the Arab States' currency on the basis of an "Arab pound" was discussed by the Arab League.

At a Press interview, the Syrian Premier, Gamil Mardam Bey, called for the standardisation of Arab currencies.

NO STERILIZATION OF GOLD

U.S. TREASURY CHIEF'S DENIAL

U.S. Treasury Secretary, John W. Snyder denied, in reply to a query at a news conference that the United States has any plans for "sterilization"—the purchase and freezing of gold. He said such action would not be a simple manner of relieving inflation and that the Government would have to pay for gold in order to sterilize it. The question was asked in connection with Press reports of a heavy influx of gold into this country from abroad.

Snyder reaffirmed the desirability of applying all possible available surplus funds to the retirement of the national debt, but insisted that this must be done in such a manner as to avoid disturbing the country's financial equilibrium. He declined to forecast how much will be applied to debt retirement during the rest of the current fiscal year, emphasizing that methods are more important than the amount.

The Treasury Secretary said one of the Government's anti-inflation measures will be the new Savings Bond campaign.

U.S. HAS NO SURPLUS CAPITAL TO INVEST ABROAD

The Havana trade conference discussions have shown a widespread misconception of the amount of U.S. private capital available for invest-

ment abroad. Some appear to believe that the United States is groaning under the burden of idle investment funds which it wishes to export. Nothing could be farther from the truth. As against estimated domestic demands for about 47 billion dollars of private capital, only 27 billion dollars is or will be available.

Thus, even though the United States is the largest single source of private investment funds in the world today, it has such large requirements for private capital within its own borders, such as for reconstruction of rail roads and development of new industries, that private capital is under no compulsion whatever to invest abroad.

A further clarification of the U.S. position on private investments abroad was made at the U.N. Conference on Trade and Employment, by Clair Wilcox, acting chairman of the U.S. delegation.

He explained that the U.S. Government did not force the investment of funds of private individuals into foreign lending. Private foreign investment is voluntary, he added, and will obviously be made only where there is a prospect of profit and safety. The assurance of safety, he continued, is needed to start the flow of private U.S. capital abroad.

The United States concedes, Mr. Wilcox said, that any country can completely exclude foreign capital. No American investor wants to send his money where it is not wanted, he added, because that would be foolhardy. All that the U.S. wants, he said, is that when foreign capital is admitted, it should receive fair treatment.

The position, he maintained, is just as much in the interest of the countries where private capital investments are made, as it is in the interest of investors. For, he pointed out that if there is to be rapid stimulation of economic development in many countries, funds from abroad must be had to augment local funds.

SHORTAGE OF PRIVATE CAPITAL IN U.S.

There appears to be some question, however, as to the availability of U.S. private capital for

investment abroad at this time. *Newsweek* magazine and many other publications have printed articles recently expressing the growing concern over an apparent shortage of private capital in the United States.

"For months," reported *Newsweek* magazine "economists had warned of a smouldering shortage of cash for industry's needs. As financial executives checked notes with one another, they found a brightly burning fire. Dozens of companies had been forced to postpone improvement or expansion programmes for lack of funds.

"And the situation was getting worse. The growing shortage of savings and private capital had suddenly become the number one threat to the continuance of the post-war boom.

"Bankers studying industry's needs during the next few years had been staggered by the demand for funds. President Truman's estimate that industry should spend 50 billion dollars for plant expansions and improvements in the next few years was, if anything, conservative.

"The consumer market had widened and expanded with increasing incomes. Machinery and manufacturing processes had been outmoded by research and development. Fast-rising wages had placed a premium on new labour-saving machinery. The age of atomic power—which could be expected to sweep much of industry's equipment into the association can require great new investments of capital—was working around the corner. 'It seems likely,' said Harvard University economist Sumner H. Slichter, 'that the industrial revolution is still in its infancy.' Industrial executives, cramped with growing pains, were inclined to agree.

"But where was the money coming from?

"Most economists felt it would be difficult perhaps impossible, for industry to find funds to continue its present rate of spending. It was putting out between 20 and 25 billion dollars a year for new machinery, and industrial and business construction. Corporations were

retaining more than half of their record earnings. But these profits, plus depreciation reserves, could not cover all of the projected expenditure. Some eight to ten billion dollars would have to come from outside sources.

"By contrast, savings by individuals in the first nine months of 1947 had dwindled to 5.5 billion dollars. And most of these savings were in the form of insurance and bank deposits. Venture capital that is to say, capital willing to take the risks of investing in common stocks—had virtually disappeared."

I.M.F. SALE OF FOREIGN EXCHANGE

Details regarding the sales of exchange from the time the International Monetary Fund began its operation in March 1947 up to the end of January 1948, were disclosed recently. Total sales of exchange in the ten months under reference amounted to the equivalent of \$ 487.7 million of which all but \$. 6 million were in U.S. dollars. The balance of \$. 6 million is in respect of the sale of £ . 1.5 million of sterling to the Netherlands early last year. The sales of dollars are as follows :

	\$.
To Great Britain ..	240,000,000
To France ..	125,000,000
To Netherlands ..	46,000,000
To Mexico ..	22,500,000
To Belgium ..	22,000,000
To Chile ..	8,800,000
To Turkey ..	5,000,000
To Denmark ..	3,400,000
Total ..	472,700,000

It would appear, that Great Britain has not drawn anything further from I.M.F. since the end of 1947. Allowing for the sale of £ . 1.5 million to the Netherlands, Britain is still in a position to purchase dollars in the twelve months to October, 1948 to the extent of \$.71 million plus the sterling sold to other members. The annual quota is \$. 381 million. The International Monetary Fund had on November

28, 1947, \$. 1,626 million in U.S. dollars in addition to \$. 1,856 million in gold.

There is, therefore, no fear of dollar scarcity in deserving cases. As it is reported that under the new Sterling Balances Agreement India will not be able to get her dollar needs in full, it could be confidently expected that our badly needed dollar requirements could be easily obtained from the I.M.F. once the application is made.

FOUR OUT OF FIVE AMERICAN FAMILIES PROTECTED BY LIFE INSURANCE

Four out of five American families possess the protection of life insurance, which averages now about 4,700 dollars of every insured family. By the end of 1947, total holdings of life insurance by Americans amounted to

191,000 million dollars. More than 21,700 million dollars of this was added in 1947. The number of life insurance policy-holders in the United States now totals 75,000,000, with an average of 2,500 dollars worth per policy-holder. They are in excess of 180,000,000 separate life insurance policies now in force.

Payments to policy-holders and beneficiaries increased during 1947 to nearly 3,000 million dollars for the year, with payments to living policy-holders showing the greatest increase. Many of the latter payments were to people who were retiring from active work to live on annuities, which are agreed amounts paid to policy-holders at stated intervals by life insurance companies in return for premiums paid to the companies in earlier years.

Planning and Production

POOR EDUCATION AND LOW STANDARD OF INSTRUCTION IN HYDERABAD JAGIRS

EDUCATION DEPARTMENT'S PROPOSAL TO GOVERNMENT

PROPOSALS to take over charge of education in non-Diwani areas inclusive of Jagirs under Court of Wards, as has been done in the case of Judiciary, Police and Excise Department, in order to raise the standard of education there, have been submitted to Government by the Education Department.

The Education Department in a note submitted to Government in this connection, says that these areas are an obstacle to general progress of education in the Dominions.

Continuing the Note says, "At present, excluding Sarf-i-Khas Mubarak, there are 32 towns each with a population of 5,000 or more in Jagir areas of which 3 are provided with High Schools and 15 with Middle Schools. Fourteen towns have absolutely no facilities for Secondary Education, though in some of them population exceeds ten thousand. Out of 9437 villages in Jagirs, only 158 have primary schools. Even these schools have scant accommodation, inadequate staff, hopelessly low salaries and education equipment far short of the requirement. This has resulted in poor education and low standard of instruction."

Concluding the Note says, "It is suggested therefore that the Jagirs should be given an indication of what is expected of them in the post-war period and should be called to a Conference, where the matter should be amicably settled. The Jagirdars will have to be made to understand clearly their duties towards the Jagir ryots and the impossibility of H.E.H. the Nizam's Government finding adequate money to meet the increasing expenditure without very substantial contribution from the Jagirdar Class whose traditional loyalty to H.E.H. the Nizam has been proverbial."

REPORT TO THE NATION

No. 12
SPECIAL

Is our Food in Danger?

IS UNEMPLOYMENT ROUND THE CORNER? ★
HOW CAN WE TURN COAL INTO FOOD? ★
CAN WE KEEP UP THE CLOTHING RATION? ★
HOW MUCH IS LEFT IN THE KITTY? ★
WHERE WILL BRITAIN BE A YEAR FROM NOW? ★

These are questions everybody should be asking, for they will be answered one way or the other this year. Our utmost efforts, self-discipline, and determination will be needed to produce enough of everything the nation needs. It will cost about £800 million to buy what we need to keep us fed and in work in the first half of 1948 alone. Over £250 million of this will have to be paid in dollars and gold, but the extra dollars and gold we earn by our exports won't pay for more than one-third of these needs—we shall earn only two months supplies from the dollar countries in these six months. Can we meet the balance out of capital? Here is the answer—

WE'RE EATING UP OUR SAVINGS



GOING!

At the end of 1946 we still had £1,600 million of gold and dollar reserves.



GOING!

By the end of 1947 we'd used up £1,000 million of them.



GONE!

Where we shall be by the end of this year (we go on buying and selling at the present rate without Marshall Aid

There is so little in the kitty that we can't go on importing at the present rate unless we get American aid. If we economise by cutting imports we shall go hungry, factories will close for want of raw materials and many will be out of work by December. What are we to do?

The answer is

MORE AND MORE PRODUCTION

★ Every man and woman should read

THE SHORT ECONOMIC SURVEY price 3s.

It gives full answers to all the above questions. It tells plainly what the nation is up against in 1948, what plans we've made, what Production Targets we must reach to win through, and what our long term prospects are. It is simply written, illustrated with plain diagrams. On sale everywhere now.

Mailing Directors: Send to H.M. Stationery Office, York House, Kingsway, London, W.C.2, for bulk supplies for sale or free distribution to staff.

© The White Paper, "Economic Survey for 1948," is now on sale, price 11s.

Issued by His Majesty's Government



AIDED SCHOOL TEACHERS

GOVERNMENT DECISION ON NEW GRADES OF PAY

A Government Notification says:—

Government in the Education Department have decided that the salaries of teachers in

aided schools shall be enhanced and that they will be entitled to dearness and house-rent allowances for two years with effect from Khurdad 1, 1856 F. (April 1, 1947) at rates sanctioned for teachers in the employment of Government and other Government servants. The rules now sanctioned in this behalf will be reviewed at the end of the two years, but the dearness and house-rent allowances will continue to be paid to teachers in aided schools as long as they are paid to Government servants.

As in the case of teachers in Government Schools, the salary-grades of teachers in aided schools shall be fixed with regard to their academic qualifications, subject to the proviso that in no case will these grades be in excess of those sanctioned for teachers in the employ of Government or less than two-thirds of the scale sanctioned for teachers in the employ of Government.

Two-thirds of the total expenditure resulting from the increase, under the rules now sanctioned, of the salaries and dearness and house-rent allowances of teachers and establishment will be provided by Government as grants-in-aid, while the remaining one-third expenditure shall be provided by the managing committees of aided schools from tuition fees and subscriptions, etc. If the income from fees is insufficient and necessary subscriptions and donations are not forthcoming, then the managing committees of aided schools will be at liberty to levy a charge on the students along with their tuition fees, but in no case shall there be any alteration in the sanctioned scale of fees without the permission of the Director of Public Instruction.

The following shall be minimum scale of fees in aided schools :—

(a) Nursery Class to Class III—Re. 1 per mensem ;

(b) Class IV Rs. 2 per mensem ; (c) Class V to Class VII Rs. 3 per mensem ; (d) Class VIII to Class X Rs. 4 per mensem.

The decision not to realise any tuition fees in the Primary and Middle Schools under the Department of Public Instruction shall not apply

to aided schools. If any aided school decides not to charge any fees or to realise only half the fees, the financial liabilities resulting from such a decision will be met from the income of the school other than the granted aid provided for it by Government. If after a grant has been given under the rules now sanctioned it is found that the grants-in-aid and the income of the school from other sources, taken together are in excess of the expenditure of the school, the income in excess of expenditure shall be treated as a reserve fund for the school and shall be, with the permission of the Director of Public Instruction spent for the purposes of the extension of the activities of the school.

A Provident Fund shall be started for the benefit of permanent employees in aided schools and it will be compulsory for every permanent teacher in aided school to join the said fund. Each such teacher shall contribute to this fund one anna per rupee of his salary per mensem and for each anna thus contributed, Government and the managing committee of the school shall contribute half anna each per mensem. Rules in this behalf are under preparation.

In addition to the Head Master of the school there shall be at least one teacher on the managing committee of each aided school as a representative of teachers. Teachers dismissed from aided schools shall have the right of appeal, according to their grades, to officers in the Department of Public Instruction.

NO POLITICAL MEETINGS IN AIDED SCHOOLS

No political meetings shall be held within the precincts of aided schools.

Officers of the Department of Public Instruction, not below the rank of Divisional Inspector of Schools, shall have the right to attend any meeting of the managing committee of any aided Secondary School.

The accounts of aided schools which are given grants-in-aid under the rules now sanctioned, shall be audited by Chartered Accountants and their audited report shall be submitted through

the Director of Public Instruction to the Controller-General of Audit and Accounts. The sanctioned grants-in-aid shall not be issued till such an audit report has been received. Similarly, after grants-in-aid under the rules now sanctioned have been given, aided schools will have to conform to the standard of government, and unnecessary expenditure will be retrenched.

Schools which fulfil the above conditions will be eligible to the grants-in-aid rules now sanctioned, but schools which do not avail themselves of these rules can continue to receive grants-in-aid under the old rules.

Under the rules now sanctioned, grants-in-aid for each school shall be determined and sanctioned by the Director of Public Instruction. The Audit and Accounts Department will exercise general supervision to ensure that all grants-in-aid are in conformity with the rules. If there is any breach of rules, the case shall be reported to Government.

HYDERABAD FISHERIES DEPARTMENT

The Administration Report of the Fisheries Department for the year 1936 F. says :—

During the year under review, the Department was placed on a permanent footing, its activities were considerably expanded and the work of consolidation and survey continued with encouraging results.

With a view to supplying fish to consumers at cheaper rates, the Department arranged the sale of fish from the month of Isfandar and altogether 4,01,228 lbs. of fish were supplied to the various markets in the Dominion. 100 tanks in Nizamabad, 65 in Mdak and 56 in Atrac-e-Balda were leased out to fishermen societies, which agreed to supply fish to the Department on fixed rates.

A new feature of the year was the stocking of tanks with "murrel" fingerlings in order to increase the quantity of fish for the next season. The plans for the establishment of fish farms at Nizamabad and Himayatsagar were completed, and Government's sanction to start work was obtained. A sum of Rs. 20,080 has been sanc-

tioned by the Public Works Department for the reorganisation of the Aquarium on proper lines. A small museum has also been established where preserved fish have been displayed with descriptive charts showing their breeding habits, food-value and other interesting features.

INDIA MUST BE SELF-SUFFICIENT IN FOOD

MR. JAIRAMDAS DAULATRAM ON PROBLEMS OF AGRICULTURE

"No problem is more important for our country than that of food. It ought to be given the priority which is its due today. We must make India self-sufficient in regard to food and that also soon," stated Mr. Jairamdas Daulatram, Agriculture and Food Minister, Government of India, opening a two-day session of the Governing Body of the Indian Council of Agricultural Research in New Delhi on January 29.

The full text of the speech is as follows :—

It gives me great pleasure to welcome you all here for this the seventeenth meeting of the Governing Body of the Indian Council of Agricultural Research. It is the first meeting of the Governing Body after the attainment of Independence and the partition of the country. The changes necessitated in the constitution of the Council on this account have been approved at a Special General Meeting of the Council held recently and they have been brought into force with immediate effect. I take this opportunity of welcoming the representatives of the two newly created provinces of West Bengal and East Punjab and also the representative of Jaipur State which has joined the Council only recently.

NAPOLÉON'S DICTUM

I would first of all like to refer to the most important need of the country at the present moment, I mean the necessity of doing all we can to improve its food situation. We hardly realise the truth that probably no problem is more important for our country than that of

food. It ought to be given the priority which is its due. Napoleon's dictum that "the army marches on its belly" is as true to-day as it was a century and a half ago. We must make India self-sufficient in regard to food, and that also soon. I wish the Centre and the Provinces combined materially to increase the sowings of May and September 1948. The task before us is of a very emergent character and we require the active co-operation of every individual in the country in tackling this great problem.

FRUITS AND VEGETABLES

As you are all aware, for several years now, India has failed to produce the food it requires and the partition of the country has made the position worse. It is incumbent on the Council in common with other national organisations to do its utmost to bridge the gap by undertaking useful research for both short and long term plans and by transferring the practical results of such research to the farmer's field. I am gratified to find that this problem, has already received the attention of the Advisory Board who have stressed the necessity of chalking out a programme of urgent research to help the campaign of food self-sufficiency. I am glad also that the necessity for having suitable legislation on certain important aspects of the problem has also been carefully considered by that body, and I hope the matter will be taken up in right earnest by all concerned.

One particular point I would like to mention in this connection is that with the exclusion of certain tracts from the Indian Union, the situation regarding protective foods such as fruits and vegetables and fish has considerably deteriorated. I understand that the I.C.A.R. is calling a Conference of Horticulturists some time in March next. I have no doubt that the Conference will review the present position and suggest practical methods for meeting the shortage of fruits and vegetables in the Union. An urgent review of the position in respect of other articles of foodstuffs, *e.g.*, fish, milk, potatoes, etc., will also be required. Several other nations

do not consume per capita as much cereals as we do and yet have better physique and health. India's present shortage in regard to cereals could also be easily remedied if the nation altered its dietetic habits and consumed other food-stuffs. I hope that the Council will conduct a proper research into all these matters so as to make India self-sufficient in Food.

ERADICATION OF PESTS

While research must be concentrated on the task of evolving better and higher yielding varieties of crops, in discovering better cultural practices and in placing more efficient tools in the hands of the cultivators, while due attention must be paid to the improvement of the animal husbandry resources of the country and while, as I have already said, the highest priority should be given to the increase of the food supply of the country, attention must also be given to the eradication of pests and diseases of crops and cattle in order that the country may be saved from enormous losses of food-stuffs for which these are responsible. I am glad, therefore, to find that a serious attempt is going to be made to control the wheat rust and other pests which affect crops and animals. As regards wheat rust, the Central Government have set up a Committee to co-ordinate the work of control and Government will finance the carrying out of this important work.

Survey and improvement of soils, production and use of manures and fertilisers and manurial and varietal trials as recommended in the extremely valuable report submitted by Dr. Stewart, have also to be undertaken. I am sure that if the experiments recommended in the report are conducted not only on individual cultivator's fields but also on all-India basis they will yield valuable data regarding the optimum yields of crops.

As you are aware, there is a serious dearth of technical personnel in the country at the moment and Government has taken upon itself the responsibility for sending men abroad for purposes of training. I hope that in the near future, we

shall have ample technical staff needed for our plans of progress. But even then the main problem will remain, *viz.*, to link our existing man-power with the vast material resources of the country and to develop them according to a plan, for in planned scientific development only lies the salvation of the country. I am glad, therefore, to know that the Council has taken up the question of undertaking research on the basis of a planned programme from the Centre and on a regional basis. In framing our plans for agricultural progress we should work for a reasonable degree of regional self-sufficiency in regard to food. I have every hope that the provinces will give in this matter their fullest co-operation.

I think the Council was wise in amending its Charter to include developmental research and activities, for, in my opinion, development cannot be divorced from research but must proceed hand in hand together. I shall be very much interested to know the results of the Delhi Development Scheme which the Council intends to work out. I understand that the intention is to apply all known improved practices in agriculture and animal husbandry, in certain selected villages near about Delhi, in order to prove to the cultivators what can be achieved by tackling their problems scientifically.

COST OF PRODUCTION

The economic aspect of the Council's researches should also be kept in view. As one of my predecessors has once said, a poor country like India can ill-afford "Ivory Tower" research divorced from the realities of life and the needs of its cultivators. I welcome, therefore, the experiment that you propose to carry out regarding putting the "cow on the plough." Science must be utilised to serve the needs of the country but at the same time the economic aspect must not be overlooked. Agriculture being the most important industry in the country the cost of production must play an important part in all the activities of the Council. I was interested to know that the Council had been

carrying out crop-cutting experiments for some years now and that these experiments had been found to be very useful in estimating the crop yields in the provinces. Crop estimation is by far the most important aspect in the country's economy and I hope that the Union as a whole will adopt the technique in due course.

I regret to say, however, that one aspect of the Council's activities has not yet received the attention it deserves, that is its publicity and propaganda side. The Council must function effectively as the clearing house of information relating to agricultural and animal husbandry research and I would, therefore, suggest that its informational activities must be put on a satisfactory basis as early as possible.

The partition of the country has prejudicially affected the financial resources of the Council and the income expected from the levy of a cess on agricultural produce is bound to fall in future. If the Council is to function satisfactorily it will be necessary for it to be provided with more funds than it can expect to get out of the cess. I hope that this body will make a strong representation to Government so that it may agree to make a suitable recurring grant to the Council for at least some years to come. I understand that the Advisory Board have recommended that the Government of India should be asked for necessary grants in connection with certain important activities, *e.g.*, (a) carrying out of the agronomic and varietal trials recommended in Dr. Stewart's report, (b) utilisation of bone meals, (c) carrying out of research on tubers, etc. I think, this is a step in the right direction and hope that Government will come forward with liberal grants required for these and other purposes. It is impossible for this organisation to serve the people of India unless its financial resources are very ample.

There are two other matters a reference to which is, I feel, called for in view of the circumstances existing in the country.

Heavy loss to food crops in India is being caused by insect pests and plant diseases, amounting, roughly to about 500 crores of rupees. This damage is caused not only to crops when growing in the fields, but also to grains after harvest and during storage, in fact, till they are processed and consumed.

Several important authorities such as the Indian Famine Commission (1943), the Food and Agricultural Organisation of the United Nations, have suggested very high priority to plant protection work in food production programme and in fact the Council of the F.A.O. have expressed the opinion that this single factor, if properly attended to, can considerably reduce the food deficit of the world.

A good deal of the loss caused by pests and diseases can be avoided if control operations are taken in time and in a properly organised manner. It is, therefore, imperative that provinces should establish adequate Plant Protection Organisations for carrying out field-scale control operations against more serious pests and diseases. The most essential pre-requisite for establishing such organisations is the appointment of well qualified Entomologists and Mycologists at the provincial headquarters. At present, only the three provinces of U.P., Bombay, and Madras have such experts and these provinces are taking steps to establish Plant Protection Services for field work. The rest of the provinces, many of them are deficit, should emulate the example of these provinces.

Control operations against some serious pests can be undertaken by simple methods, while others require power-operated sprayers and dusting machines, which are unfortunately not so far available in India. Arrangements are being made for the import of a small number of such machines which, after trial for a season or two will be selected as model for the manufacture, if possible, of such machinery on a large scale in India. As regards pests and diseases which can be controlled by other methods the number of such enemies of food is also large—

the Plant Protection Adviser to the Government of India is going round the provinces and suggesting in consultation with local experts what pests and diseases can be tackled immediately with the facilities available. It is hoped that during 1948, all provinces will endeavour to control these saboteurs of our food resources which are today inadequate for the needs of the country. The Plant Protection Quarantine and Storage Organisation of the Ministry of Agriculture will always be available for any assistance on the spot which the provinces may require. It need hardly be emphasised that the urgency of establishing provincial organisations is great.

MARKETING PROBLEMS

The question of marketing of agricultural produce also needs attention. Though all provinces recognize the importance of improvements in Agricultural Marketing, of late, there has been a tendency to sidetrack the subject and in some provinces the organisation which has been set up to deal with the problem has been disbanded. In the East Punjab, there has been a complete breakdown while in the United Provinces, orders were recently issued to disband the office of the Chief Marketing Officer. Assam disbanded the Marketing Staff in April, 1947.

In the majority of provinces, the Marketing Staff was utilised for Civil Supplies work after the break of war and consequently there was a dislocation in marketing work. I would request all provincial Governments to take stock of the existing agricultural marketing problems and immediately formulate and execute new schemes of marketing with special reference to co-operative marketing, regulations of weights and measures, organisation of regulated markets and introduction of quality standards.

I do not wish to add to the length of my remarks, at today's meeting, by referring to other equally important matters. I would now invite you to take the fairly long agenda which has been placed before the meeting.

JOG POWER FOR BHADRAVATI

SUPPLY SWITCHED ON BY MYSORE RULER

Extension proposed to Bombay and Madras

"The Jog Power Works will hereafter be known as 'the Mahatma Gandhi Hydro-Electric Works' and I pray that under divine guidance the people of my State may be blessed with peace, progress and prosperity," observed His Highness the Maharaja of Mysore, switching on power from the Jog Works before a large gathering.

The function marks an important landmark in the economic development of Mysore and it will turn the wheels of industries, present and future, with consequential benefit to the State of Mysore and serve every humble citizen of the State to brighten his home.

The magnificent Jog Falls on the Sharavati River have been famous as one of the grandest of beauty spots. The Hydro-Electric Works have been designed without, in any way, interfering with the majestic glory of the Falls and the immediate need for the Works arose out of the continued progress in the industrial activities of the State in recent years. It is proposed, to supply power from this scheme to the Governments of Bombay and Madras for distribution in the adjoining districts.

The scheme was inaugurated on February 5, 1939, by His Late Highness Sri Krishnarajendra Wadiyar Bahadur.

MAHARAJA'S ADDRESS

Replying to the addresses presented on the occasion, the Maharaja expressed his sincere appreciation and unalloyed pleasure at hearing an account of the stupendous task that the Chief Engineer for Irrigation and Chief Electrical Engineer had undertaken in constructing the reservoir and erecting the electrical engineering works for the Jog Power Scheme. The details given of the works indicated the ingenuity and resourcefulness required of the engineers and their staff. It was a remarkable tribute to the

engineering services of the State and it must be a source of intense satisfaction and legitimate pride to all people in the State that this great work should have been successfully accomplished by the citizens of Mysore.

Proceeding, His Highness observed that it should be the ambition of the Chief Engineer of Electricity that every village in the State should receive the blessings of light and that the industrial potential of the State might be exploited in all suitable areas.

"While we are all anxious to promote the standard of living of the common man," His Highness said, "particularly of the people in the rural areas, let us also remember that the provision of amenities and comforts, such as these, will go a long way in achieving the objectives. Nothing is calculated more to fire the ambition of rural population to attain a better standard of living than the bringing of light and brightness to their hearths and homes."

His Highness, continuing, expressed his happiness at learning that power was to be given to the neighbouring Governments of Madras and Bombay. A spirit of good neighbourliness had always characterised the high policy of State and it was in that spirit that his Government had entered into such agreements.

THE SCHEME

The development of the Jog Falls Project, without in any way interfering with the majestic glory of the Falls, has long been under the active consideration of the Mysore Durbar. In 1918, the Government ordered detail surveys and river gauging operations to be conducted with a view to examining the power-generating possibilities of the Sharavati river in the north-western part of the State. This river, after rising in the north-western part of the State, flows westward until it reaches the Bombay frontier when it drops vertically by more than 800 feet and then flows into Indian territory and thence to the Arabian Sea.

During the reign of Sri Krishnarajendra Wadiyar, as a natural sequel to the phenomena

rise in the industrial activities of the State during his illustrious rule, the scheme was sanctioned and His Highness laid the foundation stone of the Jog Falls Hydro-Electric Works on February 5, 1939, overlooking the gorge below the Falls.

The stream flow of the river Sharavati varies very greatly, from four cusecs minimum during the hottest part of the season to a maximum of about 200,000 cusecs during the monsoon season. Since it is essential to ensure a steady flow of water for steady power generation, it was decided by the Government to construct a storage reservoir of adequate capacity by building a dam across the river at Hirebhasgar, about 13 miles upstream of the Falls. The dam is a composite one, 8,900 feet long, with a masonry section in the centre of about 1,500 feet in length. An interesting feature of this dam is that it incorporates 11 syphons of reinforced cement concrete construction each 18 feet in diameter, in addition to 6 sluice gates of 10' x 25' of standard design. The capacity of the storage reservoir is 25,000 million cubic feet, and allowance has been made for a maximum flood discharge of 200,000 cusecs.

The regulated water of the river, from the Hirebhasgar dam, flows through the natural course of the river for a distance of about ten miles and here, an anicut and necessary head-works have been constructed for the purpose of drawing off a regular supply of water into the power channel. The height of the anicut is 21 feet above the river bed level and its length is 800 ft. The power channel takes off from the left bank of the river at the anicut and this channel, three miles in length, traverses through thickly wooded country. Towards the tail-end of the channel a reservoir known as the Sirur Balancing Reservoir has been constructed so as to ensure the necessary diurnal storage of the generating station.

FIRST STAGE

On the recommendations of the Hydro-Electric Schemes Committee, an estimate for Rs. 280.5 lakhs was sanctioned by the Govern-

ment in October 1941, for the first stage of the Scheme, to generate 82,000 E.H.P. (24,000 K.W.) and the project was thereafter taken up for construction in full swing. However, on account of new demands for power that cropped up due to the development of the Mysore Iron and Steel Works, the necessity for increasing the generating capacity was foreseen, and the estimate for the Scheme having been revised from time to time, the final sanction for an estimate of 408.7 lakhs for the first stage of the Jog Power Scheme to generate 64,000 E.H.P. (48,000 K.W.) was conveyed in 1948.

The first stage of the Scheme was mainly the construction of (1) a storage reservoir at Hirebhasgar, (2) a barrage at Karagal, about ten miles lower down to pick up the water, (3) a power canal to conduct the water to the Forebay, (4) two high pressure penstocks, (5) the Generating Station with the necessary generating, transforming and switching equipment, (6) a 110 K.W. double circuit transmission line from Jog to Bhadravati and (7) a receiving station at Bhadravati with 50 cycle transformers, switch gear and frequency converters.

Two of the four turbine-driven generators installed in the station are now ready for service with a capacity of 24,000 K.W. A new feature of this station is that low tension busbars and associated low tension oil circuit breakers have been eliminated by adopting the "Unit System," that is, each generator is directly connected by high tension cables to its own step-up transformer which transforms the power from 11,000 volts to 115,000 volts. All the transformers and high tension switch gear are located under an outdoor structure of fabricated steel and the most modern types of protective relays for the system have been adopted.

SUPPLY CAPACITY

The Jog-Bhadravati double circuit 110 K.W. Transmission Line is now ready to transmit the power generated at Jog to Bhadravati, which is the immediate centre for reception and utilisation of 50 cycles power. Two frequency

converters for converting the frequency from 50 cycles to 25 cycles are under erection at Bhadravati, which are expected to be ready within the next few months. When these sets are ready, Jog Power can be transmitted to the eastern and southern parts of the State. These frequency converters also function as a tie between Jog system and the Cauvery Power system. With the adoption of 50 cycle frequency, Mysore will be in line with the other parts of India.

The erection of the other two generators at Jog is expected to be finished within the next few months and thus bring to completion the first stage of the Jog Power Scheme. Administrative sanction has also been given for extending the Jog Generation Station and its power capacity by the installation of four additional generators of 18,000 K.W. each with all the auxiliary and ancillary equipment.

Thus, the total capacity of the Jog Generating Station at the end of the second stage will be 120,000 K.W. of which 102,000 K.W. may be reckoned as "Firm power." The combined Sivasamudram-Jog system capacity will then be 142,000 K.W. According to load forecast, it is expected that all these powers will be utilised within the next five to ten years.

DAMODAR VALLEY CORPORATION

1. Damodar is an angry, obstreperous river, which flows for 500 miles through the provinces of Bengal and Bihar and has wrought untold havoc to the inhabitants of these areas. During the 1948 floods, the cost to the East Indian Railway of traffic diversion alone amounted to more than Rs. 58 lakhs, while the cost of repairs to roads and railways, including constructions of new waterways, culverts and bridges, undoubtedly amounted to several times the cost of traffic diversion. The countryside below Burdwan was flooded to a depth of six to seven feet at several places and many villages were devastated.

2. The passing of the Bill, setting up a multi-purpose corporation for the development

of the Damodar Valley, symbolises a historic event, as with this, a great project of immense potentialities has been launched. The total area which is to be covered by the scheme of development is estimated at 9,780 square miles and the population involved at five million. One-third of this area and half the population are in Bengal and the rest in Bihar. It is one of the main industrial areas in the country containing collieries, steel mills, paper mills, cement and aluminium factories.

3. The primary consideration which led to the formulation of this scheme is the control of floods.

4. The Damodar Flood Inquiry Committee estimated that the cost of storage capacity which would be required for flood-control purposes alone would be Rs. 23 crores. It was, therefore, considered necessary in the interest of economy as well as national development that a bigger scheme covering not only flood control but also irrigation, navigation as well as generation of electric power should be formulated. It is expected that the scheme will provide for the irrigation of about 764,000 acres and for an initial capacity of generating 3,50,000 kilowatts of electrical power. The total cost of the scheme has been estimated at Rs. 55 crores, of which Rs. 14 crores are to be allocated for flood-control, Rs. 18 crores for irrigation and Rs. 28 crores for power. The annual budget of the Corporation is expected to be Rs. 5-7 crores.

5. The Bill which has now been passed sets up a statutory corporation on the analogy of the T.V.A. clothed with the authority of Government but possessing the flexibility and initiative of Private enterprise, consisting of three members to be appointed by the Central Government. With reference to the appointment of two of them, the two provincial Governments will be consulted. They will be advised by a Financial Commissioner. Besides the three main purposes mentioned above, the Corporation has been entrusted with the task of promotion and control of navigation in the Damodar river and its tributaries, the promotion of affores-

tation and control of soil erosion in the Damodar Valley and the promotion of public health and the agricultural, industrial, economic and general well-being in the Damodar Valley and its area of operation.

6. Another provision of the bill empowers the Corporation to establish, maintain and operate laboratories, experimental and research stations and farms. The capital cost is to be allocated between the Central and two Provincial Governments in a rather complicated manner. The capital for power is to be shared equally between the three Governments: that for flood-control equally between the Central Government and the Government of West Bengal, and the capital for irrigation is to be contributed by the two Provincial Governments in the rates in which these provinces are benefited. The profits are to be divided in proportion to the capital contributed. In the case of deficits, a similar formula is to be applied, except in relation to deficit in respect of flood-control which is to be the exclusive liability of the Government of West Bengal.

7. Originally, the bill provided for exemption of the Corporation from Central taxation but the Select Committee changed its provision and made it liable for such taxation, thus reflecting the new policy of the Government of India in relation to public corporations. The Provincial Governments are, however, allowed the proceeds of the Sales Tax and the dues from irrigation. The Damodar Valley Corporation having a profit after paying the interest on the capital is rather remote. The public will expect from the work of this Corporation prosperity and industrial development of the area concerned.

8. Unfortunately, no information is available regarding the deployment of technical personnel. Probably, this will have to be worked out by the authority.

CATTLE PROBLEM OF INDIA

FOOD MINISTER ON NATION'S HEALTH

"The cattle problem in India is not merely

a humanitarian problem of animal welfare, but in it are substantially involved both the health and wealth of the nation. The earlier we realise this the sooner shall we see the end of poverty and disease in the country," said India's Agriculture and Food Minister, Mr. Jairamdas Daulatram, opening the Seventh All-India Cattle Show.

The Food Minister added that in spite of so many big questions confronting the nation at the present moment, "We cannot afford to ignore those problems, the far-sighted solution of which affects the very foundation of the nation's economic life and therefore, the happiness and well-being of our people."

Mr. Daulatram said that India possessed one-third of the total cattle population of the world. According to the 1941 census report, the total bovine population (cattle and buffaloes) of undivided India was 208.2 millions. It was estimated that as the result of the partitioning of the country, about 30 million cattle had gone to Pakistan. In spite of our huge cattle population, the country was in short supply both with regard to bullocks as well as milk. One of the main reasons is that our cattle suffer essentially from food shortage. The slow process of starvation to which our livestock is exposed, is evident from its unthrifty conditions, poor productive capacity, stunted growth, late maturity and long inter-calving period. "We thus lose millions of tons of milk and an enormous amount of horse power. Do we realise what this means in terms of national health and production and therefore of national wealth? As matters stand at present, not more than 60 per cent. of the fodder required is available and only one-fourth of the total concentrates needed can be obtained.

MANUFACTURE OF PLANES IN INDIA

FIFTEEN MACHINES BEING MADE

First Aircraft to be ready by August

The Minister for Industry and Supply Dr. Shyama Prasad Mookherjee, informed the Dominion Parliament that the first Indian-

made aircraft was expected to be ready by August. He told the House that the Hindustan Aircrafts were engaged in the construction of the aircraft. Fifteen such aircraft, he said, would be assembled from the parts imported. Raw materials in India would also be used in their construction.

Mr. N. V. Gadgil, replying to another question, said the construction of the aircraft was really the concern of the aircraft companies, but in view of the Kashmir situation the Government were also interested in the increased output of aircrafts.

SINDHRI FERTILISER FACTORY

Dr. Mookherjee said in answer to Mr. Santhanam that Government proposed to set up a corporation for the purpose of managing the Sindhri Fertiliser Factory; proposals in that respect would be placed before the House.

Mr. Kesava Rao asked whether Government proposed to revise their policy in the matter of relaxing priority booking controls.

Dr. John Mathai, Transport Minister: No, but the position is constantly under review in order to consider the relaxation of existing control in the event of improvement in the over-all rail transport position.

Mr. Gadgil, replying for the Communications Minister, said in answer to the same member that Government had under consideration an amendment to the rules to ensure that radio sets were sold or transferred only to licence-holders.

INDIA'S PETROLEUM OUTPUT

The campaign against petrol rationing gives special interest to the recent statement in Parliament by Mr. N. V. Gadgil, Works, Mines and Power Minister, that India's current production of petroleum was seven per cent. of her annual rationed consumption of 3,000,000 tons. Annual world consumption of oil before the war was about 267 million tons, and present annual consumption is about 400 millions. India's present rationed consumption compares with an

unrationed pre-war two million tons and if it were abolished, said Mr. Gadgil, it would probably rise to four millions. Nine per cent. of India's pre-war requirement came from local production, with 4 per cent. from Pakistan and 85 per cent. from Burma.

More intensive survey for petroleum by geological and geophysical methods is now contemplated, said Mr. Gadgil, and answering a question whether non-nationals would in future be given prospecting licenses, he pointed out that petroleum prospecting needed vast capital and considerable technical personnel. Indian applications would certainly be considered sympathetically.

U. S. AGRICULTURAL RESEARCH

RESULTS PRACTISED ON DAY-TO-DAY BASIS

For more than a third of a century the Extension Service of the U.S. Department of Agriculture has worked towards better rural living. During 1946 alone, nearly 4,500,000 farm families and 2,100,000 other families in the States of Alaska, Hawaii and Puerto Rico sought and received information and guidance from the service's 11,000 trained workers on farm and home improvement.

The co-operative extension programme, created by the U.S. Congress in 1914, is primarily educational, applying science to real situations on a learn-to-do-by-doing basis. Its financial support, its programme execution, and its leadership are conducted on a partnership basis by the farm people and their country, state and Federal governments. About half of the approximately 54 million dollars spent for the extension programme in 1946-47 was appropriated by the Congress. The remainder came from State, country and local organisations.

This co-operative extension programme travels on a two-lane highway. On one side come requests for solutions of problems from rural people: on the other side are the facts, information, and guidance flowing from the

Department of Agriculture and the land-grant colleges to the people through the 3,097 country extension staffs.

EDUCATION THROUGH LAND-GRANT COLLEGES

Administration of the Extension programme in the States is handled co-operatively by the Department and the nation's 68 land-grant colleges. These colleges carry on their education and research through three channels: (1) The State experiment stations, closely co-ordinated with the Department's Agricultural Research Administration, do scientific work to find new crops, new methods, and improved ways of farming and home-making; (2) Resident teaching staffs in land-grant colleges train young people for agricultural and home-making work, including personnel to go into the field as extension and vocational teachers; and (3) the Extension Service carries its teaching to the rural farms and homes.

Of the Extension Service's 11,000 workers, 8,500 or 75 per cent. are country workers. Twenty-three per cent. of the personnel is on state staffs in land-grant colleges. In the Federal office are 88 men and women technical specialists housed with other bureaus in the Department who deal with specific farm and home-making problems. These specialists serve as liaison between the bureaus and the State specialists in the same field. They carry to these 1,827 State specialists the latest technical information on research and practical development in the various fields.

In turn, the State specialists work with the country extension agents, who take directly to the rural people the latest information made available through Federal and State research.

Country extension workers alone made nearly 8,500,000 farm and farm-home visits during 1946. People seeking information and help made more than 9,000,000 personal visits to the country extension offices. Nearly 7,500,000 telephone calls were answered. And some 52,000,000 farmers, farm women, and rural youth attended country extension meetings.

Speaking of the value of the Extension Service, the Secretary of Agriculture said: "When a new and better crop variety is developed, it gets into our fields just as fast as possible. Through this Extension Service system science is translated into everyday farm practice."

FOREIGN COUNTRIES STUDY U.S. METHODS

From many foreign countries during the past year have come agricultural leaders to study the Extension Service. Among these were Brazil, Chile, Peru, Colombia, Ecuador, Mexico, Haiti, Costa Rica, France, Greece, Sweden, Iran, Palestine and China. Large groups of trainees from these nations visited various parts of the United States and Washington.

Smaller groups came from other countries for preliminary studies. Many nations have already patterned an agricultural programme of education of rural people after the United States Co-operative Extension Service.

These visitors also have contributed to the better understanding by American farm families of the agriculture, living conditions, and customs of people in other countries.

The Extension Service plays an important role in helping to alleviate hunger in Europe and Asia. Country extension staffs spend much time in campaigns to produce more and save more food. The use of high-producing varieties of grain and of hybrid seed corn helped to increase production. Better fertilization of land and better farming methods were urged and also helped. Home demonstration agents showed the housewives how to save critical foods by using substitutes; how to preserve more of the garden products by proper canning and freezing methods.

Farm people changed many of their practices of feeding livestock to save wheat, corn and oats. Livestock and poultry flocks were classified as non-producers to cut down feedings. Many states prepared emergency folders on the saving of food and grain. Extensive radio and news paper campaigns were started by extension information staffs to inform rural and urban

people of the world food crisis and how they could help.

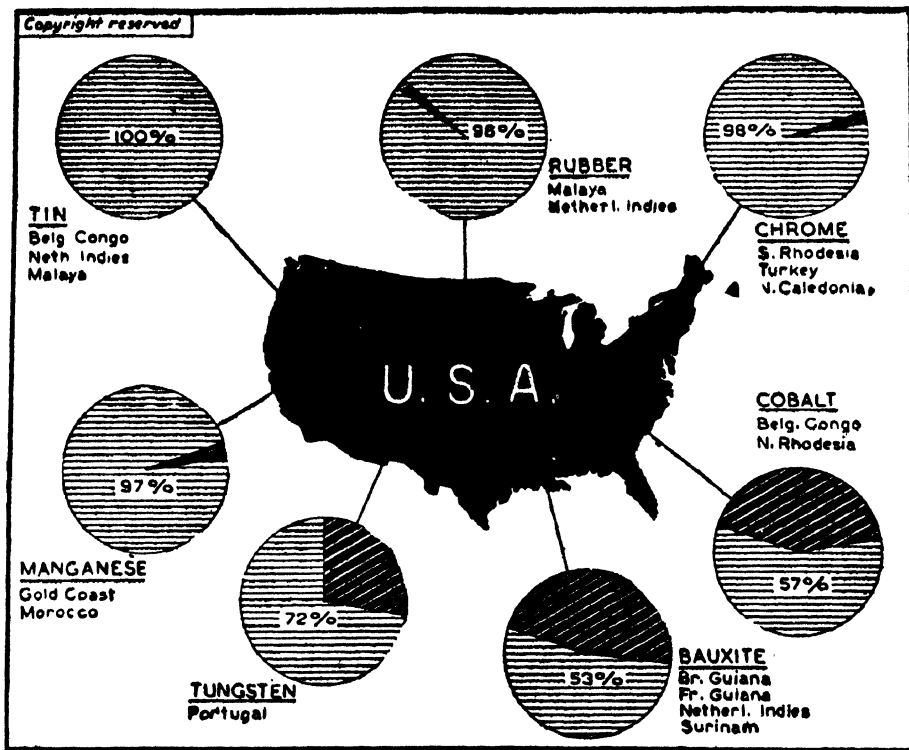
U. S. RUBBER INDUSTRY'S OUTLOOK FOR 1948

Total production of the American rubber industry in 1948 is expected by trade sources to reach 2,500 million dollars or more than $2\frac{1}{2}$ times the volume of 1940. This will compare

with an all-time high record of approximately 2,700 million dollars in 1947.

Trade sources expect a total of 558,000 metric tons of natural and 360,700 metric tons of synthetic rubber to be used by the American rubber industry in 1948, against all-time high consumption of 1,117,600 metric tons (natural and synthetic) estimated to have been used in 1947.

WORLD REPORTS IN MAPS



European return for Marshall Aid: During the American discussions of the Marshall Plan and the repayments the US might demand it has been stated that the countries, which are to receive the Marshall Aid, ought to help the US in stockpiling certain strategic raw materials. The drawing shows the great extent to which the US are dependent of overseas import in regard to certain important raw materials. For instance, the entire US consumption of tin is covered by import from Belgian Congo, Malaya and the Netherland Indies, and the two last countries must be taken into consideration as to the covering of the US needs for rubber, 98% of the chrome consumption must be covered by import, and among the "Marshall countries" New Caledonia, S. Rhodesia and Turkey will be concerned. 97% of the manganese consumption is covered by import, which might be supplied by the Gold Coast and Morocco. The overseas import of tungsten is also very important, as it covers 72% of the US needs, and Portugal is one of the main producing countries. Finally bauxite and cobalt must be named, 47 and 43% respectively of these materials have to be imported to the US, mainly from Guiana, the Netherland Indies and Surinam comes bauxite, cobalt from Belgian Congo and N. Rhodesia.

Courtesy: the Hindu.

Trade and Tariffs

GROUNDNUT AND A BILATERAL AGREEMENT

HYDERABAD AND BRITAIN

THERE is a special article in the *London Times* dated 18th February, 1948 on the severe shortage of fats in Britain and the plodding scheme in East Africa for meeting this need by growing more groundnuts. Hyderabad has 25 lakh acres under groundnuts with an annual average yield of 7.5 lakh tons. Out of these, 4 lakh tons are consumed locally and the balance of 3.5 lakh tons is being exported, mostly to India. The possibilities of Britain taking this exportable surplus and as a return courtesy supplying Hyderabad plant and machinery, required by her—giving first priority to Hyderabad—are indeed very great. Bilateral trade agreements are the rule nowadays. It would be very helpful to Hyderabad economy if our Agent-General in London should move in the matter and arrange for a meeting of Officers and experts towards the negotiation of such a bilateral agreement between Hyderabad and Britain, exchanging between them groundnuts on the one hand and plant and machinery on the other.

LEVY ON COTTON TEXTILES

The Constituent Assembly (Legislative) passed Dr. Shyama Prasad Mookerjee's Bill imposing a cess on certain cotton textiles manufactured in the provinces of India.

Following decontrol of textiles, the mills had been given the right to fix new prices and the Government had decided to collect the difference between the new and old prices of cloth from mills or stock-holders for the benefit of the public revenues. This would yield a sum of Rs. 3 crores.

The Minister in introducing the Bill said that there had been an understanding between the Government of India and the Mill-owners' Association that the new prices would not be excessive. If any mill, he said, put up rates which

were higher than those prescribed by the Association, Government would interfere and take immediate action.

RETAIL PRICES OF CLOTH

SEQUEL TO DECONTROL UNDERTAKEN BY MILLS

A cess has been collected on the cloth delivered by the mills during January and on this cloth the marked retail price may be enhanced by 25 per cent. in the case of coarse cloth and 12½ per cent. in the case of medium.

Prices on cloth Tax-marked in February, 1948, and onwards will be the correct ones.

The main results of the relaxation of control as regards the ordinary consumer are :

Consumers will now be able to purchase cloth without a ration card, unless the provincial or State Government concerned decides to maintain a cloth rationing system after prior consultation with the Government of India. No provincial or State Government has as yet taken such a decision.

MILLS' UNDERTAKING

As regards prices, statutory control will no longer be exercised. Mills have undertaken to see that cloth is sold to wholesalers at fair ex-mill prices fixed by the industry and stamped on the material. The trader will be expected to sell to the consumer at a price not exceeding the retail price, also stamped by the mills on the cloth. These price-marks are an indication to the consumer of the reasonable price which he may be expected to pay.

The success of the experiment of decontrol over cotton textiles will be judged by the manner in which the undertaking given by the industry to fix fair ex-mill prices and to deliver cloth to wholesalers at these prices is implemented by the mills and the extent to which the promises made by the trading community that they will give the consumer a fair deal are kept.

Provincial and State Governments have been requested to send reports periodically on the

levels at which cloth is being retailed. The effects of the new textile policy will be reviewed from time to time.

PRICES TO GOVERN INDIA'S IMPORTS

New York's foreign traders expect price to be a major factor in the allocation of exchange and granting of licenses for imports into India for the first half of 1948. Reports based on cable advices indicate that the committee appointed by the Chief Controller of Imports of the Union of India will allocate exchange for each line and item of goods. The application for import licenses, it is said, will require proof of availability of the goods, price and previous imports.

One particular report stresses that only the lowest offers from suppliers to Indian importers will receive consideration during the period from January to June, with fifteen days allowed to submit application with necessary proof of orders. In appraising the effect of these reported measures, foreign traders have expressed the belief that they will serve as a "squeeze" on the merchant exporter who buys from a manufacturer and adds his own profit. The merchant exporter's price is accordingly higher, with the result that import licences will tend to go direct to manufacturers.

It was, however, asserted that such manufacturers are not necessarily equipped to do business with foreign Importers. It was felt generally that the result would be that India will be likely to get loss for the exchange she may disburse. An example of how this might come about was given in connection with the fact that an importer cannot obtain an import license for more than 20 long tons of a certain chemical-mineral. However, the Office of Defence Transportation regulations specifies 80 tons as a carload shipment. Smaller lots carry rates which are substantially higher, thus the 20 tons may ultimately cost as much, if not more than the 80 tons. Thus, the probable effect might be that the Indian importer would get about half of what he should, if the quantity restrictions were not tightly drawn.

70,000 TONS OF PADDY BEING IMPORTED FROM NEPAL

80,000,000 YDS. OF JAP CLOTH PURCHASED
AND BEING RE-EXPORTED

Questions of food and clothing figured prominently in the recent session of the Dominion Parliament. The Commerce Minister, Mr. C. H. Bhabha, replying to a question on behalf of the Minister for Industries and Supply, said that 80 million yards of cloth were purchased from Japan for six crores of rupees, paying an equivalent amount in dollars. The prices varied from As. 9 to As. 12 f.o.b. at a Japanese port. It has been decided to re-export the Japanese cloth but Government expect no loss in the transaction.

The Food Minister, Mr. Jairamdas Daulatram, replying to a question, said that 70,000 tons of paddy were being imported from Nepal. Some of this would be supplied to West Bengal. But this import will not be enough to meet the deficit. The need has been accentuated by the failure of the monsoon in Madras.

The Food Minister gave some interesting information regarding new experiments in rice cultivation. A Russian variety ripened in 5 weeks' time. Under Indian conditions, this type of paddy flowered in seven weeks and took three weeks more for ripening. Fourteen other varieties were also tried in India. But all the Russian varieties proved to be poor yielders under Indian conditions in the first year of experimentation. Indian scientists were experimenting with numerous varieties and already 300 varieties were evolved and released.

COTTON POLITICS FOR INDIA ONCE AGAIN

LANCASHIRE'S EFFORTS TO STRANGLE JAPANESE
TEXTILES

Indian Cotton Mills are likely to benefit, if success attends the attempts of Lancashire cotton trade to unite with the U.S. Cotton interests in calling on their respective Governments to operate a policy preventing Japanese

production from interfering with that of other countries.

For some time, the Lancashire cotton trade watched with increasing anxiety the gradual revival of Japanese cotton mills under U. S. policy. Action has been urged upon the British Government from a number of sources.

ANGLO-AMERICAN POLICY

Just returned from a tour of American and Canadian cities, is the Cotton Board Chairman, Sir Raymond Street, who has talked with members of the U. S. Administration on this problem and proposed that industrialists on both sides of the Atlantic should band themselves together to impress upon their Governments the need to formulate a definite policy. At the moment, confirmation is awaited from the U.S.A. that American industrialists are ready to join with their British colleagues on this issue.

FEAR OF JAPANESE TRADE

The Lancashire traders' chief interest is the effect which the re-emergence of Japanese activity would have upon their Far Eastern outlets. Any definite move to keep Japan's productive capacity on a low level would assist the cotton mills of India. In Malaya and Burma imports of Indian fabrics have begun to rise once more and they would be adversely affected by increasing shipments from Japan.

INDO-U. S. ECONOMIC COLLABORATION

MR. BHABHA'S PLEA

Mr. C. H. Bhabha,* Minister of Commerce, Government of India, said in a special article in the "Journal of Commerce," New York financial newspaper, that the current "scramble for dollars in which India had joined other countries called for a new approach to problems of international trading." He suggested that a possible short-term solution to the problems facing India, with respect to its trade relations with America and other western countries,

could be found in carefully negotiated bilateral treaties of commercial and economic collaboration.

Mr. Bhabha emphasised that while the European Recovery Programme might be essential to the peace of Europe and constitute the first line of defence for the American continent, the simultaneous reconstruction and development of Asia was the only insurance against the world wide economic blizzard and could alone guarantee that long-term peace of the world without which even the European Recovery Programme would be only a temporary palliative and not a permanent cure.

"India today stands in the forefront of Asian countries and is perhaps much better suited than other Asian countries to launch upon a long-term programme of reconstruction and development.

"Such collaboration will be to the advantage of both participating countries. For, it must be remembered that if India would welcome American assistance and collaboration in her reconstruction and development plans, there are important sectors of American economy in which India's contribution can also be of major help to America and other countries of the new world."

INDO-JAPANESE PRIVATE TRADE

INDIA GOVERNMENT PERMITS RESUMPTION

The Government of India had decided to allow resumption of private trade between Indian and Japanese traders subject to certain restrictions. In order to explore possibilities of the future trade between the two countries, the Government of India deputed Mr. G. A. Kulkarni, President of the Bombay Association of Merchants and Manufacturers of Textile Stores, to Tokyo. Mr. Kulkarni who had extensive business interests in Japan before the last war, left for Japan at the beginning of March.

It may be recalled in this connection that the Government of India had announced sometime ago that they were contemplating grant of permission for trade with Japan subject to certain export and import restrictions and also

* Mr. C. H. Bhabha has since resigned from the Govt. of India.

invited applications only from bona fide businessmen.

PAKISTAN TRADE POLICY

DETAILS OF EXPORT CONTROL

The Ministry of Commerce, Industries and Works, Government of Pakistan, in a notification in the Gazette of Pakistan extraordinary dated February 21, 1948, details its export trade control policy.

The notification states: "In exercise of the powers conferred by sub-section 1 of section three of Imports and Exports Control Act, 1947, the Central Government is pleased to prohibit the export:—

1. to any place outside Pakistan, 2. to any tribal area of Pakistan State beyond the western and northern boundaries of the North West Frontier Province, or,

A. any goods of the description specified in part B of the said schedule and covered by any export license issued by the Central Government in the Ministry of Commerce or by the Chief Controller of Imports and exports or an export trade controller appointed on behalf of the Central Government;

B. any goods of the description specified in part C of the said schedule and covered by an export licence issued by or under the order of the Central Government in the Ministry of Food, Agriculture and Health or the Chief Controller of Imports and Exports or an export trade controller appointed in this behalf By the Central Government;

C. any goods constituting the Stores or equipment of an outgoing vessel or conveyance or the "bona fide" baggage of the crew or of the passengers in such vessel or conveyance;

D. any goods transhipped at a port in Pakistan after having been manifested for such transshipment at the time of despatch from a port outside Pakistan;

E. any goods exported under the orders of the Central Government or such officers as may

be appointed by the Central Government in this behalf;

F. any goods covered by an open general Licence issued by the Central Government;

G. any goods required by persons residing or having their business in the tribal areas and Pakistan States beyond the western and northern boundaries of the N.W.F.P. for personal use or for use in the ordinary course of their business.

IMPROVEMENT IN EAST INDIA'S TRADE PROSPECTS

There has been a noticeable improvement in the economic situation in Java and Sumatra since the recent Dutch-Indonesian agreement under the auspices of the U.N.'s Good Offices Committee, according to Mr. P. A. Ursone, senior adviser in the Department of Economic Affairs.

He said that with the withdrawal of the Republican forces from pockets inside the Dutch-occupied areas, planters are now able to return to their estates, although they have to go armed, and sporadic attacks still continue.

Labour was plentiful, and there were more goods in the bazars. Trade was flourishing between Batavia and Bantam, and was beginning with other Republican areas. Economically, the picture was encouraging and the Dutch authorities were more optimistic than they had been for a long time past.

Mr. Ursone estimated that exports from the Indies would exceed 800m. florins in value this year. These should include at least 30,000 tons of tin compared with 15,000 tons last year and an average of 30,000 tons before the war, and 250,000 tons of estate and native rubber compared with a total of 233,000 tons of estate rubber only in 1940.

He said he hoped the Indies would be paying their way in three years' time, even allowing for the cost of whatever Dutch armed forces were maintained there.

BRITAIN'S FOREIGN TRADE IN 1947

The fuel crisis in Britain in 1947 upset all calculations regarding exports. With the loss in production in many of the industries for several weeks, it was feared that it would not be possible to report an increase in total exports over 1946. Till June, 1947 there was no suggestion of any appreciable improvement in the rate of exports but thanks to the efforts made by the various industries in the last two quarters, the figures for the whole year now make satisfactory showing. The total export trade in the last year reached a record value of £. 1,137 millions, nearly $2\frac{1}{2}$ times the 1938 figure. In the first and second quarters of 1947 exports barely touched the pre-war figure. At the end of the third quarter, they had risen to 114 per cent. and in the fourth quarter to 117 per cent. above the 1938 figure. The December figures were the highest since the end of the war both in point of volume and value, the volume of goods being higher by 20 per cent. over the pre-war figure, half-way to mid-1948 target. The increase in volume for the whole year was only 8 per cent.

Important items among exports were machinery, vehicles, iron and steel, cotton, chemicals and wool. Exports of metal goods were noteworthy, there being a rise for the third year in succession to 48 per cent. In 1938, exports under this group were only 37 per cent. of the total trade. With the larger commitments within the Empire and the difficulty in regard to dollars, the direction of trade was naturally towards the countries within the Commonwealth. The higher level of exports, however, had not been very helpful in bridging the deficit as imports also tended to increase. After allowing for re-exports, the net deficit on trade account was as much as £. 591.2 million against £. 336.1 million in 1946.

The experience of 1948 might perhaps be more satisfactory; but, if the necessary dollars are to be found, there will have to be an increase in exports to dollar countries and it is stated

that the aim will be to achieve an expansion in trade in these countries by at least 50 per cent. on 1947.

STERLING AREA TRADE

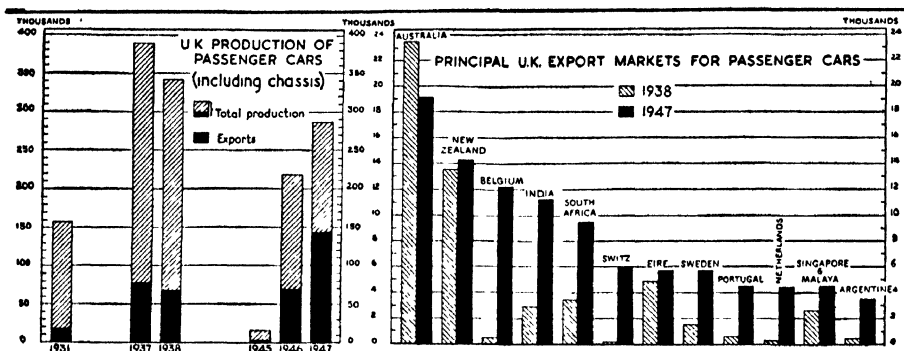
The countries, which outside Britain constitute the sterling area are South Africa, Australia, New Zealand, Eire, India, Pakistan, Burma, Iraq, Iceland, the Faroe Islands, the British Colonial Empire and the British mandated territories. The so-called Dollar Pool includes the gold and hard currency reserves of all countries in the sterling area, as well as those of the United Kingdom. The greater the trade, particularly in food, raw materials and essentials, done within the sterling area the less will be the call for dollars and other hard currencies. One of the most urgent trade efforts of Britain has, therefore, been to increase her transactions with the Dominions and the Colonies to the utmost limits. An important part of this policy has been to divert the maximum amount of British imports from the hard to the sterling area countries and at the same time, to get the sterling area countries similarly to restrict their hard currency buying. In addition, Britain has been trying to keep to the minimum sterling area purchases from her of goods which can be readily sold for hard currencies.

There is obviously a limit to the restriction on U. K. exports to the sterling area countries. Unless, Britain can supply goods which are essential to their economies, they will have to buy them with dollars or other hard currencies and thus deplete common reserves. The British export drive consequently takes into account these essential needs and, incidentally, the long-term significance of these important markets. With the first end in view, Britain's industries are being kept up-to-date on the markets to which they should constantly give priority consideration.

Before World War II, the sterling area was a net earner of dollars. Today, mainly because of the havoc which war played with the production of many of their products they have a

net dollar deficit which makes it all the more important for Britain to watch the balance of payments of the sterling area as a whole with other countries. While Britain can, to a limited degree, correct this balance by adjusting her

own trade with a particular foreign country she has no control over the trade of the other countries in the sterling area. She is, therefore, relying on their helpful collaboration, especially in trade policy, to secure her objectives.



SUPPORT FOR EXPORTERS

MR. WILSON ON DRIVE FOR MARKETS

Mr. Wilson, President of the Board of Trade, deplored the harm that had been done to them by one or two traders of the spiv type who had sold overseas goods not manufactured in Britain and far below the quality required by British standards.

Addressing the London branch of the Incorporated Sales Managers' Association he said that as world markets had become re-stocked emphasis had again to be placed on selling methods, and the Board of Trade was anxious to have complete co-operation with the association. The export achievement of £1,187m. in 1947 was magnificent, but even with re-exports it left a deficit on visible trading of £. 591,200,000.

The Government planned to balance purchases and receipts, but the volume of purchases was of necessity high to maintain industrial activity and to feed the country. The aim was to achieve a larger income, and industrial targets were fixed at a height which must prove a challenge. They were not theoretical exercises

by a bunch of civil servants, he added. The targets were not static, and some depended on the success of efforts by the Government, but equally, achievement rested on the efforts of individual firms.

GOVERNMENT PLANS

Selling was a personal matter. The Government had been enthusiastic supporters of the magnificent conception which it was hoped would take concrete form in the International Trade Charter. But while there were strong hopes of success in this direction the Government were intermediately seeking to arrange facilities with individual countries. Their plans did not stop at the presentation of the lists of goods they wanted to acquire; they also asked for facilities to sell.

They wanted to indicate the type of goods in which they made payment. Requests were normally for raw materials and difficult commodities, like semi-fabricated iron and steel, or a range of capital goods. The aim was to add to these a wide variety of consumer goods where the Government had been advised that an opportunity to sell existed, if only the necessary

import licence were granted. It must be the general aim of the Government—incorporated in the International Trade Charter—to secure a removal of that form of trade barrier in as wide a form as possible.

The United States and Canada were probably the two most difficult markets to United Kingdom exporters, but the high level of purchasing power gave extended opportunity, if sought carefully and cultivated diligently.

EXPORTS FROM BRITAIN HIGHEST IN JANUARY, 1948

S. AFRICA REPLACES INDIA AS PRINCIPAL MARKET

British exports last month were £. 9,000,000 higher in value than in December, the Board of Trade announced. They amounted to £. 119,500,000.

Imports at £. 161,800,000 were £. 8,400,000 higher—greater than in any month except last July.

The volume of exports in January is estimated at 128 per cent. of the 1938 volume—some 14 per cent. short of the target. It compares with 120 per cent. in December.

The January volume figure is the highest since the war, but it differs little from that for December, if allowance is made for January having 27 working days compared with 25 for the previous month.

The increase in imports was due almost entirely to the higher value of food and drink.

Exports to all areas in 1947 were £. 222,000,000 more than in 1946. The increase to British

countries was £. 149,000,000—88 per cent. more than in the previous year. To foreign countries it was £. 73,000,000 more or 16 per cent.

South Africa regained its pre-war position as Britain's principal market, replacing India, before partition, which held first place in 1946. Last year, India was second, Australia third, Eire fourth and the United States fifth.

Denmark and France both disappeared from the first 12. Argentine rose from 15th to eighth.

Imports in 1947 were £.486,400,000 more than in 1946. From British and foreign countries they were respectively £. 172,500,000 and £. 313,900,000 higher than in 1946.

NEW ZEALAND-AUSTRALIA TRADE

COMBINED EFFORTS TO INCREASE OUTPUT

Australia and New Zealand have taken the first steps in a combined effort to increase the production of commodities now in short supply in sterling areas.

This was one of the subjects discussed by the Prime Minister, Mr. Ghillely, during his recent visit to New Zealand.

Both the New Zealand and Australian Governments have begun a survey of industry with a view to increasing trade between them.

This mutual step is expected to result in greater production of commodities needed by each country and which previously have had to be imported from dollar areas.

Items, which will receive particular attention include newsprint, steel, cement and timber.

Transport

SUMMARY OF THE ANNUAL ADMINISTRATION REPORT OF THE NIZAM'S STATE RAILWAY FOR THE YEAR 1947

THE total gross earnings of the combined rail and road transport system increased still further during the year under report, establishing yet another record—the eighth in succession, says the Annual Administration Report of the Nizam's State Railway for the year 1947. But taken separately the gross earnings of the railway system (Rs. 554 lakhs) decreased by Rs. 8.00 lakhs or less than 1 per cent. and the working expenses (Rs. 298 lakhs) increased by Rs. 48.00 lakhs or 17 per cent. as compared with the figures of the preceding year. Similarly, the net earnings (Rs. 265 lakhs) also decreased by 15 per cent. The gross earnings of the Road Transport Services (Rs. 127.00 lakhs) on the other hand, increased by Rs. 27.00 or 27 per cent, and the working expenses (Rs. 110.6 lakhs) increased by 24 lakhs or 28 per cent. The net earnings (Rs. 16.4 lakhs) thus increased by Rs. 8 lakhs or 28 per cent. as compared with the figures of the previous year. The combined rail and road return on the capital at charge was 15.8 per cent. as against 18.5 per cent. in 1946.

During the year under report, there was no change in the route mileage of the railway which remained at 1,860. However, the route mileage of the Road Transport services increased from 4,291 miles to 4,597.

The total number of passengers carried during the year under report was 28,971,861 registering an increase of 164 per cent. over the number of the pre-war year. The passenger miles and freight ton miles also increased by 195 per cent. and 81 per cent. respectively. On the Road Transport side, the number of passengers carried increased by 17.8 millions or 149 per cent. over the pre-war number and the vehicle miles also increased by 6.2 millions or 72 per cent.

No headway could be made with the preparation of the post-war reconstruction programme,

but some proposals were formulated during the year under report. These included the provision of amenities for the travelling public, remodelling of station buildings and yards, new railway construction, further expansion of Road Transport Services, etc.

CO-ORDINATION OF TRANSPORT SYSTEM IN BIHAR

In order to ensure full co-ordination between all forms of transport, such as road, railway, inland water and air, and to eliminate wasteful competition, the Government of Bihar, has decided to establish a separate Transport Department with a whole-time Provincial Transport Commissioner at its head. The existing offices of the Provincial Transport Authority, the Provincial Motor Transport Controller and such others will be abolished.

The Provincial Government have also set up a Bihar Transport Board to consider the various problems of transport in the province and to make necessary recommendations to the Government for the development and improvement of all forms of transport including steam navigation and civil aviation. The Board consists of officials, non-officials and the leading transport services operators.

FAST NEW PLANS FOR TELEPHONE SYSTEM DEVELOPMENT IN INDIA

EXPANSION OF EXCHANGES AND TRUNK LINE NETWORK

A Fast new programme of telephone development and expansion, proposed by the Communications Ministry, includes the opening of new exchanges in the next five years at Imphal, Dhubri, Krishnagar, Chaibasa, Mardoi, Drug, Belapur, Jamnagar, Porbandar, Digboi, Golghat, Suri, Purnea, Khurda Road, Daltonganj, Chatrapur, Bhadri, Shikohabad, Basti, Ghazipur, Jaunpur, Rajnandgaon, Rutlam, Hinganghat, Burhanpur, Stana, Pali Marwar, Patti, Karad, Jeypore,

Cuddapah Chittoor, Mercara, Chingleput, Dindigul, Karur, Erode, Kodaikanal, Rajapattayam Nandyal, Chicacole, Bobbili, Baliapatam, Etah Baraut, Barabanki.

It is proposed to expand the existing exchanges at Hoorijan, Kanjikoba, Bahaulor, Muktesar Dharwar, Bijapure, Sambharlah, Adoni, Virudhunagar, Chettinad, Devakottah, Kumbakonam, Lucknow, Agra, Hathras, Surat, Belgaum, Madura, Coimbatore, Pollachi, Salem, Cannanore, Tirureevelli and Mangalore.

Substitution of exchanges is proposed at Asansol, Kalimpong, Motihar, Puri, Pondichery, Hissar, Vellore, Bellary, Dinapore, Cuttack, Ranchi, Dehra Dun, Mussoorie, Hapur, Rerozepur, Sholapur, Cochin, Bezwada, Amraoti. Doon Damma, Gurgaon, Cooch Behar, Moka-meh, Furrukhabad, Kasauli, Gurdaspure, Kalka, Wadhwan, Hubli, Panchmari, and Tanjore.

Installation of T. 43 type of trunk exchange is proposed for Hapur: Muzaffarnagar, Vizagapatam, and Ranchi: and the three-channel carrier telephone system between Jullunder and Amritsar, Lucknow and Patna, Bombay and Madras, Calcutta and Dhanbad, Madras and Coimbatore, Ranchi and Patna, Lucknow and Cawnpore, Bombay and Delhi, New Delhi and Cawnpore, Agra and Bombay, Bombay and Rajkot, Ahmedabad and Rajkot, Bombay and Baroda. In addition, the erection is contemplated of a wide net-work of new telephone trunk lines.

Automatisation of the Calcutta Telephone system has already been decided. Other projected improvements in the Exchange are:— (1) Replacement of switchboard at Dum Dum Exchange: (2) Extension of manual switchboards in Calcutta Telephone District: (3) Extension of switchboard in Calcutta Telephone District (area 11 South Exchange): (4) Conversion of Calcutta Telephone District private lines into auto-ringing circuits (Calcutta and Burra Bazar Exchange): and (5) Replating of Gell Street Exchange Battery. An extra 5,200 manually-worked lines are being installed at an estimated

cost of Rs. 17.87 lakhs to tide over the intervening period.

Expansion of Bombay's telephone system at an estimated cost of Rs. 2,07,77,000 and the installation of a 2,500 line manual equipment at an estimated cost of Rs. 28,84,000 has also been decided. Ahmedabad will have a five hundred line extension at its central exchange, and a new two hundred line satellite exchange. Total capital outlay on new telephone and telegraph assets is estimated at Rs. 3,18,07,400 and that on renewals and replacements at Rs. 86,77,400.

The new tele-communications link between Assam and the rest of India will involve the erection of two new 300 lb. per mile copper pairs on the route Patna-Mokamah Semaria Ghat-Katihar Barsoi—Kishangunj—Siliguri—Sevakh-Bagrakot—Maldalgain—Falakata—Cooch—Behar—Toftanganj—Golakganj—Gauhati. Two three-channel telephone carrier systems, and one two-channel V. F. Telegraph system, will be installed on this new route to replace the systems passing through Eastern Pakistan. The project is estimated to cost Rs. 35,29,000 in capital, and Rs. 4,25,000 recurring annually.

NEW CARGO SHIPS

BRITISH INDIA COMPANY'S PROGRAMME

Orders for four more cargo ships have been placed by the British India Steam Navigation Company with British builders, together with a contract for a small passenger ship.

Two of the cargo ships are to be motor liners of 7,000 tons gross with a speed of 14½ knots. They are to be built at the Neptune Yard on the Tyne of Swan, Hunter and Wigham Richardson and are to be equipped with Doxford engines. Each vessel will be able to carry 12 passengers in single and two-berth cabins, each with its own bath-room. The liners will be suitable for employment on the Australian or East African routes or in the service between India and Australia. The other two cargo ships are to be oil-burning steamers of 5,500 tons gross driven by reciprocating engines with Bauer-Wach turbine

giving a service speed of 12 knots and are to be built by William Denny and Brothers, of Dumbarton.

The passenger vessel is to be a motorship of 2,000 tons deadweight with a service speed of 14 knots, for serving the smaller ports on the East African coast. She is to have accommodation for 20 passengers. The vessel is to be built by Henry Robb and Co., of Leith. Including the five ships now ordered, contracts have been placed by the British India Company for 21 vessels which, with 33 ships built during and since the war, give a total of 54 ships. This compares with 51 lost during hostilities, so that in about two years' time all the war losses should have been fully made good.

R.I.N. OFFICERS IN LONDON

TAKING OVER BRITISH CRUISER

The visit to Britain of a contingent of officers and ratings of the R.I.N. to take over the cruiser "Achilles" now refitting for an Indian trip, has resulted in the members of both the Navies "mixing" in a spirit of good comradeship. That is the conclusion drawn by an agency representative making inquiries about how the Indian Naval men were "settling down" during their stay in Britain.

Small parties from the "Achilles" have been drafted to various British naval establishments to undergo highly specialised technical courses. There, they have created a good impression among their British naval counterparts. In between the work, tours to various places of interest and a number of sightseeing trips have been arranged. Many officers have been the guests to dinner at the Navy's "University," Royal Naval College, at Greenwich in South East London.

The main centre of the activity is aboard the "Achilles," where, as hundreds of the workers press forward with the job of tropicalising the ship, British and Indian sailors eagerly learn the intricate mechanism of the cruiser to ensure that the Indian company will be fully familiar with the vessel before she leaves.

NAGPUR TO HAVE MODERN AERODROME

Nagpur is soon to have a modern Aerodrome on international standard and a plan costing Rs. 57,00,000 has been sanctioned for the purpose. Since Nagpur occupies the central situation in the country, highest priority is being given for converting the aerodrome into an international one.

RAILWAY TRUCKS FOR TIMBER TRANSPORT

EXPERIMENTS IN AUSTRALIA

If experiments being conducted by the Victorian Railways Department prove successful, two railway trucks will soon be doing the work of three in the transport of timber.

Earlier tests have been most encouraging.

The timber is assembled into stacks packed by bands of tightly drawn galvanised steel wire, allowing the trucks to be loaded well above the usual level.

This increases the carrying capacity to 12 tons.

There is no likelihood of loading being disturbed en route, and less time is occupied in loading and discharging.

During a recent test at Noojee, consignment of 5,807 super feet was given a particularly heavy bump, but no trace could be later found of a single piece having moved.

At the destination a truck discharged the 12-ton consignment in the fast time of 20 minutes.

RUSSIAN ORDER FOR BRITISH LOCOMOTIVES

Negotiations are being carried with Britain by Russia for the purchase of 1,000 locomotives. It is considered that the cost of the order will be about £. 7,500,000 and that the fulfilment will take about two years.

MORE STEEL FOR SHIPBUILDING

SUPPLIES FOR SECOND QUARTER

Sir Stafford Cripps, Chancellor of the Exchequer,

quer, told a meeting of the Scottish Board for Industry at Edinburgh that, after review of steel supplies and other essential needs for the second quarter of 1948, a further small increase in the steel allocation for the ship-building industry had been made.

The allocation for that quarter would thus be appreciably above last year's allocation rate, though, still somewhat below the actual supplies obtained in that quarter.

It would continue to be a primary aim of the Government's policy and planning to ensure that the ship-building industry continued to thrive and that as steady a level of activity as possible was maintained. But this must be on the basis of sticking to the steel allocations and not going outside them.

Sir Stafford Cripps continued, "There is little more that we can do by cutting down imports, though undoubtedly, we shall be driven to do something in this direction to diminish our adverse balance of payments unless we can export more and export it to the right markets.

FUTURE IN THE BALANCE

"The question of markets is of absolutely critical importance. The markets of the United States, Canada, and the Argentine, as suppliers of food and raw materials, are of vital consequence, and we must spare no effort to pump all the goods we can into these markets in particular.

"I want you all to realize, without being alarmist in any way, that the whole future of our country really hangs in the balance. We have nothing to spare, no slack to take up, and the world is so unsettled today that we never know what new difficulties we may have to meet. Every week that we run on with a deficit in our overseas trade balance, as we are doing now, means a further drain on our final reserves, and if and when these disappear we have nothing left to help us balance our trade except our own efforts and our own exports."

U. S. PLANES FOR CHINA

AMERICAN SENATOR'S DISCLOSURE

Agreement Signed in 1945

The United States had agreed to provide China with 1,070 planes, Senator Styles Bridges, Chairman of the Senate Appropriations Committee, disclosed.

A State Department source said that purpose of the agreement was to give China planes needed to maintain internal order and to meet certain international obligations.

The agreement was made in September 1945 and 986 aircraft have already been transferred to Marshall Chiang-Kai-Shek's Government.

The agreement, an extension of the war-time lease-lend, also involved training of 1,560 pilots—completed last year—and replacement of equipment and spare parts.

PROMOTING SAFER AIR TRAVEL

Six airlines, from the United States, France, Belgium, Holland, Italy and Scandinavia, have agreed to participate financially in International Aeradio, Ltd., the organisation formed a year ago in Britain to promote safer air travel by the installation and operation of radio and other aids to navigation throughout the world. The company has taken over air traffic control responsibilities at Malta, Castel Benito, Bahrein, Bathurst and Athens—major points on trunk routes to the East.

AIR SERVICE TO RANGOON

From February 16, the non-stop I.N.A. Viking service between Calcutta and Rangoon had started operating on every day of the week, except Sunday, in both directions. No schedule is contemplated, and Vikings will continue flying the route. A connexion at Calcutta makes possible a nine-hour journey between Rangoon and Delhi.

AERIAL ROPEWAY TO MOVE SAND

NEW DEVICE USED

Two and a half million tons of river sand and

crushed gravel are to be moved by aerial ropeway for 122 miles from the gravel pits at McCann's Island on the Napean River near Penrith, New South Wales, Australia, to the site of the projected £. 6,000,000 Warragamba Dam 40 miles from Sydney. The movement will take five years.

Engineers from the Sydney Water Board who investigated methods of transporting the 2,500,000 tons found that road transport, light railways and belt conveyors did not compare with ropeways for initial cost, economical operation and efficiency.

CIVIL USE OF LEASE AIR BASES

U. K. AGREEMENT WITH U. S.

An agreement between the United Kingdom and the United States, governing the regular use by civil aircraft of airfields in the Caribbean and in Bermuda, was signed in Washington by the British Ambassador, Lord Inverchapel, and Mr. Marshall, the Secretary of State.

It represents the culmination of a prolonged effort to formulate the conditions under which civil aircraft may use the bases at Kindley

Field in Bermuda, Coolidge Field in Antigua, Beane Field in St. Lucia, and Atkinson Field in British Guiana, with alternatives in bad weather at Carlson and Waller Fields in Trinidad, and Vernam Field in Jamaica, leased by the United Kingdom in 1940 to the United States for 99 years as military bases in exchange for 50 American destroyers.

The agreement lays down the terms on which civil aircraft may use the airfields. It was explained at a Press conference at the Ministry of Civil Aviation that the United States would in general be responsible for the technical operation and maintenance of the airfields, while the colonial Governments concerned would handle immigration, customs and passenger traffic.

The agreement will last for 15 years, thereafter it will remain in force for the rest of the 99-years term, unless either Government gives two years' notice of termination. The British and United States Governments will consult each other not less than once in every five years to review the operation of the agreement, and to make such modifications as may be necessary.

Labour

ALL OFFICERS GET A SQUARE DEAL

NAWAB MOIN NAWAZ JUNG EXPLAINS PAY COMMISSION RECOMMENDATIONS

THE recommendations of the Hyderabad Pay and Service Commission, for Gazetted Officers, which have been accepted by Government, were explained by Nawab Moin Nawaz Jung Bahadur, Chairman of the Commission, at a Press Conference at the Central Secretariat, Khairatabad. He was assisted in his talks by Mr. L. N. Gupta, Finance Secretary, and Mr. Zahiruddin Ahmed, Accountant-General.

The recommendations of the Commission were submitted to Government about two months ago and they have now been approved by Government with some minor modifications, Nawab Moin Nawaz Jung said opening the subject. In preparing the recommendations they had to take into account the high cost of living arising out of post-war conditions and the need to keep administrative officers content so that they may give of their best to the country and improve the efficiency of the services. The Nawab Saheb went on saying that they considered it important to have uniform scales, as far as possible in every department. Refuting the charge that officers in the lower cadre were not given a square deal, the Nawab Saheb said that this was contrary to facts because the officers referred to got a fifty per cent. rise both at the bottom and the top of their scales. For instance the Tahsildar who used to get 200-400 before, now gets 300-600 and dearness allowance to boot. Also, the officers have been given the option to choose either the old scale or the new scale whichever was found more advantageous, having regard to the number of years of service they have put in. The concession of determining pay according to length of service will not apply to extra-cadre posts.

CANNOT OBLIGE EVERYONE

It was not possible for any Government to

oblige everyone indiscriminately. It was not true to say that the scale of extra cadre posts have been fixed liberally, because the percentage works out a figure much smaller than the fifty per cent. rise given to others as mentioned above.

Asked how the percentage of the cost of Government establishments compared with those in the other Indian establishments, the Nawab Saheb said that they compared very favourably. The percentage in Hyderabad was forty. The increase in expenditure to the exchequer arising from the revision of these scales was about fifty lakhs, while the increase in expenditure in the case of non-Gazetted employees was 2.5 crores, thus making three crores. The total cost of establishments will now be nine crores as compared to six crores before. The revenue being 22 crores, the percentage worked out to about forty.

As income-tax is being levied for the first time in the State the rates have been fixed leniently. As time passes and people get accustomed to income-tax the rates are likely to be increased in order to swell the general revenues. It is hoped that officers would not grudge this increase in the larger interests of the State.

When complaints were made that the Secretariat officials got bigger increases, the Nawab Saheb pointed out that their responsibilities were greater and it was they who had to frame the general policies of the administration and shoulder other burdens.

As regards revision of pensions, it was pointed out that some imperfection had to be removed in this section and it was felt that immediate attention should not be paid to this problem because that would have delayed the report on the scales of pay for Gazetted officers. It was considered inappropriate to keep officers waiting for long. Pension relief proposals will be considered soon and announcements made in the near future about it.

BASIS OF NEW SCALES OF PAY FOR GAZETTED OFFICERS

PRINCIPLES EXPLAINED : NO INJUSTICE TO LOWER GRADE OFFICERS

A communique on the orders of Government on the recommendations of the Pay and Service Commission says :

Some misinformed criticism has appeared in the Press regarding the recommendations of the Pay and Service Commission as finally approved by Government and sanctioned by the Nizam. The main criticism is that under the recommendations, as approved by Government, the lower Gazetted Officers are benefited less than the officers holding higher appointments. It has also been stated that while Government have increased the salaries of higher officers, a reduction has been made in the salaries of lower officers as compared with the recommendations of the Commission. The following facts will show that the criticism is not well-founded and arises either due to a misunderstanding of the interpretation of the orders of Government concerning the fixation of the salaries of officers in the new scales or of the basis on which the recommendations of the Commission are based.

2. One of the main terms of reference of the Pay and Service Commission was to enquire into and make recommendations on the structure of pay scales and standards of remuneration of the different classes of service with the object of achieving rationalisation, simplification and uniformity to the fullest possible degree.

RATIONALISATION OF PAY SCALES

It will thus be seen that whereas the Commission had to take into account the existing inflationary and dearness conditions, the main object was to rationalise the scales of pay of the various Services, remove existing anomalies and angularities and to co-ordinate the various scales of pay on a permanent and stable basis. Accordingly the scales of pay for the various services and the salaries for extra-cadre appointments have been recommended by the Commission on the basis of the duties and responsibilities

attached to these appointments as well as other factors such as providing a minimum decent living wage of Rs. 300 to all Gazetted Officers.

3. It will be seen that the scales of pay recommended by the Commission for the lower Gazetted Officers who are placed in Class II service are very liberal, e.g., Tahsildars and other analogous officers, at present in the grade of Rs. 200-400, have been placed in the grade of Rs. 300-600, giving a 50 per cent. increase both in the minimum and the maximum of this grade. This recommendation has not only been approved *in toto* by Government, but in fact, a selection grade of Rs. 600-800 has been sanctioned for certain services such as the Medical Service, although it did not form part of the recommendations of the Commission. The Selection Grade, in such cases would enable the Class II Officers to go up to Rs. 800, if through no fault of their own they are unable to rise to higher appointments. Similarly, the scale of pay of Junior Officers in Class I Service has been stepped up to Rs. 400-800 as against the existing scale of Rs. 300-600, thus providing for an increase of 33½ per cent. over the minimum and the maximum of the previous scale. Here again, the Government, while approving the recommendation of the Commission, has made a generous gesture towards those officers whose present grade carries a maximum of over Rs. 800, by enabling them to go up to the first leg of the senior scale, i.e., up to Rs. 1,200. In the case of Class I, Senior Service, the Commission had recommended different scales going up to Rs. 1,450, 1,650 and 1,750 for the various services. Government has fixed the maximum of all these scales at Rs. 1,500 in order to give uniform chances in all services to attain this maximum in the normal course.

EXTRA CADRE APPOINTMENTS

4. In the case of extra cadre appointments, the Commission had recommended grades of Rs. 1,500, 1,750, 2,000, 2,250, 2,500, 2,750 and 3,500 for the various appointments according to their status and responsibility. Government have considerably decreased the salaries of these

extra-cadre appointments, *e.g.*, several of the posts in the grade of Rs. 1,500-1,750 and on Rs. 2,000 have been pooled in one common grade of Rs. 1,600-2,000. No post carries a higher salary than Rs. 8,000 and, that too has been allowed only for the following three top appointments, *viz.*, the Chief Justice, the President of the Legislative Assembly and the President of the Judicial Committee. The salaries of the Secretaries to Government, Senior Heads of Departments and Subedars have been fixed by Government at Rs. 2,250, in accordance with the recommendations of the Commission. A motor car allowance of Rs. 150 has, however, been sanctioned in cases where the duties attached to the post involved extensive touring within a radius of five miles for which no T.A. is otherwise admissible under the rules. The only cases in which the salaries recommended by the Commission have been enhanced by Government are as follows :—

1. Director-General of Police;
2. Vice-Chancellor, Osmania University;

whose salaries were recommended by the Commission at Rs. 2,500 but which have been raised by Government to Rs. 2,750 in keeping with the importance and the responsibilities attached to these posts.

FIXING SALARIES OF EXISTING OFFICERS

5. As regards the fixation of pay of the existing officers in the new scales, the Commission had recommended a percentage increase given to non-gazetted employees. The Government did not consider this a fair basis, as according to this formula, even an officer who was appointed on the minimum pay of the post, just before 1st Azar 1357 F. would have got a percentage increase, even in cases, where the minimum salary had not undergone a change as a result of the recommendations of the Pay Commission, whereas another officer appointed immediately after 1st Azar would have got the minimum of the new scale. This would have caused heart-burning among officers holding the same status and responsibilities whose service varied by a

few days or months. Further, when the scale of pay have been revised on a rational basis and new scales are being applied to all incumbents, there is no justification to give an arbitrary percentage increase to all officers. It is wrong to say that this formula has hit hard the junior officers and that the higher officers have got a higher increase. No increase has been given in the case of extra-cadre appointments. All officers holding extra-cadre appointments will draw the fixed salary sanctioned for them and those in the extra-cadre scale of Rs. 1,600-2,000 will draw only the minimum of the grade and not count their previous service for fixation of pay in this grade. On the contrary, in the case of other officers in Class II and Class I, Junior and Senior Scales, Government has made a very liberal provision that these Officers would count their service in the existing grade for fixation of pay in the new scales. This provision is much more liberal than the formula sanctioned by the Central Pay Commission for employees of the Government of India. The lowest officers such as Tahsildars would be benefited most by this formula and those who have put in long service, say of over 15 years in the existing low grades of Rs. 200-400 and are drawing only about Rs. 325 or so will get the maximum of Rs. 300-600, *i.e.*, Rs. 600, thus getting an increase in their salary higher than the percentage of 50 per cent. recommended by the Commission. In the case of comparatively more senior officers and those who have put in shorter periods of service, the increase would not be so high, but would be still quite substantial.

MOVE TO REMOVE ANOMALIES

In view of the fact that the junior officers are benefited most, an anomaly may arise in some cases in which an officer promoted from Class II to Class I—Junior Scale—may get a lower salary than his colleagues in the Class II Service, if his salary is simply fixed on the basis of his length of service in the Class I—Junior Scale. In such cases, a provision has been made that these officers may be given the benefit of counting their full service as in Class II and get their salary

fixed accordingly. Thus a Tahsildar promoted after 12 years of service as 2nd Taluqdar and drawing a salary of Rs. 350 or Rs. 400 at present, after putting in three to four years' service in the 2nd Taluqdar's grade would be given his concession and would draw the next stage of the Class I Junior Scale after the maximum salary of Class II scale, *i.e.*, Rs. 620. Another concession that is being given is that officers who on promotion were started on a higher stage in the existing scale would count the assumed service that they would be required to put in the existing grade to reach that stage. Thus, a 2nd Taluqdar who was started on Rs. 400 in the grade of Rs. 300-600 would get the benefit of 4 years' service in addition to the service actually rendered by him as 2nd Taluqdar, while fixing his salary in the revised scale of Rs. 400-800. This concession will be applicable to both for progressive and time-scale appointments and accordingly officers now in the senior scale will also get their salaries fixed on the basis of the length of service put in by them in the Class I—Junior Scale and Senior Scale—as well as the period allowed to them by any higher start which they got on promotion to the Junior Scale.

ADVANTAGEOUS TO ALL

It will be seen that the application of the above formula for the fixation of pay would be to the advantage of several officers with long service. Only such of the officers as are already in grades whose minimum is Rs. 400 or higher, may not be benefited much, because the minimum of their revised grade is already kept at Rs. 400. This was necessary to bring the scales of pay of these officers on par with other officers carrying similar duties and responsibilities. A provision, however, has been made that any officer whose salary does not get increased by the application of the new formula may have his salary fixed in the stage next higher to his present pay and he has also been given the option of continuing to remain in his old scale of pay if that is more advantageous to him. Another concession shown is that part of a year of service put in up to 1st Azar 1357 F. would be counted as

one full year for the fixation of salaries. It may be stated that the existing grades carrying a minimum of Rs. 400 or over, are at present held mostly by Secretariat Officers. These officers will get an allowance of Rs. 100 for Secretariat work and would thus be benefited to this extent in any case.

6. In the case of the Osmania University and the Education Department, the Lecturers and the Readers, *i.e.*, officers at present in the grade of Rs. 250-400 and of Rs. 300-500 or Rs. 350-600 have all been merged in one grade of Rs. 300-600 with a selection grade of Rs. 600-800. Provision has, however, been made that Readers carrying a grade of Rs. 350-600 and officers in the Education Department carrying a grade with a minimum of Rs. 300 or over would have their salaries fixed in the grade beginning from Rs. 400. These officers would, therefore, get a substantial increase in their exiting pay by the fixation of their salaries in the new scale.

7. In the case of Medical Department, the Engineering Department and other Technical Departments, a provision has been made to give extra increments for higher qualifications such as those of Post-Graduate Degrees and Research Degrees. These increments are being allowed in addition to the increments admissible on the basis of the service put in the existing grade. These officers would thus get the double benefit of higher qualifications and of their service in the existing grade.

8. The formulae referred to above for the fixation of pay in the new scales have been clarified in F.D. letter No. 133, dated the 22nd Ardebisht, 1357 F., addressed to the Controller-General of Accounts and Audit which is being published for the information of all the departments and the officers concerned.

NEW QUARTERS FOR N. S. RAILWAY STAFF

RAILWAY DEVELOPMENT PLANS

An extensive programme of modernization of station buildings and general improvement and the provision of additional facilities, is being

undertaken by the Nizam's State Railway. A substantial allotment has been made by the State Railway Board for this purpose. It is proposed to construct a large number of quarters for the low-paid staff. The staff quarters are being designed with considerable care with a view to making them as comfortable as possible for the occupants. A few designs have already been prepared, and sample buildings will soon be constructed and the reactions of the future occupants obtained before undertaking final construction. This work has been given first priority, as the Administration are alive to the need for providing additional and improved housing facilities for the staff.

Apart from staff quarters, extensive alterations and additions are being undertaken at the Secunderabad Station for which a sum of Rs. 8 lakhs has been sanctioned. When these works are completed, they will provide for the proper handling of goods and parcels' traffic which will not only reduce the inconvenience, which is experienced at present, but will also contribute to the quicker turn-round of wagons.

MORE FACILITIES FOR GOODS TRAFFIC

On the goods side, additional goods siding accommodation with the lines, platforms and sheds laid out in echelon formation will allow sufficient accommodation for the present goods traffic and also for the future anticipated extra traffic. Apart from this approach roads to the goods sheds will allow quick and easy movement of lorries and carts. The new accommodation for the broad gauge goods sheds, will permit of the expansion of the metre-gauge goods sheds, tranship sidings, etc., all of which will make for the easier movement and handling of goods and wagons.

The present parcels' accommodation at Secunderabad Station is extremely limited owing to the very heavy increase in parcels' traffic during recent years. The new proposals provide for a parcels office of nearly 7,000 sq. ft. in area at the western corner of the present station building where the present siding will be extended and will serve for the unloading of parcels from

full wagon-loads. In addition, there will be a sub-way connecting the three main platforms which will be serviced by electric lifts. This sub-way and the lifts will avoid the inconvenience and delays that are occasioned by parcels' trollies having to cross the railway lines.

The main passenger platform is also to be extended to allow for longer passenger trains which will also be of considerable assistance in the handling of parcels.

WATERING ARRANGEMENTS

The present arrangements at Secunderabad Station for watering carriages by hose pipes connected with underground hydrants is also being altered, and the work of providing overhead watering arrangements on up-to-date lines is already in progress. These overhead watering arrangements will ensure the filling of water tanks on carriages quickly and so overcome the difficulty which is often experienced when trains run late and time has to be made up. Overhead watering arrangements will also be introduced at other stations on the completion of the work at Secunderabad.

STATE TRANSPORT

The unique success achieved by the co-ordination of Rail and Road Transport in Hyderabad State has led to a large-scale expansion in the fleet of buses and lorries now operated by the N.S. Railway Road Transport Department. Starting with a fleet of 27 buses only in 1932 and serving initially only 400 miles of road, the Railway Road Transport Services have now increased to 30 double-deckers and 484 single deckers, operating over a route mileage of 4,597 miles. The new double-deckers and single-deckers are vehicles of the most modern type, specially designed and equipped for comfortable travel. To meet the demand for the transport of goods by road within the State, the Road Transport Department now operates over 200 lorries, 19 of which are of 10-ton capacity each.

RAILWAY WORKERS' PAY

CHANCE FOR UNIONS TO URGE CLAIMS

At the last meeting of the All-India Railway-men's Federation with the Railway Board on

January 23, it was decided that a committee consisting of seven members representing the All-India Railwaymen's Federation should be associated with officers of the Railway Board to examine anomalies and, in particular, cases of hardship resulting from the application of the Central Pay Commission's recommendations as accepted by the Government.

Meetings of the committee were accordingly held on February 20, 23, 25 and 26 and their discussions brought out the fact that a considerable amount of factual information was needed from the railway administrations before any conclusions could be reached by the Railway Board on the points raised.

As such references to railway administrations would involve great delay and it was apparent that the points raised by the Unions had not been previously discussed with railway administrations, it was agreed between the Federation and the Railway Board that discussions in regard to anomalies and cases of hardship in implementing the accepted recommendations of the Central Pay Commission, should first be arranged between the railway administrations and their recognized unions affiliated to the All-India Railwaymen's Federation.

The unions will thus have an opportunity to put forward their claims before the railway administrations who have been asked to report on these discussions before March 31, 1948.

The Railway Board will then consider without delay the results of these deliberations and arrive at final decisions after giving the committee of the All-India Railwaymen's Federation an opportunity to express their view.

PLEA TO ABOLISH RAILWAY GRAIN SHOP CONCESSIONS

CASH ALLOWANCES URGED : BIG SAVING FOR GOVERNMENT

The Railway Board has received a number of representations from several Railways urging the abolition of grain shop concessions to railwaymen and the enforcement of the Pay

Commission's recommendations in regard to cash allowances. Unions of the South Indian Railway, Bengal-Nagpur Railway and M. & S. M. Railway have taken a lead in this direction.

If the grain shop concession is abolished and cash allowances according to the Pay Commission's recommendations are given, the Government would easily save several crores of rupees.

SUGAR WORKERS

GOVERNMENT ACCEPTS AGREEMENT WITH EMPLOYERS

The U.P. Government have accepted and enforced the agreement reached before the Sugar Industry Conciliation Board between the representatives of sugar factories in the U.P., and U.P. and Bihar Sugar Mill Workers' Federation. The terms of the agreement are :—

(1) Any worker who has worked for at least half of the last season in a factory will be employed in this season provided that the half part is the latter half of the season of the factory, unless the worker was ill or had to go away on account of unavoidable circumstances.

(2) All seasonal workers who worked during the last season will be put on their old jobs whether they were in the "R" shifts or in usual shifts. In special cases if a factory finds it necessary to transfer a worker from one job to another or from one shift to another including the "R" shift, the factory may do so without in any way affecting the wages or the status of the workers concerned to a maximum of 5 per cent. of the total number of employees.

(3) No retrenchment will be allowed in future in any factory unless the same has been approved by the U.P. and Bihar Sugar Mill Workers' Federation in consultation with Maj. H. S. Brar, of the Indian Sugar Syndicate, Kanpure.

(4) If any worker covered by clause (1) is not yet employed, he will be taken back to

his work within ten days from the date of the agreement and his wages will be paid with effect from the commencement of the season, with reference to that particular factory. In exceptional cases, where any posts have been abolished, the above rule shall not apply, but in such cases the final decision shall be taken by the U.P. and Bihar Mill Workers' Federation, in consultation with Maj. Brar.

(5) Vacancies caused by dismissal, resignation or death shall be filled up by old hands of that particular factory if suitable hands are available.

HOUSING SCHEME FOR INDIAN COAL-MINERS

Steps are being taken to construct two townships for India's coal-miners. They will consist of 9,000 houses in Mohuda and 2,500 houses in Bhuli.

Experimental houses have already been built in Bhuli, and the construction of the first 750 houses has been ordered. In Mohuda, a detailed engineering survey is being arranged by the Central Waterways, Irrigation and Navigation Commission whose report is expected shortly.

These facts were disclosed by Mr. Jagjivan Ram, Labour Minister in the India Legislative Assembly. He also revealed that the scheme for the construction of 50,000 houses for coal-miners and the labour welfare fund, has received sanction.

Each house was estimated to cost Rs. 3,500. Owing to the difficulty in acquiring suitable plots of coal-free land for building townships, it was now proposed to construct about 21,000 houses on land owned by collieries on condition that the houses after construction were transferred to the Housing Board which was being set up under the Welfare Fund Act. About 5,800 of these houses would be on railway collieries.

The Labour Welfare Fund, Mr. Jagjivan Ram added, had assumed direct responsibility for the execution of the housing scheme.

It has since been announced that a Coal Mines Housing Board has been constituted by the

Central Government under the Coal Mines Welfare Fund Act. It will consist of the Coal Mines Welfare Commissioner, Dhanbad (Chairman), the Chief Inspector of Mines, and three representatives each of colliery owners and workers.

INDIAN REPRESENTATION ON THE I.L.O.

The Government of India have asked the All-India Trade Union Congress and the Indian National Trade Union Congress for information regarding membership and the number of trade unions affiliated to them. This is being done with a view to facilitating the work of ascertaining their relative strength, as delegates and advisers are to be selected from representatives of workers' unions for the International Labour Organisation Conference which will be held at San Francisco in June this year.

MR. ATTLEE AND WAGE POLICY

INFLATION DANGERS

Safeguard in hands of the people—An example for Hyderabad

Explaining in a broadcast the Government's statement on incomes, costs, and prices, the Prime Minister emphasized that increasing profits paid out in the form of incomes could have just as serious an effect as unwisely increasing wages. The Government were just as concerned with the one as with the other. This broadcast has special interest for Hyderabad at the present time.

Mr. Attlee said we had reached a point where we must all face the fact that higher wages or salaries or higher dividends just could not make most of us any better off in the long run. The only way to do this was to produce more of the goods we all wanted.

I know, it is very tempting to press for more money when prices are rising and other people have had more (he continued). There is no doubt that when a particular group gets an increase it does make matters easier for them. But it is a short-lived advantage, and if no more

goods have been produced the shortages will still be there. All that will have happened is that there will be more money about : but this will do them no good because they will be spending it in competition with others who have more money too. This is bound to drive up prices still farther, and will help to stimulate the black market.

THREAT TO EXPORTS

There is another danger. If our incomes rise, all to no purpose, then the cost of the goods we make for export must also rise. At first, we had no difficulty about selling abroad all we could produce, but now, the price we have to charge is going to settle whether we can or cannot sell what we make. If the price is too high, we shall not be able to, and if we cannot export we shall be able to buy neither the food we need nor the raw materials for our factories. Without these, there must be mass unemployment and real, desperate hunger. It is only as a great exporting country that Britain can survive, and already, some of our best customers are jibbing at our prices.

You must not get the idea into your heads that all this does not apply equally to profits. Increasing profits paid out in the form of incomes can have just as serious an effect on us as unwisely increasing wages and salaries. The Government are just as concerned with the one as they are with the other.

The Government's view is that there is no justification at the present time for any rise in incomes from profits, rent, or other like sources.

Everything that I have said does not mean that the Government are against any wage increases. There are still industries, and services too, whose members are not yet as well paid as they ought to be. We do not start from the position that the payments made to various groups of workers are necessarily correct. In the past, the wages of miners and agricultural workers were too low. They have rightly been increased. There may still be isolated cases

in which some increase may be needed ; but if there are increases in wages here or there they must not be taken as a reason for claiming increases elsewhere.

NO DIRECT CONTROL

We have long ago got away from the mistaken idea that the man who works in an office should, as a matter of course, always be better paid than the manual worker, and we must also get rid of the idea that the wage of one kind of manual worker must always be 10s. or £. 1 a week higher than that of another, just because it always has been so, at least since people can remember.

There is no other great country in which the cost of living has been kept so steady over the last few years ; but if incomes go on rising there must come a point at which the Government cannot hold the cost of living at a reasonable level any longer, because it will be swept away in the rising tide of inflation. The safeguard lies, not in the hands of the Government, which cannot directly control the amount of money people are paid and have no intention of trying to do so, but in the hands of the ordinary people. The Government believe that the ordinary people, whether wage-earners or business men that is to say, the mass of the people are intelligent enough to see and appreciate the nature of the danger and public-spirited enough to join in fighting it.

EXTRA TIME IN BRITISH MINES

PROPOSED EXTENSION TILL 1949

Stoppages Deplored

The executive committee of the National Union of Mineworkers decided by a large majority in favour of continuing the extended working time agreement for an additional 12 months to April 30, 1949. This recommendation will be put before a special delegate conference in London on April 2.

In the meantime, there will be discussions with the National Coal Board on matters arising out of the agreements, the chief of which, no

doubt, will be the falling off in Saturday attendance in some districts.

The agreement, which came into force on November 1 last year, provided for either an extra half-hour each day or extra shifts on Saturdays. It was reached only after long negotiations. The Government, who had asked for longer working, emphatically preferred a half-hour on the day, but the miners' leaders thought a Saturday shift would be more productive. Eventually, it was left to the districts to decide, and apart from the north-east, Saturday working was generally chosen.

SATURDAY ABSENTEEISM

Until Christmas, it proved on the whole successful. This year, however, absenteeism on Saturdays has increased, particularly when football cup-ties are being played, and production has fallen off. In Scotland, Saturday working has continued to be successful, but in other districts, particularly Lancashire, Yorkshire, and South Wales, there has been such a falling off that the additional shift has had to be abandoned in many pits. On the other hand the extra half-hour in Northumberland has continued to prove satisfactory. Clearly, there is room in many areas for a reconsideration of the method of extended working.

Mr. Lawther, the miners' president, said it would be for local decision whether the Saturday shift could be made to work or, whether there should be a change to the extra half-hour. He thought there might be an increased tendency to change to the extra half-hour.

A small minority on the executive favoured a complete rest from the longer week during the summer.

The executive committee also issued a statement deploring the unofficial stoppages of recent months. It asked everyone to realize that every day lost was sabotage of the Labour Government, which had done so much in so short a time to improve the industry. On the other hand, it expressed gratification that in many areas there had not been a single day lost since nationalization.

REVIEW OF AMERICAN LABOUR SCENE IN 1947

"The most important single fact... was that almost everybody who wanted a job was able to find one within a reasonably short time"—that, in the critical opinion of United States Labour Statistics Commissioner Ewan Clague, was the most prominent characteristic of the American labour scene in 1947. More people had jobs than ever before: in mid-year, total employment passed 60,000,000 for the first time, and remained 2,000,000 above the comparable record periods of 1946. The largest employment increases occurred in manufacturing, trade, services, and construction.

Unemployment was close to the absolute minimum: after fluctuating earlier in the year it settled later to a two-year low of hardly more than 1,500,000, shrinking particularly among veterans of whom but 4 per cent. were counted unemployed. Individual unemployment continued to be short in duration.

With the U. S. economy in high gear, there was little dispute in the equity of a "second round" of wage increases (after a first round in 1946) to offset the rising costs of living. Agreements between management and labour were reached in a "spirit of compromise," generally providing for what became known as the "15 cents-per-hour package," including wage increases, improved holiday and vacation benefits, severance pay, correction of inequities and other benefits. Wage increases helped to prevent a reduction in "real wages"—the purchasing power of take-home pay.

However, heavy domestic and foreign demand upon the economic machinery kept prices moving up, and at year's end many unions were formulating new wage demands—a "third round"—to meet losses in purchasing power.

FEWER WORK STOPPAGES

Relatively few disputes culminated in strikes of more than local meaning—exceptions being the shipbuilding, coal and telephone strikes. Work stoppages in 1947, affected only six-tenths as many workers as in 1946; and about 35,000,000 were man-days lost.

News in Brief

CATTLE BREEDING IN HYDERABAD

The Government Cattle Breeding Farm at Himayatsagar has started dairying also side by side with cattle breeding.

At present they are concentrating on the supply of milk to hospitals and health centres only. The daily supply is about 800 lbs.

AFFORESTATION

With a view to increasing the Forest wealth in the State, it is understood, a proposal is under consideration, of the Forests Department, to introduce a scheme of Afforestation.

SUBA HOSPITALS

To set up an up-to-date Hospital at each Suba with accommodation for about 200 patients, a scheme is under the active consideration of the Government, it is learnt.

PROGRESS OF HYDERABAD BROADCASTING

The Hyderabad Broadcasting in spite of its limited resources is making day-to-day progress; and considering the changing times it is doing its best to fulfil the expectations of the listeners.

The New Year (1357 F.) has witnessed the opening of some new chapters in the history of Hyderabad Broadcasting. New programmes have been planned to keep pace with the changing order. This act has received great acclamation from the public.

Some new items added to the programme are enumerated below :—

1. To counteract unscrupulous propaganda and baseless rumours spread by the enemies of this State, a new feature under the caption of "Sunī-Sunai" has been introduced. In a short time, this item has received great popularity.

2. News in Urdu is broadcast at 5 p.m. daily.

3. There is weekly newspaper review on Fridays at 9-30 a.m.

4. Important messages from the refugees are announced daily at 9 a.m.

5. To infuse the spirit of patriotism, sacrifice and responsibility, a feature entitled "New Hyderabad," is being broadcast on every Thursday.

6. To inspire the sense of duty among our countrymen, national songs and poems are broadcast.

7. Sports review is another new item broadcast fortnightly on Wednesdays at 9 p.m.

8. Film review, keeping in view the national reconstruction, is one more addition of interest fortnightly broadcast on Tuesdays.

9. On Sundays, at 8.40 p.m. a humorous programme is enacted.

10. Special programmes are broadcast for ladies, students, children and Army.

11. News in Telugu, Marathi, Kanarṣe and Tamil is broadcast for the benefit of the ryots.

12. A special programme for Europeans is introduced.

13. The time of evening broadcast has been increased by half an hour, so that now it continues up to 11 o'clock at night.

CEMENT MILL FOR HYDERABAD

The Nizam's Government, it is understood, are contemplating to have a cement mill of their own in the Godavari Valley area where, it is learnt, the necessary raw materials are found in abundance.

A supplementary iron and steel plant is also under contemplation, and negotiations for obtaining machinery from the U.S.A. are being conducted.

PREVENTION OF CORRUPTION AMONG CIVIL SERVANTS

A Communique issued by the Information Bureau says :—

With the gracious sanction of the Nizam of Hyderabad and Berar, an Ordinance for the Prevention of Misconduct and Corruption among Civil Servants of Government for the year 1957 F. has been promulgated by the Nizam's Government.

With a view to dealing with cases falling under the Ordinance, the Prime Minister will appoint a Committee consisting of three members of the Council of Ministers, excluding the Chairman, who will be the Deputy Prime Minister.

The salient features of the Ordinance are as follows :—

If the Committee is satisfied, on the basis of previous record, general reputation and other conditions that a particular Government servant is dishonest, it will declare him guilty of misconduct. If the chairman and members of the Committee are unanimous regarding the misconduct of the servant, the Committee will suspend him and then submit a report against him to the Prime Minister, in which, on the merits of the case, it will recommend dismissal, premature retirement, degradation or deprivation from promotion. If the Prime Minister agrees with the findings of the Committee, its decision will be considered as final. In case of disagreement, the Prime Minister will refer back the findings to the Committee for reconsideration and will finally decide the case on the resubmission of their unanimous opinion. The orders of punishment will only be passed when both the Committee and the Prime Minister agree. Neither any appeal, revision or representation shall be entertained, nor any legal proceedings be instituted in any court of law against the orders thus passed. Besides, no claim for any compensation against the Government for damages resulting from any action taken under the Ordinance shall be made.

AERIAL SURVEY EQUIPMENT FOR HYDERABAD

It is understood that H.E.H. the Nizam's Government plans to purchase equipment for aerial surveys with a view to implementing

urgently its post-war plans. Competitive bids have been invited from both English and American firms.

GERMAN GOODS FOR INDIA

According to a new procedure established by the Joint Export—Import Agency for over-the-counter and cash sales by mail, Indian buyers can now purchase from German exporters, goods valued up to 5,000 dollars and available for immediate delivery without signing a formal contract.

MORE THAN 170 INDIA OFFICIALS GET RS. 3,000 A MONTH

There are over 170 Government of India officials who draw a monthly salary of Rs. 3,000 each.

The most highly paid on the civilian side is the Chairman of the Central Board of Revenue who receives Rs. 5,500 a month. The most highly paid in the Ministry of Defence is the Commander-in-Chief.

86 appointments carry a salary of Rs. 4,000 or more.

CO-OPERATIVE GARDEN COLONIES IN EAST PUNJAB

The East Punjab Government have sanctioned a scheme for the establishment of co-operative garden colonies to develop fruit industry in the province. A total area of 500 to 15,000 acres of land in each district will be selected out of the land vacated by Muslims.

RICE ALLOCATIONS TO INDIA BY I.E.F.C.

890,000 TONS FOR THE FIRST HALF OF 1948

Among the 21 importing nations or dependent territories for which rice allocations have been recommended by the International Emergency Food Council for the first six months of 1948, is India with 890,000 tons.

In pursuance of the recommendations of the International Emergency Food Council, an agree-

men, has been reached, between Britain and Brazil for the immediate export of 75,400 tons of Brazilian rice for distribution in the Far East.

REVIVAL OF VILLAGE REPUBLICS

BOMBAY MOVE

The Government of Bombay was doing everything it could to revive the celebrated "village republics" of old, said Mr. G. D. Vartak, Minister for Local Self-Government.

He added that as an earnest of the Government's intention to relieve the local bodies of their financial burden to some extent, they had decided to bear half the cost of dearness allowance paid to their sanitary staff.

Mr. Vartak stressed the part that these bodies could play in rejuvenating the rural life of the province by co-operating actively with their own Government in all its plans of social and economic progress, such as literacy.

BOMBAY MILK SUPPLY SCHEME

INDIA GOVERNMENT GRANT

The Indian Ministry of Agriculture have sanctioned a grant of approximately Rs. 21,00,000 to Bombay towards meeting half the actual cost of a scheme intended to increase the milk supplies in the province. Under the scheme, the Bombay Government distributed during 1947-48, large quantities of imported concentrates to the milk producers at subsidised rates.

A number of cattle-owners' co-operative dairy societies have been organised by the Bombay Government, which cover about 17,000 milch cattle. These societies and other cattle-owners' associations are supplying milk for the Government milk distribution scheme. As the cotton seeds in the province are barely one-third of its requirements, the Government distribute imported cattlefeeds at subsidised rates through wholesale and retail distributors. Apart from the question of increasing the milk yield, ade-

quate quantities of cattlefeeds are required to maintain even the existing yields of milk.

BUREAU OF MINES TO BE SET UP

PLAN FOR MAJOR AIRPORT AT GAUHATI

A National Bureau of Mines in charge of an expert geologist will be set up by the Government of India in the near future for the formulation of a mineral policy. A scheme for this purpose was approved by the Standing Finance Committee under the chairmanship of Mr. R. K. Shanmukhan Chetti, Finance Minister.

The Committee also approved plans for construction of a major airport at Gauhati and aiding the Tata Institute of Social Sciences.

A sum of Rs. 8 lakhs has been sanctioned for the National Bureau of Mines. Its chief task will be the collection of accurate information and statistics, Organization of training, research and formulation of policy and co-ordination of measures for the conservation of the mineral wealth of the country. It will be in fact a "brains trust" for co-ordinated development of the mineral resources in the Indian Union.

The Bureau will for sometime function primarily, in an advisory capacity without executive or statutory powers; it will not undertake any powers, it will not undertake any actual mining or marketing of minerals. It will have two separate sections one dealing with coal and petroleum and the other with ore treatment and metallurgy.

An expenditure of nearly Rs. 8 crores was agreed to in respect of capital outlay on posts and telegraphs. These schemes include the establishment of a new tele-communication link between Assam and the other areas of the Indian Dominion, expansion of the telephone system in Delhi, Bombay, Calcutta, Madras, and Ahmedabad, the opening of new exchanges in various places, installation of new equipment and renewals, and construction and expansion of buildings.

MADRAS ECONOMIC COMMITTEE

An Economic Committee of the Madras Cabinet has been constituted, with the Premier, Mr. Ramaswami Reddiar, as Chairman.

It will be the duty of the Committee to co-ordinate and integrate all economic and development programmes and policies of the Government. The Committee will also watch and expedite their subsequent execution.

The Finance Minister, the Minister for Industries and the Minister for Agriculture will be on the Committee; and the Government's Economic Adviser will be its Secretary.

The Minister and the Secretary of the Department concerned, will be co-opted to the Committee when subjects relating to their portfolios are discussed in the Committee.

STANDARDISATION OF GOODS

CONFERENCE MEETS IN CALCUTTA

In a striking opening address, Mr. Shewart declared that the object of quality control and standardisation was the future welfare of India's millions by satisfying their wants. Quality control could be most successfully applied to stepping up food and industrial production. The problem presented by the millions of refugees required careful planning, which was dependent upon increasing production. Statistical methods and quality control could be applied profitably in every walk of life. The present exchange difficulties, preventing the obtaining of capital equipment, could be shortened by concentrating on producing everything which the country needed in India itself.

Mr. Shewart referred appreciatively to the encouraging response the industrialists had given in the matter of efficient standardisation and quality control.

EIGHT JUTE MILLS FOR PAKISTAN

It is understood that the Government of East Bengal has decided to start eight jute mills as the

first step towards the industrialisation of the province.

Indigenous and foreign private capital is being invited for this purpose. Four American firms are understood to have offered their services.

RURAL WOMEN TO BE TAUGHT HOMECRAFT

WEST PUNJAB SCHEME

To teach rural women homecraft such as cooking, sewing and embroidery and to give them an elementary training in domestic hygiene, nursing and the care of children, the West Punjab Government has prepared a scheme which will entail an expense of Rs. 1,68,000 during the next financial year.

U.S. COAL FOR PAKISTAN

The allocation to Pakistan of nine cargoes of coal, released from the February export quotas by countries to which they originally had been assigned, was announced by the United States coal operating committee.

The cargoes of 9,000 gross tons each will be the first to go from the United States to the new Dominion.

PUBLIC DEBT OFFICE FOR PAKISTAN

It has been decided to establish a new Public Debt Office at Lahore which will take over the present functions of the Delhi Office in connection with the administration of the public debt of the provincial Governments in Pakistan.

Accordingly, the books of the Public Debt Office, Delhi, relating to the loans of the provincial Governments of Sind, the N.W.F.P. and the Punjab have been closed on February 9.

Holders are, therefore, asked to forward their securities for renewal, consolidation, sub-division, etc., in future direct to the Manager, Reserve Bank of India, Public Debt Office, Lahore.

NATIONALISATION OF BURMESE KEY INDUSTRIES

BURMESE GOVERNMENT'S TWO-YEAR PROGRAMME

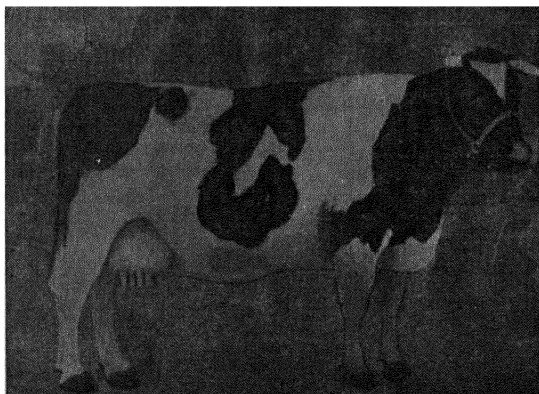
The Burmese Minister for Commerce, U Koo Yoo, said that the Burmese Government programme for nationalizing all key industries, would be completed within a period of two years. He disclosed that even certain major industries like forests and mines and oil might not be nationalised immediately, but they would come under the direct control of the Government.

The Government of Burma has officially announced that it will shortly float an airways

company under the direct management of its Ministry for Transport.

150 LBS. OF MILK A DAY

The world's record for one year's milk yield has been beaten by a British cow. It is a pedigree Friesian heifer named Bridge Birch, owned by a Hampshire farmer. Till now the record has been held by a cow from the United States which, in 365 days, gave 41,943 lbs. Bridge has given 41,952 lbs. in 329 days. She has thus already created a fresh record, with 36 days still to run, and is still giving more than 150 lbs. of milk a day. A regular ingredient of Bridge's diet has been half-a-gallon of British stout each day.



" 150 lbs. of Milk a day "

TIBET GOES BEHIND "HIMALAYAN CURTAIN"

Tibet, fearing a global war during the next few years and determined not to be involved, has closed her door to the rest of the world.

It is stated the Tibetan Government has informed all foreign powers that the presence of foreigners is at present undesirable and they will be banned until 1950.

STORY OF A SCIENTIST

One rainy afternoon a post office clerk, Charles Bradford, wandered into the Manchester University to see an exhibition of mites and other tiny disease-carriers. He became quite interested and thereafter devoted all his spare time to the study of insect pests.

He discovered 96 new species of mites, three of which are named after him. He became a Doctor of Science, and was elected Fellow of the Zoological Society.

MINERS OF TOMORROW

The British coal industry hopes to have 1,000 "graduate" miners next year, trainees from the Miner's College or Boys' Pit, as it is called. This mine, near Wakefield, is unique in that it is manned by boys under 18. Mornings are devoted to a study of the theory of mining with the help of lectures, films and demonstrations. Practical experience is gained underground each afternoon. The boys attend in batches of fifty, each group coming once a week for six months. These young miners of promise are being well equipped for their future roles as managers and executives.

BRITISH CULTURAL MISSION TO INDIA

It is learned that the British Council is considering the extension of cultural relations between Britain, India and Pakistan. An exhibition will be staged in the principal cities of the two Dominions, and there will be tours by leading British musicians and ballet dancers. In addition, thousands of books and films illustrating the British way of life will be sent. The cost of these new activities may be about £. 1,80,000 in the first 12 months.

RADIO FOR AIRCRAFT

BRITISH DEVELOPMENT

The quest for smaller and yet smaller radio equipment for aircraft is exercising the skill and ingenuity of British technicians, and post-war research has already made marked progress.

In this achievement, which has sacrificed nothing in efficiency, Marconi's Wireless Telegraph Company has reduced the dimensions of standard communication equipment to something approaching the useful limit for civil aircraft. Even more interesting than the low-power light weight set providing telegraphic and telephonic communication on medium and high frequencies, which has been designed on the unit principle and weighs 90 lb. complete, is a new automatic direction finder. This device presents visually, continuously, and automatically the relative bearing of the radio station to which it is tuned; it can also be used for recep-

tion of simultaneous radio range transmissions or as a communication receiver on medium frequencies. Its weight is only about half that of similar apparatus produced by any other country.

NEW POTATO-HARVESTER

Timely success has rewarded seven years of effort of a British inventor. Just when the speedy harvesting of Britain's potato crop had become one of the most pressing problems, 47 year-old Percival Packman, of Berkshire has supplied the answer—a potato-harvester capable of a day's work equal to that of 20 skilled men. The harvester, which has been approved by the Ministry of Agriculture and is going into large-scale production, requires only three men to operate, and can lift 60 tons of potatoes in eight hours.

HIGHEST BIRTH-RATE FOR 26 YEARS

The birth-rate in Britain in 1947 was 20.5 for every thousand of the population. This figure, recently published by the Registrar-General, is the highest recorded for any year since 1921 and is 1.4 above that for 1946. The actual number of live births registered in England and Wales was just under 8,87,000 during the 12 months. After rising steadily since the end of the war, the rate reached the peak figure of 22.8 in the March quarter.

'MAN-MADE RIVER

A new river, 31 miles long, is being created in Britain as a part of a big flood prevention scheme for the fens. It is the biggest plan of its kind to be undertaken since the fens were first scientifically drained 800 years ago. When complete, this man-made river will carry off the spring rains into the North Sea.

Seven per cent. of the fen area, fertile, low-lying agricultural land was flooded last year. Inundations are caused by the coincidence of high spring tides with the extra volume of water from spring rains.

The new scheme will keep down the level of water in two ways. The amount of water to be drained off from the area will be reduced and such as must be carried off will be provided with a quicker escape to the sea. The first

objective will be achieved by making a new river which will divert the course of four existing streams. A more rapid outlet will be arranged by creating a relief channel 200 feet wide.

The scheme, which will take seven years to complete, is estimated to cost £. 8,500,000.

DEVELOPING INDUSTRY IN AUSTRALIA

GERMAN SCIENTISTS TO AID

More German Scientists and research workers are to come to Australia this year as part of the Commonwealth Government's plan to develop industry.

Those appointed are selected from volunteers, and they are guaranteed a salary of £. 700 a year.

They are required to serve a nine months probation period, after which they may be allowed to bring out their families.

The Germans are chosen only after Australian and British scientists could be found to fill the vacancies.

U.S. ITALY AIR PACT SIGNED

The United States State Department announced that an air transport agreement had been signed with Italy.

This agreement brings Italy into a pattern of similar pacts signed with 28 other countries.

The treaty approximates to the "Bermuda Air Convention Conference" two years ago.

HALF OF INTERIM AID FUNDS SPENT

Nearly half (47 per cent.) of the 522 million dollar U. S. interim aid funds for France, Italy and Austria was programmed with the allocation of an additional 97,121,000 dollars divided among the three countries. The new allocation was mainly for February procurement of cereals and coal. It included 49,539,000 dollars for France, 85,477,000 dollars for Italy, and 12,105,000 dollars for Austria bringing total allocations thus to 244,487,000 dollars.

£. 500,000 FOR YOUTH ACTIVITIES

Nearly one-half of South Africa's gift of £. 1,000,000 to the British nation has been set aside for youth activities. Research in the sphere of youth service, a national centre for

training youth leaders in all forms of sport and schemes for travel, for youth have been considered suitable projects for development. The most widely welcome of the proposals would seem to be the establishment of holiday houses all over the country, six for boys and four for girls. Young people can thus secure an inexpensive and convenient holiday, throughout the year.

RADIO CONTROLLED TAXIS

A fleet of 21 taxis controlled by radio telephone from one central point is now operating in New York, with equipment giving a range of 10 miles. The driver's control unit takes up little space, and is fixed to the instrument panel. The receiver and transmitter are installed in the luggage boot drawing power from the car battery. Cruising vehicles take directions from the central office and pick up passengers. Successful experiments have also been carried out by the railways in the use of radio-telephone between station offices and moving trains.

HOLLYWOOD UNEMPLOYMENT INCREASES

Hollywood unemployment had reached 16 per cent. and there had been extensive salary cuts as the result of a blow dealt to the film export trade by Britain's 75 per cent. tax on American films.

"We were squealing before we had to," the President of the Motion Pictures Association, Mr. Eric Johnston, confessed, "but there is plenty of reason to do so now."

He admitted that the crisis would worsen when the runs of American films, now making a million dollars weekly in Britain, came to an end.

RUSSIA TO HAVE "DAYLIGHT" CINEMAS

A new type "daylight" cinema is expected to play a big role in popularising educational and art films throughout the Soviet Union. Special projector and a lamp, similar to the School magic lantern produce a film so clear that in brilliant daylight a film can be seen from all seats.

Current Statistics

SEASON AND CROP REPORT FOR WEEK ENDING THURSDAY 1ST KHURDAD 1357 F. (APRIL 1948).

GENERAL REMARKS

WEATHER

HAILSTORM in a few areas of Karimnagar and Parbhani. Rainfall averages :—

Telingana 21 cents.

Marathwada 28 cents. and

Dominions 22 cents.

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows :

	Average (present season)	Normal (27 years)	Departure from normal
S.W. Monsoon ..	32.74"	25.57"	+7.17"
N.E. Monsoon ..	1.49"	2.78"	-1.20"
Intermediate period	0.99"	1.38"	-0.39"
Total ..	35.22"	29.73"	+5.49"

CROPS

Harvesting of Rabi approaching completion.

Tabi slightly suffered by the week's rain and in some parts of Medak and Mahbubnagar, by

hailstorm and storm in a few areas of Karimnagar, and by disease in some tracts of Nizamabad and Nalgonda. Crop is not fair in some sectors of Karimnagar and failed in some parts of the same district.

Land preparation was begun in some stray parts for the next season.

AGRICULTURAL STOCK

Water scarcity was felt in some tracts of Parbhani. Fodder was generally adequate. Cattle disease was prevalent in some villages of Adilabad and Bir.

GRAIN MARKET

Average retail prices of grains in seers per O.S. Rupee were :

Grain	Present week	Last week	Corresponding week last year
Wheat ..	1½	1½	2½
Rice ..	2½	2½	3
W. Jawar ..	4½	4½	5
Y. Jawar ..	5½	5½	5½

Note. This report is based on 89 out of 105 (about 85 per cent.) weekly reports received on due date.

[Statement.

COMPARATIVE STATEMENT SHOWING RAINFALL OF PAST AND PRESENT SEASONS

District, etc.	Average rainfall of current season corrected up to 25-6-57 F. 25-8-48	DURING WEEK ENDING 1st KHURDAD 1857 F.		Total average rainfall from 16-8-56 F. 16-5-47 up to 1-7-57 F. 1-4-48	Total average rainfall of corresponding period of last year	Departure from normal (27 years)
		No. of Taluqas from which reports have been received	Average rainfall			
1	2	3	4	5	6	7
Hyderabad City ..	38.37	..	0.16	38.53	23.08	+ 12.04
Atraf-i-Bakla ..	38.87	Received	..	38.87	27.22	+ 9.32
Nizamabad ..	38.84	All	0.26	39.10	34.24	+ 1.54
Medak ..	36.54	All	0.09	36.63	29.00	+ 5.95
Baghat ..	32.52	Received	0.15	39.67	25.22	+ 13.29
Mahbubnagar ..	39.24	5 out of 6	0.66	39.90	27.60	+ 14.07
Nalgonda ..	35.28	4 .. 7	0.23	35.51	25.45	+ 10.50
Warangal ..	44.27	5 .. 8	0.09	44.36	34.62	+ 8.83
Karimnagar ..	38.56	All	0.10	38.66	35.56	+ 4.97
Adilabad ..	38.78	9 out of 10	0.14	38.92	42.41	— 1.95
Telingana average..	38.88	41 .. 49	0.21	39.09	31.23	+ 7.53
Aurangabad ..	27.82	All	0.05	27.87	27.39	+ 0.26
Parbhani ..	31.47	6 out of 7	0.22	31.69	30.53	— 0.75
Nander ..	35.78	5 .. 6	0.20	35.98	33.77	+ 3.55
Bir ..	30.57	5 .. 6	..	30.57	24.55	+ 3.09
Gulbarga ..	35.67	7 .. 8	0.24	35.91	24.97	+ 11.00
Raichur ..	25.90	7 .. 8	0.63	26.53	23.61	+ 6.02
Osmanabad ..	28.41	3 .. 5	0.26	28.67	25.46	+ 0.90
Bidar ..	33.38	4 .. 5	0.23	33.61	26.70	+ 8.66
Marathwara average..	31.12	47 .. 55	0.23	31.35	27.15	+ 3.46
Dominions average..	35.00	89 .. 105	0.22	35.22	29.49	+ 6.49

Note.— Variation in normal 5.49" as against 5.43" of last week is due to the variation of the weekly normal.

COINAGE

THE VALUE OF GOLD COINS ISSUED IS AS FOLLOWS :

Value in O.S. Rupees.

Month	FULL ASHRAFIES		HALF ASHRAFIES		QUARTER ASHRAFIES		ONE-EIGHTH ASHRAFIES	
	No.	Value	No.	Value	No.	Value	No.	Value
<i>Ashrafies issued</i>								
February, 48 ..	146	17,520	61	3,721	302	9,862	1,279	20,464
January, 48 ..	72	8,640	17	1,087	25	775	105	1,680
February, 47 ..	78	.	14	.	130	..	422	..

N.B.— The value of Ashrafies in item No. 3 was unstable owing to fluctuation in the price of gold. Hence it is not given here.

THE FOLLOWING TABLE GIVES THE VALUE OF COINS ISSUED AND WITHDRAWN :

Months	Rupees	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{8}$ th	1/16th	1/96th
<i>Coins issued</i>						
February, 48 ..	..	..		..	..	8,000
January, 48 ..	..	50,000	90,000	45,000	30,000	9,000
February, 47 ..	..	45,000	130,000	60,000	44,000	10,500
<i>Coins withdrawn</i>						
February, 48 ..	..	..	..	.	..	$\frac{1}{32}$ th 0 6 0
January, 48 ..	...	..	..	..	..	..
February, 47 ..	18,077	5 8 0	45 4 0	26	3,000	$\frac{1}{96}$ th 150 0 0

NOTE ISSUE

Absorption and contraction of Currency together with the percentage for February, 1948 are given below :—

FIGURES IN LAKHS OF RUPEES

Serial No.	Particulars	February 1948	January 1948	February 1947
1	Total Notes issued	856.88	583.83	318.55
2	Total Notes in circulation	5,069.20	5,129.76	5,389.48
3	Absorption (+) or contraction (—)	60.56 +	214.49 +	65.95 +
4	Percentage of 2 to 3	Per cent. 1.18 +	Per cent. 4.86 +	Per cent. 1.25 +

Notes withdrawn.—The following table gives the value of Notes of different denomination withdrawn from circulation.

VALUE IN THOUSANDS OF RUPEES

Month	Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
February, 1948	4,888.8	14,657.5	17,755.5	4,443.0
January, 1948	3,327.9	8,495.8	13,878.9	11,731.0
February, 1947	3,480.1	6,526.4	11,782.0	3,471.0

Denomination of Notes issued.—The value of Notes of different denomination issued for circulation to the Hyderabad State Bank during

the month under survey, the preceding month and the corresponding month of last year, is noted below :—

VALUE IN LAKHS OF RUPEES

Month	Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
February, 1948	52.48	128.86	188.85	37.19
January, 1948	86.84	185.92	215.77	95.80
February, 1947	59.04	125.62	114.83	19.55

The following table gives the comparative figures of gross notes in circulation and the composition of the Reserve for the month of February,

1948, the previous month and the corresponding month of previous year.

FIGURES IN LAKHS OF RUPEES

Months	Gross notes in circula- tion	COMPENSATION OF THE RESERVE			H.E.H.'s Government	Percent- age of cash reserve to gross Notes in circula- tion
		CASH		Securities Government of India		
		B.G.	O.S.			
February, 1948,	5,069.20	1,530.32	344.56	3,189.25	5.07	86.98
January, 1948,	5,129.76	1,694.82	345.62	3,084.25	5.07	39.77
February, 1947,	5,339.48	2,140.99	819.17	2,824.25	55.07	46.07

In February, 1948, the cash holdings in B.G. converted into O.S. as well as the cash holdings in O.S. decreased by Rs. 164.50 lakhs and Rs. 1.06 lakhs respectively. The value of securities of Government of India increased by Rs. 105.00 lakhs, while the value of the securities of H.E.H. the Nizam's Government remained unchanged as compared to last month.

I. GOVERNMENT REVENUE & EXPENDITURE

The following statement gives the receipt and expenditure under certain important heads of H.E.H. the Nizam's Government for the months of January and February 1948 :—

(FIGURES IN THOUSANDS OF RUPEES)

Serial No.	Heads	RECEIPTS		EXPENDITURE	
		February 1948	January 1948	February 1948	January 1948
1	Land Revenue	1,970	16,966	675	1,338
2	Forest	720	340	163	71
3	Customs	2,414	3,579	283	217
4	Excise	5,591	5,505	327	222
5	Stamps and Registration	280	371	85	19
6	Debt Service	982	1,907	897	140
7	Mint, Currency and Coinage	6	..	88	66
8	Posts	310	170	408	..
9	Civil Administration	2	4	888	227
10	Police	1	7	1,898	878
11	Education	127	119	2,054	1,218
12	Medical	8	15	1,024	260
13	Agriculture	28	4	154	87
14	Municipality and Public Health	42	56	665	210
15	Buildings	87	8	1,278	1,268
16	Irrigation	3	8	184	95
17	Railways	..	1	1	1
18	Miscellaneous	72	179	42	29

HYDERABAD STATE BANK, HYDERABAD-DN.

Weekly position as on 24th April, 1948, 1937 Fasi.

No. of A/cs.	Liabilities	H.S.	Total	Assets	H.S.	Total
		Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
	Capital Account		75,00,000 0 0	Inland Bills		24,55,018 2 7
	Reserve Fund		22,75,000 0 0	Loans (O.S.)		73,512 6 4
	Deposits			B.G. Rs.		2,00,44,282 6 7
4007	Current Account (O.S.)	7,46,23,138 7 2		Cash Credits (O.S.)		2,37,11,890 3 11
1673	B.G. Rs.	5,28,27,096 10 10	12,74,50,225 2 0	B.G. Rs.		1,44,19,015 9 5
3186	Savings Bank (O.S.)	24,77,717 14 2	29,82,417 6 10	Overdrafts (O.S.)		5,57,55,827 10 0
605	B.G. Rs.	5,04,099 8 8		B.G. Rs.		
108	Fixed Deposit (O.S.)	39,94,403 14 4		Investment A/cs. (O.S.)		
31	B.G. Rs.	4,88,544 6 7	44,38,148 4 11	Bills Discounted		7,14,000 0 0
	Short Term Deposit		23,69,692 14 0	B.G. Rs.		5,44,483 5 4
	Other Accounts		15,27,156 11 0	D.Ds. Purchased (O.S.)		4,81,264 14 2
	Sundries		8,90,042 11 8	B.G. Rs.		3,40,966 9 10
	Cash Credit (Cr. Bal.)	1,26,740 15 0		Sundries (O.S.)		
	B.G. Rs.	9,001 9 4	1,35,732 8 4	Cash.		
				In hand (O.S.)		3,05,58,830 3 1
				B.G. Rs.		72,64,105 0 8
				With Bankers (O.S.)		5,06,117 8 10
				B.G. Rs.		16,82,295 2 6
	Total		14,96,13,435 10 9	Total		66,38,412 11 7
						14,90,13,435 10 9
	Includes Government Balances at H.O. O.S. Rs.					
	B.G. Rs.					
						2,34,51,882 11 4
						1,89,53,832 3 10

CASH BALANCES OF GOVERNMENT

The cash balances of Government with the Hyderabad State Bank and the Government Treasuries on the last day of the month (February, 1948) under survey amounted to Rs. 808.94 lakhs and Rs. 85.07 lakhs respectively as against Rs. 481.08 lakhs and Rs. 164.66 lakhs in the previous month.

THE HYDERABAD STOCK EXCHANGE LIMITED

QUOTATIONS

Companies	Business done		
<i>Government Securities</i>			
	Rs.	a.	p.
N.G.P. Notes 2½ per cent. 100 (1865-70 F.)	0	0	0
N.G.P. Notes 2½ per cent. (1868-78 F.) (1864-68 F.)	100	12	6
N.G.P. Notes 8 per cent. (1860-70 F.)	102	0	0
<i>Debentures</i>			
Hyderabad Construction (O.S. 100) 5 per cent.	102	0	0*
Steel and Wire (O.S. Rs. 100) 6 per cent.	90	0	0*
<i>Preference Shares</i>			
Nizam Sugar (O.S. 25) 5 per cent.	87	8	0*
(O.S. 25-15 pd.) 4 per cent.	15	0	0*
Vegetable Products (B.G. 100) 6 per cent.	124	0	0*
<i>Railways</i>			
N.S. Railway (O.S. 250) 5 per cent.	750	0	0 (18-11-47)
(O.S. 250) 6 per cent.	502	0	0 (18-11-47)
<i>Banks</i>			
G. R. Bank (O.S. 1 pp-50 pf.)	51	0	0 (18-11-47)
Hyderabad Bank (O.S. 50)	60	0	0 (29-1-48)

QUOTATIONS

Companies	Business done		
State Bank (O.S. 100) ..	185	0	0 (26-2-48)
Mercantile Bank (O.S. 100-50 pd.) ..	50	0	0*
<i>Textiles</i>			
Azamjahi Mills (O.S. 100), 266, 65/8, 65, 64/8, 65/8, 66, 65/8, 64/8, 65, 64/8, 65, 64/8, 64 ..	264	8	0
D. B. R. Mills (B.G. 100) O.S. Rs. ..	265	0	0*
M. S. K. Mills (B.G. 10) O.S. Rs. ..	78	0	0 (18-2-48)
R. B. Poona Mills (I. 100) O.S. Rs. ..	96	0	0*
Osmanshahi Mills (O.S. 100), 296, 97, 96/8, 96, 97, 98, 97/8, 98 ..	297	8	0
Sirsilk (B.G. 100-40 pd.) ..	29	8	0 (11-12-47)
<i>Sugars</i>			
Nizam Sugar (O.S. 25) ..	55	0	0 (22-1-48)
(O.S. 25-15 pd.) ..	38	0	0 (20-2-48)
Salar Jung Sugar (O.S. 50-85 pd.) ..	16	12	0 (16-12-47)
<i>Chemicals</i>			
Biochemicals (O.S. 10) ..	4	8	0 (15-1-48)
Chemicals & Fertilisers (O.S. 50) ..	25	0	0
Chemicals & Pharmaceuticals (O.S. 25) ..	20	8	0*
<i>Engineering</i>			
Alwyn Metals (O.S. 50) ..	60	6	0 (16-1-48)
(O.S. 50-25 pd.) ..	84	0	0 (22-1-48)
Brass Products (O.S. 10) ..	7	8	0*
Hyderabad Construction (O.S. 100) ..	280	0	0 (18-2-48)
(O.S. 100-50 pd.) ..	280	0	0 (16-1-48)

Companies	Business done
Hyderabad Iron & Steel (O.S. 10) ..	8 0 0*
Jubilee Engineering (O.S. 10) ..	10 0 0*
Praga Tool Corporation (B.G. Rs. 50) O.S. Rs.	30 0 0 (18-11-47)
Steel & Wire (O.S. 100) ..	30 0 0*

Papers

Sirpur Paper (O.S. 100) ..	158 0 0 (18- 2-48)
(O.S. 100-75 pd.) ..	125 8 0 (18- 2-48)
Dn. Cd. Bd. & Fb. Bd. (O.S. 50-10 pd.) ..	5 0 0*
Vijay Card Board (O.S. 25) ..	25 0 0*

Miscellaneous

Dn. Flour (O.S. 100) ..	90 0 0*
Dn. Porcl. & Enamel ..	50 0 0*
Dn. Shoe & Leather (O.S. 25) ..	10 0 0 (18-11-47)
Hyderabad Oils & Paint (O.S. 25) ..	5 0 0*
Fine Hosieries (O.S. 25) ..	22 8 0*
Hyderabad Inv't. Synd. (O.S. 50) ..	88 0 0 (20- 1-48)
Hyd. Potteries (O.S. 25) ..	27 0 0*
Hyderabad Tanneries (O.S. 50-40 pd.) ..	25 0 0*
Hyderabad Tin Products (O.S. 10-5 pd.) ..	5 0 0*
National Food (O.S. 10)	6 8 0*
National Industries (O.S. 25) ..	5 0 0*
National Industries (O.S. 25) ..	5 0 0*
Roller Flour B.G. (10) O.S. Rs.	10 8 0 (15- 1-48)
Porcl. & Potts. (O.S. 25) ..	10 0 0*
Singareni Collieries. (B.G. 10) O.S. Rs.	15 0 0*

5*

Companies	Business done
Starch Products (O.S. 50) ..	33 0 0*
Soap & Oil .. (O.S. 25-12½ pd.) ..	8 4 0 (18-11-47)
Taj Glass (O.S. 10) ..	6 8 0 (16- 2-48)
Taj Clay (O.S. 100) ..	80 0 0 (18-11-47)
Vazir Sultan (O.S. 10) ..	42 0 0 (18- 2-48)
Vegetable Products (B.G. 10) O.S. Rs.	11 0 0 (26- 2-48)
Warangal Commercial (O.S. 100) ..	100 0 0*
Kopbal Oil Refs. (B.G. 10) O.S. Rs.	11 8 0

Note.—The * indicates nominal rates. The date in brackets shows when the transactions took place last. The ** indicates that though no transaction took place there were sellers at that rate.

INDUSTRIAL STATISTICS

STATEMENT SHOWING THE PRODUCTION OF
MATCHES, CEMENT, SUGAR, AND PAPER FOR THE
MONTH OF FEBRUARY, 1948.

Serial No.	Commodities	Units	February, 1948
1	Matches ..	G.B.	26,508
2	Cement ..	Tons	14,791
3	Sugar ..	Cwts.	65,202-6/7
4	Paper ..	Tons	288.62

[Statement]

JOINT-STOCK COMPANIES INCORPORATED IN H.E.H. THE NIZAM'S DOMINIONS, HAVING CEASED WORK HAVE GONE INTO LIQUIDATION OR WERE DISSOLVED, OR OTHERWISE BECAME DEFUNCT, DURING THE MONTH OF MARCH, 1948.

Serial No.	Classification and name of the Company	Date of registration	CAPITAL O.S. CURRENCY			Date of going into liquidation	Date of defunct
			Authorised	Issued	Paid-up		
	<i>Match Industry</i>						
1	Hyderabad Match Manufacturing Company Limited ..	15-8-1855 F.	1 Lakh	1 Lakh	Nil	15-8-1857 F.	28-6-1857 F.
	<i>Medicines</i>						
2	The Unani Tibbi and Chemical Company, Limited ..	15-4-1849 F.	20,000	4,000	4,000	29-8-1857 F.	29-6-1857 F.

JOINT-STOCK COMPANY INCORPORATED IN H.E.H. THE NIZAM'S DOMINIONS IN THE MONTH OF FEBRUARY, 1948.

Serial No.	Classification and name of the Company	Date of registration	CAPITAL (O.S. CURRENCY)				
			Authorised	Issued	Paid-up		
1	The Tirur Mills Limited	February, 1948	1,00,000	1,00,000	..	..	..

TRADE STATISTICS

Commodity	FOR THE MONTH OF FARWARDI, 1857 F.		FROM AZAR TO FARWARDI, 1857 F.	
	Quantity	Value O.S. Rs.	Quantity	Value O.S. Rs.
<i>Imports</i>				
Piecegoods	..	87,89,000	..	2,15,68,000
Yarn	286,482 Lbs.	7,82,000	..	68,18,000
Silk	14,452 Lbs.	1,67,000	87,566 Lbs.	9,78,000
Sugar	16,818 Pallas	18,20,000	34,899 Pallas	3,204,000
Fruit	19,642	18,41,000	83,671	60,25,000
Betelnut	2,179	4,82,000	12,289	28,22,000
Animals	1,870 No.	2,44,000	6,269 No.	2,21,000
Brassware	2,218 Pallas	8,08,000	7,967	38,28,000
Iron	8,428	18,07,000	27,465	37,47,000
Timber	..	88,000	..	1,40,000
Silver	276,542 Tolas	5,18,000	341,556 Tolas	6,46,000
Gold	7,820	9,85,000	39,485	4,61,000
Food-grains	11,081	8,80,000	296,826 Pallas	1,09,60,000
Miscellaneous	..	1,54,64,000	..	8,38,88,000
Total	..	2,85,20,000	..	14,85,40,000
Salt	41,118 Pallas	4,11,000	282,473 Pallas	28,24,000
Total imports	..	2,89,81,000	..	15,18,64,000
<i>Exports</i>				
Food-grains	42,560	16,81,000	256,748	92,60,000
Cotton	57,009	85,55,000	257,749	3,86,81,000
Linseed	..	..	124,498	59,14,000
Til	15,567	8,88,000	58,409	32,24,000
Groundnuts	186	5,000	140,911	58,26,000
Castor-seed	..	..	108,901	51,78,000
Oils	36,504	40,25,000	111,268	1,28,42,000
Indigo	..	..	3	25,000
Timber	..	2,81,000	..	10,57,000
Hides and Skins	..	2,95,000	..	18,29,000
Animals	1,428	21,000	2,214	60,000
Miscellaneous	..	48,05,000	..	2,64,02,000
Total exports	..	2,00,06,000	..	10,97,98,000
Miscellaneous income	..	11,818	..	..
Grand total	..	4,89,87,000	..	26,11,57,000

Railway Statistics

FEBRUARY, 1948

Particulars	COLLIERIES		Total
	Kotha-gudam	Tandur	
Production	71,287-15	28,000-17	99,288-12
Despatches	68,471- 5	25,881-12	89,852-17

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is 58,405-19 and to concerns that are outside the State is T. 35,946-18.

Electricity Statistics

FEBRUARY, 1948

Number of Units Generated	27,80,055
Number of Units sent out ..	26,35,438
	Tons
Coal consumed..	3,862.45
	Lbs.
Oil consumed ..	1,595

Railway Statistics

FEBRUARY, 1948

	N.S. RAILWAY ROAD TRANSPORT DEPARTMENT		
	September 1947	November 1947	December 1947
1. No. of passengers	1,757,788	2,599,011	2,565,195
2. Freight ton miles	46,978,676	92,505	28,454
	Rs.	Rs.	Rs.
3. Gross earnings ..	86,84,122	9,99,901	9,91,184
4. Total expenditure ..	29,99,976	6,45,082	15,05,288

The number of tourist parties that visited the State Hotel during January, 1948 is 5 in singles and 40 in 11 parties of more than one (comprising one party of six, two parties of five, two parties of four, four parties of three and two parties of two).

WORKING CLASS COST OF LIVING INDEX NUMBER FOR THE MONTH OF JANUARY 1948

(BASE YEAR AUGUST 1943 to JULY 1944 = 100)

Serial No.	Groups	HYDERABAD CITY		WARANGAL		NIZAMABAD		NANDER		AURANGABAD		GULBARGA	
		Weight proportional to total expenditure	Index number	Weight proportional to total expenditure	Index number	Weight proportional to total expenditure	Index number	Weight proportional to total expenditure	Index number	Weight proportional to total expenditure	Index number	Weight proportional to total expenditure	Index number
1	Food	62.25	130	68.43	136	64.38	143	62.89	171	58.64	157	66.60	140
2	Fuel and Light	6.87	145	7.50	144	8.56	157	6.73	169	6.32	155	6.05	214
3	Clothing	11.03	109	8.50	110	13.66	118	13.95	104	18.46	143	13.15	99
4	Rent	5.31	100	3.21	100	3.74	100	4.29	100	4.15	100	3.32	100
5	Miscellaneous	10.66	132	8.04	179	5.73	149	8.49	154	11.46	166	3.50	178
6	Intoxicants	3.83	164	4.12	160	3.94	195	3.75	131	0.94	209	2.48	209
Cost of living Index number		100.0	134	100.0	137	100.0	141	100.0	156	100.0	150	100.0	143

COMPARATIVE STATEMENT OF GROUP INDICES OF WHOLESALE PRICES IN THE CITY OF HYDERABAD FOR THE MONTH OF JANUARY 1948. (BASE AUGUST 1939=100)

Serial No.	Commodities	No. of items	INDEX No.			(+) OR (—) COMPARED WITH	
			January 1948	December 1947	January 1947	December 1947	January 1947
1	Cereals	10	287	275	874	— 38	— 187
2	Pulses	6	372	418	868	— 46	+ 4
8	Sugar	2	180	166	171	+ 14	+ 9
4	Other Food Articles ..	16	340	369	301	— 20	+ 48
	All Foods	34	315	388	296	— 28	+ 19
5	Oil seeds	5	400	450	468	— 50	— 63
6	Vegetable oil	4	519	510	409	+ 9	+ 110
7	Raw cotton	1	250	325	213	— 75	+ 37
8	Cotton manufactures ..	5	320	320	304	..	+ 16
9	Hides and Skins	2	368	411	532	— 48	— 164
10	Building Materials	8	314	314	287	..	+ 77
11	Other Raw and Manufactured Articles ..	7	251	224	212	+ 27	+ 39
	All Non-food	32	357	367	338	— 10	+ 24
	General Index No. ..	66	335	352	312	— 17	+ 23

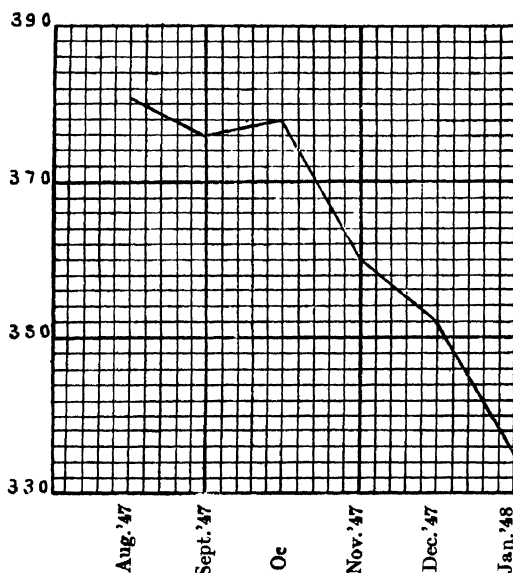
MONTHLY INDEX NUMBERS OF WHOLE-SALE PRICES IN THE CITY OF HYDERABAD FOR THE MONTH OF JANUARY, 1948

Compared to last month, the average index numbers of cereals, pulses and other Food Articles decreased by 88, 46 and 20 points, respectively while that of sugar increased by 14 points, thereby showing a fall of 28 points in the Index of All Food.

The index numbers of Vegetable oil and other

Raw and Manufactured articles appreciated by 9 and 27 points respectively, while those of oil seeds, Cotton Raw and Hides and Skins went down by 50, 75 and 43 points respectively. The index number of Cotton Manufacturings and Building Materials remained stationary. The index of All Non-Food declined by 10 points compared to the preceding month.

The General index number in January, 1948 stood at 385 points as against 352 in December last.



STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF JANUARY, 1948 COMPARED WITH BASE PRICES

BASE : AUGUST, 1939 = 100

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR		January 1948	INDEX No.		
				November 1947	December 1947		Nov. 1947	Dec. 1947	Jan. 1948
1	2	3	4	5	6	7	8	9	10
	I. FOODGRAINS		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.			
	(i) Cereals.—								
1	Rice, fine, 1st quality ..	Palla	87 10 0	43 10 0	43 10 0	43 10 0	268	268	268
2	Rice, Arcoti ..	do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat Bansi ..	do	18 8 0	43 10 0	N.S.	N.S.	236	..	..
5	Wheat Yellow ..	do	16 1 0	43 10 0	60 0 0	N.S.	260	858	..
6	Wheat Potli ..	do	18 0 0	..	..	N.S.	..	..	..
7	Wheat Red ..	do	14 0 0	43 10 0	60 0 0	N.S.	801	414	..
8	Jawar, 1st quality ..	do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality ..	do	2 0 0	24 0 0	23 8 0	23 8 0	200	196	196
10	Bajra ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals ..		..	..	..	..	244	275	287
	(ii) Pulses.—								
11	Gram, Bengal ..	Palla	16 0 0	47 4 0	68 8 0	59 8 0	294	428	372
12	Gram Horse ..	do	12 8 0	82 8 0	82 8 0	33 8 0	810	810	319
13	Mung, Green ..	do	12 2 0	..	51 0 0	48 0 0	421	396	..
14	Mung, Black ..	do	12 0 0	55 0 0	N.S.	N.S.	458	..	..
15	Lentils ..	do	15 8 0	..	..	..	..	..	..
16	Tuar, broken ..	do	15 0 0	..	..	61 0 0	..	..	401
	Average Index No. of Pulses.—		..	..	..	..	368	418	372
	(iii) Sugar.—								
17	Sugar, refined ..	Palla	45 0 0	86 4 0	81 8 0	110 0 0	192	181	244
18	Gur or raw sugar ..	do	28 0 0	56 0 0	43 0 0	33 0 0	196	151	116
	Average Index No. of Sugar ..		..	..	..	..	194	166	180
	(iv) Other Food Articles.—								
19	Tea ..	Lb.	1 0 0	8 6 8	3 4 8	3 4 0	288	276	276
20	Salt ..	Palla	12 0 0	14 8 0	18 8 0	13 8 0	121	118	113
21	Onions ..	do	5 0 0	82 8 0	52 8 0	35 0 0	1,60	1,050	700
22	Turmeric ..	do	81 0 0	110 0 0	129 0 0	127 8 0	855	416	411
23	Tamarind ..	do	14 8 0	88 0 0	88 0 0	40 0 0	228	266	276
24	Chillies ..	do	57 8 0	185 0 0	160 0 0	150 0 0	322	278	261
25	Betel-nuts ..	Seer	0 8 0	8 8 0	8 8 0	8 8 0	622	622	622
26	Ghee, 1st quality ..	Md.	50 0 0	180 0 0	162 8 0	175 0 0	360	325	350
27	Potatoes ..	do	6 11 0	30 0 0	23 5 0	20 0 0	449	349	999
28	Ginger ..	do	6 11 0	40 0 0	15 0 0	20 0 0	598	224	229
29	Garlic ..	do	..	48 5 8	40 0 0	48 0 0	..	..	..
30	Fowl ..	Bird	1 0 0	2 9 0	1 10 0	2 10 0	256	268	268
31	Eggs ..	Dozen	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk ..	Seer	0 4 0	0 8 0	0 10 0	0 10 0	200	267	267
33	Beef ..	Lb.	1 8 0	0 7 0	0 7 0	0 7 0	420	420	420
34	Mutton ..	do	0 8 4	1 11 0	0 11 0	0 11 0	380	380	380
	Average Index No. of Other Food Articles ..		..	..	..	..	436	369	349
	Average Index no. of All Food ..		..	..	..	..	357	338	315
	II. OIL SEEDS								
35	Sesamum ..	Palla	21 0 0	110 0 0	92 8 0	92 8 0	524	440	440
36	Cotton Seed ..	do	9 0 0	26 8 0	27 8 0	22 8 0	294	306	250

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF JANUARY 1948 COMPARED WITH BASE PRICES.—(contd.)

BASE: AUGUST, 1939=100

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR		January 1948	INDEX No.		
				November 1947	December 1947		Nov. 1947	Dec. 1947	Jan. 1948
1	2	3	4	5	6	7	8	9	10
	II. Oil Seeds—(contd.)			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
37	Groundnut ..	do	12 8 0	50 0 0	53 0 0	45 0 0	400	440	380
38	Linseed ..	do	11 8 0	N. S.	57 0 0	57 0 0	..	496	496
39	Castor Seed ..	do	12 0 0	65 8 0	68 0 0	54 8 0	548	567	454
	Average Index No. of Oils seeds.	..	..	..	..	..	441	450	400
	III. VEGETABLE OIL								
40	Sesamum oil ..	Palla	35 0 0	240 0 0	240 0 0	240 0 0	686	686	686
41	Castor oil ..	do	30 0 0	165 0 0	160 0 0	165 0 0	550	533	550
42	Linseed (double boiled) ..	Drum	22 8 0	36 0 0	36 0 0	36 0 0	160	160	160
43	Groundnut oil ..	Palla	25 0 0	165 0 0	165 0 0	170 0 0	660	665	680
	Average Index No. of Vegetable oil.	..	..	..	..	..	514	510	518
	IV. TEXTILES								
	(i) Cotton Raw								
44	Cotton raw loose bales of 400 lbs. ..	..	100 0 0	250 0 0	325 0 0	250 0 0	250	325	250
	Average Index No. of cotton raw :	..	..	..	..	..	250	325	250
	(ii) Cotton manufactures								
45	Yarn-unbleached ..	Lb.	0 8 0	1 5 8	1 5 10	1 5 10	271	278	278
46	Dhoties ..	do	0 9 0	1 5 8	1 15 0	1 15 0	333	344	344
47	Chadders ..	do	0 8 0	2 0 0	1 12 0	1 12 0	400	350	350
48	Saris ..	do	0 10 0	2 0 0	1 15 0	1 15 0	320	310	310
49	Shirtings ..	do	0 8 0	1 6 0	1 10 0	1 10 0	275	325	325
	Average Index No. of Cotton Mfgs. ..	..	..	..	..	..	324	320	320
	V. HIDES AND SKINS								
50	Hides, not tanned ..	Head	2 6 0	9 0 0	10 0 0	9 0 0	379	421	379
51	Skins ..	do	0 9 0	9 2 0	2 4 0	2 0 0	378	400	356
	Average Index no. of Hides & Skin	..	..	..	..	..	379	..	368
	VI. BUILDING MATERIALS								
52	Corrugated Iron Sheet ..	Cwt.	12 3 0	N. S.	N. S.	..	..	..	..
53	Iron Beams (Tata) ..	do	18 4 0	N. S.	N. S.	..	..	..	..
54	Teak, country ..	do	8 0 0	8 12 0	8 12 0	8 12 0	292	292	292
55	Teak Rangoon ..	do	7 8 0	N. S.	N. S.	..	..	..	..
56	Cement, Shahabad ..	do	2 14 0	4 4 0	4 4 0	4 4 0	148	148	148
57	Lime ..	100c.f.	19 0 0	70 0 0	65 0 0	65 0 0	868	842	842
58	Bricks, country ..	1000	9 8 0	45 0 0	45 0 0	45 0 0	474	474	474
59	Table moulded bricks ..	do	15 8 0	N. S.	N. S.	..	..	..	..
	Average Index No. of Building Materials ..	..	..	..	..	..	821	814	814
	OTHER RAW & MANUFACTURED ARTICLES								
60	Charcoal ..	Cwt.	1 12 0	..	..	..	..	..	..
61	Kerosene oil 1st quality ..	a tin of 4	6 4 0	N. S.	N. S.	N. S.	..	..	..
62	Do 3rd quality ..	gallons	4 0 0	5 1 0	4 10 0	4 10 0	127	116	116
63	Tobacco ..	Md.	17 8 0	N. S.	N. S.	N. S.	..	..	..
64	Soap (Sunlight) ..	Cwt.	98 4 0	211 8 0	180 0 0	211 8 0	227	193	227
65	Matches ..	Gross	2 8 0	6 8 0	6 8 0	6 8 0	260	260	260
66	Firewood ..	Md.	0 8 0	2 0 0	1 10 0	2 0 0	400	325	400
	Average Index No. of other Raw & Mfg. Articles ..	..	..	..	..	..	354	224	251
	Average Index No. of all Non-food ..	..	..	..	..	..	364	367	357
	General Average Index Number	..	..	..	..	..	360	352	335
	O.S. Rs. 116-10-8—B.G. Rs. 100.	..	..	..	..	..	..	..	..

EXTERNAL TRADE OF INDIA

	1938		1944		1945		1946	
	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age	Rs. crores	Percent- age
<i>Imports</i>								
Food ..	20.70	13.5	16.4	9.4	21.75	9.2	33.69	12.8
Raw Materials ..	36.62	23.9	104.86	58.0	128.05	54.0	76.60	29.2
Manufactured Articles ..	93.61	61.0	57.64	31.9	84.47	35.6	145.41	55.4
<i>Exports</i>								
Food ..	39.65	23.5	57.99	22.5	53.25	22.8	58.43	19.2
Raw Materials ..	74.70	44.8	57.19	24.7	75.75	31.7	104.49	34.4
Manufactured Articles ..	51.34	30.5	119.38	51.5	105.81	44.0	135.78	44.7

Articles in Recent Journals

LEADING ARTICLES IN RECENT JOURNAL

THE ECONOMIST, 14TH FEBRUARY, 1948.

On the Rocks.
The appointed day.
Experts without power.
Soviet Budget Survey.
Britain's Balance of Payments.

THE ECONOMIST, 21ST FEBRUARY, 1948.

American Horizon.
Marxist Centenary.
Report from Havana.
The Argentine Agreement.
Economics in Fleet Street.

THE ECONOMIST, 18TH MARCH, 1948.

Sink or Swim.
The choice at Paris.
How rich is the Eastern Bloc ?
Top Secret.
Economic Survey for 1948.

THE EASTERN ECONOMIST, FEBRUARY, 18, 1948.

Nationalisation of Banking.
Economic Policy.
The Factories Bill.
The Salt Industry.
Production Trade.
Railway Budget.
Minimum Wages Bill.
Jute Export Crisis.
American Aid.
Electricity Supply Bill.

THE EASTERN ECONOMIST, 27TH FEBRUARY, 1948

The Draft Constitution.
The Sterling Settlement.
Efficiency of Railways.
Far Eastern Survey.
Indo-Ceylonese Trade.

THE EASTERN ECONOMIST, MARCH, 12TH 1948.

Finance in the Constitution.
Damodar Valley Corporation.
What price Gold ?
Plastic Industry.
Denmark and world trade.

COMMERCE, 7TH FEBRUARY, 1948.

Industrial Finance Corporation Bill-I.
International Monetary Fund.-I.
State Versus Private Enterprise.
Power and Project Organisations.

COMMERCE, 14TH FEBRUARY, 1948.

The Minimum Wages Bill.
Wage Policy in the U. K.
Industrial Finance Corporation Bill.-II.
International Monetary Fund.-II.

COMMERCE, 21ST FEBRUARY, 1948.

A featureless Railway Budget.
Industrial Finance Corporation Bill Passed.
Marshall Aid Prospects.
International Monetary Fund.-III.

COMMERCE, 28TH FEBRUARY, 1948.

Problems on Jute industry.
Damodar Valley Corporation.
No need for Agricultural credit corporation.
Indian textiles in Australia.

COMMERCE, 6TH MARCH, 1948.

Free India's first full year budget.
Some Provincial budgets.
Industrial finance corporation bill.-III.
Second interim sterling balances agreement.
The budget and inflation.
Pakistan's first Central Budget.

COMMERCE, 13TH MARCH, 1948.

Future of world trading in cotton piecegoods.
Research at Shirley Institute.
Coal Stocks Accumulate at Pits.
Agricultural Insurance in India.
Britain's Economic Prospects.

COMMERCE, 20TH MARCH, 1948.

Industrialisation of Backward countries.
Growing confidence in Sterling area.
Franc Devaluation to spur French exports.
Research in Textile industry.
Indo-Pakistan Cotton Agreement.

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Diary of Events of Economic Interest

April, 1948

Khurda, 1357 F.

1. The Hyderabad Government considered the introduction of a Compulsory Riot Risks Insurance Scheme for certain types of factories.
The C. P. Government made compulsory the cultivation of fallow land.
The Government of India decided to abolish control on kerosene.
The preliminary session of the International Cotton Conference opened at Cairo.
2. The Madras Government approved a 'Five-year Scheme to investigate and control orange pest.
The Bombay Government imposed a stamp duty on the turnover of the forward markets.
Employees' State Insurance Bill was passed by the Indian Dominion Parliament.
Rajkumari Amrit Kaur, Health Minister, inaugurated the Nutrition Exhibition at Delhi.
3. Decontrol of food was announced in Mysore.
Export of certain specified varieties of raw cotton was prohibited by the Government of India till August 31, 1948.
A permanent Indo-Pakistan Air Transport Agreement was reached.
The Pakistan Government announced its Industrial Policy.
The Industrial Section of the E.C.A.F.E. met at Shanghai.
The Foreign Aid Bill was signed by President Truman, empowering the expenditure of 6,800 million dollars on the E.R.P.
4. Mr. G. D. Birla, the Indian Industrialist in a broadcast emphasised the need for a planned increase in production.
Spain and Argentina signed an agreement for development of trade between the two countries.
5. The Madras Government decided to start an Industrial Finance Corporation with a capital of two crores.
The West Punjab Assembly passed a Bill nationalising Transport in the Province.
The Indian Government announced its Industrial Policy.
The United Nations Food and Agricultural Organisation met in Washington to discuss world food shortage.
6. Mr. Jagjivanram inaugurated the Tripartite Industrial Committee on Plantations in New Delhi.
The Chancellor of the Exchequer, Sir Stafford Cripps announced a "Restricted Pleasure" Budget.
A survey of the European economic prospects by the United Nations Economic Commission for Europe was published.

7. The Nizam's Government restricted the export of cast-iron scrap.
The Nizam's Government formulated a new plan for procurement of food grains.
The United States Congress enacted into law a 4,800,000,000 dollar income-tax reduction for America's 52,000,000 tax payers.
8. The Indian Dominion Parliament passed a Bill doubling the existing export duty on lac.
9. A Doctorate was conferred on Dr. C. V. Raman at Bordeaux.
The Government of India decided to allow 21,500 tons of castor seed for export during 1948.
10. The 12th session of the Indian Roads Congress opened at Roorkee.
11. The Nizam's Government removed all controls over sugar and sugar preparations.
A Committee was appointed by the Government of India for distribution of profits as among Capital and Labour.
The Government of India decided not to impose any customs duty on raw cotton imported from Pakistan.
12. The Cochin Government introduced an insurance scheme for the benefit of Government employees on the Mysore model.
Construction of Hirakud dam across Mahanadi was begun.
Announcement by the U. S. and British Governments about handing over their zones in Trieste to Italy.
American and British cotton experts put the spindle capacity for Japan at 8,50,00,000.
13. The Hyderabad Government decided to exempt from income-tax the salaries of all the personnel of the Foreign Diplomatic Services.
The Mysore Government announced that they propose to nationalise hotels in the State.
Britain decided to establish a "National Corporation" for the development and exploitation of inventions.
14. The Government of India decided to collect an excise duty of annas three per pound on tea, intended either for export or consumption.
The overland Assam-India direct route was opened.
15. The seventh session of the Indian Central Coconut Committee opened at Ernakulam, under the presidentship of Sir Datar Singh.
The text of the Havana Trade Charter of the International Trade Organization was published.
The Import-Export Bank of the U.S.A. granted a 10 million dollar loan to Columbia.
16. The Government of India invited information regarding the existence of corruption and favouritism in the Import and Export Offices in Delhi and all Port Towns.
Under the control of Indian Shipping Amendment Act, all ships engaged in the Coastal Trade of India were asked to obtain licences.

17. Mr. Jagjivanram inaugurated the thirteenth session of the annual meeting of the All-India Organization of Industrial Employees at New Delhi.
The South African Government banned the export of gold and diamonds from the Union.
18. H.E.H. the Nizam's Government donated Rs. 20,000 to the Veereshalingam Centenary Fund.
The terms of the Inter-Dominion Agreement were announced.
General MacArthur announced that eight million pounds of Japanese tea would be offered for export this year.
Mr. Truman appealed for support for his programme against Inflation in the U.S.A.
19. Nawab Moin Nawaz Jung Bahadur, Hyderabad Finance Minister, in his speech delivered at the meeting of the Board of Directors of the Osman Shahi and Azam Jahi Mills, emphasised the need and importance for the economic well-being of India and Hyderabad.
The Cochin Government abolished the excise duty on betelnuts.
The foundation stone was laid to the building of the National Institute of Science at Delhi by Pandit Nehru.
The Burmese Parliament passed the Inland Waterways Nationalisation Bill.
Burma was admitted as a member of the U.N.O. by the General Assembly.
The Nizam's Government sanctioned Rs. 30 lakhs for the Hyderabad Women and Children's Medical Aid Associations.
The Government of Madras removed control over charcoal.
The Government of Saurashtra lifted the ban on the export of cotton seeds and castor seeds.
The Government of India decided to experiment co-operative farming for the first time in the Alwar State with refugees.
Proposed allocations of American Funds for the first year of the Marshall Plan were published.
21. The Institute of Welding was opened by Dr. S. P. Mukherji at Calcutta.
The United Nations Conference on Freedom of Information voted three International Treaties designed to widen the free flow of news.
22. The Chinese National Assembly urged the Government to negotiate with Britain and the U.S.A. for silver loans to reform the Chinese National Currency and restore it to the silver standard.
23. The first steam road-roller built in India was used at Jamshedpore.
The sale of over six million U. S. dollars worth of Japanese textile machinery to India was contracted.
24. Dr. S. P. Mukherjee laid the foundation stone of the Central Leather Institute at Madras.
27. The Hyderabad Government announced their decision to open a branch of the Hyderabad State Bank at Karachi.

Mr. Ghulam Mohammed, Pakistan Finance Minister, inaugurated the Pakistan Economic Controls Conference at Karachi.

29.

The Government of India decided to take over the administration of the "National Savings Scheme" from the Provincial Governments.

Pakistan and Sweden reached a Bilateral Air Transport Agreement.

Editorial Notes

MORE ABOUT PLANNING

IN the section on Finance and Resources certain details about national income and balance of payments are given with regard to the United Kingdom and France. In 1947, the national income of the United Kingdom has been estimated at £. 8,770 Mn. plus £. 775 Mn. being provision for depreciation and maintenance, making a total of £. 9,545 Mn., but total resources utilised amounted to £. 10,220 Mn., the gap of £. 675 Mn. having been made up partly by borrowing abroad and partly by sale of assets to foreigners. But £. 1,944 Mn. were utilised in new capital formation, thus not only ensuring but enhancing Britain's capacity of production. Government expenditure amounted during the year to £. 2,115 Mn. compared to personal consumption which stood at £. 6,161 Mn. That is, Government expenditure was slightly more than a third of personal consumption and slightly less than a fourth of the national income. In the White Paper on national income issued by Sir Stafford Cripps, there is an estimated surplus of £. 400 Mn. on current account but a deficit of £. 259 Mn. on capital account, yielding a net surplus of only £. 141 Mn. for 1948-49. With the launching of the European Recovery Programme, Britain has decided to export less with a view to ensuring a higher level of domestic consumption.

In France, the Monnet Plan puts the total deficit in the balance of payments, at 178 Milliard Francs for the years 1946-49, including current and capital account. Another estimate by M. Uri shows the individuals' disposable money income at 3,454 Milliard Francs for 1948, and consumable production for sale at market prices at 3,089 Milliard Francs projecting an inflationary gap of 365 Milliard Francs.

These figures cannot by any means be described as emblems of sound economy, but the French and the British compete in optimism. Now that the European Recovery Programme has

come to their rescue, the general situation might ease, and their plans might in all probability become more practical.

What is the ratio between personal consumption and Government expenditure in Hyderabad? What is the inflationary gap? What is the proportion between personal consumption and capital formation? These and several other questions demand careful and scientific examination. As we have said in another note in this issue, a preliminary study has already been made with regard to the balance of payments position of the Dominions.

FEEDING THE NATION

We reproduce below two tables with regard to consumption in Britain, which should prove of great interest to Hyderabad readers. The first table depicts the history of subsidies in Britain with a view to maintain the standard of living in that country at a high level. The second table gives details with regard to quantities of important commodities consumed in Britain in 1947.

These figures show that *per capita* consumption of bread and flour worked at 12.5 ozs. per day—a figure which is higher than the cereals ration that is being allowed in many parts of India. But the Britisher does not live on bread alone. That nation consumed in 1947, 6.68 million tons of milk, which worked at 18 ozs. *per capita* per day. This is not surprising because the Government spent £. 36.2 million on subsidising milk production in that country. Milk scarcity in India nowadays is proverbial and we wonder if *per capita* consumption of milk in this country is now even so small as half an ounce *per capita* per day: of course, we mean *net* and not gross milk. This is not all. The British consumed 5.97 million tons of potato in the past year and this gave about 12.5 ozs. *per capita* per day. Thus, putting flour and bread, milk and potato together,

average consumption *per capita* per day yielded the luxurious figure of 88 ozs. This is apart from Vegetables, fruits, butter and a host of other luxuries which go under the omnibus caption of "Miscellaneous" Indians have been so long accustomed to poor feeding that it is a matter for doubt as to whether the average Indian can digest and benefit by consuming so much as 88 ozs. per day of bread, milk and potatoes.

On imports of tea, Britain spent £. 10.4 million in the shape of subsidies. The total expenditure on subsidies on consumption amounted to £. 464 million, giving slightly less than £. 10 per head per annum—this was done in a year when that country had an adverse balance of payments of the order of £. 675 million.

The man in the street has derived further benefits: the cost of living index in 1947 was only 128 (1939 base) while the wage level rose to 168 (1939 base). This means that the average Britisher got a *higher real wage* in 1947 than in

1939. We have no figures with regard to the relative behaviour of cost of living and wages in India or in Hyderabad, but general observation leads to the feeling that the cost of living has outraced the wage level generally: certain fields like the Railway and the Post and Telegraph Department might be exceptions.

British policy has left no stone unturned with a view to make the best of the bad bargain. The subsidy policy was so carefully managed that the imports food price index was at 194 whereas the home agricultural produce index was at 220. This meant that higher prices were paid on local production than on foreign imports. Here again, all know that India has been paying much higher prices for imported food materials than for Indian products.

The whole question of subsidies for essential materials as well as for consumption deserves careful examination by a small qualified committee both in India and in Hyderabad.

TABLE I
GROWTH OF FOOD SUBSIDIES, PRICES AND WAGES

	COST OF SUBSIDIES*		Home produced	Imported food price index†	Home agriculture prices	Cost of living index	Index of wage rates September 1939=100
	Total	Imported					
	(£ mn.)	(£ mn.)	(£ mn.)				
1939 ..	18	..	18	100	100	100	100
1940 ..	68	n.a.	n.a.	119	138	117	111-112
1941 ..	96	n.a.	n.a.	124	166	126	121-122
1942 ..	148	n.a.	n.a.	136	178	127	180
1943 ..	152	n.a.	n.a.	140	180	126	185-186
1944 ..	225	n.a.	n.a.	147	186	128	142-148
1945 ..	308	150	158	159	191	128	149-150
1946 ..	364	178	186	177	202	128	161-162
1947 ..	392	227	165	194	220	128‡	168

*Financial year from 1 April of year mentioned. † Taken at December of each year. ‡ June 1947 last calculated date. §Provisional. n.a. not available.

Sources.—Indices taken from *Monthly Digest of Statistics* and when necessary reconverted to 1939 base. Cost of subsidies and subdivisions where given, taken from *Hansard* at the end of each financial year except 1947-48.

TABLE II

FOOD SUBSIDIES, 1947-48

	Original estimate †	Revised estimate (Nov. 1947) ‡	Calculated estimate bas- ed on con- sumption	CONSUMPTION, 1947	
				Estimate based on revised subsi- dies	Actual §
	1	2	3	4	5
	£. million	£. million	£. million	million tons	million tons
Bread*	77.2	52.3	52.2	3.70	3.74
Flour	..	35.9	34.5	2.40	2.20
Shell eggs ..	21.7	27.1	45.7	0.18	0.31
Carcass meat ..	53.0	61.1	64.5	1.54	1.68
Milk	28.0	37.5	36.2	6.90	6.68
Sugar	24.3	27.0	33.2	1.45	1.78
Cheese	23.4	22.5	22.6	0.21	0.21
Butter	26.0	24.0	24.9	0.23	0.24
Margarine ..	3.1	7.1	9.0	0.28	0.35
Lard	(a)	1.6	1.6	0.02	0.02
Compound cooking fat	(a)	1.0	2.2	0.06	0.14
Bacon and ham ..	16.7	17.3	18.3	0.19	0.20
Tea	3.1	9.0	10.4	0.17	0.19
Potatoes* ..	26.5	19.8	19.9	5.90	5.97
Others	(b) 89.0	(b) 89.0	(b) 89.0	..	..
Total	392.0	432.2	464.2	..	..

*Includes acreage payments. †Source: *Hansard*, 8th August 1947. ‡ Source: *Hansard*, 18th November 1947. Source: *Monthly Digest of Statistics*. (a) Not specified, (b) Assumed same as for original estimate.

BALANCE OF PAYMENTS OF HYDERABAD

Under orders of His Excellency the Prime Minister, an *Ad Hoc* Committee was appointed to discuss carefully and arrive at target figures for the next 2-8 years with regard to all items of Import and Export (visible and invisible) and indicate the extent of the favourable or unfavourable Balance of Payments of Hyderabad in relation to (1) India and Pakistan, (2) Sterling Area, and (3) Hard Currency Area, respectively. It is understood that this Committee held several meetings and has been able to give fairly reliable estimates. It is further understood that Hyderabad would have a fairly large favourable balance of payments with India and Pakistan, a somewhat unfavourable balance in relation to Sterling Area, and a heavy unfavourable balance in relation to Hard Currency Area. We hope to publish the actual figures put up by the Committee, at a later stage. In the meanwhile, sound economic policy requires that Hyderabad should even from now prepare to meet the position by working along the following avenues:—

(a) Reducing the import of luxury articles from Sterling and Hard Currency Areas;

(b) Lessening the export of essential raw materials to India and Pakistan, with a view to developing local manufacturing industries;

(c) Giving practical attention to the development of Dairy Farming, Agriculture and Housing on national scale, these fields not requiring much of foreign capital goods or machinery;

(d) Stimulating cottage industries through Government Taxation, Subsidy, Purchase and Exemption policies;

(e) Developing bilateral trade with interested countries, ensuring the import of oil, automobiles, capital goods, electric goods, heavy chemicals, etc., against our export of surplus products like coal, oil-seeds, raw cotton, pulses and cement; and

(f) Raising credits in London and New York.

Of course, Hyderabad's trade with India and Pakistan should not be disturbed much, as such a step must lead to reciprocal disturbances at the other end. Hyderabad is rich in resources and man-power, and provided a fair opportunity is given, there can be no doubt that she will be in the forefront with regard to economic development and social progress.

ESTABLISHMENT OF AN ECONOMIC AFFAIRS SUB-COMMITTEE OF COUNCIL ON A PERMANENT BASIS

The Standstill Agreement between the Indian Union and Hyderabad was signed on November 29, 1947 and the new Interim Ministry assumed charge on December 17, 1947. As a result of this, negotiations on long term basis have to be carried on with the Government of India on such economic matters as Customs Tariff, Import and Export Trade, Railways, Post and Telegraph and Telephone. In addition, there are numerous local economic problems to be thrashed out like:

Currency, Exchange and Central Banking;
Review of the Financial Position of Hyderabad;

Scrutiny of the Tax Structure;

Formulation of a Master Plan for Economic Development.

Further, foundational matters like National Income, Employment and Social Security are being handled scientifically, all over the world and Hyderabad cannot afford to lag behind. Thus, we have before us several problems of short term and long term requirements and programme.

For these reasons, Government have been pleased to appoint an Economic Affairs Sub-Committee of Council consisting of the following Hon'ble Ministers on a permanent basis:—

- (1) His Excellency the Prime Minister.
- (2) Hon'ble the Deputy Prime Minister.
- (3) Hon'ble the Finance Minister.
- (4) Hon'ble Minister, Commerce & Industries.
- (5) Hon'ble Minister, Planning.

The Financial Secretary, the Industries and Commerce Secretary, the External Affairs Secretary and the Planning Secretary and other departmental representatives, as and when neces-

sary, may be invited to attend the meetings of the Sub-Committee. The Economic Adviser is the Convener of the Sub-Committee.

Money, Banking And Insurance

NATIONALISATION OF HYDERABAD STATE BANK

NEW BILL DRAFTED ON LINES OF AUSTRALIAN ACT

INTRODUCING the Hyderabad State Bank Bill in the Legislative Assembly on 29-7-1957 F., Hon. the Finance Minister said :

It has been generally agreed that banking policy plays an important part in the economic life of every country. At the present time, when Hyderabad is facing a future which is full of problems and momentous economic issues, any legislation affecting the banking system is of vital national importance.

A banking system must always be in the process of evolution, continuously adapting itself to changing conditions. It has come to be recognised throughout the world that changes in the banking system should be the result of conscious decisions of policy. The legislation I am proposing is based on the conviction that the Government must accept responsibility for the economic condition of the country. The problems of the post-war period, of employment, of development of trade, are of such magnitude and involve such serious consequences that no other attitude could be maintained.

WAR-TIME EXPERIENCE

In the absence of appropriate statutory power it was found necessary during the war to acquire powers through Special Regulation to bring the banking and financial system under greater control in order to check any tendencies towards inflation and to aid the war effort. The banking controls, embodied in the Defence of Hyderabad Regulation and the Rules thereunder, have worked satisfactorily. In at least one respect they have brought about a substantial benefit to the community by the control of interest rates to the pre-war level. They have

provided experience in the operation of banking controls which will be of very considerable benefit, and a number of the principles on which they are based have been embodied in separate bills to meet the banking and financial problems of the post-war period. The Hyderabad State Bank Bill is before you at present. The Banking Bill which consolidates and amends the law relating to the Banking Companies and the Foreign Exchange Regulation Bill are under consideration of Government and will be placed before the Assembly in due course; but the Currency (Amendment) Bill has been passed, in view of its urgency and importance, in the shape of an Ordinance and is now being separately placed before the Assembly.

After the War, Hyderabad has been faced with unprecedented economic problems. Banking control is urgently needed to safeguard the country from perils of inflation. The increase in retail prices by over 200 per cent. since 1950 F. cannot be overlooked and the Government is determined to grapple with this danger and, in doing so, it would take full advantage of the experience that has been gained in operating war-time controls in co-operation with the Government of India.

In addition, there would be certain special problems of the post-war period, particularly in the sphere of long-term industrial and agricultural finance. The Government is also convinced that active competition by the Hyderabad State Bank with other Banks in the sphere of normal commercial activities is undesirable. They have, therefore, decided to start a Central Bank which would be a national concern owned by the State and completely managed by the Government and which would be in keeping with the policy that is being followed elsewhere, such as the nationalisation of the Bank of England and the proposed nationalisation of the Reserve Bank of India and the Imperial Bank of India.

The guiding principle of the Bank would be to act only in the public interest and for the welfare of the country as a whole, without regard to profit as a primary consideration.

PROPOSED LEGISLATION

The Hyderabad State Bank was started under the Hyderabad State Bank Act, 1950 F., with the object of taking over the central banking functions, in addition to its commercial functions, as agents for the Government. It was then thought that the Government would be in a position to decide whether the right of note issue should also be entrusted to the Hyderabad State Bank after watching its progress in the first ten years of its existence. Conditions have, however, changed more rapidly than what was anticipated and a situation has now arisen which has necessitated the transfer of right of note issue to a Central Bank which would be placed under a controlling body, consisting of Government nominees, and nominees from the elected representatives of this Assembly and also from non-official experts.

Instead of starting a separate Central Bank to perform purely central banking functions, it has been found expedient to nationalise the Hyderabad State Bank, and to transfer thereto the right of note issue, and also to provide for long term agricultural and industrial credit in the same institution. In the Bill, the present constitution of the Bank has been so altered as to convert it into a State-owned institution, after paying off the public shareholders at a price of Rs. 143 per share, on the basis of the last three years' average market rate and on their intrinsic value plus $7\frac{1}{2}$ per cent. The Hyderabad State Bank is thus proposed to be divided under this Bill into different departments and the accounts of each department kept entirely separate.

After full consultation with experts and other bankers and industrialists, both in England and India, a new State Bank Bill has been drafted on the lines of the Commonwealth Bank of

Australia Act, with a view to present a clearer picture of what is proposed that would be possible, if an amending bill, with a large number of amendments, were presented. The continuity of the Hyderabad State Bank as a legal entity has, however, been preserved. Keeping in view the administrative machinery adopted by central banks in countries whose economic conditions are more or less similar to those prevailing in Hyderabad, provision has been made in the Bill to entrust the day-to-day administration of the Bank to a Managing Director and not more than two Deputy Managing Directors who would be full-time servants of the Bank. The general superintendence and management of the affairs of the Bank would be entrusted to a Council of Administration consisting of the Finance Minister, the Financial Secretary, the Managing Director, and the Deputy Managing Directors; but with respect to the banking and monetary policy of the Bank there would be a General Council consisting of the members of the Council of Administration, two other Ministers from the Council of Ministers as the Government may appoint, two members to be nominated by Government from the elected representatives of this Assembly and two non-official experts to be nominated by Government representing commercial, industrial and agricultural interests.

It has also been considered necessary to provide for dealing with possible differences of opinion between the Bank and the Government on questions of monetary and banking policy.

In order to enable the Bank to carry out effectively the various functions enumerated above, it has been divided under this bill, into four separate departments; but, for the present, only two departments will be organised—one dealing with the control and management of note issue and central banking and the other with commercial banking, under certain conditions and restrictions. When the arrangements for these two departments are completed,

the question of organising the other two departments, namely, the Industrial Finance Department and the Land Mortgage Department would be taken up.

NOTE ISSUE

The important functions of banking can properly be performed only with the guidance and control of a Central Bank. Decision and settled policy are essential. Divided counsel and clashing interests of individual bankers must, in the end, be fatal to good credit management, and banking can be raised to its greatest perfection only by the action of a Central Bank working always for the good of all.

Almost every country in Europe, along with non-European countries, such as Japan, Java, Persia, Egypt and Algeria have established a separate Bank of Issue with special privileges and powers. All these banks have become the bankers and financial agents of their respective countries; and, in different ways or in varying degrees, they have assumed the other functions which were developed by the Bank of England and which have come to be regarded as the essential functions of Central Banks. This state of affairs must be attributed to the growing realisation that under modern conditions of banking and commerce, it is a great advantage to any country, irrespective of the state of economic development, to have centralised cash reserves and the control of currency and credit vested in one bank, which has the support of the State and is subject to some form of State supervision and participation.

The Hyderabad State Bank has been already entrusted with the management of State currency as agents for the Government. Under the revised constitution, the Bank will now issue its own notes which will be recognised as the legal tender currency of the State. The Issue Department of the Bank will then take over the liability for all the currency notes of the Government for the time being in circulation, and also the rupee coin and rupee securities of

this Government and the Governments of India and Pakistan to such an aggregate amount as is equal to the liability so transferred. The assets of the Issue Department would thereafter be held not only in the form of gold, and silver coin, gold and silver bullion and rupee securities, but also in the securities of the United Kingdom and the United States of America. Of the total amount of the assets not less than one-fourth would consist of gold and silver coin, gold and silver bullion and rupee, sterling and dollar deposits with any bank or banks approved by the Government.

In order to establish the position of the Hyderabad State Bank as a Banker's Bank, suitable provisions have been made in this Bill, authorising the Government to direct, by notification in the *Jareeda*, the inclusion in a separate schedule, of any company which carries on business of banking in the Dominions and which has a paid-up capital and reserve of an aggregate value of not less than O.S. Rupees one lakh. The scheduled banks would be required to maintain with the Hyderabad State Bank a balance not less than five per cent. of their demand liabilities within the Nizam's Dominions. The primary object of these balances is to enable the State Bank to exercise some measures of control over the banking system of the State. The scheduled Banks would be granted special facilities by the State Bank for the remittance of money within the Dominions and also ready assistance in times of emergency or stringency, subject to their offering suitable security. The State Bank will also establish a Clearing House for the scheduled banks in Hyderabad immediately after this Bill is passed into an Act.

GENERAL BANKING BUSINESS

It has been held that a Bank performing central banking functions should not compete with the members of the banking system which it supervises. It is the Government's view that after the transfer of the right of note issue to the Hyderabad State Bank, it should not

actively compete with other commercial banks. It is, therefore, proposed that its general banking activities should be restricted. Provision has accordingly been made in the Bill—

(1) that general banking business should be carried on in a separate department of the Bank to be known as the General Banking Department, the accounts and transactions of which would be kept entirely separate from the other accounts and transactions of the Bank,

(2) that interest will not be allowed on deposits or current accounts within the Dominions and

(8) that advances will not be made to individuals, companies or firms on the security of immovable property or loans granted on the original security of shares of joint stock companies.

INDUSTRIAL FINANCE DEPARTMENT

The question of adapting modern banking to give assistance to industries, particularly small industries and cottage industries, has received consideration in other parts of the world, notably in Great Britain, Canada and Australia, and special provisions have been made in those countries to meet the expected needs of industries in the post-war period. An Act has been recently passed by the Indian Legislature for the establishment of an Industrial Finance Corporation. Some similar provision is required in Hyderabad where there is a general lack of facilities for providing long-term capital for both large-scale and small industries. It is, therefore, proposed to create a special department in the Hyderabad State Bank for dealing with Industrial Finance, by taking over from the Government and business, assets and liabilities of the Industrial Trust Fund, which is at present under the management of three trustees appointed by Government.

It should not be taken for granted that the Industrial Finance Department of the State Bank should assist an industrial undertaking without proper investigation. It would be necessary for the undertaking to have reasonable

prospects of continuing to be or of becoming a profitable undertaking before it would be assisted. The Industrial Finance Department of the Bank is, therefore, being empowered to lend money to establish and develop such undertakings. It would also extend assistance to an undertaking by direct investment in the shares and securities of that undertaking.

The new department would require specialised knowledge apart from ordinary banking; but given appropriate management, there is every reason to hope that the Industrial Finance Department, when organised, would render valuable service in the industrial development of Hyderabad.

LAND MORTGAGE BANK DEPARTMENT

The Co-operative Credit Societies as at present constituted are not suited to the supply of long-term credit to the agriculturists for the purchase of land or costly agricultural appliances, the improvement of holdings, the repayment of past debt and redemption of mortgaged land. The Commercial Banks and indigenous Bankers also cannot supply such credit, because they cannot afford to lock up their capital for long period or to recover their loans in small amounts out of the earnings of the borrowers. Such credit can be supplied only by special type of credit institutions known as Land Mortgage Banks. Although a Land Mortgage Bank Act was passed in 1849 F., a separate Land Mortgage Bank could not be organised during the period of war.

The Government have, therefore, decided to take direct interest in providing long-term finance to agriculturists and to make available, in the interest of economy and efficiency, land mortgage credit in a separate Land Mortgage Bank Department of the State Bank, after repealing the Land Mortgage Bank Act, 1849 F. The working capital for this Department would be obtained by the issue of debentures on the guarantee of Government. Loans would be made by this department for a period of not less than five years or more than twenty years to

any person engaged in farming, agricultural, horticultural, pastoral or grazing operations, upon the security of a mortgage of the land in the Dominions owned by the borrower. For valuation of land, grant of loans and recovery of loan instalments, etc., arrangements would be made at the bank's branches and also through the Revenue and Co-operative Credit Societies, Departments under separate arrangements.

There is growing recognition all the world over that Government should evince a keener interest in regulating the economic life of a country than has hitherto been the case and it is admitted that the existence of a strong Central Bank is almost indispensable to enable a Government to discharge its functions and responsibilities in that direction. The Bill which is now before the House has been shaped to meet the changing conditions in Hyderabad to provide the Hyderabad State Bank, as Bankers' Bank, with adequate powers to serve the interests of the country. It is hoped that the Hyderabad State Bank, reorganised on the lines now proposed, would develop as one of the principal agents of national stability and progress.

BILL REFERRED TO SELECT COMMITTEE

In the afternoon sitting of the Hyderabad Legislative Assembly, the debate on the Hyderabad State Bank Bill commenced. After the Hon. Nawab Moin Nawaz Jung Bahadur, Finance Minister, made his speech, Messrs. Abdul Rahman Rais, Abdul Karim Timmapuri and Abul Khair Siddiqi disagreed with certain fundamentals of the Bill and suggested that before the Bill is referred to the Selected Committee it should be discussed in the House with a view to determining its basis and other technical details. The House then referred the Bill to a select committee comprising the Honourable Nawab Moin Nawaz Jung Bahadur (Chairman), the Honourable Abdul Rahim, Mr. L. N. Gupta, Mr. Taraporewala, Mr. Syed Mohammad Ahsan, Mr. Bashir Ahmad, Mr. Abdul Karim Timmapuri, Mr. Mahmood Ali Hashmi, Mr. Ramnik Lal,

Mr. Ram Chandar Sohail, Mr. Shyam Sunder, Begum Abdul Hafiz, Mr. Virupakshappa and the Law Secretary. The President allowed the Committee to discuss the fundamentals and basis of the Bill.

CASH TRANSACTIONS IN HALI ONLY

CONTROLLER-GENERAL'S CIRCULAR

In a Circular issued to all the Heads of Government Departments, the Controller-General of Accounts and Audit has elucidated the Hali Sicca Ordinance promulgated on December 22 last (1947).

He says, "The main object of this ordinance is to conduct all cash transactions in Hali Sicca such as selling articles, transferring properties, or paying remunerations for services. It is not intended that restrictions should be imposed on the transfer of monies either in connection with outside trade or any other liability. The Indian Currency accounts opened in the Banks of the State will not be affected on account of this Ordinance."

The Controller-General further adds, "All the Departments should take into consideration the following matters while executing the Hali Sicca Ordinance :—

(1) In all official transactions except Hali Sicca, no other Currency should be used. If any transaction is conducted in Indian Currency its Hali equivalent should be paid.

(2) Strict supervision should be maintained in all areas that all cash transactions are carried on in Hali Currency. Any infringement of this Ordinance should be brought to the notice of the police.

TRAVELLERS CAN USE INDIAN CURRENCY

NIZAM'S GOVERNMENT AMEND CURRENCY ORDINANCE

A press note issued by the Information Bureau, Hyderabad Deccan, dated 28th March, 1948, informs :—

The Nizam's Government have promulgated an Ordinance to amend the Ordinance which

was issued in December last penalizing the use of any currency other than the State Currency for cash transactions within the State. The Ordinance now issued legalizes the use of Indian Currency by travellers or visitors from outside the State for their bona fide requirements.

CURRENCY ORDINANCE

NO ROOM FOR MISUNDERSTANDING

Some misunderstanding seems to have been caused regarding the implication of the Hyderabad Currency Ordinance. The Ordinance does not prohibit the use of Indian Currency for purpose of banking and trade between Hyderabad and India. Indian currency having only a limited circulation here, has never been legal tender in these Dominions. The position was more or less the same even before the conclusion of the Standstill Agreement. Moreover, the Currency Ordinance has a precedent in the Agricultural Marketing legislation and does not, therefore, constitute a breach of the Standstill Agreement. Recently, the Ordinance has been amended to remove inconveniences likely to be caused to travellers and visitors from outside.

RIOT RISK INSURANCE

H.E.H. the Nizam's Government, it is learnt, are considering the introduction of compulsory riot risk insurance for certain types of factories like Cotton Ginning, Spinning and Oil Mills, and for commodities like Cotton, Oilseeds, Pulses, etc., stored in godowns or in transit. The rates proposed are $4\frac{1}{2}$ as. per Rs. 100 per quarter for factories and $7\frac{1}{2}$ as. per hundred rupees for commodities. The opinion of the Chamber of Commerce and other bodies has been invited about the proposal.

RS. 7,00,000 WORTH NOTES BURN'T DAILY AT AGRA

Under the supervision of Mr. Banerjee, Superintendent of Reserve Bank of India, two lakh pieces of currency notes worth about Rs. 7,00,000 are burnt daily at Agra.

The Reserve Bank has opened three more branches at Agra, Lucknow and Cawnpore in

the U.P. At these places notes are destroyed. The work was started at Agra about 6 weeks ago. So far about Rs. 3,15,00,000 worth of notes have been burnt at this centre only.

ISSUE OF PAKISTAN CURRENCY*

AGREEMENT WITH RESERVE BANK

Clarifying the position regarding Pakistan currency which will begin to be issued from April 1, 1948, the Finance Ministry of the Government of Pakistan in a Press Communique said:

"According to the arrangements agreed upon between the Dominions of Pakistan and India, at the time of partition in August last the Reserve Bank of India will continue to be the Currency and Banking authority of the Government of Pakistan till September 30, 1948. The management of exchange control and public debt is, under the same arrangements, to be taken over by Pakistan from April 1. The agreed plans also provide for the issue of Pakistan notes and metallic coins from April 1, 1948, and to this end arrangements have been made by the Reserve Bank of India."

The Press communique continued: "Discussions have recently been held with the Government of India and the Reserve Bank to reconsider the dates from which the Reserve Bank was to be relieved of its functions in Pakistan in respect of currency, exchange control and public debt. The discussions have not been concluded but it is expected that agreement will be reached to enable Pakistan to take over the control of banking and currency from a date earlier than October 1, 1948.

"For the sake of convenience, it is also contemplated that Pakistan should take over the control of exchange and public debt from the same date as banking and currency, though arrangements exist for taking them over, if necessary, from the original date, namely April 1, 1948.

*According to the latest arrangements, the Reserve Bank of India will continue to manage Pakistan work till July 1, 1948.

"From April 1, 1948, Pakistan notes and coins will be put into circulation. Pakistan notes are India notes inscribed with 'Government of Pakistan' both in English and Urdu. This has been done to avoid further delay which would have occurred if Pakistan notes had from the very beginning been notes of distinctive design. India notes will, however, remain legal tender in Pakistan for a specified period which will be announced in due course. Pakistan coins will be in distinctive designs but they will be issued in the same categories as the present India coins."

The Press communique added: "It is not intended, at least for some time, to impose any restriction on transfer of funds between India and Pakistan. Similarly, it is not proposed to establish exchange control."

"Fears have been entertained by some uninformed persons regarding possible depreciation of the Pakistan rupee. The Government of Pakistan most emphatically express its as their considered view that there is no ground in theory or in fact for apprehending any depreciation of Pakistan currency. The fears that have been expressed on this score are obviously due to the propaganda carried by persons who are either totally ignorant or are unfavourably disposed towards our new State. Patriotic citizens of Pakistan should beware of such subtle propaganda, the object of which is to undermine the stability of the State. According to all economic and other factors governing the values of currencies, our Pakistan currency promises to be one of the strongest currencies of the world."

MULTILATERAL CLEARING

As from January 1, 1948, all remittances from overseas to residents in Pakistan must be made through a bank in that Dominion and all remittances to residents in India must be made through a bank in India. Most of the big London clearing banks maintain rupee accounts at Calcutta, Bombay and Madras—and

at no other points. All these cities are in the Dominion of India and as a result of the new regulation it will be impossible to effect a payment order to a person in Karachi by means of a transfer from Bombay, as has been done for decades.

For many years it has been a practice of London banks to draw on the Aden, Burma and Ceylon branches of the Eastern Banks against reimbursement to the debit of accounts maintained in India. This convenient arrangement is now to be no longer freely permitted by the Indian authorities and all such drawings have to be submitted to them for prior approval.

RISE IN CURVE OF COSTS AND PRICES

STOCK EXCHANGE REPRESENTATION TO INDIAN FINANCE MINISTER

Covering, to meet the new deliveries regulations, which are discussed below, produced a very mild turn in share prices recently, and securities showed a slightly firmer tendency. But no real improvement in the undertone is yet noticeable, and all sections are bumping somewhat uncomfortably along the bottom—or what hoped to be the bottom. Some fairly big deals have been put through in the bonds market, which is reported to be receiving some much needed official support. Wherever it has occurred, the recent slight betterment is thus due almost entirely to technical reasons.

In spite of everything that is being written and said about the uncertain future of industry in India, and about the dark plans that are being hatched in places not very friendly to private enterprise, the plain fact is that, at recent prices, many first class shares are offering a net yield that must be regarded as very tempting to the genuine investor.

It may profitably be remembered that the Government is unlikely to designate every industry as a fit subject for nationalization; that the Cabinet is committed to every measure which will assist in stepping up production and

that, in spite of platitudinous talk about partnership in industry, the past few days have seen a more realistic attack on some of the undesirable influences upon labour. If only because of a shortage of men and money, there is not likely to be much actual nationalization done in India for some time to come, and for those who can work out the form on the various sectors of the investment front, there are some quite sizeable bargains to be picked up at a moment when attractive net yields are being reinforced by some very satisfactory company reports.

Meanwhile, very little business has been put through in the recent past prior to the Government's enunciation of its industrial policy. A ripple of interest in coal shares was reflected in an advance in Bengal Coal from Rs. 498 to Rs. 515—which in these dull times can be regarded as quite a feature. One or two others gained a point in the course of trading. There was also business in half a dozen jute shares at comparatively better prices whilst a few miscellaneous scrips registered gains varying from a few annas up to a rupee. But on the whole the market has been dull. The market now awaits the Government's promised announcement on industrial policy, which is due to come before the Legislature soon.*

JOBGING BACKWARDS

The President of the Calcutta Stock Exchange has addressed a rather outspoken communication to the Finance Minister, Mr. Shanmukham Chetty, who, in fairness, must be acquitted of any major responsibility for the wasting disease which now has the share markets of the country within its grip.

Nonetheless, the President's letter recounts the sharp fall in values which has occurred since August, 1946, and the consequent loss to investors. The total paid up capital of the 562 public companies quoted on the Calcutta Stock

Exchange represents no less than 48 per cent. of the whole paid up corporate capital of the country, apart from the extensive business in Government securities, public bodies' loans, etc., which is also transacted. The Great Calcutta Killing in 1946 marked the end of the long "bull" market and since then, the letter declares, "the circulars of the Reserve Bank of India to suspend extension of credit to the market, the adoption of a suicidal labour policy, the reimposition of the E.P.T. in garb of B.P.T., the constant threats of nationalization of industries, the scare dividend restrictions, the recommendation of a profit-sharing scheme, and last, but not the least, conflicting and confusing statements emanating from various official and unofficial sources have successfully crippled the market beyond hope of any possible repair without State incentive."

All this is, undoubtedly, perfectly true; but few who are acquainted with the facts will be disposed to deny that the quite fantastic and unjustified level to which many shares were carried in the boom period accentuated the subsequent collapse. Some part at least of the present malaise is the inevitable consequence of earlier excesses and overtrading. Since the decline set in, it has unquestionably been aggravated by factors catalogued in Mr. Chaturvedi's letter to the Finance Minister and without reassurance on a number of points, the process of recovery will almost certainly be long and painful.

The most serious aspect of the matter is the fall in Gilt-edged, which is of immediate and direct concern to the Government itself, which has a fairly substantial borrowing programme in view. "Something has got to be done," says the President's letter. Echo answers: "What?" Direct official intervention will not serve to lift the prices of the 500 and odd scrips quoted on the Calcutta Stock Exchange. But action is still possible, and desirable, in the Gilt-edged market,

* The Government's Industrial Policy has since been announced.

BANK CHAIRMEN'S WARNING

Bank chairmen's speeches, surveying the results of the past year continue to emphasize the rising curve of costs and prices. Sir Homi Mody's speech at the recent annual meeting of shareholders of the Central Bank of India contained a reference to the reappearance of pronounced inflationary trends in the country, and the disparity between Indian and world prices in some commodities. The loss, through partition, of important export surpluses would, he predicted, adversely affect the country's future balance of trade.

Speaking at the annual meeting of the National Bank of India in London, Mr. J. K. Michie, noted that the Bank's holdings of rupee securities were reduced by £. 5,347,000, as branches had to dispose of securities to meet the much larger demand for accommodation, occasioned by enhanced prices for commodities and their larger turnover. Advances in 1947 were £. 6,147,000 higher than the previous year, and increased demand for banking facilities and accommodation had spread over the whole field of the Bank's activities. Nonetheless, there had been an even larger increase in current deposits and other balances.

But the fact of rising prices persists, and Mr. Michie, like Sir Homi Mody, pointed to the difference between prices in primary producing and those in manufacturing countries, which renders the former particularly vulnerable in the event of any major change in world trading conditions. In effect, he pleaded for a return to the ordinary working of price mechanism as the only way of avoiding an extremely painful experience when deflation comes, as inevitably it must.

THREE-DAY DELIVERY RULE

Important changes have been made by the Committee of the Calcutta Stock Exchange in the regulations governing deliveries. All out-

standing deliveries for transactions done up to March 31, 1948, must be completed by April 7, 1948. In cases where the shares in question have been sent for subdivision or transfer or for any other purpose to the Company's office, and where the delivery is not possible for that reason, sellers must report to the Committee by April 3, 1948, with the distinctive numbers of the shares in question. In cases outstanding after April 7, buyers must either re-buy or cancel on April 8 and report to the Committee. If buyers to the contract in question do not act in terms of these rules, the Committee will decline to adjudicate in respect of any dispute. The rule will not apply to transactions for Right and Bonus shares.

Delivery rules previously governing contracts entered into in respect of cash transactions are superseded and, since April 1, all transactions entered into for cash contracts must be completed (until further notice) on the third working day from the date of the contract. If the third working day is a holiday, delivery must be completed on the first opening day thereafter. In default, buyers must either re-purchase or cancel the contracts, and report to the Committee by the day following. If a buyer fails to exercise his rights, the Committee will not adjudicate, and the transactions will be treated as cancelled. This rule is not applicable to transactions for Government Securities, Loans, Debentures and Preference Shares.

The first regulation is designed to bring deliveries up to date and the second to prevent arrears accumulating in future. There was a time when arrears of deliveries were the bugbear of the Calcutta Stock Exchange, but, in recent months, the situation has been very much better. With business at a minimum, brokers have had plenty of time on their hands to clear up outstandings. The new three-day rule introduces a desirable principle, but it is greatly to be doubted whether it will check a really determined bear raid in the present weak state of the market.

THE BANK RETURN

At Rs. 1,819.49 crores, the total note issue, as disclosed in the Reserve Bank of India return for the week ended March 26, is only fractionally higher than in the previous week, whilst notes in circulation at Rs. 1,304.86 are up by the nominal amount of Rs. 88.89 lakhs. In the Banking Department, deposits of both the Governments of India and Pakistan show increases, the former having risen by Rs. 25.4 crores to Rs. 267.47 crores, and the latter by Rs. 3.69 crores to Rs. 52.56 crores.

Bank deposits are down by Rs. 3.61 crores, to stand at Rs. 78.89 crores, thus reflecting the growing demand for money. Balances held abroad have increased by a little over Rs. 2 crores to Rs. 392.64 crores. The weekly Treasury Bill tender attracted only Rs. 10 lakhs of applications for the one crore of bills on offer, and sales to the Issue Department of the Bank were of a very moderate order in the previous week. Money continues to be in fair demand, and there has been evidence of some slight squeeze in the inter-bank market, where the rate remains unchanged at $\frac{1}{2}$ per cent.

Heavy tax payments were made during the last week of March, and considerable funds are still tied up in commodities and unmanufactured goods awaiting transport.

In the exchange market, conditions have ruled quiet with very little bill and moderate remittance business showing. Rates quoted as follows:—TT and O.D. 1 sh. 5 81/32 d; three months' sight Bills, 1 sh. 6 $\frac{1}{2}$ d; four months' sight Bills, 1 sh. 55/32 d. and U.S. dollars, Rs. 831.12-0.

INFLATION BY TAXATION

MORAL FOR INDIA AND PAKISTAN

An interesting letter from a businessman was published recently by *The Financial Times*. "Nobody," runs the argument in that letter, "undertakes business risk unless the net reward to be expected is commensurate with

the risk involved, and a manufacturer naturally loads his selling price with any taxation likely to be attracted, in much the same way as he loads it with compulsory health insurance, local rates and taxes." As most products pass through different stages of manufacture in different factories, the taxation allowances applied at the earlier stages are magnified by percentage additions to cover handling, wastage, obsolescence, and profit. Inflationary prices force raw materials manufacturers to allow for them, and the ratio of turnover to capital is frequently so high that if contingency allowances were not applied large losses might easily be incurred. One reason why export prices are high, therefore, is that they are inflated by the huge Budget surplus which is bulging the coffers of the Treasury. "If our Socialist economists can appreciate this point then perhaps they may also appreciate its important corollary—the inflationary futility of trying to redistribute income by punitive taxation of ability. Skill and ability will always seek to obtain whatever reward their rarity can demand. The higher the taxes imposed on large earned incomes, the greater will those incomes grow and the more will costs be inflated."

NATIONALISATION OF RESERVE AND IMPERIAL BANKS

GOVERNMENT OF INDIA'S POLICY

The Government of India intends to take steps aimed at the nationalisation of the Reserve Bank of India as soon as possible after September 30, 1948. As regards the Imperial Bank of India, the Government accepts the policy of nationalisation, but before that policy is implemented relevant technical questions will be examined.

These points were made by the Hon'ble Mr. R. K. Shanmukham Chetty, Minister of Finance, in his reply to a short notice question on February 4, in the Constituent Assembly of India (Legislative).

Shri Mohan Lal Saxena, the questioner, asked :—

(a) What steps have Government taken to implement the decision announced in the Budget speech for 1947-48, by the then Finance Member to nationalise the Reserve Bank ?

(b) Is it the intention of the Government to nationalise the Imperial Bank of India which manages the treasury business of Government all over the country as Agents of the Reserve Bank ?

(c) If the answer to (b) above is in the affirmative can the Government give an indication of the basis on which compensation will be paid to the existing shareholders of both these Banks ?

(d) Is it the intention of Government to nationalise the other Commercial Banks also ?

In reply, the Finance Minister said :—

(a) Nationalisation of the Reserve Bank can be effected only after September 30, 1948 when the Reserve Bank ceases to be common banker to India and Pakistan under the terms of the Pakistan (Monetary and Reserve Bank, etc.) Order, 1947. Government propose to take steps to see that the nationalisation of the Bank is effected as soon thereafter as possible.

(b) Government accept the policy of nationalising the Imperial Bank of India but as the Bank has branches outside India, Government propose to examine carefully the various technical questions that would arise in connection with the nationalisation of the Bank before the policy is implemented.

(c) As regards the Reserve Bank, Government's intention is to acquire its shares at the average of the monthly market value of the shares during the period March, 1947 to February, 1948, taking the opening quotations for each month, and to issue in lieu thereof to the shareholders 8 per cent. long-dated stock of equivalent value of appropriate maturity.

In regard to the Imperial Bank of India, Government propose to adopt a similar basis for the acquisition of its share capital. The period for which the average of the market value of the shares is to be taken will be determined at the time of nationalising the Bank.

(d) It is not the intention of Government to nationalise other Commercial Banks. The Imperial Bank of India, which has been incorporated by a Special Act of the Indian Legislature, stands on a separate footing.

"Since the Government have accepted the policy of nationalising the Imperial Bank of India, all the various technical and other problems involved in the process will now be taken into consideration and whatever action is necessary will be taken," said the Finance Minister, replying to supplementaries which followed the short notice question.

The Minister declared that every possible step necessary to safeguard interests of the Government and the shareholders would be taken. Many questions would arise concerning the safeguarding of assets and Imperial Bank's assets and unclaimed deposits if any, would be one of the assets to be safeguarded. "When we nationalise a bank," he continued, "the Government takes over the entire assets and liabilities of the bank including the Reserve Fund, and we compensate the shareholders on the basis that I have explained."

HIGH PRICES IN INDONESIA

REPUBLICAN GOVERNMENT'S CURRENCY WEAK

Economic Policy Yet Undefined

One of the things that has weakened the Indonesian Republic most is the fact that there have not been enough sarongs to go around.

In tours of the interior, one can see many children as old as ten stark naked and frequently their peasant parents covered with only burlap

sacking. Un-industrialised Java produces only about 2 per cent. of its textile needs and the war and the Dutch blockade have reduced it to rags and squeezed textile prices to 200 times pre-war rates. The cheapest sarong length of coarse material costs about 350 rupiahs which is equivalent to about 150 pounds of rice.

The textile situation is much better in Republican Sumatra which has had extensive smuggling trade with Singapore.

Batiks—the hand-painted textiles for which Java has long been famous—have become scarce and expensive here. This correspondent was once compelled to pay 2,000 rupiahs—or six months' salary for an ordinary Republican official—for a fine batik four yards long.

The food position is not as bad although the Dutch attack which began last summer lopped off Java's surplus food areas leaving the Republic's 23,000,000 Javanese citizens short of food. It is estimated that Republican Java can only provide three-quarters of the 175 pounds of rice consumed by the average Javanese before war. This deficit can be partly made up by local tapioca surplus but it is not as nutritious. The peasants seem adequately fed largely because textiles are so exorbitant that they consume the food they raise and dress in rags.

The worst sufferers have been white-collar and factory workers whose wages are fixed. One Government employee told me: "My wife and I make 700 rupiahs a month between us but we have three kids and we need 2,000 a month for food alone. Food has gone up to three or four times what it was last July." Asked how he made up the differences, he replied, "I sell my clothes one by one. I can get 600 rupiahs for a slightly used shirt."

VARIATION IN PRICES

There is considerable variation in prices from region to region because the country has become regionalised by the breakdown of motor trans-

port. Although Indonesia was the world's greatest rubber supplier, un-industrialised Java is not able to make tyres and a new set of tyres is to-day worth 100,000 rupiahs.

The few local manufactures are rather expensive. Locally made cigarettes—including the new brand called "Renville"—cost six rupiahs or twice the daily wage of an unskilled labourer.

Medicines and other imported articles which have to be smuggled through the blockade are fantastically expensive. A tube of Kolynos tooth-paste for example costs 75 rupiahs, a week's salary for an average official. The Renville Agreement was supposed to mark the beginning of the renewal of the Republic's trade with outside but it is still a thin trickle.

An additional fact that has sent prices skyrocketing has been the depreciation of the rupiah, the Republican currency. Confidence in it dropped with the Dutch military advance last summer but has now stabilised again with the Republic's survival being fairly certain. It has also fallen as a result of large-scale Republican printing of unbacked notes to meet the crushing expenses. During 1947 the Republic's income only covered about one-fourth of its costs mostly for defence. This deficit was covered partly by currency issue, partly by 3,000,000 rupiahs worth of promissory notes with six months' duration at 6 per cent. These were given to the peasantry and sometimes almost forced on them—in the fighting zones in exchange for food and other necessities. These notes are now falling due but most of them are held by peasants in the Dutch-seized zones so that not all are being presented.

It is difficult to assess the value of the rupiah now because it is not linked with any other currency or recognised internationally. The Republicans set its value at par with N.E.I. guilder which is worth one rupee four annas officially. But in unofficial exchanges in Dutch-seized territory one gets from ten to fifteen rupiahs for a guilder. The Republicans realise the weakness of their currency, the Minister of

Economic Affairs, P. Sharfuddin, saying: "Our currency is good compared with China's." They are attempting to strengthen it by reducing Government expenditure, increasing production and raising taxes. The Army—which last year took 57 per cent. of the budget—is to be reduced from the present 425,000 to between 60,000 and 75,000 men cutting its cost to a third.

The Republicans are quite willing to unify their currency with the N.E.I. guilder as part of an overall agreement concerning the United States of Indonesia but one of the big disputes will be the rate at which rupiahs will be turned in.

Republican leaders are anxious to participate in the U.S.I., partly to end their Dutch-imposed economic isolation: "Without a United States of Indonesia there cannot be a sound economic life within Indonesia or between Indonesia and foreign countries," Premier Mohammed Hatta, an economist by profession, told this correspondent. "Industrialisation and migration" are key words in Premier Hatta's plans for the development of Indonesia. He believes Indonesia can pay for substantial imports of capital goods by sale of its plentiful forest products which, he believes, will have less competition than traditional rubber, tin, quinine, tea and petrol exports. He feels it economically urgent to migrate many millions from Java which has some 47 million people to Sumatra which has over three times its territory with only some 9,000,000 to develop its rich resources.

NEED FOR FOREIGN CAPITAL

Premier Hatta and other leaders of all tendencies recognise the necessity of foreign capital for Indonesia's economic development. There is virtually no Indonesian capital because there are very few big Indonesian landlords, the big plantations, oil wells and tin mines having been in the hands of the Dutch, British and Americans. Trade and commerce have been the centuries-old monopoly of the local Chinese who number two million. The Republic is planning to hand back to private ownership many foreign-owned

establishments it would like to nationalise, but cannot afford to purchase.

Indonesian leaders insist, however, that the land's wealth will not be exploited on old pre-war terms. Decent wages will have to be paid, not the ten annas a day paid before the war. Maximum hours and decent working conditions are also expected to be enforced not only by Government regulations but also by S.O.B.S.I. or the Indonesian Labour Federation which had over one million members before the Dutch offensive.

Republican leaders are somewhat fearful of becoming entirely dependent upon this foreign capital. Ex-Premier Amir Sharfuddin fears that too much dependence upon United States capital will pull Indonesia into the American economic crash which he feels is coming. Dr. Sultan Sharir fears American economic dominance because it will pull Indonesia into the orbit of a Soviet-American clash.

Republican leaders mostly plan to build up Indonesian capital on a partnership basis. Dr. Sharir seems to look to partnership with Indian and perhaps British capital. Others are feeling that big American cartels are tied up with the Dutch subsidiaries and prefer to co-operate with smaller American firms.

But in the realm of economic planning, the Republicans are inclined to be vague and woolly and most neutral observers agree that while Indonesia may gain considerable political self-government in the next year, it will be much longer before it ceases being an economic colony.

Andrew Roth

DISAPPEARANCE OF BRITISH SILVER COINS

LARGE-SCALE HOARDING SUSPECTED

To solve the mystery as to what has happened to millions of sterling worth of silver coins, Royal Mint experts and Government officials likewise are puzzled over the fact that whereas

nearly a year ago banks had silver to the value of £. 24,000,000 today stocks have sunk to about £. 12,000,000.

Black market "kings" are believed to have hoarded the treasure because they want to keep their fortunes a secret, but this theory is not regarded as a sufficient explanation. Ever since the silver shortage began a few months ago it has been thought that hoarders, both small and large, have been amassing silver coins following rumours that the Treasury was contemplating calling in notes and making a fresh issue. But so far no evidence of any kind has brought to light the existence of any such hoard by way of a chance event, such as an accident or fire.

The British Treasury plans to withdraw £. 120,000,000 worth of silver—now being replaced by cupro-nickel coinage. Last time when any such big withdrawal took place it was found necessary to spread it over 20 years; today experts in view of the disappearance of so many coins refuse to give any estimate of time.

THE AUSTRALIAN POUND

The following is an extract from the article "The Foreign Exchange Situation" which appeared in 'Monthly Summary of Australian Conditions,' for February, 1948, published by the National Bank of Australia, Limited:—

"Some of the reasons which are propounded as pointing to the likelihood of an early appreciation of the Australian pound, although theoretically sound, are probably not of sufficient weight to justify such a move. One such argument is that the terms of trade—the ratio of export to import prices—have lately moved in Australia's favour, due largely to the higher prices of Australian wheat and wool, and that, partly as a consequence, the commodity trade balance for the current financial year will probably show an export surplus. Against this it may be contended that there is no absolute certainty that export surpluses will be maintained over a long period. Many imports have been artificially reduced,

and the quantity of certain exports, particularly wheat, is being increased by seasonal conditions which have recently been above average. Prices of exports have also been raised by abnormal shortages abroad, and it may even be that they have been temporarily increased further, due to an urgent desire to convert some foreign currencies into goods. The prospects for Australia's export trade are generally promising, but they may not yet be regarded as assuring such a surplus as to justify an appreciation of the Australian pound on such grounds alone.

"Another argument hardly likely to be more effective is that the Australian pound, relative to the English pound, is worth more in terms of goods than is indicated by the existing rate of exchange. In these times of trade and financial controls—particularly foreign exchange control a change, unless very great, in the relative purchasing powers of two currencies is rarely regarded as adequate reason for altering the terms on which they are exchanged. It seems unlikely, therefore, that the existing difference between the buying power of Australian currency and that of sterling would, by itself, be regarded as a sufficient reason for altering the value of the Australian pound.

"Perhaps a more convincing argument for appreciating the Australian pound lies in the check which such a move would bring to the upward trend in Australian costs and prices. The rise in internal prices has become steeper since shorter working hours and another addition to the basic wage brought a sharp increase in costs in the New Year, and the recent lift in prices of many household commodities gives promise of a further upward adjustment in wages in the coming months.

"In recent weeks, Commonwealth officials, aided by leaders of business and industry, have been combing through Australian primary and secondary products with a view to the exporting of more goods to the United States of America. It would not be easy to justify an appreciation

of this country's currency while, at the same time, placing emphasis on the need for earning and conserving more dollars. The announcement by the Prime Minister on January 29 that a change in the Australian-English rate is not contemplated while the present sterling-dollar rate stands is, therefore, no more than consistent with official dollar policy.

"In external trade and in those industries associated with it, the policy must needs be directed chiefly towards assisting in conserving dollar balances. There is now more than ever a need to produce and conserve more food in Australia so that additional Australian supplies will sustain Britain's effort and reduce her dependence upon American sources. Australia's overseas trade and most of its currency reserves and foreign balances are based upon Sterling. When the advantages of the system are fully counted, the efforts and restrictions demanded, if they are properly balanced and administered, do not appear to represent an excessive price for its preservation."

BULLION NOTES

Though activity so far this year has not been spectacular, interest in bullion matters has been more than well maintained. A feature has been the establishing in Paris of a free market for gold, silver and platinum.

In the London market inquiries for exportable and non-exportable silver have been more in evidence, both varieties commanding a premium of 7d. per ounce over the "fixed" price which continues at 45 d.; at this latter price the Authorities, possibly from demonetised coins, have satisfied the demand of users for "essential" purposes. In New York the slump in U. S. commodity prices has not adversely effected silver; on the contrary, the market there continues firm at 74½, consumer demand—especially for spot delivery—having become more intensified. Though imports into India are still forbidden, the price of silver in Bombay

has fallen sharply; this, though directly a result of market attacks on "bull" operators, was doubtless influenced to some measure by statements that the Indian Government was considering the control of bullion deals. Suggestions have recently been current regarding China's return to silver standard, but in view of the present position and the large quantities that would be required the problem would appear to offer no easy solution.

Investment buying and an almost complete absence of ready sellers, may account for the further improvement in Platinum to £. 22 per ounce; the price has also risen in New York to \$ 72, reduced imports during the past few months—especially from Russia having been reported. The shortage of Platinum has stimulated inquiry for Palladium, in which business has been recorded around £. 5½ per ounce.

With rumours of an immediate revaluation in the price of Gold having been shortlived there has been some reaction from the high levels earlier established in those markets where dealings in gold are still current. Here, export licences for semi and wholly manufactured gold still receive the consideration of the Authorities but inquiries which appear to be of a hoarding nature are rejected.

SCHEME FOR COMPULSORY INSURANCE IN EGYPT

The Ministry of Social Affairs in Egypt has drawn up a scheme for compulsory insurance covering all commercial and industrial employees aged 15 and over, as well as independent employers and non-pensionable public officials; it excludes agricultural workers or peasants for whom a separate scheme is under consideration. The benefits provided under the scheme cover sickness, maternity, old age, marriage, widowhood, incapacitation, industrial disease or injury and death. The scheme is to be financed by contributions made by the State, the employer and the worker.

American Bankers In Print

**"I am a Tire
Builder"**

Henry Adams, secretary of the Akron Tire & Rubber Co., says: "I have been a tire builder for many years and I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."



**"I am a
Housewife"**

I used to spend a whole afternoon washing and ironing and I was paid for it. Now I have a washing machine and I can wash and iron in half the time. I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."

**"I am a Small
Business Man"**

When I need a loan, I go to the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."



**"I am a Truck
Driver"**

When I need a loan, I go to the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."



"I am a Stenographer"

When I need a loan, I go to the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."

"I am a Doctor"

I am a doctor and I have found that the money I have earned has been well spent in the bank of First National Bank. I have found that the money I have earned has been well spent in the bank of First National Bank."



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INDUSTRIAL FINANCE CORPORATION WITH PARTICULAR REFERENCE TO THE NEEDS AND PLANS OF HYDER- ABAD

I. THE PROBLEMS OF INDUSTRIAL FINANCE : ITS IMPORTANCE AND HOW IT IS MET IN OTHER COUNTRIES

ALL over the world, not excluding that citadel of private enterprise, the U.S.A., there has been, in recent years, an acceleration in the formation of public corporations to carry on a widening range of industries. In India, enough thought is being given to the place of the public corporation in the national economy.

Since the end of the First World War, it has been noticed that the existing commercial banking institutions have been unable to provide medium term and long term capital to industry. While ordinary banks are afraid of locking up their capital to meet the long term requirements of industry, industrialists sometimes badly require financial assistance to rehabilitate their industries or launch new business enterprises. An industry may be a very promising one, yet, because it may not be one in which quick results might be expected, the ordinary capital market may not be open to it. In such a case the working funds of commercial banks which are raised from the deposits of their constituents, who have entrusted the banks with funds for short periods, cannot be advanced by banks for long periods for industrial purposes. The Corporation is expected to finance such undertakings. The Finance Corporation is a well tested institution.

Till the economic depression of 1927-33, in the European countries and the United States, banks generally were engaged in 'mixed banking.' But the depression demonstrated the drawbacks and defects of this mixed system. As a result of the experience gained during the years of the economic depression, it has been generally agreed

that long term industrial finance should be supplied by banks not of the 'mixed type' but specialised industrial banks of the unitary type. For example, in France was started the Banques d'Affaires which was purely meant for financing industries. Again, the Reconstruction Financial Corporation was created in the U.S.A. and its activities were considerably extended during the war to enable it to aid the defence programme. The most recent additions to the list of industrial banks are those incorporated in the British Empire. In Britain, in 1945, two corporations were started—the Finance Corporation of Industries Ltd., and the Industrial and Commercial Finance Corporation Ltd. They were started with the main object of providing finance for industrial business with a view to their quick rehabilitation and development in the national interests. The above few illustrations show the importance and urgency of the problem of industrial finance and how it is being dealt with in other parts of the world.

II. THE PROBLEM OF INDUSTRIAL FINANCE IN INDIA : THE INDUSTRIAL FINANCE CORPORATION BILL

The Industrial Finance Corporation Bill that was recently passed by the Dominion Parliament sets up an Industrial Corporation to assist the financing of industrial concerns. It postulates the existence of a certain sector of industry operated by private enterprise. It is intended to meet the needs of large scale industries started by private enterprise. This, in itself, is an encouraging gesture to industrialists and it is hoped that it would evoke a favourable response from them. The Finance Minister suggested that the good of the common man could well be achieved if the Indian Government exploited "all the resources, ingenuity, experience, knowledge and efficiency of every individual whether he is a capitalist or a workman." This can be an excellent preamble to the Document on Industrial Policy but the real task is to work out its

details and give a practical shape to this laudable objective. The passing of this bill has bridged a big gap in industrial drive. A large-scale expansion of industry in India as speedily as possible has been made practicable.

III. THE PROBLEM OF INDUSTRIAL FINANCE IN HYDERABAD

The present position in Hyderabad can scarcely be considered satisfactory with regard to industrial development. Out of a population of about 17 millions, only 38 to 40 thousand are employed in industries, while there are about 500 industrial concerns big and small with a total capital investment of approximately Rs. 8 crores. Therefore, in making plans for the economic development of the State, the extent of industrial backwardness should be fully taken into account and due attention should be paid to the problems.

It is no doubt true that the Government has been trying to promote industries in the State. As a first step in this direction, an Industrial Trust Fund with a corpus of a crore of rupees, subsequently raised to nearly two crores, was instituted in 1929. Private capital, here, was shy in the beginning but the Government took the lead by offering to subscribe 51 per cent. of shares in some large scale industries for which these Dominions have great natural facilities. This offer brought private capital to the front and the result was that several promising organised industries have been set up. But with the rapid pace of industrial expansion in the State, existing credit facilities proved not only antiquated but also inadequate. Hence, the immediate need for the establishment of an Industrial Finance Corporation.

The Industrial Trust Fund has for the last 18 years been performing some of the functions of such a Corporation. For the State there are two alternative means of supplying industrial finance. The first is to convert the Industrial Trust Fund into an Industrial Finance Corporation on the lines of the Indian Industrial Corporation with necessary modifications to suit the

local conditions. The other alternative is to create a separate department to be called the Industrial Finance Department in the proposed Reserve Bank of Hyderabad.

It is worthwhile considering why the authorities in India did not think of creating a Fourth Department in the Reserve Bank of India, exclusively meant for the supply of industrial finance. Amongst the Central Banks of the World, the Reserve Bank of India is unique in having a third Department—the Agricultural Credit Department—in addition to the usual Banking and Note Issue Departments. It was not expected that this Agricultural Credit Department would be a panacea to cure all the shortcomings of India's agriculture but the little that was expected has not been realised so far. Apart from giving cheap conventional advice and spreading commercial and agricultural intelligence, nothing substantial has been achieved owing to the proverbial Indian red-tapism and the hierarchy of subordinate institutions like the Provincial Land Mortgage Banks, Unions, etc., through which agricultural finance has to be drilled out before it reaches the ordinary ryots on the field. The arguments that are generally applied to 'multiple-purpose' banks and 'Mixed Banking' may well be applied to the Reserve Bank of India for not undertaking the supply of Industrial Finance. Owing to the magnitude and urgency of the problem and the technicalities involved, it is best that Industrial Finance is supplied by a Central independent Corporation like the one to be set up in India.

But conditions in Hyderabad are quite different. The Government very recently had agreed to the reorientation of the present Hyderabad State Bank into a full-fledged Reserve Bank of Hyderabad with four Departments, namely, Note Issue, Commercial Banking, Agricultural Finance and Industrial Finance. This scheme foreshadowed the taking up of Agricultural and Industrial Banking at a later stage; (but Professor Kesava Iyyengar, Economic Adviser to the Finance Department, during the course of an address at the General Knowledge Con-

ference held under the auspices of the Osmania University, rightly emphasised the fact that Agricultural and Industrial finance in the country required much more urgently scientific rationalisation at the hands of a Central Banking authority than commercial banking which, comparatively speaking, was more advanced and required less attention). But there should not be any delay in the opening up and operation of these two departments from the very inception of the proposed Reserve Bank of Hyderabad.

The functions of the Industrial Finance Department would be :

i. to provide finance for the establishment and development of industrial undertakings.

ii. to assist in the establishment and development of industrial undertakings on a large scale.

iii. to provide advice on the operations of industrial undertakings on a large scale.

iv. the Industrial Finance Department should assist the major industries involving huge advances for long periods.

To supply medium term and moderate industrial finance to rehabilitate innumerable small industries most of which are still in their nascent stage and which have come into existence in recent years owing to the impetus given by the last War the Industrial Trust Fund should be retained instead of its funds being incorporated into the funds of the proposed Reserve Bank of Hyderabad. These two agencies, namely, the Industrial Department of the proposed Reserve Bank of Hyderabad and the Industrial Trust Fund, would supply the long term needs and huge capital requirements of major industries of the State and the short term and small industrial requirements of the minor industries respectively. In this way, there will be a double-edged drive to supply industrial finance both to the small and large industries, resulting in an all-round industrial development of the State.

M. MADHAVA RAO

INDUSTRIAL FINANCE CORPORATION FOR MADRAS

DETAILS OF THE SCHEME ANNOUNCED

The Government of Madras was the first among the Provincial Governments to moot the question of establishing separate Industrial Finance Corporations for Provinces. It did not stop with that but actually proceeded with the preparation of a scheme for establishing a Finance Corporation, and the credit for such goes to the Advisers' regime, the predecessors to the present ministry. It was they who took the initiative and sent, in 1945, an officer of theirs to the Reserve Bank of India, Bombay, to prepare the necessary scheme. The scheme received enthusiastic support from the local bankers, but, owing to frequent changes in the Congress ministry that replaced the Advisers' regime there, shortly after the scheme had taken some shape, it could not be proceeded with. Now that the Central Government has passed the necessary legislation for establishing the Industrial Finance Corporation of India, the present popular regime in Madras would appear to have decided on going ahead with the project initiated by the Advisers' regime. In the absence of full details of the scheme prepared by the latter, it is not, however, possible to indicate to what extent and in what respects the scheme announced by the present Government differs from the original. Nor is any such comparison necessary. Suffice to say that, if the Madras Government proceeds with its scheme with speed and energy, it will probably be the first to bring into existence a Provincial Industrial Finance Corporation just as it was the first to moot the idea.

The details of the Madras Government's scheme were disclosed the other day by the Minister for Industries, Mr. H. Sitaram Reddi, at a conference of representatives of banks, industries, and chambers of commerce convened by the Government specially for that purpose. The salient features of the scheme as presented by Mr. Sitarama Reddy are as follows :

The question whether the Corporation should be established by legislation, as has been done in the case of the Central Finance Corporation, or whether it should be registered under the Indian Companies Act was carefully considered, and it has been finally decided that the proposed Corporation should be registered under the Indian Companies Act. It may be noted here that, in the case of the British Finance Corporations, which have been the basis on which similar corporations for India were originally proposed, the same procedure has been followed. It is needless to add that, in the event of a separate legislation for banking companies coming into existence, the proposed corporation will come under it.

SHARE CAPITAL

The capital of the Corporation will be Rs. 2 crores. Of this, 51 per cent. will be taken up by the Madras Government and the balance will be offered to banks, insurance companies, investment corporations, and co-operative banks. From the available reports, it is not clear whether only such of those institutions as are registered in Madras will be eligible or whether they will be thrown open to all Indian institutions, irrespective of their place of registration. It is, however, to be hoped that provincialism will not govern the eligibility to subscribe to the share capital of the Corporation. In this connection, it is suggested that, in order to ensure close co-operation between the Industrial Finance Corporation of India and that of the Madras Corporation, as also to have the benefit of the advice of the former, the Madras Government should offer a few shares to the Central Finance Corporation or to the Reserve Bank of India out of its quota of share capital and invite either of them to elect one of its nominee to the Board.

The Madras Government has addressed the Government of India for sanction for the issue of capital and its reply is awaited. It is, however, not known whether the entire capital of

Rs. 2 crores will be paid-up even at the commencement, or only in part, as is the case with the Central Corporation. The face value of the shares will be Rs. 1,000. The shares will only be transferable to one who is eligible for membership in the Corporation. If the eligibility for membership is not confined to Madras institutions only, it can be said the shares will enjoy a very wide market. The shareholders, other than the Government of Madras, will each be entitled to send one representative to attend the meetings of the general body. The Madras Government will be represented at such meetings by the Directors of Industries and Commerce and the Secretary to Government, Finance Department.

RESOURCES OF CORPORATION

The resources of the Corporation will consist of the paid-up capital and reserves, if any, debentures floated by the Corporation, deposits which the Corporation might receive from any person or institution or company. It is not known whether the period of the deposits which the Corporation might receive will be three years or five years as in the case of the Industrial Finance Corporation of India. The total borrowings (including deposits) of the Corporation are limited to five times the paid-up capital and reserves, a principle in consonance with that adopted by the I.F.C.I.

The object of the Corporation would be to provide medium and long-term credit for facilitating post-war rehabilitation and development. It will be authorised to transact the following kinds of business:

- (a) The financing of long-term loans to industry, (b) the making of advances to industry where such credit was not ordinarily available, and (c) the underwriting of shares and debenture issues of industrial concerns. No loan will, however, be made available for financing the marketing of finished products of any industry.

The Board of Directors will consist of eleven members, including the Chairman. The Chair-

man and two other Directors will be nominated by the Government and the remaining eight Directors will be elected. The Chairman and the Directors will hold the post for a period of three years and will be eligible for reappointment. The Board will have power, subject to the general control of the General Body :

(a) To issue debentures, (b) to call in debentures in accordance with the terms of issue of the debentures, (c) to fix the rates of interest and other conditions for the grant of loans, and (d) to take all steps necessary for the discharge of its duties and the quick disposal of applications.

An outstanding feature of this Corporation which prominently stands out against the I.F.C.I. is the fixation of minimum and maximum dividends and the minimum rate of interest guaranteed by the Madras Government on the debentures to be issued by the Corporation. In all these respects, the provisions of the I.F.C.I. are vague, whereas those of the Madras Corporation are specific. The maximum dividend on the shares of the Madras Corporation has been limited to $3\frac{1}{2}$ per cent., income-tax paid, that is, free of income-tax. This compares with the maximum of 5 per cent. fixed on the shares of the I.F.C.I. But, as it is not known whether this 5 per cent. is free of tax or subject to tax, a strict comparison between the two is not possible. If the 5 per cent. on the shares of I.F.C.I. is free of tax, as we believe it is, then the maximum dividend on the Madras Corporation is clearly low and will not evoke much enthusiasm among institutional investors. The minimum dividend guaranteed by the Madras Government is $1\frac{1}{2}$ per cent., free of income-tax, and that too only for a period of three years from the date of flotation of the Corporation. In regard to debentures, the Government guarantees the principal and interest up to 2 per cent. per annum, for a period of 25 years from the date of each issue. The minimum rates guaranteed are, in our view, too low to prompt any adequate response from investors. We believe

that the minimum to be guaranteed by the Madras Government on the shares should be at least 3 per cent., free of tax with the maximum level raised to 5 per cent., free of tax, and that guarantee should hold good for all time. In so far as debentures are concerned, the entire rate of interest due on them should be guaranteed. In the case of I.F.C.I.'s shares, it will be remembered, the minimum guaranteed dividend is yet to be fixed and this will be decided by the Government at the time the shares are issued, taking into consideration the interest rates prevailing in the market. When the Central Government itself has not attempted to be categorical in these delicate matters, the Madras Government will be advised not to attempt to follow a cut and dried policy but merely take powers to act according to circumstances.

In regard to appropriation of net profit, it has been proposed that the under-mentioned order of priority should be followed :

(a) Minimum dividend of $1\frac{1}{2}$ per cent., income-tax paid, on non-Government share capital; (b) minimum, income-tax paid, dividend of $1\frac{1}{2}$ per cent. on Government share capital including any arrears of previous years; (c) reimbursement to the Government for any sums advanced by them to make up the minimum dividend on share capital; (d) contribution to the reserve fund at a rate to be decided by the General Body in respect of each year but not to be less than $\frac{1}{2}$ per cent. (half of one per cent.) of the share capital in any year unless the reserve fund has already more than 50 per cent. of the share capital, (e) further dividend on share capital up to a total of $3\frac{1}{2}$ per cent. income-tax paid, and (f) any residual profit left to be credited to the Government.

The Corporation will have a technical advisory panel. *Ad hoc* Committees may be formed from among the members of the panel to advise on specific industries and such committees will advise the Board on any point that the latter might refer to it.

The details of the foregoing scheme are only tentative representing as they do, the Madras Government's initial proposals. They are, therefore, likely to be altered in the light of the suggestions made at the meeting referred to at the outset.

INDUSTRIAL FINANCE CORPORATIONS AT WORK

Before World War II, industry in Britain had shown increasing ability to finance itself. When World War II ended in Europe, there was animated discussion on the part the banks would play in financing industry. Would industry continue in its trend of financing itself? Developments since have shown that British banks are taking an ever-increasing part in financing industry.

Since the end of World War II the total amount of bank advances to customers has increased from £. 760 million (Rs. 1,011.5 crores) to nearly £. 1,120 million (Rs. 1,623.8 crores), or by more than 60 per cent., beating the pre-war record by more than £ 200 million or Rs. 266.2 crores. Though the ratio of advances to bank deposits is still not more than half of pre-war, the trend shows that British banks are on their way to retaking their pre-war position of financing industry.

The general willingness of banks to afford advances has not been so marked in the case of small and medium-sized businesses. Even sixteen years ago, the Macmillan Committee on Financing Industry drew attention to the inadequacy of facilities for financing such businesses. Time marched on, and in March, 1945, the Industrial and Commercial Finance Corporation was established to remedy that deficiency. Even large scale industries appeared to be in need of similar support and the Finance Corporation for Industry, Limited, was formed for the latter purpose.

MAIN OBJECT

The first of the two institutions is wholly owned by the Clearing and Scottish Banks of England. Its main object is to provide credit

by means of loans or the subscription of loan or share capital or otherwise for industrial and commercial businesses or enterprises in Britain, particularly in cases where the existing facilities provided by banking institutions and the Stock Exchange are not readily or easily available. This institution is specially designed to provide medium-term finance or long-term capital for the smaller and medium-sized industrial and commercial business, where the amounts involved range between £. 5,000 (Rs. 66,550) and £. 200,000 (Rs. 26,62,000). The Corporation has authorised capital and borrowing powers totalling £. 45 million (Rs. 59,89,59,000).

More than two years have gone since the establishment of the Corporation, and during that period the net amount of proposals approved has risen to over £. 10,500,000 (Rs. 13.9 crores). Even during the first year, approved finance to the really small man- for amounts between £. 5,000 (Rs. 66,550) and £. 10,000 (Rs. 1,33,100) accounted for only a little more than a quarter of the total number of cases and for only one-twentieth by value.

By the end of the second year the proportion by number has dropped to less than one-twelfth and by value it is actually less than one per cent. At the other extreme, the proportion for transactions above £. 100,000 (Rs. 13,81,020) has risen from 7 to 22 per cent. by number, and from 28 per cent. to over 56 per cent. by value. Almost four-fifths of the total operations have taken the form of transactions above £. 50,000 (Rs. 6,65,000). Though this decline in the smaller advances is, as the Board states, "a statistical fact and does not denote any change of policy," it does seem to prove that credit-worthy small borrowers have been coming less rapidly to the Corporation during the second year than they did at the outset.

MODEST PROFIT

During the second year the Corporation made a modest net profit of roughly £. 24,000 (Rs. 3,19,440), but in view of the difficulties of the post-war transition phase, the Corporation

thought it advisable to provide £. 140,000 (Rs. 18,68,400) against bad and doubtful debits and investments. During the transition period the Corporation thinks it right to take a certain risk in facilitating the transition.

Special interest attaches to the forms in which the Corporation's credit is granted. More than 35 per cent. of the total is in the form not of loans or debentures but of shares, preference, participating preference or ordinary. The proportion of loans, amounting to 60 per cent. at the end of the first year, has risen to over 64 per cent., at the end of the second. Secured loans are just under 34 per cent. This analysis shows that a considerable part of the Corporation's assistance to industry so far has taken the form of provision of "risk capital." Rates charged on fixed interest advances normally vary between four and five per cent.

In respect of the purposes for which the facilities were required, the balance shifted during the second year from fixed assets to working capital. The proportion in the second year was substantially 50/50 as compared with 60/40 at the end of the first year.

ADVICE TO CUSTOMERS

The Corporation examines all new business with care and with a desire to provide facilities wherever that is possible. Much of the business undertaken by the Corporation, could hardly have been done, or at least not so freely, by another banking institution. The business of the Corporation comes in considerable part from a range of industry and commerce where the ratio of outside resources to proprietors' own capital is somewhat high. The advances afforded by the Corporation are spread over a diverse range of industry, but the centre of gravity is in the engineering and metallurgical groups which absorbed nearly 28 per cent. during the second year compared with 32 per cent. during the first. Electrical engineering absorbed eight per cent. and the chemicals and textiles seven per cent. each. Altogether about 50 various branches of the industry have re-

ceived financial support from the Corporation, which in many cases keeps in close touch with its customers' activities, especially where it has a shareholding which is a substantial proportion of the Company's total capital.

Officials of the Corporation's Liaison Department, constantly travelling about Britain, visit the various customers, giving them advice when they seek it, and watching for danger signs that may indicate the probability of trading losses or other troubles. In the long run, this advisory activity may well prove one of the most valuable services rendered to industry by the Corporation.

LARGER CORPORATION

The larger of the two organisations, the Finance Corporation for Industry, is wholly owned by insurance companies, trust companies and the Bank of England. It has been set up for the purpose of providing finance in amounts in excess of £. 200,000 (Rs. 26,62,000) for the development and re-equipment of industrial undertakings which are unable for the time being to satisfy their requirements through the normal channels. The Corporation has authorised capital and borrowing powers totalling £. 125 million (Rs. 166.8 crores). The Corporation is not competing for business with the previously existing sources for the provision of capital. Nor is it in any sense a philanthropic institution with an obligation to finance projects irrespective of the ultimate financial result. A corporation commanding such large resources which would attempt to conduct its business on philanthropic lines, so far from being a benefit to British industry, might constitute a positive menace.

The Corporation, of course, was not formed to earn extravagant profits, but adequate reserves must be accumulated and shareholders are entitled to expect a reasonable return upon the capital at risk. As to the terms on which the Corporation conducts its business, the arrangements are devised, wherever possible, to provide for a very moderate rate of interest during the

formative years of the business which is being assisted with provision, where it is appropriate, whereby the Corporation can in the event of ultimate success derive a benefit commensurate with the risk involved.

By the end of the business period covered by the latest annual report, the Corporation entered into commitments amounting to £. 40,788,000 (Rs. 54.2 crores) including £. 35,000,000 (Rs. 46.5 crores) for the Steel Company of Wales. Advances guaranteed to the latter Company are likely to be called on, only gradually, over a term of years. It has also been reported that the Corporation lent Ultramar, an oil company holding large concessions in Venezuela, £.1,250,000 (Rs. 1.6 crores) for five years to finance the construction of a pipe-line and for other developments.

THE COMPANIES ACT

Both Corporations formed for the financing of British industry are public companies registered under the Companies Act, bound by their articles and memoranda, and are not Government institutions. They are not subject to Government direction, though the appropriate departments are being kept informed of the nature and extent of all major developments considered and, of course, their transactions have to conform to the general capital issues regulations. But companies are working with the utmost cordiality within the banking system.

Even when allowance is made for the fact that many of the applications to the smaller Corporation are due to reconversion, it still seems certain that there is likely to be a lasting demand for the facilities provided by that Corporation which has for many years to come a definite and important part to play in the financial structure of Britain. As to the larger Corporation, it is proceeding rapidly with arrangements to provide finance—and finance on an important scale—for the bringing up to date of iron and steel and other basic industries of the country. Thus, both Corporations have an important part in the post-war pattern of Britain's economic life and

they can look forward to play an extremely useful part in the rehabilitation, re-equipment, development and maintenance of the industries in Britain.

Michael Grant.

INDIA GOVERNMENT SETS UP ECONOMY COMMITTEE

MOVE TO ELIMINATE WASTE AND CUT DOWN EXPENDITURE

A press 'communique' dated 29-1-48 issued by the Ministry of Finance, Government of India says:—

A resolution of the Central Government has been published constituting an Economy Committee in response to the wide-spread desire expressed in the Constituent Assembly (Legislative) on a cut motion by Shri B. Das regarding economy in expenditure.

During the war, enormous expansion of departments took place, and no systematic review has been made since its termination to effect legitimate reductions. Government has, therefore, been considering for some time the need for a scientific enquiry into the growth of expenditure of the various departments, their attached and subordinate offices since 1938-39, and the promotion of economy and elimination of waste in the context of altered conditions, having due regard to the requirements of normal Governmental activities and the development plans which it proposed to carry out as a National Government of a Free and Independent India.

It is the endeavour of the Government to carry out a scientific investigation of the needs of the various ministries, etc., and the composition of the Committee representing as it does the experience of business, the legislature and the Government departments is a guarantee to that end. Government has impressed on the Chairman and the members of the Committee the expeditious nature of the work. It has accordingly directed the commit-

tee to make interim reports in respect of the various ministries so that action can be taken as quickly as possible on the recommendations of the Committee.

INCREASED PRODUCTION IN INDIA

"We feel that you in India have a great problem in uplifting the material conditions of life," declared Sir Kerr Grant, President of the Council of the South Australian School of Mines and Industries, and a member of the Australian Scientific Delegation which toured India recently.

Sir Kerr Grant told an agency, in an exclusive interview that there were enormous possibilities of increased production in India. He was of opinion that mechanical methods of production used in Australia, the U.S.A., and other advanced countries were an essential in India for large increases in production.

Sir Kerr said that further utilisation of resources for production of electrical power in this country appeared to be urgent and desirable.

INFLATIONARY PRESSURE

FROM MR. SHANMUKHAM CHETTY'S BUDGET
SPEECH

A view that has in recent years become almost unanimous among economists and financiers is that each year a Government's financial policy should be so planned as to rectify the economic maladjustments of the time, and to serve as a compensatory device to offset fluctuations in the private sector of economy. In a time of inflation, budgets should not only be balanced but there should be a comfortable surplus for mopping up the excess purchasing power and to encourage economy in private spending. On the other hand, when a depression is on, Government should launch bold schemes of public expenditure and should boldly budget for a deficit if necessary.

An inflationary pressure resulting from too much money chasing too few goods has been the key-note of our present economy, and there is no indication that a reversal of this trend is

in sight. At such a juncture, we should exert every nerve to budget for a surplus, if possible, by increasing revenue and curtailing expenditure. The methods by which these aims are achieved are important, because as the present phase of inflation is due to an abundance of spending power without the goods to spend on, we must see that a surplus is achieved in such a way as to curtail spending and create suitable incentives for increasing production. In other words, the tax-burdens laid must be met by cutting down expenditure on consumption and not by saving less. Similarly, the borrowing made must be from genuine savings and not from inflated bank credit. The practical application of principles is indeed difficult, but we must bear them in mind in shaping our financial policy.

I should like to draw the attention of the House to a matter which has been causing some concern to Government, namely, the emergence, in recent times, of a substantial adverse balance in India's external payments. India's balance of trade has in the past always been substantially in her favour, the surplus of exports over imports being used by her to meet the interest and amortisation charges on her sterling debt, to pay the pensions and leave salaries of British Officers and to make other invisible payments such as the remittance of the profits of foreign investments in India and banking, insurance and shipping charges. During the war years India's balance of trade became even more favourable than before, due not only to restrictions on her imports on account of war-time conditions but to the large payments which accrued to her on account of supplies and services to the allied nations and the Defence Expenditure Plan. The result of India's earnings, both visible and invisible, being vastly in excess of her expenditure, was the rapid accumulation of our sterling balances. Part of these balances was used to purchase the Indian railways and to repatriate compulsorily almost the whole of the Indian sterling debt; part was used through Indian nationals acquiring British investments in India. All these measures served greatly

to lessen the annual drain on India while the interest earned on the Sterling balances added in some measure to our income. If, therefore, all the other factors in the situation had remained the same, India should have had now a substantially more favourable balance of payments than she had before the war.

Far from having a favourable balance, however, India had in the first post-war year, 1946-47, a substantial deficit in her balance of payments on current account. The tendency which then manifested itself for the first time still continues and had it not been for the restrictive import policy which was introduced in June, 1947 the deficits we have had would have been substantially greater. The reasons for this are two-fold. Firstly, it is the inevitable result of the absence of imports during the many years of war that the long pent-up demand should seek to satisfy itself as soon as goods become available. This is true not only of consumer goods but also of producer goods and plant and equipment, the arrears of maintenance of which have to be made good as soon as possible if production is not to be interfered with. The second, and by far the more important reason for this deficit is, as is well known, our imports of foodgrains. India has, of course, been a regular importer of food for many years but quantities and prices have both been recently going up. In 1944-45 and 1945-46 the value of foodgrains imported into India was Rs. 14 crores and Rs. 24 crores respectively. In 1946-47 the figure was Rs. 89 crores. These figures are in addition to the import of supplementary food articles which cost a further Rs. 15 crores in 1946-47. In 1947-48 the amount expected to be spent on the import of foodgrains is Rs. 110 crores.

The money required for the purchase of food is of course a first charge on our available foreign exchange resources. These consist of our export earnings and of our Sterling balances but on the latter we have necessarily to draw in moderation. These resources are not sufficient to finance both the heavy drain caused by food imports as well as to pay for all the other imports we should

like to purchase. As food must have the highest priority, we have necessarily to restrict the import of other commodities. It is undesirable that this should be so, particularly at a time when inflationary tendencies persist in the country. It is, therefore, imperative for us to take all the steps in our power, not only to increase the production of food in the country so as to reduce imports, but to increase production in every other field of economic activity so that it may be possible to increase our export income without reducing home consumption. I fear, however, that in spite of all the action that may be taken in this direction it will take a few years before it will be possible for India to bring her foreign payments into equilibrium and that, therefore, it will be necessary to continue with our present restrictions on imports.

HARD CURRENCIES

It will be appreciated that with India's limited resources of hard currencies, it would have been impossible to continue the policy of non-discrimination regarding the source from which Indian imports came, which was a feature of Indian import policy during the last half year. Hon'ble Members will remember what I indicated to them in my last Budget Speech that the dollar shortage would cause us to re-impose discrimination and I fear that we have had, in framing the import policy for the present half year to make the most drastic cuts in imports from the hard currency areas. It is unfortunate that this has to be so, for we are being compelled either to do without a large number of useful articles which are obtainable only in the hard currency area or to pay for them a higher price in the soft currencies. As long, however, as the world dollar shortage caused by the disequilibrium in world trade continues, I fear, we have no alternative but to proceed on the basis which has been in force ever since the war broke out and to which we have now had to revert. I am, however, glad to be able to report to the House that we have been able slightly to decrease the rigour of the import control from the Sterling

and other soft currency areas which we had imposed during the last half year. It was neither desirable nor indeed possible to continue import control from all over the world with that degree of restriction which we had introduced, for not only would it have led, if continued for any length of time, to an increase in the inflationary potential but would also have interfered with production.

One other recent trend in our external financial position is deserving of special mention. Till 1945-46 not only did we have an overall favourable balance of payments but we were in substantial surplus with U.S.A. Since 1946-47 that situation has also changed, both because goods have become much more freely available in this country and because we have to purchase there a substantial portion of our food requirements. In 1946-47, our deficit with the U.S.A. was Rs. 15 crores. In the subsequent months it increased substantially, being Rs. 18½ crores and Rs. 22 crores respectively for the second and third quarters of 1947. Preliminary figures for the two months, October and November, disclose a deficit of Rs. 14 crores. With the other hard currency countries the position is no better and during the period April to November, 1947 our deficit with them has been Rs. 5½ crores. Our total net earnings of hard currencies during the period September, 1946 to November, 1947 were about Rs. 37 crores.

The most important lesson to be drawn from a study of our external financial position is that so long as food imports continue on the present scale, we would be confronted with the problem of an adverse balance of payments and the disequilibrium in our economy will persist. Such a state of affairs will be a source of anxiety and even danger.

The only way to redress the balance is to increase the internal production of food. While an expansion of our export trade will go a long way to mitigate the seriousness of the problem, it will be impossible to bridge the gap by exports alone. It will be observed that, though I have indicated

the trends in our external financial position I have not given any figures for our overall deficits in the balance of payments. This is for the simple reason that such figures have so far not existed, though steps have now been taken to see that they are collected in future. I would, nevertheless, like to give the House some idea of our position as it is likely to be during the first half of 1948 and propose to mention certain figures on the clear understanding that these are to be taken more as an indication of the magnitude of the figures involved than of the actual figures as they are likely to be. Forecasts of balance of payments are notoriously liable to be inaccurate because of the uncertainties of the factors involved; but in preparing the forecast for the first six months of 1948 we have suffered from the additional handicap that it is impossible to say what effect the partition of the country will have on its external trade and that there are no past actuals to guide us. The figures I shall mention relate to the balance of payments on current account of the Dominion of India with the rest of the world excluding Pakistan. For our balance of payments with Pakistan, I fear it is not possible to make even the roughest of estimates. In the half year January to June 1948 we hope to earn through exports and other sources Rs. 208 crores. We expect to spend during the same period Rs. 260 crores. We, therefore, anticipate an overall deficit of Rs. 52 crores. Out of our total expenditure during the half year, no less than Rs. 51 crores will be spent on the purchase of food.

STERLING BALANCES

Hon'ble Members will appreciate more fully in the light of what I have stated above the significance of the second interim agreement on the sterling balances which has been concluded between the Government of India and the Government of the United Kingdom by an exchange of letters. In brief, the effect of the exchange of letters is that the financial agreement dated 14th August, 1947, which expired

on the 31st December, 1947, has been extended up to 30th June, 1948 with some modifications. The first agreement was on behalf of both India and Pakistan but the present extension is on behalf of the Dominion of India alone. Hon'ble Members will remember that in December last when an agreement was reached between Pakistan and ourselves on all outstanding financial issues including the division of the Sterling balances, it was agreed that from the 1st of January 1948 the exchange accounts of the two countries should be kept separately. As a consequence of this separation, it was also agreed that negotiations for a further interim settlement between the United Kingdom and the two Dominions should be carried on separately by each. Hence Pakistan was not a party to our recent negotiations. The object that we kept in view in our recent discussions with representatives of the United Kingdom Government was to make available to us sufficient foreign exchange resources to meet our estimated overall deficit in the balance of payment during the first half of 1948. As I have indicated earlier, we estimate our overall deficit for this period at £. 89 million or Rs. 52 crores. It has now been agreed that a further £. 18 million, (or Rs. 24 crores) will be transferred from Account No. 2 to Account No. 1, the existing balance in which will, of course, be carried forward at our disposal except for a certain amount to be transferred to Pakistan under the Indo-Pakistan Agreement of December last. This fresh transfer, together with the balances that we have at our disposal under various accounts and some borrowing from the International Monetary Fund, will enable us to meet our anticipated deficit. As our Account No. 1 would now stand, I have no anxiety on account of the external financial position of the country so far as currencies other than the hard currencies are concerned.

LIMIT OF CONVERTIBILITY

One important feature of the new agreement is the limit on convertibility. Under the original

agreement the whole of our Sterling in Account No. 1, whether it arose by transfer from Account No. 2 or through the proceeds of current earnings, was fully convertible for current transactions into any currency including that of the U.S.A.

In other words, the whole of the sterling that we held in Account No. 1 was multilaterally convertible. Under the present agreement, however, we have been put to the necessity of limiting our right to multilateral convertibility to the extent of only £. 10 million or Rs. 13.33 crores. This restriction will necessitate our borrowing to some extent from the International Monetary Fund. I am, however, satisfied that the extent of our borrowing from the Fund during the current half-year will be well within the limits of our rights of borrowing from the Fund. Hon'ble Members are entitled to know why we agreed to limit the right to full multilateral convertibility which is possessed by every member of the Sterling area. The answer is that, like all international agreements, this agreement was a compromise, and in the light of the circumstances that faced us I consider it in the best interests of the country to accept this condition. I am not unmindful of the great difficulties under which the United Kingdom is labouring today, nor am I unappreciative of the valiant efforts being made by that great country to restore equilibrium in her economy and discharge her international obligations. I am fully aware that the gold and dollar resources of the Sterling area are small, are rapidly being exhausted and require to be husbanded with the greatest care. It is for this reason that we agreed last September, soon after our first interim agreement was concluded and when the United Kingdom was forced to suspend the convertibility clause in the Anglo-American Loan Agreement, to co-operate by restricting dollar expenditure as far as possible. For the half year in question our expenditure in hard currency has been severely limited to essentials. Nevertheless, I cannot help feeling that it should have been possible to avoid introducing this very

undesirable and harmful principle of a limit on the convertibility of Sterling for members of the Sterling area who are pledged to holding Sterling without limit of amount. We have honoured that pledge perhaps even beyond the bounds of prudence. Even from the point of view of the necessity for safeguarding the central reserves of the Sterling area, I cannot feel happy about the low limit of convertibility forced upon us.

After all, our proposed drawings on the central reserves were the meagre fraction of what the United Kingdom herself proposed to draw therefrom. Undesirable as this feature of the agreement is, we accept it in the hope that it would be possible to remove this condition at the earliest possible moment. We have decided in fact to make a long-term settlement with the United Kingdom on this vexed question as soon as possible. I feel that it is unsatisfactory that there should be negotiations every six months on the subject for the element of uncertainty as to the results of these periodical negotiations makes it impossible for any long-term co-ordinated trade policies to be stimulated. I have, therefore, conveyed to the Leader of the British Delegation my desire that steps should be taken for initiating talks for a long-term agreement.

DOLLAR DIPLOMACY TO CHEAT INDIA OF STERLING BALANCES

PRESSURE ON BRITAIN TO BLOCK DUES

Paris Plan for Anti-Soviet Front affects India

The "New York Times" said in a Paris despatch from their correspondent, Mr. Michael Hoffman, that the United States and Western European pressure might force Britain to abandon her position as banker for the Commonwealth and Sterling countries.

"A growing body of opinion in the State Department and in Continental Governments sees the British struggle to defend Sterling as the greatest menace outside Communism itself to the success of the European Recovery Programme," the article said.

The best informed experts at the Sixteen-Nations Marshall Aid Conference thought the British might be urged and eventually forced to block existing Sterling balances to reduce the ability of India, Egypt and other non-European countries to buy British goods that might otherwise go to Europe.

Other steps Britain might have to take, included the stopping of conversion of Sterling to Dollars for Sterling area countries and the extension of Sterling loans to France and possibly other European countries.

In effect, Britain would be required to declare herself bankrupt and start anew with a drastic reorientation of her economy and financial system away from the Commonwealth and towards Europe.

Though the Paris despatch of the New York Times Correspondent is a feeler, it is ominously significant in view of the fact that Mr. R. K. Shanmukham Chetty said, in the Dominion Parliament, that President Truman's message to the Congress might mean that India might be forced to have a reorientation of her entire outlook in economics and in international relationship. "If the U.S.A. was to switch over to a semi-war-time economy, then all hopes of India getting capital goods were gone," he declared.

Now the danger is not only that India will be deprived of American capital goods, but she will also be disabled to buy even British goods. India's Sterling balances blocked in Britain in war-time amounted nearly to the amount of Lend Lease aid which U.S.A. extended to Britain for war effort. It would be recalled when the Anglo-American loan was negotiated, one of the conditions stipulated was that Britain should scale down her Sterling commitments to India. Now it remains to be seen whether U.S.A. and the Paris Conference Powers will be able to force Britain to quit not only India but also the Commonwealth financially. (According to the latest estimate India's Sterling balances with Britain amount to 1,100 million).

EVERY MILLIONAIRE IS A TAX-DODGER

SCOPE FOR ECONOMY

The Finance Minister, Government of India revealed that he had assured the Labour Minister that if the latter produced a scheme for housing industrial workers he would find the finances for it.

He would certainly support any scheme for promoting industrial co-operatives in the country and if any finances were necessary for the purpose, he would certainly find them. He would appeal to members to apply their minds to co-operate with the Government in doing something concrete in starting industrial co-operative enterprises.

INDIAN MILLIONAIRES

The forces of necessity drove India to look to industrial development on a cottage and small scale, "in fact development of our industrial system on this basis is necessary if we are to save our country from the disastrous effect of the inflationary tendency."

He hoped that the next loan programme "that Government will be launching in the near future" would be marked by the special feature, that the response would come from the large volume of the middle classes. Unfortunately, all these years Government had depended far too much on a few rich people and a few banks for finding all the money that they wanted by way of loans. They must now broad-base that structure.

The Finance Minister asserted that "no honest man who pays his tax has become a millionaire. People in our country can become millionaires only by dishonest means. That is a different problem altogether and it is a problem for the solution of which we must all put our heads together."

EASTERN PAKISTAN'S DEFICIT BUDGET

PLANS FOR NEW INDUSTRIES

Eastern Pakistan's first annual budget, intro-

duced in the Provincial Legislative Assembly, estimates revenue receipts for 1948-49 at Rs. 1,175 lakhs and revenue expenditure at Rs. 1,609 lakhs, leaving a revenue deficit of Rs. 434 lakhs. Including the proposed capital expenditure of Rs. 189 lakhs, the total deficit is Rs. 578 lakhs.

Rs. 481 lakhs of the deficit will be met by taxation measures, for which necessary legislation will be undertaken by the Province and the Centre. These include additional receipts on account of centralised sales tax, Rs. 100 lakhs; additional receipts on account of raw jute duty, Rs. 265 lakhs; raising the rate of agricultural income-tax to that of the general income-tax level, thus yielding Rs. 40 lakhs; and imposition of license fees on cultivable acreage of jute, yielding Rs. 20 lakhs.

The Finance Minister, Mr. Hamidul Huq Chowdhury, said that the balance of the deficit namely, Rs. 142 lakhs, was due mainly to additional police forces and the construction of roads of strategic importance for which the Centre would be asked to bear the charge.

The revised figures for 1947-48 place the revenue receipts at Rs. 821 lakhs and expenditure at Rs. 981 lakhs, leaving a deficit of Rs. 110 lakhs. Capital expenditure in the current year is placed at Rs. 87 lakhs.

Referring to "minor border disputes" and other relations with the West Bengal Government, the Finance Minister said that the economies of the two Provinces were complementary in many respects, and pleaded for goodwill and friendliness for producing enduring good neighbourliness between the two Provinces and ultimately between the two Dominions.

BRITAIN DRAWS ON GOLD RESERVES

STERLING AREA PAYMENTS

Sir Stafford Cripps, Chancellor of the Exchequer, said that in the first quarter of this year Britain had to find £. 147,000,000 from her

gold and dollar reserves to meet the current deficit in the balance of payments of the Sterling area, including Britain.

On January 1 last, the central holdings of gold and dollars amounted to £. 512,000,000.

During the first quarter, Britain's reserves were reinforced by the South African gold loan of £. 80,000,000 and she also drew the rest of the United States line of credit (£. 74,000,000). She drew £. 11,000,000 from the Canadian line of credit and £. 15,000,000 from the International Monetary Fund. India also drew £. 7,000,000 from that Fund.

The combined effect of all these transactions, Sir Stafford said, was that the Central holdings of gold and dollars increased to £. 552,000,000 on March 31 last.

He proposed to discontinue the monthly figures of gross gold sales and in future to publish quarterly statements at a convenient date after the end of the quarter.

SAVINGS AND THE TARGET IN U.K.

To all intents and purposes the national savings statistics for the week ended March 20 complete the story for the financial year. They make somewhat melancholy reading.

For the 51 weeks, total net new savings are returned at £. 199,568,000. Not only is this £. 124,018,000 less than the corresponding total for 1946-47 but it is barely 55 per cent. of the target figure of £. 866 m. set up 12 months ago. Even then the target was widely considered to have been much too optimistic and framed with more regard to the tidiness of an estimate of £. 1 m. a day than to the realities of the situation; events have proved those early doubts to have been fully justified. In only 10 weeks during the year did net savings reach the average of £. 7 m. required if the target was to be hit.

The chief cause of this disappointing result was a severe drop in gross new savings; while withdrawals were roughly maintained at the

previous year's rate, new subscriptions fell from £. 1,121 m. in the whole of 1946-47 to £. 977 m. in the first weeks of 1947-48. This fall is the more significant when it is remembered that during the past year gross savings should have benefited from the large Government disbursements on capital account in respect of war-damage claims and post-war credits as well as from the quadrupling of 3 per cent. Defence Bond maturities.

NEXT YEAR'S PROSPECT

Nevertheless, though the National Savings Committee may fairly be taken to task for having set up an unreasonably ambitious target, neither they nor the savers themselves can necessarily be criticized for inadequate performance. The official figures should be adjusted, in order to give the true net total saving, by deducting a little over £. 100 m. for 3 per cent. Defence Bonds repaid and adding some £. 80 m. for accrued interest, but even so net savings for the year will not fall far short of £. 200 m. It has not yet been sufficiently realized that, with the gradual draining away of excess purchasing power, savings cannot be expected to reach levels even remotely comparable with those recorded during the years of inflation. Savings are indeed a safeguard against inflation; but large savings are also a consequence of inflation. A million pounds of savings in a year of monetary equilibrium may be worth five millions in a year of credit expansion and Budget deficits. In all respects 1947-48 has been a difficult year for savings. New excess purchasing power has ceased to be pumped out by Budget deficits; but at the same time a continued rise in prices and wages—outlasting, as it always does, the underlying conditions that caused it—has still further weakened belief in the value of saving.

What hope there may be of national savings playing the full part expected of them in 1948-49 is, more than the boldest can imagine. The Economic Survey requires £. 450 m. of personal saving in the calendar year 1948—net personal saving after deducting death duties and any

other private dis-saving. Clearly "national savings" of £. 200 m. odd would be making an insufficient contribution to so formidable an objective. The prospect of obtaining more will depend vitally on the success or failure of the Cripps plan for keeping prices down and on the successful execution of a financial and fiscal policy which can support and in due course replace that plan. It is true that both the ability and the will to save are much impaired by present rates of taxation. But all reports show beyond doubt that the greatest deterrent to the less steadfast savers is the constant rise in the price level which continuously reduces the value of their savings. In such circumstances appeals to their sense of duty are coming to be regarded cynically. The task in 1948 will be to infuse a new faith in the stability of prices.

IMPORT AND EXPORT PRICES

The relationship between the prices of British exports and British imports continues to move steadily to this country's disadvantage. The Board of Trade's index of export prices rose from 244 (1938=100) in January to 247 in February; but the import price index rose from 269 to 275. These figures refer to the values of goods actually cleared during the period and they reflect prices arranged anything from a month to perhaps, (especially as regards goods shifted under bulk purchase contracts) a year previously; but, subject to this time-lag, there is no sign yet that the steady deterioration in the terms of trade is coming to an end.

Last month the prices of imports rose by approximately $2\frac{1}{2}$ per cent., those of exports by only $1\frac{1}{2}$ per cent. During the last four months import prices have risen by 5 per cent., export prices by 2 per cent. It may be calculated that the deterioration during the past four months alone has been sufficient to add some £. 75m. a year to the adverse balance of trade. This deterioration is an insidious process, and the magnitude of its effects is often overlooked. The prices of imports are, of course, mainly the concern and responsibility of the Government

departments, which now buy most of this country's imports in the first instance. The serious effects of the export-import price relationship must certainly be remembered when the propriety of the departments' customary secrecy over the prices they pay is under review. On the export side, the failure of export prices to keep pace with import prices emphasizes the importance of the assertion, made in the recent F.B.I. memorandum to the Chancellor on stabilization and reduction of prices, that in export business "complete flexibility must be preserved." Yet present experience does not suggest that there are many ranges of goods for which higher prices could safely be asked than are now being obtained.

CRIPPS' FIRST BUDGET

DUTY ON SPIRITS AND TOBACCO UP

Tax Relief to Workers

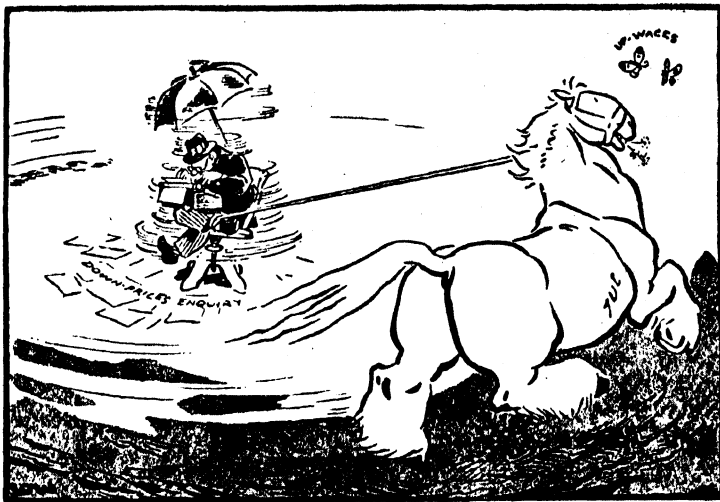
Sir Stafford Cripps, Chancellor of the Exchequer, warned that Britain could not afford to waste a moment in her efforts at recovery.

In his budget speech to a packed House of Commons on the financial and economic situation, Sir Stafford declared: "The great act of the United States in bringing into operation the European Recovery Programme gives us and the Western European countries time, but time is the scarcest commodity of all to-day and we cannot afford to waste a moment of it."

Sir Stafford Cripps' budget speech was one of the longest speeches on record. He was loudly cheered when he declared, "Since we are and propose to remain a democracy, we must remember that economic planning is not something for which any Government can guarantee execution. It lays down the necessities of the situation." He stressed the difficulties which they were facing with regard to imports and exports without which they could neither live nor produce. The hopes we had a year ago had not yet been realised, he said.

The import programme had been built upon

Deflation by Exhortation



TEMPORARY PEG

Courtesy : Banker

three principles : (1) to provide as little as possible for luxury, (2) the minimum of food to maintain a healthy standard, and (3) to provide for the minimum of raw materials to ensure industrial activity.

"RESTRICTED PLEASURES"

The Chancellor of the Exchequer, Sir Stafford Cripps—reputed "Apostle of Austerity"—announced a "restricted pleasures" budget recently.

He imposed heavier taxes on beer, whisky, wines and tobacco and doubled the tax on football pools, the country's most popular form of gambling.

In his first budget speech, Sir Stafford balanced against these increases a more generous scale of allowances which will free many lower paid workers from income-tax and reduce the tax payments of most "middle class" families of incomes of £. 850 to £. 500 a year.

He also announced changes in the tax on goods regarded as non-essential—which, he said, will cut prices by almost ten per cent.

Those who draw income from investments will pay a new levy on a graduated scale rising from two shillings in the pound on incomes between £. 250 and £. 500 to 10 shillings in the pound on incomes of £. 5,000.

Sir Stafford Cripps' new taxes will bring the price of whisky to 88 shillings and ten pence a bottle compared with only 12 shillings and six pence in 1939. Beer, which before the war cost eight pence a pint, will now cost 18 pence. Cigarettes, now to cost three shillings and six pence for 20, were sold at one shilling and one penny for 20 in 1939.

The budget increases the tax on football pools from ten per cent. to 20 per cent. and imposes on bookmakers and greyhound racing tracks a graduated licensed duty for each meeting.

Goods which will be cheaper because of Purchase Tax cuts include carpets, cutlery and sports goods.

Half a million workers will cease to pay income-tax as a result of the increased allowances,

"The first £. 185 of earnings will now be completely exempt from income-tax, compared with £. 120 hitherto. The budget also exempts from tax one-fifth of a person's total earnings compared with one-sixth previously."

On the first £. 50 taxable income a person will pay three shillings in the pound, as hitherto, but will then be allowed another £. 200—compared with £. 75 hitherto—at six shillings in the pound before becoming liable to the full rate of nine shillings in the pound sterling.

FOOD SUBSIDIES CONTINUED

The following are other points of Sir Stafford's budget speech:

There was a saving of £. 400,000,000. Against this there was an increase in expenditure of £. 30,000,000 for education, £. 14,000,000 for housing, £. 8,000,000 for the post-office, and £. 148,000,000 for the new health services—a total of £. 195,000,000 or roughly half the total saving. "We do not propose to cut social services," he declared.

For defence £. 698,000,000 was provided.

Food subsidies would be continued at the rate of £. 400,000,000 a year because "We are convinced that although in theory they may be inflationary, in practice they have precisely the opposite effect." They restrained demands which would otherwise inevitably arise from increased personal incomes. The subsidy was equal to about 12 to 14 shillings a week for every family. In addition there was at least a like sum on social services.

Total revenue on the existing basis of taxation was estimated at £. 3,754,000,000 as against an expenditure of £. 2,976,000,000 or a prospective surplus of £. 778,000,000. As last year, he would take powers to apply the budget surplus as it accrued to the reduction of the maturing debt.

The expected "real surplus" of 1948-49 on the existing basis of taxation would amount to £. 598,000,000.

LIMITATION OF PROFITS

On the limitation of profits, which the Government had requested from industry to match the stabilisation of wages, Sir Stafford said, "I propose to leave the matter until next year, by which time we shall see whether the promises not to increase the distribution of profits have been thoroughly carried out."

There had been a "marked response" to the Government appeal and many reductions were already in operation. The consumers co-operatives in particular had announced "most valuable" price reductions in essential foodstuffs which he hoped would stimulate others to follow.

Sir Stafford raised a laugh by saying that he proposed to abolish the Excise Duty of eight pence a gallon on unsweetened table waters. It was not worth the trouble and man-power to collect it, he said.

PROTECTIVE DUTY ON KEY INDUSTRIES

He then proposed to extend the legislation governing key industry duties for another three years. These duties were originally levied at the end of the first World War on essential industries such as chemicals and opticals and scientific instruments to protect them against foreign competition.

He also proposed to extend for a further four years the provision for stabilising the margin on the Imperial Preference on sugar which expires next August.

LESSONS OF THE BRITISH BUDGET

The Budget and the recent debate thereon suggest two main conclusions. One is that there is stronger pressure in the Labour Party for a capital levy of some kind than had been generally supposed. The other is that the case for a considerable Budget surplus is generally accepted.

It has not escaped notice that Sir Stafford Cripps rejected an outright capital levy for the

* There is an Editorial Note on this subject.

specific reason that it was impracticable at this moment. He showed no distaste for it on any deeper grounds. His motive for his investment levy, however, appears to have been purely opportunistic. No doubt he felt it necessary, when imposing the necessary new taxes on articles of popular consumption, to extract an approximately equal amount of revenue from property. Recent Budgets have regularly embodied a rough principle that any new revenue from popular taxation must be matched by about the same amount of new revenue from either large incomes as such or property as such. To this extent the Chancellor is following the line of party-orthodoxy. But since the effective limits of taxation of large incomes have been reached, it is inevitable that in this and future Budgets, if the principle is followed, any new revenue must be taken from property in the form of a capital payment. From that point of view investment levy is a logical extension of recent Budget practice rather than a spontaneous venture into new fields of policy.

If on this argument the Chancellor was logically obliged to impose something resembling a capital levy, it should also follow that such a levy is not likely to be repeated unless it proves necessary to increase popular taxation once again. And the odds seem to be against such a necessity. There are, however, two flaws in that conclusion. First, the amount paid out in food subsidies may in due course be reduced. There is no reason why such a step should be regarded as the equivalent of a rise in popular taxation, requiring the customary additional impost on large incomes or on property; but it is difficult to be certain. Secondly, there is no mistaking the strength of the general pressure within the Labour Party for some sort of levy, outside the Budget, to reduce public debt; if the minor tentative levy now proposed should have any serious effects on long-term interest rates, this pressure may be greatly increased.

THE TRUE SURPLUS

The need for a surplus has not been seriously

REPORT TO THE NATION



No. 13

WHO'LL KILL INFLATION?



Credit Column

THE Electric Lamp Manufacturers' Association, representing most of the industry, have reduced prices of electric bulbs by 5% to 12% according to size.

SANDSURY'S, home counties grocers, have reduced prices of certain foodstuffs by 6% to 25%. All Jagger non-utility woollen clothing prices have dropped 10%.

"SOMETHING DONE"

Fully illustrated, it describes some post-war achievements of the British people. It is on sale at bookstallers everywhere, 1/6.

TUBE Investments engineering group have reduced prices of electrically welded tubes by 21%. New managerial methods have increased production in many of their factories by 20% to 30%.

Issued by His Majesty's Government

questioned. But there are wide-spread doubts whether its amount, in a relevant and accurate sense, can be extracted from the present form of the national accounts. The amount of the true surplus in prospect for 1948-49 is naturally of the greatest consequence. The Chancellor made a welcome effort to elucidate this matter both in his speech and in the new version of last year's accounts included in the Financial Statement. That version seems adequate enough, if its purpose is to show the net amount of the Treasury's financial needs and the net increase or decrease in the State's assets. But if its purpose is to show the inflationary or deflationary effect on the national income, it suffers from one serious defect in that capital transfers between the individual and the State—that is to say death duties and the investment levy—are treated as the State's current revenue. They are certainly not treated as the individual's current expenditure, and no private saving tends automatically to occur in order to make them good. They cause private "dis-saving," which can only be made good by an equal amount of State saving.

Events are strongly reinforcing the case for treating these receipts as capital transfers and for creating a specific sinking fund of equal amount against them. If this single amendment is superimposed on the form of accounts given in the Financial Statement for last year, the prospective national accounts for 1948-49 may

BRITAIN'S GROSS NATIONAL PRODUCT AND BORROWING FROM ABROAD

(Millions of £s.)

	1938	1946	1947		1938	1946	1947
National income of the United Kingdom	4,707	8,100	8,770	National cost of			
Provision for depreciation and maintenance	450	725	775	Personal consumption	3,713	5,578	6,161
Gross national product	4,157	8,825	9,545	Government	767	2,411	2,115
Borrowing from abroad and sale of assets to foreigners	70	380	675	Gross capital formation at home ..	747	1,221	1,944
Total resources available for use at home	5,227	9,205	10,220	Total resources used at home ..	5,227	9,205	10,220

be summarized as follows:

REVENUE ITEMS

(Millions of £s.)

Receipts	Payments	
Inland Revenue	Debt, &c.	534
Customs and		
Excise .. 1,547	Defence ..	698
Motor duties .. 50	Civil Supply ..	1,749
Other .. 94	Post-war credits	20
8,896	Surplus ..	2,996
8,896		400
		8,896

CAPITAL ITEMS

Estate duties, &c. .. 160	Sinking funds (per contra) ..	210
Investment levy .. 50		
Surplus stores .. 102	Loans to Local authorities ..	284
Trading services .. 57		
Other .. 85	War damage ..	140
	Nat. industries ..	59
	E.P.T. refunds ..	20
404		
Deficit .. 259		668
668		668

On this reasoning the net revenue surplus in prospect is £. 400 m. and the net surplus after meeting the Government's own capital commitments £. 141 m. The difference between the latter figure and the Chancellor's figure is of course due entirely to the suggested net increase of £. 190 m. in the sinking fund payments.

BRITAIN'S BALANCE OF PAYMENTS—1947

TABLE I—CURRENT ACCOUNT (£. MILLION)

	1988	1946	1947 Provisional
<i>Payments</i>			
1. Imports (f.o.b)	885	1,092	1,574
2. Government expenditure :—			
(a) Military (net)	..	280	80
(b) Relief and rehabilitation	..	110	62
(c) Cost of Germany (net)	..	40	79
(d) Other (net)	..	90	10
Total Government expenditure	16	290	211
8. Shipping	80	140	168
4. Interest, profits and dividends	80	77	94
5. Film remittances (net)	7	17	18
6. Tourist payments	40	26	50
7. Total payments	1,008	1,642	2,105
<i>Receipts</i>			
8. Exports and re-exports (f.o.b.)	588	888	1,125
9. Shipping	100	149	180
10. Interest, profits and dividends	205	152	145
11. Other (net)	100	78	20
12. Total receipts	988	1,262	1,480
<i>Surplus (+) or Deficit (—) on Current Account</i>			
13. With Sterling Area	..	80	+ 80
14. With Western Hemisphere	..	+ 860	— 680
15. With rest of World	..	+ 10	— 75
16. Total	70	+ 880	— 675

NOTES ON TABLE I

Item 1.—The figures cover actual payments for imports, and not arrivals as recorded in the Trade and Navigation accounts. The total for 1988 is estimated. Imports from stocks held overseas are included as well as imports for re-export and expenditure on the purchase of ships (including oil tankers).

Item 2 (a).—Expenditure on forces overseas less receipts from overseas governments on military account, including arrears, and from the sale of surplus stores.

Item 2 (b).—Mostly UNRRA and advances to devastated countries.

Item 2 (c).—Identifiable net cost to H.M.G. of supplies and services to the civilian population in Germany. Excludes occupation costs.

Item 2 (d).—Includes the proceeds of sales of wool stocks held abroad and, in 1946 a credit for goods received from the United States under the terminal Lend-Lease settlement of December, 1945, which are also shown, as a payment, under Imports (Item 1).

Items 8 and 9.—Both these figures are partly estimated. They exclude tankers' disbursements and freights, which are included with other oil transactions in Item 11.

Item 10.—Excludes insurance, shipping and oil.

Item 11.—This is a miscellaneous collection of receipts and payments. The principal items include the overseas transactions of British oil companies, insurance, expenses of upkeep of British enterprises abroad, business travel, commissions, royalties, private remittances. It includes also (in 1946 and 1947) an allowance for errors and omissions on current account.

Items 18-15.—The split of the total deficit on current account between the three areas shown involves estimates of less reliability than the totals themselves. In this table Egypt and Sudan are included in the Sterling Area until June 30, 1947, thereafter in Rest of World.

TABLE II—CAPITAL ACCOUNT (£. Million)

	1946	1947 Provisional
I. Net change in United Kingdom gold and dollar reserves :—		
A. On United Kingdom account:—	347	677
1. Deficit with Dollar Area*	340	626
2. Gold and dollar subscriptions to International Bank and Fund	7	51
B. On Rest of Sterling Area account :—	41	189
3. Deficit with Dollar Area*	88	266
4. Gold and dollar subscriptions to I.M.F. Bank	8	7
5. Purchases of new gold from Sterling Area	82	84
C. On Whole Sterling Area account :		
6. Net gold and dollar receipts from or payments to other countries	80	157
7. Total change in reserves	226	1,028
II. Net change in United Kingdom external capital assets :—		
A. Assets in non-Sterling Area :—	76	55
6. Gold and dollar subscriptions to I.M.F. and Bank	7	51
9. Sales and redemptions of United States and Canadian securities and repayment of loans (net)	18	8
10. Other capital transactions	80	1
B. Assets in rest of Sterling Area :—	88	151
11. Australian and New Zealand gifts		80
12. Other capital transactions	88	181
18. Total change in capital assets	114	206
III. Net change in Sterling balances :—		
A. 14. Balances of non-Sterling Area countries	76	28
B. 15. Balances of Sterling Area countries	86	167
16. Total change in Sterling balances	40	142
IV. Summary :—		
17. Net drain on United Kingdom gold and dollar reserves	226	1,028
18. Net decrease in United Kingdom external capital assets	114	206
19. Net increase in Sterling balances	40	142
20. Total Overseas disinvestment	380	675

*United States, Canada and other American Account countries.

NOTES ON TABLE II

SECTION I.

An attempt is made here to allocate the net decrease in United Kingdom gold and dollar reserves so far as possible between the United Kingdom and the Rest of Sterling Area. As regards the Dollar Area no serious difficulty arises although, even here excessive weight may have been given to the United Kingdom share, for example, the whole of British oil companies' dollar expenditure is allocated to the United Kingdom though much of the output is sent to the rest of the Sterling Area. Any logical allocation becomes impossible in dealing with the loss of reserves to countries which convert only part of their sterling receipts into gold or dollars. This loss is, therefore, shown as attributable to the whole Sterling Area in Section I.C.

SECTION II.

Item 9.—This includes repayments of the Reconstruction Finance Corporation and the Canadian Interest-free Loans.

Item 10.—This is a miscellaneous item and includes changes in official holdings of foreign exchange other than gold and dollars, repayment by France of the loan by H. M. Government, and, especially in 1946, an allowance for capital inflow into the United Kingdom.

Item 11.—These gifts were effected by a reduction in Sterling balances shown under Item 15.

Item 12.—Includes sale and redemptions of securities so far as known and an estimate of capital investment and the movement of funds from the United Kingdom to the Rest of the Sterling Area. This figure is very tentative since it incorporates in effect the "balancing item" of the whole balance of payments. It is, therefore, liable to considerable amendment.

SECTION III.

Sterling balances comprise net liabilities of banks in the United Kingdom to their overseas offices and other account holders including funds held as cover for overseas currencies, etc., and loans to H.M. Government expressed in Sterling or Sterling area currencies. It does not include private holdings of securities. Sterling balances of the International Bank and Monetary Fund are excluded.

Item 15.—In this table Egypt and Sudan are included throughout in the non-Sterling Area.

SECTION IV.

In Sections I to III above, changes in assets and liabilities are denoted by plus and minus signs bearing the normal interpretation, *i.e.*, plus equals an increase and minus equals a decrease in each of these sections. In Section IV these changes are presented as parts of total overseas disinvestment. A decrease in reserves or in external capital assets and an increase in Sterling liabilities are, therefore, shown as positive (sign omitted); an increase in reserves and in external capital assets and decrease in sterling liabilities are shown as negative (minus sign).

[Statement.

TABLE III—DRAIN ON RESERVES—1947

(£. Million)

				Total net drain on reser- ves	Decrease in Gold and Dollar holdings*	DRAWN ON		Inter- national Monetary Fund
						U.S. credit	Canadian credit	
1947, first half	..	..	..	467	69	360	38	..
July	..	..	..	188	— 52	178	12	..
August	..	..	..	156	— 8	149	15	..
September	..	..	..	98	68	..	10	15
October	..	..	..	67	27	..	10	30
November	..	..	..	59	34	..	10	15
December	..	..	..	48	13	25	10	..
Total				1,023	151	707	105	60

*Exchange Equalisation Account holdings of gold, U.S. and Canadian dollars. At the end of 1947 these amounted to £. 512 million.

THE MONNET PLAN

One of the main events of the French post-war Economic Planning was the publication of the Monnet Plan in December, 1946, the fruit of nine months of arduous preparation and of the labours of some twelve hundred persons, from factory workers to high officials. Its recommendations cover every phase of the French economy and they may be briefly summarised here under the headings of purpose, objectives, methods and weapons.

The purpose is to develop production in general, to increase productivity per man-hour and to establish full employment with a higher standard of living. All this has become almost a commonplace shibboleth with us, but in France it can still strike the imagination with its newness.

The objectives are fairly numerous and are all based on targets for the key-products. Between 1946 and 1950 the output of coal is to be raised from 50 million tons to 65 million, electricity from 23 milliard kwh. to 37 milliard, steel from 4 milliard tons to 11 milliard—and so on.

When he comes to methods, M. Monnet has various suggestions but, as anybody who knows his France will guess, they are comprised in the injunction to modernise. Modernisation means more, however, than effecting this and that material or organisational change: it means the creation of a new spirit in industry.

This brings us to the weapons needed for recovery. They are three in number—man-power, foreign exchange, francs—and the obtaining and managing of them form the hard core

of the problem. One million more men have to appear on the scene before 1950, three-quarters of them during 1947. Army releases will contribute 85,000; 85,000 are to be imported from Algeria; 45,000 by individual immigration; 25,000 from collective immigration; 355,000 from female labour and redirections from "non-productive sectors."

As for foreign exchange, M. Monnet expects to get it mainly by raising foreign credits and he also envisages, over the next four years, a reduction to zero of the present adverse balance of payments.

Last of the weapons, there are the francs. Here the planners are up against the budgetary problem that has baffled an endless succession of harassed and chivied finance ministers for high on thirty years. The plan calls for 2,250 milliards of expenditure (about £. 4.7 milliards), nearly half of which is destined for capital re-equipment. In 1947 alone, 440 milliard francs will have to be conjured from somewhere—and yet no straitwaistcoat plan on Soviet lines will be workable in France.

In India, the ambitious government plan will face the difficulty of operating in a deeply divided and largely illiterate society. In France, *technical* education has lagged far behind the requirements of large-scale industry, and the unity of Resistance has given way to deep cleavages of opinion that run crisscross over the whole of political life so that a deep-seated distrust of those at the head of affairs (whoever they may be) constitutes a sunken rock upon which the best schemes may strike and founder. The good ship *Monnet* has a perilous journey before it but all men of goodwill must wish it a safe passage.

REPORT TO THE NATION



No. 11
SPECIAL

Listen to the Prime Minister:

"THE danger of inflation is ever present and will be accentuated by the drive to achieve a balance of payments, which will reduce the total volume of goods available on the home market. Moreover, experience has shown that, when it comes to a race between rising prices and personal incomes, prices will always win in the long run, so that conditions become progressively worse for the holders of all personal incomes but particularly for wage earners.

"It is essential, therefore, that there should be no further general increase in the level of personal incomes without at least a corresponding increase in the volume of production

"it would drive up prices and charges, adversely affect pensioners, children and other recipients of social services benefits, increase the money cost of our exports and so reduce their saleability

"If general increases in profits, salaries or wages take place without more goods being made available, no one can obtain any real benefit except the black market operator, the rest of the community has to endure the dislocation and hardship which inevitably accompanies inflation. The alternatives now before us are therefore either a general agreement by the people to act together upon sound and public spirited lines or a serious and prolonged setback in our economic reconstruction accompanied by a persistent low standard of living"

★ LOOK OUT ★

for "Short Economic Survey," price 3d., and "The Economic Survey 1948," to be published shortly. Read the facts of the crisis, and the national plan and targets for 1948.

It all calls for—
MORE AND MORE PRODUCTION

Issued by His Majesty's Government



Credit Column

As a result of improved production methods, Associated British Oil Engines, of London, have reduced the price of one small engine by one fifth

Production of this engine is 800 a week, 70% of which help the export drive.

Brooms, chemists, are to "peg" or reduce prices of all products handled by their 1,230 branches

Record exports in January included 146,000 bicycles 14,593 motor cars; and 69,600 tons of machinery valued at £19.4 millions. Exports of 6,695 motor cycles were the best since 1929

Textile exports, still small in quantity compared with pre-war, by value (£23.4 millions) were the highest since 1929. Cotton goods (£8.3 millions) were the highest since 1930; woollen and worsted goods (£7.2 millions) the highest since 1921

Many. Notis., miners broke all records for their pit last week by digging 10,000 tons of coal, 4,000 tons more than their average

The following table shows the estimate made by the French Ministry of Finance, in connection with the Monnet Plan, of the estimated balance of payments for France for the years 1946 to 1950.

ESTIMATED BALANCE OF PAYMENTS, 1946-1950

(Milliards of Francs)

	1946	1947	1948	1949	Total 1946-49	1950
<i>I. Current Account</i>						
<i>Debit—</i> Current imports	235	221	228	235	919	244
Imports of capital goods	42	91	71	36	240	12
Freights (net)	35.5	17.5	9	7	69	8
Non-commercial payments	33	31	37	38	139	42
Total debit	345.5	360.5	345	316	1,367	306
<i>Credit—</i> Exports	80	147	192	240	659	264
Tourism	8	18	33	36	90	38.5
Non-commercial payments	14.5	7.5	5	4	31	3.5
Total credit	97.5	172.5	230	280	780	306
Balance on Current Account	—248	—188	—115	—36	—587	..
<i>II. Capital Account</i>						
<i>Debit—</i> Brought down from current account	248	188	115	36	587	..
Financial items*	38	..	..	..	38	..
Total debit	286	188	115	36	625	..
<i>Credit—</i> Mobilisation of public and private foreign assets	120	60	48	12	240	..
Foreign borrowing (already granted) U.S.A.	122.5	54	12	..	188.5	..
Canada	24	..	..	..	24	..
Miscellaneous	9.5	..	..	..	9.5	..
Total credit	.. 276	114	60	12	462	..
Combined balance	—10	—74	—55	—24	—168	..

*French contributions to capital of International Fund and Bank and repayment of British credit. Mobilisation of public assets calculated to leave reserve of 120 milliard francs.

CONSUMPTION BALANCE-SHEET, 1948, SHOWING "INFLATION GAP"
(Milliards of Francs)

Resources	1948		Demands	1948	
	First 6 ms.	Full year		First 6 ms.	Full year
Gross national production at market prices	2,181	4,635	Gross national production at market prices	2,181	4,635
Plus: Imports	+ 205	+ 437	Plus: Subsidies	+ 14	+ 19
Minus: Exports	- 81	- 178	Minus: Indirect taxes	- 277	- 623
Total resources at market prices	2,305	4,894	Minus: Capital maintenance	- 120	- 120
Minus: Private fixed investment	- 330	- 713	Net national production at factor cost	1,798	3,793
Minus: Increase in stocks	- 60	- 170	Minus: Net income paid abroad by the produc- tion section	- 9	- 18
Minus: Public investment	- 40	- 85	Minus: Net income from Government trading and property	- 24	- 55
Minus: Government current pur- chases of goods and ser- vices	- 268	- 552	Net private national income at factor cost before tax	1,765	3,720
Minus: Farmers' direct consumption	- 135	- 285	Minus: Taxes on corporate profits	- 10	- 27
			Minus: Corporate undistributed profits after tax	- 30	- 86
			Net income distributed to individuals in exchange of a production contribution	1,725	3,607
			Plus: Interest on the national debt paid out to individuals	+ 5	+ 10
			Plus: Individuals' income from abroad	+ 4	+ 8
			Individual's taxable income	1,734	3,625
			Plus: Social transfers	+ 195	+ 395
			Individuals' income before tax	1,925	4,020
			Minus: Individuals' direct taxes	- 91	- 225
			Minus: Personal social contributions	- 26	- 56
			Individuals' disposable income	1,806	3,739
			Minus: Income in kind	- 135	- 285
			Individuals' disposable money income Gap to be filled	1,671	3,454
Consumable production for sale at market prices	1,472	3,089		1,472	3,089

*Excerpt from the National Balance-sheet, Table III B. Prices, wages and taxes at the November level.

AVAILABILITY OF MIDDLE EAST OIL

ESSENTIAL FOR EUROPEAN AID

The proposed European Recovery Programme,* as presented by the Executive Branch of the U.S. Government to Congress, calls for the establishment of a distribution system through which virtually all petroleum requirements of continental Europe, outside of the Russian sphere of influence, as well as of the United Kingdom and North Africa, would be supplied from the Middle East oil fields. These oil fields have proved reserves of more than 27 billion barrels out of a world total of 67 billion.

With an indigenous production of only 35,000 barrels a day, or only about four per cent. of their requirements, it is unofficially estimated that European, British and African areas participating in the recovery programme will require, in the next four years, petroleum and equipment amounting close to 2.8 billion dollars from dollar sources. Official estimates are expected to be released soon.

However, Executive Branch estimates of petroleum imports by the participating countries will be below the requirements submitted by the Committee of European Economic Co-operation because the large increase in demand, since war, has resulted in a temporary world-wide shortage. What the Executive Branch is proposing is that a large and increasing proportion of petroleum imports be supplied by the participating countries themselves, largely through their companies operating in the Middle East.

The remainder of the E.R.P. countries' requirements for petroleum items will be supplied by United States oil companies, chiefly from the Caribbean and Middle East oil fields, with the proportion of Middle East oil increasing as production in that area expands in the later years of the programme according to the Executive Branch's proposals.

OIL RESOURCES OF WESTERN HEMISPHERE

Current fuel oil shortages in the Eastern United

States, which have caused thousands of homes to be without heat during the severely cold winter, have emphasized that crude oil sources in the Western Hemisphere cannot supply both the increasing demand of the United States and other American countries and also the requirements of the European Recovery Programme. In fact, the United States has had to cut its oil export quota during the first quarter of this year by 18½ per cent. in order to ease domestic shortages.

Commenting on the world petroleum situation, Representative Charles A. Wolverton of New Jersey, Chairman of the House of Representatives, Commerce Committee, said: "It is clear that supplies to meet the estimated European petroleum consumption in 1951-52, almost double that of 1938, will have to come from the Middle East."

He said, it was estimated that world petroleum consumption, now about eight million barrels a day, would reach about 60 million barrels a day by 1951. The Western Hemisphere was producing almost seven million barrels a day, with a slight prospect of increase.

"Consequently," he continued, "the additional production necessary to meet the world's future demands must come from the Eastern Hemisphere. If petroleum supplies from the Middle East are not forthcoming in expected amounts, the entire European Recovery Programme will have to be reconsidered."

This is because next to coal, petroleum is the most important source of energy for the European Recovery Programme.

U. S. MINERAL RESOURCES

RESEARCH PROGRAMME STRESSED

How big are the mineral resources of the United States? War-time exploitation, necessarily without regard to husbanding deposits, the prospects of large raw material shipments to Europe under the European Recovery Programme and steadily growing industrialization

*It has since been passed into law.

have increased the importance of taking stock of the United States' present and future raw material reserve. This was recognized by President Truman in his message to Congress on the state of the Union. He called for "accurate and comprehensive knowledge of our mineral resources" and recommended developing new supplies and acquiring stockpiles.

Vital information on this subject was published recently in an extensive report prepared by the U. S. Bureau of Mines and Geological Survey. This appraisal, hailed by the *New York Times* as a comprehensive, objective analysis of the mineral situation, led Secretary of the Interior Julius A. Krug to the conclusion that "the United States is by no means a 'have-not' nation." In general, "Americans' mineral outlook is favourable, but it is obvious that a dynamic programme of research and exploration must be pursued if new resources are to be developed to supply future needs," he stressed.

The experts who compiled the report found that the mineral wealth of the Nation has been depleted at an ever-increasing rate, that a national mineral policy and technological advances for the exploitation of low-grade deposits are advisable.

If technological and economic changes would permit the use of known "sub-marginal" resources (which cannot be developed economically under present operating conditions), the United States would be virtually self-sufficient in 21 minerals, such as coal, iron ore, copper, aluminium, and even petroleum to be obtained from oil shale. Without these technological advances, however, the commercial reserves (those now exploitable economically) would be exhausted in some instances within about a decade.

"COMMERCIAL" RESERVES OF IMPORTANT U. S. MINERALS

Measuring the "commercial" reserves at the end of 1944, against the average consumption in the 1933-44 period, petroleum would be

exhausted in 15 years, copper in 19 years, zinc 20, bauxite (for aluminium) 28, sulphur 39, cobalt 53, iron ore 76, potash 99, anthracite 187, helium gas 285, phosphate rock 600 years; bituminous coal and lignite would last the nation 4,386 years, magnesium nitrates and salt for an unlimited period. By the end of 1947, the report added, the position of the resources was not materially changed.

Based on the expanded war-time rate of production, iron ore would last 40 years. In other words, the foundation of America's national economy—iron and coal—are assured for decades, even in the unlikely case that future exploitation improvements would not be made.

Use of lower grade sources, already under intensive research, would expand indefinitely the resource time margins noted in the report. Complete dependence on foreign sources thus exists actually only for platinum, tin, industrial diamonds, quartz crystals - which can be synthesized and asbestos, partial dependence for a few more materials, such as nickel, zinc and cobalt.

E.R.P.'S IMPACT ON U.S. ECONOMY ANALYSED

"OFFSHORE" PURCHASE WILL BENEFIT DOLLAR-SHORT SURPLUS COUNTRIES

Discussing possible inflationary effects on the United States of the proposed European Recovery Programme, the February *Monthly Bulletin* of the Federal Reserve Bank of New York predicted that the over-all inflationary impact would be a diminishing one over the full 4½ year period.

The *Bulletin* estimated that the United States export surplus, which was about 11 billion dollars in 1947, would not exceed 10 billion in 1948. It said, this export surplus, along with the proposed amount of U.S. aid, should decline thereafter in keeping with the gradual expansion in the output and exports of both E.R.P. participating and non-participating countries.

"However," the *Bulletin* continued, "since foreign demand is likely to be centered heavily on goods currently in short supply, such as grains, coal, fertilizer, iron and steel, the programme may, in the absence of special measures, have an inflationary impact on the domestic economy out of proportion to the dollar values involved.

"The draft legislation proposes to mitigate at least part of this impact by authorizing the Economic Co-operation Administrator (the U.S. Government official to be in charge of the Foreign Aid Programme) to make purchases from any source in the world or to advance funds to any participating country for such purposes.

45 PER CENT. OF E.R.P. PROCUREMENT FROM OUTSIDE U.S.

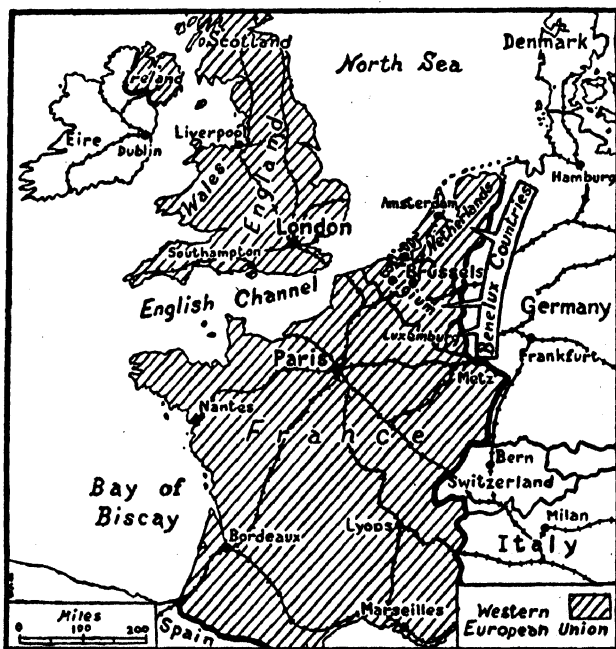
"It is proposed that, in the first 15 months of the programme, 85 per cent. of all procurements

be effected outside the United States, and that, for the entire four-year period, 'offshore' procurement should amount to about 45 per cent. of the total aid.

"The dollars thus expended outside the United States are likely, it is true, to be re-spent in this country by the recipients within a short time, but the impact of these expenditures may differ somewhat from that which would have been exerted had the dollars been spent here in the first instance.

"For, since the countries in which the bulk of the 'offshore' purchases are likely to be made—Canada and Latin American countries—are for the most part self-sufficient in foodstuffs, their purchases in this country may tend to involve goods which are less scarce, although in the case of Latin America considerable purchases of

WEST EUROPEAN UNION FOR ECONOMIC AND MILITARY AID



scarce machinery will no doubt be made with the additional dollars.

'Offshore' purchases, at any rate, will have the beneficial effect of relieving the dollar shortage of some of the countries in which such purchases are made."

POST-WAR EXPANSION IN U.S. INDUSTRY

CAPACITY WILL BE 50 PER CENT. ABOVE PRE-WAR BY END OF 1948

American industry's initial post-war re-building of plants and equipment will be 85 per cent. complete at the end of 1948, a private survey of capital expenditure by the McGraw-Hill Publishing Company, Inc., has revealed. "When this first wave of deferred maintenance and expansion is finished," the survey notes, "American industry will have more than half again the capacity it had in 1939. This does not mean the end of needed capital expenditures. Business will need to invest much more. (President Truman sets an investment goal immediately ahead of 50 billion dollars). But it does mean that tough competition is returning fast."

Here are the plans for 1948 and 1949, as revealed by the survey:

"1. Industry still needs more than a year to finish its initial post-war maintenance and rehabilitation programme. Among manufacturing industries, top executives report that 64 per cent. of their programme for the immediate post-war period is not complete. According to present plans, 85 per cent. will be installed by the end of this year even though some manufacturing companies still have a long way to go. For instance, oil companies will complete only three-quarters of their presently planned programme by the end of 1948.

"2. Business may spend less on new plants and equipment this year than the record 16,100 million dollars spent last year. But the decline probably will be negligible and certainly will not be great enough to bring on a business recession.

CAPITAL EXPENDITURE FOR 1948

"At the time McGraw-Hill interviewed top executives, some companies had not yet approved their 1948 capital budgets. Under the extreme assumption that those particular companies will make no capital expenditure in 1948, industry's 1948 Bill for new plants and equipment will run to 14,900 million dollars, or eight per cent. below last year's record figure. Under the more realistic assumption that those companies will cut their capital investment only as much as the companies which had already drawn up their plans for 1948, industry's 1948 capital budget will run to almost 15,800 million dollars, a decline of only 300 million from 1947.

"Thus, the over-all conclusion of the McGraw-Hill survey is that capital expenditure by business will be only slightly lower this year than last.

"3. Business executives will not slash their 1948 capital budgets unless they are convinced that a real slump is in the offing—and they are not convinced now.

"Almost two-thirds of all manufacturing companies say they would not cut capital budgets sharply even if business activity declined 20 per cent. What is more, even a 15-20 per cent. boost in wage rates would have little effect on projected capital budgets. If wages go up, 57 per cent. of manufacturing companies would not change their capital budgets, 26 per cent. would increase them, and 17 per cent. would cut them.

"4. Most executives look for an increase in their company's sales this year.

"5. Manufacturing companies will finance much of their purchases of new plants and equipment in 1948 from funds set aside out of past or current earnings.

"6. Purchases of new plants and equipment may fall off in 1949.

"The McGraw-Hill survey collected all available evidence on plans for 1949 capital budgets,

Fewer than 40 per cent. of all manufacturing companies now have definite plans for 1949. Of those that have plans, 45 per cent. intend to spend less than in 1948, 30 per cent. plan to spend the same amount, and a quarter expect to spend more. These preliminary decisions would seem to indicate that capital investment may fall off in 1949.

"7. Industry's production capacity in 1949 will be far above pre-war.

"Manufacturing capacity will be more than 50 per cent. greater than in 1939 once the present wave of post-war building is completed. Almost a third of all manufacturing companies report that their capacity will be double or more than double the pre-war figure. Thus, 1949 may see a huge increase in production of many things that are now hard to buy."

FOUR BILLION TO BE SPENT BY APRIL

The U.S. Commerce Department reports that American businessmen—exclusive of agriculture—plan to spend about 4,100 million dollars on new plants and equipment in the first three months of 1948. This outlay is only 300 million dollars below the 1947 peak reached in the fourth quarter, the drop being attributable, the Department explains, to seasonal factors which normally curtail plant and equipment expenditures at this time of year. These fixed capital outlays will be some 30 per cent. above actual expenditures in the first quarter of 1947.

Planned expenditures by manufacturing companies for the first quarter of 1947 are estimated at 1,710 million dollars or 44 per cent. of the total for all business. The mining industries plan to spend 170 million dollars; railroads, 860 million; other transportation, 190 million, electric and gas utilities, 490 million; and commercial and miscellaneous business, 1,080 million dollars.

TRACTOR SHORTAGE FACES U.S. FARMING

To meet the critical needs of American farmers this year, more than 700,000 new tractors will

have to be built, according to a recent survey by the *Implement and Tractor*, a farm machinery publication. The publication noted that about 450,000 tractors were built in 1947. During the war, new tractors were generally unavailable and repair parts scarce. As a result, approximately 400,000 tractors now need to be replaced immediately, according to the survey. Another 150,000 should be retired from service during the year. The survey estimated that, if supplies were adequate, American farmers would buy 1,200,000 new tractors.

The need for tractors has been increased by the reduction in agricultural man-power since the war. Farmers thus are substituting mechanical for manual power. The introduction of the smaller-sized tractor on thousands of American farms with smaller acreage is an indication of this trend, and has been important in maintaining food production.

THE ANGLO-BELGIAN MONETARY AGREEMENT OF 14TH NOVEMBER, 1947

According to the Anglo-Belgian Monetary Agreement concluded on 14th November, 1947, which is deemed to have come into force on 5th October, 1947, the limits up to which the currency of each country shall be exchanged for that of the other by being credited to their respective accounts are fixed at £. 12 million and B.Fcs. 2,119,500,000 respectively. An additional sum of £. 15 million, based on the ascertained liabilities of the Belgian Government to the Government of the United Kingdom is added to the above limit against which also the National Bank of Belgium will have to provide francs to the Bank of England. As and when payments are made by the Belgian Government to the United Kingdom Government, the amount of the additional sum shall be correspondingly reduced. Though it is proved that transactions beyond these limits are to be settled in gold, in view of the desire of the National Bank of Belgium to utilize sterling balances

as part of its reserves, the latter will not seek payment in gold under this provision until such gold is required for payment on current transactions. Gold set aside under this provision in Brussels and in London shall be at the free disposal of the respective central banks and may be exported. The availability of the Sterling at the disposal of the residents of "scheduled territories" shall not be restricted for the making of transfers within the respective monetary areas and of payments for current transactions between the monetary areas and shall be ensured in respect of such current transactions with residents of countries outside these areas as may be mutually agreed upon. Each central bank has the right to sell to the other central bank against all or part of the balances of its currency held by the other, either the other's currency acquired under the regulations of the International Monetary Fund or gold to be set aside at its office. The currency of one country held by the central bank of the other may be held and invested only as may be agreed to by the central bank of the former country. The Agreement also provides for (a) a Reciprocal Exchange Guarantee to cover the Belgian francs and sterling held by the two central banks against the reciprocal credits (other than the additional sum of £. 15 million referred to above), (b) the fixation of the official rate of exchange at B.Fcs. 176.625 equal to a £. which is the same as under the previous Agreement, (c) the facility for the purchase by one central bank of the non-metropolitan currencies of the other monetary area through the other central bank, (d) the abrogation of the Anglo-Belgian Monetary Agreement of 5th October, 1944, and the Agreement supplementary to it dated 26th February 1947, and (e) mutual co-operation with a view to keeping capital transactions within the scope of their respective policies and preventing uneconomic capital transfers between the two monetary areas. The Agreement, which shall cease to have effect three months after either party gives notice to the other that it intends its termination, is to terminate one year after its coming into

force unless mutually agreed otherwise.

NEW ZEALAND'S BUDGET FOR 1947-48

The budget for the year 1947-48 presented by the Finance Minister on 22nd August, 1947, places total revenue in the Consolidated Fund at £. 108.86 million and expenditure at £. 105.52 million, leaving a surplus of £. 8.84 million. Of this surplus, £. 2.85 million will be utilised to meet certain items such as additional hospital subsidies and war pensions as well as the wage and salary increases arising from the Arbitration Court's recent pronouncement fixing new standard rates. Taxation is expected to yield £. 89.71 million as compared with £. 90.72 million last year. National Security Tax which had yielded over £. 9 million last year ceased to be operative from April, 1947. This loss, however, is partially offset by additional returns expected under other heads.

Receipts from Customs are estimated higher at £. 20.80 million as against £. 15.72 million, owing mainly to an anticipated increase in imports. Receipts under Income-Tax are also estimated higher at £. 35.50 million against £. 32.09 million last year, in view of the improved industrial and trading conditions. Taxation relief is proposed to be granted by the discontinuance of the super-tax of 38½ per cent. on unearned income where a person's total taxable income does not exceed £. 200; for taxable income between £. 200 and £. 400, the amount of unearned income exempt from this tax will be £. 200 reduced by the amount by which the taxable income exceeds £. 200, so as to leave no exemption where taxable income exceeds £. 400.

Expenditure from the Social Security Fund is estimated at £. 40.04 million, and revenue at £. 39.78 million, including a transfer of £. 16 million from the Consolidated Fund.

A feature of the budget is the proposal to reduce the outlay on subsidies, which at £. 18.46 million is less than the corresponding figure in

the previous year by over £. 1 million. Other important proposals include Government's decision (1) to proceed with the nationalisation of the principal coal mines at an estimated cost of £. 2.5 million and (2) to accelerate the execution of the most essential works in the National Development Programme, the total loan requirements being estimated at £. 26.88 million.

SOVIET BUDGET

The Soviet Budget for 1948, which was passed by the Supreme Soviet on February 4, is a continuation of the work, in connection with financial stabilisation, which began with the currency reforms carried out in December last. During the war the depreciation of the rouble went on in two directions. In the open market its value fell to 1/10th and 1/15th of what it was before the war, or even lower. In the sector of planned economy, on the other hand, the loss in value was much more moderate, the rouble having fallen roughly to about 40 to 50 per cent. of pre-war value. By a heavy dose of deflation—the currency conversion was to be at the rate of one new rouble in cash for ten old ones—it is now sought to stabilise the price around the figures that prevailed in the planned sector of the Soviet economy, and thus to integrate price structure. The stabilization of the rouble at about 40 to 50 per cent. of pre-war value explains why the over all figures of the current year's budget are about twice as high as those of the Soviet Union's two previous budgets. As usual, the turn-over tax is the most import-

ant item of Soviet revenue. It is expected to yield 429.1 billion roubles as against 385.1 billion roubles in 1947 and 325.4 billion roubles in 1946. This means that, on the basis of last year's prices and rates of taxation the increase in revenue from this source is of the order of some 40 per cent. As the turn-over tax can be taken as an index of the volume of consumption this would suggest that the Soviet Government anticipate an increase of that order in the volume of consumers' goods during the year. There is no doubt that serious efforts are being made in that direction. The biggest item on the expenditure side is developmental expenditure for the national economy. Industry is to get 93.9 billion roubles, Agriculture some 20 billion roubles while Transport and Trade have been allotted 13.8 and 4.2 billion roubles. All these allotments are higher than the appropriations in 1947. The next biggest slice of the national budget goes to the continuation of work in respect of the cultural activities of the Soviet Union, with an allotment of some 116 billion roubles. Of this, 60 billion roubles is to be spent on education. If an account be taken of the expenditure on this item by the Republican and Provincial Administrations the total expenditure is nearly 50 per cent. higher than the expenditure on Defence or the capital expenditure on basic industries. The Soviet has also made a further cut in their defence expenditure bringing it down, it is claimed, to 17 per cent. of Governmental expenditure and the real defence expenditure now may be of the order of expenditure incurred in 1939.

Current Statistics

HYDERABAD

SEASON AND CROP REPORT FOR WEEK ENDING THURSDAY 22nd KHURDAD, 1357 F. (APRIL 22, 1948)

GENERAL REMARKS

Rainfall Averages.—Telingana 8 cents, Marathwada 8 cents and Dominions 5 cents.

The weather was hot and sultry. Latter part of the nights slightly cool and breezy.

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows :—

	Average (Present season)	Normal (27 yrs.)	Departure from normal
S.W. Monsoon ..	32.74"	25.57"	+ 7.17"
N.E. Monsoon ..	1.49"	2.78"	— 1.29"
Intermediate Period	1.18"	1.86"	— 0.78"
Total ..	35.36"	30.21"	+ 5.15"

Sugarcane being irrigated in parts.

Tabi slightly suffered by the week's rain in

places of Adilabad, by hailstorm in some tracts of Mahbubnagar and due to lack of water in a few areas of Medak. Crop attacked by disease in some parts of Nizamabad and Mahbubnagar.

Reaping continues.

Lands are being prepared for the future season.

Water shortage in some parts of Adilabad and Parbhani. Fodder generally available except in some places of Nizamabad where scarcity is felt. Cattle disease prevalent in some villages of Adilabad.

Average retail prices of grains in seers per O.S. Rupee were :—

Grain	Present week	Last week	Corresponding week last year
Wheat ..	1½	1½	2½
Rice ..	2½	2½	3
W. Jawar ..	4½	4½	5
Y. Jawar ..	5½	5½	5½

COMPARATIVE STATEMENT SHOWING RAINFALL OF PAST AND PRESENT SEASONS.

Districts, etc.	Average rainfall of current season corrected upto 15/7/57 F. 15/4/48	DURING WEEK ENDING 22ND KHURDAD, 1957 F.		Total average rainfall from 16/8/56 F. 16/5/47 up to 22/7/57 F. 22/4/48	Total average rainfall of corresponding period of last year	Departure from normal (27 years)
		No. of Taluqas from which reports have been received	Average rainfall			
1	2	3	4	5	6	7
Hyderabad City	88.58	..	0.05	88.68	28.08	+ 11.28
Atraf-i-Balda ..	88.98	Report due	..	88.98	27.22	+ 8.67
Nizamabad ..	89.10	8 out of 5	..	89.10	84.84	+ 4.08
Medak ..	86.67	All	0.01	86.68	29.51	+ 5.88
Baghat ..	89.67	Report due	..	89.67	25.22	+ 12.61
Mahbubnagar ..	40.85	5 out of 6	0.18	40.48	27.84	+ 14.07
Nalgonda ..	85.64	8 out of 7	0.17	85.81	25.46	+ 10.25
Warangal ..	44.68	8 out of 8	0.23	44.86	84.67	+ 8.50
Karimnagar ..	88.71	5 out of 7	..	88.71	85.56	+ 4.40
Adilabad ..	88.97	8 out of 10	0.08	89.05	42.45	- 2.82
Telingana average	89.22	82 out of 49	0.08	89.80	81.88	+ 7.11
Aurangabad ..	27.90	All	0.01	27.91	27.92	+ 0.10
Parbhani ..	81.69	5 out of 7	..	81.69	80.88	- 1.00
Nander ..	85.98	5 out of 6	0.05	86.03	84.22	+ 8.28
Bir ..	80.57	5 out of 6	..	80.57	25.58	+ 2.85
Gulbarga ..	85.96	All	0.17	86.18	25.11	+ 10.84
Raichur ..	26.78	All	0.08	26.81	23.78	+ 5.80
Osmanabad ..	28.78	8 out of 5	..	28.78	25.80	+ 0.59
Bidar ..	88.61	4 out of 5	..	88.61	27.17	+ 8.16
Marathwara average	81.40	48 out of 55	0.08	81.48	27.55	+ 8.19
Dominions average	85.81	80 out of 105	0.05	85.86	29.71	+ 5.15

Note.—Variation in normal +5.15" as against +5.19" of last week is due to the variation of the weekly normal.

COINAGE

THE VALUE OF GOLD COINS ISSUED IN O.S. RUPEES

Months	FULL ASHRAFIES		HALF ASHRAFIES		QUARTER ASHRAFIES		ONE-EIGHTH ASHRAFIES	
	No.	Value	No.	Value	No.	Value	No.	Value
<i>Ashrafies issued</i>								
March, 1948	82	9,840	19	1,159	182	6,092	557	8,912
March, 1947	42	1,560	6	366	10	310	..	..

THE FOLLOWING TABLES GIVE THE VALUE OF COINS ISSUED AND WITHDRAWN

Months	Rupees	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{8}$	1/16th	1/96th
<i>Coins issued</i>						
March, 1948	..	..	..	..	..	..
March, 1947	..	..	27,000	..	10,500	6,500
<i>Coins withdrawn</i>						
			Rupees	Small silver coins	Small copper and bronze coins	
March, 1948	..	..	..	..	..	
March, 1947	..	..	5,936	829 8 0	3,780 5 0	

NOTE ISSUE

Gross Notes issued and Currency Reserve.— In March, 1948 the value of notes in gross circulation stood at Rs. 5,246.87 lakhs as against Rs. 5,069.20 lakhs in February 1948, showing thereby an increase of Rs. 177.67 lakhs. The

percentage of cash reserve to gross notes in circulation being 32.44 per cent. or a fall of 9.17 per cent. compared to the preceding month.

The following tables give the comparative figures of gross notes in circulation and the composition of the Reserve for March, 1948, February, 1948 and March, 1947.

(FIGURES IN LAKHS OF RS.)

Months	Gross notes in circulation	Gold	COMPOSITION OF THE RESERVES				Percentage of Cash Reserve to gross notes in circulation
			CASH		SECURITIES		
			SILVER	O.S.	Govern- ment of India	Nizam's Govern- ment	
			B.G. in O.S.				
March, 1948 ..	5,246.87	..	1,837.82	864.72	8,589.25	5.07	32.44
February, 1948 ..	5,069.20	..	1,530.82	844.55	8,189.26	5.07	36.98
March, 1947 ..	5,217.80	..	2,028.99	808.98	2,824.25	55.07	44.81

During the month under report the Cash Holdings in B.G. converted into O.S. and the Cash Holdings in O.S. declined and increased by Rs. 192.50 lakhs and Rs. 20.18 lakhs respectively compared to last month. The value of the securities of Government of India increased by Rs. 850.00 lakhs while that of H.E.H. the Nizam's Government remained unchanged.

Notes in Circulation.—Of the total Notes

issued, 99 per cent. went into active circulation in March, 1948 as against 98 per cent. in February, 1948. An absorption in Notes Circulation to the extent of Rs. 195.42 lakhs or about 3.75 per cent. also took place.

Absorption and contraction of Currency together with the percentage for March, 1948 are given below :—

(FIGURES IN LAKHS OF RS.)

Particulars	March, 1948	February, 1948	March, 1947
1. Total Notes issued.. ..	528.65	856.88	488.60
2. Total Notes in circulation	5,246.87	5,069.20	5,217.80
3. Absorption (+) or Contraction (—) ..	+ 177.67	— 60.56	— 122.18
4. Percentage of 2 : 3	8.50%	1.18%	2.28%

Notes withdrawn :—The following table gives the value of Notes of different denominations

withdrawn from circulation.

(VALUE IN THOUSANDS OF RS.)

Months	Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
March, 1948 ..	8,514.1	11,885.8	15,768.1	8,485.0
February, 1948 ..	4,888.8	14,657.5	17,755.5	4,448.0
March, 1947 ..	10,551.7	18,565.2	18,127.8	8,888.0

Denomination of Notes issued.—The value of notes of different denominations issued for circulation to the Hyderabad State Bank during the

month under survey, the preceding month and the corresponding month of last year is noted below:

(VALUE IN LAKHS OF Rs.)

Month	Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
March 1948	38.79	206.59	197.78	80.49
February 1948	52.48	128.86	138.85	37.19
March 1947	79.81	125.89	130.55	102.85

STATEMENT SHOWING THE RECEIPTS AND EXPENDITURE UNDER CERTAIN IMPORTANT HEADS OF H.E.H. THE NIZAM'S GOVERNMENT FOR THE MONTH OF MARCH, 1948

Serial No.	Heads	Receipts	Expenditure
		Rs. A. P.	Rs. A. P.
1	Land Revenue	8,70,024 15 11	5,68,121 6 5
2	Forest	6,54,078 6 7	1,88,870 9 11
3	Customs	26,37,660 6 6	2,64,186 4 1
4	Excise	51,22,859 8 9	2,98,810 14 8
5	Stamps and Registration	2,80,008 1 4	84,766 2 4
6	Debt Service	20,26,992 6 5	51,73,941 7 10
7	Mint, Currency and Coinage	75 0 0	1,12,408 18 1/6
8	Posts	1,84,873 9 6	1,784 2 8
9	Civil Administration	58,669 11 2	25,12,836 14 6 5/6
10	Education	51,105 6 9	25,45,519 0 9
11	Police	1,678 2 4	15,89,569 14 8
12	Medical	17,829 8 0	6,68,886 13 2 4/6
13	Agricultural	6,645 5 0	3,25,220 8 3
14	Municipality and Public Health	65,665 11 7	3,97,291 2 5
15	Buildings	16,611 0 7	18,88,704 6 10 1/6
16	Irrigation	8,911 18 8	68,497 14 5 4/9
17	Railways	48,41,791 15 5 5/6	871 14 4
18	Miscellaneous	1,15,955 14 9	52,695 9 5

STATEMENT OF GOVERNMENT BALANCES AT THE END OF MARCH, 1948

			Total O.S. Rs.
District Treasuries	{	O.S. Rs. 60,68,224 B.G. Rs. 1,25,474 Exchange 20,912	62,14,010
Hyderabad State Bank	{	O.S. Rs. 1,69,82,898 B.G. Rs. 2,77,62,759 Exchange 46,27,127	4,93,22,284
Sterling Account with Imperial Bank of India, London and other Banks	{	£. 24,87,895 B.G. Rs. 8,81,71,020 Exchange 55,28,658	8,87,00,578

HYDERABAD STATE BANK, HYDERABAD-DECCAN
WEEKLY POSITION AS ON 16TH KURDAD, 1857 F.

No. of A/cs.	Liabilities	H.S.	Total	Assets	H.S.	Total
	Capital Account	Rs. A. P.	Rs. A. P.		Rs. A. P.	Rs. A. P.
	Reserve Fund ..	..	75,00,000 0 0	Advances	..	11,000 0 0
	Deposits	..	22,75,000 0 0	Inland Bills	..	..
4953	Current Account (O.S.)	5,51,47,923 9 6	..	Loans (O.S.)	27,24,577 9 8	..
1678	B.G. Rs. 5,20,48,008-02-9	6,17,73,376 14 10	11,00,20,700 8 4	B.G. Rs. 17,36,690-12-0	20,26,139 3 4	47,50,516 13 0
3151	Savings Bank (O.S.)	25,45,165 2 7	..	Cash Credits (O.S.)	2,17,13,401 9 1	..
696	B.G. Rs. 4,16,622-13-7	4,85,700 15 10	30,80,875 2 5	B.G. Rs. 34,75,244-11-3	40,54,452 2 4	2,57,07,833 11 5
178	Fixed Deposit (O.S.)	41,59,175 15 11	..	Overdrafts (O.S.)	1,19,93,393 12 0	..
20	B.G. Rs. 3,63,752-5-8	4,24,377 11 11	45,82,553 11 10	B.G. Rs. 4,57,965-13-1	5,34,816 12 7	1,25,20,000 8 7
	Short Term Deposit	..	23,69,740 10 8	Investment A/cs. (O.S.)	..	6,08,24,719 11 0
	Other Accounts ..	..	18,53,109 5 6	Bills Discounted	10,85,973 11 2	15,68,790 5 10
	Sundries	..	16,77,728 6 1	B.G. Rs. 4,50,700-0-0	5,82,816 10 8	..
	Cash Credit (Cr. Bal.)	1,65,404 0 0	..	D.Ds. Purchased (O.S.)	3,25,596 8 0	20,46,923 11 7
	B.G. Rs. 6,189-13-4	7,221 7 6	1,72,685 8 3	B.G. Rs. 14,75,422-7-8	17,21,898 8 7	8,51,898 6 2
		..	..	Dead Stock (O.S.)	..	51,12,819 12 1
		..	..	Sundries (O.S.)	..	..
		..	..	Cash	..	..
		..	..	In hand (O.S.)	1,56,04,133 2 9	2,34,99,747 2 2
		..	..	B.G. Rs. 65,10,536-4-4	75,95,613 15 8	..
		..	..	With Bankers (O.S.)	9,90,408 4 11	..
		..	..	B.G. Rs. 21,11,585-14-7	24,03,516 14 4	34,23,925 3 3
	Total	..	14,03,87,393 5 1	Total	..	14,03,87,393 5 1

Includes Government Balances at H.O. O.S. Rs 40,14,564 5 8
B.G. Rs. .. 3,03,94,162 10 10

N. S. RAILWAY STATISTICS

	N.S. Rail- way	Road Transport Department
	October, 1947	January, 1948
	Rs.	Rs.
1. Number of passengers	16,57,276	38,98,852
2. Freight ton miles	5,48,91,204	99,578
3. Gross earnings ..	38,88,052	12,20,281
4. Total expenditure ..	22,92,533	10,96,354
5. The number of tourist parties that visited the State Hotel during February 1948 is 8 in single and 32 in 9 parties of more than one (comprising one party of six, two parties of five, two parties of four and four parties of two).		

COAL STATISTICS—March, 1948

Particulars	COLLIERIES		Total
	Kotha- gudium	Tandur	
	T.	T.	T.
Production	74,821-5	19,172-4	93,993-9
Despatches	61,758-5	16,965-10	78,723-15

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 87,472-9 and to concerns that are outside the State is T. 41,251-6.

PAPER STATISTICS

	Tons
Stock at Mills as on 1-5-1948 ..	415
Stock at Sales Depot at Hyderabad..	70
Total ..	485

THE NIZAM SUGAR FACTORY, LTD.

In the month of March, 1948, production was 84,60,710 seers whereas the distribution in the same month was 11,17,820 seers of sugar.

ELECTRICITY STATISTICS FOR APRIL, 1948

Number of units generated ..	29,64,890
Number of units sent out ..	28,18,482
	Tons. Cwt.
Coal consumed	8,592 6

[Statement.]

COST OF LIVING INDEX No. (of six Centres) FOR THE MONTH OF FEBRUARY, 1948

(BASE : AUGUST 1943-JULY, 1944=100)

Group summary	HYDERABAD CITY		WARANGAL		NIZAMABAD		NANDER		AURANGABAD		GULBARGA	
	Weight	Index Number	Weight	Index Number	Weight	Index Number	Weight	Index Number	Weight	Index Number	Weight	Index Number
Food ..	62.25	129	68.43	124	64.38	140	62.89	170	58.67	175	66.50	147
Fuel and Light ..	6.87	151	7.50	145	8.55	158	6.78	198	6.32	141	6.05	215
Clothing ..	11.08	117	8.70	107	13.66	118	13.85	104	18.46	148	13.15	99
Rent ..	5.31	100	3.21	100	3.74	100	4.29	100	4.15	100	8.32	100
Miscellaneous ..	10.66	181	8.04	169	5.73	153	8.49	151	11.46	168	8.50	178
Intoxicants ..	3.88	166	4.12	160	3.94	195	3.75	181	0.94	209	2.43	205
Cost of Living Index No. ..	100.00	134	100.00	128	100.00	140	100.00	157	100.00	164	100.00	147

WORKING CLASS COST OF LIVING INDEX NUMBER FOR THE MONTH OF MARCH, 1948

(BASE YEAR : AUGUST 1943-JULY 1944=100)

Group Summary	HYDERABAD CITY		WARANGAL		NIZAMABAD		NANDER		AURANGABAD		GULBARGA	
	Weight proportional to total expend-iture	Index Number	Weight proportional to total expend-iture	Index Number	Weight proportional to total expend-iture	Index Number	Weight proportional to total expend-iture	Index Number	Weight proportional to total expend-iture	Index Number	Weight proportional to total expend-iture	Index Number
1. Food ..	62.25	128	68.43	122	64.38	136	62.89	162	58.67	163	66.50	185
2. Fuel and Light ..	6.87	146	7.50	135	8.55	135	6.78	199	6.32	185	6.05	215
3. Clothing ..	11.08	118	8.70	111	13.66	185	13.85	103	18.46	161	13.15	126
4. Rent ..	5.31	100	3.21	100	3.74	100	4.29	100	4.15	100	8.32	100
5. Miscellaneous ..	10.66	191	8.04	183	5.73	156	8.49	154	11.46	169	8.50	172
6. Intoxicants ..	3.88	183	4.12	160	3.94	195	3.75	181	0.94	209	2.43	205
Cost of Living Index Number ..	100.00	186	100.00	128	100.00	144	100.00	152	100.00	159	100.00	143

MONTHLY INDEX NUMBERS OF WHOLESALE PRICES IN THE CITY OF HYDERABAD FOR FEBRUARY, 1948

Compared to last month, the index numbers of cereals went up by 185 points while those of Pulses, Sugar and Other Food Articles declined by 56, 14 and 10 points respectively thereby bringing about a rise of 17 points in the index of All Food. The considerable increase under this group was mainly due to the removing of control over wheat and the consequent rise of prices.

Under All Non-Food the average index numbers of Cotton Raw, Cotton Manufactured, Building Materials and Other Raw and Manufactured Articles appreciated by 25, 68, 2 and 77 points respectively, while the indices of Oilseeds, Vegetable oil and Hides and Skins recorded a fall of 20, 9, and 82 points. The index No. of All Non-Food shot up by 16 points compared to last month.

The general index number (on base: August 1939=100) stood at 851 in February 1948, as against 885 in the last month, showing thereby an increase of 16 points.

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF FEBRUARY, 1948, COMPARED WITH BASE PRICES

(BASE : AUGUST, 1939=100)

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR			INDEX No.		
				December 1947	January 1948	February 1948	December 1947	January 1948	February 1948
1	2	3	4	5	6	7	8	9	10
I. FOODGRAINS									
(i) Cereals									
1	Rice, fine, 1st quality	.. Palla	87 0 0	..	..	..	..	..	..
2	Rice, Arcotli	.. do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice coarse	.. do	14 0 0	36 15 0	36 15 0	36 15 0	204	204	204
4	Wheat Bansi	.. do	18 8 0	N.S.	N.S.	80 0 0	..	..	432
5	Wheat Yellow	.. do	16 12 0	60 0 0	N.A.	112 0 0	858	..	608
6	Wheat Potia	.. do	18 0 0	..	N.A.	N.A.	..	..	..
7	Wheat Red	.. do	14 8 0	60 0 0	N.A.	98 0 0	414	..	678
8	Jawar, 1st quality	.. do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality	.. do	12 0 0	23 8 0	23 8 0	23 8 0	106	196	196
10	Bajra	.. do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals	.. ..	..	..	..	..	275	231	866
(ii) Pulses									
11	Gram, Bengal	.. Palla	18 0 0	68 8 0	59 8 0	41 4 0	428	372	258
12	Gram, Horse	.. do	10 8 0	32 8 0	33 8 0	30 0 0	310	319	286
13	Mung, Green	.. do	12 2 0	51 0 0	48 0 0	42 8 0	421	396	351
14	Mung, Black	.. do	12 0 0	N.A.	N.A.	N.A.	..	..	..
15	Lentils	.. do	15 9 0	..	..	..	..	..	..
16	Tuar, Broken	.. do	15 4 0	..	61 0 0	56 8 0	..	401	370
	Average Index No. of Pulses	.. ..	..	..	..	..	418	372	316
(iii) Sugar									
17	Sugar, refined	.. Palla	45 0 0	81 8 0	110 0 0	110 0 0	181	244	244
18	Cur or raw sugar	.. do	28 8 0	43 0 0	33 0 0	25 0 0	181	116	88
	Average Index No. of Sugar	.. ..	..	..	..	..	166	180	166

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF FEBRUARY, 1948, COMPARED WITH BASE PRICES —(Contd.)

(BASE : AUGUST, 1939 = 100)

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR			INDEX No.		
				December 1947	January 1948	February 1948	December 1947	January 1948	February 1948
1	2	3	4	5	6	7	8	9	10
<i>(iv) Other Food Articles</i>									
19	Tea	Lb.	1 3 0	3 4 6	3 4 6	3 4 6	276	276	276
20	Salt	Palla	12 0 0	13 8 0	13 8 0	20 0 0	113	113	167
21	Onions	do	5 0 0	52 8 0	35 0 0	20 0 0	1,050	700	400
22	Turmeric	do	31 0 0	129 0 0	127 8 0	117 8 0	416	411	370
23	Tamarind	do	14 8 0	38 0 0	40 0 0	60 0 0	266	276	414
24	Chillies	do	57 8 0	100 0 0	150 0 0	100 0 0	278	261	174
25	Betel-nuts	Seer	0 9 0	3 8 0	3 8 0	3 8 0	622	622	622
26	Ghee, 1st quality	Md.	50 0 0	162 8 0	175 0 0	150 0 0	325	350	300
27	Potatoes	do	6 11 0	23 5 0	20 0 0	20 0 0	349	299	299
28	Ginger	do	6 11 0	15 0 0	20 0 0	23 5 0	224	299	349
29	Garlic	do	..	40 0 0	48 0 0	40 0 0	..	..	..
30	Fowl	Bird	1 0 0	2 10 0	2 10 0	2 8 0	263	263	250
31	Eggs	Doz.	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk	Seer	0 4 0	0 10 0	0 10 0	0 11 0	267	267	275
33	Beef	Lb.	0 1 8	0 7 0	0 7 0	0 8 0	420	420	480
34	Mutton	do	0 3 4	0 11 0	0 11 0	0 12 0	330	330	360
Average Index No. of Other Food Articles							369	349	330
Average Index No. of All Food							338	315	332
II. OIL SEEDS									
35	Sesamum	Palla	21 0 0	92 8 0	92 8 0	85 0 0	440	440	405
36	Cotton seed	do	9 0 0	27 8 0	22 8 0	21 4 0	306	250	236
37	Groundnut	do	12 8 0	55 0 0	45 0 0	51 0 0	440	360	401
38	Linseed	do	11 8 0	57 0 0	57 0 0	49 8 0	496	496	430
39	Castor seed	do	12 0 0	68 0 0	54 8 0	45 15 0	567	454	383
Average Index No. of Oil Seeds							450	400	371
III. VEGETABLE OIL									
40	Sesamum oil	Palla	35 0 0	240 0 0	240 0 0	240 0 0	686	686	686
41	Castor oil	do	80 0 0	160 0 0	165 0 0	160 0 0	533	550	533
42	Linseed (doubled oiled)	Drum	22 8 0	36 0 0	36 0 0	36 0 0	160	160	160
43	Groundnut oil	Palla	25 0 0	165 0 0	170 0 0	165 0 0	660	680	680
Average Index No. of Vegetable Oil							510	519	510
IV. TEXTILES									
44	Cotton raw, loose bales of 400 lbs.	..	100 0 0	325 0 0	250 0 0	275 0 0	325	250	275
Average Index No. of Cotton raw							325	250	275
<i>(ii) Cotton Manufactures</i>									
45	Yarn unbleached	Lb.	0 8 0	1 5 10	1 5 10	1 8 6	273	273	301
46	Dhoties	do	0 9 0	1 15 0	1 15 0	2 6 0	344	344	422
47	Chadders	do	0 8 0	1 12 0	1 12 0	2 8 0	350	350	438
48	Saris	do	0 10 0	1 15 0	1 15 0	2 6 0	310	310	380
49	Shirtings	do	0 8 0	1 10 0	1 10 0	2 0 0	325	325	400
Average Index No. of Cotton Manufactures							320	320	388

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF FEBRUARY, 1948, COMPARED WITH BASE PRICES—(Contd.)

(BASE : AUGUST, 1939 = 100)

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR			INDEX No.		
				December 1947	January 1948	February 1948	December 1947	January 1948	February 1948
1	2	3	4	5	6	7	8	9	10
V. HIDES AND SKINS									
50	Hides not tanned	Head	2 6 0	10 0 0	9 0 0	7 8 0	421	379	316
51	Skins	do	0 9 0	2 4 0	2 0 0	2 0 0	400	356	356
	Average Index No. of Hides & Skins ..	..	..	..	..	..	411	368	336
VI. BUILDING MATERIALS									
52	Corrugated iron sheets ..	Cwt.	12 8 0	N.S.	N.S.	N.S.	..	..	..
53	Iron beams (Tata) ..	do	13 4 0	N.S.	N.S.	N.S.	..	..	..
54	Teak, country ..	VC.Ft.	3 0 0	8 12 0	8 12 0	9 0 0	292	292	300
55	Teak, Rangoon ..	do	7 8 0	N.S.	N.S.	N.S.	..	..	..
56	Cement, Shahabad ..	Cwt.	2 14 0	4 4 0	4 4 0	4 4 0	148	148	148
57	Lime	100 C.ft.	19 0 0	65 0 0	65 0 0	65 0 0	342	342	342
58	Bricks, country ..	1,000	9 8 0	45 0 0	45 0 0	45 0 0	474	474	474
59	Table moulded bricks ..	do	15 8 0	N.S.	..	..	..	..	..
	Average Index No. of Building Materials ..	..	..	..	..	..	314	314	316
VII. OTHER RAW AND MANUFACTURED ARTICLES									
60	Charcoal	Cwt.	1 12 0	..	..	11 3 0	..	..	639
61	Kerosene oil, a tin of 4 gallons, 1st quality ..	..	6 4 0	N.S.	N.S.	N.S.	..	..	..
62	Do do 3rd quality ..	..	4 0 0	4 10 0	4 10 0	4 10 0	116	116	116
63	Tobacco	Md.	17 8 0	N.S.	N.S.	N.S.	..	..	..
64	Soap (Sunlight) ..	Cwt.	93 4 0	180 0 0	211 8 0	211 8 0	193	227	227
65	Matches	Grs	2 8 0	6 8 0	6 8 0	6 8 0	260	260	260
66	Firewood	Md.	0 8 0	1 10 0	2 0 0	2 0 0	325	400	400
	Average Index No. of other raw & manufactured articles ..	..	..	..	..	..	224	251	328
	Average Index No. of All Non-Food	..	..	..	..	..	367	357	373
	General Average Index No. ..	..	..	..	..	..	352	335	351

MONTHLY INDEX NUMBERS OF WHOLESALE PRICES IN THE CITY OF HYDERABAD FOR MARCH, 1948

Compared to last month, the average index numbers of cereals, pulses and other Food Articles decreased by 26, 12 and 5 points respectively while that of sugar increased by 27 points, thereby bringing about a fall of 11 points in the average index number of All Food.

The average index numbers of oil seeds,

Vegetable oil, Building Materials and other raw and manufactured Articles under "All Non-Food" Food, shot up by 11, 28, 4 and 52 points respectively, while the index numbers of cotton manufactures and Hides and Skin declined by 62 and 42 points respectively, compared to the preceding month. Consequently the index of All Non-Food appreciated by 5 points.

The general index number, in March, 1948, stood at 343 points as against 351 in the previous month.

STATEMENT OF WHOLESALE PRICES IN O.S. RS. OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF MARCH, 1948, COMPARED WITH BASE PRICES

(BASE : AUGUST 1939 = 100.)

Serial No.	Commodity	Unit	Base August 1939 prices	PRICES FOR			INDEX Nos.		
				January 1948	February 1948	March 1948	January 1948	February 1948	March 1948
1	2	3	4	5	6	7	8	9	10
I. FOODGRAINS									
(i) Cereals									
1	Rice, fine, 1st quality	.. Palla	37 0 0	43 10 0	43 10 0	43 10 0	268	268	268
2	Rice, Arcoti	.. do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice coarse	.. do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat Bansi	.. do	18 8 0	N.S.	80 0 0	119 0 0	N.S.	482	648
5	Wheat Yellow	.. do	16 12 0	N.S.	112 0 0	N.S.	N.S.	668	..
6	Wheat Potia	.. do	18 0 0	N.S.	N.S.	N.S.	..	..	..
7	Wheat Red	.. do	14 8 0	N.S.	98 0 0	84 8 0	N.S.	676	583
8	Jawar, 1st quality	.. do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality	.. do	12 0 0	23 8 0	23 8 0	23 8 0	196	196	196
10	Bajra	.. do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals	.. ..	..	..	..	..	231	366	340
(ii) Pulses									
11	Gram, Bengal	.. Palla	16 0 0	59 8 0	41 4 0	42 0 0	372	358	263
12	Gram, Horse	.. do	10 8 0	83 8 0	80 0 0	33 8 0	319	386	319
13	Mung, Green	.. do	12 2 0	48 0 0	42 8 0	46 0 0	396	351	379
14	Mung, Black	.. do	12 0 0	N.S.	N.S.	N.S.	..	..	..
15	Lentils	.. do	15 8 0	N.S.	N.S.	N.S.	..	..	..
16	Tuar, broken	.. do	15 4 0	61 0 0	56 8 0	52 8 0	401	370	344
	Average Index No. of Pulses	.. ..	..	..	..	..	372	316	326
(iii) Sugar									
17	Sugar, refined	.. Palla	45 0 0	110 0 0	110 0 0	137 0 0	244	244	304
18	Gur or raw sugar	.. do	28 8 0	83 0 0	25 0 0	23 8 0	118	88	82
	Average Index No. of Sugar	.. ..	..	..	..	..	180	166	193

STATEMENT OF WHOLESALE PRICES IN O.S. RS. OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF MARCH, 1948, COMPARED WITH BASE PRICES—(Contd.)

(BASE : AUGUST 1939 = 100)

Serial No.	Commodity	Unit	Base : August 1939 prices	PRICES FOR			INDEX Nos.		
				January 1948	February 1948	March 1948	January 1948	February 1948	March 1948
1	2	3	4	5	6	7	8	9	10
	<i>(iv) Other Food Articles</i>								
19	Tea	Lb.	1 8 0	8 4 6	8 4 6	8 4 6	276	276	276
20	Salt	Palla	12 8 0	18 8 0	20 0 0	20 0 0	113	167	167
21	Onions	do	5 0 0	35 0 0	20 0 0	15 0 0	700	400	300
22	Turmeric	do	31 0 0	127 8 0	117 8 0	90 0 0	411	379	290
23	Tamarind	do	14 8 0	40 0 0	60 0 0	47 8 0	276	414	328
24	Chillies	do	57 8 0	150 0 0	100 0 0	85 0 0	261	174	148
25	Betel-nuts	Seer	0 9 0	8 8 0	8 8 0	8 8 0	622	622	622
26	Ghee, 1st quality	Md.	50 0 0	175 0 0	150 0 0	140 0 0	350	300	280
27	Potatoes	do	6 11 0	20 0 0	20 0 0	20 0 0	299	299	299
28	Ginger	do	6 11 0	20 0 0	23 5 0	31 11 0	299	349	474
29	Garlic	do	.. ..	48 0 0	40 0 0	31 11 0	.. ..	.. ..	.. ..
30	Fowl	Bird	1 0 0	2 10 0	2 8 0	2 8 0	263	250	250
31	Eggs	Doz.	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk	Seer	0 4 0	0 10 0	0 11 0	0 12 0	267	275	300
33	Beef	Lb.	0 1 8	0 7 0	0 8 0	0 8 0	420	480	480
34	Mutton	do	0 3 4	0 11 0	0 12 0	0 12 0	330	360	360
	Average Index No. of other food articles	..	..	..	..	..	340	339	334
	Average Index No. of All Food	..	..	..	..	..	315	332	321
	II. OIL SEEDS								
35	Sesamum	Palla	21 0 0	92 8 0	85 0 0	105 0 0	440	405	500
36	Cotton seed	do	9 0 0	22 8 0	21 4 0	22 8 0	250	236	250
37	Groundnut	do	12 8 0	45 0 0	51 0 0	50 0 0	360	401	400
38	Linseed	do	11 8 0	57 0 0	49 8 0	40 0 0	496	490	348
39	Castor seed	do	12 0 0	54 8 0	45 15 0	49 8 0	454	383	413
	Average Index No. of Oil seeds	..	..	..	..	..	400	371	382
	III. VEGETABLE OIL								
40	Sesamum oil	Palla	35 0 0	240 0 0	240 0 0	200 0 0	686	686	571
41	Castor oil	do	30 0 0	165 0 0	160 0 0	140 0 0	550	533	467
42	Linseed (double boiled)	Drum	22 8 0	36 0 0	36 0 0	.. ..	160	160	..
43	Groundnut oil	Palla	25 0 0	170 0 0	165 0 0	140 0 0	680	680	560
	Average Index No. of Vegetable Oil	..	..	..	..	..	510	510	533
	IV. TEXTILES								
	<i>(i) Cotton Raw</i>								
44	Cotton raw loose bales of 400 lbs. ..	Bales	100 0 0	250 0 0	275 0 0	275 0 0	250	275	275
	Average Index No. of Cotton Raw	..	..	..	..	..	250	275	275
	<i>(ii) Cotton Manufactures</i>								
45	Yarn unbleached	Lb.	0 8 0	1 5 10	1 8 6	1 7 3	278	301	288
46	Dhories	do	0 9 0	1 15 0	2 6 0	1 14 0	344	422	333
47	Cladders	do	0 8 0	1 12 0	2 8 0	1 11 3	350	438	341
48	Saris	do	0 10 0	1 15 0	2 6 0	N.S.	310	380	..
49	Shirtings	do	0 8 0	1 10 0	2 0 0	1 11 3	325	400	341
	Average Index No. of Cotton Manufactures	..	..	..	..	..	320	388	326

STATEMENT OF WHOLESALE PRICES IN O.S. RS. OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF MARCH 1948 COMPARED WITH BASE PRICES—(Contd.)

(BASE : AUGUST 1939 = 100)

Serial No.	Commodity	Unit	Base : August 1939 prices	PRICES FOR			INDEX Nos.		
				January 1948	February 1948	March 1948	January 1948	February 1948	March 1948
1	2	3	4	5	6	7	8	9	10
V. HIDES AND SKINS									
59	Hides, not tanned	Heads	2 6 0	9 0 0	7 8 0	5 8 0	379	316	232
51	Skins	do	0 9 0	2 0 0	2 0 0	2 0 0	356	356	356
	Average Index No. of Hides and Skins	..	..	..	..	..	268	336	294
VI. BUILDING MATERIALS									
52	Corrugated iron sheets	Cwt.	12 3 0	N.S.	N.S.	..	..	..	..
53	Iron beams (Tata)	do	18 4 0	N.S.	N.S.	..	..	..	..
54	Teak, country	C.ft.	8 0 0	8 12 0	9 0 0	10 0 0	292	300	333
55	Teak, Rangoon	do	7 8 0	N.S.	N.S.	N.S.	..	..	..
56	Cement, Shahabad	Cwt.	2 14 0	4 4 0	4 4 0	6 12 0	148	148	235
57	Lime	100 C.ft.	10 0 0	65 0 0	65 0 0	65 0 0	342	342	342
58	Bricks, country	1,000	9 8 0	45 0 0	45 0 0	35 0 0	474	474	368
59	Table moulded bricks	1,000	15 8 0	N.S.	N.S.	N.S.	..	..	..
	Average Index No. of Building Materials	..	..	..	..	..	314	316	320
VI. OTHER RAW AND MANUFACTURED ARTICLES									
60	Charcoal	Cwt.	1 12 0	N.S.	11 3 0	11 3 0	..	639	639
61	Kerosene Oil, a tin of 4 gallons, 1st quality	..	6 4 0	N.S.	N.S.	N.S.	..	..	..
62	Do do 3rd quality	..	4 0 0	4 10 0	4 10 0	15 0 0	116	116	375
63	Tobacco	Md.	17 8 0	N.S.	N.S.	N.S.	..	..	..
64	Soap (Sunlight)	Cwt.	93 4 0	211 8 0	211 8 0	211 8 0	227	227	227
65	Matches	Gross	2 8 0	6 8 0	6 6 0	6 8 0	260	260	260
66	Firewood	Md.	0 8 0	2 0 0	2 0 0	2 0 0	400	400	400
	Average Index No. of other raw and manufactured articles	..	..	..	..	..	251	328	380
	Average Index No. of All Non-Food	..	..	..	..	..	357	373	368
	General average Index Number	..	..	..	..	..	333	351	348

OTHER STATISTICS.

WHERE DO WE GET OUR OIL FROM

Proved Reserves of Crude Oil and their ownership

	1943 (in million barrels)	1946 (in million barrels)	PERCENTAGE OWNERSHIP IN 1946		
			U.S.A.	U.K. and Holland	Other Countries
U.S.A. ..	20,888	21,078	95	5	..
Caribbean ..	..	..	67	24	9
South America ..	7,884	7,600	8	12	85
Canada ..	150	150	50	50	..
U.S.S.R. ..	5,755	5,785	..	..	100 (U.S.S.R.)
Europe ..	620	600	26	27	47
Middle East ..	15,500	20,750	42	52	6
Africa ..	86	86	..	100	..
S.W. Pacific ..	956	1,070	..	72	28
Asia ..	208	..	..	..	..

Crude Oil Production

(In thousands of metric tons)

	1938	1944	1945	1946
North America (Total) ..	172,876	286,567	241,484	244,600
Individual Countries :				
U.S.A. ..	164,102	266,728	281,198	284,000
Mexico ..	5,460	5,500	6,057	6,700
Trinidad ..	2,450	3,050	3,079	2,900
South America ..	85,944	47,285	55,078	62,580
(Venezuela) ..	(28,059)	(38,840)	(46,868)	(54,000)
Europe ..	86,952	29,800	26,269	28,750
U.S.S.R. ..	(29,700)	(28,000)	(20,000)	(22,400)
Asia (Total) ..	24,477	23,880	27,278	85,160
Individual Countries :				
Iran ..	10,859	11,522	17,109	19,000
Iraq ..	4,864	4,271	4,712	4,470
Saudi Arabia ..	67	1,068	2,872	7,000
Indonnesia ..	7,894	4,400	1,859	1,800
Other Countries ..	8,895	2,925	1,745	2,100
World Total ..	275,144	889,407	858,168	878,140

Imports of Kerosene in India

(In thousands of gallons)

	1937-38	1938-39	1939-40
Burma	182,880	114,075	112,115
U.S.A.	8,190	1,805	8,916
U.S.S.R.	20,903	..	..
Iran	11,461	80,278	15,285
Borneo, Sumatra, Celebes	80,890	17,968	10,865
Other Countries	3,322	18,438	41,835
(Bahrein Islands)	(8,000)	(1,000)	(84,000)
Total	202,646	182,054	198,466
Fuel oils—Diesel and other	..	187,000	146,000

Imports of Kerosene in India

(In thousands of gallons)

	NINE MONTHS : APRIL TO DECEMBER		
	1944	1945	1946
Iran	65,131,290	81,472,634	108,539,995
Bahrein Islands	4,655,945	14,298,812	9,896,994
Other Countries	574,844	..	..
Total	70,362,079	95,771,446	117,936,989
Fuel Oil—Diesel and others	187,528,845	295,407,694	281,060,900

Imports of Petroleum in India

(In thousands of gallons)

					1937-38	1938-39	1939-40
Burma	..	..	..	..	68,000	51,000	50,000
Iran	..	..	..	..	25,000	26,000	11,000
Bahrein Islands	..	..	..	..	1,800	7,500	12,400
Sumatra	..	..	..	..	9,000	..	8,800
Rumania	..	..	..	..	2,000	..	2,500
Other Countries	..	..	..	..	1,200	..	4,800
Total					102,000	84,500	84,000
Petroleum other than Motor Spirits					..	1,500	2,000
Grand total					102,000	86,000	86,000

Imports of Petroleum in India

(In thousands of gallons)

					NINE MONTHS : APRIL TO DECEMBER		
					1944	1945	1946
Iran	..	..	..	..	219,290,772	235,804,259	81,206,012
Burma	..	..	..	..	..	..	86
Bahrein Islands	..	..	..	..	17,695,759	83,243,688	15,810,804
Dutch West Indies	..	..	..	..	10,583,093	8,410,590	..
U.S.A.	..	..	..	..	123,891,846	150,796,950	2,564,315
Other Countries	..	..	..	..	9,380	2,882,802	..
Total					371,470,850	485,188,289	99,581,167
Petroleum other than Motor Spirits					47,113,873	80,761,888	2,808,846
Grand total					418,584,223	465,899,627	102,475,013

RECENT TRENDS IN INDIA'S FOREIGN TRADE

IMPORTS					EXPORTS				
(Percentage share of important countries)					(Percentage share of important countries).				
		1938-39		1945-46			1938-39		1945-46
U.K.	..	..	30.5	25.4	U.K.	..	..	34.1	28.3
U.S.A.	..	..	6.4	27.9	U.S.A.	..	..	8.5	25.8
Middle East	(excluding				Middle East	(excluding			
Egypt)	..	..	8.2	22.0	Egypt)	..	..	2.4	5.8
Egypt	..	..	..	6.2	Australia	..	..	1.8	4.5
Australia	..	..	1.6	2.9	Canada	..	..	1.8	2.0
Canada	..	..	0.6	2.5	Ceylon	..	..	3.1	7.0
Kenya and Zanzibar	..	..	3.4	4.1	Burma	..	..	6.2	..
Ceylon	..	..	0.8	1.6	Japan	..	..	9.0	..
Burma	..	..	16.0	0.1	France, Belgium, Germany,				
Japan	..	..	10.1	..	Netherlands and Italy	..	..	16.1	..
Germany	..	..	8.5	..					

BRITISH BANKING PROFITS

		NET PROFITS AND AMOUNT OF DIVIDEND				
		1943 £.	1944 £.	1945 £.	1946 £.	1947 £.
Barclays.—						
Profit	..	1,584,114	1,678,832	1,740,594	1,676,403	1,637,706
Dividend	..	1,041,468	1,041,468	1,041,468	1,145,614	1,145,615
Rate per cent.						
“ A ”	..	10	10	10	10	10
“ B ” and “ C ”	..	14	14	14	14	14
Balance	..	542,646	681,884	699,126	530,789	492,091
To Staff Funds	..	..	64,767	41,651	13,515	..
District Bank.—						
Profit	..	484,844	448,827	450,883	487,270	503,796
Dividend	..	259,678	259,678	259,672	285,640	285,640
Rate per cent. “ A ”	..	18.118	18.118	18.118	18.118	18.113
Balance	..	174,671	189,154	191,161	201,686	218,156
To Staff Funds	..	100,000	100,000	100,000	120,000	120,000

	NET PROFITS AND AMOUNT OF DIVIDEND				
	1943 £.	1944 £.	1945 £.	1946 £.	1947 £.
<i>Lloyds</i>					
Profit	1,515,002	1,655,400	1,629,959	1,588,178	1,685,612
Dividend	924,510	921,708	921,708	988,145	988,140
Rate per cent.					
" A "	12	12	12	12	12
" B "	5	5	5	5	5
Balance	590,492	738,697	708,256	595,088	647,472
To Staff Funds	..	..	..	..	..
<i>Martins Bank</i>					
Profit	606,700	641,295	645,807	708,768	711,981
Dividend	812,008	812,008	812,008	843,208	843,208
Rate per cent.	15	15	15	15	15
Balance	294,697	319,292	333,804	365,560	368,728
To Staff Funds	50,000	50,000	50,000	50,000	50,000
<i>Midland</i>					
Profit	1,984,896	2,033,274	2,056,274	1,987,148	2,002,570
Dividend	1,212,690	1,212,690	1,212,690	1,333,958	1,333,958
Rate per cent.	16	16	16	16	16
Balance	771,706	825,584	848,584	658,190	668,612
To Staff Funds	..	..	..	..	..
<i>National Provincial</i>					
Profit	1,256,395	1,270,670	1,356,025	1,331,071	1,347,929
Dividend	710,956	710,956	710,956	782,052	782,052
Rate Per cent.	15	15	15	15	15
Balance	545,439	559,714	645,069	549,019	565,877
To Staff Funds	150,000	150,000	150,000	150,000	150,000

			NET PROFITS AND AMOUNT OF DIVIDEND				
			1943 £.	1944 £.	1945 £.	1946 £.	1947 £.
<i>National Bank</i>							
Profit	..	..	†191,651	194,455	†195,111	†194,558	†195,818
Dividend	..	..	†150,000	150,000	†150,000	†150,000	†150,000
Rate per cent. ..	..	..	10	10	10	10	10
Balance	..	..	41,651	44,465	45,111	44,558	45,818
To Staff Funds ..	..	..	..	..	..	..	..
<i>Westminster</i>							
Profit	..	..	1,847,815	1,366,907	1,405,592	1,366,622	1,391,076
Dividend	..	..	776,962	776,962	776,962	854,658	854,658
Rate per cent. ..	..	..					
£. 4	..	..	18	18	18	18	18
£. 1	..	..	12½	12½	12½	12½	12½
Balance	..	..	570,858	589,945	628,680	511,964	536,418
To Staff Funds ..	..	..	300,000	300,000	300,000	300,000	300,000
<i>Williams Deacon's</i>							
Profit	..	..	201,844	211,774	216,156	238,547	247,126
Dividend	..	..	117,187	117,187	117,187	128,906	128,906
Rate per cent. "A" ..	..	..	12½	12½	12½	12½	12½
Balance	..	..	84,657	94,587	98,969	109,641	118,220
To Staff Funds ..	..	..	..	100,000	..	100,000	..

† Including tax Dividends.

[Statement.

Class and Group	RETAINED IMPORTS				UNITED KINGDOM EXPORTS			
	MONTHLY AVERAGE		Decem-ber 1947	January 1948	MONTHLY AVERAGE		Decem-ber 1947	January 1948
	Third quarter 1947	Fourth quarter 1947			Third quarter 1947	Fourth quarter 1947		
I.—FOOD, DRINK AND TOBACCO	£. 000	£. 000	£. 000	£. 000	£. 000	£. 000	£. 000	£. 000
A. Grain and flour	13,184	10,196	11,359	12,359	64	307	360	831
B. Feeding-stuffs for animals ..	1,125	1,280	1,705	2,981	14	15	13	28
C. Animals living, for food ..	1,047	1,563	1,669	797	0	0	0	..
D. Meat	14,893	11,303	13,045	14,021	45	62	54	69
E. Dairy produce	13,696	7,438	7,098	10,342	112	75	35	124
F. Fresh fruit and vegetables ..	8,543	4,759	7,652	6,428	22	71	121	190
G. Beverages and cocoa preparations ..	7,704	8,417	7,010	10,057	1,789	2,208	2,499	2,307
H. Other food	13,784	8,727	8,866	8,516	2,013	2,016	2,224	3,039
I. Tobacco	2,334	5,163	3,312	2,453	1,835	1,687	1,530	1,533
Total Class I	75,760	58,796	61,735	67,954	5,894	6,441	6,836	8,166
II.—RAW MATERIALS AND ARTICLES MAINLY UNMANUFACTURED								
A. Coal	705	422	71	147	133	230	439	953
B. Other non-metalliferous mining and quarry products and the like ..	1,594	1,301	1,413	1,073	200	179	165	204
C. Iron ore and scrap	2,062	1,745	1,653	2,069	14	7	8	6
D. Non-ferrous metalliferous ores and scrap	2,194	2,430	1,936	2,665	1,016	512	375	44
E. Wood and timber	13,937	12,798	9,892	6,972	21	17	13	22
F. Raw cotton and cotton waste ..	3,600	2,694	3,214	6,362	24	39	24	50
G. Wool, raw and waste, and woollen rags	4,751	4,779	7,895	5,197	519	473	465	705
H. Silk, raw and waste, and artificial silk waste	192	137	73	193	109	124	170	149
I. Other textile materials	1,371	1,634	1,950	2,296	27	2	5	13
J. Seeds and nuts for oil, oils, fats, resins and gums	11,345	9,795	10,100	10,339	36	133	145	234
K. Hides and skins, undressed ..	3,514	2,474	2,566	2,063	75	54	69	150
L. Paper-making materials	3,669	2,717	2,757	2,731	25	23	14	25
M. Rubber	1,190	1,769	1,703	2,670	46	49	47	33
N. Miscellaneous raw materials and articles mainly unmanufactured ..	2,259	2,262	2,502	2,675	250	511	707	924
Total Class II	52,333	46,957	47,790	47,317	2,600	2,403	2,696	3,533

Class and Group	RETAINED IMPORTS				UNITED KINGDOM EXPORTS			
	MONTHLY AVERAGE		Decem- ber 1947	January 1948	MONTHLY AVERAGE		Decem- ber 1947	January 1948
	Third quarter 1947	Fourth quarter 1947			Third quarter 1947	Fourth quarter 1947		
III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED								
A. Coke and manufactured fuel ..	11	12	9	15	10	10	13	22
B. Pottery, glass, abrasives, etc. ..	624	695	756	908	2,640	3,116	3,202	3,591
C. Iron and steel and manufactures thereof ..	1,353	1,214	1,148	1,251	7,547	7,566	8,084	8,476
D. Non-ferrous metals and manufactures thereof ..	7,868	8,419	8,535	6,637	3,694	3,764	3,802	5,343
E. Cutlery, hardware, implements and instruments ..	401	444	414	559	3,278	3,218	3,325	3,586
F. Electrical goods and apparatus ..	242	201	178	211	4,665	4,791	5,051	5,707
G. Machinery ..	26,85	2,988	2,990	3,810	16,029	17,041	17,669	19,418
H. Manufactures of wood and timber	1,682	1,648	1,576	1,569	129	122	123	155
I. Cotton yarns and manufactures ..	1,994	2,270	1,830	2,277	6,798	7,149	7,362	8,527
J. Wollen and worsted yarns and manufactures ..	711	698	747	1,340	5,071	5,994	6,616	7,207
K. Silk and artificial silk yarns and manufactures ..	794	654	540	999	2,400	2,754	2,803	2,993
L. Manufactures of other textile materials ..	1,718	1,787	1,990	1,520	2,860	2,381	2,263	2,220
M. Apparel ..	217	416	485	516	2,436	2,488	2,334	2,437
N. Footwear ..	248	202	173	206	529	640	636	785
O. Chemicals, drugs, dyes and colours	2,387	2,651	2,172	2,230	6,313	5,833	5,916	6,761
P. Oils, fats and resins, manufactured	9,029	9,072	9,442	9,480	825	750	559	593
Q. Leather and manufactures thereof ..	1,540	1,084	1,342	581	607	633	680	788
T. Paper, cardbord, etc. ..	1,970	1,914	1,804	1,657	1,547	1,519	1,497	1,860
S. Vehicles (including locomotives, ships and aircraft) ..	645	548	469	866	15,202	17,129	16,330	16,439
T. Rubber manufactures ..	11	22	31	13	526	553	562	574
U. Miscellaneous articles wholly or mainly manufactured ..	2,179	1,982	1,819	1,779	6,462	6,201	5,859	6,681
Total Class III ..	38,254	38,761	38,450	38,424	89,268	93,597	94,676	104,213
IV.—ANIMALS, NOT FOR FOOD ..	801	552	338	413	337	171	219	302
V.—PARCEL POST ..	1,058	1,213	1,048	2,072	2,717	4,083	5,791	3,844
Total All Classes ..	163,756	146,279	149,406	156,880	100,816	106,700	110,218	119,547

Diary of Events of Economic Interest

May, 1948
Thir, 1357 F.

- 1 THE Hyderabad Government sanctioned an annual grant of £. 800 for the Hyderabad Students' Association in London.
The All-India Radio decided to open a Staff Training School at Delhi.
Rationing of foodgrains terminated in all the towns of East Punjab.
India and Pakistan banned the export of cars from either Dominion.
An agreement was reached between Ceylon and Britain on Sterling Balances.
The Japanese Trade Mission arrived in Calcutta.
General MacArthur announced decentralisation of Jap industry.
Britain lifted the ban on Pleasure Travel.
Workers' May Day was observed all over the world.
The International Rubber Study Group recommended Free Trade in Rubber.
Announcement was made of 18 workers coming to India for B.C. G. vaccination against tuberculosis by the World Health Organisation.
- 2 The Controller of Capital Issues in India gave his consent for incorporating a Joint-stock Co., for the manufacture of Diesel Engines.
Plans for the foundation of World University were discussed in Paris by University Professors and Teachers representing 22 countries.
- 3 The Indian Labour Ministers' Conference decided to continue the existing Labour Exchanges and Technical Training Centres in the country.
The Government of Bombay announced a programme of complete prohibition by April 1, 1950.
The British Industries Fair opened at London and Birmingham.
The Soviet Government announced the issue of a new "Rehabilitation" lottery loan of 20,000,000,000 roubles.
- 4 An agreement was reached by India and Pakistan on Postal and Telegraph rates.
Agreement was reached between the Government of India and a British firm for setting up a factory for making automatic telephones and allied equipment for 15 years.
- 5 H.E. Mir Laik Ali, Prime Minister of Hyderabad, presiding over the Central Food Advisory Council emphasised the importance and need for the increase of food crops in the State.
The Nizam's Government decided to lift rationing in Aurangabad, Jalna, Raichur and Narayanpet and also to cancel the levy order.
The Government of India decided not to impose any fresh ban on the export of raw cotton to overseas countries.
The International Conference of Librarians opened at Scarborough.
- 6 Pakistan decided to embark on a nation-wide drive for the development of the Charka and Handloom industry.
- 7 The Government of India banned the export of Gold and Silver Bullion from India to Pakistan,

The Jam Sahib of Nawanagar declared open the "Free India's First classified Trades Fair" at Bombay.

Mr. Winston Churchill called for a Parliament of Europe when he addressed the 16-Nation Congress of Europe at the Hague.

Mr. George Marshall, American Secretary of State, pleaded for the continuance of Reciprocal Trade Laws in America in agreement with other nations.

The United States stopped the export of gift parcels by commercial firms to wipe out leaks to the black market.

8 The Government of India decided to set up three shipping corporations for participating effectively in International Trade.

The Government of India clarified its Cotton Textile Policy.

Spain agreed to give up all German assets in its possession.

9 The British Raw Cotton Commission announced new increases in the prices of various types of raw cotton.

10 The fourth International Congress of Tropical Medicine and Malaria opened in Washington.

11 The Nizam's Government sanctioned a dearness allowance to Government pensioners drawing a pension of over Rs. 600 a month.

The Secunderabad Municipal Authorities imposed *Babardari Toll* in the whole of Secunderabad Municipal area.

The Bihar Legislative Council passed the Bihar State Acquisition of Zamindaris' Bill.

The Mysore Government abrogated the Mysore Motor Control and Mysore Spare Parts Control Order.

12 The Hyderabad Bahadur Khan Technical College was declared open at Rayon Building, Bogulkunta.

The Government of India decided to afford special facilities to exporters of manganese ore to United States and other hard currency areas.

Australia contributed the equivalent of \$ 12,500,000 to the Empire Dollar Pool in gold exports to Britain for the nine months ending March 31, 1948.

The United States Economic Co-operation Administration granted a \$6,000,000 dollar aid to China.

13 The Nizam's Government decided to issue permits for the export of surplus pulses from the Dominions.

The Government of India decided to allow the export of specified commodities to Pakistan.

The Government of India decided to locate the Electro-Chemical Research Institute at Karaikudi in South India.

14 The whole of the United Provinces was completely derationed.

The 25-year British Mandate for Palestine ended.

President Truman announced a new Agricultural Plan for world recovery.

The British Government announced the appointment of a committee to enquire into the organisation of the National Coal Board.

An Anglo-Spanish Trade and Payments Agreement was announced.

15 The Nizam's Government purchased a crore Rupees worth of cloth to serve as a reserve which should act as a check on profiteering.

- The Government of India increased the loan to Gazetted Officers from Rs. 10,000 to 15,000 to purchase motor cars.
- 17 The Bombay Government announced their Industrial Policy.
The Central Provinces decided to start work on a new multi-purpose project on the Penganga river.
China decided to depreciate her currency by 46 per cent.
- 18 The Second Horticultural Research Workers' Conference was inaugurated at Madras by Mr. Jairamdas Daulatram, India's Food and Agricultural Minister.
The Government of India decided to allot 55,000 bales of raw cotton of the "Prohibited Varieties" to Japan.
- 19 The Government of Pakistan decided to remove the export ban on cotton seeds from West Punjab.
- 20 The Nizam's Government constituted a Trust Fund of rupees one crore for the welfare of the Depressed Classes.
The Government of India decided to establish two research institutions, one for Planning Food Technology and the other for Planning Drug Research.
- 21 Sir John Boyd Orr, the retiring Director-General of the World Food and Agricultural Organisation of the United Nations, called for collaboration between all nations to increase agricultural production.
A Bilateral Air Transport Agreement between the Governments of India and Sweden was signed.
An Anglo-Brazilian Trade Agreement was signed involving £. 70 million worth of goods each way.
- 23 The Government of India decided to set up a Department to deal with Scientific Research in India.
India's Finance Ministry announced a second issue of a 2½ per cent. loan, redeemable at par on November 15, 1962.
The Government of India decided to create a Central Fertiliser Pool to make manures available to the agriculturist at nominal cost.
- Mr. Jairamdas Daulatram, India's Food and Agricultural Minister, in a broadcast, appealed to the tillers of the soil to help the Government to end the present unwholesome dependence on foreign imports of foodgrains.
- 24 Mr. G. D. Birla the Indian Industrialist suggested a Five-year Plan for the Industrial and Economic development of India.
The All-India Cattle Show and the Industrial and Agricultural Exhibition were opened at Tirupur by Mr. Bhaktavatsalam, Minister for Public Works, Government of Madras.
- 25 The Indo-Pakistan Conference on Economic Collaboration concluded resulting in an agreement on all points.
The Government of India decided to set up an expert committee to report on the determination of fair wages for Labour and fair return on Capital.

Editorial Notes

THE OOTACAMUND CONFERENCE

It is about a year the Economic Commission for Asia and the Far East was established. Even within this short period, a number of problems peculiar to Asiatic countries have been gone into, and the Conference at Ootacamund in June might find that even three weeks proved insufficient for the careful consideration of the numerous issues and reports on the Agenda. It is not possible for us at this stage to anticipate the results of the deliberations at Ootacamund, but one or two fundamental questions should be borne in mind at such Conferences at the present time. Firstly, is this Conference going to be an academic one or will it decide on definite and practical steps which will be implemented by the participating countries? Although it is said to be a Conference specially for Asia and the Far East, delegations have arrived from countries, like Britain and the U.S.A. At the same time, several areas of Asia and the Far East are not represented at Government level at the Conference. It is hard to understand on what principle the U.N.O. authorities issued invitations for this Conference to Members, Associate Members and Observers. In the Economic Commission for the Middle East, recently announced, Turkey and Greece find places although they are already there in the E.R.P. It is also hard to understand why and how Afghanistan should form part of the Economic Commission for the Middle East. It is equally difficult to understand why Hyderabad has been omitted from the ECAFE although small areas like Hong-Kong and Singapore are shown as Asiatic Members. It seems to us that in order to make such Conferences *really* international, the authorities concerned ought to give much more publicity to the procedure with regard to enrolment of Members, etc., sufficiently in advance.

If it is not going to be an academic Conference, what will be the nature of the programme that

will be decided upon by the Conference? We have heard of import of foreign capital to a nauseating degree, and we hope that a Conference at such a high level as one at Ootacamund will not merely reverberate the empty trumpet calls that have been made and are being made by numerous academicians and politicians. The matter of fact is that foreign capital goods worth the name, cannot be available to India and other Asiatic countries from anywhere for several years to come. Of course, it is another thing if under the name of "foreign capital goods," these countries import out-of-date, worn out, costly and complicated machinery which after all might turn out to be mere scrap in the end. Many responsible institutions and personalities, including the Executive Secretary, have made a case that without a substantial importation of foreign capital goods, Asiatic economies cannot possibly be modernised. But the crucial fact is the E.R.P. on which the United States has voted more than five billion dollars. With this huge commitment of American export of plant and machinery to Britain and the fifteen continental countries, what chances are there of countries in Asia getting any capital goods for even the next ten years? Of course, we are told:

"If Europe recovers economically, demands for Asiatic consumer products will increase;

"After recovery of the European countries, India may expect more capital goods not only from the U.S.A. but also from the European countries; and

"With the modernisation of European countries, the economic development of the Asiatic countries should be easier and quicker."

All these are nice phrases, but the sum and substance of all this is—Asia should wait until the devastated countries of Europe are sufficiently recovered. Dr. Henry Grady has announced his Nehru Plan, but it is not at all

clear as to how such a Plan could be implemented in the face of American commitments and British preoccupations.

It seems to us that, although it is rather too late in the day, Economists and Statesmen that assemble at Ootacamund will do well to realise and recognise frankly that it is no use running after a mirage. On the other hand, all the avenues of developing and utilising the resources of the Asiatic countries with minimum application of capital and maximum employment of human labour, should be examined, and plans for economic development in Asia should be based on such examinations. Here and there, it should be possible for the Asiatic countries themselves to launch and develop the manufacture of high class capital goods: countries like Australia should be able to help in this direction. Otherwise, the scope for the universalisation of the domestic system of production is immense. The recent Cottage Industries' Exhibition at New Delhi was an eye-opener even to many Economists and Financiers who were free from sophisticated ideas. We firmly believe that the numerous countries comprising Asia and the Far East have a great deal to learn from the system of production prevalent in Japan.

Another primary difficulty before the Conference is this, namely, the divergence of economic conditions in the component parts. Is Siberia a part of Asia and the Far East? It is only the United Nations authorities that can answer this question. Between Tibet and Australia, Transjordan and Japan, there is very little common either with regard to human and natural resources or methods of production or principles of distribution. The concept of perpetuating the Asiatic and Far Eastern economic platform is indeed legitimate, but there are serious difficulties in the way, some of which have been examined in these paragraphs. We hope that the Economic Commission for Asia and the Far East will develop very soon into its proper dimensions and will include all the areas for which it has been established.

EXHIBITIONS AND SHOWS

For several years past, the Exhibition Committee of the Osmania Graduates' Association has been doing very laudable work in organising exhibitions every year, of *mulki* products. The dimensions of these annual exhibitions have been growing very satisfactorily. His Exalted Highness has throughout evinced personal interest in these exhibitions by agreeing to open them. The Organisers of these exhibitions deserve great credit for the pioneering work they have been doing. But we feel that the time has come for a Government Department or a Semi-official Agency to take up the thread and arrange for such annual exhibitions and shows. We require hereafter not one omnibus show every year but specialised ones. Recent experience shows that if a show becomes too big, it is difficult to manage it. We believe that it would be very helpful to national economy to arrange, according to seasonal conditions, different shows, to start with in Hyderabad city, of flowers, fruits, poultry, cattle, vegetables, babies, over and above our cottage industries products. Not only should such shows be organised on nation-wide scale by a Department of Government or a Semi-official Agency, but sufficient attraction should be provided for stimulating the rather dormant talents in the country by offering for example, free carriage of exhibits to and fro, really substantial prizes for successful items (to be presented by some eminent personality) and provision of convenience for stay and food of exhibitors coming from far and near. H.E.H. the Nizam's Government is spending over 10 lakhs a year on the Agricultural Department and the Co-operative Department respectively, but the institution of another Department entrusted with the work of publicity and organisation of these exhibitions and shows must go a long way in raising the national income of Hyderabad much quicker than through the usual red-tape. We would like to draw the attention of our readers to the great care and heavy expenditure incurred in connection with the recent British Industries Fair. Private

enterprise in Hyderabad has not yet been sufficiently developed to appreciate the importance of this work and arrange for it, and it devolves on Government to attend sufficiently to such work until such a time comes when public corporations might become able to discharge their responsibilities satisfactorily in this respect.

HEALTH RESORTS

During the latter half of May, every year, the number of people that manage to escape from the hot plains of Hyderabad to hill stations ranging from Mussorie to Kodaikanal, is not at all small. And these are only the fortunate few born with golden spoons in their mouths. Nowadays, the cost and risk in travel, the inadequacy of hotels and the emergent nature of the duties of many an Officer or Publicist, render the stay at hill stations, which are usually far away from Hyderabad City, very laborious and uncertain. While this is the condition with regard to the fortunate few, the bulk of the middle classes can only imagine some comfort by thinking of hill stations in summer months. It is indeed a matter of pride that the tradition of Hyderabad has been against mass exodus to hill stations in the imitation of foreign rulers that we had in this country. For example, His Exalted Highness and many other noblemen in Hyderabad have always taken summer months quite normal in spite of the maximum temperature going on some days as high as 111 or 112. But we would like to point out that health resorts are absolutely essential for a progressive nation not so much as luxury rendezvous or centres for idleness, but much more as a means for recuperation of health by overworked officials and convalescent patients. There are hundreds of health resorts which are visited by thousands

of workmen at week-ends, in Britain. Even in India, there are numerous health resorts which are easily accessible even to the middle classes at short notice. H.E.H. the Nizam's Government has been spending larger and larger amounts of money on the Medical and Public Health Departments. We have the Ananthagiri Sanatorium. But such institutions are meant only for patients and not for holiday makers. We have a State Hotel at Aurangabad, but this is far away from Hyderabad City and much too costly even for the upper middle class. A close knowledge of the interior of H.E.H. the Nizam's Dominions reveals that if only the Government make up their minds, half a dozen spots in different parts of the Dominions could easily be selected to be developed into health resorts and very probably the time may come when the capital invested on these health resorts may bring in very good returns to the Government, in addition to the incomparably larger accretion to national health. We would like to point out that in the Mysore State, the Government is seriously considering a proposition to nationalise all hotels: the idea underlined is undoubtedly to ensure the health of the travellers and the tourists. It is fundamentally a question of policy and we hope that the popular Ministry will give due importance to this national necessity and entrust this work to a Section of the Public Works Department with a capital grant of say Rs. 50 lakhs, to be utilised in developing at least six health resorts in different parts of the Dominions within a maximum period of five years. Surely, we in Hyderabad can have our own Ooty, Mahabaleshwar and Mussorie. The recent visit to Farhabad by the Hon'ble Minister for Public Works appears to promise a great deal in this direction.

Money, Banking and Insurance

HYDERABAD CURRENCY ACT

AMENDMENT TO CURRENCY ACT REFERRED TO SELECT COMMITTEE

THE Hyderabad Legislative Assembly in its recent session took up an amendment to the Currency Act which permitted a traveller or visitor to Hyderabad to use the Indian Union currency within the State limits.

Mr. Virupaksha proposed that the amendment be referred to a Select Committee and suggested that the local rupee be equalised with that of the Indian Union rupee so that there might be no difficulty in exchange.

Mr. L. N. Gupta, Finance Secretary, opposing the proposal said that it was not in order as it dealt with fundamentals.

Mr. Abdur Rahman supporting Mr. Virupaksha's amendment said that Government amendment betrayed weakness. He asked when the Hyderabad currency was not valid and was not recognised in the Indian Union, how could Hyderabad, which had become independent and sovereign after August 15 last permit any foreign currency to operate within its limits.

At the post-session, the Hyderabad Legislative Assembly referred the amendment to the Currency Act to a Select Committee consisting of seven members. The President fixed three months for the committee to submit its report.

There was a debate on the amendment in which a number of speakers took part.

GOVERNMENT VIEWPOINT EXPLAINED

Nawab Moin Nawaz Jung Bahadur, Minister for Finance, replying expressed gratification at the Government having no objection to accept the proposal to refer the amendment to a Select Committee. Government would now have the opportunity of considering the amendment in the light of the viewpoint of the members. He added that at no time in the history of Hyderabad any other currency except that of Hyderabad

was the legal tender, but no foreign currency was banned and the British Government currency was freely in circulation. After the lapse of Paramountcy after August 15 last, Government had decided that no other currency save that of Hyderabad should be in circulation in the State whereby preventing the circulation and use of foreign currency in the State limits. Owing to the geographical contiguity of Hyderabad with the Indian Union, Government had found it necessary to amend the Act so as to facilitate travellers and visitors to use the Indian Union currency in Hyderabad on their personal account, and hence the amendment.

NATIONALISING CENTRAL BANKING IN INDIA

INDEPENDENCE OF INSTITUTION MUST BE EN- SURED

The Government of India has finally decided to nationalise the Reserve and Imperial Banks of India. The Reserve Bank of India is the central banking institution of the country which, in conformity with the usual Central Banking principles, is in exclusive charge and control of currency and credit in the country, while the Imperial Bank of India is the biggest commercial bank in the country, governed by a special charter, with a paid-up capital of Rs. 5,62,50,000, reserve fund of Rs. 6,25,00,000 and with fixed deposit and other accounts amounting to Rs. 286,58,93,107 as on 31st December, 1947. The latter, in a way, was to a certain extent, performing the functions of a central bank before the Reserve Bank of India was established. The decision to nationalise these two banks is of a far-reaching nature as it amounts to getting control over the very base of currency and credit structure of the country—the lifeline of business activity.

The question whether the Central Banking institution should be State-owned or be a shareholders' bank, completely free from political

influence, is an old one. The pros and cons of both the systems were thoroughly thrashed out during the years 1927-34, and it was finally decided that the Reserve Bank of India, as it is constituted at present, was preferable to a purely State-owned Central Bank. Much has happened since then. A large number of countries have nationalised their central banks. Under the Fascist and the Nazi regimes in Italy and Germany, the Central Bank was virtually subservient to the State. The Banco de la Republica del Paraguay, the Central Banking Institution of Paraguay, is a State Bank. The Bank of Finland, the National Bank of Denmark, the Sveriges Riksbank established in June 1934, the Bank of Canada, the Commonwealth Bank of Australia, the Bank of Ireland set up under the Act of 1942 and the Bank of New Zealand are all State Banks. The Bank of France was nationalised in December 1945 and the Bank of England in 1946. In short, the fashion of the day is to make the Central Banking Institution completely State-owned. The main reason put forward is that it is necessary to nationalise the Central Bank in order to ensure the success of State planning of the national economy of a country.

WHAT OTHER COUNTRIES HAVE DONE

The independence of the Central Banking Institution of any country should, in my opinion, be ensured if it were to fulfil its functions impartially as an expert institution in charge of the credit and currency of the country. Nationalisation should not destroy this independence. The purpose of this article is to show how other countries which have nationalised their Central Banks have endeavoured to ensure their independence. This I am doing in the hope that, if and when the Government of India nationalises the Reserve Bank, it will provide them with some guidance to proceed on the right lines.

I will first take Australia where the Central Banking Institution was nationalised only recently. Section 9 of the Commonwealth Bank Act, No. 18 of 1945, provides that :

(1) The Bank shall, from time to time, inform the Treasury of its monetary and banking policy.

(2) In the event of any difference of opinion between the Bank and the Government as to whether the monetary and Banking policy of the Bank is directed to the greatest advantage of the people of Australia, the Treasurer and the Bank shall endeavour to reach agreement.

(3) If the Treasurer and the Bank are unable to reach agreement, the Treasurer may inform the Bank that the Government accepts responsibility for the adoption by the Bank of a policy in accordance with the opinion of the Government and will take such action (if any) within its powers as the Government considers to be necessary by reason of the adoption of that policy.

(4) The Bank shall then give effect to that policy.

It may, however, be pointed out that occasions for difference of opinion between the Bank and the Treasury may develop, for, out of the five members of the Advisory Council " to advise the Governor with respect to the monetary and banking policy of the Bank and with respect to such other matters as the Governor refers to the Advisory Council, two are to be Bank officers, although appointed by the Treasurer. In Britain, under the new set-up of the Bank the Treasury can give directions to the Bank, after there has been consultation between the Treasury and the Bank at the highest level.

Under the Canadian Bank Act, the Minister or the Deputy Minister of Finance may be a member of the Board of Directors, but he shall not have the right to vote. Further, under Section 14 of the Act, the Governor can veto the decision of the Board of Directors or of the Executive Committee. In that case, he has to inform the Minister in writing of the circumstances within seven days. The minister submits the veto to the Governor in Council, who may confirm or disallow it. Under Section 6, No. 20 of the Bank Act of 1942 of Ireland, " the

Bank shall have the general function and duty of taking such steps as the Board may from time to time deem appropriate and advisable towards safeguarding the integrity of the currency and ensuring that, in what pertains to the control of credit, the constant and predominant aim shall be the welfare of the people as a whole." Further, the Minister may, on such occasions as he thinks proper, request the Governor or the Board to consult with and advise him regarding the execution and performance by the Bank of the general function and duty imposed on the Bank, "and the Board shall comply with every such request." The Act is silent as to how the difference of opinion will be settled, but the Minister can only demand consultation and advice, and much will depend upon the reasonableness or otherwise of the respective points of view. In any case, this provision stresses the independence of the Bank to an extent greater than under the Australian or the British Act.

DENMARK

In Denmark, under section 7 of the Act, the Minister of Trade, Industry and Shipping in the capacity of the Royal Bank Commissioner shall supervise that the Bank fulfils its obligations, and the Royal Bank Commissioner presides at the meetings of the Board of Directors of the Bank. He shall have admission to the meetings of the Committee of Directors and he must be supplied with information concerning the Bank to the extent desired by him. The Act further provides that decisions of particularly far-reaching character cannot be taken by the Committee of Directors in the absence of the Royal Bank Commissioner, unless he is informed in advance that the case will be dealt with at the meeting.

Article 32 of the Sveriges Riksbank provides that the Directors may not receive instructions from anyone except the Riksdag and the Banking Committee in cases in which that Committee is competent to give instructions on behalf of the Riksdag; the Directors are not obliged to account for their functions as Directors to anyone

except to the Riksdag or its Banking Committee and Auditors.

Section 6 of the Canadian Bank Act lays down that the Governor and Deputy Governor shall be men of proven financial experience, and shall devote the whole of their time to the duties of their office. It further provides that no person shall hold office as Governor or Deputy Governor or Assistant Deputy Governor, who is not a British subject or is a member of either House of Parliament or of Provincial Legislature or is interested in any other financial institution.

The above provisions in the Acts of foreign Central Banks indicate the extent to which the independence of the Bank from Government is secured in day-to-day management. Much would depend on the personalities who constitute the Directorate of the Bank. Traditions rather than statutory provisions secure this independence and they depend upon the manner and the method in which the work is carried on.

PRECEDENTS WORTH NOTING

Of the nationalised Banks, the precedents of Australia, Canada, England and Ireland are worth noticing for India, in some respects, while those of Finland, Sweden, Norway and Denmark in others. In Australia, "The Bank shall be managed by the Governor, who is to be advised by an Advisory Council on monetary and banking policy and on such other matters as are referred to it." Thus, questions of policy are left to the Advisory Council. In England, there are the Governor and the Deputy Governor, appointed for five years, and the sixteen Directors for four years, out of whom four are to be full-time servants. The Directors must not be aliens or members of the House of Commons. In Canada, as already observed, the Governor and the Deputy Governor or the Assistant Governor should not be a non-British subject or a member of the Central or Provincial Legislature. Eleven Directors are appointed by the Minister with the approval of the Governor-in-Council. The latter should be British subjects ordinarily resident in Canada. Members of the Legislature

are not disqualified to be Directors. There is also an Executive Committee, consisting of the Governor, the Deputy Governor and one Director selected by the Board. The Deputy Minister of Finance, or his nominee, is also a member but he has no right to vote. This Committee can deal with any matter within the competence of the Board, but every decision of the Committee is to be referred to the Board. The rates of discount and advances are determined by this Committee. In Ireland, the management rests with a Board of Directors, consisting of a Governor, three banking and five Directors determined by the Minister. Thus, there is no bar to members of the Legislature from becoming Directors. As already observed above, in Sweden, out of the seven directors, one is appointed by the King in Council, and the remaining six are elected by the Riksdag. In the case of the National Bank of Denmark, out of 25 members of the Board of Directors, eight members are to be members of the Riksdag. The Board of Governors, consisting of three members, is a part of the management. In the case of the Norges Bank, the 15 members of the Supervisory Council and five members of the Managing Board are elected for six years by the Storting.

After nationalisation, the charge made by the Reserve Bank for managing the public debt may have to go. The Government will issue bonds to the existing shareholders in exchange for the capital value of their shares, subject to interest. This interest will be a charge on the Reserve Bank of India. There is precedence for this in the Bank Act of Canada, *vide* section 17-A, in the National Bank of Denmark Act, *vide* section 27, and in the Bank of England Act, 1946.

Out of the surplus profits, a fund should be accumulated, equal in amount to the face value of the replacement stock or bonds issued to the shareholders. It should be the first charge on surplus profits. The payment of interest on this stock should be made out of the working account of the Bank before ascertaining the profit of the year as provided for in section 29 of the

National Bank of Denmark Act.

KRISHNA KUMAR SHARMA

STATE BANK OF PAKISTAN

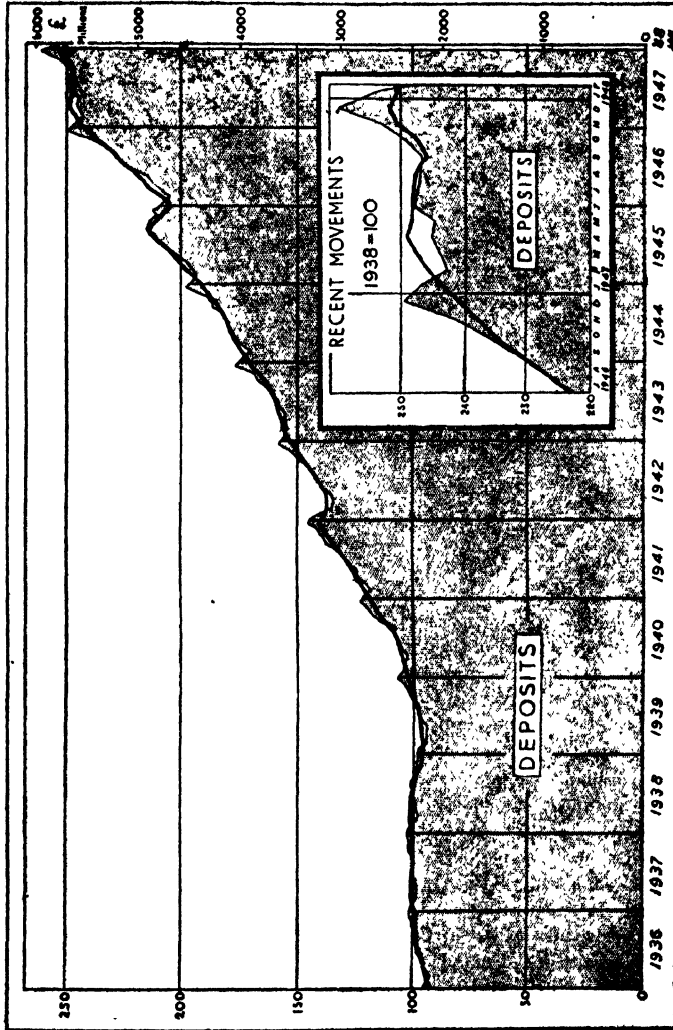
Legislation for the establishment of the State Bank of Pakistan which will start functioning from July 1, 1948, will be undertaken shortly. It will be a central bank and will take over from the Reserve Bank of India the various functions which the latter performs on behalf of Pakistan such as management of its paper currency, public debt and exchange control.

With a paid-up capital of three crores as against India's capital of Rs. 5 crores for the Reserve Bank, the Pakistan Central Bank's majority control will be retained by Government but private investments amounting to 49 per cent. of the capital would be open to public subscription. The Board of Directors will include three elected by the shareholders and there will be a Central Board of eight directors and Local Boards at Dacca, Karachi and Lahore. A cumulative dividend of 4 per cent. is provided which would mean distribution of about Rs. 12 lakhs as against the Reserve Bank's Rs. 20 lakhs set apart for the purpose. In view of the fact that the Reserve Bank's earnings amount from Rs. 8 crores to Rs. 14 crores, Pakistan circles expect that their bank would equally provide a large margin of profit. When the Reserve Fund reaches the 8 crore figure, all profits, after paying dividend, will be paid to the Government.

The Bank of Pakistan is expected to be established in the present premises of the Reserve Bank of India branch at Karachi. Although it is expected that no serious difficulties would be experienced in the matter of staff, it is understood that a reserve staff would be built up for meeting the requirements of expansion schemes which the Government have already in mind. Mr. Zahid Hussain, who is to be the first Governor of the State Bank of Pakistan has already set up his office in the main Pakistan Secretariat buildings and is engaged presently in arranging for the opening of the Bank on the scheduled date of July, 1, 1948, when Pakistan

THE TREND OF BRITISH BANK DEPOSITS

8 a



would completely become independent of the the Indian Union in all matters.

NATIONAL CENTRAL BANKING AND THE INTERNATIONAL ECONOMY

The classical theory of international balance and of readjustments to balance of payments disequilibria centres around disparities in a single country's price and cost levels with relation to the rest of the world. Under such conditions, domestic deflation—if costs are not too rigid—or currency devaluation may be able to bring about readjustment, through the restoration of the country's competitive position in world markets.

This doctrine was mistakenly extended, especially by the "rules of the game" adherents, to world-wide cyclical disequilibria, originating in one, or a few, highly developed and industrialised countries. Efforts by other countries to correct resulting balance of payments deficits, either through price deflation or exchange devaluation, are then thwarted because such action by any one country or group of countries aggravates the difficulties in their supply and export markets, as well as in competing countries and leads to similar, and mutually self-defeating measures of defence. Price deflation and devaluation spread from country to country without increasing export receipts, especially if world demand for a nation's exports is relatively inelastic. The situation presents a strong analogy with that of oligopoly, where each effort by one seller to cut into the competitors' markets is thwarted by the competitors' price retaliation. Thus, the actual elasticity of demand for one country's exports is merged with the much lower world's elasticity of demand for those products. Sales can be expanded only in so far as lower prices stimulate consumption, and not through inroads into the competitors' sales.

The main result of such policies is, therefore, to propagate to the world at large any cyclical disturbance arising in a major economic area. Balance of payments deficits may be corrected in the end, but mostly as the result of a general decline in income and economic activity.

Furthermore, the accompanying price change will leave in their wake a basically unbalanced structure of international prices when the cyclical depression subsides and more normal conditions are restored.

Whenever balance of payments disequilibria are due, not to international price disparities, but to accidental factors or to cyclical fluctuations, in foreign income and demand, compensatory policies should be followed to the fullest possible extent. This requires a high level of international reserves, especially in raw material and food producing countries, and the willingness to spend these reserves liberally in times of crisis and to accumulate them during prosperous years. When reserves are insufficient, foreign or international assistance—such as contemplated under the International Monetary Fund—would be necessary. Failing this, exchange control should be used as a third line of defence in order to continue compensatory policies and avoid the greater evils inseparable from deflation or currency devaluation. The disadvantage of the latter policies, as compared to exchange control, is that their corrective effect on the balance of payments is likely to depend on an income contraction several times the size of the international deficit to be plugged.

Exchange control, however, should be restricted to periods of temporary exchange difficulties, and should not be used to elude readjustments to fundamental disequilibria. Even more important, the system of controls to be adopted should preserve the multilateralism and flexibility of international trade. It should not lend itself to administrative arbitrariness, rigid and uneconomic allocation of exchange, discrimination and bilateralism. These historical evils associated with exchange control as used in the inter-war period, should not lead to a blind and dogmatic rejection of exchange control as such, but to concrete efforts to dissociate it from such abuses, and make it a fit instrument for the protection of the economy and the currency against temporary pressures on the exchange.

Trade and Tariffs

"TOURISM"—AN IMPORTANT IN-VISIBLE EXPORT ITEM FOR HYDERABAD

The world has witnessed a sudden outburst of "isms"—Political, Religious, Social and Economic; "Tourism" is a commercial one which has caught the imagination of man who is ever after some novelty. Like everything new and sensational, this "ism" which is in vogue today, originated in the Western Hemisphere.

The mad running after "Tourism" has its cause in the anxiety of the European countries and U.K. to increase their fast deteriorating foreign exchange resources. These countries are leaving no stone unturned to encourage the nomad in man and to rouse curiosity in man to see everything that is beautiful and wonderful. Europe is trying to magnetize America and other countries. British hopes are running high and this year, Britain expects 250,000 guests, bringing in their wake £. 25,000,000 profit! When conditions return to normal the prospect will become more rosy and the dreams more colourful. The British are so much interested in this, that they have even set up a Tourist and Holiday Board to do work in this field. This Board is a non-governmental and grant-aided one, and is an outward expression of the desire of the government to see mutual progress and understanding amongst all sections of this great service.

A Tourist Information Centre is set up in London by the British Travel Association to make everything easy for the traveller. The Chairman of the Association, Lord Hacking carries on the work efficiently and keenly. This Association is a veritable panacea for all the diseases a traveller is victim to. His doubts, his difficulties, his desire to know as to which places are worth seeing, all find a safe refuge here. An army of linguists is always at the beck and call of the visitor. The visitor's curiosity is increased by tantalising and picturesque magazines containing everything about the beauty spots of the land. All this deft propaganda

intoxicates him, which is not to be seen in any country in the world. Lord Hacking says that it would be disastrous if the ordinary man stays away from England due to the crisis. He says that food shortage is not so terrible as is made out and that travellers could easily bring additional supplies.

Mr. Faye Forbes of the Office of International Trade, U.S., shows how other countries also caught the contagion and are racing with Britain to develop tourist travel. The French are in full swing to lure foreigners especially Americans. They have declared battle fields as permanent historic sites. Netherlands, Belgium, Luxembourg and Switzerland have followed suit. Switzerland is sure to win, with its well-known fairy glory which would conquer the heart of any man. It is a bewitched land sure to hypnotise anyone.

The tourist boom after the war period has greatly encouraged the Western Hemisphere. Canada is reported to be spending 1,250,000 dollars for this new-born craze. This same fancy saw in Mexico the birth of countless hotels. Cuba and Panama are not any whit backward.

Besides its financial advantages, "Tourism" has its other features, the more redeeming and valuable one, that of developing international understanding and goodwill. No doubt, great leaders and politicians cross the seas very often, but their meetings are not enough to develop the goodwill between man and man. Rock-fellers and political giants are of a pathetically small minority, and though they hold the destinies of nations, their meetings are not enough. It is the common man, the son of the soil, who inherits the earth and it is his understanding that should be developed and it is he, who ought to be made happy. The contact between these real stuff of the earth, is essential to world peace. A stay-at-home nation will develop narrow-mindedness which in its wake will arouse racial prejudice and instead of traveller armies will cross the borders of countries. That is why Lord Hacking wants the restrictions on travel to be of a temporary nature,

The love for tourism has taken such gigantic proportions that it is not allowed to be a local affair. An International Conference of National Touring Organisations was held at Sorbonne, Paris, in October last year, at the right moment. Many delegates belonged to countries which had to suspend tourism due to economic stress.

The Articles of Association are important. These stress the importance of promoting the free flow of visitors in the interest of trade and cultural understanding. This Association wants to be recognised by the U.N.O. This recognition underlines the importance of tourism as a factor in economic equilibrium. All the delegates are asked to put pressure on their respective governments to encourage travel.

"Tourism" is both an important invisible export and an important invisible import to the U.S.A. It is an essential component in their total import trade which must be increased if her world neighbours are to have the necessary dollars to sustain the essential expansion of America's export trade. A traveller not only performs the task of stimulating goodwill but he imports goods and services through his expenditure in a foreign country. The travel "import" of U.S.A. in value was double the import of sugar in the twenties and thirties.

Hyderabad has a clear lesson to learn from the travel campaigns of other countries described above. Like most of them, we are also in urgent need of foreign exchange which is so vital to our post war development schemes. It would do well if our Government takes this affair seriously and promotes tourist travel which is bound to bring in foreign exchange by an increase of our "invisible" export. It is true, our government in a casual way is encouraging tourists to visit this country but something more sustained is needed.

Hyderabad is rich in its spots of beauty. We have the famous Ajanta caves which are already attracting a number of foreigners. In India no other ancient remains exhibit such remarkable combination of architecture, painting, and

sculpture as the "Ajanta Frescoes." Throughout our country we have ancient temples like the Thousand Pillar Temple at Warangal, Kailasa Temple at Ellora, the Bhadrachallam Temple, and the Sikh Gurudwara at Nanded. We have ancient mosques like Mecca Masjid and Jamai Masjid. We have historical forts at Warangal, Bidar and Golconda. The Falaknuma Palace, the Chow Mahalla Palace and the Four Minarets are well worth a visit.

The State has carefully preserved all that was best in its old institutions, while some of the most useful features of the new system have been freely adopted. A synthesis has thereby been achieved which may well be termed the unique characteristic of the Deccani culture which distinguishes Hyderabad from the rest of India, making it the common ground where the East meets the West in atmosphere of harmony and co-operation. All this must be made known to the world. All this must reveal to the foreigners that Hyderabad is not a rude and rough country but a fast rising star able to give as much as, nay, more pleasure to the traveller as any other country.

The Government should take a hand in the matter and constitute a quasi-state Tourist and Holiday Board like that of England and advertise lavishly the attractions of Hyderabad through printed material, articles for the foreign press and broadcasts. Through our Agent-Generals, a variety of tourist literature must be distributed to oversea travel agencies providing detailed information on every corner of the country. At home, the Tourist Board must arrange for an Information Centre, giving tourists details on train timings, places of interest, entertainments, current and coming events, information on where to go and what to see, information in short, how best to enjoy their stay. Hotel managements in various places of interest must be encouraged to effect necessary improvements to lodge foreign visitors comfortably. There is a wide network of railroads, and motor roads, and air transport is also

making rapid headway. This transportation media must be usefully pressed into service to induce wander-urge among foreigners. In a word, the visitors should be treated in such a way that our proverbial hospitality, kindness and courtesy would be re-affirmed and revealed to the world leading to an increased influx of travellers which would lead to the influx of the precious foreign currency which we so badly need.

HYDERABAD'S NEW RESPONSIBILITY

With the assumption of an Independent Status on August 15th, 1947, the currency and credit system of Hyderabad promises to play a powerful part in the development of national economy.

It is understood that our Government have already taken up the question of direct management of our Sterling and Dollar balances with the Government of India and have demanded the immediate revision of the present procedure.

At present, the Government of India have control over all dollar and sterling assets of Hyderabad in foreign countries and Hyderabad businessmen have to take permission of the Government of India for making any purchase in foreign currency. This procedure is causing great inconvenience and has proved to be a hindrance to foreign trade. Therefore, they should be allowed to retain the country's sterling and dollar credit, in order to regulate exports and imports of the state.

M. MADHAVA RAO.

HYDERABAD TRADE POLICY

The Hon'ble Mr. J. V. Joshi, Minister for Industries and Commerce, Hyderabad Government, in a broadcast disclosed that it had been decided to set up a sub-committee of the Council of Ministers, consisting of Mr. Pingle Venkatrama Reddy, Deputy Prime Minister, Mr. Ikramulla, Planning Minister, and himself, to for-

mulate Government's trade and commercial policy.

The object of the sub-committee of ministers is to formulate a common policy of trade and commerce and conduct a general survey of the requirements of the various consumable articles of the country.

The resources of Hyderabad are well up to the mark. The internal demand for raw and finished products can well be met, and the country can easily become industrially and agriculturally prosperous. Hyderabad is rich in raw products and minerals and as such it can become economically independent, provided proper industries are floated.

If a proper approach is made after meeting the internal demands there would be a surplus of finished articles like yarn, sugar, waxes, gums, vegetable ghee, oil, biscuits, fertilizers, lubricating oils, tar, cement, clays, optical lenses, and silica.

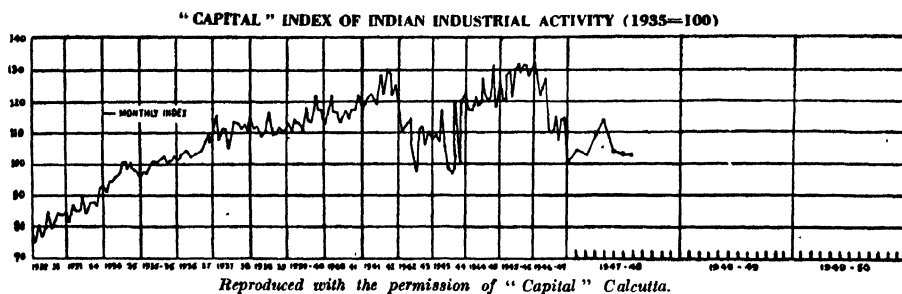
Commercial prosperity would be tremendously accelerated with the aid of modern scientific methods. There would be an improved and maximum yield and the creation of gigantic wealth and power. As far as possible the Government will have to discourage the export of pure raw materials thus saving space, time and money, and encourage local merchants to establish industries to turn raw materials into finished products, which will have a free export.

Next, the commercial class should be well organised and well disciplined. For this, local bodies in the form of "Merchants Associations" should be developed, representing the various sides of commerce. There should be a Central Organisation in the capital, with representatives from the District Merchants' Associations. The Central Organisation would be a source of strength to trade and industry.

Government would encourage as many industries as possible in every sphere. Every enterprising element would receive maximum en-

couragement. The Government would not interfere unnecessarily. And many centres would be opened as far as practicable for home industries, like handloom, embroidery, pottery, leather-craft, ivory and silver works. Students would be trained and sent to infuse in the public

the spirit of developing small-scale and home industries. Central sale and purchase depots would be opened to strengthen public interest. Government would go in only for the basic and key industries of the country and give loans wherever necessary.



20 P.C. INCREASE IN INDIA'S EXPORTS

• TARGETS FOR 1948-49 IN TRADE DRIVE

Operation of Control Explained

India's export drive target for 1948-49 is 20 per cent. over her 1947-48 exports.

Very rough estimates show that India's exports in 1947-48 totalled Rs. 300 crores, while the target estimate for 1948-49 is Rs. 360 crores.

As regards imports, the large quantity of consumer goods which appeared in the market have been imported against licences which were issued before the restrictive policy was introduced on July 1, 1947.

The result of the restrictions placed becomes visible only after an interval of six to eight months.

These facts were brought out at a Press conference held by Mr. C. C. Desai, Commerce Secretary, Mr. L. K. Jha, Chief Controller of Exports, Mr. G. R. Kamath, Chief Controller of Imports, and other high officials of the Commerce Department.

It was explained at the conference that since January 1, 1948, the import licensing policy had to take into account growing difficulties in making adequate dollar exchange available for imports. Imports from dollar countries, as well as from other hard-currency countries, such as Switzerland, Portugal and Sweden, had to be severely restricted.

Further restrictions on the licensing of imports were first imposed in July, 1947. Certain old licences were, however, allowed to be carried forward up to the end of 1947.

RELAXING EXPORT CONTROL

As regards export control, in pursuance of the policy to relax control over exports, consistent with the supply position in the country, Government made further reviews from time to time, and upward of 150 items have been removed from export control since the termination of hostilities.

The export policy continues to be under constant review, and other articles will be added to the free list as soon as supply conditions permit, taking advantage of the export probabilities available for manufactured goods.

Apart from removing various commodities from the operation of export control or liberalising the quantum of their exports, Government have also removed various restrictions on the prices at which certain commodities can be exported. The only restrictions now remaining in this regard are on the export of cloth to Australia, East Africa and the Sudan. These have been kept in view of our agreements with those countries for the import of foodgrains and cotton.

TRADE WITH PAKISTAN

In another direction, however, there has been an extension of export control. The Partition Council decided that the movement of goods between India and Pakistan should be allowed freely, as before partition, up to February 29, 1948, unless a trade agreement was reached between the two Dominions. No such agreement could, however, be reached, and with effect from March 1, 1948, trade with Pakistan has come within the purview of the export and import control regulations imposed under the Imports and Exports Control Act, 1947.

Global quotas are a feature of the policy under which important commodities such as cloth, oilseeds and oils, and jute and jute goods are exported from India.

The procedure for allowing exports varies with different commodities. The general tendency in this regard, however, is to allow exports on a basis approximating pre-control conditions.

Mr. Desai said Government were anxious to decontrol exports and imports as early as possible, but as long as present conditions last control was inevitable. A constant review was, however, kept to ascertain which commodities could be removed from the controlled list without detriment to the economy of the country.

Complaints regarding the operation of control were inevitable and natural, but it was not always realised that the period to which many of these complaints related was the pre-August (1947) period. He said any one who knew the working of the office would realise that there

was a difference between the period after August, 1947, and before. The question of corruption was uppermost in the minds of those in charge of the Commerce Ministry, and various steps were being taken to restrain corrupt practices.

JUTE EXPORT POLICY

As regards criticism of Government's jute export policy, Mr. Desai gave figures to show that the legitimate share of Calcutta had not been diverted to other centres. In fact 95 per cent. of the total business was with Calcutta, a proportion perhaps higher than in previous years. As regards export of jute goods not only had there been no fall in the off take of jute goods but in the first three months of the year jute goods exports were a record, and far in excess of the corresponding 1946 and 1947 exports.

INDIA'S EXPORT POLICY MAY BE FURTHER LIBERALISED

ENCOURAGING PROGRESS IN FIRST TWO MONTHS OF THIS YEAR

With India's export drive making progress, Government are believed to be considering the advisability of further liberalising their export policy.

The provisional figures covering a wide range of important exports from the three major ports of Calcutta, Bombay and Madras for the first two months of this year are substantially higher than those for the corresponding months of 1946 and 1947.

For instance, the export of oilseeds was eight times as great as it was in January-February, 1947. Oils also recorded a considerable increase, the most striking rise being in the export of castor oil—5,500 tons against 266 tons in the first two months of 1947. Exports of linseed oil and groundnut oil totalled over 10,000 tons against a mere 700 tons in January-February, 1946.

The export of jute manufactures in January-February, 1948 showed an increase of more

than 80 per cent. over the corresponding figure for 1946 and of about 15 per cent. over the figure for 1947, the tonnages being respectively, 158,000, 118,000 and 188,000.

Other items in which increases were recorded include lac, magnesite, bones and manure, raw hemp and woollen manufactures.

In assessing the true value of these higher export figures one must take account of the fact that the previous years' returns included exports from the now non-Indian ports of Karachi and Chittagong.

DECONTROL PLAN

In order to achieve and, if possible, exceed last year's export target by about 20 per cent. the Ministry of Commerce has under consideration the question of further liberalising India's export policy by decontrolling more commodities and by adopting a more liberal licensing policy where immediate decontrol is not feasible.

Export quotas for commodities for which overall quantitative limits operate are also being raised as far as possible. Thus, the cotton piece-goods export quota has been increased to 200 million yards for the current half-year from 150 million yards for the corresponding period of last year.

Steps are also being taken to stimulate exports to hard currency areas, and, according to a Commerce Ministry spokesman, every effort is being made to ensure that all applications for export to hard-currency areas are handled "expeditiously and sympathetically."

PROTECTION FOR STEEL

RATES ENHANCED BY THE INDIAN GOVERNMENT

The Government of India have decided to increase the existing protective duty on U.K. manufactures of certain categories of special steel from 12 per cent to 30 per cent. and the standard rate from 24 per cent. to 42 per cent.

A communique issued by the Ministry of Commerce says: "Having considered the claims of the alloy, tool and special steels industry,

the Tariff Board has held that this industry qualifies for the grant of protection. It has recommended that the existing protective duty should be enhanced on the following alloy, tool or special steel rods or bars (excluding precision, ground and polished bars, blue reeled bars and silver steel finish bars): (1) High speed steel containing more than 18 per cent. tungsten; (2) stainless and heat-resisting steels containing more than 11 per cent. chromium; and (3) other alloy steels containing any of the following and not included in categories (1) and (2): 0.40 per cent. or more of chromium or nickel; 10 per cent. or more of molybdenum, tungsten or vanadium; or 10.00 per cent. or more of manganese.

The Government of India have accepted the recommendation of the Board and have accordingly decided to increase the existing protective duty on U.K. manufactures of the above categories of special steel from 12 per cent. to 30 per cent. and the standard rate from 24 per cent. to 42 per cent.

EXPORTS OF COTTON PIECEGOODS

INDIAN GOVERNMENT DECISION ON QUOTAS

The Government of India have fixed destination quotas for cotton piece-goods for the first half of 1948.

Out of the total quota of 210 million yards, 77 million yards have been earmarked for the U.S.A. and other hard currency areas. Export of the balance—133 million yards—will be allowed on the basis of 75 per cent. by established shippers and 25 per cent. by newcomers. Applications from newcomers will be invited in due course.

Regarding the 77 million yards fixed for export to hard currency areas, intending exporters should apply to the Chief Controller of Exports, New Delhi, at the same time furnishing evidence of firm offers. Shipment against quotas granted to eligible applicants will be allowed on production of letters of credit before the Deputy Chief Controller of Export, Calcutta, and Bombay, or the Export Trade Controller, Madras, as the

case may be, depending on the port from which shipment is to be effected.

Quota holders may export goods direct from an Indian port to any destination except South Africa, on instructions from their indentors in the hard currency areas, provided payment is made in the hard currency concerned.

The hard currency countries are: (a) The whole of the continent of North, Central and South America and adjacent islands excluding territories which are part of the sterling area; the Dutch monetary area and the French franc area; (b) The Belgian monetary area; (c) Japan; (d) the Philippines; (e) the Portuguese monetary area, excluding Portuguese India; (f) Sweden; (g) Switzerland and Liechtenstein.

INDO-PAK COTTON PACT

The cotton trade in Pakistan and the cotton mill industry in India are both relieved that the negotiations between the Indian and Pakistan Governments on the subject of exchanging Cotton textiles for raw cotton have proved successful. It will be remembered that the negotiations threatened to end in a stalemate owing to the insistence of the Indian Government that India should supply only 10 bales of cloth for every 20 bales of Pakistan cotton. After presenting a stiff front, both the parties have abated their demands a little, with the result that a compromise has been possible. Under the new agreement, which comes into force immediately, the ratio of Indian cloth to Pakistan cotton will be 12 to 20. A feature of the exchange of supplies is that customs duties in both Dominions will be applied. While the export duty on each bale of cotton exported from Pakistan is Rs. 60, export duty 'ad valorem' on each bale of cloth will approximately amount to Rs. 150. The Government of India are making an allotment of 25,000 bales of cloth to Pakistan immediately to relieve the acute cloth scarcity in that Dominion. The Pakistan Government for its part has agreed to issue permits freely for the export of cotton to India. The satisfactory

conclusion of an agreement has pleased commercial circles in both the Dominions.

INDIA'S EXPORT DRIVE IN FRANCE

Indian exports to France during the last nine months of 1947 were five times greater monetarily than those in the same period of 1946. Stating this to an agency, India's Deputy Trade Commissioner in Paris expressed hopes regarding a further increase this year.

In connection with India's export drive, an Indian pavilion was opened in the International Trade Fair at Milan held on April 27. Many exhibits at this fair will be brought to a similar fair opening at Lille, France, in June. It is also proposed to organise a further showing of Indian products in Paris later this year, but no details are yet available.

INDO-CANADIAN TRADE

Trade between India and Canada last year was substantially greater than in 1946 and over five times what it was in 1939. These figures show that the total trade between the two countries in 1938 amounted to \$ 14,984,528; in 1946 to \$ 76,923,171; and in 1947 to \$ 85,196,762. India's position in Canada's total external trade was third last year as against fourth in the previous year.

Canada's exports to India in 1947 were of the order of \$ 42,946,957 while she imported goods from India of the value of \$ 42,249,805.

INDIAN TEA FOR BRITAIN

300,000,000 LBS. TO BE BOUGHT

The price to be paid for 300,000,000 lbs. of tea, which the Government of India are permitting the British Food Ministry to buy from India's 1948 crop, has been agreed at 2d. per pound more than the 1947 contract price.

The actual terms are: The price is to be increased by a minimum of 2d. per pound for the first one-third of the deliveries with a provision of more for the remainder, if the growers have a sound case of rising costs. For high

grown tea, such as of Darjeeling, however, the Food Ministry will have to pay more still. The best teas, which cost 1s. over their pre-war prices in the last contract, will in the new agreement be 1s. 4d. per pound above.

The agreement means that other Indian tea will cost Britain 1 s. 1 d. more than before the war, but, the deal is well "below the market" and other countries which have to buy in Calcutta public sales are paying above 2 d. per pound more than the British Food Ministry.

MILAN TRADE FAIR

INDIA TO TAKE PART

India has shown the world how far she has progressed in industrialization at the International Trade Fair, recently held in Milan, Italy, on April 25.

This is the first time that India has taken part in a trade fair on the Continent. Her participation was designed to show that she has begun producing goods for world markets on a fairly large scale.

Over 100 leading manufacturers throughout the country have donated samples of their best products. Besides industrial groups, ranging from textiles to surgical instruments, the Indian pavilion also displayed objects of art of typical Indian design and execution. These received much notice from overseas buyers.

BURLAP SHORTAGE FEARED

BOMBAY TRADERS MUDDLE EXPORTS

Unless early action is taken to correct the present confusion over issuance of burlap quotas in India, observers warn that the United States will face a serious shortage of burlap bags within the next ninety days. Buyers charge that for no apparent reason, as far as they can see, nearly 80 per cent. of the burlap quota has been given to persons having virtually no previous connection with the industry. Now, with a large proportion of the quota in the hands of newcomers, the U.S. market is fearful that such

traders will be unable to produce the necessary letters of credit at the proper time and will thus have their quota cancelled.

CALCUTTA AFFECTED

It is estimated that a very large percentage of the quota has been handed out to dealers in the Bombay area who are absolutely inexperienced in this trade; the old established shippers around Calcutta, long recognized as the centre of the burlap trade, having been left largely out in the cold. So confused is the present situation that observers here hopefully point out that the only change now can be one for the better. To this end strongly worded protests have been sent by interested trade associations in this country to the proper authorities in India and an influential delegation representing old-line Calcutta shippers had been to New Delhi in high hopes of getting things straightened out.

LONG TERM BASIS

It is being emphasised that overseas trade in burlap is usually negotiated on a long-term basis and the current market upset has created a difficult situation in this respect. Many Calcutta business and stockholders sold heavily, following no allotment quota to them, and this is said to be responsible for the price slump in the burlap market there.

DECLINE IN STOCK LEVELS

Big manufacturers declare that sufficient burlap stocks are on hand both in this country and abroad to provide for normal cutting operations for the next two or three months. At the end of January, stocks of burlap in the United States totalled 200,000,000 yards, a decline from the 218,000,000 yards held at the end of last year. Consumption of burlap in this country was at the rate of 65,000,000 yards, during January and 70,000,000 yards during December. It is emphasized that, at this rate, the quota situation must be cleared up in a matter of weeks in order that shipments can be resumed in an orderly manner and stocks not permitted to decline to dangerously low levels.

MAXIMUM TRAVEL ALLOWANCES

Pleasure travellers from India to Europe, including Britain and Russia but excluding hard currency countries specified as Switzerland, Sweden, Portugal, and Belgium, are limited to a maximum travel allowance of £. 600 per person once in three years. In the hard currency countries they are allowed the equivalent of £. 75 from this authorised amount. No provision is made for pleasure trips to the United States or Japan, but in Iraq, Persia, Saudi Arabia, Ceylon, Burma, Malaya, and the Dutch East Indies the annual allowance is Rs. 2,000 per adult and Rs. 1,000 per minor. For the remaining countries in the Near and Far East the allowance is £. 600 once in three years.

Business travellers to the United Kingdom are allowed a maximum of £. 15 a day for periods depending on need but not generally exceeding four months. On the continent including Russia but not the hard currency countries, £. 10 a day is allowed with a similar time condition. The allowance in Switzerland, Sweden, Portugal, and Belgium is £. 8 a day. The United States daily maximum is £. 10, and business visitors to Japan are limited to £. 7 a day for 21 days, plus forty United States dollars to cover immediate arrival expenses. For other countries in the Near and Far East £. 8 a day is allowed, with time restrictions as for Britain.

INDO-AMERICAN TRADE RELATIONS

The Marshall plan does not imply any shortage of equipment needed by the Far East. This fact was emphasised by Dr. Henry Grady, American Ambassador in India addressing the Indian Council of World Affairs, New Delhi on 28rd March, 1948. Dr. Grady was speaking on "Indo-American Trade Relations," and he said that though America, at present, is in short supply of many things, its production is fast approaching demand. The European Recovery Plan wants to stimulate the production of machinery and equipment. When this happens Europe will stop looking up to America

and on the other hand would be in a position to help Asia. The recovery of Europe means an increased purchase of Asia's products. This will lead to an increased inflow into Asia of foreign exchanges which would enable Asia to buy abroad industrial equipment. The Ambassador emphasised that the effect on Asia of European recovery should not be minimised.

The importance of Asia as a factor in general world recovery is quite visible. Asia should not lag behind Europe. It should take positive and co-operative measures so that its recovery would proceed simultaneously with Europe and thereby resulting in mutual strengthening.

The problem of Indo-American trade relations should not be viewed narrow-mindedly as it forms part of a bigger whole. Economic problems, in the modern world, cannot be dealt with in an isolated way. It is impossible. Time and distance are conquered and a small economic change in any corner of the world will have its repercussions throughout the world. Extreme economic nationalism and thoughtless isolation were the seeds of the last two World Wars. The trade between India and America would depend on the economic peace in the world. India and America are both interested in world-wide trade development. For this, it is necessary that world-trade should grow. If India or America want to reach economic excellence, they simply can't remain unconcerned about the trade of the world as a whole. This is because of the fact that world prosperity is not divisible. India also must get interested in the recovery of Europe as America is. In this respect Dr. Grady says, "Although India's foreign trade is not as large as that of the U.S.A., it is relatively as vital to its prosperity."

Not only on world basis but also on a regional basis, the need existed for economic co-operation. The age-old proverb, "United we stand, divided we fall" holds true here also. Dr. Grady suggested the establishment of an Economic Commission for Asia and the Far East, for the achievement of positive results on regional basis.

E.C.A.F.E. at its next meeting would suggest some constructive steps. The E.C.A.F.E. may become the veritable counterpart of the E.R.P. Dr. Grady said that the "Nehru Plan" might provide for an equally effective programme of mutual aid on a regional basis. Encouragement might be given to active trade promotion agencies. The Governments of Western countries successfully undertook trade promotion programmes. These programmes consist in acquiring and disseminating information regarding market conditions and trade practices, in pointing out trade opportunities in respect of both exports and imports, and in facilitating the handling of trade complaints, and lastly, in the development in general, of friendly relationship between exporters and importers.

JUTE TRADE IN PAKISTAN

PLANS FOR IMPROVEMENT

A short-term plan for improving the jute trade on which "depends the prosperity of the State of Eastern Pakistan" was submitted to Qaid-e-Azam Jinnah, Governor-General of Pakistan by the Eastern Pakistan Central Jute Association and the Eastern Pakistan Jute Growers' Association when a joint deputation of these two bodies met the Governor-General.

The plan proposes that Government should buy and secure the entire jute crops and ascertain from foreign countries their requirements every year, and no person other than Government should be allowed to buy, sell or negotiate foreign shipments. The entire trade should be controlled by Government through accredited agents and the minimum price of jute should be fixed by Government in consideration of the price obtaining in foreign countries. There should be only three grades of jute, namely, top, middle and bottom and there should be a difference of Rs. 2 only in the price between one grade and the other. The plan further proposes that the price should be fixed at Rs. 42, Rs. 40 and Rs. 38 respectively for these three grades as against Rs. 40, Rs. 38 and Rs. 35 as now prevailing.

EXPORT TRADE IN KARACHI

The export trade in Karachi in January this year was almost double the value of the exports for the same month last year. The total value of the exports was Rs. 4,77,00,000 showing an increase of 424 lakhs. Imports show a reduction by nearly half for the corresponding period last year. The total value of imports was Rs. 1,81,00,000 showing a decrease of Rs. 1,37,00,000.

PAKISTAN RICE FOR INDIA

WHEAT AND BARLEY IN EXCHANGE

India will get from Pakistan 20,150 tons of rice shortly as a result of the barter agreement recently concluded between the two Dominions.

In exchange India will send to Pakistan 9,000 tons of Australian wheat, 12,000 tons of maize and 1,500 tons of barley.

India has already started implementing the second interim agreement by despatching the wheat quota, which arrived at Karachi harbour recently. India has promised to expedite the maize and barley quotas as early as possible.

The consignment of 10,000 tons of rice to be exchanged for India's 12,000 tons of maize is expected to leave Pakistan soon.

India's supplies of wheat and barley will be diverted to West Punjab, while maize is eagerly awaited by Frontier Pathans, who prefer it to rice.

PAKISTAN'S SUGAR NEEDS

Pakistan's sugar position continues to cause anxiety. Her annual requirements amount to 245,000 tons, and local production is as low as 25,000 tons. India will supply 15,000 tons. Pakistan has so far been able to procure from Cuba and Brazil 19,000 tons.

In view of the high cost of Indian sugar, Pakistan continues to tap other sources, including Cuba, but the foreign exchange position is the main snag in the matter. Pakistan hopes however, to purchase from Cuba and other

countries more sugar for which parleys are now in progress.

NO DUTY ON IMPORTED GOODS

PAKISTAN GOVERNMENT'S INSTRUCTIONS

Two Customs Officers of Pakistan Government who have been posted at Tejgaon aerodrome since March 1 revealed that they had been instructed by the Government not to impose any duty on any imported goods. So they discontinued the practice of searching the luggages of incoming passengers but the luggages of outgoing passengers were searched as usual and "luggage rules" were enforced strictly.

The officers also informed the Press that they would return to the parties concerned the total amount of about Rs. 300 which was realised from different incoming passengers as duty for bringing new clothes and other articles from Calcutta in the first five days of March, 1948.

The officers also revealed that anybody wishing to carry jewellery to Calcutta would be required to produce certificates from the Reserve Bank of India.

BURMA'S PRE-WAR RICE EXPORTS EXPECTED NEXT YEAR

Burma expected to supply to the rest of the world three million tons of rice—her pre-war export level—next year, said U Mya Hengoda leader of the Burmese Government sponsored Industrial Delegation to India.

U Mya disclosed that Burma would request India to supply her machinery and technical personnel for the development of small scale industries. As for large scale industries, Burma would have to approach Western countries, he added.

The delegation, was on a tour of India to study the growth and development of the country's industries.

TWO-YEAR PLAN

U Mya, in an interview said that the Burmese Delegation would submit a report to the Burmese Government on India's industries. A two-year

industrial plan for Burma had been prepared and their visit to India was a part of the programme to help to implement that Plan. He said that Burma proposed to develop her industries side by side with agriculture. They proposed to start new industries such as the textile and plywood industries.

REPORT TO THE NATION



No. 17

How are we doing now?

THIS is our most critical year since the war. Our very life as a nation depends on a rising tide of production—to enable us to pay our way in the markets of the world, to keep ourselves fed, housed and clothed, to prevent inflation and to gradually raise our standard of living.

Over a third of this year has passed. How are we doing? How does our actual production compare with the targets we set ourselves? Here are some answers—



STEEL—Another record

The production target for 1948 is 144 million tons of ingot steel. Output during the first four months of this year was at a rate of just over 15 million tons a year—a record for the industry.

COTTON—Output rising

Our target is a production of 20 million lbs. of cotton yarn a week as soon as possible. In the four weeks beginning 4th April the average weekly output was just over 18 million lbs.

COAL—Output keeping up

In 1948 we must produce 211 million tons of coal—73% more than last year. During the 18 weeks ending 8th May we mined 7% more than last year—almost abreast of the target, thanks to open-cast mining which more than pulled its weight.

EXPORTS—A good start

The export target for 1948 calls for exports 125% of 1938 volume in the first half of this year. In the first quarter we actually exported 126%.

On balance we have not done too badly. But remember that if and when all this year's targets are achieved that is just a beginning. We shall still be a long way short of producing enough to pay our way in the world and raise our standard of living. So we can't afford to rest on our oars.



STEEL—Scrap shortage serious

Our stock of pig iron is down from 452,000 tons at the end of December to 368,000 tons at the end of February. Scrap scrap is down from 375,000 to 352,000 tons. Scrap wasted is steel lost.

COTTON—Workers urgently needed

Our target is to increase the number of cotton workers from 267,000 to 325,000 at the end of 1948—an increase of over 1,100 a week. During the first quarter the average weekly increase was less than half this rate.

COAL—Manpower below target

To get 750,000 miners by the end of 1948 we must recruit 705 a week. So far this year the average increase has been only 393 a week. Output per man-shift is lower than pre-war though there are more and better machines.

EXPORT—A target in danger

Our exports of cotton goods increased during the first three months but were well behind schedule. In March they were 30% below the end-1948 target.

It still adds up to MORE AND MORE PRODUCTION

Issued by His Majesty's Government

U Mya said: "We have approached the Governments of India and Pakistan for machinery and technicians. Even though they are not in a very good position to supply them, I hope we can get some machinery from cities like Calcutta for our small scale industries."

He observed that their visit to India and Pakistan had helped them considerably in collecting data on the industrial development of Burma's neighbouring Dominions. He hoped friendly relations between the countries would continue to their mutual advantage.

STEPPING UP EXPORTS

Referring to rice production in Burma, the leader of the delegation said that his country had promised 1.6 million tons to the Combined United Nations Food Board this year as against less than one million tons last year. In 1949-50, Burma expected to step up her external supplies to three million tons, which was her pre-war export figure. After supplying to the Combined Board the specified quantity of 1.6 million tons this year, if anything remained Burma would be able to help India directly, U Mya added.

SCHEME OF BRITISH EXPORTS

TEXTILES AND CLOTHING DRIVE

Mr. Harold Wilson President of the Board of Trade, told a meeting of Lancashire cotton trade organisations that British export programme provided for a clothing and textile export rate of £. 89 million monthly by the end of 1948.

"Textiles and clothing are right at the spear-heads of the drive both in totals and because they represent one industry where we can get a real increase in our exports to hard currency areas particularly to Canada, Mr. Wilson declared.

He said that the cotton export target had been advanced from a monthly rate of 9.1 millions sterling to 10.1 millions a month by the end of 1948.

Efforts were being made to break bottlenecks in the production of textile machinery and special attention was being paid to the removal

of obstacles to production resulting from shortages of accessories vital to efficient textile production, the Board of Trade President added.

The present textile export envisaged a maximum monthly rate of 8.8 million sterling by the end of 1948, of which 1.55 million would be for home users. This was a 20 per cent. increase over the immediate past.

The quantity for the home market, Mr. Wilson stated, would be protected from any short fall in total production.

AMERICAN FILM AGREEMENT

GOVERNMENT TO END AD VALOREM DUTY

Four-Year Bargain

The completion of an agreement to permit the resumption of American film exports into Britain was announced recently in the House of Commons by Mr. H. Wilson, President of the Board of Trade. The arrangement will come into operation on June 14, and provides initially for an annual remittance to America of \$. 17m. from earnings of new films and re-issues, and of additional amounts equivalent to the earnings of British films in America.

Mr. Wilson disclosed that current remittances to America in respect of earnings of re-issues of American films in Britain were at an annual rate of about \$. 50m., and claimed that the first result of the agreement would be to save dollars. He said:—

I am glad to be able to inform the House that the negotiations between the Government and representatives of the American motion picture industry have resulted in an agreement. The details of the agreement are necessarily complicated and certain technical points are still being worked out. The whole agreement will be published as soon as possible. Meanwhile, I should like to give the House a summary of the essential features:—

The *ad valorem* duty on imported films will be withdrawn as quickly as the necessary order can be made, and the normal export of

American films to the United Kingdom will be resumed as soon as possible thereafter. While it is the intention of the parties that the main structure of the agreement shall be for four years it is divided into two periods of two years with provision for review at the end of the first period. It will come into operation from June 14.

DOLLAR REMITTANCES

From that date, and for the first period of two years, an amount of \$ 17m. a year is fixed for the remittance of earnings in the United Kingdom from the showing of American films. This amount will cover not only the earnings of new American films but also the earnings of such films as are already in this country. Additional remittances, in dollars, of sums equivalent to the earnings of British films shown in the United States will be permitted.

The agreement provides for permitted sterling uses of the revenues of American films which are in excess of the amounts that may be remitted across the exchanges. These permitted uses will be under the supervision of a joint control committee composed of representatives of His Majesty's Government and the American motion picture industry.

Finally, the agreement contemplates that any residual balances which are not eventually disposed of by the above means may be cleared by agreed transaction not involving any strain on the foreign exchange position of the United Kingdom or creating a further claim on sterling. Such transactions might take the form of charitable or public uses, including the encouragement of the arts and sciences. Both sides have approached these difficult negotiations in a fully co-operative spirit, and I should like to pay my tribute here to Mr. Johnston, Mr. Mulvey, and their colleagues, representing the American motion picture industry, for their understanding of our problems and for the manner in which they have approached and conducted these negotiations.

Mr. Lyttelton (Aldershot, C.) said that the

fact that agreement had been reached would give satisfaction in all parts of the House. He found one part of the agreement was obscure and could not judge what the effect on our dollar position would be. He would therefore, refrain from comment until Mr. Wilson had published details.

BRITISH FILMS IN U. S.

Mr. Scollan (Renfrew W., Lab.) asked what was the estimated income in America from British films; while the negotiations were going on.

Mr. Wilson said it was very difficult to form an estimate of what British films would be earning in America, but the fact that the American motion picture industry could absorb the dollar earnings of British films in the United States meant that there would be the maximum possible inducement to the Americans to push British films in the United States.

Mr. Marlowe (Brighton, C.).—Would not the number of dollars involved have provided a substantial petrol ration? Mr. Wilson.—It will have appeared from the figures I have given that the first result will be to save and not to lose dollars.

20,000 FISH EGGS FLOWN TO EAST AFRICA

One of Britain's most unusual exports was recently flown by a B.O.A.C. Speedbird to East Africa. It was a consignment of 20,000 trout eggs—the first since the war, required for restocking streams on high ground, 6,000 feet up, in Kenya.

The eggs were packed in a special insulated box with arrangements for ice to drip down over the shallow trays holding them; throughout their air journey. The eggs travelled well and began to hatch within two days of their arrival.

Boat travel had previously resulted in somewhat high casualties among the eggs because of the length of time taken on the journey.

RECIPROCAL TRADE PACTS

Several decisions of major importance for the future of world trade are now in the making.

The international wheat talks have resulted after all in agreement to fix a ceiling price for the next five years. The conference on trade and employment at Havana after intensive efforts at agreement has concluded recently. The campaign in the United States for the renewal of the Reciprocal Trade Agreement Act has just opened. Much less notice has been taken of the last development than of the others though its outcome may be not less important.

Unless this Act is renewed there will neither be an effective Geneva Tariff Convention nor a world trade charter. The Act, which was passed originally in June, 1934, empowered the President of the United States to reduce the tariffs imposed by the Hawley-Smoot Act of 1930 by up to 50 per cent. in the case of reciprocal trade pacts. The Act was last renewed in 1945, when the enabling powers of the President were "brought up to date" by permitting tariff reductions up to 50 per cent. of those in force at the beginning of that year. The United States Administration are not asking for additional powers now. But it seems not unlikely that the proposal to renew the Act will revive serious controversy. On each of the four past occasions that the powers of the President have been extended, the Act has been vigorously opposed by the Republicans, who have now a majority in Congress. The attitude of the Republican Party towards international economic relations has changed perceptibly in recent months, and it is improbable that opposition would be carried to the point where extension of the Act as such would be refused. Quite probably, however, the attempt might be made, short of that point, to limit such freedom of action as the President and the Administration now enjoy in the conduct of trade negotiations. Indeed a temporary understanding was said to have been reached in this connexion after the autumn elections in 1946. Were any such attempt to succeed it might have wide repercussions in view of the fact that the United States is the driving force behind the idea of an international trade organization. It might mean in practice, for example,

a more rigid insistence by the United States on safeguards against quantitative regulations of trade or against some features of recent bilateral trade agreements. It can only be hoped that if in fact any limitations are imposed on the reciprocal pact-making powers of the President as the price of extension of the Act, they will not be so crippling as to make it still more difficult than it already promises to be for the rest of the world, and western Europe in particular, to sell their goods during the coming months or that they will not circumscribe indirectly the availability of Marshall supplies and the flow of purchases from the United States.

TRADE OUTLOOK IN RELATION TO E.R.P.

In discussing the trade outlook in relation to the E.R.P. before it was passed by the Congress, Thomas C. Blaisdell, Jr., Director of the Department of Commerce's Office of International Trade said that if the programme is authorized by the Congress in the size proposed by the Administration, American exports can be expected to maintain a level this year about 10 per cent. below the all-time record high of 14,474,900,000 dollars in 1947. (Even with such a decrease, the volume of 1948 exports would still be far above the 1946 volume of 9,730,500,000 dollars).

The United States foreign aid programme, in helping to increase production in the countries which were the theatres of war, also will contribute toward a rise in exports from these areas which are, today, shipping goods to the United States in substantially smaller quantities than in pre-war years, he pointed out.

Blaisdell cautioned against any assumption that American interest in the E.R.P. is based on a desire to maintain exports this year at or near last year's levels.

"Purchasing power at home remains unprecedentedly high," he explained. "Domestic demand is sufficient to absorb that share of U.S. production of most commodities currently being exported. Exports made possible by a

substantial foreign aid programme will mean a sacrifice to the American consumer, but one, I am confident, that he will gladly make. For the American public is making clear its understanding of the issues which are at stake and its awareness that there can be little hope for long-range economic stability at home in an economically unsettled world."

PAKISTAN ORDERS RADIO TRANSMITTERS FROM U. S.

Nations in many corners of the world are acquiring American-made radio equipment to extend their communication systems. The newly-established state of Pakistan, for example, recently contracted with the Radio Corporation of America for a network of radio transmitters reaching the whole Pakistan territory from the capital of Karachi to the cities of Peshawar and Dacca. Two of the transmitters are of 50-kilowatt Power, three 10-kilowatt, and one is a 7½-kilowatt short-wave station. Included in the contract are antenna systems, power

plants and studio equipment in addition to the actual transmitting apparatus.

Substantial orders also have come from China, Turkey, South Africa, and several Latin American countries. The Chinese order covers a communications system from Shanghai and six other cities to Manila, San Francisco, and New York. Peru ordered a five-city radio-telephone net.

In equally strong demand are the latest advances in marine radio and radar—the system of ultra-short radio waves which makes it possible to "see" through fog and darkness. In 1947, radar installations were made aboard vessels sailing under more than 20 different flags. Other nations have received communications equipment and aviation safety devices based on radio or radar.

Television projects are under consideration in Cuba, Mexico, Brazil, and Argentina among others, opening up an entirely new field in international communications.

Transport

SHORT SURVEY OF DECCAN AIRWAYS

DECCAN Airways, the Luxury Service, which is carrying you surely and safely to your destination, has got a history. It gives us great pleasure, dear passenger, in taking you back 15 years in revealing to you the foundations on which this efficient organization is built.

In January 1933, a lone Pilot in a tiny 2-seater aircraft took off from an airfield in England and set course for Hyderabad. His arrival at Hyderabad caused a sensation and opened a new field—Aviation. Into the heart of India a new thrill was infused. That lone Pilot, Mr. Babar Mirza, is now the Regional Aerodrome Officer at Hyderabad. In the same year, Mr. P. M. Reddy, flew his Avro-Avion, which he had brought from England, from Bombay to Hyderabad. These two gentlemen were the first to own and operate private aircraft in Hyderabad.

Three years later, Hyderabad State Aviation Club was formed, using Begumpet Airfield. The Nizam's State Railway took a very active interest in the development of Civil Aviation and formed an Air Transport Service as an additional Branch to their Railway and Road networks. Begumpet Airport was equipped with a magnificent Airport building, complete with night landing floodlights, beacons, etc., and was in use by the Flying Club, the Railway Air Transport Service and Tata Airlines. The Railway Air Transport Service undertook frequent charters to various towns in India and also operated a Passenger and Mail Service from Hyderabad and Bangalore in the year 1940.

During World War II, Begumpet Airfield, together with all its hangars, workshops and personnel, was placed at the disposal of the Government of India and became No. 1 Elementary Training School. Hundreds of Indian Air Force Pilots, some of whom are now flying the planes in which you travel, received their *ab*

initio training at Hakimpet, many of them at the capable hands of one of India's most experienced Pilots, Mr. P. M. Reddy. Very few people in the Indian Aviation World are not acquainted with this gentleman who has flown many thousands of hours, both in India and abroad and has a very vast knowledge and understanding of what flying means. He is now the General Manager of this Company.

Also during the War, a large Airfield was constructed at Hakimpet, some 16 miles from the heart of the city of Hyderabad. This Airfield, capable of accepting the heaviest types of aircraft in all weather, is in use as a Civil Airport.

The Post-War programme of the Hyderabad Government includes the construction of a very large Aerodrome at Begumpet, only 5 miles from the City. Work is now in progress and it is anticipated that in a very short time, passengers by Deccan Airways will disembark at India's finest Airport.

Deccan Airways commenced operations on July 1, 1946. It was a small beginning. A light twin-engined aircraft with 5 passengers went to Bangalore. In conjunction with Messrs. Indian National Airways there were 4 services a week between Madras and Delhi. Later, Messrs. Indian National Airways ceased operation on this route and Deccan Airways ran a thrice weekly service between Madras and Delhi, touching Hyderabad, Nagpur, Bhopal and Gwalior. As our countrymen became more airminded and made it possible for us to increase our services, on the 16th of January 1947, the daily service was inaugurated, much to the satisfaction of our passengers. A great need was felt in Hyderabad for a service to Bombay and on February 10th, 1947, we commenced a daily service to Bombay from Hyderabad. This service connected with our Madras/Delhi service at Hyderabad, thus forging a new link

between Madras and Bombay. The Bangalore service which till now had been operated with DeHavilland Rapides, was operated with Douglas Dakotas, as the passenger demand had greatly increased. This Hyderabad/Bangalore service also connected with the Bombay/Hyderabad service, giving a much needed connection between Bombay and Bangalore. On April 16th the Bangalore service was increased to 4 times a week to meet with the summer demand. On September 1st a daily Bombay/Hyderabad/Bangalore service was put into operation. Thus, by September 1st, Deccan Airways was flying a daily service on all its routes.

We are very proud of our Company. We are very proud of the magnificent figures which depict our progress. Between July 1, 1946 and January 31, 1948, Deccan Airways carried 36,225 passengers, 4,06,147 lbs. of freight, including newspapers, 64,340 lbs. of mail; had flown 11,850-45 hours and 18,32,478 air miles. This phenomenal progress in the short period in review has been made possible by the obvious satisfaction and goodwill of our passengers. We are indebted to our Engineers for your safety in flight. We are indebted to our Pilots, Radio Officers and Traffic Staff, for your unequalled comfort and regularity of services.

At your service is this great organization stretching right across our great land and employing hundreds of freedom-loving people. We are at your service, always, with **SPEED, COMFORT and ECONOMY.**

LAUNCHING OF "JALA USHA"

PRaise FOR INDIAN WORKMANSHIP

The greatest interest has been evinced in British shipping circles in the news of the launching of "Jala Usha," the first modern ocean-going vessel to be built in India.

It is reflected by the long description in Lloyds List of the Vizagapatam shipyard in which she was constructed. The writer is Mr. William McArthur Morison, formerly Director of Mer-

chant Shipbuilding and Repairs at the British Admiralty, who visited the yard recently.

Mr. Morison describes the site as an excellent choice and speaks most warmly of the housing scheme for the employees on the slopes above the yard. This, he says, is on modern lines, is most attractive and should make for workmen's comfort and well-being. He is equally enthusiastic over the quality of workmanship displayed: "It was a pleasure to note the high standard of craftsmanship set by the management throughout the whole process from pre-fabrication in shops to assembly in berths."

Mr. Morison concludes: "Generally the impression made on the writer was of a successful rebirth of an old-established industry in India and that its craftsmen were adapting themselves readily to its recreation with modern materials and methods. In this yard, it is evident that the spirit of Lowjee Nusserwanjee a noted builder of warships of his day, is still very much alive.

FIRST SHIP TO FLY TRICOLOUR IN LONDON

For the first time the Indian flag flew recently on a ship in London docks. It is the 4,500 ton 'Jalabala,' owned by Scindia Steamships Limited. She is the first Indian ship which arrived in London since partition.

When Globe's representative visited the docks the crew, which is almost entirely Indian, was busy unloading a cargo of hides, skins, gums and manganese ore for London. In March the 'Jalabala' visited Continental ports with further cargo and was discharged for her return to India by the middle of April.

She is a British-built ship bought by the present owners a year ago. Hitherto the Scindia Steamship Company operated services only along the Indian coast, the Bay of Bengal and to America.

The 'Jalabala's visit inaugurates a wider service including British and Continental runs and in future the Indian yellow, white and green flag should be no stranger to London docks.

SHIPBUILDING IN INDIA

SCHEME STILL UNDER GOVERNMENT'S CONSIDERATION

To all intents and purposes, the question of shipbuilding industry, which came to the forefront following the announcement of the Government of India's policy by the Hon'ble Mr. C. H. Bhabha * at the Shipping Conference held in Bombay in November last year, receded to the background a few days thereafter. The credit for having brought this important question into the limelight must go to Mr. R. R. Diwaker, a member of the Constituent Assembly, who wanted to know the latest position vis-a-vis the implementation of the new shipping policy by the Government. From the reply given by the Commerce Member to Mr. Diwaker, one is led to believe that the Government has been able to accomplish practically nothing and "the question of developing the shipbuilding industry so as to enable India to build within the next five years, a minimum of 50,000 gross tons per annum," is still under consideration. After what has been said hitherto to lay emphasis on the immediate need for building up a sizeable mercantile marine which India can call its own, one would have thought that the Government of India will at least initiate the programme forthwith. Evidently nothing practical has been done so far, nor is it known how long this important question is going to remain "under consideration" of the Government of India. Since the question of providing this country with its own vessels for carrying on the coastal as well as foreign trade is of pressing urgency, and as on it depends much of this country's prosperity in trade and commerce, not to speak of the facilities it will afford to defence, it is to be sincerely hoped that the Government of India will act and not merely talk.

It is noteworthy that the opportunity thus afforded by raising the shipping question was availed of by many members for eliciting further information about the Government's recent

activities in the field of shipping. In answer to a number of questions from members, the Commerce Minister revealed that India had demanded that reparations from Japan to India should include ships but he could not say how many ships India would get. The total coastal shipping tonnage in India was approximately 300,000 gross (including British tonnage) and the whole of it was built in overseas yards. There were five main shipbuilding concerns in India, which during the years 1944, 1945 and 1946 built small launches of a total tonnage of 10,270, 8,508 and 18,544 tons respectively. These launches, the Commerce Minister said, were not suitable for coastal shipping.

It was the intention of the Government, Mr. Bhabha continued, to encourage by all possible means the building in India of as many ships as possible and this matter was also under the active consideration of the Government. In order to facilitate construction of ships, it was disclosed the Government was releasing steel and cement required for the extension of shipbuilding yards and berths.

PORT FOR KARNATAK COAST

The question of developing Bhatkal on the Karnatak Coast of Bombay Province as a major port, over which a good deal of heat and controversy has been raised recently, still remains undecided * although the need for arriving at a decision on it is most pressing indeed. While the ramblings over the Bhatkal issue are continuing, an enterprising industrialist of Bombay, Mr. A. M. Bhatt, it may be noted, has prepared and forwarded to the Government a scheme for shipbuilding and for mechanising country craft. The Commerce Minister revealed that the question of giving assistance to Mr. Bhatt was under consideration in consultation with the Government of Bombay. In this connection, the suggestion of Mr. K. Santhanam that instead of encouraging individual attempts on a small

* Recently an expert committee has been appointed to go into the question and report on the claims of various ports on the west coast.

* Mr. C. H. Bhabha has since resigned.

scale, the Government should itself make a concerted effort to develop shipbuilding, is commendable. Shipbuilding is a major industry and as such it should be organised and executed systematically. Encouraging individuals to build a small yard here and there without proper co-ordination and direction from the Government only amounts to laying a weak foundation for this vital industry.

RATING OF GOODS TRAFFIC ON INDIAN RAILWAYS

SCHEDULES REVISED

An important step towards simplifying their goods rate structure has been taken by railways with the decision to revise the existing schedule of rates for grains and pulses and oil-seeds with effect from April 15, 1948, says a Press Note. This revision would facilitate the understanding by the trade of the basis on which these rates are calculated.

At present, each individual railway has its own schedule of rates for these commodities and as such, the basis of charge on each railway varies and has to be separately calculated to arrive at the total rate for any movement. From April 15, 1948, the different schedules applicable to grains, pulses, seeds common, husks of grains and pulses and bran, moving in wagon loads, will be abolished and replaced by two scales only, one operating over the B.N., the B.B. & C.I., and the G.I.P., the M. & S.M., the N.S., the Bikaner, the Jodhpur, the Mewar, the Jaipur, the B.G.S. and the S.I. Railways (Group I) and the other a slightly lower scale to traffic over the E.I., the E.P., the O.T., and the Assam Railways (Group II).

Normally, the desideratum would be to have one scale of rates applying to all Indian Government railways. But investigations show that the application of the level of rates in Group I which would appear to be the appropriate basis would have resulted in considerable enhancement in freight charges for movements over the E.I. and other railways in Group II where the trade was already enjoying a comparatively

low level of rates. It was accordingly decided that the trade should not be deprived of this advantage and railways were, therefore, divided into two groups for purposes of charges.

In regard to traffic in less than wagon loads also, a common scale applicable on all railways has been laid down.

The basis of charge for oil-seeds which are not otherwise classified will be slightly higher than those for grains and pulses and seeds common.

All the rates are telescopic in character with a ceiling limit which for wagon-load traffic works out to Rs. 1-14-0 and Re. 1-5-0 per maund for grains and pulses over railways in Group I and Group II respectively and Rs. 2-1-0 and Re. 1-10- per maund for oil-seeds not otherwise classified in Groups I and II respectively.

The formation of a common scale applicable to all railways involves an increase in rates in some cases and a reduction in others, but the scales have been devised on the fairest possible basis. The establishment of the common basis for different railways will not in any way, affect the existing station to station rates on which a large volume of this traffic moves, except where such rates are higher than the through rates arrived at on the new basis in which case the lower of the two rates based on the proposed scale of charge will apply.

COMMUNICATIONS IN INDIA

CITIES TO BE LINKED BY WIRELESS

Minister explains Government's Plans

Very soon, important centres in India such as Madras, Calcutta, Delhi and Bombay would be connected by wireless telephone. This was indicated by Mr. Rafi Ahmed Kidwai, Communications Minister, replying to a debate in Parliament on the working of the Communications Ministry. The Minister also referred to the question of nationalisation of air services.

Mr. Rafi Ahmed Kidwai said that it was not correct to say that last year the Assembly accepted the principle of nationalisation of air services.

The House actually dispersed without reaching any conclusion. The conference on civil aviation which met last February also did not reach any decision. Most of the air services were in favour of nationalisation of external services but were opposed to nationalisation of internal services. They thought that internal services would pay their way right from the beginning while, they would have to incur a loss if they took up external services. The Government had entered into an agreement with Air India and soon the first external service would start touching Egypt, Switzerland and England. Government would hold 49 per cent. of the shares of the new company with the right to take over two per cent. more. They would also have a controlling position on the directorate.

As regards internal services, a departmental committee had been appointed to select a route on which an air service might be operated by Government through an organisation owned and directed by the Government of India, to advise on the details of the organisation necessary for the purpose and to give a broad indication of the economic possibilities of the operation of this service.

As regards postal service in villages, directions had been issued to circle officers that they should try to have a post office in every village with a population of 2,000 and over even if that post office in the beginning would have to run at a loss of up to Rs. 500 a year. It was also proposed to provide cycles to village postmen.

WIRELESS TO SPEED UP COMMUNICATION

The Government had decided to instal wireless transmitters to speed up communication between different centres. Before the close of this month (March) wireless communication would be available between Delhi and Calcutta and similarly all important places like Madras, Bombay and other centres would be connected by wireless. He hoped that in the next few months the Government would be able to formulate a

scheme for connecting all the important cities by wireless telephony.

As to manufacture of automatic telephone equipment in this country, negotiations were being carried on with three or four countries for the establishment of a factory in India. A special officer had brought their terms and a delegation would go in the course of the next few days to finalise negotiations. He had every hope that these negotiations would be finalised and in the course of the next few months a factory would be established in India.*

CIVIL AVIATION IN INDIA

The Government of India have approved a scheme for the early establishment of an Indian air service to Europe, which represents a new experiment in joint state and private enterprise in civil aviation. Under the scheme, a new company is being formed with an authorised capital of Rs. 7 crores and an initial paid-up capital of Rs. 2 crores, of which Government will subscribe 49 per cent. with an option to acquire at any time a further 2 per cent. so as to give Government a clear majority holding of 51 per cent. of the total. The Air India Ltd., will be in charge of the technical management of the new company and will provide crews and all operational and engineering services. Government have agreed to grant subsidies to the company, if necessary, for a limited period in order to protect the company from possible loss in the early stages, but any such financial assistance will be repayable from subsequent profits out of which 50 per cent. will directly accrue to Government until the subsidies have been repaid in full. During this period, the company will be precluded from declaring dividends in excess of five per cent. After the subsidies, if any, are repaid, half of the profits earned in excess of 5 per cent. on capital and shareholders' funds will accrue to Government, who, in addition, will

* Early in May the Govt. of India entered into an agreement with the Automatic Telephone and Electric Company Ltd. in connection with the early establishment of an Automatic Telephone factory in India.

also receive the dividend payable on shares held by them.

The Service which will operate between Bombay and London *via* Cairo is expected to be inaugurated early in May next, with an initial frequency of two a week in each direction.

AIRCRAFT MANUFACTURE IN INDIA

FUTURE PROGRAMME OF BANGALORE FACTORY

Much progress would appear to have been made since the inauguration of independence in the matter of establishing the Indian aircraft industry on firm foundations. The phenomenal increase in the number of civil aviation companies and the rapidly spreading air-mindedness among the people in recent days have clearly emphasised the urgent need for starting an indigenous industry which would cater, in full, to the requirements of the country—both operational and defensive. For the present, however, the Hindustan Aircraft Ltd., Bangalore, being the only one of its kind, is all that the Indian aircraft industry can boast of, but, if expanded and brought up-to-date, this single factory has potentialities of manufacturing a considerable number of aircraft every year, in addition to overhauling and assembling, that is being done in the factory at present. Committed as it is to the establishment of a modern aircraft industry in this country, the Government of India, it is noteworthy, is giving all encouragement and assistance to the expansion of this factory, which can truly be termed the “mother” of the envisaged full-scale aircraft industry in this country.

Giving a brief account of the future programme of the Hindustan Aircraft Ltd., the Hon'ble Dr. Shyama Prasad Mookerjee, Minister for Industry and Supply, recently revealed in the Dominion Parliament, that it includes the manufacture of aircraft in India, as recommended by the United Kingdom Aircraft Mission which visited India in March, 1946, to advise the Government of India on the subject. Reviewing the progress and prospects of the factory

since then, the Minister stated that from 1st April, 1946 the Hindustan Aircraft Ltd., ceased to be under the sole control of the Government of India. From that date, it has reverted to the position of a private limited company, with the Government of India and the Government of Mysore continuing as the only shareholders. The factory, it may be noted, at present acts mainly as an overhaul, repair, assembly, and conversion depot for civil airlines and Air Forces. It is also doing a certain amount of general engineering work for the public as well as the Government. The factory, it is interesting to note, has now taken up the production of Percival Prentice Trainers for the Royal Indian Air Force, under an assistance arrangement with the Percival Aircraft Company, Luton, England. It is understood that the Ministry of Defence has placed an initial order with Hindustan Aircraft Ltd., for 50 such aircraft.

The Company has also undertaken the manufacture of an improved type of third class railway coaches for the Railway Ministry, which has already placed an order for 100 such coaches at a cost of Rs. 60,000 each. Further development in constructing other types of coaches is shortly expected. In order to meet the expanded programme it has been decided to increase the share capital from Rs. 75 lakhs to Rs. 175 lakhs.

The first aircraft manufactured at the Hindustan Aircraft factory is expected to be out soon this year. This, however, will largely be an assembly from imported components. The first aircraft of the same type manufactured in Hindustan Aircraft Ltd., using Indian raw materials to a large extent, with the exception of the engine and instruments, is however, expected to be ready by September, 1948. The programme is to assemble 15 aircraft from components and five from detailed parts and to manufacture 80 from raw materials—all to be completed before June 1949. The assembly and manufacture of these aircraft should provide adequate opportunities of training to Indian

technicians and workers, as, with the exception of a few British and American supervisory personnel, the staff at present employed consists entirely of Indian personnel. In this connection, it may be pointed out that out of a total of 3,625 employees only 28 are of non-Indian nationality. All the rest are Indians. It is the Government's policy that as far as possible, the requirements of the Royal Indian Air Force should be met by the Hindustan Aircraft Ltd. For this purpose, the Government of India intends constituting an Advisory Committee, to advise the Directors on questions of policy and to constitute a Liaison Committee between the Company and the main indentors. This Committee will include representatives of the Ministry of Defence, the Director-General of Civil Aviation and the Ministry of Railways. There is, in addition, a local Technical Committee of officers of Hindustan Aircraft, Ltd., and the Royal Indian Air Force, to co-ordinate the activities of the Company on technical matters.

The Defence Ministry, it is understood, is at present examining as to what type of aircraft should be manufactured and, as soon as a decision on this major issue is reached, orders will be placed on the Hindustan Aircraft Ltd., as far as possible, for their manufacture. Steps have been taken in the meanwhile to set up a Design and Development Section at the factory with the object of eventually manufacturing aircraft for the Indian Air Force entirely to our own designs.

DELHI'S AIR LINK WITH MAJOR CONTINENTS

Pan-American World Airways has opened direct air service from New Delhi to the five major continents.

Four weekly flights will connect New Delhi with San Francisco to the east and New York to the west on Pan American's "Round-the-World" services. The west-bound services will leave Delhi at 9-30 p.m. on Tuesdays and Saturdays arriving in Brussels and London the following evening, thus clipping over 20 hours from present scheduled timings.

lowing evening, thus clipping over 20 hours from present scheduled timings.



MEET YOUR CREW. Five seasoned men, with millions of trans-world miles of flying experience, guide your TWA Skyliner, and a flight purser and hostess cater to your comfort in the spacious cabin.



— TWA—Trans World Airline ... TWA—routes to be served — trans the world connections
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NEW DELHI NEW YORK AIR LINK

New Delhi has been directly linked with New York by air with effect from 17th March 1948. The Pan-American World Airways "Flying Clipper," a 43 passenger Lockheed Constellation, weighing 50 tons, which left La Guardia field in New York on Monday, 15th March at 1 p.m. landed at Palam airport in New Delhi on the morning of the 17th.

This New Delhi to New York regular air traffic will for the present, be maintained once every week and is expected to be changed into a bi-weekly service from May next.

This new service cuts more than 20 hours from the present air service timings between India and London and also saves almost two days of the flight to New York. Airmails from the United States to New Delhi will also be carried on these flights.

"The Flying Clipper" which has established direct air-link between New Delhi and New York, is scheduled to touch down for one hour's stoppage at each of the following stations 'en route.'

Shannon, Eire, London, Istanbul, Damascus and Karachi.

The return flight between New Delhi and New York would require less than 40 flying hours. Thus, the weekly New York to New Delhi trip will leave New York every Monday and the same aircraft will return to New York on Saturday the same week-end, having made the flight both ways in just five days.

BOMBAY-LONDON AIR SERVICE

The first Bombay-London air service by an Indian Company will start in June, a Constellation aircraft of the Air India International, inaugurating the service. The first of this type of aircraft purchased by the company landed at the Santa Cruz Airport piloted by Capt. K. R. Gazdar and Capt. H. B. Mistry.

The four-engined aircraft, manufactured at the Lockheed Plant, California, is equipped with modern aviation devices and has accommodation for 42 passengers, with sleeping accommodation for 20. With a cruising speed of nearly 300 miles per hour the plane is to cover the Bombay-London route, with two hops in about 21 hours.

According to the pilot, Capt. Gazdar, the Azores was covered in seven hours and from U.S. to Bombay in 32 hours.

TRANSPORT SERVICES IN WEST PUNJAB

TO BE NATIONALIZED

The West Punjab Assembly passed a Bill which aims at nationalization of transport in the Province within three years.

TRANSPORT BILL

The statement of objects and reasons for the Transport Bill says :

"For some time past, the West Punjab Government has been considering that the various transport companies in the province were not providing adequate and satisfactory services to the public. In most cases these services are managed by persons who are actuated more by profit-making motives than by a desire to serve the public. Consequently, the Government feels that so long as these services remain in the hands of such persons, there is little scope of the road transport of the Province being developed on better lines and the public being provided with a really modern and progressive road transport system.

"The Government has also realized that with the increase in the population of the Province due to the heavy influx of refugees and the curtailment of railway services, the road transport has become an enterprise which, if nationalized, has possibilities of increasing to a considerable extent the revenues of the State. In the opinion of the Government, the best way to nationalize transport in the Province would be to constitute a statutory authority to be known as the West Punjab Transport Board. The

Board when constituted will be entrusted with the work of operating all the passenger transport services in the Province and such goods services as the Government considers necessary. The constituting of such a Board would enable the Government to operate transport services on a sound commercial basis which will be a distinct improvement on the present system by which the Government is operating some transport services."

Special Article

NOTE ON HYDERABAD TRADE IN 1356 F.

BY

A. R. CHIDA

HYDERABAD'S total trade in 1356 F., expressed in terms of the value of merchandise, amounted to nearly 79 crores of rupees, as compared with 78 crores in the preceding year. The value of dutiable and duty-free imports improved by Rs. 11 crores: under cotton piecegoods (Rs. 66 lakhs), artificial silk piecegoods (Rs. 20 lakhs), foodgrains (Rs. 274 lakhs), fruit (Rs. 19 lakhs), betel nuts (Rs. 23 lakhs), common salt (Rs. 10 lakhs), sugar and gur (Rs. 38 lakhs) and machinery (Rs. 50 lakhs). The value of dutiable and duty-free exports dropped from Rs. 36 crores in 1355 F. to Rs. 31 crores in the year under review, the decreases mainly occurring under dutiable merchandise, such as foodgrains (Rs. 287 lakhs), groundnuts (Rs. 298 lakhs), linseed (Rs. 37 lakhs), castor seed (Rs. 29 lakhs), coriander (Rs. 31 lakhs) and animals (Rs. 25 lakhs).

In a year of provincial self-sufficiency in the matter of foodgrains and essential commodities, transport difficulties, quota restrictions and unhappy border incidents in some areas of the State arising from nefarious activities of marauders, which assumed ominous proportions towards the fag-end of the year, the Customs revenue was the highest on record! Notwithstanding a fairly large amount of revenue recoverable on stores imported by the various Government Departments and the Singareni Collieries, the aggregate Customs revenue amounted to Rs. 345 lakhs as compared with Rs. 314 lakhs in the preceding year representing an increase of Rs. 31 lakhs or 8.9 per cent. and, as compared with the average income of the previous five years, an increase of Rs. 107 lakhs, and against the budget estimate of Rs. 3,17,79,416, the increase in 1356 F. was Rs. 27,85,421.

Unlike the land revenue, which represents a fixed demand, the Customs Department collects a revenue of an uncertain character. Our revenue is mainly influenced by the character of the agricultural seasons in the Dominions and by the conditions of trade generally throughout the country. The year 1354-55 F. was unfavourable from the point of view of rainfall, acreage and yield per acre and so was the case with the agricultural year ending 15th Thir 1356 F., when the area brought under cultivation was nearly 247 lakh acres, as compared with 253 lakh acres for the preceding year, showing a shrinkage of about 6 lakh acres. There have been no material changes in the rates of duties during the year, as the State is not at liberty to break away from the old moorings of 5 per cent. *ad valorem* and its unilinear tariff based on the principle of one article, one rate, is limited to 5 per cent. *ad valorem*. The rasbandi rates (which have to conform to 5 per cent. *ad valorem*) on cotton and certain descriptions of grain were enhanced during the close of the year owing to a rise in prices. The abnormal rise in revenue, though not the yard-stick with which to measure the progress achieved by the Customs Department in 1356 F. was thus principally due to higher prices prevailing in the markets. It may legitimately be claimed for the Department that the very substantial increase in revenue, during the year was in part due to close supervision and control. To guard the 3,207 mile frontier inextricably interlaced with pockets or enclaves of foreign territory or to prevent surreptitious transport of grains, was a stupendous task for such Customs officials in charge of the Frontier Nakas as had to exercise great vigilance and tact in coping with the menace of smuggling. A veritable reign of terror prevailed in some areas of the Madhra, Lingsugur, Osmanabad, and Bid Districts, where Communist marauders in gangs fully armed with guns and other weapons attacked Customs Nakas and Chowkis and even set fire to office records

etc., as a result of which the ill-equipped officials got scared or faced the consequences against heavy odds. Apart from the mere length of the zig-zag frontier, the situation of villages which, along some parts of the zone, are inextricably interlaced, offers, as my distinguished predecessor, Nawab Rustom Jung Bahadur had remarked in para 41 of his Report on the administration of the Customs Department for 1889 F., "great facilities for a form of robbery against State, with which public opinion in all ages and in all countries has had a sneaking sympathy."

Of the total revenue, imports accounted for Rs. 209 lakhs as against 155 lakhs in the previous year, the increase being Rs. 54 lakhs while exports accounted for Rs. 185 lakhs against Rs. 158 lakhs in the preceding year, or a decrease of Rs. 23 lakhs. The revenue from rail-borne traffic excluding the small sections situated in the frontier districts of Osmanabad and Kopbal, amounted to Rs. 315 lakhs or 91 per cent. of the total revenue against Rs. 283 lakhs in the preceding year, while the revenue collected on the Frontier was Rs. 30 lakhs against Rs. 31 lakhs in the previous year.

Examining the revenue by districts, as compared with the previous year, the highest income (Rs. 67 lakhs) has occurred in the Godavari district and the next highest revenue Rs. 63 lakhs, Rs. 57 lakhs, Rs. 57 lakhs and Rs. 44 lakhs was in the Gulbarga District, Hyderabad, Secunderabad and the Warangal District. The Osmanabad, Aurangabad and Bid Districts are the only districts showing decreases of 2 lakhs, 1½ lakhs and 35,000 respectively.

The revenue under imports amounting to Rs. 209 lakhs increased from Rs. 155 lakhs in 1855 F. to Rs. 209 lakhs in the year under report. The main increases in revenue are: Rs. 13,74,000 from foodgrains, Rs. 1,88,000 from edible salt, Rs. 1,74,000 from silver, Rs. 1,04,000 from gold, Rs. 1,79,000 from iron and steel manufactures, Rs. 1,17,000 from gur

Rs. 1,08,000 from electric goods, Rs. 1,13,000 from chemical drugs, Rs. 2,90,000 from motor cars and buses, Rs. 3,32,000 from cotton piece-goods other than handloom, and Rs. 1,13,000 from artificial silk piecegoods, while cotton piecegoods (handloom) account for a marked decrease of over Rs. 2 lakhs.

As, during the year, huge stocks of military surplus materials were disposed of by the authorities, an import duty was charged on such sales to the public. Various devices aimed at the evasion of payment of duty on goods belonging to non-exemptees purported to have been imported for Government Departments, were brought to the notice of Government. Orders were subsequently issued by Government to the effect that import duty should be charged on all requisites of the Government Departments and stores, etc., belonging to H.E.H. the Nizam's State Railway. These orders are in conformity with the practice obtaining in the Dominions of India and Pakistan.

The war-time shortages of consumer goods had, to some extent, improved during the year under report. The local markets were flooded with cheap foreign glassware, cutlery, radio sets, silk and plastic goods. The supplies of iron and steel for 1856 F. were extremely limited compared to demand in Hyderabad. The allotment of corrugated iron sheets was also inadequate. Hyderabad is said to have been treated as Cinderella among the Provinces and States, with the result that she had to be content with a monthly quota of 10,000 bales, made up of 4,000 bales from Indian Mills, 3,000 bales from local Mills and 3,000 bales of handloom cloth. A great deal of cloth was slipping past the controls. There was a buying rush for imported fabrics and the prices soared for a time and remained at black market levels. The main buying pressure was on fine medium varieties of and cloth which was in short supply throughout the Dominions. The dumping of Chiffon, Ninon, glass silk or Parachute silk, into the city continued for some months in 1856 F.

and an impression had gained ground among a section of the mercantile community that an undeclared economic blockade of Hyderabad was being enforced by the Indian Government. The cat was being frequently let out of Bombay business letter bags by firms, which informed their clients in Hyderabad that they were unable to supply goods as instructions from the Government forbade despatch of the goods to Hyderabad. Machinery and motor vehicles are the types of goods which Bombay firms are reported to have been prohibited from despatching to Hyderabad. Apart from a slump of new or second-hand cars in the Bombay market, the large increase in revenue from motor cars and buses amounted to Rs. 2,90,000; buses and motor cars numbering 1,123 and motor-cycles numbering 480 (including a fairly large number of motor cars, lorries, etc., auctioned by the Military authorities, on which duty was recovered) were imported against 370 cars and 127 motor-cycles in the preceding year. There was an appreciable increase in the number of new or reconditioned bicycles, yielding a revenue of Rs. 45,523. The average assessed value of a bicycle was Rs. 154 against Rs. 148 in the previous year. The rise in the revenue from salt (Rs. 1,82,756) represents an increased import of 91,378 pallas against an average import of 778,208 pallas for the five years ending 1355 F. The surplus stock of one year is generally followed by shorter imports in the next. There was a brisk import of salt into the State consequent on the abolition of Central Excise duty on salt in April 1947. In spite of the failure of the mango crop, the import of fresh and dried fruit shows an increase of Rs. 1,07,000 due to an increase in prices. The quantity of cocoanuts and khopra decreased by 2,400 pallas but the income from this source increased by Rs. 40,000. The Government of India had fixed the ceiling prices for khopra at Madras and Cochin Ports at Rs. 986 and Rs. 1,456, and of cocoanut oil at Rs. 884 and Rs. 1,890 per ton. On the basis of these prices, the Madras Government had also fixed the wholesale prices in February, 1947 as

follows :—

	Malabar and South Canara			Other Districts		
	Rs. as ps..			Rs. as. ps.		
Cocoanuts	.. 125	0	0 per 1,000.	170	0	0
Khopra	.. 32	7	7 per Md.	84	6	2
Cocoanut oil	.. 24	8	0 per tin of 35 lbs.	26	2	8

The increased buying power of the people was reflected in the marked increase in the import of gold from 30,345 tolas in 1355 F. to 98,760 tolas in the year under report. Silver bars amounting to 2,285,303 tolas valued at Rs. 38,12,000 were imported into the Dominions against 170,181 tolas in the previous year, as a result of which there was an increase of Rs. 1,74,000 in duty. The average assessed value of gold and silver was Rs. 135 and Rs. 1-11-0 per tola against Rs. 101 and Rs. 1-15-0 respectively, in the previous year. Ornaments made of gold and silver are charged the same duty as the two metals, viz., one per cent. and 5 per cent. respectively. Duty is charged *ad valorem* on jewellery with precious stones at 2½ per cent. and the amount of duty realised on jewellery was Rs. 7,556 against Rs. 5,289 in the preceding year. Personal jewellery, worn or brought as luggage, is exempt from import duty.

There was an increase of about Rs. 2 lakhs in the duty collected from gur and sugar. Over 128,491 pallas of gur were imported as compared with 62,000 pallas in 1355 F. There was an increase of eleven thousand pallas in the import of sugar and the revenue increased by Rs. 73,000 mainly due to a rise in prices.

The revenue from horned animals increased by Rs. 96,000. 36,000 head of cattle were imported against 26,000 in 1855 F. at an average price of Rs. 117 against Rs. 91 in the previous year.

There was an increase of nearly 7½ lakh gallons of petrol over that of the previous year, yielding an increase of over Rs. 40,000 in revenue. The consumption of 3,961,796 gallons

of petrol in 1856 F. exceeded the average of the three years ending 1855 F. by 81,42,526 gallons. The assessed value of petrol was Rs. 1-13-0 per gallon against Rs. 2-1-0 in 1855 F. The revenue from kerosene oil also increased by Rs. 62,000 in 1856 F., the quantity having increased by 1,060,000 gallons. With effect from 2-4-1947 A.D., the Government of India had authorised an increase of anna 1 per gallon in the price of motor spirit, *i.e.*, from Rs. 1-7-6 to Rs. 1-8-6 per gallon ex-main port pump. This rise is due to a rise in replacement costs.

There was an increase of Rs. 18,74,000 under foodgrains, rice accounting for Rs. 5,86,000, wheat Rs. 4,19,000 and miscellaneous grain Rs. 2,87,000. The increase of Rs. 18,74,000 under imports of grain was more than counterbalanced by loss of Rs. 18,98,000 in revenue from the export of local produce. The export and import of foodgrains was regulated by the general food policy of the Government. The State's food difficulties had been surmounted and the crisis passed. Hyderabad is rightly proud of having shown the rest of the country to solve administrative and economic problems successfully. For instance, the food policy of our Government which has been pursued with eminent success for the last three years found a parallel in the recommendations of the prices sub-committee of the Government of India, which was otherwise known as the Krishnamachari Committee. Another important lead given by the State was the establishment of canteens, both mobile and stationary, to feed the poorer class of labourers.

Hyderabad consumed 3,993,252 lbs. of tea, *i.e.*, 90,000 lbs. less than in the previous year. Though the quantity decreased, the income from tea increased by Rs. 88,000 on account of a rise in prices. The State indented for betel leaves worth Rs. 22 lakhs and betelnuts worth Rs. 75½ lakhs, the import of which yielded a substantial increase of Rs. 1,57,000 in revenue. A considerable measure of relief and concession was offered in the annual budget of the Government of India to the betel-chewing public by the withdrawal of Excise duty on betel nuts but in

Hyderabad indirect taxation on pan and betel nuts has been retained in order to discourage economic waste under smoke and spittle. Hyderabad purchased cigarettes of the value of Rs. 47,24,000 and indented for tobacco worth Rs. 1,26,79,000 in 1856 F. The increase in the import of high class cigarettes is significant in spite of a large output of the Charminar Cigarette Factory in the State. The imports of matches increased from 4.88 lakhs gross in 1855 F. to 7.72 lakhs gross in 1856 F., in spite of the output of several local match factories.

Dutiable exports from the State realised a revenue of Rs. 185 lakhs against Rs. 158 lakhs in the preceding year, the decrease in duty being Rs. 28 lakhs. The main increases in revenue are Rs. 8.17 lakhs from oils, Rs. 3 lakhs from oil-cakes, Rs. 1.95 lakhs from til and Rs. 75,000 from cotton, while foodgrains account for a decrease of Rs. 14,87,000. The quantity of cotton exported was 521,090 pallas, equivalent to 312,665 bales of 400 lbs. each against 322,078 bales in the previous year. A great proportion of the exports on the frontier formerly consisted of kapas or loose cotton, the export of which was restricted by the Supply Department. On the basis of a normal crop of 16 annas, the outturn of cotton in 1855-56 F. was Rs. 0-7-2 against Rs. 0-8-0 annas in the preceding year, although the area under cultivation increased from 2,224,917 acres in 1854-55 to 2,242,461 acres in 1855-56 F. The cotton factories in the Dominions pressed 279,719 bales against 229,757 bales in the previous year. The quantity exported amounted to 312,665 bales. To this may be added 52,131 bales consumed by the local weaving and spinning mills during the year, making a total of 364,796 bales. An ordinance fixing the rate of Indian duty on raw cotton exports at Rs. 20 per bale, increasing the rate for jarilla by Rs. 80 per candy and limiting the export quotas from the Dominion of India was promulgated in October 1946. The enhancement in rasbandi duty, consequent on a rise in prices came into force in Amerdad 1856 F., and the revenue thus increased by Rs. 1,48,445 with the

increase of a rupee in rasbandi duty. With the increase in revenue from cotton, there was a corresponding increase of Rs. 1,17,000 from cotton seed.

Oil-seeds which come next in importance to cotton are responsible for a fall of Rs. 15,34,000 in revenue, groundnuts alone showing a decrease of Rs. 14,90,000. The area under groundnuts had no doubt increased by 5,595 acres in 1355-56 F., but the estimated outturn was only Rs. 0-6-9 against 8 annas in 1355 F. The rasbandi duty on groundnuts (shelled and unshelled) was raised in Shehrewar 1355 F. as a result of which there was an increase of Rs. 81,000 in duty. In addition to Customs duty of Rs. 5-4-0 per palla on the average price-basis of Rs. 105 a surcharge at the rate of Rs. 17-9-6 per ton was first imposed on groundnut oil in Farwardi 1354 F., and it was subsequently raised to Rs. 75-15-0 per ton in Farwardi 1356 F. 620,218 pallas of unrefined groundnut oil of the estimated value of Rs. 6,60,75,000 were exported in 1356 F. against 603,673 pallas of the estimated value of Rs. 6,03,67,000 in 1355 F., the increase in duty being Rs. 2,85,359. On account of rise in prices, the export duty on refined groundnut oil was raised from Rs. 5 to Rs. 5-4-0 per palla in Shehrewar 1356 F. Separate figures for refined groundnut oil, on which an *ad valorem* duty of 5 per cent. is levied, are not maintained by this Department. Among oil-seeds, the only item on the right side is til (sesamum) which shows an increase of Rs. 1,84,967 in duty, although the outturn was estimated at a little over four annas against seven annas in the previous year. The estimated outturn of castor seed in the agricultural year 1355-56 F. was Rs. 0-7-4 against eight annas in the previous year, as a result of which the exports decreased by 82,961 pallas in 1356 F. In addition to an export duty of Rs. 2-6-0 per palla on the average price-basis of Rs. 47-8-0 per palla, a surcharge at the rate of Rs. 8-6-0 per palla was levied by Government. The Raigir Oil Mill (with a capacity of 1,000 tons per annum) is the only mill in the State, which extracts castor oil in hydraulically operat-

ed press and manufactures high grade castor oil for overseas markets. The export of castor oil decreased by 16,542 pallas in 1356 F., the loss in export duty being Rs. 90,000. The export duty on castor oil was raised from Rs. 5-8-0 to Rs. 7-1-0 per palla on the average market price of Rs. 141-4-0. The imposition of a surcharge of Rs. 8-7-0 per palla is reported to be the cause for a decrease in the export of castor oil. No oil was exported in Shehrewar, Meher and Aban 1356 F. 262 pallas of Soofia Rosa oil (ginger-grass oil) and motia rosa (palmarosa) oil were exported against 242 pallas in the preceding year, the increase in duty being Rs. 7,250.

Goods of the value of Rs. 3,65,00,000 were imported under special exemptions as against goods of the value of Rs. 4,69,00,000 in the previous year. Stores imported by the several Government Departments before Isfandar 1356 F. were passed free of duty. On the representations of the Department, Government was pleased to direct that all stores imported by Government Departments as well as the N. S. Rly. should be liable to duty. Articles required by the several Government Departments valued at Rs. 75,00,000 were released free of duty in 1356 F. and duty on surplus stores purchased by the Planning Department has not yet been recovered. Medicines, surgical instruments and other requisites imported free of duty by charitable dispensaries amounted to Rs. 43 lakhs against 49 lakhs in the previous year. There was a marked decrease in the duty-free imports of goods required by the Secunderabad Garrison or by members of the Garrison for their personal use as also articles imported by the Residency Staff for their personal use.

18. Figures relating to exemptions are but estimates, as in some cases, the Customs staff cannot always secure from exemptees or the public full particulars regarding the value of duty-free goods as prescribed in Section 22 of the Hyderabad Customs Act. Local manufactures valued at Rs. 20½ lakhs were exported from the Dominions as against 21 lakhs in the previous year. There were more than a dozen

match factories situated in different parts of the Dominions. A considerable portion of local turnover is exported free of duty and some of the matches available in local markets were imported duty paid. I have, in my note on tariff policy submitted to Government stated that there are several anomalies in the tariff, which call for remedy and that Government aided industries for the benefit of outsiders as well as local consumers have to pay extra for the use of non-Hyderabad made matches. The value of matches exported from the Dominions amounted to nearly Rs. 1½ lakhs as against Rs. 11,000 in the previous year. In the wake of industrial progress of the State, the present tariff policy should, in my opinion, be revised: reorientation in the orthodox approach to the tariff problems is needed. The curing of hides and skins is an established industry at several centres in the Dominions. In order to help this industry export duty on cured hides and skins was abolished. Tanned hides and skins of the value of Rs. 89½ lakhs were exported free of duty during the year against Rs. 47 lakhs in the preceding year. The tanning industry is still in a primi-

tive stage, hides and skins are partially cured and the bulk of these are exported overseas to be converted into finished leather. Though the stage of preparing leather like what is turned out at Cawnpore is still far off, leather of the value of Rs. 82,000 was exported last year against Rs. 58,000 in the preceding year.

19. The total expenditure of the Department during the year was Rs. 36,06,406 against Rs. 28,91,620 in the previous year. The details of expenditure were: (a) pay and allowances, Rs. 32,73,000, (b) Tour charges Rs. 1,00,0000, (c) Contingencies (Rs. 1,63,000) and (d) Petty repairs to buildings, house rent and taxes, Rs. 30,000. The total expenditure was 10.4 per cent. of the gross receipts against 9.2 per cent. in the previous year. The Reorganisation Scheme, which was introduced on the 26th Amerdad 1355 F., and the revision of the scales of salaries of non-gazetted staff, which was enforced on the 1st Khurdad 1356 F. involved an additional expenditure.

20. The incidence of taxation per head of population in 1356 F. was Rs. 2-1-10 against Rs. 1-14-10 in the previous year.

District Surveys

THE ECONOMIC RESOURCES AND INDUSTRIES OF MAHBOOBNAGAR DISTRICT

THE important place Hyderabad occupies in the Indian economy is well-known and has received due publicity. But the public in general is ignorant about the resources of some of our districts, the importance of their cottage industries and the scope for investment. An attempt has been made in this article to give a brief account of the economic resources of Mahboobnagar District, the existing cottage as well as big industries, scope for their development and possibilities of investment in different fields.

The district of Mahboobnagar comprises an area of 3,408,640 acres and contains a population of about 11 lakhs. The number of cattle is 635,463, and of sheep and goats about 10 lakhs. The important agricultural products of this district are castor, groundnut, rice, jawar, bajra, til and sawan. The area on which groundnut is sown is 308,050 acres and its total yearly production is 78,099 tons or 2,186,772 maunds of the value of Rs. 1,59,90,030. The area under castor is 211,040 acres and the total yearly production is 12,248 tons or 342,804 maunds of the value of Rs. 1,51,65,900.

The Agricultural Department is conducting a number of experiments such as paddy varietal experiments, castor varietal experiments and Kharif jawar varietal experiments in this district. The area under castor in Mahboobnagar and Nalgonda districts is the largest in the Dominions and is called the castor belt of our State. The Agricultural Department has also distributed in 1855-56 F. in the three Taluqas of Mahboobnagar, Makthal and Purgi, for purposes of manure, 2,888.5 tons of groundnut cakes valued at nearly Rs. 2 lakhs, 102 tons of castor cake of Rs. 9,180 value, 144 tons of bone meal of Rs. 21,600 and 112.5 tons ammonium sulphate of Rs. 16,800.

Next, we shall go into the forests of this district.

The area covered by forests is 614,000 acres and the yearly income is Rs. 1,11,545 which comes to an average of Rs. 400 per sq. mile. Different kinds of wood are obtained from these forests, e.g. teak, sesame, bijasal, ipa, satin, sundra, tirman, abnoos, kursha, nallamudivi, chunaggi, buttagunnam, yarramaddi, tarra etc. Each of the above can be used for various purposes such as furniture-making, house-building, manufacture of agricultural implements, sports material, etc.

Apart from wood there are a number of other forest products which, if collected systematically and sales arranged on a large scale, will yield big profits and will prove a very good field for small investments. Bamboo, scetaphal, gum, honey, wax, etc., are some of the products in which brisk trade with Hyderabad city is possible. A number of articles of medical value are also available in the Farhabad forests which can be regularly collected through the Chenchus and sent to Hyderabad. An agency should be established in Achampet with a staff of experienced local people who can supply to some prominent dealers in medicines in Hyderabad.

Another field of investment in the Mahboobnagar forests is business in grass. A vast quantity of grass gets burnt every year while in many parts of our Dominions there is an acute shortage of it. Flourishing trade can be carried on by transporting grass to places where it is needed. To facilitate transport, pressing machines will have to be set up in some suitable places near the grass fields in the Achampet Taluqa.

Now, we shall deal with the production of wool and the cottage industry of kambal-weaving in Mahboobnagar district. Of all the districts in our Dominions, Mahboobnagar produces the largest amount of wool. The number of sheep and goats, as stated above, is about 10 lakhs and the total for the Dominions is 92 lakhs. Thus, kambal-weaving is carried on throughout the

district. The important places where the number of dhangars and looms is large are Amistapur, Tadikonda, Podharpalli, Bijnapalli, Tilkapalli, Gudlanarwa, Komceera, Devarkadra, Makthal and Konsi. Dhangars not only rear the sheep but perform the multifarious duties of carding, spinning and weaving of wool. Carding and spinning is mostly done by women and the instruments employed for this purpose are very primitive. Even fly shuttle is not used on handlooms.

Apart from Kamblis, at some places of this district, *e.g.*, Gudlanarwa, Tilkapalli, Amistapur, Makthal, etc., a kind of matting called 'jhavras' is manufactured which possesses the unique quality of getting more strong the more it is used. This quality has made it extremely popular among the poorer section of the population in rural areas. I am sure, if a few defects which mar its appearance are removed 'jhavras' can get a good market even in urban areas.

Here, we shall devote a few lines to the quality of our wool, its defects and the methods of improving them. As mentioned above, the number of sheep and goats in this district is 10 lakhs. The number of sheep yielding wool can be put at 7 lakhs. The average yield of wool in this district per sheep per season is about $1\frac{1}{2}$ lbs. and the clipping seasons being two in the year the yearly yield can be put at 3 lbs. per sheep and of Mahboobnagar District 21 lakh lbs. Of this, about 15 lakh lbs. is exported and the rest is consumed in the district. Outside Hyderabad our wool mostly goes to Bangalore where it is used by the Binny Company for the manufacture of blankets.

Local wool is of short staple and is very ordinary in quality. Its length is of about 2 to $2\frac{1}{4}$ inches whereas Bikaner, Punjab and Kashmir wool is from 5 to 6 inches staple. There are a number of reasons for the poor quality of our wool. Firstly, nowhere in our State are sheep reared for the production of wool on commercial basis. To the dhangar, the sale of sheep is more impor-

tant than of wool as he earns more from the former than from the latter. The result is that very little attention is paid by them for improving the quality of wool. Secondly, there are absolutely no arrangements in our State for grading of wool which has further lowered its quality. Thirdly, we never tried to cross breed our sheep with better stock of other countries. Fourthly, the diseases that affect the sheep also affect their wool and diseases are not rare in our sheep. What is needed is a powerful and sincere attempt by different departments to make proper approach to the dhangars and bring home to them the need for bestowing more attention on the preservation of wool. Our Government has recently taken a very useful and admirable step in this direction. The Veterinary Department has sanctioned a scheme for the establishment of a farm at Amistapur where experiments will be conducted to improve the local breed. It is also proposed to give a medical dip to every sheep to cleanse it of all its diseases. This will not only improve their health but their wool also.

Mahboobnagar exports Kamblis worth Rs. 5 lakhs every year and wool worth Rs. 25 lakhs. Carpets and rugs worth about a lakh are also exported annually.

Now, we shall review the most important cottage industry, *i.e.*, handloom. Like in other districts, in Mahboobnagar also, this industry is widely spread, but the important places are Narayanpet, Utkoor, Jajapeth, Vatiam, Palam, Sripur, Khanapoor, Amangal, etc. At Narayanpet, Vatiam and Amangal very fine cloth is woven and the weavers mostly use yarn of 40s and 60s counts. Saris worth Rs. 800 and Rs. 400 are prepared at these places. Narayanpet is the biggest handloom centre in H.E.H. the Nizam's Dominions. Seventy per cent. of its population are weavers. In the town alone, there are more than 5,000 looms out of which only 200 are using fly shuttle. The number of big, wholesale dealers in cloth is 75. Cotton and silk mixed saris of Narayanpet are very famous and the 'khans' of this place are extremely popular. One of the features of Narayan-

pet industry is that its products are entirely of Maharashtrian taste and their market is also in Maharashtrian towns such as Sholapur, Sangli, Miraj, Kolhapur, Ichalkaranji, Karar, Bombay and Poona. Inside the Dominions, Gulbarga district is the chief consumer. From Narayanpet, goods worth Rs. 40 lakhs are exported every year to the Bombay Presidency alone.

Handloom is the most important cottage industry employing 8 lakh people in our Dominions. But the financial condition of the weavers is not satisfactory. Whatever little improvement they were able to make during the war has not proved stable and their condition is worsening everyday. We shall have to find out the difficulties facing handloom industry, its flaws and the methods of removing its weaknesses. The greatest disadvantage for handloom is that the weavers do not get yarn at reasonable prices. It comes to them through a number of agencies and naturally prices increase unreasonably. (I am not speaking of the present controls as it is only a temporary phase).

One great weakness of handloom is that its products are not so attractive as the mill products for the reason that they are employing old methods of dyeing, bleaching and sizing. Another factor is that there is no standardization of handloom products which is the crux of the whole problem of this industry. The Fact Finding Committee (appointed in 1941) was of opinion that the marketing of handloom goods cannot be successfully organised and their reputation maintained unless the quality of production is up to the mark and the goods are standardised. That standardisation is a practical possibility has been amply demonstrated by the weavers engaged on war supplies. It is essential that an attempt should be made in this direction by the Government by establishing handloom production centres on factory scale in districts. However, it is a vast subject requiring more space than available here.

Another important cottage industry in the district is that of bangle making. Thirty years

back and earlier, this industry was in a flourishing state in Gauzulpeth—a village thirteen miles from Mahboobnagar town. During those palmy days, there were about 150 houses of bangle manufacturers and about 500 artisans. With the entry of Japan into the Indian market, after the first World War, and the popularity of glass bangles, Gauzulpeth fell on bad days. Today, there are only 10 houses of bangle manufacturers and about 25 to 30 artisans, and even for them this profession is subsidiary. The working hours of the artisans are from morning to afternoon—about five hours—during which time one turns out on the average one thousand bangles. Wages are paid at the rate of 8 annas for every thousand rough bangles manufactured and 12 annas for every thousand delicate ones. However, nowadays, the daily production is 10,000. This industry has been able to keep itself alive and carry on due to certain factors. One is that the Hindu ladies of certain parts of our Dominions and the Bombay Presidency attach religious importance to the 'gauzuls'—meaning bangles in Telugu—of Gauzulpeth. On the occasion of the famous 'jatra' at Tuljapur, several lakhs of 'gauzuls' are sold every year. Another factor is that the bangle merchants of Hussaini Alam in Hyderabad city are regular purchasers of Gauzulpeth products as they are very suitable for ornamenting with gems.

Now, we shall study the oil industry in our district. As already mentioned, Mahboobnagar produces castor and groundnut seeds in abundance. From the former, oil is extracted mostly by ghanas and for the extraction of oil from the latter a number of mills have been established. At present, there are 16 oil mills in Mahboobnagar district out of which three are still under construction. Our oil is mostly exported to Hyderabad, Secunderabad, Ghaziabad, Begamabad, Delhi, Cawnpore, Nagpur, Modinagar and Bombay. From the time Vanaspathi ghee factories have been established outside, there has been increased demand for our oil. In Mahboobnagar, (Jedchella) the Swadeshi Oil Mill has set up an oil refining plant of 10 ton capacity and the

proprietors propose to install shortly a Hydrogenating plant for making Vanaspati ghee. There is still vast scope in Mahboobnagar as well as in other districts for oil mills and ghee making plants as Hyderabad imports 1,000 tons of Vanaspati ghee every year. We should see that our oilseeds are not exported as we will lose one of the most important manures, i.e., oil cakes. Hence, as many oil mills should be established as possible.

In conclusion, I should like to point out that every district in our Dominions presents vast fields for investment. The only need is for the capitalists of our State to come forward with courage and determination and make proper use of the wealth.

AHMED ABDULLA, M.A. (Madras),
Dist. Supdt., Industries,
Mahboobnagar.

News in Brief

H.E.H THE NIZAM'S GRACIOUS SANCTION OF RS. 2 LAKHS TO THE ANDHRA UNIVERSITY

A Press Note says : —

H.E.H. THE NIZAM has, on the recommendation of his Council of Ministers, graciously been pleased to sanction a sum of Rs. 2 lakhs for the Andhra University for the construction and furnishing of its Convocation Hall on the stipulation that the University will strive to strengthen the cultural and economic relation which have subsisted between Hyderabad and Andhra and will also promote communal harmony and concord.

HYDERABAD PRINCE'S GIFT TO BE EXHIBITED

On view at the British Industries Fair this year was the dressing case presented to Princess Elizabeth by Prince Moazzam Jah, younger son of the Nizam of Hyderabad. Produced by a Bond Street firm, the case is covered in gleaming golden crocodile and contains fittings of 18 carat gold and engraved Vandyke glass. Among sumptuous fittings are a complete set and a delightfully designed gold clock.

MR. L. N. GUPTA AT THE CENTRAL SCHOOL OF COMMERCE

The prize distribution function of the Central School of Commerce came off on 8th Khurdard, 1857 F. Mr. L. N. Gupta, Finance Secretary, presided.

After distributing prizes and certificates to successful students in sports, and in studies, Mr. L. N. Gupta, in his presidential remarks declared amidst cheers that the Central School of Commerce, which was destined to play a great role in the coming years of Industrial Development in Hyderabad, would receive the closest and the most sympathetic attention of the Government. He referred specially to the value of education obtaining in the school which,

he said, had produced candidates fitted to discharge the duties of an office assistant more satisfactorily than those candidates having only general education to their credit. The President thanked the Principal for being given the opportunity to acquaint himself with the views of the old boys, merchants and the department officials, and promised to do all that was in his power to get the Commercial Diplomas of the school recognised as equivalent to the Intermediate in matter of appointment, in Government Service.

HYDERABAD'S MODEL LEPER COLONY

INTERESTING SURVEY OF WORK

An interesting survey of the work of the Dichpalli Garden Colony for Lepers in Hyderabad has recently been issued. This remarkable enterprise was started thirty years ago by Dr. Kerr, a Scottish woman missionary, who began her work in a few mud huts where lepers could take refuge. With the assistance of her husband and a small band of helpers the present Garden Colony was developed, a work greatly assisted by generous grants from the Hyderabad Government. Dichpalli now provides a fully equipped hospital as well as a home for nearly 1,000 inmates of all communities without distinction of caste or creed.

Soon after the settlement was started the new treatment of leprosy by Hynocarpus oil injection was begun. No treatment, unfortunately, can at the present time claim to cure leprosy completely, but in suitable cases, particularly where the patients are still young, modern treatment can arrest the progress of the disease and cause the disappearance of symptoms rendering the patient non-infectious.

PROGRESS OF UNANI MEDICAL DEPARTMENT IN HYDERABAD

The Director, Medical Department (Unani) has informed that the Unani Medical Department

was established in the year 1800 F. At present, there are 12 dispensaries of Shahi in the city of Hyderabad and 79 dispensaries of Local Fund in the districts. The total expenditure and number of patients are as follows:—

	Rs.	No. of patients
Expenditure incurred by		
Shahi	4,88,470	10,24,984
Expenditure incurred by		
Local Fund ..	1,91,953	6,34,706

The annual grant to be given to the 21 Unani and 2 Homeopathic doctors for the purpose of free medical aid to the patient is Rs. 22,020 and the number of patients is 1,01,078.

Rs. 8,900 per year as a grant is given to the 27 Unani and Ayurvedic doctors, the number of patients is 1,36,448 for the year.

The Nizamiah Head Dispensary in the city treats 122 patients. In the Nizamiah Medical College 34 students and 25 girl students are under training. The Degree Course consists of four years and for Specialisation the period is six years.

CONSTRUCTION OF A MENTAL HOSPITAL AT HYDERABAD

His Exalted Highness the Nizam's Government are considering a scheme for the construction of a Mental Hospital at Hyderabad. At present the mental patients are accommodated in a part of the Central Jail where they are treated by a Specialist, holding a diploma in Psychological medicine. Realising the need for a separate institution, Government are considering to provide Rs. 5,00,000 for the construction of buildings for which a site at Kokatpally has already been selected. The New Mental Hospital will possess all facilities of modern treatment, i.e., ample provision for bathing, vocational employment and tuition for which factories and gardens will be provided. It will have accommodation for 420 patients and the entire staff will be provided with residential quarters,

MANUFACTURE OF CHOLERA VACCINE IN HYDERABAD

His Exalted Highness the Nizam's Government have sanctioned a scheme for the preparation of cholera vaccine at the Hyderabad Chemical and Bacteriological Laboratory. It is estimated that this scheme will involve a non-recurring expenditure of Rs. 8,000 and an annually recurring expenditure of Rs. 7,000.

5.3 lakhs c.cs. of cholera vaccine have, during the last three years, been used in the Dominions and were largely imported from outside. Upon a large number of cases of inefficacy having been brought to the notice of the Medical and Public Health Department, it was decided to manufacture the vaccine in Hyderabad itself from local strains of true cholera organisms, so that its potency and prophylactic value may be fully assured.

It is hoped that in a few months' time the Chemical and Bacteriological Laboratory will be in a position to meet the requirements of the Medical and Public Health Department as well as to supply the vaccine at cost price to all inoculating units in the Dominions.

FACTUAL SURVEY SCHEME IN HYDERABAD

His Exalted Highness the Nizam's Government have sanctioned a factual survey scheme for the improvement of Secunderabad Town. This scheme is meant to gauge the density of population and slum statistics. Two socio-economists have been appointed and attached to the Secunderabad Municipality to undertake the survey.

BROADCASTING IN HYDERABAD

The broadcasting services in Hyderabad State are to be expanded shortly. In addition to the Broadcasting Station in Hyderabad four new medium wave stations are to be opened in Jalna, Warangal, Gulbarga and Raichur.

Moreover, 100 additional rural receivers will be installed immediately, while the target to be reached is one public radio installation for every village in the State.

OPENING OF COLONIES IN HYDERABAD DOMINIONS

SCHEME TO COST ELEVEN LAKHS

To improve the cultivation and solve the unemployment problem, Colonies are being opened in Adilabad and Mancherial to rehabilitate those who are interested in cultivation.

Efforts to acquire lands from the Revenue Department are in progress. In addition to Agriculture, schemes for Commerce and Industrial Developments are also under consideration of the Government. It is learnt that these schemes will cost about Rs. 11 lakhs.

HYDERABAD GOVERNMENT'S ALLOTMENT OF E.P.T. PROCEEDS

Out of the proceeds of the Excess Profits Tax, the Hyderabad Government have allotted more than Rs. 102 lakhs for public causes including Rs. one crore to the Scheduled Castes Welfare Fund; Rs. 80 lakhs towards medical aid for women and children; Rs. 25 lakhs for the distribution of cheap cloth in the districts; Rs. 50,000 each to the Victoria Memorial Orphanage, the Scholarship Fund, and the Tuberculosis Association; Rs. 20,000 to the Hyderabad Educational Conference; Rs. 25,000 to the Anjuman Khadimul Muslimin and Rs. 10,000 to the Anath Vidyarthi Griha, Hyderabad.

INDUSTRIAL SCHOOL FOR GIRLS IN HYDERABAD

An important step towards giving an industrial bias to education in the State has been taken by the establishment of an industrial school for girls in the city of Hyderabad. This institution will provide training in arts and crafts, cooking, embroidery and domestic science for such girls as have passed the primary stage and desire to take up technical education in view of their special requirements or natural aptitude.

The Department of Technical and Vocational Education has fixed the course at 2 years on completing which successful candidates will be given diplomas. Teaching will be free and no fee will be charged for conveyance too.

For the sake of convenience the school is located near the Department of Technical Education on King Koti Road where the Lady Superintendent may be approached for purposes of admission. The first term will start from the 1st Amardad, 1849 Fasli (6th June 1940 A.D.).

REVIVING COTTAGE INDUSTRIES AT AURANGABAD

His Exalted Highness the Nizam's Government have sanctioned a revised scheme for the revival and maintenance of the Cottage Industries at Aurangabad at a total cost of over Rs. 46,000 for both recurring and non-recurring expenses.

The non-recurring charges will amount to Rs. 34,500 out of which Rs. 20,000 have been ear-marked for the working capital, Rs. 10,000 for the supply of raw materials and implements, Rs. 2,000 for probable loss in the initial stage and Rs. 2,500 for the establishment. The total recurring expenditure will amount to Rs. 11,664 for a period of three years at the rate of Rs. 8,888 per annum. This sum would cover salaries of the staff, stationery, contingencies, advertisement charges and expenses for exhibitions.

IMPROVEMENT OF SANATNAGAR STATION

At Sanatnagar station considerable development of industries is taking place for the past few years and, in order to cater for the present and future volume of traffic a separate goods platform, a goods shed and proper approach roads are being constructed. The station building is modernised with a spacious waiting hall, parcel office, etc., so that it may be in keeping with the new importance that this industrial suburb of the metropolis is assuming.

REORGANISATION OF TECHNICAL AND VOCATIONAL EDUCATION IN HYDERABAD

It is learnt that with a view to reorganizing the technical and vocational education in the Dominions, the Education Department of the Nizam's Government has formulated several schemes which have now been sanctioned by the Nizam. Under these schemes which will involve an expenditure of Rs. 43,508 recurring and Rs. 2,31,500 non-recurring, suitable staff and better equipment will be provided for the technical schools at Nanded, Bir, Jalna, Parbhani, Karcemnagar, Nirmal and Bidar.

HYDERABAD CO-ORDINATION COM- MITTEE FOR PLANNING AND DEVELOP- MENT

With a view to expediting planning and development of various projects envisaged by the former Post-War Planning Department, a Committee known as Co-ordination Committee has been constituted under the Planning and Development Secretariat. It will be composed of official members drawn from the departments concerned and 3 non-officials. It will be presided over by His Excellency the Prime Minister or the Hon'ble Minister, Planning and Development, who is the Vice-President. Mr. Yunus, Secretary of the Planning and Development Department, will serve as Secretary to the Committee. The personnel of the Committee which will be announced shortly will vary with the projects under discussion and experts on the respective problems will also be called in.

HYDERABAD TEA BLENDING FACTORY UNDER CONSTRUCTION

At Ghatkesar, a station about ten miles from Secunderabad, a tea-blending factory is under construction and it is expected that there will be further development of industries in this area. To meet the increase in traffic, a special siding with goods platform, a modern goods shed and proper approach roads are being constructed.

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WORLD SCIENTISTS HONOUR C. V. RAMAN

A number of French and International scientists had gathered at the University of Bordeaux for a four-day International Congress on the diffusion of light-rays, at which the Indian physicist, Sir C. V. Raman, has been awarded a doctorate 'honoris causa' of the university.

Two similar awards were given to German-born Professor Max Born of Edinburg University, and Professor Landsberg of Moscow. Professor Landsberg, however, was not able to attend the ceremony.

The Congress was held to celebrate the twentieth anniversary of the discovery of the "Raman Effect."

Sir C. V. Raman, who was awarded the Nobel Physics Prize in 1940, replied to the Rector of the University, M. Mirchand : "My pleasure has been doubled by being made Doctor 'honoris causa' at the same time as my friend Max Born."

"I have just visited the whole of your country, and it has left with me a deep impression, especially of the harsh trials which France has had to suffer. However, the vineyards of the Gironde interested me the most."

The audience broke into laughter when Sir C. V. Raman explained that his Bordeaux friends had been disappointed that he had not tasted their wine. "I know what disappointed them. They knew Raman Effect on alcohol and they wanted to know the effect of alcohol on Raman," he added.

DEVELOPMENT OF INDIA

AIR SURVEY BEGUN

An important air survey for development work of great economic significance to India is being done by the Indian Air Survey and Transport Company of Dum Dum. This includes detailed air survey for the proposed direct railway link between Assam and the rest of India, thus obviating the necessity of passengers and goods having to pass through Pakistan, and detailed

maps of gigantic hydro-electric and irrigation schemes in Damodar, Kosi and Teesta areas, besides essential map revision of Assam forests in the Brahmaputra basin and adjoining hill tracts.

INDIA'S APPLICATION TO I.M.F. FUND

London reports indicate that India has now formally applied to the International Monetary Fund for a loan of 40 million United States dollars to meet urgent needs in hard currency areas for the first half of this year. The case for such a loan, it is understood, was accepted by Mr. M. H. Parsons, head of the I.M.F. Operations Section, when he conferred in India recently with Mr. J. V. Joshi, India's Executive Director on the Fund. Primary reason for such a loan are heavy bills for foreign food purchases, and the fact that progress with the hydro-electric programme involves a serious drain on slender dollar resources. An Indian Food Mission is expected to visit Argentina soon and its success will naturally be related to that of the loan application.

DOLLARS FROM WORLD FUND FOR INDIA

25 MILLION SOLD TO MEET TRADE DEFICIT

The International Monetary Fund has sold India 25 million dollars in exchange for rupees to help that country to meet her deficit with the United States. The Fund values the dollar at about 3½ rupees.

India's trade deficit with the U.S. amounted to 200 million dollars in 1947 when India's purchases from the U.S. included machinery, oil, grain, poultry and raw cotton.

U.S. SILVER FOR INDIA

The Finance Minister, Mr. R. K. Shanmugham Chetti said that 226,000,000 ounces of silver were obtained from the United States Government during the war on the understanding that the entire silver would be returned, ounce per ounce within five years of the period on which the United States President declared under an emergency. Until the silver was actually returned it was not possible to say whether the deal

would ultimately result in a financial gain or loss.

ALLOCATION OF INCOME TAX SHARE

GOVERNOR-GENERAL ISSUES ORDER

The Governor-General of India has issued an order allocating the share of income tax among the Governors' Provinces for the years 1947-48, 1948-49.

Under this order Bombay will receive 21 per cent.; the United Provinces 14 per cent.; Madras 18 per cent.; Bihar 13 per cent.; West Bengal 12 per cent.; the Central Provinces 6 per cent.; and Assam and Orissa 8 per cent.

INDIA ON THE COUNCIL OF THE WORLD MARITIME ORGANISATION

India has been appointed by the United Nations Maritime Conference as one among the 12 nations to be represented on the Council of the proposed new Shipping Organisation. The nations appointed are divided into two categories, India being among the six with the largest sea-borne trade together with Argentina, Australia, Belgium, Canada and France. In the other category are six nations with the biggest interest in providing international shipping services namely, the Conference appointed by Britain, the U.S., Greece, Holland, Norway and Sweden.

CEMENT PRODUCTION IN INDIA

According to the Minister for Industry and Supply, Government of India, the production of cement in factories situated in the Indian Dominion during the first nine months ended September, 1947 totalled about 10,80,000 tons and the output for the whole year 1947 has been placed at only 13,75,000 tons as compared with 15,42,800 tons in 1946 and the estimated maximum annual capacity of 20,75,000 tons. The fall in production is attributed to labour troubles, transport difficulties, and shortage of coal.

TECHNICAL EDUCATION IN MYSORE STATE

The need to start more polytechnics in Mysore was stressed by Mr. K. C. Reddi, Chief Minister

while presiding over the 'annual day' of the Cine Technicians' Association of the Sri Jayachamarajendra Occupational Institute, Bangalore. The Chief Minister said that there was a proposal before the Government for the starting of an Occupational Institute at Davangere.

Mr. D. S. Venkanna, Superintendent, said that the Institute had been started in 1943, thanks to the munificence of Sir M. Visveswarayya. Its present strength was 800. There was need for additional accommodation and equipment. It offered training in 26 different technical subjects.

Mr. Reddi observed that with the new set-up in the country, it was necessary that they should have a reorientation in the system of education. They should strike out new paths for young men. In Mysore as in other parts of India, the mania for University education on the part of young men was on the increase. It was, of course, not their fault. In Western countries, only a select few went to the Universities, the rest being diverted to polytechnics. Authorities in India should devote serious attention to this problem. Even with regard to the existing polytechnics, he did not know if they were well-planned. What their requirements were in the new set-up must be well thought out. One had to take a lesson from Russia in regard to planning. Planning was a romance in that country. In Mysore there was an imperative

need for proper planning, assessing the needs and requirements as against the background of the new set-up, and then reorganising the educational institutions.

MINERAL RESOURCES IN PAKISTAN

The hidden treasure of mineral resources in Pakistan is being steadily opened by survey experts. The latest discovery is the existence of deposits of mica in a salt range in Jhelum district. This discovery is expected to be a great help in opening a glass industry in West Pakistan. Traces of coal and mica deposits have been found in the tribal areas of the Dera Ismail Khan district and are being sent to Karachi for chemical examination.

TRADE CHARTER AMENDMENT

PAKISTAN PLEASED

An amendment to article 13 of the International Trade Organisation's Charter, which will make easier the projected development of the cotton industry of Pakistan, brought an expression of pleasure from the Pakistan delegation to the International Trade Organisation.

Article 13 authorises the use of quantitative restrictions for industries processing raw materials, and the recent redefinition permitted the use of quantitative restrictions to protect industries producing semi-finished as well as finished goods.

Current Statistics

HYDERABAD

SEASON AND CROP REPORT FOR WEEK ENDING THURSDAY, 27th THIR 1357 F. (27th MAY 1948)

GENERAL REMARKS

LIGHT showers fell in few stray tracts. Averages :— Telingana 37 cents, Marathwara 5 cents and Dominions 22 cents.

Hot and sultry weather continued. Later part of the nights were slightly cool and breezy.

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows :—

	Average (present season)	Normal (28 years)	Departure from normal
S. W. Monsoon ..	0.22"	0.59"	- 0.37"

Sugarcane was being irrigated in parts.

Tabi reaping was almost over.

Lands were under preparation for the next season.

Shortage was felt of water in some parts of Parbhani and Nander and of fodder in places of the former district and in Nizamabad. Cattle disease was prevalent in some villages of Nizamabad, Mahbubnagar and Raichur.

Average retail prices of grains in seers per O.S. Rupee were :—

Grain	Present week	Last week	Corresponding week last year
Wheat ..	1½	1½	2½
Rice ..	2½	2½	3
W. Jawar ..	4	4	5
Y. Jawar ..	5	5	5½

COMPARATIVE STATEMENT SHOWING RAINFALL OF PAST AND PRESENT SEASONS

Districts, etc.	Average rainfall of current season corrected up to 20-8-57 F.	DURING WEEK ENDING 27TH THIR 1857 F.		Total average rainfall from 16-8-57 F. up to 27-8-57 F.	Total average rainfall of corresponding period of last year	Departure from normal (28 years)
		No. of Talukas from which reports have been received	Average rainfall			
1	2	3	4	5	6	7
Hyderabad City	..	..	..	..	0.57	— 0.74
Atrafi-i-Balda	..	..	Received	..	0.20	— 0.29
Nizamabad	..	..	All	0.26	0.26	.. — 0.14
Medak	..	..	4 out of 5	0.16	0.16	.. — 0.85
Baghat	..	..	Received	..	0.80	— 0.78
Mahbubnagar	..	..	4 out of 6	0.08	0.08	0.08 — 0.64
Nalgonda	..	..	6 out of 7	0.24	0.24	0.12 — 0.87
Warangal	..	..	8 out of 8	1.33	1.33	0.43 + 0.42
Karimnagar	..	..	6 out of 7	0.52	0.52	.. — 0.21
Adilabad	..	..	7 out of 10	0.38	0.38	0.02 — 0.10
Telingana average	..	..	36 out of 49	0.37	0.37	0.11 — 0.27
Aurangabad	..	..	7 out of 10	..	..	0.01 — 0.51
Parbhani	..	..	5 out of 7	..	..	.. — 0.86
Nander	..	..	4 out of 6	..	..	.. — 0.41
Bir	..	..	All	..	..	0.08 — 0.56
Gulbarga	..	..	5 out of 8	0.03	0.03	0.33 — 0.44
Raichur	..	..	5 out of 8	0.16	0.16	0.20 — 0.74
Osmanabad	..	..	2 out of 5	0.23	0.23	0.15 — 0.39
Bidar	..	..	4 out of 5	0.06	0.06	0.26 — 0.47
Marathwara average	..	..	38 out of 55	0.06	0.06	0.12 — 0.48
Dominions average	..	..	75 out of 105	0.22	0.28	0.12 — 0.87

COINAGE

THE VALUE OF GOLD COINS ISSUED IN O.S. RUPEES

	FULL ASHRAFIES		HALF ASHRAFIES		QUARTER ASHRAFIES		ONE-EIGHTH ASHRAFIES	
	No.	Value	No.	Value	No.	Value	No.	Value
<i>Ashrafies issued</i>								
April 1948	131	15,720	36	2,196	110	3,520	991	5,856

THE VALUE OF COINS ISSUED AND WITHDRAWN

	Rupees	Half	Quarter	1/8th	1/16th	1/32th
<i>Coins issued</i>						
April 1948	Nil	20,000	70,000	25,000	25,000	10,000
<i>Coins withdrawn</i>						
April 1948	6,000	500	500	Nil	17,250	2,150

NOTE ISSUE.

GROSS NOTES ISSUED AND CURRENCY
RESERVE

In April 1948 the value of notes in gross circulation stood at Rs. 5,177.11 lakhs as against Rs. 5,246.87 lakhs in February 1948, showing thereby a decrease of Rs. 69.76 lakhs; the

percentage of cash reserve to gross notes in circulation being 40.47 per cent. or a fall of 8.21 per cent. compared to the preceding month.

The following table gives the comparative figures of gross notes in circulation and the composition of the Reserve for April 1948, March 1948, and April 1947.

FIGURES IN LAKHS OF RS.

Months	Gross notes in circulation	Gold	COMPOSITION OF THE RESERVE				Percent- age of cash Re- serve to gross notes in circulation	
			CASH		SECURITIES			
			B.G. in O.S.	O.S.	Government of India	Nizam's Govern- ment		
April 1948	..	5,177.11	Nil	1,218.14	344.64	3,609.25	5.08	40.47
March 1948	..	5,246.87	„	1,337.82	364.72	3,539.25	5.08	32.44
April 1947	..	5,181.26	„	1,926.10	255.83	2,824.25	125.08	42.71

During the month under report the Cash holdings, in B.G. converted into O.S., as well the cash holdings in O.S., declined by Rs. 119.68 and 20.08 lakhs respectively, compared to the last month. The value of the securities of Government of India increased by Rs. 70.00 lakhs while that of H.E.H. the Nizam's Government remained steady.

Notes in circulation.—Of the total Notes

issued, 98.66 per cent. went into active circulation in April 1948 as against 99.00 per cent. in March 1948. A contraction in Notes circulation to the extent of Rs. 69.76 lakhs or about 1.32 per cent. also took place.

Absorption and Contraction of Currency together with the percentage for March 1948, are given below :

FIGURES IN LAKHS OF RS.

Particulars	April 1948	March 1948	April 1947
1. Total Notes issued	339.78	523.65	218.16
2. Total Notes in circulation	5,177.11	5,246.87	5,181.26
3. Absorption (=) or contraction (—)	69.76	177.67	86.04
4. Percentage of 2 to 3	1.32%	3.50%	1.64%

Notes withdrawn.—The following table gives the value of Notes of different denominations

withdrawn from circulation.

[Statement.]

VALUE IN THOUSANDS OF RS.

Month				Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
April 1948	..	..	..	4,050.1	18,723.6	11,586.5	6,594.0
March 1948	..	..	..	3,514.1	11,885.8	15,763.1	8,435.0
April 1947	..	..	..	3,908.7	10,265.5	13,055.6	8,190.0

Denomination of Notes issued.—The value of different denominations issued for circulation to the Hyderabad State Bank during the month under survey, the preceding month and the corresponding month of last year is noted below :

VALUE IN LAKHS OF RS.

Month				Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
April 1948	..	..	..	28.70	117.24	171.81	22.53
March 1948	..	..	..	38.79	206.59	197.78	80.49
April 1947	..	..	..	17.38	69.88	89.71	32.19

STATEMENT SHOWING THE GROSS AND NET CIRCULATION OF ONE-RUPEE NOTES FOR KHURDAD 1857 F.

Ledger balance of One-rupee Notes Coin Account issued to Government	CURRENCY CHEST REMITTANCES OUTSTANDING IN TRANSIT AFFECTING CIRCULATION		Total, i.e., Gross circulation	Balance of Notes in Government Treasuries	Net circulation of Notes
	Additions	Deductions			
8,09,33,123	..	2,93,900	3,06,39,223	13,80,125	2,92,59,098

[Statement.]

**STATEMENT SHOWING THE RECEIPTS AND EXPENDITURE UNDER CERTAIN
IMPORTANT HEADS OF H.E.H. THE NIZAM'S GOVERNMENT**

Serial No.	Heads					Receipts			Expenditure		
						Rs.	A.	P.	Rs.	A.	P.
1	Land Revenue	..	..	..	..	85,35,530	5	4	11,00,966	10	6
2	Forest	..	..	..	..	5,21,546	0	10	1,47,859	4	4
8	Customs	..	..	..	..	22,94,055	7	8	2,84,838	2	8
4	Excise	..	..	..	..	54,34,283	0	7	6,51,664	1	11
5	Stamps and Registration	..	..	..	..	3,04,903	6	4	40,703	5	4
6	Debt Service	..	..	..	..	55,29,642	5	7	15,17,022	2	10
7	Mint Currency and Coinage	..	..	..	..	95	0	0	60,504	8	11
8	Posts	..	..	..	..	2,97,335	4	6	4,12,996	10	9
9	Civil Administration	..	..	..	..	4,960	4	6	9,82,963	0	10
10	Education	..	..	..	..	80,541	2	7	36,79,059	10	0
11	Police	..	..	..	..	1,625	4	8	23,87,648	10	8
12	Medical	..	..	..	..	16,190	2	4	7,37,954	1	2
18	Agricultural	..	..	..	..	13,510	10	4	77,884	11	7
14	Municipality and Health	..	..	..	..	95,635	11	7	10,41,131	12	8
15	Buildings	..	..	..	..	10,363	15	0	12,34,399	5	6
16	Irrigation	..	..	..	..	4,092	4	10	1,68,044	8	0
17	Railways	..	..	..	..	1,39,521	6	1	849	0	3
18	Miscellaneous	..	..	..	..	1,25,418	3	1	40,658	1	6

Statement.]

**STATEMENT OF GOVERNMENT
BALANCES AT THE END OF APRIL 1948**

District Treasuries	{ O.S.	87,87,800
	{ B.G.	1,36,988
	{ Ex.	22,822
Total ..		89,47,055
Hyderabad State Bank	{ O.S.	74,33,395
	{ B.G.	3,82,09,323
	{ Ex.	63,68,220
Total ..		5,20,10,938

BANKING STATISTICS

Joint-stock Banks: Liabilities and Cash holdings.—
For the week ending 27th February 1948 the

total liabilities and cash holdings of 24 reporting Joint-stock Banks (working in H.E.H. the Nizam's Dominions) amounted to Rs. 4,107.20 lakhs and Rs. 301.58 lakhs respectively, while the total value of advances made in the Dominions and the Bills purchased and discounted stood at Rs. 820.25 lakhs and 56.02 lakhs respectively.

Co-operative Banks and Societies.—The capital and Reserve of 33 reporting Co-operative Banks, in February 1948, stood at Rs. 27.02 lakhs, while the value of deposits and loans held at the end of the month (from non-members and members in individual capacity, Banks, Societies and Government) amounted to Rs. 41.19 lakhs.

**DETAILED STATEMENT SHOWING PARTICULARS OF JOINT-STOCK COMPANIES INCORPORATED IN H.E.H.
THE NIZAM'S DOMINIONS AND REGISTERED IN THE MONTH OF APRIL, 1948**

Serial No.	Classification and name of the Company	Names of Agents and Secretaries, etc., and situation of registered office	Object	CAPITAL (O.S. CURRENCY)		
				Authorised	Issued	Paid-up
1	<i>Agencies</i> The Bhoom Jaivant Company Limited	Managing Director, Mohamed Abdul Qader Qureshi	Agencies	5 Lakhs	1 Lakh	Nil
Companies Limited by guarantee and Association not for profit			Number of Members			
Nil			Nil			

No Company was registered in the month of May 1948.

[Statement.]

HYDERABAD STATE BANK

STATEMENT OF WEEKLY POSITION AS ON 28TH THIR 1357 FASLI

No. of a/cs.	Liabilities	Total			Assets <i>Advances</i>	Total		
		Rs.	A.	P.		Rs.	A.	P.
	Capital Account ..	75,00,000	0	0				
	Reserve Fund	22,75,000	0	0	Inland Bills	14,500	0	0
	<i>Deposits</i>							
5001	Current Accounts (O.S.) ..	..			B.G. Rs. ..	46,69,411	2	7
	B.G. Rs.	9,84,20,667	11	4	B.G. Rs. ..	2,84,69,478	13	11
	Savings Bank (O.S.) ..	..			..	..		
	B.G. Rs.	31,46,109	0	5	B.G. Rs. ..	1,36,81,030	3	6
	Fixed Deposit ..	..			..	..		
	B.G. Rs.	45,11,958	5	4	Investment A/cs. O.S.	6,10,24,454	4	0
	Short Term Deposit ..	24,19,740	10	8	B.G. Rs. ..	28,30,960	4	7
	Other Accounts ..	17,25,346	4	7	D.Ds. Purchased O.S.	18,68,782	14	6
	Sundries	94,84,463	5	1	B.G. Rs.			
	B.G. Rs.	6,49,045	6	6	Dead Stock (O.S.) ..	8,59,938	0	8
	Loans against Securities	1,00,00,000	0	0	Sundries (O.S.) ..	33,26,268	3	5
					B.G. Rs. ..	1,94,09,822	10	10
					With Bankers (O.S.)	..		
					B.G. Rs. ..	39,77,689	1	11
	Total ..	14,01,32,825	11	11	Total ..	14,01,32,825	11	11

Includes Government Balances at H.O. O. S. Rs. .. 1,07,65,268-15-5

B.G. Rs. .. 99,66,141-12-6

**COMPARATIVE STATEMENT OF CUSTOMS REVENUE FOR THE MONTHS OF AZUR
TO KHURDAD, 1356 F. AND 1357 F.**

Serial No.	Description	1356 Fasli	1357 Fasli	Decrease	Increase
1	2	3	4	5	6
1	Imports	1,07,43,577	97,57,417	9,86,160	..
2	Exports	81,67,154	77,71,595	3,95,559	..
3	Salt	7,79,970	8,59,072	..	79,102
4	Miscellaneous	75,020	38,272	36,748	..
	Total	1,97,65,721	1,84,26,356	14,18,467	79,102

Net Decrease 18,39,365

**STATEMENT SHOWING THE TREND OF IMPORTS AND EXPORTS OF PRINCIPAL
COMMODITIES**

Srl. No.	Commodity	1356 FASLI		1357 FASLI		Difference in income
		Value	Duty	Value	Duty	
1	2	3	4	5	6	7
	<i>Imports</i>					
1	Piece-goods	4,36,08,000	21,80,416	3,02,11,000	15,10,571	— 6,69,845
2	Yarn	1,28,36,000	6,41,804	1,01,45,000	5,07,169	— 1,34,635
3	Sugar	21,18,000	1,05,898	51,15,000	2,55,760	+ 1,40,862
4	Animals	27,83,000	1,39,173	12,51,000	62,551	— 76,622
5	Foodgrains	71,74,000	3,58,718	1,50,23,000	7,51,191	+ 3,92,473
	<i>Exports</i>					
6	Foodgrains	1,25,16,000	6,25,797	1,38,71,000	6,93,575	+ 67,778
7	Cotton	4,00,62,000	20,03,097	6,32,17,000	31,60,872	+ 11,57,775
8	Groundnuts	2,19,36,000	10,96,821	62,35,000	3,11,725	— 7,85,096
9	Oils	4,56,54,000	22,82,696	2,30,86,000	11,54,311	— 11,28,385
10	Animals	2,45,000	12,244	81,000	4,077	— 8,167

RAILWAY STATISTICS

N.S. Railway Road Trans-
December, port Depart-
1947 ment, Febru-
ary, 1948

1. No. of passengers 1,988,664 3,294,880
2. Freight ton miles 40,418,753 97,514
3. Gross earnings Rs. 44,46,071 Rs. 12,08,470
4. Total expenditure „ 48,82,273 „ 9,25,132
5. The number of tourist parties that visited the State Hotel during April 1948 is 18 (5 in Singles and 13 in parties of more than one).

AVIATION STATISTICS - MARCH, 1948

(DECCAN AIRWAYS LIMITED)

Month	TRAFFIC CARRIED (DURING 1948)					
	Passengers carried	Passengers Ton Miles	Freight lbs.	Freight Ton Miles	Mail Lbs.	Mail Ton Miles
1	2	3	4	5	6	7
January ..	2,824	1,30,079	73,626	16,009	6,796	2,063
February ..	2,710	1,25,927	79,671	17,398	6,299	1,867
March ..	3,021	1,36,818	88,113	19,278	6,150	1,869

INDUSTRIAL STATISTICS

COAL—APRIL 1948

Particulars	COLLIERIES		Total
	Kotha-gudam T	Tandur T	
Production	68,477-15	29,119-15	97,597-0
Despatches	57,954-10	25,768-15	83,718-5

The quantity of coal actually despatched from the Collieries to concerns that are within the Dominions is T. 47,053-1 and to concerns that are outside the State is T. 36,665-4.

CEMENT—APRIL 1948

Month	Output of cement	Export outside the Domi-nions	Ex- port inside the Domi-nions	Stock on the last day of month
	T	T	T	T
February 1948 ..	14,791	10,898-9	5,685	4,785
March 1948 .	15,652	9,592-4	5,308	5,518
April 1948 .	14,364	12,847-7	3,042	3,559

MATCHES, SUGAR AND PAPER—APRIL 1948

Serial No.	Commodities	Units	Quantity
1	Matches ..	G.B.	19,630
2	Sugar ..	Cwts.	48,544.10
3	Paper ..	Tons	351.42

FIGURES IN INCHES

Dominions	1356-57 F.	1955-56 F.	Normal for 50 years
Telingana ..	1.09	0.11	0.80
Marathwara ..	0.51	0.46	0.52
Total since the beginning of the season ..	34.83	32.17	30.18

ELECTRICITY STATISTICS FOR
MAY 1948

(Hussain Sagar Power House)

Units generated ..	30,29,530
Units sent out ..	28,72,154
Coal consumed ..	3,952 tons 11 cwts.

MONTHLY COTTON REPORT

(KHURDAD 1857 F. (APRIL 1948))

Rainfall and Crop Condition.—During the month under report rain fell throughout the Dominions except in the district of Bir. The average rainfall of the Dominions was 0.80 inches as against 0.29 inches in the corresponding period of last year and 0.666 inches normal for 50 years.

The condition of rabi cotton crop is reported to be satisfactory. Picking of rabi cotton continued.

Area and Outturn.—The estimated area according to 4th cotton forecast for the year 1947-48 (1356-57 F.) being 1,932,555 acres as against 2,193,976 acres of last year, showing a decrease of 261,421 acres or about 12 per cent.

The estimated outturn for the Dominions is 278,330 bales as compared with 291,810 bales of last year, showing a decrease of 12,980 bales or about 4.4 per cent. The average outturn is worked out at 69 per cent. of the normal as compared with 65 per cent. reported last year.

Classified by trade description the figures are as follows :—

Trade Description	1947-48 1856-57 FASLI		1946-47 1355-56 FASLI		5 YEARS' AVERAGE		
	Acreage	Yield in bales	Acreage	Yield in bales	Acreage	Yield in bales	Staples
I. Hyderabad Oomras	9,77,098	1,88,207	11,74,227	1,63,847	12,64,290	1,84,595	Short staple
II. Hyderabad Gaorani	4,80,833	84,282	5,51,632	74,744	7,41,508	1,08,748	Medium staple
III. Raichur kumptas & Upland	2,44,778	28,320	1,69,991	19,882	2,80,992	32,025	do
IV. Western ..	2,01,732	24,084	2,68,159	30,296	2,96,774	36,248	do
V. Warangal and Coconadas	28,114	8,487	34,967	3,541	69,611	8,661	Short staple
Total ..	19,32,555	2,78,330	21,98,976	2,91,810	26,53,170	3,70,272	

COTTON MARKET RATES
(Rate of Kapas per palla of 120 Seers)

Markets	Variety	Opening	Closing	Last year closing
		Rs. a. p.	Rs. a. p.	Rs. a. p.
Warangal	Bani ..	36 8 0	40 8 0	..
	Haveri ..	36 8 0	40 0 0	..
Adilabad	Katol ..	60 0 0	60 0 0	..
Hingoli	Haveri ..	22 8 0	40 0 0	..
	Verum ..	67 0 0	67 8 0	..
	Jarilla ..	72 8 0	70 0 0	..
Gangakhed	Bani ..	63 8 0	65 0 0	..
Sailu	Jarilla ..	72 0 0	73 0 0	..
	Haveri ..	62 0 0	63 0 0	..
Parbhani	Jarilla ..	70 0 0	71 4 0	..
	Haveri ..	67 0 0	68 4 0	..
Nander	Bani ..	68 0 0	66 0 0	..
	Haveri ..	77 0 0	75 0 0	..
Latur	Bani ..	63 0 0	90 0 0	55 0 0
Raichur	Mungari ..	62 0 0	63 4 0	45 0 0
	Faram ..	63 0 0	68 12 0	56 0 0
	Upland ..	62 4 0	68 12 0	57 0 0
	Jawari ..	62 8 0	67 8 0	54 12 0
<i>Rate of Cotton Lint per palla of 120 Seers</i>				
Warangal	..	..	..	..
Adilabad	..	..	..	..
Hingoli	..	..	..	..
Gangakhed	..	..	..	..
Sailu	..	..	..	..
Parbhani	..	..	..	..
Nander	Bani ..	191 0 0	205 0 0	..
	Haveri ..	170 0 0	195 0 0	..
Latur	..	..	..	..
Raichur	Mungari ..	180 0 0	165 0 0	110 0 0
	Faram ..	195 0 0	210 0 0	187 0 0
	Upland ..	191 0 0	205 0 0	..
	Jawari ..	190 0 0	201 0 0	..
	Stone ..	185 0 0	195 0 0	..

Pressing.—During the month under report (April 1948) 16,746 bales were pressed as against 16,204 bales in the corresponding month of last year and the average for the preceding five years was 22,961 bales. Total number of bales pressed since the beginning of the season (1st September 1947) is 290,211 bales as against 156,045 bales during the corresponding period of last year.

Export.—Export by rail and road in the month of Ardibehisht 1857 F. (March 1948) amounted to 37,337 bales as against 21,849 bales last year and the average of the corresponding month of the preceding five years was 36,101 bales. The total export since the beginning of the season (1st September 1947) was 239,267 bales as against 186,399 bales of last year.

Mill consumption.—Spinning and weaving mills in the Dominions consumed 8,869,824 lbs. (9,675 bales) of cotton during the month of April 1948 as against 1,963,226 lbs. (4,908 bales) in the corresponding month of last year and the average for the corresponding month of the preceding quinquennium was 2,336,400 lbs. (5,846 bales). Total consumption since the beginning of the season (1st September 1947) amounted to 18,984,603 lbs. (47,467 bales) as against 13,705,889 lbs. (34,265 bales) last year.

Cotton stock.—The stock of cotton on 31st August 1947 was 96,270 bales as against 60,389 bales reported for the corresponding period of last year.

STATEMENT SHOWING WORKING CLASS COST OF LIVING INDEX NUMBER (FOR SIX CENTRES)
FOR THE MONTH OF APRIL 1943

(Base Year August 1943 to July 1944 = 100)

Serial No.	Group Summary	HYDERABAD CITY		WARANGAL		NIZAMABAD		NANDER		AURANGABAD		GULBARGA	
		Weight proportional to total expenditure	Index No.	Weight proportional to total expenditure	Index No.	Weight proportional to total expenditure	Index No.	Weight proportional to total expenditure	Index No.	Weight proportional to total expenditure	Index No.	Weight proportional to total expenditure	Index No.
1	Food	62.25	125	68.43	121	64.38	133	62.89	179	58.67	160	66.50	157
2	Fuel and Light	6.87	144	7.50	136	8.55	152	6.73	197	6.32	145	6.05	197
3	Clothing	11.03	110	8.70	156	13.66	197	13.85	107	18.46	174	13.15	117
4	Rent	5.31	100	3.21	100	3.74	100	4.29	100	4.15	100	3.32	100
5	Miscellaneous	10.66	191	8.04	158	5.73	244	8.49	153	11.46	173	8.50	167
6	Intoxicants	3.88	186	4.12	160	3.94	195	3.75	131	6.94	209	2.48	205
	Cost of Living Index number.	100	133	100	129	100	148	100	163	100	161	100	154

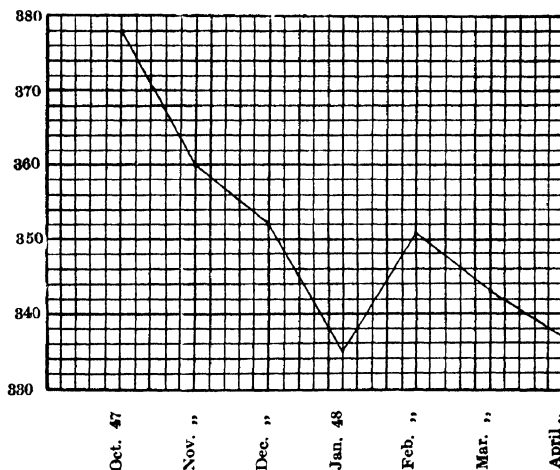
**MONTHLY INDEX NUMBERS OF WHOLE-
SALE PRICES IN THE CITY OF HYDER-
ABAD FOR THE MONTH OF APRIL, 1948**

Compared to last month, the average index numbers of Cereals and other Food Articles declined by 50 points and 1 point respectively while that of Pulses increased by 40 points, thereby bringing about a fall of 2 points in the average index No. of All-Food. As a matter of fact the prices of almost all the commodities under this group remained unchanged but the fall is due to the prices of wheat not available.

The average index numbers of Oil seeds and vegetable oil under 'All Non-Food' appreciated by 8 and 67 points respectively while that of Other Food Articles decreased by 92 points due to abnormal fall in the price of Kerosene Oil (3rd quality); consequently the index No. of All Non-Food went down by 12 points compared to last month. The average indices of Cotton Raw, Cotton Manufactures, Hides and Skins and Building Materials remained unchanged.

The general index No. in the month of report stood at 337 points as against 348 points in the previous month.

GRAPH SHOWING WHOLESALE PRICES



STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF APRIL, 1948, COMPARED WITH BASE PRICES

BASE : AUGUST, 1939 = 100

Serial No.	Commodity	Unit	PRICES FOR				INDEX No.		
			Base August 1939 Prices	February 1948	March 1948	April 1948	Feb.	March 1948	April 1948
1	2	3	4	5	6	7	8	9	10
I. FOODGRAINS									
(i) Cereals			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.			
1	Rice, fine, 1st quality ..	Palla	87 0 0	.. ..	.. ..	.. ..	..	..	..
2	Rice, Arcoti ..	do	16 4 0	43 10 0	43 10 0	43 10 0	268	268	268
3	Rice, Coarse ..	do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat, Bansi ..	do	18 8 0	80 0 0	119 0 0	.. ..	482	643	..
5	Wheat, Yellow ..	do	16 12 0	112 0 0	.. ..	.. ..	668	..	..
6	Wheat, Potia ..	do	18 0 0	.. ..	.. ..	105 0 0	..	..	583
7	Wheat, Red ..	do	14 8 0	98 0 0	84 8 0	.. ..	676	583	..
8	Jawar, 1st quality ..	do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd quality ..	do	12 0 0	23 8 0	23 8 0	23 8 0	196	196	196
10	Bajra ..	do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
Average Index No. of Cereals			.. ..	.. ..	.. ..	.. ..	306	340	290
(ii) Pulses									
11	Gram, Bengal ..	Palla	16 0 0	41 4 0	42 0 0	42 12 0	258	268	267
12	Gram, Horse ..	do	10 8 0	30 0 0	33 8 0	.. ..	286	319	..
13	Mung, Green ..	do	12 2 0	42 8 0	46 0 0	68 8 0	351	379	508
14	Mung, Black ..	do	12 0 0	.. ..	.. ..	.. ..	..	..	..
15	Lentils ..	do	15 9 0	.. ..	.. ..	57 8 0	..	..	869
16	Tuar, Broken ..	do	15 4 0	56 8 0	52 8 0	53 0 0	370	344	343
Average Index No. of Pulses			.. ..	.. ..	.. ..	.. ..	316	326	373
(iii) Sugar									
17	Sugar, refined ..	Palla	45 0 0	110 0 0	137 0 0	137 0 0	244	304	304
18	Gur or raw sugar ..	do	28 8 0	25 0 0	23 8 0	23 8 0	88	82	82
Average Index No. of Sugar			.. ..	.. ..	.. ..	.. ..	166	193	193
(iv) Other Food Articles									
19	Tea ..	Lb.	1 3 0	3 4 6	3 4 6	3 4 6	276	276	276
20	Salt ..	Palla	12 0 0	20 0 0	20 0 0	20 0 0	167	167	167
21	Onions ..	do	5 0 0	20 0 0	15 0 0	13 8 0	400	300	270
22	Turmeric ..	do	31 0 0	117 8 0	90 0 0	97 8 0	379	290	313
23	Tamarind ..	do	14 8 0	60 0 0	47 8 0	48 8 0	414	328	324
24	Chillies ..	do	57 8 0	100 0 0	85 0 0	95 0 0	174	148	165
25	Betel-nuts ..	Seer	0 9 0	3 8 0	3 8 0	3 8 0	622	622	622
26	Ghee, 1st quality ..	Md.	50 0 0	150 0 0	140 0 0	135 0 0	300	280	270
27	Potatoes ..	do	6 11 0	20 0 0	20 0 0	20 0 0	299	299	299
28	Ginger ..	do	6 11 0	23 5 0	31 11 0	30 0 0	349	474	449
29	Garlic ..	do	.. ..	40 0 0	31 11 0	30 0 0	..	..	..
30	Fowl ..	Bird	1 0 0	2 8 0	2 8 0	2 8 0	250	250	250
31	Eggs ..	Doz.	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk ..	Seer	0 4 0	0 11 0	0 12 0	1 0 0	275	300	400
33	Beef ..	Lb.	0 1 8	0 8 0	0 8 0	0 8 0	480	480	480
34	Mutton ..	do	0 3 4	0 12 0	0 12 0	0 12 0	36	360	360
Average Index No. of Other Food Articles			.. ..	.. ..	.. ..	.. ..	339	334	333
Average Index No. of All Food			.. ..	.. ..	.. ..	.. ..	332	321	319

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF APRIL, 1948, COMPARED WITH BASE PRICES

BASE : AUGUST, 1939 = 100

Serial No.	Commodity	Unit	PRICES FOR				INDEX No.		
			Base August 1939 Prices	February 1943	March 1943	April 1948	Feb.	March 1948	April 1948
1	2	3	4	5	6	7	8	9	10
II. OILSEEDS									
85	Sesamum ..	Palla	21 0 0	85 0 0	105 0 0	105 0 0	405	500	500
86	Cotton seed ..	do	9 0 0	21 4 0	22 8 0	22 4 0	236	250	247
37	Groundnut ..	do	12 8 0	51 0 0	50 0 0	50 0 0	401	400	400
38	Linseed ..	do	11 8 0	49 8 0	40 0 0	42 8 0	430	348	370
39	Castor seed ..	do	12 0 0	45 15 0	49 8 0	49 0 0	383	413	408
	Average Index No. of Oilseeds ..	..	..	..	..	..	371	382	385
III. VEGETABLE OIL									
40	Sesamum Oil ..	Palla	35 0 0	240 0 0	200 0 0	220 0 0	686	571	629
41	Castor Oil ..	do	30 0 0	160 0 0	140 0 0	160 0 0	533	467	533
42	Linseed (double boiled) drum ..	drum	22 8 0	36 0 0	..	..	160	..	..
43	Groundnut Oil ..	Palla	25 0 0	165 0 0	140 0 0	160 0 0	660	580	640
	Average Index No. of Vegetable Oil ..	..	..	..	..	..	510	533	600
IV. TEXTILES									
<i>(i) Cotton Raw -</i>									
44	Cotton raw, L.C. bales of 400 lbs. ..	..	100 0 0	275 0 0	275 0 0	275 0 0	275	275	275
	Average Index No. of Cotton Raw ..	..	..	..	..	..	275	275	275
<i>(ii) Cotton Manufactures</i>									
45	Yarn unbleached ..	9 Lb.	0 8 0	1 8 6	1 7 3	1 7 3	301	288	288
46	Dhories ..	do	0 9 0	2 6 0	1 14 0	1 14 0	422	333	333
47	Chaders ..	do	0 8 0	2 3 0	1 11 3	1 11 3	438	341	341
48	Saris ..	do	0 10 0	2 6 0	..	..	380	..	..
40	Shirtings ..	do	0 8 0	2 0 0	1 11 3	1 11 3	400	341	341
	Average Index No. of Cotton Mfgs. ..	..	..	..	..	..	388	326	320
V. HIDES AND SKINS									
50	Hides not tanned ..	Head	2 0 0	7 0 0	5 8 0	5 8 0	316	232	232
51	Skins ..	do	0 9 0	2 0 0	2 0 0	2 0 0	356	350	350
	Average Index No. of Hides and Skins ..	..	..	..	..	..	336	204	294
VI. BUILDING MATERIALS									
52	Corrugated iron sheets ..	Cwt.	12 3 0	..	..	N.S.	..	..	..
53	Iron Beams (Tata) ..	do	13 4 0	..	..	N.S.	..	..	..
54	Teak, country ..	C ft.	3 0 0	9 0 0	10 0 0	10 0 0	311	313	333
55	Teak, Rangoon ..	do	7 8 0	..	..	N.S.	..	..	..
56	Coment, Shahabad ..	Cwt.	2 14 0	4 4 0	6 12 0	6 12 0	148	235	235
57	Lime ..	1000 lb.	19 0 0	65 0 0	65 0 0	65 0 0	312	342	342
58	Bricks, country ..	1000	9 8 0	45 0 0	35 0 0	35 0 0	474	368	368
59	Bricks, Table moulded ..	1,000	15 8 0	..	..	N.S.	..	..	..
	Average Index No. of Building Materials ..	..	..	..	..	..	316	320	320
VII. OTHER RAW AND MANUFACTURED ARTICLES									
60	Charcoal ..	Cwt.	1 12 0	11 3 0	11 3 0	11 3 0	639	639	639
61	Kerosene Oil, 1st quality ..	A tin 4 of	6 4 0	..	..	5 6 0	..	..	86
62	Do 3rd quality ..	Gallon	4 0 0	4 10 0	15 0 0	4 10 0	116	375	116
63	Tobacco ..	Md.	17 8 0	..	..	N.S.	..	..	..
64	Soap (Sunlight) ..	Cwt.	93 4 0	211 8 0	211 8 0	211 8 0	227	227	227
65	Matches ..	Gross	2 8 0	6 8 0	6 8 0	6 8 0	260	260	260
66	Firewood ..	Md.	0 8 0	2 0 0	2 0 0	2 0 0	400	400	400
	Average Index No. of Other Raw and Manufactured Articles ..	..	..	..	..	..	328	380	288
	Average Index No. of all non-Food ..	..	..	..	..	..	373	368	356
	General Average Index number ..	..	..	..	..	..	351	343	337

O.S. Rs. 116-10-8 = B.G. Rs. 100.

OTHER STATISTICS

GOLD RESERVES OF CENTRAL BANKS

MILLIONS OF FINE OUNCES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		United States	France	Switzerland	South Africa	Belgium	Netherlands	Argentina	Sweden	India and Pakistan	Brazil	Mexico	Spain	Turkey	Uruguay	Columbia	Venezuela	Cuba
Average of months	{ 1933-39 1945-46 1948-47	386 576 582	69 35 23	20 31 40	6 26 28	15 21 21	28 21 8	12† 12 14	9 14 12	8 8 8	1 10 10	1 7 6	1 15† 3 3	1 7 7	2 5 6	1 3 4	.. 5 6	.. 5 6
End of																		
October 1946..	..	583	23	20	28	21	8	13	13	8	10	6	3	7	6	4	6	6
November "	..	585	23	41	27	21	8	14	12	8	10	5	3	7	6	4	6	6
December "	..	587	23	41	27	21	8	16	11	8	10	5	3	7	6	4	6	6
January 1947	..	593	23	41	25	21	8	18	10	8	10	5	3	7	6	4	6	7
February "	..	581	23	41	24	20	7	20	9	8	10	4	3	7	6	4	7	7
March "	..	585	20	41	23	18	6	21	8	8	10	4	3	7	6	4	7	7
April "	..	594	20	41	23	18	6	21	6	8	10	4	3	6	5	3	7	7
May "	..	598	20	40	23	18	6	21	5	8	10	4	3	5	5	3	7	7
June "	..	608	20	39	22	18	5	13	5	8	10	4	3	5	5	3	7	7
July "	..	615	16	39	21	18	5	14	4	8	10	3	..	5	5	3	6	7
August "	..	622	16	39	22	19	5	11	4	8	10	3	3	5	5	3	6	8
September "	..	627	13	40	23	19	5	..	3	8	10	3	3	5	5	2	6	8
October "	..	637	13	40	23	17	5	..	3	8	..	3	3	5	..	2	..	..
November "	..	646	16	..	..	17	6	..	3	8	..	3	..	5	..	2	6	..

*Monthly figures include gold holding of Swiss Government.

† Including gold of the Central Bank held abroad, and gold belonging to Argentina Stabilisation Fund.

‡ As Officially reported on 30th April 1938.

**COTTON TEXTILES : PRODUCTION AND
EXPORTS**
(Mr. Sq. Yards)

	PRODUCTION		EXPORTS	
	1936-38 average	1947	1936- 38 aver- age	1937
United Kingdom ..	3,500	1,800	1,741	531
United States .	8,530	10,800	252	1,500
Japan ..	4,230	600	2,512	400
Mexico ..	370	450	..	10
Brazil ..	900	1,200	7	160
Indian Union		3,600		
Pakistan	3,920	70	200	250 .
France ..	1,400	1,300	374	320
Italy ..	850	1,000	364	110
Belgium ..	500	550	142	120
Netherlands ..	500	400	186	70
W. Germany ..	2,000	700	190	20
Spain, Portugal, Switzerland ..	700	1,400	60	100
U.S.S.R. ..	3,600	2,500	200	..
Czechoslovakia	550	300	60	15
Poland ..	500	450	10	80
Total ..	32,050	27,310	6,293	3,686

This table shows that foreign trade in textiles is not recovering at the same rate as production in the leading countries. In 1947, production had recovered to about 85 per cent. of the pre-war volume; but foreign trade was no higher than 57 per cent. Moreover, in 1936-38 about 20 per cent. of total production was exported; in 1947 the figure was only 11 per cent.

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1. The British Economic London.
Journal
2. Quarterly Statistical Perth.
Abstract of Western
Australia
8. Canadian Journal of Eco- Toronto.
nomics and Political
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4. Economica . . . London.
5. Manchester School of Manchester.
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6. Pacific Affairs . . . New York.
7. Political Quarterly . . . London.
8. Review of Economic London.
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9. The Indian Co-operative Madras.
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10. The Quarterly Journal of Bangalore.
the Mythic Society
11. The Bulletin of the Bu- Bombay.
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12. The India Quarterly . . . New Delhi.
18. Vishwa Bharati . . . Shantinikethan.
14. Statistick Arrbok for (Yearly).
Finland.

“REGARD ME AND MY ADMINISTRATION AS FRIENDS”

**“ DURING MY TOURS I HAD THE GREAT PRIVILEGE
OF MEETING PEOPLE OF ALL TYPES AND CLASSES. ALL
THOSE I MET RE-ASSURED ME REGARDING THE SITUATION
AND PROMISED THEIR FURTHER CO-OPERATION IN BRINGING
THINGS BACK COMPLETELY TO NORMAL. I ONCE AGAIN ASK
ALL OF YOU, IRRESPECTIVE OF YOUR COMMUNITY, TO GIVE
ME YOUR CONTINUED CO-OPERATION. IT IS ONLY BY US ALL
WORKING TOGETHER THAT WE WILL BE ABLE TO MAKE
PROGRESS. DO NOT LISTEN TO RUMOURS, DO NOT SPREAD
RUMOURS. REGARD ME AND MY ADMINISTRATION AS WHAT
WE ARE, THE FRIENDS OF HYDERABAD.”**

Extract from a Radio talk by
MAJOR-GENERAL J. N. CHAUDHURI,
Military Governor of Hyderabad.

Diary of Events of Economic Interest

June, 1948
Amardad, 1357 F.

1

The Hyderabad Government launched several schemes to improve Cottage and Rural industries to raise the standard of living of villagers.

The Nizam's Government appointed a Commissioner for the development of lands under Nizamsagar.

Pandit Nehru, India's Prime Minister, inaugurated the third session of the United Nations Economic Commission for Asia and the Far East at Ootacamund.

The Government of India discontinued the system of Authorised Agents as an Agency for the sale of National Savings Certificates.

The Government of Travancore exempted from customs duty raw cotton imported from Pakistan into the State till August 31.

The Pakistan Government's new Import Policy provides for a free flow of goods into the country from all soft Currency Areas.

The Siamese Government lifted the export ban on sugar.

Signor Alcide de Gasperi, the Italian Prime Minister, announced an Eight-Point Recovery Programme for his new Government.

2

The Government of India decided not to levy customs duty on vegetable seeds imported by evacuees from Pakistan.

The Government of Saurashtra removed export duties on commodities.

3

The Cochin Government decided to levy Pilgrim Tax in the State.

The French National Assembly passed the Economy Bill.

The Government of India decided to reduce the price of Cement from Rs. 87-8-0 to Rs. 85-0-0 per ton.

4

Finland accepted a Russian offer of 5,000,000 dollar loan.

Japan entered into a Barter Trade Agreement with France.

6

The S.C.A.P. Mission purchased 20,000 bales of raw cotton from Pakistan.

7

The Government of Saurashtra decided to introduce complete prohibition in the Union before January, 1949.

8

India's first overseas Air Service began its inaugural flight.

The Government of India decided not to consider new applications for the export of hand-loom cloth except against ready stocks.

General MacArthur announced the American Banks' offer of 60,000,000 dollar credit to Japan to purchase 800,000 bales of raw cotton.

- 9 It was decided to hold the next session of the Asian Relations Conference at Hengchoh in China next April.

France and Egypt signed a Commercial and Payments Agreement in Cairo.

- 10 The East Punjab Government lifted the ban on import of cotton seeds from Pakistan.

The Pakistan Government decided to open an independent Industrial Colony at Bulari in Sindh.

28 nations including Britain, India and Pakistan signed in London a new International Sea Convention.

The U. N. Economic Commission for Latin America was formally opened at Santiago, Chile, by David Owen, U. N. Assistant Secretary-General in charge of Economic Affairs.

- 11 The Government of India purchased 8,060,000 dollars from the International Monetary Fund.

The West Punjab Government sanctioned Rs. 20,000,000 for "Taccavi" loans to refugee settlers.

The Mysore Representative Assembly passed the Employees' State Insurance Bill.

Britain announced reductions in the Purchase (Sales) Tax on goods.

- 12 An Agreement was reached between the Government of India and Saurashtra over customs control.

France and Portugal signed a Commercial Agreement for one year.

A Trade Agreement between Russia and Holland for a mutual exchange of goods was initiated in Moscow.

Rumania nationalized all industries in the State.

- 13 Poland and Czechoslovakia agreed to "avoid unhealthy competition in foreign markets."

Lord Mountbatten, Governor-General of India, inaugurated the Birla Engineering College at Vallabh Nagar.

- 14 The Government of India decided to allow the export of sugar and confectionery outside the Dominion without export licence.

The Indo-French Debt Settlement was signed.

- 15 The Government of India reimposed the control over the export of pepper.

An Agricultural School for training "Sons of professional agriculturists" was inaugurated at Orthanad, Tanjore District, by Archibald Nye, Governor of Madras.

- 16 The Indian National Planning Committee report was published.
- The U. P. Government decided to impose a tax on Agricultural Incomes exceeding Rs. 2,500 annually.
- Water supply in Simla was rationed.
- The Government of Mysore sanctioned the Tunga Anicut Scheme designed to irrigate 21,000 acres of land.
- The British Government decided not to give protection to the Jute trade.
- 17 The Government of India decided to extend the Railway Privilege Ticket Order to include all Government employees.
- Dr. Shyama Prasad Mukherjee, Minister for Industry, inaugurated the fifth annual session of the United Chamber of Trade Association at New Delhi.
- The Government of Ceylon decided to establish a Reserve Bank early next year.
- The thirty-first session of the International Labour Conference opened in San Francisco.
- An Anglo-Eire Trade Agreement was signed.
- 20 The Siamese Government announced the removal of its export ban on tin.
- The U. S. Congress approved Marshall Aid Bill for Europe.
- The United States Department of Agriculture announced a two per cent. increase in world rice production.
- 21 The Government of India prepared a Five-Year Plan to increase the output of milk in the country.
- The Government of India decided to continue the export ban on Vanaspati.
- The International Civil Aviation Organisation ended its second plenary assembly.
- 22 A Bilateral Air Transport Agreement between the Governments of India and Pakistan was signed in Karachi.
- The Nizam's Government decontrolled coal.
- 24 Representatives of 78 nations attended the United Nations first session of the World Health Assembly which opened in Geneva.
- 25 Allied Headquarters announced their approval of tourist travel throughout Japan as a measure to boost Japan's foreign exchange.
- 26 Chile left the Dollar Area and joined the Transferable Sterling Area,

29 U. K. agreed to maintain valid exchange rate for Sterling.

President Truman issued a Proclamation putting into effect tariff concessions between the United States and India and Norway under the Geneva General Agreement on Tariffs and Trade.

The Reserve Bank of India ceased to be the Currency Authority and Government Banker for Pakistan.

30 The Mysore Legislative Council passed the Prohibition Bill and the Bill to levy cess on sugarcane.

July, 1948.

Shahrewar, 1357 F.

1.

The Government of India issued an Ordinance restricting the transfer of Government of India Securities held by the Hyderabad Government.

His Highness Sri Jayachamarajendra Wadiyar Bahadur, Maharaja of Mysore, declared open the "Mysore Beggars' Colony."

The Governor-General of Pakistan, Quaid-e-Azam M.A. Jinnah inaugurated the State Bank of Pakistan at Karachi.

The Ceylon Cabinet decided to abolish the system of floor prices.

The British Treasury announced the "Mutually Satisfactory Agreement" between Iraq and Britain about scarce currency for Iraq.

The world's largest airfield the 4,900-acre New York International Airport at Idlewild was opened officially.

2. The Nizam's Government promulgated the Hyderabad Foreign Exchange Regulation.

3. H.E.H. the Nizam issued a Firman sanctioning a new scheme for the re-organisation of the Government school for deaf and blind children.

The Government of India decided to remove control over imports of certain categories of goods.

The Pakistan State Bank fixed its bank rate at 3 per cent. per annum.

4. The Chinese Legislative Yuan (Parliament) approved in principle the issue of a new Chinese National currency.

5. The Government of India decided not to export raw jute till September 30, 1948.

Pakistan secured credit to the extent of ten million dollars from the United States Government (War Assets Administration).

The Sterling Area Trade Conference with Japanese representatives was held at Tokyo.

The Yen-dollar military conversion rate in Japan was increased from 50 to 270.

Britain's New Social Security Scheme came into operation.

Sir Stafford Cripps, Chancellor of the Exchequer disclosed Britain's gold and dollar reserves, held at present, at £. 474 millions including E.R.P. receipts of 22 million.

The Bilateral Aid Pact between Turkey and the United States was signed at Ankara.

The International Wheat Council began a closed-door meeting in Washington.

The Food and Agricultural Organization of the United Nations report on the World rice situation revealed the increase of rice-eating population twice as fast as the rice output.

The Damodar Valley Corporation came into formal existence.

The Government of India proposed to establish a high grade Institute of Technology on the lines of Massachusetts Institution in South India.

The Government of India considered the question of doing away with forced labour in the country.

The first step towards the creation of the Government of India's million-ton steel production was taken.

Britain withdrew from the International Wheat Agreement.

9. The Sterling Balances Agreement between Britain and India was signed in Britain.

The Government of Bombay appointed a Tribunal to enquire into breaches of Industrial Truce.

Under a barter Agreement approved by the Allies, Japan agreed to supply 400,000,000 tons of railway equipment to Russia.

10. Six representatives of an American firm arrived in India to explore the possibilities of extracting petroleum from Indian coal.

Japanese postal, telegraphic and telephonic rates were increased to four times the present price.

12. The Government of India blocked the accounts of the Hyderabad citizens.

The first Indo-Russian Food Agreement was signed in Delhi.

The Government of Madras banned private production and trade in Khadi.

It has been decided to open a National Road Safety college in London early next month.

13. It was decided to establish the regional headquarters of the World Health Organisation in Mysore.
To check the rising prices of food in the Province, the U.P. Government decided to reintroduce food rationing from 1st August, 1948.
14. The Nizam's Government prohibited the export of white cotton rags from the Dominions.
The text of the Pakistan Sterling Balances Agreement was signed in London.
The Viramgam Customs Cordon was removed.
14. The Presidium Supreme of the Soviets announced the new income-tax for farmers ranging from 11 per cent. to 40 per cent.
President Truman named Mr. Loy Henderson as India's Ambassador.
16. The Government of Ceylon abolished price control on textiles.
17. The 45th annual convention of the American Road Builders Association was held in Chicago.
The Hyderabad Government promulgated an ordinance for the prevention of hoarding and profiteering.
The American National Foreign Trade Council issued a report of a ten-point long range programme between the United States and India and Pakistan.
19. The Nizam's Government increased motor-car loan to the Members of the Council and gazetted officers from Rs. 10,000 to 15,000.
The Hyderabad Government enhanced the export duty on cotton "kapas" and linseed.
Mr. Jairamdas Daulatram, Agriculture Minister, Government of India, inaugurated the first Refrigeration Conference in New Delhi.
Sir C. V. Raman, the noted Indian scientist, attended the opening session of the World Bank Advisory Council.
The sixth Congress of Universities of the Commonwealth opened in Oxford.
Chinese bank notes of 5 million dollar denomination came into circulation.
20. The Government of Pakistan allowed the export of jute to hard currency area without export licenses.
The Pakistan Government decided to establish a Mercantile Marine Academy.
21. The Nizam's Government sanctioned a scheme for sinking tube wells.
22. Sir Stafford Cripps, Chancellor of the Exchequer, promised on behalf of the British Government help to Pakistan for her economic development.
A complete reorganisation of British Overseas Airways Corporation was announced.

23. The South-East Asia Council drew up relief budgets for the countries of South-East Asia for the year 1948-49.
 24. Brazil came into the soft currency area.
 25. Pandit Jawaharlal Nehru, Prime Minister of India, laid the foundation stone of the Electro-Chemical Research Institute at Karaikudi.
Bread ration ended in Britain.
The Bombay Municipal Corporation unanimously approved of a Master Plan for Greater Bombay.
 26. Sir Stafford Cripps announced the setting up of a joint Anglo-American Advisory Council to improve the productivity of British industry.
President Truman established a Fair Employment Board aimed at preventing racial or religious discrimination in Government appointments.
 27. To create an atmosphere of disinflation the Reserve Bank of India urged controls at least in the case of the essentials of life.
 30. The Government of India announced immediate re-imposition of control over both distribution and prices of cloth in the country.
-

August, 1948.
Mehir, 1357 F.

1. The Nizam's State Railway started a campaign against ticketless travel.
The Government of India decided to establish a Dairy Research Institute at Agaram, near Bangalore.
The Government of India decided to embark on a large scale scheme of mechanical cultivation in East Punjab.
The World Health Assembly agreed to establish a regional bureau for South-East Asia, with its headquarters at Mysore.
2. An Agreement was reached between India and Nepal Government for building Dams on Gogra and Tapti, within Nepal territory.
3. President Truman proposed to Congress a \$ 4,300 m. excess Profits Tax to protect the public from "Peace-time Profiteers."
Columbia agreed to the U.S. request to survey for a giant new canal to link the Atlantic with Pacific.
Pandit Nehru, India's Premier, inaugurated the second Health Ministers Conference at New Delhi.
To tackle the difficult problem of housing, the Government of India decided to institute a separate Housing Department under the Ministry of Health.
The Eastern Pakistan Government took up a five-crore Hydro-Electric and Flood Control Project.

5. The United States National Advisory Council (the Chief Economic Policy-making Body) warned that United States lending to Europe should not over-tax the capacity of borrowing countries to repay.
6. The first Indian ocean-going passenger liner Jal-Azad sailed for the U.K.
The Indian Government decided to set up a marketing organisation for mica industry.
The West Bengal Cement Control Ordinance came into force.
The U. S. Department of Commerce announced the establishment of a Middle East Branch in the office of the International Trade.
8. The first World Youth Conference opened at Warsaw.
9. Sir C. D. Deshmukh, Governor of the Reserve Bank of India, called to the Nation to attack the deteriorating price and economic situation by producing a larger volume of goods and services.
Mr. Hewenga, the South African Minister of Finance, announced his Government's desire to remain within the Sterling Area.
10. The Government of India gave a subvention of Rs. 5,08,00,000 to the U. P. Government for the development of its post-war schemes for 1947-48.
11. China and Italy concluded a Barter Trade Agreement.
President Truman signed a 65,000,000 dollar loan to finance the World Organisation's Headquarters in New York city.
12. The Saurashtra Government banned the export of cattle outside the State.
The League of Nations decided to make a 10,000,000 dollar post-mortem contribution to the United Nations.
The Sindh Government terminated rationing of food grains in Hyderabad-Sind.
16. H.E.H. the Nizam accorded sanction to the Juvenile Employment Bill, Provident Fund Bill and the Irrigation Bill.
President Truman signed the Republican sponsored Anti-Inflation Measure into Law.
17. Prohibition came into force in Travancore State.
19. The Government of Madhya-Bharat Union decided to abolish inter-state customs duty.
The United Nations Economic and Social Council decided to set up a Flood Control Bureau for Asia and Far East.
20. The Indian Parliament passed the Labour Minister's Bill making provision for a Provident Fund scheme and a Bonus scheme for coal miners.

The Government of India sanctioned Rs. 182 lakhs to the Orissa Government for the construction of its new capital at Bhubaneswar.

The U.N. Economic and Social Council proclaimed the equality of men, and women in the sphere of economic, cultural, social and political life.

23. The Government of India decided to re-impose control over cotton textiles.

The Government of India decided to establish on a permanent basis a Road Roller Industry in the country.

China's new currency, the Gold Yuan came into force.

China applied to the International Bank for Reconstruction and Development for a monetary loan to support its new currency.

26. The U.N. Economic and Social Council decided to hold its next summer session at Geneva.

28. China, to bolster her dwindling foreign credit, decided to recall Government officials and pleasure seeking children of wealthy Chinese loitering abroad.



September, 1948
Aban, 1357 F.

1

The Madras Government decided to launch a five-year programme of road development in the Presidency.

The Mysore Government imposed Sales Tax in the State.

A "Raise the Standard" exhibition designed how best industrial output be increased opened at Charing Cross Station.

France and Lebanon concluded a Financial Agreement.

A National Bureau for the international exchange of books and periodicals was opened in Washington.

The European Parliamentary Congress was opened at Interlaken.

2

The Government of India released the summaries of six reports on the economic situation in India.

The Government of India decided to set up a Central Advisory Council of Industry.

The Indian Government decided to constitute a Cottage Industries Board.

Britain presented detailed reports to the United Nations on economic and social conditions in her 42 colonial territories and Protectorates.

Australia's Prime Minister, Mr. Chieflly, announced his Government's intention not to change the value of Australian Pound in relation to Sterling.

General Douglas MacArthur's Headquarters announced the handing over of all Japan's petroleum industry to private enterprise.

3 The Dominion Parliaments passed the Bill nationalising the Reserve Bank of India.

 The Government of India doubled the cess on cotton.

 The Madras Legislative Assembly passed Land Acquisition (Madras Amendment) Bill.

 The East Punjab Government decided to introduce prohibition in the Province.

 The U.N. Food and Agricultural Organisation published its first year book on Forest Products Statistics.

4 The Government of India decided to remove control on imports of certain goods from Sterling, Soft and Medium currency countries under Open General Licences.

 Cotton exports to India from Pakistan came under a system of licensing.

 The Indian Dominion Parliament passed the Essential Supplies Temporary Power Amendment Bill.

 The Government of Madras opened a Prohibition Staff College.

 The European Parliamentary Congress adopted a ten-point plan for a Federation of Europe.

5 The Chinese Government decided to float £. 180,750,000 worth of gold Yuan bonds.

6 India became an elected member of the New International Emergency Food Council.

 The Indian Parliament passed the Resettlement of Displaced Persons (Land Acquisition) Bill.

 Afghanistan negotiated a new loan from the U.S.A.

 The T.U.C.'s 80th Congress opened at Margate.

 The Machine Tool and Engineering Exhibition opened in London.

7 A Conference of Food and Agricultural Ministers of Provinces and States opened in New Delhi.

 Sir Stafford Cripps called on the British people to throw all their might for increased production to attain higher standard of living.

8 Madras and Mysore Governments reached an agreement for the supply of electrical energy in bulk by the State Government.

 The United States Export-Import Bank announced the extension of a 5,000,000 dollar credit to Finland.

9 The Government of India re-imposed control on the export of manganese ore, chromite ore and kyanite.

- 10 Shanghai announced an iron-clad ban on all her exports.
- 12 Provisional agreement on the distribution of American aid was reached by the Organisation for European Economic Co-operation.
- 13 The Government of India launched a "Police Action" against Hyderabad to put an end to the prevailing disorder in the State.
- 14 Britain and Denmark concluded a new Trade Pact.
- 15 The Bombay Government discussed the question of increasing the taxation on "commonsense" (competitions, lotteries, etc).
17. The "Police Action", terminated successfully with the surrender of the Nizam's troops to the Indian forces.
- 18 The Nepal Government set up a National Economic Planning Committee.
- 20 The Nizam's Government lifted the embargo on the Indian Currency.
- The Press Trust of India was formed.
- Mr. Jairamdas Daulatram, Food and Agricultural Minister opened the sixth Agmark Ghee Conference in New Delhi.
- 21 The Government of India decided to relax restrictions on imports from Japan.
- 22 The United Nations third General Assembly opened in Paris.
- 23 Mr. D. S. Bakhle took over charge as the Chief Civil Administrator of Hyderabad State.
- 24 The Government of India decided to re-impose, gradually, control over prices of all foodgrains.
- The creation of a British-Canadian "Continuing Committee" on mutual finance and trade problems was announced in Ottawa.
- 25 The West Bengal Governor, Dr. Kailas Nath Katju, opened a South-East Asia Economic Resources Exhibition in Calcutta.
- 26 The Government of India decided to constitute an Import Advisory Council.
- 27 Reserve Bank of India officials started checking up the ramifications of the Hyderabad "secret fund."
- Mr. Jairamdas Daulatram, Food and Agricultural Minister, inaugurated a four-day Fisheries Conference at New Delhi.
- The Technical Tripartite Conference of the International Labour Organisation began in Geneva.
- H.E.H. the Nizam urged the Governor-General of India to invalidate the unauthorised transfer of Rs. one crore and 40 lakhs from the State's Balances in U.K. by Moin Nawaz Jung to the Pakistan High Commissioner in London.
- 28 Major-General J. N. Chaudhuri, the Military Governor of Hyderabad, granted special facilities to Hyderabad Muslims to perform Haj ceremony.

October, 1948
Azur, 1358 F.

- 1 The Hyderabad Currency Chest was reopened in the Imperial Bank of India.
The Government of India appointed a Committee to go into the question of integration of States' Finances.
- 2 Madras went completely dry.
A Trade Agreement between Pakistan and Japan was signed.
- 3 The deficit budget prepared by the Laik Ali Ministry for Hyderabad State came under the scrutiny and overhaul at the hands of the Military Government.
- 4 Pandit Jawaharlal Nehru inaugurated the Regional Committee of the World Health Organisation for South-East Asia at New Delhi.
A four-point plan to combat the threat of inflation in the country was announced by the Government of India.
- 5 The Government of India created a National Research Professorship and the first Chair will be held by Sir C. V. Raman, the eminent Indian Scientist.
- 6 The Governor-General, Mr. C. Rajagopalachari, inaugurated the Employees' State Insurance Corporation of India at New Delhi.
- 7 Indian Central Jute Committee decided to explore the possibility of growing jute in South India especially in Travancore.
The George Town University, Washington District, U.S.A., announced a new course entitled "The Culture and Historical Survey of Modern India."
The Japanese Cabinet resigned over a financial scandal.
- 8 The Government of India proposed to open two or three Regional Mineral Research Laboratories to undertake research work in local mineral problems.
The United Nations General Assembly elected India to the Economic and Social Council.
- 10 The Mysore Legislative Assembly passed the Betting Tax (Amendment) Bill.
- 11 Commonwealth Premiers' Conference was opened.
- 12 The Joint Export and Import Agency of the British and American Zones of Germany bought 750,000 dollars worth of Indian tea.
The foundation stone of the new factory for the Indian Telephone Industries was laid by Mr. Khurshed Lal, Deputy Minister, Communications, at Durvaninagar near Bangalore.
An agreement was reached between Britain and Burma on the conservation of the Hard Currency Reserves of the Sterling Area.
The Burmese Parliament passed a Land Nationalisation Bill.
- 14 The Burma Government decided to set up an Economic Council to advise on industries to be nationalised,

15 The Nizam State Railway Board was abolished.

The Government of India decided to revive the Scheme of interest-bearing deposits, announced in 1948.

16 The Madras Government proposed to enact legislation to give relief to landless agricultural labourers in the Province.

17 The British Treasury announced a revaluation of the French franc which raised the value of Pound sterling from the present 864 francs to 1,0618 francs.

18 A Military Government was set up in Hyderabad.

19 The Madras Government approved of a scheme for payment of "pocket money" to pupils of certified schools in place of the present system of "rewards" of money grants.

21 The Congress Interim Ministry in Mysore sanctioned a new scheme for reorganising the entire rural development work in Mysore.

A draft Trade Agreement between the Governments of Pakistan and Czechoslovakia was signed.

22 The Indian Oil-seeds Committee sanctioned various schemes for the development of the village oil industry in the different Provinces.

23 Dr. Rajendra Prasad in his Presidential address to the second annual Conference of the Indian Society of Agricultural Statistics emphasised the need for accurate agricultural statistics for increasing the food production in the country.

24 The Madras Legislative Assembly passed the Bill to regulate the use of Weights and Measures in the Province.

25 The Maharajah of Mayurbhanj donated Rs. 8,00,000 to the Utkal University for creating a Chair for the study of Physics.

26 The Military Government of Hyderabad cancelled the system of sale of National Savings Certificates through authorised agents.

Britain received a 810 million dollar Marshall Plan loan from the United States.

27 In order to save foreign exchange, the Government of India decided to establish refineries for the manufacture of petroleum products from imported crude oil.

The Madras Assembly passed into law the Zamindari Abolition Bill.

28 Japan banned the import of all cars unless they are for use as patterns.

29 The Government of India promulgated an Ordinance temporarily limiting the distribution of dividends as one of the principal measures to combat inflation.

The East Punjab Government decided to urge the Government of India to run a State lottery to raise funds for proper rehabilitation of refugees.

India's Deputy Prime Minister, Sardar Vallabhai Patel, called upon the people of India to make an all-out effort to counteract the rising spiral of inflation.

31 The Hyderabad Government repealed the Foreign Exchange Regulation Ordinance, 1937 Fasli.

Editorial Notes

SOME PRIMARY REQUIREMENTS

The primary need in Hyderabad to-day no doubt is re-establishment of law and order. At the same time problems of Economic reconstruction need a high priority. A careful glance at what is happening in other parts of the world, must persuade any one to agree that Hyderabad to-day is not any the more prepossessed with immediate economic problems than other parts of the world. Shortages are a common feature all round, and if countries like China, France and Britain are seriously busy in attending to vital long-term problems in spite of present-day difficulties, there is no reason why Hyderabad should postpone giving due attention to such problems. In fact, in actual practice, there is no compartmentalisation as among immediate, short-term, medium and long-term problems. Irrespective of other considerations and anxieties, the main problem stands towering—namely, the maintenance and raising of the National Income. The tiller of the soil and the artisan are the primary producers of the nation's income, and the absence of Land Mortgage Banks and an Industrial Finance Corporation and a scientifically drawn up economic plan, is proving a serious impediment against profitable cultivation and plentiful industry. Hyderabad is deficit in certain food items. She is a large importer of manufactured consumer goods. This dependent position could be improved, in the long run, only by our producing more foodstuffs, more oilseeds, more cloth and other manufactures. It would be perhaps advisable to set up a small Committee to consider these very fundamental aspects of the economic problem. It may be interesting to remember that Land Mortgage Banks have done a great deal of good in Madras, and the Government of India have set the Industrial Finance Corporation on foot. Madras and Bombay will shortly have their own.

ANTI-INFLATION

President Truman's message to the special session of the U. S. Congress has great significance for economic policy in Hyderabad nowadays. The United States of America is one of the richest countries of the world capable, as Viscount Bryce put it, "on account of its youth, of committing sins, and not suffering for them." The *per capita* income is over 1,000 dollars. Only one example of the high standard of living there should do for our purpose here. The Sunday edition of the *New York Times* weighs nearly 50 ounces, i.e., more than a seer and a half and is priced 15 cents. The actual value of the paper as scrap in the Hyderabad market is much more than 15 cents, and this Sunday issue contains a world of information—to go through and appreciate which, we in this country would require more than one week, but the next Sunday edition would come in the meanwhile.

In spite of this richness, President Truman found it necessary to summon a special session of the Congress, on the eve of his retirement from Office (a very unusual step). The main theme of his address was anti-inflation. He rightly said that if prices were not controlled, wages allowed to run away, commodities not rationed according to necessity, it would be a danger not only to American economy but to world economy. He said this on the threshold of the huge American programme of economic aid to Europe. President Truman's warning deserves careful attention in all parts of the world. It requires special attention at the present juncture in Hyderabad.

Rationing, price control and wage control are not new to Hyderabad, and even now, the rise in prices, has been considerably less than might have been expected. But this need not lead to complacency. Every effort would have to be made to make available to the man in the

street essential commodities of life at familiar prices so that the demand for higher wages could be aborted.

WAR AND PEACE

Under the section "Finance and Resources," we reproduce details of military expenditure incurred by members of the U.N.O. We could not think of any better proof of the fact that the world today, after the two World Wars, is not any the wiser. There is a feeling of suspicion and distrust all round. A very unreasonable proportion of the national income is being spent upon military equipment, and the result is that the average man has not got

sufficient to eat, clothe himself with and live in. Argument and counsel have not been of any avail, and any improvement could be possible only by an inspiration from Providence.

DELAYED PUBLICATION

We regret that the June issue of the *Bulletin* was released rather late. This was due to factors beyond our control. The Government Press was fully occupied with high level work, and there was great difficulty in securing paper. These difficulties are continuing. Therefore, one Number is being issued for July-November, 1948.

International Organizations

U.N. ECONOMIC COMMISSION

WORK IN EUROPE AND FAR EAST CONTRASTED

In an interview to Press representatives at the Arranamore Palace, Ootacamund, before the beginning of the session, Mr. James Keene, Executive Assistant of the United Nations Economic Commission for Asia and the Far East, explained the circumstances which served as a background for the Economic Commission for Europe and contrasted its features with its counterpart for Asia and the Far East. He said that the E.C.A.F.E. could not be expected to make much progress, as a great deal of pioneering had to be done to put it on its feet. The conditions in Europe and those in Asia and the Far East greatly varied from each other, and hence the progress of the E.C.A.F.E. was bound to be slower than that of the Economic Commission for Europe. However, he said, in the final analysis it was the goodwill of the various Governments towards one another that made or marred the work of these organisations.

Of course, there had been some changes in the organisation of these bodies from their original concept, as seen in the San Francisco Charter of the U.N.O., but it was the firm belief of the U.N.O. that the formation of regional economic organisations would be a step towards a world economic organisation in due course.

Asked what he thought of the proposal to locate the permanent headquarters of the E.C.A.F.E. at Ootacamund, Mr. Keene said that personally, he was not in favour of it, because he felt that the headquarters of a mighty economic organisation controlled by the U.N.O. should be near the seat of the Government of the country, with all facilities for the immediate contact of the diplomatic corps of the various member countries and other high officials and dignitaries, on important matters that might crop up at any time. Ootacamund being far away from New Delhi

would not be suitable for the purpose in his opinion, although the only point of advantage was its salubrious climate. However, he added, this question would come up for discussion before the forthcoming session of the Commission.*

WORLD GOVERNMENT WITH AUTONOMY FOR NATIONAL UNITS

NEHRU FAVOURS IDEA : REMOVAL OF ECONOMIC BARRIERS URGED

Mr. Edward T. Clark, Vice-President of the Movement, who was recently in India in the course of a world tour, met Pandit Nehru in Delhi on April 16.

Mr. Clark is to have discussions with prominent world leaders and leading political organizations to stimulate interest in the Movement groups within national legislatures.

The annual convention of the Movement is to be held at Luxemburg in September, 1948.

In a letter to Mr. Clark which was released by him Pandit Nehru said : "I have no doubt in my mind that the only way for the solution of the world's major problems is for some kind of a world government to develop. I have stated as much in public on many occasions. I welcome, therefore, every attempt that is made to educate and direct public opinion to this end and I wish you success in your endeavours.

"The actual working out of a scheme would naturally involve very careful consideration of all the aspects of the problem. Yet, I think that the mechanical part of it is not so very difficult. The real difficulty is how to tackle the psychological and to some extent economic barriers that come in our way. The first step, therefore, should be to try to remove these psychological barriers and the Movement you are working for will no doubt help in this process.

"So far as India is concerned, we have repeatedly expressed our opinion in favour of the

*The commission, however, has postponed the decision on permanent location.

development of an international organization or some kind of world government which gives full autonomy to its various national units and which at the same time removes the causes of war and national conflict.

"The Indian National Congress has expressed itself on these lines on several occasions and even during the course of the last world war. I have little doubt that Indian public opinion will support any such Movement.

"While I appreciate and welcome all efforts to promote international peace and goodwill and world government on the basis of freedom of nations and peoples, you will appreciate that, in view of my official position I cannot associate myself formally with pledges to non-official organizations.

"When the time comes, I have little doubt that the Government and people of India will gladly take part in this Movement for world peace, freedom and welfare."

With headquarters at Geneva, the Movement was established at the Montreux Convention in August, 1947. The Movement had its origin in the first International Federalist Meeting held in Luxemburg in October 1946 on the initiative of the 'Federal Union' of Great Britain.

WHY BRITAIN WITHDREW FROM INTERNATIONAL WHEAT AGREEMENT

GUARANTEED SALES CONSIDERED INSUFFICIENT

BRITAIN has withdrawn from the International Wheat Agreement. This was announced in Washington recently at a meeting of the International Wheat Council. The statement was phrased in the following terms :

"H.M. Government in the United Kingdom is of the opinion that the guaranteed sales of the exporting countries whose Governments have formally ratified the Agreement are insufficient to ensure its successful operation. I am, therefore, giving notice on behalf of H. M. Government, to the Government of the United States, of its withdrawal from the International Wheat

Agreement. This is effective as from today (July 6)."

The reasons leading to this decision have been given by Britain's Ministry of Food. Thirty-six countries signed the Agreement in March. It was intended to provide the means of ensuring that certain countries would guarantee to sell wheat, and other countries to buy, within the price ranges defined in the Agreement, for each of the five years for which it was to run. The total amount of wheat involved in the transactions under this Agreement would have been 500,000,000 bushels a year.

The signatory nations had to ratify the Agreement by July 1. The importing countries could ratify later, but not the exporting countries. By that date Britain and 11 other nations, which included Australia, Canada, Eire, India and New Zealand, had ratified. Of the exporting countries, the United States had not done so, nor had several of the importing countries.

NOT WORKABLE

As the United States was responsible for 87 per cent. of the total guaranteed exports under the Agreement, it is clear that unless she takes part the Agreement will not be workable. Provision had been made for any nation to withdraw after ratification if it considered that the guaranteed sales and purchases were not enough to ensure a successful operation of the Agreement. This withdrawal had to be made at the opening of the first session of the new Wheat Council.

Since the United States had not been able to ratify, Britain felt that the Agreement clearly could not work. There was, therefore, no alternative but to exercise the right of withdrawal, though the Government much regret the necessity for this decision.

If there is a general desire to negotiate a new agreement, Britain will be ready to enter into discussions. But it is clear that any new agreement cannot now come into force before the beginning of the next crop year.

AUSTRALIA UNLIKELY TO WITHDRAW

From International Wheat Agreement

The following statement was made in a news broadcast on July 16th from 'Radio Australia.'

"The Australian Government is not likely to make any formal declaration of withdrawal from the International Wheat Agreement. It was officially stated in Melbourne that although Australia was one of the very few countries that had ratified the agreement it was considered to have lapsed. Meanwhile, the Australian representatives on the International Wheat Council now meeting in Washington is working on a committee investigating the possibility of a new world wheat pact to become operative from August 1949."

Under proposals announced in March, 1948, three wheat exporting countries, the United States, Canada and Australia, and 83 wheat importing countries were to become parties to an agreement to stabilise prices for producers and ensure adequate supplies to consumers for the next five years. Although Argentina and Russia stood out of the agreement, it seemed certain of success provided the 86 nations concerned ratified it.

Two of the exporting countries, Canada and Australia, passed the necessary internal legislation and became signatories but the United States Congress went into recess in June without ratifying the agreement, which was planned to come into force on August 1.

The immediate result of failure of the International Agreement would be that Australia could complete her contracts to supply Britain with 80,000,000 bushels of wheat at 17/- a bushel, and India with 25,000,000 bushels at 18/- a bushel instead of having to reduce the price in each instance to 12/- a bushel on all wheat remaining unshipped on August 1, as would have been compulsory had the agreement operated.

Most Australian farmers agree that it would have been preferable to lose 5/- or more a bushel

this year on existing contracts to gain security for five years under the International Agreement, rather than face an uncertain future.

In the belief that the agreement would operate from August 1, 1948, the Australian Federal Government had worked out an internal wheat stabilisation plan, which it submitted to the Premiers of the six Australian States at a conference in Canberra in June. Proposals were:—

(1) that the Australian Government should guarantee an export price of 6/8 a bushel bulk for the next five years. (The International Agreement provided for a range of prices in Australian currency from 11-/6 to 12 a bushel in the first year to a minimum of 6-/to 6/6 a bushel in the last year of the agreement).

(2) that the State Governments should guarantee to maintain a similar price for home consumption wheat.

(3) that there should be no acreage restrictions or registration of growers.

(4) that a wheat tax of 1/- a bushel should be levied on export wheat to build up a stabilisation fund to guarantee the export price of 6/8 a bushel.

(5) that this stabilisation fund should not exceed £A. 15,000,000.

It was expected that the proposals would be accepted by the legislature in each State but failure of the International Wheat Agreement may cause a change in stabilisation plans.

10-POINT PLAN FOR UNITED EUROPE

INTERLAKEN CONGRESS RESOLUTION

After a six-hour debate, the European Parliamentary Congress adopted a ten-point plan for a Federation of Europe.

The Congress, which consisted of 200 unofficial delegates from 18 European Parliaments, sent the plan to the Governments of Western Europe together with a letter calling for a European Assembly.

The debate disclosed a fundamental split in the conception of a United Europe between the Conservative and Labour delegates of the British delegation.

Major Peter Roberts (Con.) walked out in protest after the adoption of a clause in the plan which proposed wide powers of control for the Central Government of the European Federation.

The Congress, including the British Labour delegates, had earlier rejected three successive proposals put by British Conservative and Liberal National M.P.'s favouring a loose Union of European States to promote common economic and defence policies rather than a fixed federation with a Central Government.

A French proposal that the plan should refer throughout to a Federation of European States and not a Union was adopted.

CONSTITUTIONAL PRINCIPLES

The ten-point plan started as an elaborate constitution, but had been whittled down in the course of the Congress into a set of constitutional principles for a European Federation to be considered by a European Assembly.

It proposed:—(1) A Federation of Europe to be formed by the 16 Marshall Plan countries and Western Germany, open to membership by all other European States. (2) A European Parliament of two Houses, a senate (with the same number of senators for each State) and a Chamber of Deputies of members elected by Parliament. (3) Parliament to have power to make laws for the peace, order and good government of the Federation. (4) Executive power to be vested in a Federal Council elected by both Houses. (5) Judicial power to be vested in a supreme court. (6) The Union Government to take over control of customs and uniform duties to be imposed. (7) (a) A State should not raise or maintain any air, naval or military force without the consent of the Federal Parliament; (b) Citizens of all States in the Federation to enjoy the same rights and privileges. (8) The European Assembly to set up a commission to study the problems of overseas territories of States in the Federation. (9) Parliament may admit new States, and (10) Alterations to the constitution would need an absolute majority of both houses,

WORLD HEALTH AT BARGAIN PRICES

The present cost of treating malaria, tuberculosis and venereal diseases runs into untold billions annually, and they still run rampant. W.H.O. could eliminate them for a billion dollars.

Probably 1,000,000 persons die each year from malaria, chiefly in tropical and semi-tropical countries. Fifteen years ago, the Health Organization of the League of Nations compiling data from 65 nations discovered a total of 17,750,760 cases of malaria treated during an average year. This was before World War II sent millions of soldiers and sailors into regions that are reservoirs of malarial infection. Today the total should still not exceed 20,000,000 cases.

Standard methods of mosquito control can curb malaria. Wartime experience proved that. Draining and filling ditches, using larvicides to kill the aquatic forms of malaria-carrying mosquitoes and insecticide sprays to destroy the adults may have little romantic appeal to the layman. But they buttress any effective malaria control programme. DDT, hailed around the globe as both a larvicide and an insecticide, is another gift from the chemical laboratory to public health workers.

The wartime success of the Army illustrates what can be done to control malaria. During the Spanish American War, half of the United States troops went to hospitals with malaria. In 1940, the Army launched an intensive campaign. The following year, after spending \$2,000,000, the Army's malaria rate was down to 1.7 cases out of every 1,000 of its personnel. In 1948, an intensified \$ 3,000,000 programme sent the rate down to 0.8 per 1,000 and two years later the figure was 0.2 per 1,000—an all-time low.

Even at the fighting fronts, where malaria was not as easily controlled as under the stabilized conditions of the training camps, preventive measures paid off in lives saved. General James Simmons, wartime chief of the Army's

Preventive Medicine Service, reported that less than 100 men died annually from malaria in the entire Army.

Any large-scale DDT programme would have wide secondary effects. The insecticide obviously would be effective against more than just the dreaded *Anopheles* mosquitoes. One thinks immediately of yellow fever because it too is carried by another family of mosquitoes. Typhoid fever and cholera, primarily transmitted through food and water, may be carried by flies. Because DDT cannot distinguish beneficial insects, the greatest possible care would have to be used in spraying. Some useful insects undoubtedly would be killed. Bees, for instance, might have to be restocked in the disinfected regions.

Since the war, health officials have concentrated their battle against malaria pretty much with the single weapon of DDT. Their experiences prove that it is not expensive to spray large areas. Half a cent will purchase enough DDT for one acre. The cost of enough to "dust" all of the malarial regions of the earth should not surpass \$ 60,000,000 to \$ 70,000,000. Costly items are labour and equipment. Aeroplanes have been utilized in a number of countries. \$ 70,000,000 allocated to countries whose economies were shattered by the war would suffice to enable them to conduct this essential anti-malaria work without draining their treasuries. The over-all programme for three years should total \$ 280,000,000.

But what about the 20,000,000 persons now suffering from malaria ?

Starting with a secret Nazi chemical captured by the British during the North African campaign Allied scientists developed a suppressive drug definitely superior to atabrine, widely used synthetic substitute for quinine. It is known commercially as "Aralen." Unlike atabrine, Aralen does not discolour the skin, yet it controls the fever more quickly than either quinine or atabrine. A single weekly dose completely suppresses the attacks. A year's supply for one

person would cost approximately \$ 2.50 to \$ 3 at the lowest prices currently available. A year's dosage to all the world's malaria sufferers could be provided for \$ 60,000,000. It must be emphasized that this is not a cure for malaria but simply a drug to keep the disease from incapacitating its victims.

Some hope of an outright cure is on the horizon. Identified only by the number SN13,274 another drug used together with quinine has passed clinical tests with claims of "outright" cures in 95 per cent. of cases. It should be ready for commercial production during 1948. Research has been carried on at Columbia University, where it was first synthesized in October 1945, at Christ Hospital in Cincinnati, and at the University of Chicago Medical School.

Malaria still, however, shows the validity of the old adage that an ounce of prevention is worth a pound of cure. The quarter-million dollars required to establish a three-year global DDT programme which might be expected to have permanent results, would provide the suppressive drugs to the world's malaria afflicted for only five years.

With the expenditure of \$ 1,000,000,000, as outlined above, mankind might expect:

(1) Virtual control of syphilis and gonorrhea within five to ten years.

(2) A 80 year preventive programme against tuberculosis which should go far towards eliminating it as a major health hazard:

(3) A three-year DDT project to "Dust" the malaria regions of the globe and thus strike out most of the *Anopheles* mosquitoes which carry the infecting parasite.

National public health services are not equipped to handle the overall planning necessary for such an international programme. In the United Nations' specialized agencies, one ideally suited to handle just this global health programme exists in the World Health Organization (W.H.O.) which is awaiting the necessary legislative ratifications to bring it into operation.

Groups of experts representing the world's best knowledge already have attacked each of these three problems under supervision of the W.H.O. Interim Commission. Preliminary plans have been drafted for presentation to, and probably adoption by, the first World Health Assembly, which is expected to be held during 1948.

Supporting its departmentalized programme of global action, the W.H.O. Expert Committee on Tuberculosis sounded this call to action, which applies equally to all public health :

"There can be no isolation in the field of health. The fight against infectious diseases is not a national or a racial problem; it is a task for the whole of humanity. No nation is safe if another nation is vanquished by disease. The fortunate and relatively healthy nations, inspired by intelligent self-interest and humane considerations, will necessarily have to come to the aid of stricken nations, and through money, professional personnel and equipment, distribute existing resources to the needy and suffering areas of the world."

U.N. AND WORLD GOVERNMENT

While the tension between the two giants of our time, the U. S. and the U.S.S.R., has reached an almost chronic state; while Europe lies prostrate in economic misery; while China is torn between warring factions which continue to ruin the country; while India and Pakistan are threatened by a terrible fratricidal war; while Palestine's fate still hangs in the balance; while Greece, Iran and Korea still remain acute danger points—talk about world government is again coming into the forefront of world discussion.

The very fact that the representatives of 57 governments continue to talk the old-time language of absolute national sovereignty, of spheres of interest, of non-intervention in internal affairs, of "vital lifelines" and other traditional security concepts which must be regarded as primitive in this atomic age has revived the

ardour of those who have been advocating world government.

The great debate has been reopened by a polite but sharp exchange of ideas between Dr. Albert Einstein on the one side, and Sergei Vavilov, President of the Academy of Sciences of the Soviet Union and leading Russian scientists on the other. Dr. Einstein's powerful appeal to the General Assembly, published in *U. N. WORLD* (October, 1947) and other of his writings in favour of world government were criticized by the Russian scientists as presenting a danger to the independence of the Soviets. In their opinion, world government conceals behind a high-sounding trademark, "world domination by capitalist monopolies."

The argument for world government received further support in an article in the January issue of *Reader's Digest*, by W. T. Holliday, leading Ohio industrialist, and in the growing activities of United World Federalists.

Under the leadership of a brilliant young war veteran, Cord Meyer, Jr., United World Federalists, is creating committees all over the U. S. and is even preparing to make its political weight felt in the forthcoming elections in favour of those candidates who support the idea of a world government.

Thus, while the UN is still struggling against the terrible handicap of selfish nationalistic interests, the supporters of world government have decided to wash their hands of all such difficulties and to launch a campaign for a complete world organization in which all States will be bound unconditionally by common law in defence of the peace of the world.

The question arises, therefore, as to whether the campaign for world government at present is useful to the very idea of international co-operation, or whether, on the contrary, it further weakens the United Nations Organization.

The answer to this question is important not only on moral grounds—few could doubt the

sincere idealism of the supporters of world government—but also because of the strength the movement is gaining, a strength which the sometimes complacent delegates to the U.N. would do well not to underestimate or ignore any longer.

The conflict between the world government supporters and those of the United Nations is not one between two hostile factions. But it is one of timing and strategy.

The historic reality today is the existence of three major ideologies—democratic capitalism, Soviet communism and democratic socialism.

There is no doubt that the experience of the U.N. up to now has proven that the process of peaceful coexistence of these ideologies is much more difficult than was originally assumed by the founders of U.N. Hostility, suspicion, desire for expansion and lack of generosity toward the international community—all are obstacles which cannot be overcome in two years.

To create a world government outside of Soviet Russia would be not only a mere contradiction in terms, but would mean a world finally and irrevocably split into two hostile blocks which sooner or later would clash in every war which both U.N. and world government supporters are trying to avoid.

To unite the world outside of both the U. S. and the U. S. S. R., as some Europeans and Asians propose, would be even more inconceivable.

The launching of the world government campaign now may precipitate the final break without having exhausted infinite possibilities which the U.N. offers.

People throughout the world are tired of wars and nationalistic conflicts, of boundary disputes which have become meaningless in our time, of national defences which are becoming as obsolete as they are burdensome.

But public opinion, even the most advanced, in the freest societies, has not yet translated the vague desires for internationalism into concrete potentialities. None of the major

political parties in any of the United Nations has felt, to date, public pressure sufficient to induce it to change its programme in the direction of world government, or even toward complete U.N. support.

International society, which must precede world government, does not exist as a full political, economic and spiritual reality. International society is in the making. To burden it today with the greatest transformation of living habits and traditions history has ever known may destroy it.

The present times are too serious for errors in timing and strategy. World government supporters as all other peace loving citizens must take their place in the ranks of the U.N.

TEXT OF THE BRUSSELS TREATY

ECONOMIC CO-OPERATION: COMMON DEFENCE

The preamble to the treaty signed in Brussels recently says that the Governments of Britain, France, Belgium, the Netherlands, and Luxembourg have resolved—

To reaffirm their faith in fundamental human rights, in the dignity and worth of the human person, and in the other ideals proclaimed in the Charter of the United Nations;

To fortify and preserve principles of democracy, personal freedom and political liberty, the constitutional traditions and the rule of law, which are their common heritage;

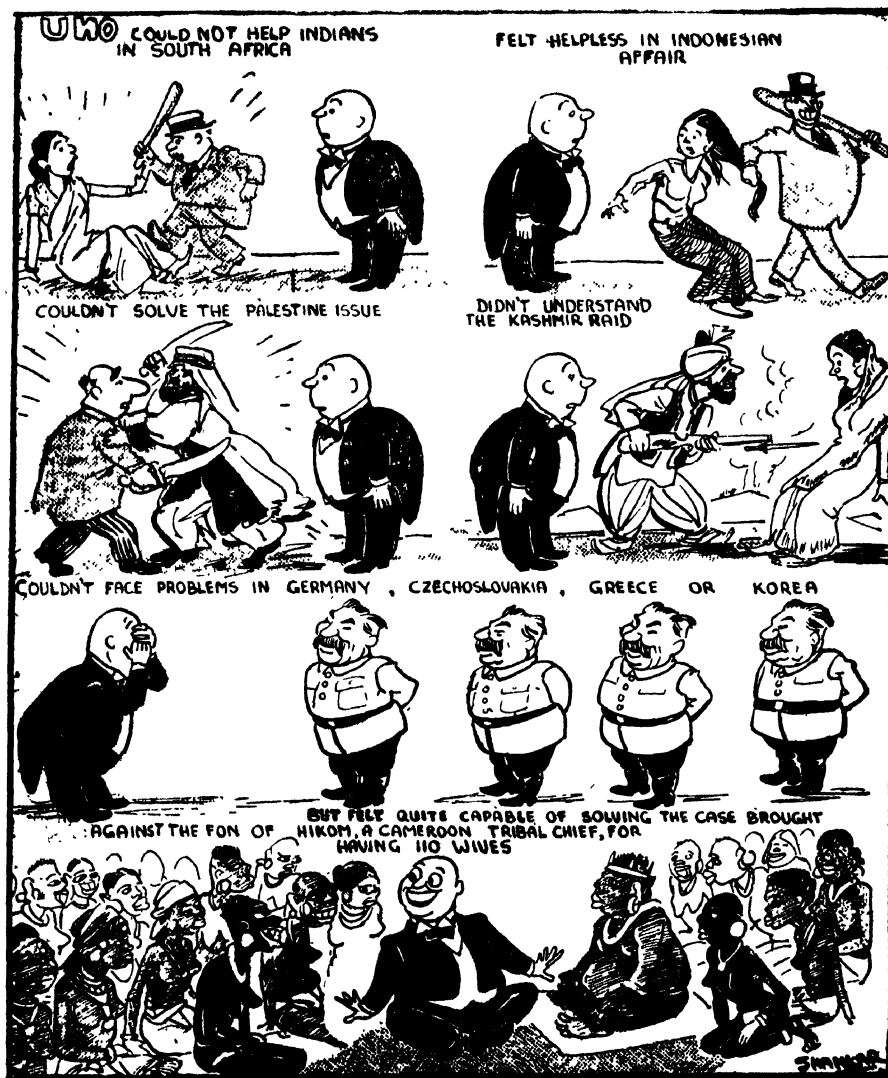
To strengthen, with these aims in view, the economic, social, and cultural ties by which they are already united;

To co-operate loyally and to co-ordinate their efforts to create in Western Europe a firm basis for European economic recovery;

To afford assistance to each other, in accordance with the Charter of the United Nations, in maintaining international peace and security and in resisting any policy of aggression;

To take such steps as may be necessary in the event of a renewal by Germany of a policy of aggression;

ACHIEVEMENTS OF THE U.N.O.



COURTESY.—Shanker's Weekly.

To associate progressively in the pursuance of these aims other States inspired by the same ideals and animated by the like determination ;

Desiring for these purposes to conclude a treaty for collaboration in economic, social, and cultural matters and for collective self-defence, have agreed as follows :—

ARTICLE I

Convinced of the close community of their interests, and of the necessity of uniting in order to promote the economic recovery of Europe, the high contracting parties will so organise and co-ordinate their economic activities as to produce the best possible results, by the elimination of conflict in their economic policies, the co-ordination of production, and the development of commercial exchanges.

The co-operation provided for in the preceding paragraph, which will be effected through the Consultative Council referred to in Article VII as well as through other bodies, shall not involve any duplication of, or prejudice to, the work of other economic organisations in which the high contracting parties are or may be represented but shall, on the contrary, assist the work of those organisations.

ARTICLE II

The high contracting parties will make every effort in common, both by direct consultation and in specialised agencies, to promote the attainment of a higher standard of living by their peoples and to develop on corresponding lines the social and other related services of their countries.

The high contracting parties will consult with the object of achieving the earliest possible application of recommendations of immediate practical interest, relating to social matters, adopted with their approval in the specialised agencies. They will endeavour to conclude as soon as possible conventions with each other in the sphere of social security.

ARTICLE III

The high contracting parties will make every effort in common to lead their peoples towards a better understanding of the principles which form the basis of their common civilisation and to promote cultural exchanges by conventions between themselves or by other means.

ARTICLE IV

If any of the high contracting parties should be the object of an armed attack in Europe the other high contracting parties will, in accordance with the provisions of article 51 of the Charter of the United Nations, afford the party so attacked all the military and other aid and assistance in their power.

ARTICLE V

All measures taken as a result of the preceding articles, shall be immediately reported to the Security Council. They shall be terminated as soon as the Security Council has taken measures necessary to maintain or restore international peace and security.

ARTICLE VI

The high contracting parties declare, each so far as he is concerned, that none of the international engagements now in force between him and any other high contracting party or any third State is in conflict with the provisions of the present treaty. None of the high contracting parties will conclude any alliance or participate in any coalition directed against any other of the high contracting parties.

ARTICLE VII

For the purpose of consulting together on all the questions dealt with in the present treaty, the high contracting parties will create a Consultative Council, which shall be so organised as to be able to exercise its functions continuously. The Council shall meet at such times as it shall deem fit.

At the request of any of the high contracting parties, the Council shall be immediately convened in order to permit the high contracting

parties to consult with regard to any situation which may constitute a threat to peace, in whatever area this threat should arise: with regard to the attitude to be adopted and the steps to be taken in case of a renewal by Germany of an aggressive policy; or with regard to any situation constituting a danger to economic stability.

ARTICLE VIII

In pursuance of their determination to settle disputes only by peaceful means, the high contracting parties will apply to disputes between themselves the following provisions:—

“The high contracting parties will, while the present treaty remains in force, settle all disputes falling within the scope of article 86, paragraph 2, of the Statute of the International Court of Justice, by referring them to the Court, subject only in the case of each of them, to any reservation already made by that party when accepting this clause for the compulsory jurisdiction to the extent that that party may maintain the reservation. In addition, the high contracting parties will submit to conciliation all disputes outside the scope of Article 86, paragraph 2, of the Statute of the International Court of Justice.

In the case of a mixed dispute involving both questions for which conciliation is inappropriate and other questions for which judicial settlement is appropriate, any party to the dispute shall have the right to insist

that the judicial settlement of the legal questions shall precede conciliation.”

The preceding provisions of this article in no way affect the application of relevant provisions or agreements prescribing some other method of specific settlement.

ARTICLE IX

The high contracting parties, may, by agreement, invite any other State to accede to the present treaty on conditions to be agreed between them and the State so invited. Any State so invited may become a party to the treaty by depositing an instrument of accession with the Belgian Government. The Belgian Government will inform each of the high contracting parties of the deposit of each instrument of accession.

ARTICLE X.

The present treaty shall be ratified and the instruments of ratification shall be deposited as soon as possible with the Belgian Government. It shall enter into force on the date of the deposit of the last instrument of ratification and shall thereafter remain in force for fifty years.

After the expiring of the period of fifty years, each of the high contracting parties shall have the right to cease to be a party thereto, provided that it shall have previously given one year's notice of denunciation to the Belgian Government. The Belgian Government shall inform the Governments of the other high contracting parties of the deposit of each instrument of ratification and of each notice of denunciation.

Money, Banking and Insurance

RESERVE BANK ON CONTINUING INFLATIONARY FORCES

ANNUAL REPORT EMPHASISES FOLLIES OF PREMATURE DECONTROL

The Report of the Central Board of Directors of the Reserve Bank of India for the year ended 30th June, 1948, contains, in addition to an account of the Bank's activities, a survey of the economic, financial and banking conditions in India during the accounting year. The report emphasises that the general economic situation in India was dominated during the year mainly by the developments following the partition of the country which added to, and at times entirely overshadowed the already grave problems of industrial reconversion that had arisen on the termination of the war. Inflationary pressures again gathered momentum, particularly following decontrol in certain spheres and renewed additions to currency circulation resulting mainly from the depletion of Government balances accumulated during the war. Industrial production declined owing partly to a general sense of frustration on the part of industrialists after the imposition of fresh taxation in the budget for 1947-48 and partly to growing labour unrest and the dislocation arising from widespread political disturbances. Shortages of essential goods were further accentuated by transport difficulties, and the adoption by Government of a more restrictive import policy with a view to conserving foreign exchange. The general price level and the cost of living showed an almost uninterrupted rise, led to a weakening of confidence, and affected business activity, as evidenced by the working of the Stock Exchanges. The steps taken to attain internal stabilisation included (i) the adoption in December by the Tripartite Industries Conference of a Three-Year Industrial Truce, (ii) legislation for the establishment of the Industrial Finance Corporation,

(iii) the grant of tax concessions in the 1948-49 budget and (iv) the announcement by Government of their industrial policy demarcating the spheres in the industrial field of State and private enterprise. The food situation threatened early in the year to lead to a breakdown of the entire rationing system, but the crisis was averted by a reduction in ration scales, a better harvest of kharif crops and a substantial improvement in imports. Following the adoption in December by Government of a policy of progressive decontrol of food-grains, there was a sharp rise in prices, the food index registering a rise of 21 per cent. between November and May.

Preliminary figures in respect of India's foreign trade (both on private and Government accounts) of India and Pakistan during the seven months ended January, 1948, compiled by the Reserve Bank showed a surplus of Rs. 11.8 crores as against a deficit of Rs. 18.9 crores during the corresponding period in the previous year. This was due to a large increase in exports. During the first half of 1947 the gap in the country's balances of trade with hard currency countries, however, widened further, necessitating a tightening up of import controls so as to conserve as far as possible dollar and other hard currency resources.

In the gilt-edged market, a generally steady tone during the first half of the year, a somewhat easy tendency during the next quarter, and steady and quiet conditions thereafter were the main features. Because of the partition of the country and the general uncertainty in the political and economic fields, the Government of India could not reach the borrowing target of Rs. 150 crores envisaged in the budget for 1947-48. The loan operations were confined to the flotation of the 2½ per cent. Loan 1962 in November, 1947, with a second issue (in the form of a Conversion Loan) of the

same loan in June, 1948, and the repayment of two loans, namely, the 8½ per cent. Loan 1947-50 and the 2½ per cent. Loan 1948-52. The new loan issues were fully subscribed, the total subscriptions including maturing loans tendered for conversion being Rs. 75 crores.

In contrast to the trend noticed last year, the total demand and time liabilities of scheduled banks generally showed an upward trend and stood at Rs. 1,110.84 crores on 25th June, 1948, as against Rs. 1,018.70 crores on 27th June, 1947. Advances recorded a further increase from Rs. 408.9 crores on 5th December to Rs. 468.41 crores by the end of the year, attributable partly to the conditions arising from Government's adoption of the policy of gradual decontrol.

The Reserve Bank of India granted loans to 12 banks including two Provincial Co-operative banks, the total sum advanced during the year being Rs. 228.80 lakhs.

Pending the enactment of the Banking Companies Bill, 1948, the Reserve Bank of India (Temporary Amendment) Ordinance, 1947, was promulgated by the Government of India on 20th September, 1947. The Ordinance amended Section 18 (8) of the Reserve Bank of India Act, 1934, so as to enable the Bank to grant emergency advances to scheduled and non-scheduled banks against such form of security as it may consider sufficient. However, as the Reserve Bank had no occasion to grant such advances under the Ordinance, it was allowed to lapse on 20th March, 1948.

In view of the termination of the joint monetary arrangements between India and Pakistan on 80th June, 1948, the existing remittance facilities between the two Dominions have been withdrawn with effect from 1st July, 1948.

Following Government's announcement on 4th February, 1948, of their decision to nationalise the Reserve Bank of India, the Central Board of Directors of the Bank passed and for-

warded to Government a resolution which stated that the decision to nationalise the Bank was premature at the present stage of the country's political and economic development and that such a step might be fraught with very great danger which could not be fully foreseen at present. Government, however, saw no reason to modify the policy to which they had committed themselves; and proposals for implementing the decision have been drawn up on the basis that only the minimum changes necessary to give effect to the change of ownership should be embodied in the necessary legislation leaving the operational and other features of the present organisation undisturbed.

As regards India and the countries of the Far East, the main difficulty has been the non-availability of capital goods even for the maintenance of the existing industrial and agricultural production, and there would yet appear to be imperfect recognition of the need for positive action by the more advanced countries as an essential counterpart of their efforts to reconstruct Europe. During the closing months of the year, there have been some signs of improvement in the volume of production and in respect of capital-labour relations. But the effects of these have been more than neutralised by the rapidly rising price and cost structure, resulting mainly from Government's policy of decontrol. Observing that the rate at which the readjustment to normalcy could be induced through the removal of controls will necessarily vary from country to country, the Report states that in a comparatively backward country like India with a small-scale agricultural economy not geared too well to a market economy and with production not very elastic to price changes, it is even likely that increased prices might, at the margin, actually lead to a lower volume of output. According to the Report, another important factor contributing significantly to the current inflation is the large volume of public expenditure which has been occasioned inevitably by the upheavals following the

partition of the country. As regards a solution to the problem, the Report says that any such solution has to be worked out in relation to these two main causes. After indicating that controls in some form may have to be redevised, at least in the case of the basic necessities coupled with a system of allocation of industrial raw materials, so as to organise production in the required pattern, the Report concludes by stressing that "while it is essential not to slacken vigilance on the monetary and fiscal front—and, indeed there is room for redoubling effort in some directions as, for instance, the stimulation of savings with all the influence and prestige and mass contact that a popular Government can command—the country's central problem is essentially one of good administration and effective execution."

RESERVE BANK GOVERNOR DIAGNOSES INFLATION

OUTSPOKEN STATEMENT ON DEFICITS AND DECONTROL

On the occasion of the fourteenth annual general meeting of the shareholders of the Reserve Bank of India, Sir Chintaman Deshmukh, the Governor of the Bank, noted the emergence of new inflationary pressures and a reversal of the previous year's contraction of the currency. While during the accounting year 1946-47 notes in circulation recorded a net decline of Rs. 18.3 crores, during the same period in 1947-48 there has been an expansion of Rs. 96.9 crores. The circulation of rupee coins (including one-rupee notes), however, declined by Rs. 12.68 crores during the eleven months ended May, 1948, as against Rs. 5.58 crores only during the whole accounting year 1946-47.

The contrast between the two years is brought out even more clearly if analysis is confined to the busy season, which normally, is between September and March, although this year it has been prolonged beyond March. In 1946-47 the magnitude of the expansion of currency between

the end of September and the end of March was about Rs. 55 crores; during the same period in 1947-48 the expansion has been of the order of Rs. 128 crores. Secondly, in 1946-47, the peak of note circulation was reached in the second week of April, but thereafter there was a steady decline. In 1947-48, however, the peak was reached in the second week of May, after which there was some decline for two weeks, followed by a rise again for two weeks. It is only from the middle of June that a well-marked decline seems to have set in. During the nine months between September 1946 and June 1947 note circulation recorded a net increase of Rs. 84 crores only, as against Rs. 146 crores in the corresponding period of 1947-48.

From the above analysis, Sir Chintaman observed, two points emerge: first, the expansion of currency in 1947-48 has been much larger than might be explained by seasonal requirements and, secondly, the expansion period itself has been prolonged by about four to six weeks. Indirect evidence, he thought, suggests that there has been expansion in industrial production in a few directions since November, 1947, but probably not large enough to explain the expansion in note circulation. The special pattern of the expansion suggests one or both of two possible causes, viz., the policy of decontrol and the general deficit expenditure by Government, (Central as well as Provincial, India and Pakistan) on both revenue and capital accounts. Taking the latter first, it is observed that in the financial year 1947-48 the combined balances of the Governments of India and Pakistan went down by Rs. 118 crores as against Rs. 95 crores in 1946-47. The rate of decline, however, was much smaller after the partition of the country; whereas in the 4½ months between the end of March and 15th August, 1947, it was Rs. 72 crores, it was only Rs. 45 crores in the remaining 7½ months of 1947-48. But again between the end of March and the end of June, 1948, the rate of decline increased in respect of the balances of the Governments in the Dominion of India, their combined balances with the Reserve Bank

declining by Rs. 46 crores during this period. In the accounting year 1947-48 the aggregate Government balances declined by about Rs. 100 crores as against only Rs. 67 crores in 1946-47. "Therefore," said Sir Chintaman, "we may regard the rate of decline of Government balances as having contributed to the inflationary pressure a little more this year than in the last. To this has been added this year the influence of decontrol which, as a result of the increase in prices, the building up of stocks by merchants, etc., has created additional demands for currency. These are the main changes in the sphere of currency."

Later in his speech, after dealing with the effect of decontrol upon prices, Sir Chintaman again reverted to the inflationary position. Besides the decontrol factor, he declared, the continued deficit of the Government on combined capital and revenue accounts seems to have been another contributory factor to the intensification of inflation. He emphasised that it is of the utmost importance that the Government should in a period of intense inflation make efforts to have at least a balanced budget, if not a surplus. Due to various circumstances, he said, the Government of India's borrowing from the market had fallen far below expectations, and actually in the last financial year there was a net cash outgo from the Government to the tune of Rs. 18 crores as against a net inflow of Rs. 47 crores in 1946-47 and Rs. 806 crores in 1945-46. He added that the banking system had not to any excessive degree contributed to the intensification of the inflationary pressure. The increase in the loans and advances of commercial banks during the busy season of 1947-48 has been more or less the same as in the previous year, although this year advances have not shown the same decline after March as in the previous year. Similarly the open market operations of the Reserve Bank of India have been of a discriminating nature, representing the minimum support to the market.

Since the middle of June, Sir Chintaman said, notes have started returning from circulation at

a fairly rapid rate, and the advances of scheduled banks also are showing an appreciable decline. The recent increases in prices cannot be maintained permanently so long as additional money is not pumped into the economic system, and if steps are taken to withdraw some excess purchasing power the situation should come under control. The situation carries therefore its own somewhat unpleasant remedy, and any reversal of the ill-advised decontrol policy would furnish a positive corrective and spare the community a great deal of privation.

Sir Chintaman Deshmukh then indicated briefly remedial measures which might be taken to fight the deteriorating price and economic situation. Our aim, he said, must be to bring about a fall in prices primarily by a sizeable increase in the volume of production of goods and services. This, however, need not rule out the possibility of some action in the monetary sphere, but such action, if taken, should be, what has now come to be popularly known, disinflationary and not deflationary.

"Outside the purely monetary sphere, the basic requirement of the moment is the establishment and maintenance by Government of conditions in which the disincentive to saving and productive effort would disappear. This implies the due discharge of their respective responsibilities on the part of the State, the capitalist, including the investor, and labour. It is the duty of the State to follow correct fiscal policies and provide the country with a dependable administrative machinery, not overburdened with tasks beyond its present capacity to bear, but fostered so as gradually to enhance its capabilities. The problem of balancing the Budget without recourse to unsound taxation is one of the difficulties which I have no wish to underestimate. But tackled it must be with all expedition. It is obvious that in the ultimate analysis it will depend on the pursuit of policies calculated to strengthen the incentive to save and invest. I feel that in the present inflationary conditions, the reduction of the prevailing high level of tax on personal

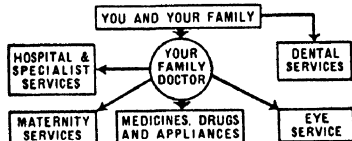
income will encourage saving and its direction into productive channels. But the vicious circle of tax evasion and high taxation can only be broken if the State's initiative to lower the level of taxation is responded to by a more conscientious discharge of their tax liabilities by sections of the public than is at present the case. For the clearing of the clogged channels of investment it is necessary to restore the health of the stock markets and by its action Government must give proof that they intend to encourage and not handicap legitimate private enterprise."

CHOOSE YOUR DOCTOR

Every man, woman and child can use the new National Health Service which is to start on 5th July. There are no age limits and no fees to pay. You can use any part of it, or all of it, as you wish. Your right to use the Service does not depend upon any weekly payments (the National Insurance contributions are usually for cash benefits such as pension, unemployment and sick pay).

DO THIS NOW!

1. Choose your doctor *
2. Get an application form E.C.I. for each member of the family from him or from any Post Office, Executive Council Office or Public Library.
3. Complete the forms and give them to the doctor.



If you delay, you may find the doctor you want cannot accept you. If this happens ask another, or ask to be put in touch with one by the new "Executive Council" in your area (you can get its address from the Post Office).

When you have linked up with a doctor, he can put you in touch with other parts of the scheme as you need them. Your relations with him will be as new, personal and confidential. The big

difference is that the doctor will not charge you fees. He will be properly paid out of public funds to which all contribute as taxpayers.

* If you are already on a doctor's list under the old National Health Insurance Scheme, and do not want to change your doctor, you need do nothing. Your name will stay on his list under the new Scheme and make arrangements for your family now.

Issued by the Ministry of Health

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The first application is to the 40,000 workers of the 211 factories in Delhi. The Medical Benefit Council and the Employees' State Insurance Corporation are to be set up. The Corporation will be a statutory body consisting of 81 members, with the Labour Minister as Chairman. Representatives of the medical profession, employers, employees, Central and Provincial Governments will be on the Corporation. The Medical Benefit Council will advise the Corporation on medical benefits. The Director-General of Health Services will be the ex-officio chairman. The requisite funds will be provided by contributions from employers and employees. As such, it is an insurance scheme and the assistance approach is not prominent at all. For the first five years, all the administrative costs will be borne by Central and Provincial Governments in the ratio of two to one. In due course, when the scope of social security legislation widens to include other groups of individuals and other risks, the share of the State in the total expenditure is bound to become substantial, as it has happened in other countries. It is revealing to note that the National Insurance Plan in the United Kingdom, based on the now famous Beveridge plan, has within its purview 46 million people and assures assistance in cases of all risks such as sickness, old age, unemployment. A sort of 'cradle-to-grave' plan of Social Security will be operative in the U.K. as in New Zealand and Russia. In addition to employer and employee contributions, the State's own contribution from general revenues is to be quite substantial.

THE INDIAN STATE INSURANCE ACT

So far in India social security schemes have almost been non-existent except for very limited Maternity Benefits and Workmen's Compensation. Unemployment, income, health are the major aspects of social insurance and the duty devolves on the State to organise them. A major step has been taken with the passing of the State Insurance Act. Its scope is limited no doubt but, when extended all over India, will cover over 2.5 million industrial employees.

STATE BANK OF PAKISTAN

The State Bank of Pakistan is a shareholders' bank, the majority of the share capital being held by the State itself. Of its share capital of Rs. 8 crores, divided into three lakh shares of Rs. 100 each, 51 per cent. are taken up by the Government of Pakistan and the remaining 49 per cent. by the public. The State Bank of Pakistan, like the Hyderabad State Bank represents a compromise between a shareholders'

institution, which is what the Reserve Bank of India is now, and a fully nationalized concern, which it is to be hereafter under the Government of India's plans.

The State Bank of Pakistan is largely modelled on the Reserve Bank of India. The main object of the Bank, for instance, is to control and regulate the credit and currency of the country to its best advantage, as also the foreign exchange. It is a banker's bank, acting also as banker to the Central and the Provincial Governments in Pakistan. It does not keep accounts of private individuals. It does not engage in trade or have a direct influence on any commercial or industrial undertaking. All this is characteristic of central banking authorities in other countries.

Like the Reserve Bank of India, among the special duties and privileges entrusted to the State Bank of Pakistan are:—

(1) The obligation to transact Government business including the management of public debt and issue of new loans;

(2) The monopoly of issuing Bank Notes in the Dominion;

(3) The sale or purchase of sterling with a view to maintaining the exchange value of the unit of currency; and

(4) The right to receive Government cash balances without paying interest.

The general superintendence and direction of the affairs and business of the Bank has been entrusted to the Central Board of Directors of the Bank. The Central Board consists of eight directors, five of whom are nominated by the Central Government and three elected by the shareholders, one from each of the three zones, namely, Karachi, Lahore and Dacca. Each of these three areas, has a Local Board consisting of four elected members and not more than five members nominated by the Government from amongst the shareholders registered in the area.

The profits remaining after the payment of a cumulative dividend to shareholders at the rate of 4 per cent. will be carried to the Reserve Fund till it equals share capital, *i.e.* Rs. 8 crores; surplus profits thereafter being made over to the Central Government.

The notes issued by the Bank are fully covered by gold, Sterling securities and Gilt-edged securities. The Bank has received from the Reserve Bank of India a share of the assets of its Issue Department equal to the amount of notes in circulation in Pakistan on 30th June 1948.

The relation of the State Bank of Pakistan with the Scheduled Banks is more or less the same as that of the Reserve Bank of India with them. They are required to deposit with the State Bank 2 per cent. of their time, and 5 per cent. of their demand liabilities. They are also required to submit returns to the State Bank as they do to the Reserve Bank of India.

S. SAADAT ALI.

EXCHANGE RATES FOR PAKISTAN RUPEES

ANNOUNCEMENT BY THE RESERVE BANK OF INDIA

The Reserve Bank of India, in a Press Communique, announced the buying and selling rate of the Pakistan rupee in transactions between the Reserve Bank and scheduled banks on the one hand and those between scheduled banks and the public on the other.

The Press communique stated: "In accordance with the arrangements made between the Governments of India and Pakistan, the offices of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras and Kanpur will, as from July 1, by from scheduled banks in India, Pakistan rupees at the following rates which are for ready transactions:

Buying: 99-81/82 and Selling: 100-1/82,

All purchases and sales shall be in multiples of one lakh, subject to a minimum of one lakh of rupees.

The corresponding rates at which scheduled banks will buy from or sell to the public amounts over Rs. 5,000 should not be lower or higher, as the case may be, than 99-5/16 for buying and 100-1/16 for selling.

EXCHANGE CONTROL IN PAKISTAN

Foreign exchange control in Pakistan, has now been taken over by the State Bank of Pakistan which will exercise all powers hitherto vested in the Reserve Bank of India under the Foreign Exchange Regulation Act.

A Press Note in this connection states : " The Central Government and the State Bank of Pakistan have issued under the Foreign Exchange Regulation Act, in place of the old notifications no longer in force, notifications which maintain the existing position practically unchanged.

" In view of the fact that the provisions of the Foreign Exchange Regulation Act are now applicable in relation to transactions with India and Indian States, specific exemptions in respect of such transactions from the restrictions imposed under the Act are provided for in the notifications, as it is not the desire of the Government of Pakistan and the Government of India to impose exchange restrictions on financial transactions between the two Dominions.

" Restrictions have, however, been imposed on the export of gold and silver to India and Indian States, but there are no restrictions on export of jewellery and precious stones to India and Indian States."

CAPITAL ISSUES IN PAKISTAN

From the date of partition to 31st March, 1948 the Pakistan Finance Ministry consented to capital issues by 85 companies involving a total of about Rs. 10 crores, the largest registration being for Rs. 2 crores and the smallest for

Rs. 50,000. The ten consents given for East Bengal are notably concerned with jute, and in other Pakistan provinces mainly with trading rather than manufacturing, suggesting that so far the movement of industry into Pakistan has not been very great. No details of paid-up capital, addresses, or directorates are given. The registrations include :

SIND

Pakistan Financial Corporation. Capital sanctioned Rs. 1 crore. Financing of cotton growers and owners of cotton ginning factories.

Sind Provincial Transport Service (Rs. 50 lakhs). Road transport.

Ali Brothers (Rs. 30 lakhs). Managing and Commission Agency.

Dawood Corporation (Rs. 25 lakhs). Dealers in cotton yarns and Jute ; ginneries and pressers.

Premier Rubber and Metals (Rs. 16 lakhs). Manufacture of rubber goods only (metalwares not allowed).

Karachi Electric Supply Corporation (Rs. 15 lakhs). Generation and distribution of electricity.

Oriental Investment and Trading Company (Rs. 15 lakhs). Dealers and investors in landed properties.

Ahmad Brothers (10 lakhs). Dealers in piece-goods, hosiery goods, toilet and other goods.

Sind Chemicals (Rs. 10 lakhs). Dealers and processors of raw bones.

WEST PUNJAB

Premier Cloth Mills (Rs. 80 lakhs). Manufacture of cotton textiles.

Ripon Printing Press (Rs. 22 lakhs). Printing, binding and allied business.

Paper Limited (Rs. 20 lakhs). Dealers in paper and paper goods.

Pakistan Tanneries (Rs. 10 lakhs). Leather tanning.

Mandi Bahauddin Zamindara Transport.
(Rs. 0.5 lakhs) Road transport.

EAST BENGAL

Dada Ltd. (Rs. 2 crores). General merchants and Commission Agents.

Eastern Pakistan Jute Mills (Rs. 1 crore). Baling, spinning, and weaving jute.

R. Sim and Company (Rs. 90 lakhs). Jute baling.

Liberty Chemicals (Rs. 30 lakhs). Manufacture of Chemicals.

Amin Agencies (Rs. 10 lakhs). Export of hides and skins, jute, bones, and tea.

N. W. FRONTIER PROVINCE

Premier Sugar Mills and Distillery (Rs. 50 lakhs). Sugar manufacture and distillation of spirits.

CHINA'S NEW CURRENCY

China is the latest country to attempt to replace an old and outworn currency by a new unit; the Chinese national dollar has given way to the "gold yuan." The first thing to notice about this new unit which in spite of its title is a paper currency, is its timing: it has come when, owing to rampant inflation, the sheer bulk of dollar notes required to settle any transaction was too great to permit the business to go through. A new unit had to be found to replace the old currency, the amount of which ran into (American) trillions of dollars. This will be reduced to more manageable proportions by application of the formula, 8m. Chinese national dollars to one "gold" yuan. Four yuan are equivalent to one United States dollar. Nevertheless, the new currency is not to be contemplated simply as a stop-gap; on the contrary, its issue is part of a carefully prepared plan, which has been taken out of cold storage to meet this emergency.

The next consideration to bear in mind is that fundamentally nothing in the Chinese situation has changed. The Chinese Government has still control over only part of the country and

is still fighting the Communists over wide areas. Hence it is still unlikely to be able to cover its expenditure, military and otherwise, out of current revenue. In fact, the Government has tacitly recognized that the inflation and ultimate collapse of the old Chinese dollar were due in large part to its use of the printing press to cover its revenue deficit, and it aims at remedying this situation in the future. Its objective, however, is still to cover only 60 per cent. of its expenditure out of current revenue. This is perhaps the best that could be hoped for in existing conditions of civil war, but it certainly does not hold out any very bright prospect that inflation will be successfully avoided in the future.

QUESTION OF CONVERTIBILITY

There is stated to be a 100 per cent. reserve against the new currency, but a considerable part of this is represented by State-owned properties and the amount of the readily realizable reserve—i.e., gold, silver, dollars, and other foreign currency—is limited to 40 per cent. at most. This must place the Chinese authorities in a dilemma. If they decide to sell gold and dollars in return for yuan, as well as to sell yuan against gold and dollars they will be in danger of quickly losing the bulk of the readily realizable reserve. Only a very substantial United States credit for exchange stabilization purposes, for which the Chinese authorities are reported to be asking, is likely to prevent this. Alternatively, if no attempt is made to render the yuan freely convertible internally—and so far the arrangements work only the one way—the Chinese public will soon lose faith in it, and the old story of rapidly rising prices will be resumed in spite of the order divorcing wages and salaries from the cost of living. It is, for instance, already reported that much of the new yuan currency which has so far been taken up by the public is being invested in commodities—itself a significant sign. All those having business connections with China will wish the scheme well, but the odds against the Chinese authorities appear to be heavy.

CRIPPS ON PROGRESS OF ANTI-INFLATION DRIVE

Sir Stafford Cripps, Britain's Chancellor of the Exchequer, speaking at a press conference in London recently, referred to the progress being made towards removing excessive monetary demands to counter inflationary pressure in British economy and said that the slight tax reliefs achieved to date afford no basis for anxiety about a general recession or the growth of mass unemployment.

"It is not the failure of home demand that is most likely to threaten our economic stability today," Sir Stafford emphasised, "but the failure of imports of essential raw materials from overseas upon which our industrial life depends. We must export goods to pay for these raw materials, and *it is because pressure of demand at home endangered our export drive that counter-inflationary action was a matter of urgency.*"

Sir Stafford went on: "We are still far from achieving the three key manpower targets set in the Economic Survey for 1948, and the movement away from non-essential trades has not proceeded as fast as the targets set out demanded."

BALANCING EXTERNAL TRADE

Britain has been more successful than most other countries, which in common have suffered from the ill-effects of inflation from the war years. On this point Sir Stafford said: "By using wise methods of control, rather than trying to fill our markets with goods at any cost, we have been able to do better than others in balancing our external trade. Whereas in 1947 the U.K. was importing about one-quarter less in volume than in 1938 and exporting eight per cent. more, Europe as a whole was importing seven per cent. more and exporting 22 per cent. less. *The decline in the exports of other European countries is largely attributable to their high degree of inflation, and so high prices, which make their goods difficult to sell abroad, particularly in the less inflationary markets.*"

Sir Stafford Cripps explained that Britain's own prospects of expanding the sales of consumer goods to hard currency markets are closely tied up with the home level of prices and he referred to the Time-Life Survey which has shown that the prices of some British goods are too high, "though we have not as yet any substantial surplus of export productions which we are unable to sell."

On the disinflationary movement, Sir Stafford said that it was not possible to measure precisely the progress, least of all in the short period since the Budget; the figures of note circulation, of bank deposits, of current Exchequer surplus or stock exchange values have to be interpreted with great care and cannot be accepted over a short term as any reliable guide to the state of Britain's economy. "In some fields a buyer's market is beginning to emerge and a few industries producing non-essentials are running into difficulties." Giving examples, the Chancellor said that there was an appreciable falling off in the home demand of certain luxury goods, entertainment and more expensive holiday facilities.

PRICE REDUCTIONS

"All in all," Sir Stafford continued, "the effect is not very marked as yet and there is nothing in it to cause surprise or alarm. Indeed, it is only the first step in the direction in which we want to go."

On the Government's appeal for stabilisation of prices and profits, Sir Stafford said that on the whole the response had been encouraging. Manufacturers, wholesalers and retailers were also fully alive to the need for keeping prices down, and voluntary reductions had been made in most cases.

Referring to the demand from overseas for British goods, Sir Stafford said that there was still substantial demand for locomotives, railway waggons, mining machinery, heavy electrical and telephone equipment, textile machinery, excavators, machine tools and other numerous engineering products. Exports in May had

already reached their end : 1948 target rate of £. 22,000,000 (Rs. 29.28 crores) for a 26-day working month, while exports of vehicles, electrical goods and apparatus and chemicals all made better progress than was forecast during the first five months of the year.

"The products which we are at present having the greatest difficulty in selling abroad," he continued, "are in general the same as those which are meeting resistance in the home market—domestic equipment, radio sets and various types of luxury goods, because other countries, like ourselves, cannot afford their importation. If, as a result of the various international and inter-Commonwealth economic policies now afoot, we can achieve an expansion of the world's markets that we are seeking, the position as regards these goods should improve."

STEEL AND TEXTILES

On raw material imports, Sir Stafford said that the prices of primary products were still rising, much to Britain's disadvantage, for the adverse movement of the terms of trade was the greatest obstacle to the solution of the balance of trade problem.

The demand overseas is strongest for those manufactures which Britain is in most need for her own industries and for which there is the greatest difficulty in supplying because of the shortage of steel. On this point Sir Stafford said : "Hence the special importance the Government attaches to an increase of our steel production, even at the risk of ultimate oversupply, and to textiles, which in a short run offer the best prospect of rapid expansion in exports—both in the U.S.A. and Canada, where they are potentially our most valuable dollar earners, and in the primary producing countries where increased supplies of clothing will do much to stimulate the production of food and raw materials."

He added : "Increased exports of textiles from this country to the sterling area would also reduce the area's demand for dollars with which to buy textiles elsewhere, and would re-establish

our position in the markets we are anxious to keep permanent."

Sir Stafford concluded : "To meet this situation we should be prepared to adapt our output to the changing demand from overseas. If more capital goods are wanted, we must expand our production of these goods at any price, if necessary of consumer goods for which there is less demand. We must keep our industry as flexible as possible in its production."

PLAN SUGGESTED FOR RELIEVING DOLLAR SHORTAGE IN AUSTRALIA

An alternative plan to relieve the dollar shortage in Australia was presented by Professor D. B. Copland in an address to the Economic Society.

Professor Copland, now Vice-Chancellor to the National University at Canberra, has been Economic Adviser to the Federal Government, Federal Prices Commissioner and Australian Minister to China.

Under his plan, Australia would ease restrictions on those imports from the United States that were essential for efficient working of the Australian economy—for instance, cotton, petrol, rubber, newsprint and tinplate.

Australia would then borrow in the United States to the extent of the deficiency in its balance of payments, plus 50 per cent. The 50 per cent. would be placed at the disposal of the United Kingdom and an equivalent amount of the Australian Sterling debt liquidated.

This, Professor Copland said, would help Britain more than the present policy and it would help Australian economy by making essential raw materials and capital equipment available. The disadvantage was that it might be difficult for Australia to earn enough dollars to meet current obligations on the debt and finally to discharge it.

It would, of course, be wrong to assume that this policy would enable all restrictions on imports from the dollar area to be lifted.

Professor Copland said there was opposition to this policy both in Britain and Australia, because Britain was trying still to maintain London as an international monetary centre.

It was possible, however, that this was beyond her reduced economic strength; and it would be better for Britain, as well as for Australia, if the representatives of Australia and New Zealand were to take advantage of their coming visit to London to press this point of view.

Earlier Professor Copland outlined three lines of policy to meet a situation of excess demand, as in Australia at present. They were:—

1. Decontrol.
2. A drastic cutting down of accumulated balances, and
3. Continued social control, with a large measure of initiative left to private enterprise.

Output of basic materials, such as coal, iron and building materials, had increased very little since 1939, he said, and was now much less than was required to maintain in full productive capacity the numbers employed at present. It would be better to describe the present position as employment of large numbers at a level far below industrial capacity, than as full employment.

Australia's position today was not so very different from that of the twenties: its prosperity was still linked with the volume and value of exports. "The best that can be said is that we are slightly less at the mercy of variations in export prices," he said. "Unfortunately, we are acting as though we had conquered this barrier to our own internal stability."

NEW ZEALAND REVALUES

A magnificently well-kept secret was unlocked recently when Mr. Nash announced that the New Zealand pound, which had been at £. 125 (N. Z.) to £. 100 sterling for over a decade and a half, was to be restored to parity with sterling. Though the reversion of the Australasian currencies to par has often been discussed in terms of long-range probability the news was a bolt from the blue.

Nobody in U.K. need complain about that. New Zealand is not a member of the International Monetary Fund and had no need to consult in that quarter. Prior consultation with U.K. might have been invidious and probably pointless, since it was a decision for which New Zealand alone could be responsible. Some general consultation had evidently taken place with the Australian Government, who are more vitally concerned than anybody else, but the Australian Government have decided as a considered policy not to revalue the Australian pound "in present circumstances." The intimacy of the financial links between Australia and New Zealand convinces most people in London that there is more than a fair chance of Australia taking the same step eventually. But the time is not yet. Nor would the procedure be quite so simple; for Australia is a member of the I.M.F., and the amount of the upward revaluation necessary to restore parity at 20 per cent. is just twice as much as the rules of the I.M.F. allow to happen easily.

New Zealand's basic motives are those that actuate any country which revalues upward. The relentless rise of external prices is giving primary producers a rich return in the local currency and is likewise penalizing buyers of imported goods. Upward revaluation redresses the balance and reduces local inflation. It is a logical step for a country which thinks it can afford it. New Zealand is still running a fair favourable trade balance and claims that in any case her internal price level is now too low relatively to that of other countries, especially the dollar area, at the prevailing exchange rate. That is at least evidence that she can afford it. If to that is added the general attraction of a restored pound-for-pound relationship with sterling, the temptation to revalue must have been great.

EFFECTS OF THE CHANGE

But memories of how Canada and Sweden lived to regret considerably less drastic upward revaluations are too fresh to allow New Zealand's

action to be viewed without uneasiness. Moreover, New Zealand's favourable external balance is not now relatively as big as were those of Canada and Sweden when they revalued. On the other hand, New Zealand is, comparatively at least, a special case. Her exports are mainly sold in Sterling under bulk contracts. Her farmers will get only four-fifths of what they were getting before in New Zealand currency other things being equal, but they will not sell any less so long as they do not produce less. The products not sold under bulk contracts are mostly assured of a ready market somewhere, but again the local price will be lower. The real question is what effect this will have on production. It is thought that profit margins may still be good—prices of most dairy produce have recently been increased by a bigger amount than the revaluation will reduce them—and, if so, production may not suffer perceptibly.

The next question is whether the revaluation will increase imports uncomfortably. In the short run the answer should be, No. For imports from this country and the rest of the sterling area are still in the main limited by availability rather than by demand, and imports from the dollar area are under fairly strict control. But the answer may not be so simple in the long run as the short. Greater availability of sterling goods, which is likely, and greater accessibility of dollar goods, which is possible, may alter the picture as time goes on. And the fact remains that, though exporters' incomes will be reduced, the price of imports relatively to average incomes and to private cash reserves will be much lower than before. The most that can be said is that for the time being New Zealand should not suffer the same difficulties as her predecessors in revaluation. But some difficulties may lie in wait for a later stage.

PRESENT PATTERN OF EXCHANGE RATES UNSATISFACTORY

VIEWS OF I. M. F.'s MANAGING DIRECTOR

The view of the International Monetary Fund on the present pattern of exchange rates was

elucidated by its Managing Director, Mr. Camille Gutt, in the course of his recent speech before a technical audience at the Littauer School of Government at Harvard University. After briefly indicating the economic conditions of the world, he stated that the present pattern of exchange rates was "far from satisfactory" and that there was "no occasion to be complacent about it." This did not mean that the Fund should embark on a general adjustment of parities either now or later, but he felt that considerable help towards meeting future balance of payments could be derived from the adjustment of exchange rates. He made it very clear that stability of exchange rates was not the end in itself but only a means to the end, namely, improvement in the economy of individual countries leading to expansion of world trade. Thus, he rightly observed: "We will not insist on the empty shell of exchange stability if this would have the effect of hurting a country's economy and the expansion of world trade." "The adjustment of a parity to the international economic position of a country," he added, "is a problem that the Fund can best deal with by taking each separate case as it arises. The Fund will not hesitate to urge on countries domestic measures to assure that the parities they now have can be sustained without onerous restrictions on international trade. The Fund will be prepared to discuss with any country a change in parity that may be necessary to permit its trade to develop."

If the present pattern of exchange rates is far from satisfactory, why did the Fund, it may be pertinently asked, accept it and still continue it? Mr. Camille Gutt provided a convincing answer to this poser. After stating that even before the war nothing approaching a really satisfactory pattern of exchange rates had been achieved and that the war itself created new forces which inevitably weakened the whole structure of exchange rates, he observed:

"It takes no prophetic insight to see that many changes will have to be made before the

pattern of exchange rates is suited to the radically altered conditions within these countries in the world. The great task of the Fund is to see that necessary changes in exchange rates are made promptly and in an orderly manner, and that they are helpful in restoring a new economic balance in a greatly changed world.

"It appeared to the Fund that, for the present, the one practical test that could be applied to determine the suitability of an exchange rate is whether it enables a country to export. In testing the initial parities communicated to the Fund—remember, a number of countries asked to postpone the establishment of parities—it appeared that the proposed parities would not under prevailing conditions handicap exports. That does not mean that there was any general expectation that the initial parities could be continued indefinitely. Obviously, the officials of the Fund were aware that as conditions of the world demand change, as latent inflationary forces begin to manifest themselves, a parity which was not then hampering exports might later do so. This was stated very clearly in the first Annual Report of the Executive Directors of the Fund."

"Whether the initial parities actually met the expectations of the Fund can be roughly determined by seeing how export trade behaved in the year or so since the initial par values were established. You will find that for nearly every country in Western Europe exports have increased more rapidly than production. At least, until the autumn of 1947 the initial parities do not seem to have been a handicap to members of the Fund in expanding their total exports. I shall have something to say regarding the direction of their exports in connection with another problem. In the last few months, however, it became clear that in some countries, in Europe and Latin America, the initial parity was beginning to burden export trade. Whether these developing difficulties are proof that an error in judgment was made in accepting the initial par values is a matter of opinion. My

view is that, if necessary changes are made promptly, it will support the wisdom of our original action...."

In this context, he made an important point which seems to have been generally overlooked in this country. Many here seem to be under the impression that, once a country decided its exchange parity, it would not be able to change it beyond the 10 per cent. margin as provided for in the Final Act. It was this impression that influenced many of the critics of the Government to advocate a devaluation of the rupee before deciding the initial parity. But fundamentally this impression is due to a misunderstanding of the policy of the Fund. For, as Mr. Gutt remarked, "the policy of the Fund on initial parities carried with it as a corollary the willingness of the Fund to act promptly and favourably whenever a change in parity should become necessary because it threatened the export position of the country."

EXCHANGE RATES OF EUROPEAN CURRENCIES

Dwelling at some length on the rates of exchange for European currencies in particular, Mr. Gutt stated:

"There is one misconception that should be dealt with. There may be a feeling on the part of some people that, if European exchange rates and prices were properly adjusted, the dollar shortage which these countries are experiencing would be corrected. I think there is no basis for such a view.

"The shortage of dollars in Europe is a reflection of the exceptionally great need for real resources in these countries. In part, this may be a consequence of inflation. Much more, it is a consequence of the urgency felt by these countries to restore their economies more quickly than they are capable of doing with their own output. Extremist politicians are prepared to promise the public increased production and a higher level of consumption if only the blessings of a State economy were adopted. Responsible

politicians must compete with such impossible promises by pushing as far as they can reconstruction and modernisation while maintaining something approaching the pre-war standard of living. Added to this, there have been the unfortunate crop failures and the difficulties of maintaining normal supplies of fuel.

"In a number of countries the war-time inflation has been kept from manifesting itself in higher prices and costs through such devices as price and wage control, rationing and subsidies. At some time in the future, it will be desirable for countries to abandon these measures in order to give the economy greater freedom in adjusting itself to changed conditions. Obviously, the restoration of a greater degree of economic freedom can best be undertaken when current production is adequate to meet current needs.

"At such a stage the latent inflation of past may be consolidated or wiped out through permitting a rise in prices, through extraordinary taxes, or through the blocking of currencies as has already been done in a number of countries. With the new conditions, reconsideration of the parity of the currency would be desirable. In some cases, no doubt, a change in parity will be necessary to restore the situation created by the consolidation of war-time inflation.

"I must caution you against the wide-spread but dangerous assumption that all currencies, or at least all European currencies, should be devalued now and devalued substantially...."

In conclusion, Mr. Gutt said: "The Fund has a great responsibility in securing the establishment of a pattern of exchange rates which will permit international trade to be restored and to grow. To perform this duty, the Fund must be alert; it must not hesitate to speak frankly and to stand firmly for its ideals."

FREE STERLING IN EUROPE

Although the bulk of business between the United Kingdom and countries outside the "scheduled territories" is financed at the official

rate of exchange, a growing volume of trade and financial transactions is taking place at rates below \$ 4.08 to the £. What is the business and what are the rates?

There are, broadly, four distinct rates for this unofficial business: notes, T. T., inland payments and security sterling. To take the quotation of a pound note in terms of Swiss francs or dollars as a fair measure of the value of sterling is nonsensical. The discount is determined by the degree of illegality attached to exporting and importing notes, and the valuation placed upon the notes in comparison with the local currency. No note can stand at par when, like the pound note, it takes two smuggling operations—apart from any others en route—to complete the circuit. Moreover, as a means of settling trade transactions a note has severely limited usefulness. Sterling notes in Switzerland are quoted at Sw. fcs. 10.55 to the £. against the official rate of Sw. fcs. 17.84. Since the Italian elections, they have risen in value by nearly 10 per cent. but they are still at a heavy discount of 88½ per cent. On the other hand, dollar or escudo notes can be quoted at T. T. rates because Switzerland, Portugal and the United States place no restrictions on note movements.

The inland payment rate is not countenanced by the big Swiss banks in any way. Business is transacted on the basis of "If you pay X in London, I will pay Y in Zurich." The rate is about 11 francs to the £—a little higher than the note rate because the smuggling risk is eliminated. Business done with Britain is very small, but with many other countries its volume is believed to be considerable. Fourthly, British Government bearer bonds may be purchased legitimately, in Switzerland and New York at a rate of \$ 1.80 to the pound, against \$ 2.50 a few months ago. To import securities a Bank of England licence is required—but the uses to which such sterling may be put in this country are restricted in most cases to switching operations, from which South African securities were

recently excluded. This rate also reflects a growing disinclination in the United States to invest in British securities. Gilt-edged can be purchased on a 7 per cent. yield basis despite the fact that interest and dividends being currently earned sterling—are convertible at \$ 4.08 to the £.

REFLECTIONS ON DEVALUATION

(By C. L. Lawton)

There is no mystery about Devaluation. It is not really an economic process or activity though it derives its significance from the past and it has an implication; perhaps it would be better to say that it has been thought to have an implication, for the future. In fact, it is a juristic act being the declaration of the legislature that the currency which formerly had such and such a value in terms of some commodity, or of some other currency, shall henceforth have such and such another value. Accordingly, a country which is about to devalue its currency must at some time in the past have had a monetary standard, and the significance of this is that, owing to an effective right to convert the currency into some particular commodity (or some particular other currency) in unlimited quantities at a fixed price, the economic equivalence of the currency and that commodity (or of the currency and that other currency) has been at some time established. Into this Garden of Eden, a place of ordered and intelligible values, the Devil of inflation has entered. Values have ceased to be ordered and intelligible; the value of the currency has depreciated and the golden age of convertibility has passed away. The descent to Avernus is easy indeed and to retrace one's step—to restore by a converse process of deflation the loss in the value of the currency—is too often a more condign punishment than unhappy mortals can survive. Yet it is desirable to restore some stability to the currency unit. Even if its former value cannot be regained, a financial policy can be adopted which will prevent its value (in terms of whatever stand-

ard has been used) from falling further. As a guarantee of that policy the value of the currency is legally redefined in terms of the standard.

As a guarantee. But it is well before giving a guarantee to be reasonably certain that the principal debtor will not default. Now the experience gained after the 1914-1918 war showed that whether a country devalued its currency (as for example did France in 1928) or restored convertibility (as did Great Britain in 1925) there was a considerable danger of what was then called a stabilisation crisis.

This was liable to arise because the new *de jure* value (we must cease to talk about devaluation once it has occurred) may be greater or less than the *de facto* value. If the *de facto* value is less than the *de jure* value (as it was in the case of Great Britain) the currency is said to be overvalued. Conversely if the *de facto* value is greater than the *de jure* value it is said to be undervalued. This difference in valuation has important consequences. If the currency is overvalued, the value of the currency must by a process of deflation be raised. Until this has been achieved, the export industries will find their costs high relatively to the price obtainable when this is converted into the home currency. There will thus tend to be an adverse movement in the exchanges. This movement will be reinforced by the increase in the quantity of imports which the relatively high prices will attract. Opposite results tend to arise if the currency instead of being overvalued has been undervalued. Now according to the traditional theory of the foreign exchanges, if a country did not succumb to the initial difficulties of the situation by a revaluation of its currency unit, there was a powerful instrument available to aid it in its resolution. This powerful instrument was the rate of interest, any relative change in the level of which was sufficient to attract or repel supplies of foreign currencies on the foreign exchange market and so bring it into equilibrium.

The slower mercantile reaction in the price income and cost structure was supposed to follow.

This was the theory which, enunciated by Bagehot nearly eighty years ago, was held without substantial qualification up to twenty years ago. It is true that the Macmillan Committee noted the increased intractability of costs and prices but Bank Rate was still thought to be a most beautiful instrument—that is for the purpose of effecting an equilibrium on the foreign exchange market. It required perhaps to be supplemented by other media of control and of these Exchange Equalisation Funds appeared to be admirably adapted to correct any lack or excess of elasticity of the international short loan fund in terms of variations in the short term rate, of interest. Moreover, such funds might be so intelligibly applied during a period preceding the restoration of a monetary standard that a period of *de facto* stabilisation might precede the *de jure* stabilisation and so minimise the danger of a supervening over or under-valuation of the currency.

But with the crisis of 1931 and the departure of this country from the gold standard; with the growing practice of exchange restriction abroad, and especially in Germany; with, moreover, the advent of a new policy of cheap money associated with a measure of control over the capital market unlike anything which had been known before—it became increasingly difficult to find one's bearings with the old style compass. While as the nineteen thirties advanced and the depression receded, not less quickly did international relations deteriorate. The ever-darkening clouds of war provided excuses for many things but certainly not for the restoration of an international monetary standard.

Before even the end of the war it became apparent that an attempt would be made to restore exchange stability and convertibility on lines of a somewhat liberal kind. Did this

imply a future devaluation or revaluation of currencies? And would the rate of interest,—the Cinderella of modern economic thinking,—attend and charm with unforgotten grace the international ball? It did imply a revaluation of currencies, but first, every country was to be free to manage its internal financial problems and it was agreed that they might aim at a high and stable level of employment; secondly, the new convertibility was not extended beyond current trading transactions and thirdly, the whole system was to be oiled by the International Monetary Fund. It was perhaps natural that people should chiefly notice the positive aims and machinery of Bretton Woods. On examination, however, it became clear to what an overwhelming extent the practices and theories of the nineteen thirties were being fitted into the pattern of the post-war financial world. For the problems of war indebtedness, which after the 1914-1918 war had been a matter of major concern, were sidetracked with presumably the object of simplifying and accelerating convertibility arrangements. That meant that the importance of the rate of interest as a regulator of international investment failed to receive appropriate emphasis. But it not merely failed to receive emphasis. It was even possible that the free domestic policy might continue to manipulate the rate of interest with regard to matters quite other than the equilibrium disposition of an international loan fund. Hence a new kind of standard. Devaluation no longer meant a restoration of a free monetary standard. Devaluation no longer meant that there was even the intention of returning to unrestricted convertibility. At best there would be a limping standard with an eye on trade and no eye on investment. We were to live in a world of Cyclops! Yet bearing in mind the part played by the rate of interest in the past could it be believed that this limited convertibility would have the same prospect of continuous working as we at least believed the old convertibility would have?

By no means. Periodic devaluation is almost sanctioned under the Bretton Woods arrangements, provided that it is by agreement, that it is in conformity with a new set of rules to a new sort of game which one might be tempted to describe as licensed anarchy.

The French who are said to be realists and logicjans (presumably not of the nominalist variety!) have lately caused something of a sensation. They have not retired as we did in August, 1947, from an unequal contest. They have refused to play according to the rules. Yet not so very long ago we should have wondered at the country which devalued without restoring a free market in gold and

other currencies: our difficulty then would have been to understand a restriction to hard currencies. Will France run the danger of having continually to revalue the franc? Is this likely to accord with the disposition of her people who have suffered so much from currency depreciation? Or will she stage a new revolution in 1948 and restore the rate of interest to one of its historic functions? Mr. Ernest Sykes once wrote of her as "ever willing to risk failure in the hope of attaining perfection." If that spirit still animates her, we, who are so tired of inferior substitutes, may watch her experiment with sympathy and hope.

Planning and Production

ENGINEERING TRAINING

HARD WORK AND INITIATIVE LEADS TO SUCCESS

By A. E. L. Collins

The development of Engineering Industries in India will result in opportunities for young men to find lucrative employment as skilled workmen, supervisors, technicians or administrators according to their character and ability. Wise parents will study these new developments and will, within the limitations set by their financial resources, strive to ensure that sons who desire to embrace Engineering shall be educated and trained with a view to fitting them for their future vocations.

For the benefit of such parents the following paragraphs give a brief outline of the types of education and training which it is essential for young men to acquire if they are to succeed in an Engineering career. Before, however, giving this information, it must be emphasised that education and technical training are less important than character. Qualities of leadership, integrity and intellect which are inherent in a man and which enable him to control or to lead other men cannot be acquired from text-books; and the possession of academic qualifications or of technical ability cannot be considered adequate substitutes for character.

GROUPS OF TRAINING

Formal Engineering training may be divided into 3 groups as follows :—

(i) Training for men who aspire to become skilled tradesmen *e.g.*, Fitters, Turners, Blacksmiths, Electricians, etc.

(ii) Training for men who may expect to qualify for supervisory posts such as charge-men, foremen, etc.

(iii) Training for men, who if they complete their training satisfactorily, will qualify for

technical, executive or administrative positions such as Works Managers, Chief Engineers, etc.

It must be appreciated that a man's initial formal training does not necessarily limit his future career to the category for which he is trained. For example a man whose circumstances preclude him from training other than in category (i) above may by hard work, enterprise and the acquisition of knowledge allied to the necessary qualities of character, earn promotion in due course to supervisory or higher position; and it is possible such person may ultimately be more valuable to his employer than a man who has had the advantages of superior training.

SKILLED TRADESMEN

Young men who wish to train as skilled tradesmen should have standard of education at least equivalent to passing the Middle School Examinations; and they should not be older and preferably younger than 17 years of age by the time they reach this standard. This standard of education will enable them to acquire the necessary theoretical knowledge appropriate to calculations incidental to their work and literacy sufficient to read drawings and to understand written workshop instructions. After leaving school they should apply for apprenticeship with organisations which have properly organised apprenticeship training schemes and where facilities exist for experience to be obtained in all branches of the trade to which they wish to be apprenticed. The thorough practical experience which apprenticeship provides is essential for future progress; and for this reason parents who can afford to do so should be prepared to sacrifice immediate gains from their sons' earning capacity in order to provide them with the opportunity for future security of employment as skilled craftsmen. While they are serving their apprenticeship, apprentices should improve their theoretical technical know-

ledge and their standard of literacy by attending night classes; or, if they are apprenticed to organisations which arrange such facilities, part-time day classes at Technical Colleges.

SUPERVISORY POSTS

Those who wish to qualify for supervisory posts in the Engineering Industry should have a standard of education at least equal to that of the Higher School Leaving Certificate; and should reach this standard at an age not more than 18 years. Preferably they should have a leaning to mathematics and science. The study of the theoretical side of Engineering, which will be an essential part of their subsequent training, necessitates this standard of education. Young men with these educational standards who desire to become supervisors in the Engineering Industry must, following their school careers, undergo an apprenticeship which must be designed to give them an adequate practical experience of all the processes and types of work relevant to the branch of Engineering in which they wish to be trained. This means they must attempt to obtain appointments as apprentices with organisations having apprenticeship schemes which will ensure its trainees are systematically transferred from one section of the works to another. During their apprenticeship it will be essential for apprentices to attend classes at Technical College, and they should preferably sit in due course for an examination which will confer on them a definite technical status.

EXECUTIVE WORK

With regard to training for executive and administrative positions in the Engineering Industry there are two essentials as follows:—

(i) Obtaining a degree in Engineering at an University or obtaining corporate membership of a recognised Engineering Institution or both. In this connection it must be emphasised that the man who cannot enjoy the privilege of a university education is not less qualified as an Engineer if he successfully passes the examination of a recognised Engi-

neering Institution after study at a Technical College or after private study.

(ii) Undergoing a period of training, preferably not less than 8 years which gives the opportunity to obtain practical experience of all types of work carried out in the branch of Engineering adopted as a profession. It will be noted that in all three cases there is the insistence on practical training. It cannot be over-emphasised that theoretical qualifications or school examination successes are not alone sufficient to fit young men for Engineering careers. Training in the practical applications of Engineering is most important and a man who neglects to obtain practical experience will be severely handicapped. In this connection it is necessary to state that practical experience implies carrying out manual work; walking around a workshop and watching others work is not sufficient. Men who during their training period are not prepared to engage in all the work, including manual operations, which is carried out in the organisation in which they are receiving training should not embrace Engineering careers.

APPRENTICESHIP NECESSARY

It is relevant in relation to the foregoing paragraphs to call attention to an organisation which has a properly run Apprenticeship Scheme; and which in relation to the impending increases in the scope of its activities offers every prospect of satisfactory careers to its apprentices on completion of their training. The Road Transport Department of H.E.H. the Nizam's Railway recruits annually a number of Apprentices who are trained in trades with a view to subsequently filling supervisory posts because the Department is expanding the opportunities for ex-apprentices to make rapid progress. In conformity with Railway practice, all its apprentices are given free facilities for theoretical training at the Osmania Technical College. It offers, therefore, to the best type of young man the chance to become a thoroughly well-trained Road Transport Engineer and to qualify for

well-paid appointments in the Department on the completion of training.

THE GODAVARI VALLEY SCHEME

The plan for the Industrial and Agricultural development of the Godavari Valley Area which aimed at exploiting all the resources available in that region, taking full advantage of potentialities of the cheap power production and extensive irrigation, had been graciously sanctioned by His Exalted Highness in 1855 Fasli. In the same year the Godavari Valley Authority, an almost autonomous administrative unit of Government, had been established and an executive machinery set up with a Chief Commissioner and four Commissioners for the co-ordinated development of irrigation, hydro and thermal electric power, industries, communications, etc. Although the Godavari Valley Authority and the Executive Machinery were dissolved consequent upon the creation of the Planning and Development Secretariat for the purpose of co-ordinating all developments in the State under the guidance of a Standing Co-ordination Committee, the Government has recently decided that co-ordinated and concentrated development of various aspects of the multi-purpose Godavari Project should be entrusted to the Planning and Development Department. The following brief note gives up-to-date progress of development works in the Godavari Valley Area.

THE THERMAL ELECTRIC POWER GENERATING STATION

The Power House and the residential buildings for the staff of the Power House, are nearing completion and according to the contract, the generating machinery and its equipment, are expected to be delivered and erected in the latter part of this year. The Power House would employ steam-driven turbine generators and would develop circa 87,500 K.W. for the present. The plant and machinery have been ordered from one of the foremost manufacturers of electrical generating equipment

in the U.K. who will themselves erect the Power House generators and be responsible for its running for one year.

TRANSMISSION LINES AND LOADS (RURAL, URBAN AND INDUSTRIAL ELECTRICAL ENERGY)

REQUIREMENTS SURVEYS

These have been completed as far as the requirements of Azamabad (the industrial township), Mancherla, Nizamabad and Karcem-nagar are concerned. Two Nursery Power Development and Pilot Power Supply schemes have been formulated and are to be implemented as soon as the power station begins to work. The Nursery Power Development Scheme would supply initially small quantities of power commensurate with the demands made, and the Pilot Power Scheme would extensively and very carefully test all installation and equipment for efficiency, etc., before normal load or peak load runnings are inaugurated.

Workshop.—A Mechanical and Electrical Workshop is being installed to fabricate towers, poles etc. for these lines at present and later to make spares and replacement parts for the Power Station.

THE INDUSTRIAL TOWNSHIP OF AZAMABAD

The Township is to be established on the most modern lines near the Power Station and representative industries, or as many industries as may conveniently be accommodated, will be located in the circumferential area of the Township. The labour will be housed around the perimeter of the factories area. The Township, it is estimated would cover 25 square miles.

Town Planning Division.—The details of plan, lay-outs and designs etc. are being worked out by the Town Planner and Architect and his staff.

Survey Division.—Simultaneously, a Survey Division, with an Executive Engineer at its

head, is dealing with the surveys of township, the industrial, the labour and the power house areas, as also with the surveys of interconnecting roads, bridges, buildings, sanitation and other civil constructional works.

RAILWAY SIDINGS AND CHORD LINES

In conjunction with the Railway Department, Railway sidings, branches and chord lines are being provided between the nearest railway station, the industrial township, the power house, the factories and the labour residential areas, quarries, sources of raw materials and important towns situated in the neighbourhood and at small distances.

ACQUISITION OF LANDS

All the lands required for the Power House, the Industrial Township, the major and the minor roads leading to dam sites, etc., have been acquired and compensated for by the Government. With a view to preventing speculation, etc., sales and transfers of land in the Industrial Area, have been prohibited.

ROAD BRIDGE ACROSS THE GODAVARI

When the Railway Bridge over the Godavari had been laid, extra width in the piers had been provided with a view either to add another railway track later on or otherwise to lay a roadway to connect with the trunk road. The extra width of the piers of the Railway Bridge is now being girded for laying the roadway, while the proposal for constructing a masonry at some distance is also under consideration.

HYDRO-ELECTRIC POWER DEVELOPMENT

A major dam for storage is proposed to be constructed across the river upstream and not far from the Industrial Township. This would provide water for irrigation purposes and also for developing electrical energy. Another dam lower down the river is also planned to catch the wastes and the overflows of the upper reservoir and also to effect a diversion down-

stream. There would, in addition, be 3 or 4 regulating and smaller reservoirs above the major one and also on the two major tributaries of the river.

From the lower dams two canals will be taken off one on either side of the dam. It is expected that the right bank canal which will pass through Kareemnagar and Warangal districts will command an area of about 15 lakhs of acres while the left bank canal, which will be perennial will have a commanded area of about 3 to 4 lakhs of acres. It is also estimated that from these reservoirs 80,000 K.W. of power would be developed. All the preliminary and detailed surveys have been completed and the other relevant works are in progress.

MAJOR AND MINOR ROADS

The construction of four important roads has been sanctioned and the construction work has already started.

PUMPING WATER FOR IRRIGATIONAL PURPOSES

Some time is required for the completion of the reservoirs mentioned above. In order to accelerate the progress of the agricultural part of the plan of the Godavari Valley Development, it has been proposed that the left bank canal, required to tap the reservoirs, be constructed, and water pumped into this, directly from a suitable place in the river. The pumping machinery can, after the dams are ready, be utilised at the hydro-electric generating stations or for similar purposes on the river elsewhere. The canal is to irrigate extensive areas of Kareemnagar and Warangal Districts and expected to command an area of about 4 lakhs of acres.

AGRICULTURAL RESEARCH STATIONS

This part of the Dominions being very sparsely developed and inhabited, information on the possible types and requirements of agriculture, is meagre. An agricultural research station with one sub-station, would be established in this area to collect and collate this information. Plans are ready and spade work is in progress.

METEOROLOGICAL OBSERVATORY

A meteorological Observatory was set up and has been working since a year, to collect data required for the running of the Thermal Power Station and it has been decided to make this permanent.

SOIL FERTILITY SURVEY

For the reasons stated at item No. 10, the surveys of the soil fertility of this region are to be carried out *ab initio* for assessment. Two survey parties from the Land Settlement Directorate are already at the job, under the supervision of the Land Acquisition Officer, who will with the help of these parties, align the canal distributaries.

The methods in which these would be conducted, was developed in consultation with the Director of Agriculture, the Commissioner of Land Settlement and the Consulting Engineer to Government Nawab Ali Nawaz Jung Bahadur. Some test surveys of a few villages have already been conducted and further work is in progress.

ANTI-MALARIA MEASURES

Though salubrious in climate otherwise, the region of the Industrial Township suffers with the seasonal prevalence of malaria. With colonization completed, the incidence of the disease is expected to fall sharply. But meanwhile it has been necessary to provide a somewhat elaborate organization to deal with malaria and the health workers are already in the field. Surveys of incidence, etc., have been carried out and schemes framed for counter measures by a Health Unit working in the field and in the laboratory.

LOCATION OF INDUSTRIES

The following industries are likely to be located in the Industrial Area :—

1. Fertilizers and chemicals.
2. Cement.
3. Vegetable ghee and oil product. (Already located).

4. Rayon and other artificial fibres.
5. Radios, electric lamps and electric appliances.
6. Paint and varnishes.
7. Aluminium wares.
8. Photographic film.
9. Electric furnace, electrodes and calcium carbide.
10. Textiles (some already located).
11. Jute goods.
12. Tiles.
13. Tin cans making.
14. Tobacco and its products.
15. Flour mills.
16. Saw mills.
17. Furniture making.
18. Card-board making etc.

MANAIR PROJECT

WORK NEARING COMPLETION

The Manair Project, one of the major irrigation-cum-power projects, is now approaching completion. The project is designed to irrigate some 38,000 acres and is estimated to cost Rs. 765 lakhs. Under the Scheme, 17,688 acres will be irrigated directly yielding a net revenue of Rs. 1.9 lakhs annually.

The Project comprises a 2-mile reservoir, a 24-mile long canal and the utilisation of 120-feet drop in the canal for developing electric power of the order of 1,400 H.P.

The reservoir will impound over 8,009 million cubic feet of water and is located 18 miles from Kamareddy, with a dam at the confluence of rivers Manair and Kudlair. The canal will have a carrying capacity of 200 cusecs and serve an area of 88,000 acres. The catchment area at the site of the dam is 880 square miles, and the dam itself is 108 feet high and 10,700 feet long.

The main canal takes off from the head sluice on the right flank of the composite dam with an

initial discharge of 240 cusecs. After flowing nearly seven miles, it drops 126 feet down into the Mallareddipet Tank. The area commanded in this reach is 8,148 acres of which 1,000 acres will be brought under irrigation. From Mallareddipet the canal is taken through a regulator for a length of 17 miles up to a ridge from which a tail distributary is to be projected. The area commanded beyond Mallareddipet tank is 85,168 acres of which 16,680 acres are to be irrigated.

The progress of the work has been satisfactory. Masonry work has been completed for the most part with only 1,400 ft. remaining to be done. It is hoped to complete the portion up to the Reservoir level before the next monsoon so as to make it possible to store during the next season about 10 ft. of water above the sill of sluices. With the storages, about 5,000 acres can be irrigated under Abi. The power canal has been dug up to its entire length of 6½ miles, while the main canal has been excavated up to a length of 14 miles out of 17. An area of 4,000 acres will be available for irrigation in this reach of the canal.

When the Project is completed, it will bring prosperity to a very large area in the Nizam's Dominions.

TRAINING HANDICAPPED CHILDREN

UNIQUE HYDERABAD INSTITUTION

By Theo W. La Touche

Teaching the young how to shoot is a task which under normal circumstances demands from the teacher plenty of patience and perseverance, but when the young pupils are either blind, or deaf or dumb, or handicapped by all the three defects, as is not uncommonly the case, the teacher's task becomes all the more onerous. The teacher must, moreover, be specially trained and equipped for this purpose besides possessing natural qualifications for this delicate work.

UNIQUE INSTITUTION

That Mr. Ramachandra Rao, B.A., L.L.B., D.P.E. Headmaster of the Government School

for Blind and Deaf mutes, and his staff of teachers, possess all the requisite qualifications in an eminent degree will be apparent to any one who cares to visit this school, (which is the only one of its kind in the State at present) as the writer has done. The visitor will also be impressed by the fact that children afflicted by blindness and deafness can, with proper training, be shaped into useful and self-respecting citizens of the State.

QUALIFIED AND DEVOTED STAFF

Mr. Ramchandra Rao and his devoted band of teachers, one of whom is himself blind, have been so remarkably successful in training handicapped children, that Government in the Education Department propose to expand this extremely useful institution and open similar schools in the Districts. It is not generally known that in these Dominions there are about 20,000 blind and deaf mutes, about 10,000 of whom eke out their living by begging. As Mr. Ramchandra Rao very pertinently pointed out to me if the money given to these beggars as alms by the public is utilised in establishing special institutions for them, it would be money profitably spent. Indeed, it would be so profitably spent that it would transform a crying evil, such as mendicancy is, into a positive public good by making these unfortunate persons into useful members of society. Instead of being a nuisance and a burden, as they now are, these unfortunates would become a valuable asset to the State. No one who has witnessed how wonderfully these handicapped children respond to tuition and rapidly acquire not only knowledge, but a sense of responsibility, can fail to deplore that the handicapped children now under instruction are but a small fraction of the thousands of their unfortunate brethren still groping in the dark and begging their way through life. Who knows how many Miltons and Helen Kellers there are amongst them, whose genius only wants the kindly touch of a helping hand to burst into flower?

FULLY RESIDENTIAL

A feature which distinguishes the Hyderabad School for the Blind and the Deaf from similar institutions in other parts of the country is that it is fully residential. Government, under the benign command of His Exalted Highness, provided not only free education but free boarding and lodging and all other amenities of life. Deserving pupils (and there must be none or but few exceptions) are also given scholarships and encouraged in all possible ways to rise above their handicap and qualify for self-dependence. The zest and alertness with which they turn these opportunities to the best account must be seen to be believed.

ACHIEVEMENTS

Established about eight years ago, this unique institution has turned out most commendable work. It has during the comparatively short period of its existence, trained no fewer than fifty blind and deaf mutes for various professions. These, I was told, are earning their own livelihood, and some of them have married and settled down in life. The Braille method is used for imparting instruction to the blind while lip-reading is taught to the deaf-mutes. I heard some of the dumb children speaking and was surprised to find that the articulation of some of the advanced pupils is nearly as good as that of children without this natural defect. English as well as Urdu is taught up to the Primary stage. Particular attention is being paid to manual training in this School. Handicrafts, such as rattan work, bookbinding, tailoring and massage, are being very successfully taught. Work turned out by these boys is indeed of a high standard and fetches good prices in the market. In fact, these handicapped children seem to be never so happy as when they are using their hands. The blind have evidently developed eyes in their finger-tips.

Of course, all communities and creeds are represented in this institution, and the boys mingle freely at play and at work. With a

little aid, the blind can enjoy almost every form of outdoor as well as indoor sport and exercise. Everything possible is done to create a cheerful atmosphere and to make the boys forget their handicaps. Outdoor activities besides sports and games, embrace picnics and outings to which the blind look forward as eagerly as those gifted with eyesight, and enjoy with as much pleasure as normal children. So much so that after a recent visit to the historical fort of Golconda one of the blind boys wrote a circumstantial account in Braille of what he "saw" as well as felt, the essay extending to 25 pages.

Sir Clutha MacKenzie, the blind President of St. Dunstan's when he visited Hyderabad some time back, inspected this School and expressed his appreciation of the institution's fine record of work and predicted a bright future for it. A visit to the School will show how his prediction is being fulfilled.

CO-OPERATION IN H.E.H. THE NIZAM'S DOMINIONS*

BY

HUMAYUN YAR KHAN, H.C.S.,

JOINT REGISTRAR, CO-OPERATIVE SOCIETIES,
HYDERABAD (DN.)

The year 1944 witnessed a remarkable expansion in co-operative activity as the movement stepped out from its purely credit aspect and plunged into active trade. The change was due to the general shortage of foodstuffs. A scheme was promulgated by Government by which everyone of the 22,000 villages of the Dominions should have a grain bank, twenty to thirty of which would constitute a branch and all the branches of each taluq culminating in the apex of the Taluqa Development Union. Elected representatives of the grain banks serve on the branches along with nominated non-officials the branches electing the working committees of the taluqa unions, which include officers of the Development Departments. The taluqa unions are the agents of the Hyderabad Co-operative Commercial Corporation for the pur-

*From the Indian Co-operative Review.

chase, collection and storage of grain and work through their different branches. Prices of levy and purchased grain are paid to the ryots by the unions themselves at the godowns and amounts have been advanced to them for these purposes both by the Hyderabad Co-operative Commercial Corporation and the Supply Secretariat, a feature with which the producer is entirely satisfied. The result of this policy was that during 1945-46, 5,216 new societies were registered making a total of 11,540 societies. The membership was almost doubled being 5,27,648 as against 2,78,866 the previous year, the owned capital rose from Rs. 186 lakhs to Rs. 229 lakhs and the working capital from Rs. 412 to Rs. 657 lakhs,

GRAIN BANKS

Experience had shown that in addition to cash credit operations, it was necessary to provide villages with a credit economy in kind, because the latter is the real basis of rural transactions. The experiment proved so successful that during 1945-46, 5,144 grain banks were registered, and many more are pending registration, the ultimate idea being the establishment of a grain bank in every village of the Dominions. This target will be shortly reached as the total number of grain banks till the end of February, 1947, is 10,554. The formation of grain banks also was greatly helped by the shortage of foodstuffs, as one-eighth of the levy collected under the Food-grains Levy Order was handed over to the grain banks. During the short period of two years 88,816 *pallas* of grain were collected. The number of grain banks rose from 686 in 1943 to 1,298 in 1944, and 6,442 during 1946; and the membership was 19,728, 81,461 and 2,48,248 respectively during these three years, which shows an increase of 2,16,787 as against an increase of 11,788 during the previous year. The increase in the working and owned capital for the two years can be

judged from the following figures :—

	1945	1946	Increase
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Working Capital ..	2.37	20.68	18.26
Own Capital	2.33	20.56	18.23

One important factor which contributed greatly to the satisfaction of the ryots, was the realisation by the ryots that not all the grain collected under the Levy Order was to be transported away from the area of its production but that at least one-eighth was left in the custody of the villagers themselves, which gave them a great sense of security against possible shortage.

TALUKA DEVELOPMENT UNIONS

Each taluq of the 104 taluqas of the Dominions was to have one Taluqa Development Union. Ninety-five of these had already been set up during the previous year. In 1945-46, 21 more unions were registered including 12 in the Non-Diwani areas, making a total of 116. During the year the membership rose from 5,450 to 84,095, the working capital from Rs. 47,90,715 to Rs. 90,21,128 and the own capital from 27,49,654 to Rs. 41,58,990. The turnover was as much as Rs. 689 lakhs. The success of these unions can be judged from the fact that while during a period of 25 to 30 years the Central Banks accumulated a working capital of Rs. 196 lakhs and an own capital of Rs. 52 lakhs, the unions during a short space of two years possess a working capital of Rs. 90 lakhs and an own capital of Rs. 42 lakhs.

In addition to the purchase, collection and storage of foodgrains, a number of unions have set up retail shops doing business mostly in grain, kerosene, jaggery, sugar and iron. The unions were also given the important function of verification of stocks for export permits. Branches of the unions were also established in a

[Statement,

number of places and are doing good business under the direction of the unions.

The ultimate idea is to make these unions comprehensive multi-purpose societies catering to the needs of the rural population by providing them with supply and marketing facilities.

Some scepticism has been felt regarding the association of Sahukars and merchants with the co-operative movement. As a matter of fact the well-to-do class has all along been associated with the Dominion and Central Banks and other secondary societies though their number and interest were limited. Indeed some of the merchants did protest against the aid given by Government to the co-operative movement in establishing itself firmly. It will, however, be in the best interests of this class of people to serve the co-operative movement in the right spirit and realise that in this epoch of revolutionary social, political and economic changes the old order of things must give place to new. In order, however, to safeguard against any subversive tendencies, a system of nominations to the managing committees of the unions has been adopted which, if judiciously managed, will counteract evils.

THE HYDERABAD CO-OPERATIVE COMMERCIAL CORPORATION

The H.C.C.C. was originally set up by Government as a Joint Stock Company for carrying out the food policy of Government, and as such would have been wound up after the various controls on foodgrains had been abolished. In order, however, to provide an apex for the taluqa unions it has been converted into a Co-operative Corporation. The managing body of the Corporation consists of 10 representatives elected by the taluqa unions and 11 official members. Since vast amounts of money have been invested by Government in the Corporation, it exercises a certain degree of financial control, which will be withdrawn after the Government has been repaid.

For the provision of storage, a Godown Trust has been established with a fund of Rs. 50 lakhs

and it has built a number of rat-proof godowns at important centres. They are at present being utilised for the storage of levy grain. They will be taken over by the unions and the Co-operative Corporation for warehousing purposes when the problem of food supply ends.

CREDIT MOVEMENT

The number of agricultural societies rose from 4,074 to 4,178, but their membership was 1,00,525 as against 1,01,518 of last year having decreased by 998. The loans advanced were Rs. 18.17 lakhs as against Rs. 15.17 lakhs, though recoveries were less, being Rs. 18.88 lakhs as against Rs. 21.46 lakhs of last year. The working capital was Rs. 94.55 lakhs and own capital Rs. 54.67 lakhs being Rs. 2.86 lakhs and Rs. 3.21 lakhs respectively more than last year.

NON-AGRICULTURAL SOCIETIES

With an increase of 48 new societies over last year, the total was 878; membership being 1,90,256 as against 1,83,937 of last year, loans advanced being Rs. 54.28 lakhs as compared to Rs. 37.72 lakhs of last year. Recoveries were slightly better being Rs. 71.15 lakhs, *i.e.*, Rs. 5,800 more than last year. The working capital and own capital were Rs. 245.71 lakhs and Rs. 101.40 lakhs respectively.

CENTRAL BANKS

Their number was the same being 46. Membership rose by 51 and was 6,126 during the year. Loans advanced were less by Rs. 5.96 lakhs, the total being Rs. 21.08 lakhs. Recoveries also were less by Rs. 8.87 lakhs being Rs. 20.85 lakhs. The working capital was Rs. 108.81 lakhs and own capital Rs. 86.20 lakhs recording an increase of Rs. 6.22 lakhs and Rs. 1.88 lakhs respectively.

DOMINION BANK

Its membership was 876 as last year. Loans advanced were Rs. 32.48 lakhs and recoveries Rs. 24.45 lakhs both being Rs. 10.20 lakhs and Rs. 4.79 lakhs more than last year. The working capital rose to Rs. 98.08 lakhs and own capital

to Rs. 16.25 lakhs both being Rs. 24.80 lakhs and Rs. 0.28 lakhs more than last year.

On the whole, the credit movement did not record any marked improvement, one of the reasons being that due to the War the financial condition of the agriculturists had improved and there was little demand for fresh societies. During the year the recoveries were less, because of poorer crops. The working and own capital of all societies and banks recorded an increase.

PURCHASE AND SALE

During the year under report the co-operative societies including unions purchased goods worth Rs. 396 lakhs as against Rs. 145 lakhs of last year. The sales amounted to Rs. 920 lakhs as against Rs. 184 lakhs of last year.

CENTRAL TRADING SOCIETY

This society is in existence since the last 8 years but during this short period it has undertaken a vast business. It opened ration shops in the city of Hyderabad and was very helpful in counteracting the black market by taking up retail sales and coming to the aid of Government. Again, the merchant community had refused to deal in the retail sale of sugar and it promptly undertook this job and worked it successfully. It has the monopoly of 'Gud' sale as well and is doing a vast amount of business both within and outside the Dominions. The total sales during the year were Rs. 45 lakhs as against Rs. 26 lakhs of last year. It purchased goods to the extent of Rs. 45 lakhs as against Rs. 22 lakhs last year. In this manner it has been able to establish a firm footing in the marketing section.

CO-OPERATION AMONG ABORIGINAL TRIBES

Co-operative principles have also been successfully employed in the extensive social service schemes for the rehabilitation of backward populations which H.E.H. the Nizam's Government has implemented during the last three years. These schemes are run under the direct supervision of Baron I. F. Haimendorf, the well-known Anthropologist, who is the Tribal

Adviser to the Government of Hyderabad. Excellent progress has been made during the present year and a short sketch of the activities is given below :

In Adilabad, a district with a large aboriginal population, the economy of the Gonds inhabiting the highlands of Utnur has been organised on co-operative lines. With the help of an initial loan from Government, a co-operative union was established, which provides credit and arranges the sale and marketing of the Gonds' agricultural produce and maintains retail shops for different commodities. This union has almost completely replaced the moneylenders and traders with whom the aboriginals used to deal and it is significant that so far all loans of grain have been repaid with interest.

In most aboriginal villages grain banks have also been established. Thereby an aboriginal tract exploited by moneylenders of the adjacent plains, has attained a high degree of economic self-sufficiency and the present experience is that the aboriginals, in whose caste-less society tribal solidarity is strongly developed, take more readily to co-operative institutions than more advanced populations.

Another experiment in co-operative organisation is the Amrabad Rural Welfare Scheme concerned with raising the standard of life in one of Hyderabad's most backward areas. There the Chenchus, the primitive tribe of semi-nomadic hunters and food gatherers, have been provided facilities for the co-operative marketing of such jungle produce as honey, wax and wild fruits. Moreover, a collective farm has been established where a group of Chenchus are cultivating land under expert supervision. Government subsidies were required for initiating collective cultivation, but it is expected that the farm will be self-sufficient within a few years of its establishment. Under the same Amrabad Rural Welfare Scheme, Lambaras have started collective cattle-breeding and other backward communities such as depressed classes and backward Muslims are provided with facilities for co-operative agricultural operations.

INDUSTRIES OPEN TO PRIVATE ENTERPRISE

INDIA GOVERNMENT'S ATTITUDE DEFINED

Profit sharing plan for Labour

Dr. Shyama Prasad Mookherjee, Industry and Supply Minister, presented to the Dominion Parliament the Resolution on the India Government's industrial policy.

The main point in the resolution is that the Government of India propose to set up a National Planning Commission to formulate programmes of development and to secure their execution. Emphasis is laid on increased production or on increase of national wealth.

A mere redistribution of existing wealth would make no essential difference to the people and would merely mean the distribution of poverty.

Under the present conditions the mechanism and the resources of the State may not permit it to function forthwith in industry as widely as may be desirable.

The following is the text of the resolution :—

"The Government of India have given careful thought to the economic problems facing the country. The nation has now set itself to establish a social order where justice and equality of opportunity shall be secured to all the people. The immediate objective is to provide educational facilities and health services on a much wider scale, and to promote a rapid rise in the standard of living of the people by exploiting the latent resources of the country, increasing production and offering opportunities to all for employment in the service of the community. For this purpose, careful planning and integrated effort over the whole field of national activity are necessary; and the Government of India propose to establish a National Planning Commission to formulate programmes of development and to secure their execution. The present statement, however, confines itself to Government's policy in the industrial field.

STEPPING UP OF PRODUCTION

Need for Dynamic Policy

"Any improvement in the economic conditions of the country postulates an increase in national wealth. A mere re-distribution of existing wealth would make no essential difference to the people and would merely mean the distribution of poverty. A dynamic national policy must, therefore, be directed to a continuous increase in production by all possible means, side by side with measures to secure its equitable distribution. In the present state of the nation's economy, when the mass of the people are below the subsistence level, the emphasis should be on the expansion of production, both agricultural and industrial; and in particular on the production of capital equipment, of goods satisfying the basic needs of the people, and of commodities the export of which will increase earnings of foreign exchange.

STATE'S ROLE IN INDUSTRY

"The problem of State participation in industry and the conditions in which private enterprise should be allowed to operate must be judged in this context. There can be no doubt that the State must play a progressively active role in the development of industries, but ability to achieve the main objectives should determine the immediate extent of State responsibility and the limits to private enterprise.

"Under the present conditions, the mechanism, and the resources of the State may not permit it to function forthwith in industry as widely as may be desirable. The Government of India are taking steps to remedy the situation; in particular, they are considering steps to create a body of men trained in business methods and management. They feel, however, that for some time to come, the State could contribute more quickly to the increase of national wealth by expanding its present activities wherever it is already operating and by concentrating on new units of production in other fields, rather than on acquiring and running existing units. Mean-

while, private enterprise, properly directed and regulated, has valuable role to play.

"On these considerations Government have decided that the manufacture of arms and ammunition, the production and control of atomic energy, and the ownership and management of railway transport should be the exclusive monopoly of the Central Government. Further, in any emergency, Government would always have the power to take over any industry vital for national defence.

"In the case of the following industries, the State, which in this context, includes Central, Provincial and State Governments and other public authorities like municipal corporations, will be exclusively responsible for the establishment of new undertakings, except where, in the national interest, the State itself finds it necessary to secure the co-operation of private enterprise, subject to such control and regulations as the Central Government may prescribe:

(1) Coal (the Indian Coalfields Committee's proposals will be generally followed), (2) iron and steel, (3) aircraft manufacture, (4) shipbuilding, (5) manufacture of telephone, telegraph and wireless apparatus, excluding radio receiving sets, (6) mineral oils.

PAYMENT OF COMPENSATION

"While the inherent right of the State to acquire any existing industrial undertaking will always remain, and will be exercised whenever the public interest requires it, Government have decided to let existing undertakings in these fields develop for a period of ten years, during which they will be allowed all facilities for efficient working and reasonable expansion. At the end of this period, the whole matter will be reviewed and a decision taken in the light of circumstances obtaining at the time. If it is decided that the State should acquire any unit, the fundamental rights guaranteed by the Constitution will be observed and compensation will be awarded on a fair and equitable basis.

STATE ENTERPRISE MANAGEMENT

Public Corporation's Role

"Management of State enterprise will, as a rule, be through the medium of public corporations under the statutory control of the Central Government, who will assume such powers as may be necessary to ensure this.

"The Government of India have recently promulgated a measure for the control by the State of the generation and distribution of electric power. This industry will continue to be regulated in terms of this measure.

"The rest of the industrial field will normally be open to private enterprise, individual as well as co-operative. The State will also progressively participate in this field; nor will it hesitate to intervene whenever the progress of an industry under private enterprise is unsatisfactory. The Central Government have already embarked on enterprises like large river valley developments, which are multi-purpose projects of great magnitude, involving extensive generation of hydro-electric power and irrigation on a vast scale, and are calculated in a comparatively short time to change the entire face of large areas in this country. Projects like the Damodar Valley Scheme, the Kosi Reservoir and the Hirakud Dam are in a class by themselves and can stand comparison with any of the major schemes in America or elsewhere. The Central Government have also undertaken the production of fertilizers on a very large scale, and have in view other enterprises like the manufacture of essential drugs, and of synthetic oil from coal. Many Provincial and State Governments are also proceeding on similar lines.

IMPORTANT BASIC INDUSTRIES

State Regulation

There are certain basic industries of importance, apart from those mentioned in paragraph 4, the planning and regulations of which by the Central Government is necessary in the national interest. The following industries, whose location must be governed by economic factors

of all India import, or which require considerable investment or a high degree of technical skill, will be subject to Central regulation and control: salt, automobiles and tractors, prime movers, electric engineering, other heavy machinery, machine tools, heavy chemicals, fertilizers, pharmaceuticals and drugs, electro-chemicals industries, non-ferrous metals, rubber manufactures, power and industrial alcohol, cotton and woollen textiles, cement, sugar, paper and newsprint, air and sea transport, minerals and industries related to defence.

The above list cannot obviously be of an exhaustive nature. The Government of India, while retaining the ultimate direction over this field of industry, will consult the Governments of the Provinces and States at stages and fully associate them in the formulation and execution of plans. Besides these Governments, representatives of industry and labour will also be associated with the Central Government in the Industrial Advisory Council and other bodies which they propose to establish, as recommended by the Industries Conference.

ROLE OF COTTAGE INDUSTRIES

Need for integration

Cottage and small-scale industries have a very important role in the national economy, offering as they do scope for individual, village or co-operative enterprise, and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilisation of local resources and for the achievement of local self-sufficiency in respect of certain types of essential consumer goods like food, cloth and agricultural implements. The healthy expansion of cottage and small-scale industries depends upon a number of factors like the provision of raw materials, cheap power, technical advice, organised marketing of their produce, and, where necessary, safeguards against intensive competition by large-scale manufacture, as well as on the education of the worker in the use of

the best available technique. Most of these fall in the Provincial sphere and are receiving the attention of the Governments of the Provinces and the States. The resolution of the Industries Conference has requested the Central Government to investigate how far and in what manner these industries can be co-ordinated and integrated with large-scale industries. The Government of India accept this recommendation. It will be examined, for example, how the textile mill industry can be made complementary to, rather than competitive with the handloom industry, which is the country's largest and best organised cottage industry. In certain other lines of production, like agricultural implements, textile accessories, and parts of machine tools, it should be possible to produce components on a cottage industry scale and assemble these into their final product at a factory. It will also be investigated how far industries at present highly centralised could be decentralised with advantage.

"The resolution of the Industries Conference has recommended that Government should establish a Cottage Industries Board for the fostering of small-scale industries. The Government of India accept this recommendation and propose to create suitable machinery to implement it. A cottage and small-scale industries directorate will also be set up within the Directorate-General of Industries and Supplies.

INDUSTRIAL CO-OPERATIVES

"One of the main objectives will be to give a distinctly co-operative basis to this field of industry. During and before the last war, even a predominantly agricultural country like China showed what could be done in this respect, and her mobile industrial co-operative units were of outstanding assistance in her struggle against Japan. The present international situation is likely to lessen to a marked degree our chances of getting capital goods for large-scale industry, and the leeway must be made up by having recourse to small-size industrial co-operatives throughout the country.

LABOUR—CAPITAL RELATIONS

Co-operation urged

"Government, however, recognise that their objective, namely, securing the maximum increase in production, will not be realised merely by prescribing the respective spheres of State and private enterprise in industry : it is equally essential to ensure the fullest co-operation between labour and management and the maintenance of stable and friendly relations between them. A resolution on this subject was unanimously passed by the Industries Conference which was held in December last.

"Amongst other things, the resolution states :—
'The system of remuneration to capital as well as labour must be so devised that, while in the interests of the consumers and the primary producers, excessive profits should be prevented by suitable methods of taxation and otherwise both will share the product of their common effort, after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.'

"Government accept this resolution. They also consider that labour's share of the profits should be on a sliding scale normally varying with production. They propose, in addition to the over-all regulation of industry by the State, to establish machinery for advising on fair wages, fair remuneration for capital * and conditions of labour. They will also take steps to associate labour in all matters concerning industrial production.

"The machinery which Government propose to set up will function at different levels, Central, regional and unitary. At the centre, there will be a Central Advisory Council, which will cover the entire field of industry, and will have under it committees for each major industry. These committees may be split up into sub-committees dealing with specific questions relating to the industry, namely, production, industrial relations, wage fixation, and distribution of profits.

The regional machinery under the Provincial Governments will be Provincial Advisory Boards which, like the Central Advisory Council, will cover the entire field of industry within the province. They will have under them Provincial committees for each major industry. The Provincial committees may also be split up into various sub-committees dealing with specific questions relating to production, wage fixation and industrial relations. Below the provincial committees will come Works Committees and the production committees attached to each major industrial establishment.

"The works committees and the production committees will be bipartite in character, consisting of representatives of employers and workers only, in equal numbers. All other committees will be tripartite, with representatives of Government, employers and workers.

"Government hope that the machinery proposed will substantially reduce the volume of industrial disputes. In the case of unresolved conflicts, Government trust that management and labour will, in their own interests and in the larger interests of the country, agree to settle them through recognised channels of conciliation and arbitration, which will be provided by Government. The industrial relations machinery, both at the Centre and in the Provinces, is being strengthened, and permanent industrial tribunals are being established for dealing with major disputes.

"The Government of India are also taking special steps to improve industrial housing as quickly as possible. A scheme for the construction of one million workers' houses in ten years is under contemplation, and a Housing Board is being constituted for this purpose. The cost will be shared in suitable proportions between Government, employers and labour, the share of labour being recovered in the form of a reasonable rent.

"In order to ensure quick decisions on the various matters arising out of the Industrial truce resolution, Government are appointing a special officer.

* A Committee was appointed to go into this problem and it has recently submitted its report.

FOREIGN CAPITAL

"Careful Regulation Needed"

"The Government of India agree with the view of the Industries Conference that, while it should be recognised that participation of foreign capital and enterprise, particularly as regards industrial technique and knowledge, will be of value to the rapid industrialisation of the country, it is necessary that the conditions under which they may participate in Indian Industry should be carefully regulated in the national interest.

"Suitable legislation will be introduced for this purpose, and such legislation will provide for the scrutiny and approval by the Central Government of every individual case of participation of foreign capital and management in industry. It will provide that, as a rule, the major interest in ownership and effective control should always be in Indian hands, but power will be taken to deal with exceptional cases in a manner calculated to serve the national interest. In all cases, however, the training of suitable Indian personnel for the purpose of eventually replacing foreign experts will be insisted upon.

"The Government of India are fully alive to their direct responsibility for the development of those industries which they have found necessary to reserve exclusively for State enterprise. They are equally ready to extend their assistance to private or co-operative enterprise in the rest of the industrial field, and in particular, by removing transport difficulties and by facilitating the import of essential raw materials to the maximum possible extent.

"The tariff policy of Government will be designed to prevent unfair foreign competition and to promote the utilisation of India's resources without imposing unjustifiable burden on the consumer. The system of taxation will be reviewed and readjusted where necessary to encourage saving and productive investment and to prevent undue concentration of wealth in a small section of the population.

"The Government of India hope that this elucidation of their intentions on fundamental aspects of industrial policy will remove all misapprehensions, and they are confident that a joint and intensive effort will now be made by labour, capital and the general public, which will pave the way for the rapid industrialisation of the country."

BIRLA'S 1,250 CRORES PLAN

Mr. G. D. Birla, Indian Industrialist, in a broadcast from All-India Radio emphasised that the essential conditions for increased production were peace and understanding among all sections of society, a planned policy not regimentation involving too much centralisation, encouragement of all initiatives to produce more, proper distribution of wealth through a well-planned and healthy taxation system; social expenditure on free education, free health and hard work first and last.

Mr. Birla said: "First of all, we need an atmosphere of peace in every sphere. Be it Government, labour, employers or investors, there must be complete mutual understanding.

"We must create an atmosphere to make everyone feel and realize that increased production is a matter of vital common interest to all and that it can be achieved only through mutual understanding and respect and through co-operation and hard work.

HOW PRODUCTION CAN BE STEPPED UP

"With a back-ground of peace and mutual understanding the next thing is to make a general plan for targets that we desire to achieve. I have worked out a plan and discovered that by a judicious policy, we can raise our standard of living by at least twenty per cent. within the next five years. We can increase our sugar and gur production to nearly double, providing fifty pounds per capita in place of the present twentyfive. We can increase our cloth production by nearly seventy per cent. and provide between 25 to 30 yards cloth for each man. Our steel, paper and cement production could be increased

by more than 100 per cent. Our power production could be increased by 150 per cent. Our railways, shipping, roads and other transport facilities could be expanded immensely. All this could be done by an investment of about 1,250 crores within the next five years—a sum definitely within our means even without borrowing abroad.

“In the plan, as I envisage, I begin with increased production of food, cloth, steel, cement and coal and also with a large expansion of power and transport. More food and larger amount of consumer goods will give us physical stamina to work hard and will gradually raise our life's expectations. The expansion of our basic and transport resources will, on the other hand, prepare the ground for the next step—a much larger step towards our goal.”

NATIONALISATION

Dealing with the question of nationalisation of Indian industries, Mr. Birla said: “I for one would not demur to Government undertaking some of these projects as long as they are run efficiently and on commercial lines and can be proved to give better service to the consumer; if those Government undertakings maintain their accounts, also pay taxes like them and declare dividends to the state, if they don't develop the trials of state monopolies and still if they maintain reasonably low prices they will have proved very efficient.

COMPETITIVE BASIS NEEDED

“I will again emphasise that the nation will be benefited by those state-owned projects only if they were run under competitive conditions with profit motive—even though the profits will go to the state—a quality generally abused.”

Concluding, Mr. Birla said: “Last but not the least, if we want a higher standard, we must decide to work hard. During the last two years, out of the total 365 days in a year we have not been putting more than 250 to 275 days of work. A minimum of 310 days is essential to achieve a higher standard. Only a few years back we used to put as many as 315

working days during a year. We have reduced working hours substantially and now the working days because of various national days, curfews and strikes and so many other reasons, have been alarmingly reduced. The nation must realize that we cannot have more than fifty-five holidays if we are to prosper.”

INDIA'S IRON RESERVE

“There can be no better measure for gauging the industrial vitality of a nation than the quantity of steel produced by it. Judged by this standard India's position among the nations of the world is very low indeed, being about one million tons per annum,” observed Mr. V. Dattatrayan, Deputy Director of Industries, in the course of a lecture.

Mr. Dattatrayan said: “Apart from other considerations, the iron and steel industry forms the basis of a Nation's capacity to defend itself against aggression. An analysis of the consumption of steel in the U.S.A. shows that about 20 per cent. of the total steel output of that country is absorbed by the automobile industry, machinery manufacturing industry, industrial building construction, railways and ship-building and the manufacture of agricultural implements. If we examine the position in our own country, we see that our automobile industry consists, at best, of a few assembling plants for putting together imported parts of automobiles and of several small workshops engaged in the construction of bus bodies. Our agriculture is primitive and based on the ox-drawn plough scratching the surface of an impoverished land. Our industry is still in its infancy and we have only recently started a few factories here and there for the manufacture of textile machinery, sugarcane crushing mills, oil milling machinery, centrifugal pumps, electric motors and machine tools. Our railways have been all along dependent on imported material for their rolling stock and locomotives. Only recently we have started the manufacture of undercarriages, wheels, tyres and axles in this country. Our ships were built in foreign ship-building yards, al-

though we have made a start recently towards building our own ships. It is, therefore, hardly surprising that our steel consumption has not increased during the past 25 years."

Concluding, Mr. Dattatrayan said that India has the largest iron reserve in the world and pleaded for a more comprehensive geological survey of South India.

DEVELOPMENT OF IRON INDUSTRY

PROSPECTS IN SOUTH INDIA

The Electricity Department of the Madras Government contemplate investigating various sites which are reported to be promising for the development of hydro-electric power required for the proposed iron and steel industry in Salem district.

Chief among the sites are Mekkadattu, Periyar, Srisaillam, Sileru, etc. If these investigations are made quickly and the projects put into effect, it is considered that it would not be difficult to find the power needed for the South Indian steel industry.

The Government also propose to send samples of lignite found in South Arcot district to America to test whether it is possible to convert it into coking coal for utilisation in the steel industry.

In this connection, a Press Note issued by the Government gives particulars about the iron ores found in different parts of Salem district and lignite deposits in South Arcot district. The Note recalls the answer given by the Minister for Industries in the Legislative Assembly on February 18, that a proposal was under the consideration of the Government for the development of an iron and steel industry in the Province and states that an examination of the work done by Mr. Heath reveals that the reserves of the deposits of ore in the Salem area are almost inexhaustible and that they are of very high grade quality.

The tests, conducted so far by the Geological Survey, have made it clear that in general, the ores are amenable to concentration easily by

magnetic method to give over 55 per cent. iron and it has been stated that a higher grade concentrate through the magnet a second time or in the case of the fine grained ores by finger crushing.

On account of the lack of coal in South India, alternative methods have to be considered for smelting the ores, so as to cut down the dependence on coal to the minimum. These are (1) Blast Furnace, using charcoal fuel, (2) electric furnace (a small quantity of charcoal to be used for reduction only and not for generation of heat) and (3) other methods, e.g., Stuerzelberg process.

The auxiliary materials required for the iron and steel industry are fluxes and refractories. Both limestone and dolomite are available in Salem district itself as also in Trichniopoly and Coimbatore districts. Amongst the refractories, fireclay, magnesite, chromite, and siliceous materials like quartzites and quartz schists are available within short distances of the iron ore deposits. With a view to utilising the chromite found in the Salem district in the South Indian Steel Industry, the Government have prohibited the leasing of areas containing chromite. The Shevaroy Hills in Salem district are rich in bauxite and the reserves are estimated to be about 4,275,700 tons.

Recent geological investigations have proved the existence of lignite in South Arcot District, which is not very far away from the Salem iron deposits. The reserves of lignite are estimated to be about 498 million tons. Even if it is not possible to convert the South Arcot lignite into coking coal, it can be directly used as fuel in other industries and for domestic purposes.

Owing to the lack of coal in South India and the high cost of transport from the North, the South Indian steel industry has to depend upon charcoal. If electric smelting is resorted to, the quantity of charcoal required will not be much. It would not be difficult to raise in the Salem and the adjoining forests necessary casuarina or other plantations that might be required

to get the necessary charcoal. It will, therefore, be seen that South India is favourably situated for the development of an iron and steel industry. It has got an almost inexhaustible reserve of high grade iron ore and other accessory ores, required for the industry, near at hand. And fuel, either in the form of electricity or charcoal, can be easily got for the industry. What is needed is only a decision by experts as to the lines on which an iron and steel industry can be started in South India.

INDUSTRIAL PLANS IN PAKISTAN

The Pakistan Industries Minister, Mr. Fazlur Rahman, revealed that the Pakistan Government intended to utilise about Rs. 80 crores out of the Rs. 45 crores loan subscriptions received, towards subvention to provinces to help industrialisation.

At the last Industries Conference, 27 industries were named for immediate attention and the Government is doing everything to procure the necessary capital goods. It is proposed to start textile mills to the extent of one million spindles in the first five-year period, particularly in Sind and West Punjab. Orders have been placed in the United States, U.K., Japan and Czechoslovakia. As for jute mills they would obviously be located in East Bengal. That Province's Premier declared at Karachi that it was proposed to start ten jute mills shortly. Baling capacity had already been increased and in May, Chittagong exported 1,81,829 bales of raw jute to forty different countries as against 15,292 bales in last November.

In Sind, three industrial estates are to be established for development of industries. The first estate at Karachi has already started functioning with a number of industries while another at Hyderabad (Sind) will be inaugurated shortly.

LAND REFORM IN JAPAN

Under Allied pressure many reforms are being effected in Japan. One of the most important is the land reform programme. The

REPORT TO THE NATION



No. 22



*Britain
waking
up*

You'd be surprised how much new ground British industries are breaking these days. Many are doing a great service by producing goods we used to import. This import-saving is as good as increasing exports. Take ALARM CLOCKS for example. Before the war we imported nearly all we used. Now, more than 2 million a year are being made in Britain. By next year we shall not need to import any. The same thing is happening in many other industries.



SCIENTIFIC INSTRUMENTS. £1,500,000 worth had to be bought abroad pre-war. This year, our own manufacturers will meet almost all our home needs and export £8,000,000 worth as well.



WATCHES. Before the war we made very few. During the first four months of 1948 we produced an average of 19,000 a month.



TYPEWRITERS and Office Equipment. Before the war we imported nearly all the office machinery we used. Last year we exported over £2,000,000 worth. Our typewriter output in 1948 will be almost double that of 1938.

Export Markets, too

Besides making many things we used to buy, some industries are capturing export markets once held by other countries.



MOTOR CARS. In 1938 we shipped 4 cars a month to U.S.A., in June 1947 we sent 9, in June this year, 1,452 valued at £327,872.



BICYCLES. In 1938 we sold 1,258 British bicycles to Holland, land of cyclists, last year, 71,882.



TRACTORS. In 1938 we made over 10,000 agricultural tractors. Now we are producing at ten times that rate. In 1938, monthly exports averaged £51,000—today's average nearly £1,500,000.



POTTERY. In the first 6 months of this year we sold to U.S.A. china and porcelain valued at nearly £300,000—almost ten times pre-war figure.

But we are still importing 23/7 worth of goods for every 20/- worth we export. There is urgent need for more enterprise, efficiency and effort.

The call is still for MORE AND MORE PRODUCTION

Issued by His Majesty's Government

return of overseas troops and of repatriates increased the "farm population." But the agrarian relations in Japan are complicated as some are both tenants and landlords. But these "owner-farmers" have no advantages, as the rented out land is very small. It may

be noted here, that 10 per cent. of the farming population depend on rented land. The gross value of the total agricultural production in Japan in 1937 was 3,924,900,000 yen. To this may be added the burden of farm indebtedness, which resulted from tenancy conditions. Tenants had to borrow, as the high rent left them helpless and they had to pay exorbitant rates of interest. This poverty prevented them from improving their lands or their methods of production. This poverty also accentuated the narrowness of the Japanese domestic market and made industry seek outlets abroad. Many thousands of farmers left villages for the cities.

There were also important non-economic consequences of tenancy. The rights of tenants were ill-protected by law. Landlords were big officers and politicians and could do whatever they liked. They could evict a tenant at will. Thus the latter were slaves. But custom prevented cruelty and came to their rescue. Again tenants had many masters to serve, and if he offended one, all were angry because they wanted to preserve the existing order. It was this order the occupation wanted to end.

In post-war Japan, land reforms have been introduced under Allied pressure. But some say that they are purely Japanese products. To know the truth it would be helpful to know the vicissitudes of the land reform programme since 1945, in which year the first land reform law was undertaken.

The Supreme Commander for the Allied Powers stressed the necessity of land reform for the democratisation of Japan. Hiroo Wada, an official of the Ministry of Agriculture prepared a Bill. According to it:—
1. Landlords having more than 8 *cho* were to be deprived of the excess; 2. Tenants were to rely on Agricultural Associations in buying land; 3. Negotiations between tenants and landlords were to be encouraged; 4. The reform was to be completed in five years; and 5. Gov-

ernment had to give subsidies. But this so-called first Land Reform Law remained a dead letter as the S.C.A.P. did not approve it.

The second Land Reform Bill was made Law on October 21, 1946. This law is not a Japanese product, as the changes made in it were done due to Allied pressure.

The first Land Reform, besides the provisions stated above, required absentee landowners to sell their land; others might keep up to five *cho*; a landlord was not an absentee if he lived in a neighbouring village. The law affected those who had more than ten *cho* and the 5 *cho* limit was applied to individuals and not to families, thus allowing the splitting up of estates. If this law had been implemented, only a few tenants would have become owners.

The Land Reform Law of 1946 provided that absentee landlords shall sell their land to Government, while non-absentee ones may keep only one *cho*. If this is carried out, it will transfer more than two million *cho* of rented land to tenants. Absentee landlordism is to disappear completely. But it is not easy to realise this.

According to the 2nd law, the Government is to purchase land at almost confiscatory prices, which is against the wish of the legislators. But this is a result of the system of Government fixed prices prevailing in Japan. Government had frozen the prices of various commodities including land, in September, 1939. During war, Government ordered tenants to surrender the grain paid as rent to the Government and the Government paid the landlords at fixed prices. At the same time Government paid tenants to encourage productions. This made the landlords neglect their lands and the crops. For the sake of patriotism, they incurred loss. Even now, after war these relations hold. Government was unable to fix a "real" price for land, as there were only two types of prices, black market prices and 1939 fixed prices. There

were no other prices as private dealings were prohibited. But this system helped landlords when a capital levy was imposed. But the Government could disregard prices and ask landlords to pay in kind. But this could not be done as the reform wanted payments in money. The Law provides that tenants shall pay the Government 757.60 yen per ton of paddy, while the landlords are to receive 978.88, the difference being paid by the Government as subsidy in the form of bonds redeemable within 80 years. Under the Law, a landlord sells his land to a tenant through the Government thus, personal controversy and illegal war-gaining are eliminated.

The tenant farmer engaged in cultivating the land has first option to buy land, and he could buy only up to three cho. This 3 cho limit has been criticised much, as it destroys large farms and keeps the Japanese productivity at its already low level.

Thus we see that the land reform does not alter the existing situation. Japan remains a land of small farms. The question now is—Is it desirable to favour the formation of big farms in Japan? Voluntary merger of several small farms is allowed but one person is not allowed to have huge farms. If that happens, many owner-cultivators would be deprived of their land. For this reason it is doubtful that big farms would be favoured.

The landlords had ample time to evict their tenants, or to divide the land among their children, or to sell it to dummies to be sold to their tenants at high prices. But they could not do all this as there was no free market and as the tenants also offered resistance. In spite of all this landlords recovered their lands in many cases. To prevent this a supplementary law was introduced to the original so that even if a landlord regained his land, he had to return it.

The S.C.A.P. wanted the reform to be complete within 2 years and not 5 years as wanted by the Government,

The execution of the reform was in the hands of the Agricultural land commissions which were of three kinds: (1) Local, (2) Prefectorial, and (3) Central. The first kind functions in villages. Their membership is unsatisfactory as it still keeps the landlords influential instead of eliminating them. The members of the commissions are not paid. Apparently, the Government is afraid of incurring large expenditure. As a matter of fact it would come only to a small sum.

Certain amount of tenancy is necessary for the flexibility of the system. The conditions of rent are regulated by Agricultural and Adjustment Law. The law forbids payment of rent in kind and states that rent shall not exceed 25 per cent. of the value of crop. But it is evasive on the point of lease, which it leaves in doubt.

The scope of this law is very narrow as it includes only cultivated land. Privately owned forests and waste land are larger in area than cultivated land. In many mountainous parts, the liberation of slave-like farmers can be achieved only if Government takes over the land. Offenders against this law are to undergo imprisonment of not more than 6 months or pay a fine of not more than 500 yen.

As for the success of the reform it is unsatisfactory. Three more years are needed for its completion. But Allied pressure may be removed and a conservative cabinet may come to power. The Japanese say that consolidation of scattered plots and the purchase and sale of land take time. Then, there is the resistance of landlords against consolidation. Consolidation does take time but it is needlessly combined with the simple task of land distribution.

Many reports mention the secret deals between landlords and tenants. As long as these deals are consummated in money they do not endanger the reform. The existing inflation may wipe out indebtedness. Many landlords are badly hit by this reform,

Summing up, the result of the reform will be the disappearance of all large holdings of cultivated land and some small holdings. These will go to farmers who cultivate it at very low prices. Japanese agriculture will be based on small scale owner-cultivators. Some tenants will remain and tenancy conditions will improve. Careful vigilance of the occupation authorities will be necessary for the success of the reform. A change in the composition of land commissions is necessary. The Land Reform Law should be amended to protect the tenant's right to occupy as long as he pays the rent.

Land reform is the first and necessary step on the long road to resolve all difficulties of rural Japan. Democratic farmers' unions must be strengthened. Large-scale enterprise should be prevented. If these are carried out, Japan will become a citadel of democracy. But it will take a long time before this dream is realised.

M. MADHAVA RAO.

WORLD RICE PRODUCTION SHORT-AGE

(By George Martin)

Allocations of 8,180,900 metric tons of rice for the calendar year 1948 have been announced by the International Emergency Food Council; these allocations include earlier recommendations for the first six months of the year, under which shipments have been going forward. The total quantity declared available for export by the surplus countries is higher than was expected some months ago and lies well above the 2,210,000 tons actually shipped in 1947, but it is still about 60 per cent. lower than the tonnage of rice which moved in world trade before World War II. Meanwhile, the population in South and East Asia has increased on an average by about 10,000,000 persons a year for the past ten years. Rice is the most important food for the people of these regions, which contain more than one-half of the world's population.

These facts show clearly the extent of the unfilled need for rice in many deficit countries,

The stated import requirements of the rice-consuming areas for the current year totalled 6,110,100 tons. Thus the amount covered by the allocations falls short by nearly one-half of meeting the total minimum requirements of the claimant countries.

The largest allocations have been recommended to India with 825,000 tons; Malaya with 425,000 tons; China with 420,000 tons; Ceylon with 300,000 tons (including 29,000 tons to be shipped from Egypt in exchange for cereals), Cuba with 275,000 tons (including advance shipments from the United States in 1947) and Indonesia with 175,000 tons. In addition to the allocation of 8,180,900 tons I.E.F.C. has authorised exchanges of 146,900 tons of rice for other cereals. These exchanges are made up of 37,500 tons from Pakistan to India; 26,400 tons from Egypt to India; 48,000 tons from Egypt to Malaya; and 40,000 tons from Egypt to the United States military areas in Asia.

Allocations of rice for European countries are not included in the present recommendations. Agreement was, however, reached to extend until the end of the year the present arrangement for the shipment of limited quantities of rice to Europe, upon the assurance by exporting countries that such limited shipments would stimulate rice production and total procurement for export.

While world rice production has increased compared with last year, it is still well below the 1934-38 average of 100,500,000 tons. The greatest improvement in production took place in Burma, Siam and Egypt among the exporting countries, and in China among the importing countries. Export allocations for Burma are 1,422,000 tons or nearly one-half of the pre-war average of 3,000,000 tons and compare with actual shipments of 805,500 tons in 1947. Siam is expected to ship 600,800 tons as against 384,100 tons before World War II. French Indo-China, on the other hand, is likely to contribute only 240,000 tons, which compares with

1,461,000 tons before World War II, although in 1947 only the small quantity of 76,700 tons was shipped. Export allocations for the United States are 426,100 tons (against shipments of 416,906 tons in 1947 and 97,500 tons pre-war), and for Brazil 224,500 tons (against shipments of 167,000 tons in 1947 and 37,600 tons before World War II).

In spite of the improvement in production and exports, the world rice situation remains difficult. Not only is production still far below requirements, but currency difficulties affect the movement of the limited supplies. Many of the deficit countries find it hard to implement their allocation, however desperately needed, owing to lack of sufficient foreign exchange. Some exporting countries, on their part, are now asking payment in hard currency or, alternatively, in the form of other cereals.

Total world consumption of sugar (white sugar only) is now only about 24,700,000 metric tons a year compared with 27,700,000 tons in 1938-39 in spite of the increase in world population. As is pointed out by the International Sugar Council, the effective demand of many importing countries is limited through a general lack of purchasing power and particularly through the dollar shortage. Many countries would buy more sugar if they could do so, particularly those countries where consumption is still limited by rationing; thus in Britain the ration was reduced to the wartime level of eight ounces last year in order to save dollars. It is not possible at present to forecast developments in sugar movement for the coming months since the quantities to be shipped under the European Recovery Programme are not yet known.

World production of sugar for the current season (1947-48) will probably be only slightly below the pre-war level according to the recent I.E.F.C. report. Production in the Western Hemisphere may exceed the pre-war average by nearly 50 per cent. and there may be minor increases in Africa and the U.S.S.R. This will,

however, not offset decreases in production from pre-war levels in Europe and Asia and to a lesser extent in Australia. Western European production was most adversely affected by the drought last summer and production was lower than in 1946. In Asia, Philippines production is making a rapid recovery and should reach nearly one-half of the pre-war level this season, but production in Formosa and the Netherlands East Indies is still almost negligible.

These changes in the geographic distribution of production aggravate the dollar problem of the importing countries. Of the sugar expected to be available for export during the current consumption year, more than 75 per cent. will be from Western Hemisphere (in other words dollar) sources compared with less than 50 per cent. before World War II. Exportable supplies from non-dollar sources have declined even more steeply than production. In pre-war years, Asia and the South-West Pacific exported an average of 4.9 million tons; it is doubtful whether 1.5 million tons will be exported in 1948.

FRENCH PROGRESS REPORT

A report about the French economy, recently published by M. Jean Monnet's Planning Commissariat, states that "After initial progress France's condition is now stationary and its ultimate recovery is still in doubt."

The report makes a comparison between the projects and the achievements of the Five-year Plan during the first year, that is, up to the end of 1947. Besides tabulating essential facts, it draws conclusions about the present and future trends of French economy and analyses the obstacles to recovery.

The report mentions that the French industry is today producing up to 115 per cent. of its 1938 level. This represents a strenuous effort by an exhausted and often undernourished working population, labouring under difficult conditions with worn-out machinery, while their

hours of work have risen, on an average, from 39 to 45 per week.

The increased production has been used largely for reconstruction and re-equipment. On the other hand the total amount of goods and services available for the public rose by only 4 per cent., and by the end of 1947 was still 7 per cent. below the pre-war level; it is scarcely higher today.

This productive effort has been accompanied by an attempt to bridge the inflationary gap and to stop the spiral of prices and wages. The present Government followed up the rise in wages, by deliberately cutting the spending power of the wage-earning classes.

The Marshall aid provides a much needed opportunity to overhaul France's productive machinery.

Nevertheless, the conclusion as arrived at in the report is far from reassuring; the initial impetus of recovery has slowed down and since October production has barely risen. The object of the Monnet Plan—to increase French productive capacity—has not yet been realised. Labour productivity is still about 20 per cent lower than in 1938. The principal reason for this, as given in the report, is the worn-out and antiquated French industrial and agricultural equipment.

The difficulty lies in the financing of the task of bringing French economy up to date. The monetary problem has become acute. Last year, investments in the essential sections of industry and agriculture were 16 per cent. short of the estimate. The general trend is away from long-term investment. Uncertainty about the future encourages the hoarding of gold and precious stones. If, therefore, an adequate flow of investments is to be maintained and

directed into the right channels, the State must resign itself to financing it.

For the time being, the French Government are aiming at budgetary equilibrium by cutting expenditure rather than by raising taxation, although it is calculated that fiscal pressure in terms of national revenue in France is barely half what it is in Britain. It is feared that it may increase inflation.

The problem, the report concludes, is not insoluble. The first requirement is for a thorough reform of the fiscal system to make it more equitable and more remunerative. On the retrenchment side, it advocates international co-ordination of defence projects to relieve France of some of its crushing military burden which has become incompatible with economic recovery. Electoral pressure for the restoration of industrial and food subsidies will have to be resisted.

In the immediate future some exceptional device must be discovered for monetary stabilisation. The Treasury's exceptional resource have already been largely overspent. Prices and wages should be kept under control. The entire resources accruing to the Government from the sale of commodities provided under Marshall aid may be utilised to finance the above programme. The equipment and machinery can be largely manufactured in France and paid for in francs.

For the time being, the internal stabilisation on which everything else depends remains the dominant and still doubtful factor. Various political factors go to contribute towards the present state of affairs and hence French recovery is still uncertain.

S. SAADAT ALI.

Finance and Resource

THE PLACE OF THE HYDERABAD CO-OPERATIVE DOMINION BANK IN THE FINANCING OF HYDERABAD ECONOMY

INTRODUCTORY

THIS is one of the best, if not the best, co-operative apex banks in India—judging from the viewpoint of financial soundness (and not the scale of operations). The good points about the Bank are :—

(a) It is an apex bank of 33 years standing.

(b) The balance sheet provides for substantial “secret” Reserves : the shares of the Bank, investments of the Bank in Government Securities and premises do command a higher market value than shown in the balance sheet, and that is for the good.

(c) Further, adequate provision has been made for bad and doubtful debts and for overdue interest.

(d) The Reserves are more than double the paid-up share capital. So far as proportion is concerned, there is a resemblance on this point with the Imperial Bank of India.

(e) Investments in Government Securities amount to more than a third of the total working capital.

(f) Rates of interest charged on agricultural and house building loans are fairly low.

(g) The bank does at present three kinds of work, namely, short-term advances to District Co-operative Banks, similar advances to small traders and businessmen, and long-term advances to Government employees for house-building. In each of these lines, the business done so far has been on sound lines.

It is not as though the Bank is quite free from drawbacks. The following may be mentioned :—

(i) The biggest defect is the very small size of crop loans. Including advances against agricultural produce (which do not always benefit the primary producer),

the outstandings amount to about Rs. 27 lakhs. This is not even a fringe of the crop finance requirements of the Dominions that should be provided by the Co-operative Movement. But, it must be borne in mind that the responsibility for this Lilliputian state of affairs lies with the Co-operative Department and not with the Dominion Banks : propaganda and organisation are the duties of the Co-operative Department and the Hyderabad Central Co-operative Union and its Branches. The work done by these two Agencies has been much too slow and slipshod, and unless radical changes are made in the methods of work and personnel of these two agencies, tangible improvement cannot be expected.

(ii) Not all the issued capital has been subscribed, and it is against the fundamental principle of co-operation that the authorities of the Dominion Bank have connived at bank shares selling at a premium. “Open door” is the most primary principle of Co-operation, and premium selling of shares is a characteristic of the commercial world. In view of the very good dividend of 6 per cent. which the Bank is distributing, if only shares are offered at par to the investing public, it should not at all be difficult for the Bank to secure within a few months one crore worth of shares (that is, four times the present authorised capital). There is nothing to prevent the Dominion Bank from increasing its authorised capital. Nor can there be any fear that just on account of increasing the paid-up share capital, there would come about a reduction in the dividend rates.

(iii) In some quarters, 6 per cent. dividend has been objected to. But bearing in mind, the welfare of the small investor, 6 per cent. although not quite Puritan, cannot be styled as sinful—specially in view of the fact that this percentage or even a lower one should be able to attract good share capital.

SHORT-TERM AGRICULTURAL FINANCING

We have about 25 million acres of cultivated land. At an average rate of Rs. 10 per acre as working expenses, Hyderabad agriculture requires Rs. 25 crores of crop financing every year. Granting that 5 crores are met by the cultivators themselves, 15 crores by village money-lenders, and $2\frac{1}{2}$ crores by primary and district co-operative banks, the balance of $2\frac{1}{2}$ crores would have to be met by the Co-operative Apex Bank of Hyderabad. The balance sheet shows about 25 lakhs outstanding in the shape of short-term agricultural advances. This means that the dimensions of this kind of work would have to be increased at least 10 times in order to reach a satisfactory level : otherwise, the Dominion Bank would continue to be an "Apex" institution by courtesy.

AGRICULTURAL DEBT REDEMPTION

Mr. Bharucha estimated the indebtedness of the Hyderabad agriculturists at about Rs. 64 crores. A later estimate puts it as Rs. 100 crores. It is not possible to say how far these figures are reliable, but if any thing, these are under-estimates. Assuming that Rs. 40 crores comprise small debts and seasonal debts, the balance of Rs. 60 crores would have to be rationalised before Hyderabad agriculture could be expected to show any satisfactory improvement. We may expect Rs. 40 crores out of the balance of Rs. 60 crores to be financed by indigenous money lenders on reasonable terms with regard to instalments and rates of interest, provided at least Rs. 20 crores are advanced by the Co-operative Movement. In this case, practically no funds can be expected from primary and district banks, and the least that the Co-operative Dominion Bank should do is to launch a programme of debt redemption spreading over 10 years at the rate of Rs. 2 crores advances for this purpose per annum.

LONG-TERM ADVANCES FOR POSITIVE AGRICULTURAL IMPROVEMENT

Debt redemption would at best be a negative provision : it would leave the slate clean. The least that would be required for adequately

capitalising Hyderabad agriculture should be Rs. 50 per acre on the average. With 25 million acres under the plough, we would require for an adequate improvement of agricultural irrigation, stocks, etc., Rs. 125 crores. Rs. 75 crores may be expected to be provided by indigenous money-lenders. The balance of Rs. 50 crores would have to be found by the Co-operative Dominion Bank, spreading over 10 years at the rate of Rs. 5 crores per annum.

HOUSE-BUILDING ADVANCES

There is no reason why house-building advances should be limited to Government servants only. The population of Hyderabad city and suburbs according to the 1941 census, is 7.4 lakhs. At 5 members per family, we would require 1.5 lakhs of houses. At an average cost of Rs. 5,000 per house, the finance required would be to the tune of Rs. 75 crores. If we assume that there are already good houses worth about Rs. 50 crores, and that private enterprise can be expected to build to the value of Rs. 20 crores, the middle and poor classes would have to be found funds to the order of Rs. 5 crores. It would be highly desirable to entrust advancing work so far as this five crores is concerned to any one institution in Hyderabad City. The Co-operative Dominion Bank would be the most suited on account of its general soundness and experience in the line for nearly a decade. It is unfortunate that certain measures are being taken in order to set up rival institutions for the same purpose without allocating either areas or dimensions of operations. For example, the Hyderabad State Insurance Fund proposes to lend Rs. 20 lakhs to the Hyderabad Officers' Co-operative Association for house-building purposes. The Hyderabad Co-operative Insurance Society has also been advancing for the same purpose. Once again, spreading the operations to about 10 years, the Dominion Bank would have to find at least Rs. 50 lakhs per annum for this purpose. In the balance sheet, we find a miserable Rs. 27 lakhs outstanding, at the end of almost a decade of operations of this kind. In these figures

house-building plans are limited for the present only to Hyderabad city and suburbs.

ADVANCES FOR THE SMALL TRADERS AND BUSINESSMEN

The external trade of Hyderabad is nowadays worth about Rs. 70 crores. Internal trade of Hyderabad must be at least four times the size of external trade: it may be much more. Thus, internal trade must be worth at least Rs. 280 crores per annum. Approximately Rs. 180 crores may be taken off as big business, beyond the purview of the Co-operative movement. Out of the balance of Rs. 100 crores, private enterprise (upper and lower middle classes and the poorer classes) may be expected to find a maximum of Rs. 95 crores. There is a balance of Rs. 5 crores. Even presuming that other co-operative institutions find Rs. 4 crores, the balance of Rs. 1 crore would have to be provided by the Hyderabad Co-operative Dominion Bank every year. As a matter of fact, the balance sheet shows operations of this kind limited to about Rs. 16 lakhs.

A perusal of publications like "Co-operation at Home and Abroad" by C. R. Fay, reveals very clearly that the idea prevalent in many quarters here that the Co-operative movement has got to do mainly or mostly with the peasants, is a misnomer. We do have very successful urban co-operative institutions in numerous countries like Britain, Switzerland, Germany, the U.S.A. and the U.S.S.R.

For the present and some time to come, the Co-operative movement in Hyderabad cannot be expected to shoulder even a small segment of industrial finance. This phase of the Co-operative movement could be thought of when the country reached a much higher level of enlightenment and economic activity.

SUMMARY

The figures given above show that in the course of 10 years, the Dominion Bank would have to find

for Debt redemption	Rs. 20	crores
for Land improvement, etc.,	Rs. 50	"
and for house-building (limited to Hyderabad City and suburbs)	Rs. 5	"
Total	Rs. 75	crores

Of course, it is true that a considerable portion of this amount would come back to the money market, but the absorption thereof should be expected on account of acceleration in scales of planning as years advance, and specially along the avenue of industrial investment. So far as short-term finance is concerned, the bank would have to find at least Rs. 1 crore per year for urban banking, and Rs. 2½ crores per year for crop financing, thus, making a total of Rs. 3½ crores per year.

Thus, the Co-operative Dominion Bank should have a working capital of at least Rs. 11 crores to begin with—7.5 crores for long-term operations and 3.5 crores for short-term advances. The present working capital is about Rs. 1.5 crores. Of course, there would have to be four different Departments of the Bank dealing respectively with Agricultural short-term loans Land Mortgage credit, house-building advances and commercial banking.

WHERE TO GET THE FUNDS FROM?

H.E.H. the Nizam's Government have been following a very liberal policy towards the Co-operative Movement. There is no reason for Government to cry halt now: progress made so far has been only nominal, and there are very strong reasons for Government to come forward with a more liberal policy. The example set by the Madras Government in guaranteeing principal and interest on debentures issued by the Co-operative Central Land Mortgage Bank of Madras, deserves emulation in Hyderabad. With such a guarantee, the Dominion Bank can for certain raise Rs. 5 crores per annum through debentures, Rs. 3 crores through deposits by public, Rs. 1 crore through deposits by semi-

Governmental institutions like the State Insurance Fund, Postal Savings Bank Funds, etc., and Rs. 1 crore deposit by the Government itself. This would ensure Rs. 10 crores to the Dominion Bank over and above the present working capital of about Rs. 1.5 crores.

To the routine administrators, these figures might look prodigious. But that is no argument for not accepting satisfactory standards of national finance, and finding its proper place therein for the Hyderabad Co-operative Dominion Bank. Remembering that long-term investment would have to be spread over ten years, and further in view of the fact that foreign capital (from across the seas) would play a very minor part in constructional work dealt with above, the programme suggested herein should be considered as quite practical. Corresponding and consequential limitations would have to be made in the functions of foreign banks like the Imperial Bank of India and the Central Bank of India in Hyderabad, monopolistic institutions like the Hyderabad State Bank, and sister co-operative institutions like the Hyderabad Co-operative Insurance Society and the Hyderabad Co-operative Development Society. The whole question dealt with here is but a section of a much wider issue, and I think it deserves further examination. Just, at present, the Bank is like a virile 88-year old baby having had no proper facilities and inspiration for developing its faculties. A radical change in outlook is urgently called for.

S. KESAVA IYENGAR.

RECOMMENDATIONS TO MEET ECONOMIC SITUATION IN INDIA

EXPERTS REPORT TO GOVERNMENT

Recommendations by six groups whose opinions were asked by the Government of India on measures to meet the economic situation, were revealed recently. The groups comprise official and unofficial economists, industrialists, labour leaders and bankers with

individual expressions of opinion by Prof. Ranga and Mr. J. P. Narsain.

The reports achieve the greatest measure of agreement in recommendations concerning methods of securing increased production, controls over essential articles, retarding of prohibition schemes, liberalization of import policy, absorption of surplus purchasing power and economy in official expenditure.

The industrialist group suggests the formation of a small Cabinet committee under the Prime Minister to co-ordinate Government economic policy.

The following are the principal recommendations submitted by the industrialists:—

(1) Immediate abolition of the capital gains tax which has proved most detrimental to fresh investment. This will have a psychologically reassuring effect.

(2) Attempts should be made as far as possible to balance the Central and Provincial Budgets. Unusual items of expenditure, such as those on the rehabilitation of refugees and the Kashmir operations, should not be met out of revenue expenditure, but from borrowings.

(a) In order to augment the Central revenues, a purchase tax on luxuries and a special graduated surcharge on railway, shipping and air fares should be imposed.

(b) Considerable economy in Government expenditure is possible. These economies should be effected soon.

(c) Machinery of tax assessment and collection should be improved, and arrears realised.

(d) While long-term projects of a productive character need not be shelved, it is necessary in the present emergency that expenditure on other new projects should be curtailed to the minimum possible.

(e) All new expenditure on special services should be avoided in the immediate future.

(f) Irrespective of the merits of the prohibition policy, its implementation should be delayed or suspended to enable Provincial Governments to restore budgetary equilibrium.

WAGE CEILING

(8) The Government should definitely put a ceiling to wages, prices, and profits at the present levels. This does not mean that wages, prices and profits should be stabilized at these levels; in fact, the intention should be to bring them down by gradual stages, and in the meantime, not to permit any increases. Earnings of industrial labour, comprising wages and dearness allowance have reached a level which must be considered reasonable. With the fixation of prices and wages, the level of profits would be automatically controlled. But what affects the economy of the country, and particularly the inflationary situation is the distribution of profits. Industrialists undertake voluntarily not to distribute dividends above the average of the last three years. In the case of companies which have not yet paid dividends or have paid dividends lower than 6 per cent. they undertake that dividends distributed shall be limited to 6 per cent. If the Government is not satisfied with the implementation of this undertaking by industry they should take effective action to enforce the proposed limitations.

(4) Imposition of a ceiling to prices involves control of essential commodities. In view of the grave emergency, industrialists agree that control of prices and distribution of essential commodities which constitute the necessities of life have become unavoidable.

(5) Production, both agricultural and industrial, should be increased. For increasing industrial production, the following measures are necessary :—

(a) Uniform labour legislation throughout the country.

(b) Improvement of transport.

(c) Rationalisation of labour. The over-all employment of labour is disproportionately large and the attitude of labour is to resist any attempt at rationalization; Government intervention is therefore necessary.

(d) Introduction of a third shift, wherever possible and particularly in the cotton textile industry and regular supplies of coal and essential raw materials to achieve this.

DEPRECIATION ALLOWANCE

(6) Special depreciation allowances should be granted to meet the higher replacement costs of plant and machinery, both for expansion of existing industries and for creation of new ones. In the case of new industries, relief from income-tax should be granted for the first five years.

(7) The Government's industrial policy should be re-enunciated in order to restore public confidence; and in particular the declaration that the Government would review the position in certain basic industries at the end of 10 years, with a view to consider the possibility of further nationalization, should be deleted.

(8) A vigorous savings campaign should be organized on a countrywide basis to attract surplus money from farmers and factory workers. National Savings Certificates should be made available in suitable denominations at convenient centres throughout the country and through a greater number of agencies. The certificates should be printed in different regional languages and should provide for easy and ready encashment. Industrial workers should be encouraged to invest their annual bonuses in some form of savings.

(9) There is no need to raise the bank rate or to float new Government loans at higher rates of interest. Such action would only further disrupt the investment market.

(10) Treasury Bills of maturities varying from three to 12 months and in lower denomination should be introduced.

RESTRICTED CREDIT

(11) The Reserve Bank should be empowered to restrict credit in any locality where such restriction is necessary to keep prices under control.

(12) The Government should make an unequivocal announcement that it has no intention to devalue currency, freeze bank deposits, or demonetize 100-rupee notes.

(13) Imports of commodities which really enter into the consumption of the masses (for instance foodgrains, kerosene and matches) should be greatly liberalized. Similarly, imports of capital goods, steel, scarce minerals and essential raw materials of industry should also be liberalized.

(14) The statistical organization of the Government should be strengthened.

(15) A small committee of the Cabinet presided over by the Prime Minister should be set up, to co-ordinate Government policy in economic matters. This committee should be assisted by a standing advisory committee or committees representative of economists, business men and labour.

(16) The Government should set up a public relations department for economic affairs. The functions of this department should be to keep the public informed of Government activities and the difficulties that it encounters and to keep the Government in touch with public opinion.

ECONOMISTS' VIEWS

The economists in their recommendation, suggest that remedial action would require action both by the Government of India and the Provinces. As regards action by the Government of India they suggest that a supplementary budget should be introduced in October to give effect to anti-inflationary measures. Grants to the Provinces out of the Central Budgets should be discontinued, except where it could be demonstrated that they could add to the production of essential commodities

in a short period. Refund of Excess Profit Tax deposits should be postponed. All capital expenditure should be financed by genuine borrowing. Stringent measures should be devised to prevent tax evasion. The rate of Business Tax should be increased to 25 per cent. Steeply graduated death duties should be introduced.

On the subject of borrowing, the economists suggest that treasury bills of six months a year's duration at slightly higher rates of interest should be introduced. The attractiveness of small savings should be augmented. Terminable Government loans which mature should not be paid immediately if under the terms of the loan repayment could be postponed.

Modification of controls has been suggested on the present system of capital issues for industrial purposes, continuation of control for the allocation of essential materials and preference to imports of essential consumer goods. Export controls should be exercised with a few to enabling the country to implement any bilateral trade agreements which have been entered into for securing imports of essential supplies. Dividends declared by companies should be limited to the average of the last two years' dividends; in the case of new companies they should not exceed 6 per cent. Personal incomes such as wages, salaries and dividends, should be frozen. Rebate from taxation should be granted for production above standard output as an incentive to industrial expansion.

As common action by the Government of India, the Provincial Governments, Unions and States, the economists suggest vigorous retrenchment in expenditure and in war-time, and post-war, growth of staff departments, limitation of expenditure on social, educational and welfare activities and fixation of ceiling prices, and distribution of cotton and cloth should be elaborated, if necessary on the lines of State monopoly. The Government should

lay down for each major industry: a programme of production and the system of production bonuses should be introduced as far as practicable. Present efforts to increase agricultural production should be further intensified.

LABOUR LEADERS' OPINION

Labour leaders have made recommendations individually.

Miss Maniben Kara advocates control on essential commodities, both in distribution and production; import of consumer goods in sufficient quantity to remove shortages and check monopolist tendencies of producer and effective steps to seize black market money.

Mrs. Renuka Ray wants rigorous suppression of bribery and corruption, a system of priorities in the distribution of essential commodities in short supply and attraction of surplus in Government loans or essential industrial undertakings.

Mr. Khandubhai Desai suggests freezing of some portion of surplus credit and surplus currency, bringing down prices of essential commodities to 150 per cent. above the pre-war level, prohibition of specialization in essential commodities, opening of fair price shops for foodstuffs by the Government, freeing of one-third of the deposits or investments in banks or Government securities by firms and utilization of sterling releases by the Government alone.

Mr. Dinker Desai suggests control over essential commodities, lowering of prices and increase in land revenue.

BANKERS' SUGGESTIONS

Among the recommendations of the bankers are an all-out effort to increase production, mopping up of surplus purchasing power, restriction of grant of credits by banks and increase in the rate of interest. The bankers appreciate the administrative difficulties of reimposing controls and are sceptical of the ability of the Government to undertake large-scale public enterprises. They suggest that the Government should take a short-term point of view and adhere to conservative economic policies.

GOVT. OF INDIA ECONOMISTS' RECOMMENDATIONS

Government of India economists emphasize immediate and long-term objectives. In the former they suggest encouragement of investment in Government and industrial securities and increase of production. In the long-term objectives they suggest promotion of an expansionist economy and full utilization of the production potential of the country.

Among remedial measures, they suggest postponement of expenditure on purely reformist and welfare schemes, retention of the present level of taxation and finding out of new sources of taxation, introduction of compulsory savings schemes, stimulation of foreign private investment, control of prices of essential commodities and maximum utilization of foreign exchange resources for import of consumer goods, if capital goods are not fully available.

Dr. P. Thomas, Economic Adviser to the Ministry of Finance, recommends mopping up of surplus money, retrenchment in administration, freezing of wages and salaries, intensification of the savings movement, slowing down of capital expenditure and expenditure on welfare schemes, liberalization of import policy, prohibition of speculation in essential commodities and rationing.

Prof. N. G. Ranga says that solution of the present problem of inflation is not deflation but fixing an economic price for foodgrains an economic subsistence wage for agricultural workers and effective control of bank credit, note circulation, profits and savings.

Mr. Jai Prakash Narain, the Socialist leader, emphasizes an all-out effort to increase production. He suggests that both import and export trade should be made a State monopoly. The State should try to attract foreign capital and even foreign entrepreneurs in order to accelerate industrialization on terms that may not be against national interests and greater attention to agriculture.

On the monetary side, Mr. Narain desires raising of the bank rate, control of bank credit,

imposition of capital levy to immobilize essential capital resources and purchase tax on luxuries, securing black market money for State investment and promotion of schemes for compulsory savings.

INDIA'S STERLING BALANCES

TERMS OF INDIAN AGREEMENT

FINANCE MINISTER'S REVIEW

The Finance Minister, Mr. R.K. Shanmukham* Chetti, at a Press Conference recently announced details of the agreement on sterling balances. The main features of the agreement are:—

It has been agreed with the U. K. Government that a sum of 100 million pounds (Rs. 183.8 crores) should be paid in full and final settlement for all the military stores and installations located in India, which were the property of the U. K. Government. The book value of these assets was of the order of 375 million pounds (Rs. 500 crores).

In regard to pensions payable in U. K. the annual liability is of the order of six and quarter millions or Rs. 8 crores. It has been decided to pay the U. K. Government 147½ millions (Rs. 197 crores) and purchase from them a tapering annuity, starting with £. 6,300,000 this year and gradually falling to nothing in 60 years.

In respect of the liability of the Provinces the payment on this account of 20½ millions (Rs. 27 crores) has been agreed to.

On the question of the utilisation of the remaining sterling balances, an agreement has been arrived at for a period of three years. During this period U. K. will release a sum of 80 million pounds in addition to which India will carry forward the unspent balance in Account No. One of 80 million out of the previous releases.

The total available foreign exchange for these three years, over and above the current earnings by exports, will be 160 million pounds or Rs. 218 crores.

On the question of dollar requirements, it has been agreed that for the first year the U. K.

will make available fifteen million pounds for conversion in any currency. Besides, under recent agreements made by the U. K. several countries, the more important of which from India's point of view are Switzerland and Sweden, have become soft currency areas.

Mr. Shanmukham Chetti emphasised that during the negotiations the Chancellor of the Exchequer, Sir Stafford Cripps, made no suggestion for scaling down the balances. "It can now be claimed that the ghost of scaling down has been finally laid," said Mr. Chetti.

The total remaining sterling balances after the various adjustments are carried out are estimated at eight hundred million sterling. An interest of 0.78 per cent. will accrue on the blocked balances.

INDIA'S BUYING CAPACITY

Answering questions, the Finance Minister explained that the sum of £. 160 million (Rs. 218 crores) to be released from the sterling balances during the next three years did not by any means represent all the foreign exchange resources of India. Current Indian exports and other gains were of the order of Rs. 500 crores every year. Computed thus, India's buying capacity would be more than Rs. 1,700 crores in the next three years. If in the coming years Indian exports were more, then her exchange resources would also increase.

Asked how much of the sterling released during the past one year—covering the two six-months agreements—had actually been utilised, Mr. T. T. Krishnamachari, a member of the sterling delegation, explained that out of the £. 88 million made available for release, there had resulted at the end of the period a surplus of £. 80 million. This meant that only £. 8 million out of the sterling balances available for release had been utilised.

Mr. Shanmukham Chetti, answering another question on the same point, said that import control in the past had been exercised only to restrict imports of consumer goods in the in-

*The present Finance Minister is Dr. John Mathai.

terests of India's economy. There had never been any control in regard to import of capital goods and machinery.

Asked how he would reconcile the fact that while on the one hand there was a general clamour in the country for more releases of sterling, on the other hand the balances made available for use in the past had not been utilised fully, the Finance Minister stated: "It all means that our industrialists must go ahead with their plans." He was satisfied that India would get help from the British in the matter of imports of machinery.

The Government were going to strengthen their trade organisation in Britain so that they could be in better touch with all the manufacturers and businessmen and enable the country to obtain machinery and goods at reasonable prices and during a reasonable period of time.

The Finance Minister claimed that the Government had never refused exchange resources for the import of capital goods and machinery either from the sterling or dollar areas.

Asked whether it was true that prices of capital goods were higher in Britain than in the dollar countries, the Finance Minister said it was not correct. In any case, if capital goods were available at lower prices in the dollar areas his department would not refuse dollar exchange for the purpose. Further, if it could be shown that British manufacturers of capital goods were charging higher prices from India than from other countries, the Government would take up the matter with the British Board of Trade.

U.S. CAPITAL FOR INDIA

The American investment stake in India is extremely small. Last year's census of American owned assets in foreign countries shows that the United States, in 1943, owned altogether \$18.5 billion (Rs. 4,455 crores) of investments abroad. Of this tremendous sum, only \$756 million (Rs. 249 crores) or 5.6 per cent. were investments in all Asian countries. And the share of India,

including what is now Pakistan, was no more than \$84.8 million (Rs. 28 crores), or just about two-thirds of one per cent. of the sum total.

Of the American property in India, \$65.8 million (Rs. 21½ crores) represent interests in "wholly or partly American-controlled" enterprises; \$8.5 million (nearly Rs. 3 crores) are interests in estates and trust; \$3.5 million (Rs. 115 lakhs) in securities; \$1.7 million (Rs. 56 lakhs) in land and buildings; and the rest in deposits and miscellaneous holdings.

But it is well to remember that of a large part of the "Wholly or partly American-controlled" enterprises, 24 million (Rs. 792 lakhs), are in non-profit organizations, mostly of a religious and educational character. Actual business investments consist of a mere \$10.9 million (Rs. 326 lakhs) in various manufacturing industries; \$20.4 million (Rs. 678 lakhs) in petroleum concerns; \$1.8 million (Rs. 43 lakhs) in public utilities and transportation; \$7 million (Rs. 232 lakhs) in trade organizations; and \$1.6 million (Rs. 53 lakhs) in financial establishments.

Later figures are not yet available but it seems that, while American investments in India may now well be a little higher, on the whole, they represent an even lower percentage of the entire American stake abroad than the two-thirds of one per cent. to which they amounted in 1943; for investments in Canada, Latin America and Europe have grown to a much more substantial extent.

India, therefore, is practically virgin ground for "direct" American investments and will have to compete for attention with the ever capital and expansion-hungry American industrial and trade interests elsewhere.

From GUNTHER STEIN'S "U.S. Capital for India"

REVENUE OF BOMBAY MUNICIPALITIES

GOVERNMENT ORDERS

With a view to strengthening the financial position of the municipalities in the province, the Government of Bombay have, in addition

to the offer of financial aid, suggested various measures which, if fully implemented, will go a long way towards meeting the difficulties of the municipalities.

As a result of the orders issued by Government, all municipalities, except the municipalities of Ahmedabad, Surat, Poona city, Sholapur and Hubli, will also be paid grants-in-aid equal to 50 per cent. of the expenditure incurred by them on the payment of dearness allowance to their staffs.

Similarly, all municipalities, including the municipalities of Ahmedabad, Surat, Poona City, Sholapur and Hubli, will also be paid grants equal to 75 per cent. of the non-agricultural assessment and 15 per cent. of the land revenue, excluding non-agricultural assessment realised during the previous year in their respective areas.

These grants will be paid for one year from April 1, 1948, to March 31, 1949, and will be continued only if the municipalities increase their revenue by an equal amount by additional taxation.

Government consider that municipalities can increase their revenue in several ways. It has been noticed that, when assessment lists are revised from time to time, properties are under-assessed with the result that substantial income from this source is lost to the municipalities. In order to assist them in the task of proper valuation and assessment, Government have directed the Commissioners to depute to each district an officer of the rank of Mamlatdar, with no local interest, for this work. If the decisions of these Special Officers are not fully carried out, Government will consider the question of withholding the voluntary grants payable by them.

Government have suggested that municipalities should levy a consolidated tax on buildings and lands of not less than 20 per cent. of their annual letting value or 1.5 per cent. of their capital value. This consolidated tax will take the place of the House Tax, General Sanitary cess, General Water rate, Lighting tax and Educational cess.

Municipalities have been instructed to revise the rates of their special services so as to cover their full cost. They have also been asked to levy Octroi or Terminal tax "ad valorem," to levy a Cycle tax and examine the possibility of levying a Profession tax as in Madras.

PAKISTAN STERLING SETTLEMENT

A sum of £. 10 million will be released to the Pakistan Government during the next twelve months as a result of the agreement recently concluded in London on the issue of sterling balances. Out of this amount, £. 5 million will be available forthwith and the balance, when required for supplies for refugee rehabilitation. Out of this amount thus available, a sum of not more than £. 5 million is convertible into hard currencies.

The agreement also provides for a tentative release of £. 5 million for each of the two subsequent years to enable Pakistan to prepare its development plans in advance, but this does not prejudice the Dominion Government from re-opening the case with the H. M. Government at the termination of this first one year agreement for any extra funds that might be required for refugee relief.

Total sterling release to Pakistan up-to-date is £. 45 million including the working balance of £. 10 million which has now been increased to £. 12 million. For meeting the sterling pensionary obligations of Pakistan and its provinces, it has been agreed that Pakistan should pay the United Kingdom a capital sum of just over £. 8 million. In consideration of this payment, which should be made not later than August 15 this year, the U. K. Government will pay Pakistan an annual sum ranging from £. 375,000 in September this year to £. 7,500 at the end of 50 years.

In the exchange of letters that passed between the Chancellor of the Exchequer and the Pakistan Finance Minister, the former agreed that Pakistan should be helped by the United Kingdom in the task of developing its economy and promised to do what he can in this task.

The Pakistan Press concedes that Britain showed a considerable degree of understanding of the special difficulties and requirements of Pakistan, particularly in regard to re-settlement and rehabilitation of refugees. But, so far, Pakistan has not utilised the last release of £. 20 million nor the £. 15 million which accrued from its own earnings. The "Dawn," writing on the subject urges the Government not to hoard the balances released so far like a miser, but adopt a bold major policy in regard to imports. "What should now be considered," adds the paper "is the complete abolition of controls on the import of consumers' goods from the sterling areas and, subject to the limitation of categories, from the dollar and other hard currency areas also." The journal further suggests that in view of the fact that indigenous capital is shy and not coming forward according to expectations, the Government itself should undertake a number of State enterprises giving the public shares up to 49 per cent. Selected foreign investors should also be given permission and the facilities they require for starting industries in Pakistan, it observes. It is understood that the Government is giving serious consideration to this question.

The total available spendable sterling resources of Pakistan during the period ending June, 30, 1949, will be in excess of £. 45 million and it is therefore also believed that Pakistan would embark on capital projects forthwith.

CAPITAL INVESTMENT IN AMERICA

Recently Emil Schram, president of the New York Stock Exchange, told the Senate Finance Committee that over the past two years several of America's largest corporations had been forced to withdraw from the market issues of new securities representing an aggregate of \$170,000,000, for lack of public demand. For one reason or another American investors were unwilling or unable to provide the capital for new equipment and plant expansion for the industries in question. This gives point to a case known in which a wealthy entrepreneur

had been invited to invest \$80,000,000, in a newsprint paper mill. The prospective investor looked into the matter and this was the result: "For an investment of around \$80,000,000, he and his associates could build a newsprint mill that would produce around 100,000 tons a year. At current prices that would give him gross sales of roughly \$9,000,000.....On the \$9,000,000 worth of sales there would be a gross profit, before taxes, of around \$2,500,000. After taxes he would have available for dividends \$1,500,000 net profit. Out of his \$1,500,000 in dividends, the Government gets another \$1,270,000 in income taxes—since the promoter and his prospective partners would be in the 85 per cent. tax bracket. So that, in the first year of operation, they have \$280,000 net after taxes; and the Government have in taxes \$2,270,000—\$1,000,000 from corporate taxes and \$1,270,000 from income taxes..... The owners have taken all the risks. The Government has taken ten times the profit of the owners, with no risk, no responsibility." It may be that there is a lesson in this for India—not merely for the Government of India, but for all the others who think that the investor's bread is buttered on both sides.

MORE SPENT AND LESS SAVED

BRITAIN'S NATIONAL INCOME DURING THE PAST YEAR

The British people spent more on consumer goods and services in 1947 than in any previous year—£7,421,000,000, compared with £6,789,000,000 in 1946—and they saved less than in any year since 1940—£445,000,000 against £717,000,000 in 1946. The national income of the United Kingdom was about £8,770,000,000 in 1947, or some £870,000,000 more than in 1946.

These estimates are given in the annual White Paper on national income and expenditure. The total of personal income, including interest on the National Debt and social security benefits, was £9,158,000,000. Taxes on personal income

were very little more in 1947 than in 1946. People saved less because their incomes, after tax, increased less than their consumption.

The changes in personal consumption since 1938 and between 1946 and 1947 are shown by index numbers in the following table.

PERSONAL CONSUMPTION

1938 equals 100: percentages, revalued at 1938 prices.

	1946	1947
Food	96	102
Alcoholic beverages	96	95
Tobacco	138	117
Rent, rates, and water charges	104	106
Fuel and light	111	117
Durable household goods	68	77
Other household goods	80	81
Clothing	74	84
Books, newspapers and magazines	189	155
Private motoring	56	59
Travel	143	148
Communication services	145	145
Entertainments	168	155
Other services	94	99
Other goods	86	95
Total personal expenditure	98	102

After discounting the effect of higher prices since 1938, it is clear that consumption of necessities in 1947 was still well below the pre-war level. It was mainly in the field of semi-luxuries, freely available, that consumption was appreciably higher than in 1938. These, however, are comparisons of the total consumption of a changing population, not of consumption per head. Full allowance cannot be made for changes in quality or loss of satisfaction from shortages of goods that consumers would have preferred to buy. The figures provide only a rough measure of changes in "standard of living." Between 1946 and 1947 the improvement was slight. The increase in money spent on consumption went almost entirely towards paying higher prices.

The following table shows the distribution of private income by ranges of income in 1938 and

1946 and the effect of the heavily increased taxes:—

Private income at disposal of individuals in different ranges	No. INCOMES 000's OMITTED		PROPORTION OF INCOME RETAINED AFTER TAX AT	
	1938	1946	1938 1939 rates	1946 rates
Under £250—	..	..	99.8	98.9
£250—£500	2,000	6,600	97.7	92.8
£500—£1,000	670	1,740	91.8	79.9
£1,000—£2,000	244	495	86.8	69.6
£2,000—£10,000	98	157	71.7	58.6
£10,000 and over	8	8	45.9	28.6

The share of the different types of income in the total national income is shown for 1938, 1946 and 1947 in the following table:—

	(IN MILLIONS OF POUNDS)		
	1938	1946	1947
1. Rent of land and buildings	380	398	400
2. Interest and profits, including farming profits and professional earnings	1,404	2,465	2,785
3. Salaries	1,110	1,680	1,720
4. Wages	1,735	3,095	3,530
5. Pay and allowances (in cash and kind) of serving members of the armed forces.. .. .	78	512	385
6. National income	4,707	8,100	8,770

THE RISE IN PRICES

The changes in prices of consumers' goods and services since 1988 are given as follows :—

PERCENTAGE INCREASE ON 1938

Food	58	Durable household goods : furniture and furnishings ..	181
Alcoholic beverages:		Hardware ..	100
Beer	154	Other household goods; Matches :..	50
Other	141		
Tobacco :		Soap	37
Cigarettes ..	227	Other	78
Other	271	Books	45
Rent, rates, water ..	8		
Fuel and light :		Newspapers ..	10
Coal	66	Magazines ..	20
Electricity (Decrease) ---	18	Travel	..
Gas	45	Railway	35
Other	82	Other	28
Clothing	..	Postal services ..	42
Footwear	75		
Men's and boy's wear	94	Telephone and telegraph ..	25
Women's, girls' and infant's wear ..	92	Entertainments ..	76
Private Motoring ..	79	Other services ..	49
		Other goods ..	121

E.R.P. LOANS FOR BRITAIN

AGREEMENT ON TERMS

Repayment Conditions

Great Britain has reached agreement with the Economic Co-operation Administration on the terms under which she will accept Marshall plan loans.

So far Britain has been allocated a total of \$. 185 m. (£. 46,250,000) in loans under the Marshall plan but has not touched any of it. That agreement has now been reached on the terms of such loans means that the way will be open to negotiate lines of credit within this limit for specific reconstruction projects in the United Kingdom.

For these loans Britain will be charged an interest rate of approximately 2½ per cent. This is less than the 8 per cent. imposed on the Icelandic Government by the E.C.A. recently but more than the rate of less than 2 per cent. charged on Britain's original \$. 8,750 m. (£. 987,500,000) post-war United States credit. The loans will also carry an "escape clause"

which will enable Britain, temporarily, to suspend repayment in years when her balance of payments problem is too burdensome.

E.C.A. officials, disclosing that agreement had been reached expressed satisfaction at the development, which is expected to encourage other European nations taking part in the recovery programme to conclude their loan arrangements with the E.C.A. quickly. British officials said the American experts had fully understood their problems.

Hitherto British officials have been hesitant in accepting loans for fear of increasing the burden of future dollar repayments. They now feel that, apart from the increased rate of interest, the E.C.A. loans will be on terms almost as favourable as the original post-war credit. In addition to the escape clause, Britain will be allowed considerably longer than the 10 years in which Iceland has to repay her loan.

CONTROLLING INFLATION IN THE U.S.

PRESIDENT TRUMAN'S EIGHT POINT PLAN

President Truman's special plea to the U. S. Congress to apply an effective check on inflation is of great interest not merely to the Americans but to almost all democratic countries in the world. The steeply rising prices in the U.S. have been of serious concern to a great part of the world, except perhaps to Russia and its satellites. The U.S. being the largest supplier of a variety of goods to a large number of countries, the rise in American prices is bound to have and has in fact been having a disturbing influence on the economy of these importing countries. A striking instance is provided by the U.K. More than half of its difficulty in balancing its foreign trade account is due to the rising prices in the U.S., as this is continuously turning the terms of trade against the U.K. and thereby necessitating greater and greater exports from that country. In short, Britain is being forced to devote an

ever-increasing volume of its productive efforts in order to import its bare necessities from the U.S. Wherever possible, Britain is, of course, shifting the effect of the high cost of the U.S. goods on its economy to those countries which import from it. Inasmuch as India is a large importer of British goods, it too has thus indirectly to bear the burden of inflation in the U.S., besides directly importing inflation to the extent it buys from the United States. President Truman's plea for controlling inflation will, therefore, have the support and sympathy of not only all thinking Americans but also of those countries which participate directly or indirectly in U. S. foreign trade.

There is also another reason why many outside the U.S. have been watching the inflationary spiral in the U.S. with a certain amount of anxiety. And that is the aftermath of the inflationary boom, namely, depression, the consequences of which to the outside world will be even more serious. It is needless to add that a depression in the U.S. would cut the ground from under the feet of free nations of the world; indeed, it would, as the American President rightly stressed, "prevent recovery throughout the world which is essential to lasting peace." If, therefore, the U.S. fails to avert a collapse in its economy by not taking suitable measures in good time to control prices, it will have to blame itself for the tragedy that will surely overtake the world as a whole.

President Truman was by no means exaggerating when he asserted: "World peace depends upon the strength of our economy. The Communists, both here and abroad, are counting on our present prosperity turning into a depression. They do not believe that we can, or will, put the brakes on high prices. They are counting on economic collapse in this country. If some in the U.S. Congress do not recognise this simple point merely because it does not suit their party politics, they will be ill-serving not only their fellow citizens but humanity as a whole."

E.P.T. TO BE REIMPOSED

At a joint session of the Senate and the House of Representatives, President Truman presented an eight-point plan to control inflation. He proposed:

1. That an excess profits tax be re-established to provide a treasury surplus and curb inflation.
2. That consumer credit controls be restored to hold down inflationary credit.
3. That the Federal Reserve Board be given wider authority to regulate inflationary bank credit.
4. That speculation on commodity exchanges be regulated.
5. That scarce commodities essential to industrial production or the cost of living be allocated.
6. That rent controls be strengthened.
7. That standby authority be given to ration products which are in short supply and which affect the health and welfare of the nation, and
8. That price controls be authorised for scarce commodities, with the Government authorised to limit wage adjustments "which would force a break in a price ceiling, except where wage adjustments are essential to remedy hardship, to correct inequities, or to prevent an actual lowering of living standards."

The foregoing is doubtless a comprehensive and well co-ordinated plan to tackle the inflationary forces in that country. It must be said to the credit of the U.S. President that, when he found that removal of control had not produced the desired results and that it was threatening to engulf the world into economic chaos, he had the courage to seek a reversal of his previous decision and thereby reimpose essential controls. Further, the above move on his part absolves him of the charge that the U. S. does not practise what it preaches about "freedom, humanity, and international co-operation for peace and prosperity." Indeed, President Truman provided yet another proof of his concern for world by asking U. S. Congress

to ratify the International Wheat Agreement. He admitted that the agreement should have been ratified by 1st July, but pointed out that even now it was not too late. "We have good reason to believe," he said, "that it can still be made effective, if it is now ratified promptly." He evidently hoped that, if the U.S. Senate ratified the agreement, he could persuade the other signatories to the agreement, who withdrew from it following the U.S. failure to recognise it in time, to ratify it.

U.S. CONGRESS

REVIEW OF WORK DURING SPECIAL SESSION

In their 11 extra working days, the Republican dominated Congress had, with a few exceptions, ignored the President's call for far-reaching legislation.

The Congress, branded by the President as "one of the worst the nation has ever had" dealt with as follows with Mr. Truman's legislation requests.

Excess profits tax—no action; consumer credit controls—granted; regulation of bank credit—granted; regulation of commodity speculation—no action; authority to allocate scarce materials—no action; rent controls—no action; standby rationing—no action; price control and limited wage controls—no action; Long-range Housing Bill—denied in favour of a limited measure not touching on public housing and slum clearance but providing new aids to private construction of small homes and flats; Federal aid to education—no action; increase in old age insurance—no action; liberalisation of legislation admitting displaced persons—no action; approval of loan for the United Nations Headquarters in New York—granted; approval of the International Wheat Agreement—deferred; civil rights legislation—no action.

DANGER OF FINANCIAL CRISIS

The American prosperity wave is causing the gravest alarm among Government economists. There are two particular sets of facts which

these experts consider disturbing. First, living costs continue to soar and now stand at least ten per cent. higher than in July, 1947. Twenty per cent. rises are foretold for many goods which are basic to the diet of the people. The second set of facts is the current industrial profits. The phenomenal rise in the earnings of giant oil companies will touch this year an all-time record of £. 500 million net profits—which is twice as much as in 1936 and £. 50 million more than last year. Old stocks on the New York Exchange have now passed the peak quotations of 1929 on the eve of the last industrial crash.

The *Wall Street Journal* has announced that profits in the second quarter of 1948 surpass those of 1947 by nearly 26 per cent. The biggest advances are 45 per cent. in the motor industry, 64 per cent. in coal, 19 per cent. in food, and 12 per cent. in textiles.

And though thus faced with obvious inflation and the threat of a break in the wildest boom in American history, Congress has refused to take any action to ease the situation. Republican Party strategists, however, calculate that if a serious break comes before this autumn's Presidential elections or shortly after when they have won the election, they would be able to put the blame on Truman's Democratic Administration.

HOLDINGS IN U. S. OF E.R.P. NATIONS

U. S. OFFICIALS ADVISE AGAINST LIQUIDATION

Harold Spiegel, Chief of State Department Division of Financial Affairs, told the House Appropriations Committee recently that the administration officials have advised against compelling the ERP nations to liquidate their holdings and investments in the United States.

He said, "The National Advisory Council has considered the possibility but they felt that in the long run the interests of this country as well as of the Western European countries would not warrant our compelling such liquidation. That

would mean, obviously, the income from these investments would no longer be available to those countries which have been using this income to meet a part of their requirements from this hemisphere. The international position of these countries would be much worse in the long run and the recovery would be made much more difficult if we were in fact to compel liquidation of that sort."

LOW ASSETS OF U. K.

Spiegel said, "The assets now left to the United Kingdom and her nationals are only a portion of what they had at the beginning of the war. They sacrificed their assets and future earnings therefrom to get materials here to carry on the war before the Lend-Lease. The Council felt that the remaining assets are important to these Western European countries and that to compel further liquidation would not be an advisable step."

Director Frank Southard of Treasury told the Committee: "It should be understood that the gold in every case with the possible exception of Belgium has now reached a point where any further reductions in gold reserves becomes a matter of great national concern. Take for example the French case with 550,000,000 in gold. That is a publicly known figure. They cannot reduce that figure without going to the Parliament for asking authority to shift gold from the Bank of France reserve over to the stabilization fund for sale to us. Once they do that it is a sign to the French public (this figure which tragically enough is about two milliard dollars under their holdings at the end of war), that the last solid remnant of the reserve is beginning to dwindle. In case of Netherlands it is 244,000,000, dollars and that is a sort of a sacred figure. They have said literally that they would rather do without and cut their imports to the bone rather than to state to the public that they have spent all their gold reserve which is down to about 10 per cent. of cover and say that the mainstay is going to be sold."

WORLD GOLD HOLDINGS

U. S. OWNS 60 PER CENT.

Total gold holdings in the hands of central banking authorities throughout the world were raised by new gold production up to a total of 87,000 million dollars at the end of 1947. The United States and Russia were the only major nations to make substantial gains in their holdings last year, with the U. S. gold stocks rising by 2,836 million dollars to more than 28,000 million dollars and the Russian gold stock rising by 175 million dollars to an estimated total of 2,575 million dollars, according to a report by the U.S. Federal Reserve Bank Board.

The great rise in the U.S. gold stocks last year resulted from gold shipments to the United States by foreign nations in partial payment for the excess of American sales to the rest of the world over what other countries sold the United States. The report said these incoming gold shipments had an "important" inflationary effect on the U.S. economy by reducing the effectiveness of fiscal and monetary policies aimed at "absorbing bank deposits and reserves, and curbing inflationary pressures originating in monetary sources." The continued inflow of gold and dollars, it said, amounts to the same inflationary effect as though new money were printed and, therefore, contributes to higher prices in the United States.

Combined gold holdings of the 16 nations participating in the European Recovery Programme amounted to 5,778 million dollars at the end of 1947. They also had 1,906 million dollars on deposit in the banks in the United States on the date. During the year these nations sold 1,200 million dollars worth of their gold to buy U.S. goods for reconstruction.

Total gold reserves held by the various governments at the end of 1945 were 86,000 million dollars, of which the United States held about 55 per cent. and foreign governments about 45 per cent. Of the 87,000 million dollars total at the end of 1947, however, United States

owned 60 per cent., foreign monetary authorities 35 per cent., and the International Monetary Fund 4 per cent.

BOOSTING OUTPUT OF GOLD

One by one the principal producing countries of the world are finding it necessary to stimulate flagging output of gold by means which do not conflict with the rule of the International Monetary Fund that its members shall not pay more than the parity price for the metal.

Canada started the new fashion some months ago by arranging to make a contribution towards increased costs by way of a complicated formula the effect of which was precisely the same as an earlier proposal for a straight payment of \$. 7 an ounce which had incurred the displeasure of the Fund, and had to be abandoned.

Southern Rhodesia, which depends on its gold production for 16 per cent. of total exports, decided with refreshing frankness on a direct subsidy of 27s. 6d. an ounce, and is secure from the Fund's veto because it is not a member, though its monetary system is tied to that of Britain, which is one of the principal adherents of the I.M.F.

Next to enter the ranks of the subsidiess will be Australia which will face a sharp fall in its 875,000 ounces-per-annum production, if assistance is not forthcoming for the mines in the comparatively near future. Australia's method is likely to be similar to that adopted by Canada, except that help will be made available only to those mines which are currently unprofitable.

FIRST REAL TEST

The first real test of the whole gold price structure will, however, arrive when South Africa, which produces nearly half the world's gold is compelled to adopt similar measures. That will not be long in coming, for it is long odds that labour will obtain a substantial addition to wages during the next few months and that this will call for assistance to a number of the lower grade mines.

If, by reason of its predominant position, South Africa's action in aiding the mines brings under open discussion the whole question of the gold price, it will have served a useful purpose.

Fundamentally, there is no difference between an increased internal gold price and subsidies designed to keep down costs of production, and the sooner the legal quibble is abandoned by the I.M.F. and a realistic policy is adopted, the clearer will be international monetary situation become.

The importance of gold to the internal economy of the producing countries is generally recognised, but equally important is the big part which the metal plays in sustaining the tempo of international trade. That, though not perhaps an immediate necessity, may prove the final argument in favour of a general revision of currency parities.

RHODESIA'S GOLD SUBSIDY

The Southern Rhodesian budget for 1948 includes one highly debatable feature: the payment of a subsidy of £1 7s. 6d. per ounce on all gold produced in the territory. Under the Gold Mining Subsidy Act certain mines are already receiving a subsidy of £. 2 per ounce. These subsidies will be retained; but in addition, the price paid to the mines will be raised from the official price of £. 8 12s. 6d. to £10 per ounce. The subsidy will cost £. 695,000 and will be met by a special 10 per cent. surcharge on income tax to be known as the Gold Industry Contribution. The subsidy was justified in the budget speech as necessary "to save the gold industry from disaster" and as the most direct and easiest way of increasing Rhodesia's much needed hard currency earnings. The budget speech explained that the Government had reached the conclusion that the only possible means of stimulating the gold mining industry lay in an increased price of gold, but that this could not be done directly "since our currency is linked with sterling." But, added the Finance Minister with some naivety "the same result can be achieved at the present time by a subsidy on all gold produced."

This is another case for the attention of the International Monetary Fund, whose edicts on the subject of gold subsidies can surely not have escaped the notice of the Southern Rhodesian authorities. The proposed subsidy would be in direct conflict with the ruling of the I.M.F. on the subject, though it would be possible for Southern Rhodesia to conform with orthodoxy, as Canada did last year, by making the subsidy indirect and

variable by granting it through a subsidisation of costs. Southern Rhodesia is not a member of the I.M.F. but has a common quota with the United Kingdom. It will, therefore, be on British backs that the notes of protest from Washington will fall. Meanwhile, capital gains are raining on fortunate owners of Rhodesian gold mining shares which recently have provided one of the features on the Stock Exchange.

Battle Order of the World*

**STANDING ARMIES ARE TOO BIG FOR PEACE—BUT TOO SMALL FOR WAR
NONE IS SET FOR OFFENCE—MOST ARE INADEQUATE FOR DEFENCE
WORLD DEMOBILIZATION CONTINUES IN SPITE OF HEADLINE HYSTERIA**

The armies of the world are not strong enough nor adequately equipped to start or carry on the major war which pessimists say is just around the corner. No other conclusion can be sustained by a study of this Battle order.

On the pages which follow, UNITED NATIONS WORLD calls the roll of the nations' armies. This was once a function of the League of Nations. It is a continuing peacetime task of all General Staffs — to take stock of foreign armies. The result is called "Battle Order," a comprehensive tabulation of the strength, organization and distribution of forces.

UNITED NATIONS WORLD Battle Order is meant to inform the nations and peoples. It is prepared in an era over which still hangs the heavy pall of military secrecy. Even so, enough data have been compiled to allow certain important conclusions.

1. This BO reveals again the basic conservatism of armies. The immense changes which the appearance of the A-Bomb suggested, the lifting of wars from predominantly tactical to an overwhelmingly strategic sphere, is not yet reflected in the organization of the world's armies (see State of the World, page 1).

2. The world wars of this generation proved wrong the Italian General (Douhet) who predicted decisive predominance for airpower, and the German and French experts (von Seeckt and de Gaulle) who saw in the small, highly, mechanized robot army of combat professionals the decisive force in modern war. The Battle Order reveals that both dreams are still far from materialization. Ground forces remain the core of all armies, and armies continue in the centre of all military establishments.

3. This roll call of the armies of the world reveals that more than three years after VE-Day,

there are still 15,862,899 men under arms in 57 countries. And yet, this is a promising figure. With the exception of Yugoslavia which maintains an oversized army in a high state of preparedness, no country, and certainly none of the major powers, maintains even a fraction of its war manpower potential.

In the midst of all the war talk, both the United Kingdom and the USSR pursue a policy of progressive demobilization. The United States maintains an army insufficient for its peacetime needs. France struggles to organize a new army from scratch while scraping the bottom of her barrel to finance the luxury.

Only in China and Greece are armies (two in each case) maintained on war footing.

4. The regular armies of today are definitely incapable either of aggressive moves on the Wellingtonian scale, or even of sustained defence against a major onslaught.

The disappearance of Germany, Italy and Japan, aggressors *par excellence*, helped the world to a military equilibrium, somewhat similar to the years following the Franco-Prussian War and the Berlin Conference. This equilibrium may not be easily perceptible through the smoke of the ideological war. It may not even survive propaganda battles and diplomatic clashes. But the fact remains that the size and preparedness of standing armies fails to reflect the tension of international conference halls or the grim temper of headlines.

5. A comparative study reveals that most of the countries maintain armies which are inferior in numerical strength even to those which they maintained prior to World War II. This development has come about while the nations have been refusing to discuss Article 47 of the UN Charter with a view toward "the regulation of armaments."

* Courtesy: 'United Nations World.'

6. An excessive share of income is still being spent on standing armies, especially in countries which maintain them for decorum rather than defence. Portugal, for example, spends more than 50 per cent. of its national budget on its military establishment, less than 10 per cent. on education.

7. Despite their obsolescence, the fact that the armies exist argues the possibility of future war. While it may be correct that all history

is the decline of war, it is a slow decline. In the meantime man prepares for battle in the vain belief that his sword can cut "many a Gordian knot in twain which all the wit of East and West ... could not untie."

War's continuing decline cannot be denied in the face of the data which follows. Clear recognition of that process can do much to inoculate the world against the pyrogenic propaganda that predicts the coming of war.

The Armies of the Big Three

GENERAL DATA

STANDING ARMIES



UNITED STATES

POPULATION: 142,066,000

AREA: 8,623,995 sq. mi.

MILITARY BUDGET: *Approx. 25% of the national budget, including expenses of organized reserve and National Guard. In 1930, the US Army cost \$8.50 per capita, and \$1.100 per soldier. Today, it is \$57 per capita, and \$16,000 per soldier.*



USSR

POPULATION: 103,000,000

AREA: 8,308,034 sq. mi.

MILITARY BUDGET: *17% of the national budget spent on the Ministry of the Armed Forces, more than half of which is devoted to maintenance and development of the Red Army. It is estimated that citizens of the USSR pay 218 rubles per capita for this purpose, or, on the basis of the official rate of exchange, \$43 per capita, \$4,368 per soldier.*



UNITED KINGDOM

POPULATION: 48,418,000

AREA: 94,300 sq. mi.

MILITARY BUDGET: *The current budget appropriates £305,000,000, or approximately 13% of total expenditures, for the Army.*

The authorized strength of the Army of the United States within the National Military Establishment is 370,000. But on March 1, 1948, the actual strength of the US Army was only 542,000. Approximately 75% of the men on active duty are abroad, chiefly on occupation assignments in Germany, Austria, Japan and Korea. The total wartime potential of the US Army is 8,500,000. The peacetime established organization of the army consists of 18 divisions; about 80 divisions can be mobilized within 8 to 12 months. Much of the army's expenditures are for development of new weapons, including guided missiles, atomic bombs. Army is .88% of population; 1 soldier to 6.68 sq. mi.

A reliable estimate puts the Red Army's peacetime effective strength at 1,900,000, excluding the para-and semi-military formations, the militarized police, and the troops of the Ministry of the Interior. The total wartime potential of the USSR is about 20 million men and women. Approximately 60% of today's effectives are abroad, chiefly in Germany, Austria and Korea. The Red Army is organized in 6 armies consisting of approximately 160 skeleton divisions (a maximum of 10,180 per division). Army is .98% of population; 1 soldier to 4.87 sq. mi.

UK is continuing the demobilization begun in 1945. On April 1, 1946, the British Army had 2,950,000 effectives. By April 1, 1947, 1,210,000, April 1, 1948, 584,000. It is planned to reduce the Army to 345,000 officers and other ranks by March 31, 1949. The overwhelming majority of British troops is in overseas assignments: in Germany, Austria, Trieste, Japan, Greece, India, Pakistan, Iraq, Egypt, Italian Africa, Palestine, Transjordan, etc. They are being steadily withdrawn from Egypt, Greece, India, Iraq and Palestine. Some of these are being moved to two newly created Middle East and Africa Commands, in Transjordan and Kenya. Normal peacetime strength of the British Army consists of 250,000 effectives in the Regular Army and Militia; and about 425,000 effectives in the Territorial Force. Britain's optimum wartime manpower potential is estimated at about 8 million officers and other ranks.

The Armies of the Rest of the World

GENERAL DATA

STANDING ARMIES



AFGHANISTAN
POPULATION : 10,000,000
AREA : 250,000 sq. mi.

MILITARY BUDGET : data not available



ALBANIA
POPULATION : 1,003,124
AREA : 10,629 sq. mi.

MILITARY BUDGET : data not available



ARGENTINA
POPULATION : 16,108,573
AREA : 1,079,965 sq. mi.

MILITARY BUDGET : 38% of national budget



AUSTRALIA
POPULATION : 7,580,820
AREA : 2,974,581 sq. mi.

MILITARY BUDGET : 30%.



BELGIUM
POPULATION : 8,344,534
AREA : 11,775 sq. mi.

MILITARY BUDGET : 10%



BOLIVIA
POPULATION : 3,457,000
AREA : 419,470 sq. mi.

MILITARY BUDGET : 30%.



BRAZIL
POPULATION : 41,856,666
AREA : 3,285,318 sq. mi.

MILITARY BUDGET : 45%.

90,000 officers and men, organized in 2 army corps of 2 divisions each ; 7 depot divisions ; 2 mixed brigades. About 10,000 armed but untrained clansmen. In early stages of mechanization. UMT, 2 years' active service, ages 18 to 40. Army is 1% of population ; 1 soldier to 2.8 sq. mi. of territory. Maximum wartime manpower potential estimated at 250,000.

Standing army of approximately 60,000 men, in the process of organization and training. Between May 1939 and September 1948, Albanian forces formed integral part of Italian Army. Army is 6% of population ; 1 soldier to .16 sq. mi.

National militia 100,000 officers and men on 1-year active service, then 9 years in active reserve ; 215,000 in National Guard ; 75,000 in Territorial Force (only called up in war), UMT, 1 year's active training, ages 20 to 45. Republic divided into 6 military districts, garrisoned by 6 divisions, 3 cavalry brigades, 2 mountain detachments (all at half-strength peacetime nuclei). Army is 0.6% of population ; 1 soldier to 10 sq. mi.

Permanent Force of 35,000 officers and men (standing nucleus of wartime army of a potential 800,000) ; militia force of 75,000. UMT re-introduced in 1940 as wartime emergency measure, for all males between ages of 18 and 26. Commonwealth divided in 6 military districts with 5 commands, (in Brisbane, Sydney, Melbourne, Perth, Darwin). Divisions based on infantry units 14 brigades of 58 battalions. Army is 1.4% of population ; 1 soldier to 27 sq. mi.

Standing army (est.) of 60,000 officers and men (excl. police under military control). UMT since 1937, service for 12 to 17 months, depending on age at enlistment. Duration of military obligation 25 years (in regular army and reserves). Peacetime organization consists of frontier forces in fortress garrisons ; 1 division of *Chasseurs Ardennais* ; 6 infantry divisions ; artillery and engineering units. Potential wartime strength 600,000 (17 combat divisions). Army is 0.75% of population ; 1 soldier to 0.2 sq. mi. (Note : Colonial forces, 15,000).

Standing army of 15,000 (plus 12,000 police under military control). Country divided into 8 military districts, garrisoned by equal number of divisions. UMT, 2 years, 19 to 25. Pre-Military training for boys and girls, 14 to 18. Army is 0.48% of population ; 1 soldier to 27.9 sq. mi.

Army of 80,000 (plus 88,000 military police under War Office control), organized in 5 infantry, 8 (mechanized) cavalry divisions, 1 mixed brigade, 1 coast defence unit. Potential wartime strength 1.2 million. Selective service, 1 year's active service, 21 to 45. Regular army is 0.02% of population ; 1 soldier to 40 sq. mi.

GENERAL DATA

STANDING ARMIES



BULGARIA
POPULATION: 7,020,000
AREA: 42,808 sq. mi.

MILITARY BUDGET: data not available.



CANADA
POPULATION: 12,582,000
AREA: 8,690,410 sq. mi.

MILITARY BUDGET: 12%.



CHILE
POPULATION: 5,028,500
AREA: 290,717 sq. mi.

MILITARY BUDGET: 17.5%.



CHINA
POPULATION: 470,026,252
AREA: 4,278,862 sq. mi.

MILITARY BUDGET: 80% of national budget
* Located to civil war expenses.



COLOMBIA
POPULATION: 10,571,000
AREA: 447,536 sq. mi.

MILITARY BUDGET: 10%.



CUBA
POPULATION: 5,051,880
AREA: 44,164 sq. mi.

MILITARY BUDGET: 18%



CZECHOSLOVAKIA
POPULATION: 12,171,000
AREA: 49,830 sq. mi.

MILITARY BUDGET: 20%.



DENMARK
POPULATION: 4,044,725
AREA: 16,576 sq. mi.

MILITARY BUDGET: 15%.

Under Part III, Section I, Article 9 of 1947 peace treaty, is authorized to maintain land army, including frontier troops and AA units, with a personnel of 56,800 (only 3,100 less than normal pre-war strength). Potential wartime strength 500,000. Army is 0.8% of population; 1 soldier to 0.75 sq. mi.

Peacetime militia of 18,700; wartime potential of 465,000. Active force consists of 14 units of all arms. Country organized in 18 military districts. Organized reserve of all arms and services. Wartime UMT with optional voluntary enlistment. Army is 0.15% of population; 1 soldier to 192 sq. mi.

National militia of 25,000, with a potential wartime strength of 1,800 officers and 725,000 other ranks; 4 military zones garrisoned by 4 divisions, 1 cavalry division (mechanized), mountain infantry regiment field, heavy and mountain artillery, pontoon troops, engineers, signal corps. UMT, 9 months' active service, military liability between age 20 and 40. Army is 0.5% of population; 1 soldier to 11.9 sq. mi.

Kuomintang army's present mobilized strength (est.) 5,000,000 officers and men. Approximately 1,500,000 in Communist armies. National Army organized in 135 infantry and 11 (mechanized) cavalry divisions. UMT, 3-year active service, age limits 20 to 40. Armies are 1.89% of population; 1 soldier to .66 sq. mi.

Peacetime strength of standing army is 10,000 (plus 5,500 police under military control), organized in infantry, artillery and cavalry regiments, and in 1 engineer battalion. Wartime potential 800,000 officers and men, insufficient equipment. UMT, 1 year service, military liability between the ages of 21 and 80. Army is 0.01% of population; 1 soldier to 44.8 sq. mi.

Standing army composed of 900 officers and 16,000 men, organized in 6 cavalry regiments, 4 infantry battalions, 8 batteries, auxiliary services. UMT established in June 1942. War-time potential of all reservists estimated at 80,000. Army is 0.88% of population; 1 soldier to 2.6 sq. mi.

New peacetime army of approximately 150,000 (including militarized police) is patterned after and equipped by USSR Army, under terms of Moscow Treaty of Dec. 12, 1948. UMT, 2 years, military liability between ages of 18 and 50. Army is 1.8% of population; 1 soldier to 0.8 sq. mi.

National army, once composed of 6,800, now has 24,000 organized in 2 divisions. UMT, with hardly any exemptions (even for clergymen). Potential wartime strength approximately 65,000. Army is 0.59% of population; 1 soldier to 0.69 sq. mi.

GENERAL DATA



EGYPT

POPULATION: 19,090,448

AREA: 883,000 sq. mi.

MILITARY BUDGET: about 10%.



ETHIOPIA

POPULATION: 12,000,000

AREA: 350,000 sq. mi.

MILITARY BUDGET: data not available



FINLAND

POPULATION: 4,100,000

AREA: 130,160 sq. mi.

MILITARY BUDGET: data not available.



FRANCE

POPULATION: 40,517,923

AREA: 212,650 sq. mi.

MILITARY BUDGET: 32%



GREECE

POPULATION: 7,500,000

AREA: 51,843 sq. mi.

MILITARY BUDGET: Approx. 35% of national budget spent on army and war, aside from support from US and UK.



HUNGARY

POPULATION: 8,500,000

AREA: 85,875 sq. mi.

MILITARY BUDGET: data not available.



INDIA AND PAKISTAN

POPULATION: 888,997,965

AREA: 1,581,410 sq. mi.

MILITARY BUDGET: data not available.

STANDING ARMIES

Army in process of large-scale reorganization, expansion and re-equipment, has approximately 100,000, as compared with previous strength of 22,060. Wartime potential close to 500,000, inadequately equipped, ill-commanded. UMT hampered by poor physical condition of eligible male population. Army is 0.08% of population; 1 soldier to 8.88 sq. mi.

A new standing army, organized, trained and commanded by officers of a British Military Mission, as well as Swedish advisers, consists of 20,000 effectives, organized in 10 battalions and including the 11,000 men of the disbanded Ethiopian Territorial Army. Army is 0.02% of population; 1 soldier to 17.5 sq. mi.

Under Part III, Article 18, of the Peace Treaty of 1947, Finland is authorized to maintain a land army, including frontier troops and AA personnel, with a total strength of 84,400 — as compared with the 88,000 prior to World War II. The post-war army is organized in 3 divisions, 1 cavalry brigade. Maximum present wartime potential is about 100,000. UMT, 1 year's service, military liability between 16 and 60. Army is 0.8% of population; 1 soldier to 8.8 sq. mi.

The new standing army is composed of 506,000 divided as follows: 55,000 Republican Guards, 105,000 Metropolitan (European) Forces (consisting of 80 battalions), 120,000 occupation forces in Germany, 100,000 troops in North Africa, 120,000 troops in colonies including approximately 90,000 in operations in Indo-China. The normal peacetime army establishment of France is composed of 5 cavalry divisions (8 mechanized), 25 divisions of the Metropolitan Army. In a war emergency, France now may have approximately 80 ill-equipped divisions, as compared with 89 divisions in 1940, and 94 in 1914. Conscripts are called at 19, serve for two periods of 6 months each, military liability 19 to 48. Army is 1.5% of population; 1 soldier to .42 sq. mi.

Army engaged in civil war is estimated at 165,000, as compared with a normal peacetime strength of 50,000, organized in 18 divisions and 1 cavalry division. UMT, military liability begins at 21 and ends at 50. Normal term of service was 1 year in regular army, followed by 19 in "active" reserve. Army is 2.2% of population; 8 soldiers per sq. mi.

Under Part III, Section I, Article 12 of Peace Treaty of 1947, Hungary is allowed a land army, including frontier guards, AA personnel, and river flotilla units, of 65,000 effectives. According to official Hungarian sources, the country proposes to maintain only 1,800 officers and 25,000 men. At present, army is 0.08% of population; 1 soldier to 0.4 sq. mi.

The two countries have armies totalling 1,000,000, in the process of large-scale reorganization, under British advisers who predominate in Pakistan. Division has been made on the basis of about 2 (to India) to 1 (to Pakistan).

GENERAL DATA

STANDING ARMIES



IRAN

POPULATION : 12,000,000

AREA : 628,000 sq. mi.

MILITARY BUDGET : data not available.



IRAQ

POPULATION : 4,794,449

AREA : 143,000 sq. mi.

MILITARY BUDGET : data not available



ITALY

POPULATION : 45,800,000

AREA : 110,704 sq. mi.

MILITARY BUDGET : data not available



MEXICO

POPULATION : 19,844,517

AREA : 763,944 sq. mi.

MILITARY BUDGET : 22 5%.



NETHERLANDS

POPULATION : 9,636,486

AREA : 13,396 sq. mi.

MILITARY BUDGET : 25%.



NEW ZEALAND

POPULATION : 1,864,784

AREA : 103,034 sq. mi.

MILITARY BUDGET : data not available.



NORWAY

POPULATION : 3,164,000

AREA : 124,556 sq. mi.

MILITARY BUDGET : 8%.



PARAGUAY

POPULATION : 1,250,000

AREA : 321,000 sq. mi.

MILITARY BUDGET : data not available.

The army of 90,000 is in the process of reorganization. Army is 0.75% of population; 1 soldier to 7 sq. mi.

A standing army of 80,000, as well as 17,601 in the Iraqi Police Force. Normal peacetime strength of regular army is 3 cavalry regiments, 9 batteries of field artillery, 6 batteries of mountain artillery, 1 mechanized battery, 28 infantry battalions, and several additional service and auxiliary units. UMT since 1936, 18 months to 2 years, between 19 and 25. Army and police are 1% of population; 1 soldier to 8 sq. mi.

Part IV of Italian Peace Treaty of 1947 is devoted to naval, military and air clauses. It contains no specific provisions for the size of the country's post-war army, but it is estimated that the reorganized Italian Republican Army has 250,000, including considerable contingents of militarized police. UMT, 1 year. The armed forces are being reorganized. Army is 0.55% of population; 1 soldier to 0.48 sq. mi.

Post-war army of 57,500, an increase of 12,000 over normal peacetime strength, organized in 50 battalions of infantry, 40 battalions of cavalry, 2 regiments of military police, etc. UMT, every citizen is compelled to serve either in Army or National Guard. Army is 0.25% of population 1 soldier to 18 sq. mi.

Although the army is still in the process of reorganization, it already has approximately 175,000 effectives. UMT, with a liability between the ages of 20 and 40. Army is 1.7% of population; 1 soldier to 0.07 sq. mi.

Standing army of 11,000 Country's war potential is 189,000 for probable overseas service, 124,000 in Home Guard. Army is 0.59% of population; 1 soldier to 9.8 sq. mi.

National Militia of 15,000 organized in 6 skeleton divisions, now undergoing thorough reorganization. Prior to war, men were called at 21, trained for 84 days. Now UMT, military liability between 18 and 55, Military system based on system of fortifications at Oscarsborg, Oslofjord, Kristiansand, Bergen and Agdenes, Army is 0.47% of population, 1 soldier to 8.3 sq. mi.

Military establishment consists of 350 officers and 5,500 men, organized in 6 infantry, 8 cavalry, 5 artillery regiments, Compulsory service for 2 years begins at age of 18. Military liability continues for 27 years. Army is 0.46% of population; 1 soldier to 55 sq. mi.

GENERAL DATA

STANDING ARMIES



PERU

POPULATION : 7,271,553

AREA : 482,258 sq. mi.

MILITARY BUDGET : 22%.



POLAND

POPULATION : 23,622,384

AREA : 120,782 sq. mi.

MILITARY BUDGET : 25%.



PORTUGAL

POPULATION : 7,702,182

AREA : 35,490 sq. mi.

MILITARY BUDGET : 20% of ordinary and 40% of extraordinary expenditures spent on army.



RUMANIA

POPULATION : 16,500,000

AREA : 92,000 sq. mi.

MILITARY BUDGET : data not available.



SPAIN

POPULATION : 27,374,401

AREA : 190,050 sq. mi.

MILITARY BUDGET : More than 40%.



SWEDEN

POPULATION : 6,718,717

AREA : 173,347 sq. mi.

MILITARY BUDGET : 25%.



SWITZERLAND

POPULATION : 4,500,000

AREA : 15,944 sq. mi.

MILITARY BUDGET : 25%.

Standing army of 2,000 officers and 80,000 other ranks, plus 10,000 militarized police, organized in 7 divisions furnished by equal number of military districts. Police organized in 11 cavalry regiments, 1 infantry regiment, 2 battalions. UMT, though only part of quota called to colours. Active service for 2 years, 80 years in reserve. Army is 0.57% of population; 1 soldier to 11.5 sq. mi.

Standing army of 200,000 effectives, garrisoned in 7 military districts (Coast, Poznan, Silesia, Cracow, Lodz, Warsaw, Lublin). Reorganization proceeds at rapid pace under guidance and partial command (4% of total) of Soviet officers, Army completely re-equipped with modern Russian weapons, including heavy tanks, heavy artillery. Army is 0.85% of population; 1 soldier to 0.6 sq. mi.

Army of 8,200 officers and 26,800 other ranks (11,880 of them in overseas possessions), is organized in 16 infantry regiments, 18 infantry battalions, 1 battalion of combat cars, 8 machine gun battalions, 8 cavalry regiments, 1 motorized regiment, services. Other semi or para-military organizations include the *Mocidade Portuguesa*, comprising all males from 8 to 20 years of age; Republican Guard of 5,720 effectives; Fiscal Guard of 5,100 effectives; Voluntary Force of 3,400 officers and 49,000 other ranks. UMT, enlistment for 6 years active service, 22 years in reserve. Country divided into 4 military zones and 8 military governments. Active army is 0.89% of population; 1 soldier to 1.18 sq. mi.

Under Part III, Section 1, Article 11, of Peace Treaty of 1947 country is allowed a land army, including AA personnel, with a total strength of 125,000. Normal peacetime organization consists of 22 divisions and specialized units. UMT with military liability of age groups between 21 and 50. Normal service for 2 years. Army is 0.75% of population; 1 soldier to .74 sq. mi.

The decrees of July 24, 1939, August 30, 1939, August 21, 1943, and January 1, 1944 reorganizing the army along Franco lines, created a military organization of 500,000 officers and men, organized in 8 corps, 17 divisions, 1 armoured division, 1 cavalry division in Spain proper; 4 divisions, 1 armoured and 1 cavalry brigade in Morocco. Franco's army is the largest, best-trained and best-equipped in western Europe. Army is about 1.8% of population; 1 soldier to 0.4 sq. mi.

Army of 57,500, in a normal peacetime organization of 19 infantry, 4 cavalry, 4 tank, 9 artillery, 3 AA regiments, and 4 AA battalions. Since 1942, army is equipped with heavier tanks, heavy artillery. Number of anti-tank units was increased, to improve army's defensive strength. Infantry underwent large-scale motorization. Liability for military service begins at the age of 20, continues to the end of 47th year. Army is 0.85% of population; 1 soldier to 8 sq. mi.

National Militia on a superb democratic basis, with 46,200, in a rather complex military organization adapted to country's peculiar defence needs. Maximum wartime potential 650,000 of whom 200,000 are combatants. Military liability extends from 18th year to end of the 60th year. Army is 1% of population; 1 soldier to .8 sq. mi.

GENERAL DATA

STANDING ARMIES



TURKEY

POPULATION : 18,861,222

AREA : 298,502 sq. mi.

MILITARY BUDGET : more than 50%.



URUGUAY

POPULATION : 2,122,628

AREA : 72,153 sq. mi.

MILITARY BUDGET : data not available.



VENEZUELA

POPULATION : 4,000,000

AREA : 852,051 sq. mi.

MILITARY BUDGET : data not available



YUGOSLAVIA

POPULATION : 16,261,125

AREA : 95,558 sq. mi.

MILITARY BUDGET : over 25%

Standing army of 20,000 officers and 174,000 effectives, organized in 11 corps of 28 divisions, 1 armoured brigade, 8 cavalry divisions (partly mechanized), 7 fortress units. Wartime potential is said to be 2,000,000 effectives, but 500,000 is more likely estimate. UMT, 8 years' service, men called up at age of 20, military liability lasts for 26 years. Army is 1.1% of population; 1 soldier to 1.6 sq. mi.

Active army consists of 26,000 volunteers. Wartime potential is estimated at 120,000 effectives. Army organized in 9 cavalry, 5 artillery, 5 infantry, 6 engineer regiments, 1 tank unit. Most modern equipment throughout military establishment. Army is 1.2% of population; 1 soldier to 2.8 sq. mi.

Active army of 10,000 effectives organized in 8 infantry brigades, and other units. Law of 1942 stipulates that volunteers must enlist for 1 year; selectees are taken for 2 years; "those who are reluctant to enlist must serve for 3 years." Military liability begins at 18, lasts for 27 years. Army is 0.25% of population; 1 soldier to 35 sq. mi.

Highly organized, strictly disciplined standing army of 800,000 (both active and active reserve), fully patterned after Red Army; 10% consist of women. UMT. Wartime potential of 1,000,000 effectives. Organized in 80 infantry, 3 cavalry divisions, 2 of which are in the process of motorization. About 5% of population in the active or reserve army; 1 soldier to 0.12 sq. mi.

Trade and Tariffs

CAPITAL GOODS FOR INDIA

MAY BE HAD FROM JAPAN REPORT ON TRADE PROSPECTS

"There are several articles, both capital and consumer, which India could import from Japan and which Japan is in a position to export. There are also several articles like raw cotton, oilseeds, jute, hessian, hides and skins, iron-ore, etc., which India can spare in fair quantities. It is, therefore, very essential for the resumption of private trade that immediate negotiations should be opened with SCAP (Supreme Commander, Allied Powers in Japan)," says the Indian Trade Mission to Japan in its report to the Government of India.

As the yen rate has not yet been fixed in terms of the rupee or sterling, the delegation feels that some provision of credit facilities would be required, at least temporarily, if any substantial trade is to be built up between India and Japan. The following procedure is suggested :—

Indian exporters to Japan would be paid in rupees out of a special account to be maintained by the Reserve Bank of India against payments made by Japanese importers in their own currency, for which a special account should be maintained by the Controller of SCAP. When exports from Japan to India are resumed, Indian importers would pay for them into the special account with the Reserve Bank of India while Japanese exporters would receive payment out of the Japanese amount accumulated in the special account maintained by SCAP, the balance standing to India's credit in the books of SCAP for any specified period being subject to an agreed limit. After the expiry of such a limit, SCAP would take steps to make available to India cash received from the sale in various countries of goods manufactured from Indian commodities. The fixation of a definite agreed rate of exchange between India and Japan would have to be a part of this arrangement, and the special account would have to be kept in a currency suitable to India,

In view of Japan's good prospects of trade with various countries, particularly India, the delegation believes that Indian banking and insurance companies are likely to have much scope for business in that country after the resumption of normal trade. It is, therefore, thought desirable that some companies should open offices in Japan.

AN OPPORTUNE MOMENT

The present is considered an opportune moment for ships on the Indian Register to enter the India-Japan-trade. This would allow Indian ships to become used to Japanese ports while they are still under military occupation and also enable Japanese traders to come to know our ships. There is also need for a shipping expert to be attached to the India Liaison Office at Tokyo.

Some of the other recommendations of the Delegation are: The yen rate should be fixed. Without the constitution of an Export-Import Revolving Fund, it would not be possible to resume private trade for the import of commodities required by Japan. Air communication and post and telegraph services with Japan should be resumed without any reservation. Cables from Japan should be permitted against payment in India by receivers as Japanese traders find it difficult to make payment in American dollars. A Trade Commissioner, experienced in Indo-Japanese trade and having in particular a knowledge of the textile industry should be appointed in Japan.

The Government of India should relax its exchange control regulations so as to permit a bank in India which wishes to participate in the trade with Japan to be in a position to grant such banking facilities to the trade here as would be required by SCAP. According to the Indian Exchange Control Regulations, a shipper has to obtain payment within six months after goods have been exported from India. "The period will have to be relaxed to nine months in the case

of Japan, since in the case of cotton shipments to that country, banks in India will have to negotiate documents for payment to be recovered nine months after the goods arrive in Japan."

JAPAN NEEDS INDIAN COMMODITIES

Japan needs a number of Indian commodities for its industrial development, says the Delegation. Her electrical industries are experiencing a serious shortage of mica, and SCAP is anxious to secure immediate supplies. Other Indian commodities required are jute and jute goods, coir yarn and fibre, castor and linseed, shellac, hides and skins, bones and sinews (for manufacture of glue) and iron and manganese.

According to the report, a large range of capital goods and equipment, mill stores, and other goods is at present available in Japan. These include bobbins, shuttles, fibre cans wire heads, ball bearings, hand tools, machine tools, electrical goods, such as electric motors (up to 2,000 h. p. and more), transformers, electric fans and other household electric appliances (designed to work on 110 volts) fluorescent lighting equipment, centrifugal pumps, chemicals such as agar, copper sulphate, aluminium sulphate, etc., photographic cameras, diesel and kerosene engines, automatic looms, silk manufacturing machinery, parts and accessories, silk and rayon weaving looms, rayon plant of the viscose type, etc.

SCAP has offered to India cotton spinning machinery from blow room to spindles, in terms of 100,000 spindles, provided 80,000 tons of coking quality coal are supplied by India to enable production of this machinery. A total of 16,000 doubling spindles are also offered against the supply of 895 tons of coal.

• TEXTILE MACHINERY

As regards textile machinery production prospects, the report observes that, although there is machine-shop capacity in Japan, production is limited by the non-availability of essential raw materials. If the requisite raw materials could be supplied, it would be possible for

Japan to manufacture fairly substantial quantities of textile machinery for export. The report adds: If the silk and rayon weaving industries in India have to be developed on a sound basis, it is strongly recommended that India should resort to Japanese machinery which is efficient; simple in operation and cheaper than Swiss or American machines. Although at the present stage procurement of this machinery is limited, there is no doubt that at a later stage these machineries are likely to be freely available."

It is suggested that a person having intimate knowledge of the rayon and silk industries should be attached to the Indian Liaison Mission at Tokyo. Also, that the Government of India should either invite Japanese "key" technicians to India to advise the Indian silk industry or should depute Indian technicians to Japan to study Japanese methods of sericulture and production. For the building up the rayon industry, however, it is suggested that India should look to methods employed in the U.S.A. rather than in Japan.

The consumption of raw cotton in Japan is increasing. SCAP estimates that consumption in the 1947-48 season will amount to 725,000 bales, plus 200,000 bales for stock-piling and 50,000 bales for miscellaneous purposes. If conditions are favourable, consumption could be stepped up appreciably. The off-take of Indian cotton in 1947-48 season, on the basis of 400 lbs. per bale, is estimated at 814,688 bales.

At present Japan has no spun silk to offer to India. The very small quantities which are being produced are reserved for domestic consumption. SCAP assured the delegation that yarns of 150 deniers, 80 filaments, suitable for the Indian market, would be supplied from October 1947.

Regarding woven silk piecegoods, the delegation feels that it would not be desirable in the interests of the home industry to import manufactured fabrics, yet in view of appreciable imports from the U.S.A. and the U.K., the report states that the question of purchases

from Japan may be considered as Japanese cloth is cheaper.

TARIFF CONCESSIONS TO INDIA

U. S. PRESIDENT'S PROCLAMATION

Reduction in Rates of Duty

President Truman issued a proclamation putting into effect tariff concessions between the U.S.A. and India and Norway under the Geneva general agreement on tariffs and trade.

The proclamation will take effect on July 9 with respect to India. Southern Rhodesia will be a contracting party on July 12.

India, Norway and Southern Rhodesia will grant a wide range of tariff concessions benefiting the trade of the U.S.A., and are committed to certain limitations on application of quotas, import restrictions, exchange control, valuation for customs purposes, and the conduct of State trading.

In return the U.S.A. has made tariff concessions on products of primary interest to Norway and India and of secondary interest to Southern Rhodesia. Schedule 12 of the Geneva general agreement provides for concessions by India on products of primary interest to the U.S.A. representing about \$ 9,552,000 in terms of 1988-89 imports from the U.S.A.

The U.S.A. will also benefit from additional Indian concessions negotiated with other countries at Geneva on products the import of which into India from the U.S.A. amounted to \$ 487,000 in 1988-89.

Concessions were in the form of reduction in rates of duty, bindings against increase of existing duties, bindings of duty-free status, and reductions in margins of preference.

Imports in 1988-89 from the U.S.A. which will be subject to these four types of concessions were valued at \$ 1,489,000. Among the principal Indian concessions to the U.S.A. are those on dried and condensed milk, canned fish and meat, unmanufactured tobacco, certain canned fruits, certain chemicals and drugs, unwrought

copper, resin, mineral grease, coal tar, dyes, certain machine items, office machines, radio valves, tractors and automobiles.

India will give effect to the items with certain exceptions 80 days after signing.

U. S. CONCESSIONS

U.S.A. concessions apply to imports from India representing approximately \$ 55,145,000 in terms of 1989 trade. The most important are jute and the jute products, dutiable and free imports of which amounted to roughly \$ 25,608,000 and \$ 8,600,000 respectively in 1989.

Tariff reductions apply to a total of \$ 88,627,000, bindings against an increase of certain duties to \$ 978,000 and bindings on the free list to \$ 20,640,000.

Among the principal products receiving duty reductions are mica, cashew-nuts, hurlap and bags, cocoa, fibre mats, wool rugs, badminton rackets and nets, and tennis rackets. Continued duty free entry is assured on carpet wools, raw jute, and shellac. The present duty on bagging is bound against an increase.

INDIA SIGNS TARIFF PACT

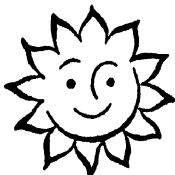
An important range of tariff concessions by and to India will follow the decision of the Dominion Government to sign the general agreement on tariffs and trade authenticated at Geneva last October (1947). Tariff concessions by India relate mainly to milk products, canned food, fruits and vegetables, specified chemicals, specified coal-tar dyes, machinery (specified classes), motor vehicles (reduction of preference only), radio sets, typewriters, optical instruments, raw wool (textile), fertilizers and domestic refrigerators. Concessions will be received in relation to tariffs on jute and jute manufactures, cotton manufactures, cashewnuts, mica, shellac, coir matting, sports goods, carpets, spices and condiments, essential oils, tea and tobacco. India's export trade in specified commodities valued at Rs. 48 crores on the basis of 1944-45 figures stands to benefit from concessions

extended by other countries. The concessions India is offering cover important items, valued at Rs. 81 crores. The concessions become effective 80 days after signature of the protocol, and a notification under Section 2 of the Sea Customs Act will be issued in due course. Legislation

REPORT TO THE NATION



No. 18



The Nation's CREDIT COLUMN

B RITISH RECOVERY depends on many things—the return of prosperity in Europe, the growth of productive power in the Empire, and our own increased effort to provide for ourselves and to export. Every one of these things depends on a steady continuous rise in our production—a rise to much higher levels than ever before, to offset the drastic change in our position in the world. Our future, and our children's, depends on such achievements as those recorded below.

ARE YOU MENTIONED HERE?

- ① Sixty employees of the Lamington-on-Tyne Glass Works using one machine achieved a record of one million electric light bulbs blown, inspected and packed in six days.
- ② East Midlands miners in the first 16 weeks of this year produced one million tons more than during the same period a year ago—a 10% increase. New output records have been set up at Shirebrook and Clonsilla Collieries, Mansfield, and Wollaton Colliery, Radford.
- ③ A world record is claimed by the New Jarrow Steel Company where 30 men in 7½ hours produced 380 tons of rolled steel. Current firm Company accomplished a national record of 5,154 tons of pig-iron in one week from their new furnace.
- ④ Production of super-phosphate fertiliser in April was a record for the second month in succession.
- ⑤ Experts of passenger cars at April reached a new record rate of 5,102 a week, making Great Britain the largest car exporter in the world for two months running.
- ⑥ In April, the following industries exceeded the export target rate set for end 1948: private cars and commercial vehicles, textile and hoisting machinery; asbestos, cement, cutlery, wire and cable, internal combustion engines and pumps, telephone and telegraph apparatus, air and gas compressors, dairy, canning and levelling, food preparation, printing and book-binding, and refrigerating machinery.
- ⑦ Deliveries of coveynore to the coal mines reached the record level of 317 in April compared with 303 in March.
- ⑧ Production of heavy forgings by the 250 workmen at Walter Sorenson Heywood Forge, Halesowen (Birmingham), has increased by nearly 50% in the last three years. Improved methods of production save 70 tons of coal every week.
- ⑨ The 300 employees of Northern Coach-builders, Newcastle-on-Tyne, by harder work, have stepped up output of passenger buses from 12 to 26 a month, some for export.
- ⑩ An all-round 10% increase in individual output of electrical equipment in the last year is reported by the Joseph Lucas (Birmingham) group of 13 factories, employing 31,000 men and women.

⑪ **PEGGY MAYOR**, aged 17, employed by Messrs. J. & A. Leigh Ltd, Preston, is responsible for an average production of 113,000 yards of "wash" a week, which goes to the making of 12,638 typewriter ribbons, a most valuable export.

⑫ Nearly 4,000 Lancashire housewives are doing evening shift work in over 80 cotton spinning mills. In the two weeks before the Whit Holiday output in cotton spinning was slightly above the target rate.

We are 48,000,000 people, striving to earn a living in our small island. It's a tough job. It takes mind as well as muscle, ideas as well as elbow-grease. What are you doing to qualify for Credit Column?



It still adds up to MORE AND MORE PRODUCTION

— Issued by His Majesty's Government —

may be necessary in a few instances, and the necessary action will be taken in the next session of the legislature.

INDO-AUSTRALIAN TRADE

Mr. H. R. Gollan, Senior Australian Government Trade Commissioner in India, disclosed that the volume of trade between India and Australia at present was the largest in nine years. Trading between the two countries was so brisk that in the seven months ending January, India had become the second largest exporter to Australia and the third largest importer from that country. During that period, India's export and import trade with Australia was seven times higher than in the corresponding period in 1939. Quoting the Acting Commonwealth Statistician, Mr. S. R. Carver, the Senior Trade Commissioner said that in the seven months ending January, India exported to Australia goods worth Rs. 16.8 crores while her imports from Australia amounted to Rs. 9 crores. Among Australia's principal exports was wheat. Between July last year and January 1948 Australia had exported to different countries wheat to the value of Rs. 11 crores of which India had received approximately Rs. 5.25 crores worth. Flour exports to India during the same period totalled Rs. 24.88 lakhs. India had also received Rs. 55.88 lakhs worth of scoured and washed wools, tops, noils and waste. Speaking about Australia's imports and exports generally Mr. Gollan observed that Australian imports of merchandise registered an increase of 64 per cent. over the corresponding period in 1939. Her exports for the same period were valued at Rs. 210 crores which was about 10 per cent. more.

INDIA HAS FAVOURABLE TRADE BALANCE WITH AUSTRALIA

In the 11 months which ended May 1948, India exported goods to Australia to the value of Rs. 26.94 crores.

In the same period India bought Rs. 28.15 crores' worth of goods from Australia.

During those 11 months, Australia's total exports of merchandise were Rs. 379.80 crores and total imports of merchandise Rs. 322.26 crores, giving a substantial favourable commodity balance of trade.

During May, Australia's exports of merchandise were slightly higher than April while imports were lower.

As compared with April 1948, Australian imports from United States of America fell substantially in May while at the same time her exports to that country increased.

Imports from Canada rose slightly but so did Australia's exports to Canada.

Substantial exports were made in the 11 months ended May, 1948 to United Kingdom, United States of America, Canada and India, as well as to France, Belgium, New Zealand, Ceylon and Italy as principal buyers. Australia took substantial imports of merchandise from India, Persia, Ceylon, Bahrain Islands and Saudi Arabia, Belgium, Sweden and New Zealand.

Principal exports in the 11 month period were wool, wheat, flour, butter, lead, sheepskins and barley.

Principal imports during the 11 months ended May 1948 were machines and machinery, cotton piecegoods, silk and rayon piecegoods, motor cars, pulp, paper and board, petroleum, bags and sacks, drugs, chemicals and fertilisers, tea, electrical appliances and equipment and yarns.

BRITISH CAPITAL GOODS TO INDIA AND PAKISTAN

Britain's Overseas Trade Minister, Mr. Arthur Bottomley, in an exclusive interview, recently, disclosed that India and Pakistan received 12 per cent. of Britain's total exports of capital goods to the world in 1947.

In Britain's total overall exports to the world the proportion of capital goods was in the neighbourhood of 20 per cent., but in the case of India and Pakistan, the proportion of such goods was 42 per cent.

Of machinery alone, India and Pakistan's share was 17 per cent. of the grand total for all countries. These proportions were appreciably higher than the exports to other countries including those of the British Commonwealth

Mr. Bottomley added that the total U.K. exports to the whole world in 1947 were valued at 1,187 million of which India and Pakistan received 92 million. The export of capital goods to the whole world totalled 318 million of which India and Pakistan got 89 million.

Exports of machinery alone to all countries were 180 million and those to India and Pakistan 80 million.

Earlier he said that the figure of last year's U.K. trade to India and Pakistan represented three times the value of the last full pre-war year.

"We have first to re-equip and modernize our own industry" said the Minister, "in order that we can properly tackle the task of supplying such countries as India and Pakistan with the goods they may need, not only at this moment, but in the next 20, 30 and even 50 years as their own industrial effort develops. Only by getting our own industry in order can we be in a position to help India and Pakistan to industrialize their own countries as rapidly as possible."

"India and Pakistan," he said, "are aware that at the moment our steel production is increasing, and they naturally ask if they can as a consequence have more capital goods. The answer is that the extra steel goes to pay for the essential raw materials and food that we must have, and into the rebuilding of our own industry so that it can properly grapple with the long term job of supplying India, Pakistan and other countries with the capital equipment and other equipment they so badly need."

Mr. Bottomley said it was necessary for the United Kingdom to get the technical and skilled men to assist this development.

"We are training men and are looking forward to the day when we can do all that we now wish to do to help India and Pakistan. The next three or four years will, however, still be difficult," he said.

Even as things were, he considered the amount of United Kingdom production going to India and Pakistan impressive not only in comparison to British exports elsewhere, but also in relation to her total production for all purposes.

TRADE POLICY OF PAKISTAN

SCOPE FOR PRIVATE ENTERPRISE

JINNAH'S ASSURANCE TO BRITISH BUSINESSMEN

The Governor-General of Pakistan, Qaid-e-Azam Mohammed Ali Jinnah, addressing the 88th Annual General Meeting of the Karachi Chamber of Commerce recently said "I can assure you on behalf of the Government of Pakistan that it is their intention and policy to let the channels of free trading flow as freely as possible."

Of overseas trade he said, "A considerable sector of imports has been released from licensing by the notification of an open general licence for a wide range of goods coming from Commonwealth sterling countries. This list will be kept under constant review with the object of expanding it and the question of including therein imports from soft currency areas is now receiving the attention of the Ministry of Commerce."

Referring to the situation in regard to dollar imports and other hard currencies the Governor-General stated that it was very difficult and "licensing must continue to protect the balance of payments."

"Even in this field, however, you can assist by bending your energies to directing and increasing our exports to dollar and hard currency countries. This fortunately should not be difficult in the case of the major Pakistan raw materials and I shall look forward to your constant support in this matter."

PRIVATE ENTERPRISE

The Qaid-e-Azam drew the particular attention of the meeting to "the keen desire of the Government of Pakistan to associate individual initiative and private enterprise at every stage of industrialisation."

"The number of industries the Government have reserved for management by themselves consists of arms and munitions of war, generation of hydro-electric power and the manufacture of railway wagons, telephones, telegraph and wireless apparatus. All other industrial activity

is left open to private enterprise which would be given every facility a Government can give for the establishment and development of industry."

The Governor-General said, "Just as Pakistan is agriculturally the most advanced nation in the continent of Asia, I am confident that if it makes the fullest and the best use of its considerable agricultural wealth in the building up of her industries, it will, with the traditions of craftsmanship for which our people are so well known and with their ability to adjust themselves to new techniques, soon make its mark in the industrial field."

He added that he was glad to know that the meeting was favourably impressed with the concessions announced by the Finance Minister to new industrial enterprises in the matter of income-tax and depreciation and that "you regard the statement as holding out more encouragement to new industry than the corresponding statement of policy made by the Government of India."

Mr. Jinnah revealed that Pakistan was now engaged in a study of how best the spiral of rising prices could be broken and he appealed to the trading community for their full support in this object. "If Pakistan goods are to establish for themselves a reputation of their own, a beginning must be made now and here. Anything my Government can do to achieve this end, they will do, I would like Pakistan to become a synonym and hallmark for quality in the marketplaces of the world."

U.K. JULY EXPORTS £8M. ABOVE RECORD

STILL BELOW TARGET

Trade Gap Lowest since February

The value of United Kingdom goods exported in July at £. 145,600,000 established a new record, exceeding by £. 8,200,000 that set up in July 1920, and being £. 11,600,000 more than in June last. Imports were valued at £. 185,600,000—higher than ever before—while re-exports rose by £. 1,500,000 to £. 6,800,000.

The adverse visible balance of trade was £. 33,600,000, or £. 4,600,000 below the figure for June, and lower than in any month this year except February, when the figure was £. 31,200,000.

Higher totals are usually recorded in July because it normally contains the maximum number of working days, and also because of the tendency to clear documents to the Customs before the holidays. The dock strike, on the other hand, caused a falling off in receipts of documents in the early days of the month.

Allowing for the rise in prices since 1938, the volume of exports in July is provisionally estimated at 149 per cent. of 1938. This probably represents the largest quantity of goods sent abroad in any month since July 1929, and exceeds the monthly average for the peak inter-war year by about 4 per cent.

Allowing for the varying number of working days, however, the quantity of goods exported daily last month is estimated to be only about the same as June and 3 per cent. above May. The volume is therefore still 4 per cent. short of the 1948 end-year target.

The principal increase was in manufactured articles; which rose by £. 12,100,000 to £. 127,400,000 cotton yarns and manufactures being outstanding with an increase of £. 2,900,000 to £. 12,900,000. Machinery reached a new record figure, both for value and quantity, at £. 24,100,000 (86,000 tons)—an increase of £. 2,100,000. Food, drink, and tobacco fell £. 600,000 to £. 7,700,000, but increased coal exports (£. 4,700,000) sent up raw materials by £. 500,000 to £. 7,200,000.

The increase of £. 25,300,000 in imports was mainly caused by a rise of £. 8,600,000 to £. 80,400,000 in food, drink, and tobacco and one of £. 5,800,000 to £. 48,400,000 in manufactured articles. Imports of raw cotton fell by £. 7,800,000 from the unusually high June figure of £. 13,500,000. Manufactured oils (mainly refined petroleum) rose by £. 2,800,000 to £. 14,100,000.

DETERIORATION IN TERMS OF TRADE

The hope that in 1948 the terms of trade might start to move in Britain's favour has been killed by the January and February figures: import prices have risen by $4\frac{1}{2}$ per cent. since the end of the year, while export prices have remained virtually unchanged. And the general cost of imports is likely to increase still further despite Mr. Strachey's expression of hope in the House recently that "we have reached the worst point, the nadir of the tendency of the terms of trade...and there is a chance that the terms of trade may cease moving in the wrong direction." This is at best an outside chance over the next few months. The prices of most foodstuffs and a large part of the raw materials for Britain have been fixed for 1948 under contracts already made and at a higher level than last year. Any improvement in the terms of trade must therefore come from higher export value, but exports of those goods which still command a sellers' market—capital equipment, iron and steel, coal, certain chemicals—are unfortunately limited by production difficulties.

IMPORT AND EXPORT PRICES
(Board of Trade Indices : 1938—100)

	Feb. 1947	Aug. 1947	Sept. 1947	Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948
<i>Imports</i>								
Food, drink & tobacco ..	225	245	243	243	244	248	249	254
Raw materials ..	242	285	288	291	300	304	313	317
Manufactures ..	210	249	252	254	257	258	263	269
Total ..	226	257	256	258	262	263	269	275
<i>U. K. Exports</i>								
Food, drink & tobacco ..	212	220	223	224	222	224	223	220
Raw materials ..	218	221	227	230	237	277	283	293
Manufactures ..	215	238	240	241	243	245	244	247
Metal goods ..	194	216	218	218	220	222	221	223
Textiles ..	287	312	314	318	321	324	326	326
Other manufactures ..	206	232	236	236	236	236	235	240
Total ..	215	237	239	240	242	244	244	247

Over the whole of 1947 import prices rose by 18 per cent. compared with a 15 per cent. increase in export values. Raw materials accounted for the biggest rise, and by February had increased by a further 4 per cent. to a level 31 per cent. higher than in February, 1947. Food, drink and tobacco prices, which also continued to rise during the first two months of the current year, were 13 per cent. higher than a year ago and manufactures were 28 per cent. higher.

Export prices of food again declined during February, but prices of manufactures more than made good their fall in January. Textile prices, which rose significantly throughout 1947, remained unaltered, but the export values of metal goods and other manufactures again advanced. Compared with a year ago, food exports were 4 per cent. dearer and manufactures 15 per cent. dearer. Raw material prices showed

another sharp increase during February and were 34 per cent. higher than in February, 1947. Most of this rise, however, was experienced in the last three months, when coal exports were resumed. Nevertheless the flattening curve of export prices in general, particularly in recent months, does not suggest that any relief in the terms of trade can be expected from this source.

**EUROPEAN INDUSTRIAL OUTPUT NOW
99 PER CENT. OF 1938 LEVEL**

BUT TRADE DEFICIT IS RISING

The industrial output in Europe, excluding Germany and Russia, had recovered to 99 per cent. of the 1938 level in the third quarter of 1947, according to a report on European recovery issued by the United Nations Economic Commission for Europe. The position of agri-

culture is much less favourable than that of industry, but in both industry and agriculture Europe has recovered more rapidly than after World War I.

In sharp contrast, however, Europe's trading position with the rest of the world has deteriorated and is still worsening, the survey shows. Europe's total deficit with the rest of the world, which was zero in 1938, rose from 5,800 million dollars in 1946 to 7,500 million in 1947. European exports to the United States, it was pointed out, must greatly increase if a balance in the world's economy is to be re-established.

Other main conclusions of the report included the following.

1. Europe's trade with the rest of the world, despite a dollar-shortage problem, had recovered by the end of 1947 much more rapidly than intra-European trade.

2. Total commodities available for home use in Europe as a whole, excluding Germany, had reached 96 per cent. of the pre-war level on a per capita basis by 1947 and Belgium, Czechoslovakia, Ireland, Norway, Poland and Sweden actually had more goods per capita than in 1938.

3. With the notable exception of the United Kingdom, the foreign trade of every country in Europe reflects over-importing and under-exporting. With the exception of the United Kingdom's every country's foreign balance of payments has been moving steadily away from equilibrium, largely as a result, the survey finds, of continuous inflationary pressure combined with artificially overvalued exchange rates.

4. Restoration of the United Kingdom's solvency and of convertibility of the pound sterling is an essential condition for revival of true multilateral trade within Europe. As long as Great Britain is in debt to nearly every other country and cannot pay off in dollars, the machinery of multilateral clearing cannot work successfully. The survey warns, however, that trade in Europe "had not yet

assumed a stable and continuing pattern" and that further basic changes are probably inevitable.

5. Weak spots in European production and intra-European trade today is largely explainable by Germany's elimination as a producer and a trader.

6. Half of the deterioration in Europe's overall payments balance with the non-European world is the direct result of price increases.

Discussing the report, Nicholas Kaldor, director of research of the Economic Commission for Europe said: "We found that the permanent change in Europe's position caused by World War II is that Europe must plan to cover her imports from the rest of the world with exports, whereas heretofore one-third of European imports were paid for by income from investment, services and other sources."

ABC'S OF R.T.A. AND I.T.O.

(RECIPROCAL

TRADE AGREEMENTS AND INTERNATIONAL TRADE ORGANIZATION)

WHAT ARE THE RECIPROCAL TRADE AGREEMENTS?

They are methods set up by national law passed by the U.S. Congress in 1934 to enlarge world trade by relaxing rigid tariffs and similar hindrances to exchange of goods among nations. Under terms of the R.T.A. law, Congress endows the executive branch of the government with limited authority to negotiate, revise and adjust tariffs.

DOESN'T THE E.R.P. REPLACE THE R.T.A. ?

No. R.T.A. is a tool that will assist European Co-operation Administration (E.C.A.) to facilitate and quicken interchange of commodities among all nations participating in the E.R.P.; this is a basic aim written into the act that brought the E.R.P. into existence.

HASN'T THE U.S. AGREEMENTS WITH ALL E.R.P. NATIONS ?

No. They have not yet been negotiated with Austria, Denmark, Greece, Italy, Ireland,

Portugal, Western Germany. Trade agreements are necessary to enable these nations to export to the U.S. and thus deliver on their commitments to the U.S. under terms of E.R.P. R.T.A. is the only existing means by which the U.S. can work out these arrangements.

DO TRADE AGREEMENTS DRAIN THE U.S. OF ITS NATURAL RESOURCES ?

No. On the contrary, they help to safeguard against depletion of many strategic materials such as manganese, tin, rubber, lead, required for U.S. military security.

DOESN'T THE R.T.A. HARM U.S. BUSINESS ?

No. Ever since the Reciprocal Trade Act was passed 14 years ago, there have been outcries that certain U.S. industrial, farming and labour interests were being menaced by "cheap foreign competition." No proof backed up such claims sufficiently to prevent bi-partisan majorities in Congress from extending the Act in succeeding Congresses.

BUT WHERE DOES THE I.T.P. COME IN ?

The Charter of the International Trade Organisation was signed by delegates from 58

nations at Havana in April 1948. But this I.T.P. charter must be approved by Congress and, even so, will not be fully effective until 1952. Meanwhile, the R.T.A. will be needed (1) to activate the provisions of the ITP Charter if and when okayed by Congress ; (2) to have ready a groundwork for future trade agreements if the I.T.P.O. fails to pass.

BUT HASN'T THE I.T.P.O. ALREADY CHANGED TARIFFS ?

No. but its forerunner, the "General Agreement on Tariffs and Trade," signed at Geneva on October 30, 1947, marked an advance in overcoming barriers to world trade. Under the terms of the T.A.T.T., biggest multilateral trade pact in history, 23 countries responsible for 70 per cent. of international commerce granted concessions to each other on commodities which in pre-war days accounted for 50 per cent. of all global trade. From the 22 other countries, the U.S., gained tariff reductions on items worth $\frac{1}{2}$ billion dollars ; from the U.S., they gained similar reductions on items worth $\frac{1}{2}$ billion dollars, on quid-pro-quo basis

Labour

LABOUR LEGISLATION IN HYDERABAD

The Government of His Exalted Highness the Nizam have from time to time introduced various measures to ensure better working conditions, pay and amenities in various factories in the state. The following main provisions of the labour enactments give a comprehensive idea of the legal help to labour.

WORKMEN'S COMPENSATION ACT

1. If a workman is injured by accident in the course of his employment his employer must pay compensation.

2. If a workman dies through accident his dependents are entitled to compensation, varying between Rs. 500 to Rs. 4,500 depending on the wages.

3. If a workman contracts occupational diseases, he is entitled to compensation.

4. First Taluqdars and Second Taluqdars of Yallandu and Asafabad have been appointed as Commissioners to settle compensation cases.

5. Notice of accidents must be given to 1st Taluqdar.

MATERNITY BENEFIT ACT

1. No employer shall knowingly employ a woman in his factory 8 weeks preceding confinement and 4 weeks following delivery.

2. The maternity benefit to be paid is 8 annas per day.

3. A woman entitled for maternity benefit shall give notice in writing to her employer a month prior to delivery but not later than seven days after delivery.

4. The employer shall make payment of maternity benefit within 48 hours of receiving the notice.

5. Notice of dismissal given three months before delivery shall not deprive the right to payment of maternity benefit.

6. No employer can dismiss a woman worker who absents herself due to confinement.

7. Contraventions of these provisions is a punishable offence.

THE EMPLOYMENT OF CHILDREN REGULATION

1. Children under 12 are prohibited from being employed in the manufacture of beedies, matches, buttons, soap and in tanneries, etc.

2. Children below 15 are not to be employed in any occupation connected with the transport of passengers, goods or mails by Railway.

3. Contravention of the provisions is a punishable offence.

4. Inspectors are for securing compliance with the provisions of these Regulations.

THE HYDERABAD FACTORIES REGULATION

1. In perennial factories working hours are 48 a week (i.e., 8 hours a day).

2. A day's holiday is to be given every week.

3. Extra payment is necessary for overtime work (twice).

4. Children under 12 are not to be employed.

5. Children between 12 and 15 can only be employed for 5 hours. (Spread over 7½).

6. Adolescents (15-17) not physically fit are to be treated as children and cannot be employed full time.

7. Women and children cannot be employed at night.

8. Creches are to be provided when more than 50 women are employed.

9. Adequate resting sheds are to be provided when the number of employees is more than 150.

10. Health and safety of the workers is insured by providing for cleanliness, ventilation, precaution against fire, proper fencing of dangerous machinery, and by preventing over-crowding.

11. Canteens should be set up when the number of employees is more than 200. and any interest or increment accruing on such subscriptions.

12. Workers who have put in 12 months continuous service are entitled to 10 days' and to 14 days' leave with pay in case of children.

TRADE DISPUTES ORDERS

Strikes and lock-outs without 25 days' notice are illegal. Instigating illegal strikes or lock-outs is an offence. It provides machinery for settlement of disputes between employers and workers through a Board of Conciliation or an Industrial Court.

The decision of the Industrial Court with the approval of His Excellency the Prime Minister is final and binding.

THE HYDERABAD TRADE UNION ACT

1. Any seven members of a Trade Union may apply for registration of a Trade Union under this Act.

2. Registered Trade Unions will be exempted from the provisions of:

- (a) The Societies Registration Act, 1850 F.
- (b) The Co-operative Societies Act, 1928 F.
- (c) The Hyderabad Companies Act, 1920 F.

3. A Registered Trade Union may also open a separate fund for political purposes. The general funds cannot be spent on other than legitimate Trade Union activities.

4. Any person who has attained the age of 15 years may become member of a registered Trade Union.

5. The maximum number of the members of the Executive of the Union shall be 12, at least two-third of which shall be actually engaged in the industry to which the Trade Union is connected.

THE HYDERABAD PROVIDENT FUND REGULATION, 1955 F.

1. Provident Fund means a Fund in which subscription or deposits of any class of employees are received and held on their individual accounts. It also includes any contribution

2. A compulsory deposit in any Government or Railway Provident Fund shall not be assigned or attached under any decree or order of a Civil, Criminal or Revenue Court in respect of any debt or liability incurred by the subscriber or depositor.

3. Any sum standing to the credit of any subscriber or depositor in any such fund, at the time of his death, payable under the rules of the fund to any dependant of the subscriber or depositor, shall vest in the dependant.

4. Government is empowered to make it applicable to any provident fund established by any local authority or to P.F.'s of notified institutions.

INDUSTRIAL LABOUR CANTEENS FOR HYDERABAD

Hyderabad is on the threshold of a new era. Among the major factors that are facing the country, modernisation of our industry and agriculture has already occupied top priority in our post-war reconstruction programmes.

A cordial relationship between capital and labour is the corner stone of rapid industrial progress. These two wheels must be in good order if the industrial vehicle wants to proceed, and experience in other countries has proved this beyond doubt.

We all know that a worker spends the major part of the day, nay, the major part of his life, in the factory or the mine or any other industrial establishment. This being so, he must be made as comfortable and happy as possible. The workers cook their own food or if there is a female in the house, she cooks. The food is taken to the workshop or the mine or whatever it is, and in the interval the worker eats his food, which generally consists of loaves of bread. But they have no dining rooms. They can be seen in random places in the compound, under a tree, near a well, on the stairs or at the place of their work. In some factories the

workers are turned out. Some go home. In the rainy season their condition is miserable and pitiable. They run about from place to place for shelter till the interval is over. In a word they suffer due to the absence of a shed where they can eat and take shelter.

Is it not necessary that a canteen should be started in every decent factory and cooked food supplied to workers at cost price? If the canteens have recreational facilities, so much the better. Such a canteen will surely brighten up the indispensable worker and make him feel that his master is not an exacting slave-driver but has the welfare of the worker at heart. A canteen will be very economical to the workers and will surely become popular. Some say that caste prejudices stand in the way. But this idea belongs to the B.C. era. Caste distinctions are fast disappearing, and if general canteens are started they will prove immensely useful. A canteen must conform to the rules of sanitation. It must be well ventilated and comfortable.

The working class and the illiterate class are almost identical. Poverty and drudgery keep them out of the kingdom of knowledge. As a result, the workers are ignorant of the rules of health and sanitation. They are unclean, rude and rough in spite of their child-like hearts. It is necessary that instruction in rules of health, diet and sanitation should be imparted to them. Employers must render financial help to social agencies which may grow up for the uplift of the labouring classes. The worker must be roused to the consciousness that he too is a member of a respectable body and hence has more self-respect. Any attempt in this respect will surely benefit the worker and the master.

Canteens are common and age-old in America and U.K. But in Hyderabad as also in India, in spite of the impetus given by War they are still scarce. These canteens should form an essential part of all modernising plans. The European and American canteens are not only canteens but laboratories as well. Exper-

iments in nutrition and dietetics are carried on in the interest of labour welfare. In the U.K. the Factories Act, 1937 requires every employer to provide mess-room accommodation. But here it is a different story altogether. Firstly, in a majority of mills and factories, there are no canteens at all nor are they required under any act or law. Only shelter is provided in a few factories and even these shelters can hardly be regarded as places suitable for relaxation during rest intervals.

Some of the objects of an industrial canteen are, to make wholesome the otherwise unbalanced and deficient food of the workers; to provide clean and cheap food and an opportunity to relax in comfort near the place of work, to save time and trouble to workers on account of exhausting journeys to and fro from work after long hours in the factory and, during war-time, to enable them to surmount the difficulties experienced in obtaining meals or foodstuffs.

Canteens are an exgratia affair and hence they can hardly conform to any standards or principles, for the simple reason that no such standards or principles are established anywhere. In most places they are no better than private contractors' tea stalls supplying tea and sweets, where food is supplied it is neither cheap nor clean. Finally, they are not sanitary. The only principle that governs them is "the maximum of profit" to the owner. The industrial employer charges high rents to the canteen owners, who in turn sell food exorbitantly. No wonder then, workers prefer bringing their meals from home for eating in canteens.

But if canteens are run honestly, the workers would surely make use of them. This is proved by the experience of some employers who run canteens and who are not guided by profit-motives, but by a sincere desire to make their workers happy. The canteen at Tata Iron and Steel Co.'s Works at Jamshedpur is a happy example. This canteen consists of two grand buildings with modern sanitary equipment and furniture. Meals varying with communal

tastes are served to different communities. Women workers have separate dining arrangements. Three times every day, the 13,000 workers visit these canteens for tea, refreshments and meals.

Since the outbreak of the last World War the Government of India ordered Provincial Governments to encourage employers to start canteens. But the results were not very good, as the employers, in general, did not favour the idea and were not prepared to open cooked food canteens voluntarily. No success can be achieved unless legal responsibility is placed on the employers. Our Government should take steps, as early as possible, in this direction and also appoint Inspectors to see that canteens are run on non-profit basis. Besides this, the Government should sanction rent-free accommodation, and free furniture and cooking utensils in canteens run by them or by workers, or jointly by both, and under certain conditions even in canteens run by contractors in their concerns.

Thus we see, that a canteen is not only a glorified restaurant, but has an important function to perform in the shape of catering to the recreational needs of the workers. A factory's canteen is the centre of its labour welfare, and the meeting place of workers from all departments of the plant. Here workers rest and revive their flagging energies, eat their meals and talk.

As Government have several schemes in view to industrialise Hyderabad, it is worth-while to make a beginning in this direction in those factories that are already in existence and enrich ourselves by experience while organising canteens in bigger factories.

M. MADHAVA RAO.

WORKING OF THE CONSUMERS' SOCIETIES IN H.E.H. THE NIZAM'S DOMINIONS

THE Co-operative movement in H.E.H. the Nizam's Dominions was first started in 1912 and as was the case in India, Agricultural Credit

Societies were organised and all the efforts were concentrated towards them. Sporadic attempts were made to organise consumers' societies. Setbacks were many and most of these pioneer efforts did not bear fruit. The recent world war seems to have come as a boon to the consumers' movement. It suddenly came into prominence when the controls were introduced and there arose the need to set up such societies for counteracting the profiteering tendencies of individuals. The Government too was able to see that co-operative societies were the best medium to fight this evil and with its patronisation societies were soon forthcoming to meet the situation.

During the first five years of War also not much progress was made. The number of societies was six. Membership had increased from 485 to 568, but the working and owned capital both recorded a sharp decline from 56,890 and 84,632 to 12,251 and 10,325 respectively due to one big society's liquidation in 1941. The sales had however grown which were to the extent of 49,859 as against 1,787 of the year 1940.

In 1945 the Co-operative Department's scheme of setting up Taluqa Unions in all the Taluqas with its branches in suitable centres was given effect to and it is from this year that a marked change came over the whole aspect. The number of such societies rose from 6 to 12 in 1945, and stood at 250 in 1947. The membership was 568 in 1944 and rose to 55,132 during the following year, whereas in 1947 it shot up to 4,91,088. The working capital which stood at 12,251 in 1944 rose to 48,02,971 the next year and further increased to 1,08,88,794 within two more years.

Similarly the owned capital which was 10,325 recorded a rise and was 27,60,844 in 1945 and 62,97,894 in 1947.

The sales were 4,78,19,118 in 1947 whereas two years ago they were 1,04,27,719 and a year previous only 49,859.

Thus, it will be seen that the fillip given by the war proved of great value and the movement started to take a share in the business activities as well. Owing to the controls the societies were mainly handling foodgrains and the experience thus gained will, it is hoped, be of use in expanding the work still further as this is but just the beginning of the endeavour and greater field still remains to be covered.

AMENITIES FOR LABOUR IN HYDERABAD

A Primary School, exclusively for the children of Domalguda Labour Colony, has been opened at the Labour Welfare Centre.

It may be recalled that Labour Welfare Centres for Municipality workers have recently been opened in the city which are running very successfully.

Government has sanctioned a scheme for intensifying Labour Welfare Work at Kothagudum and Tandur Collieries which was submitted by the Coal Mines Labour Welfare Advisory Committee. The scheme aims at purchasing mobile cinema vans, wireless sets, and also construction of swimming pools and latrines on hygienic lines. The work at Kothagudum is on a more extensive and ambitious scale which includes T.B.V.D., and Isolation Wards and a Gymnasium.

The preliminary work has already been taken on hand and is proceeding apace.

CONDITIONS OF WORK FOR LABOUR IN HYDERABAD

A Government Notification says :—

Managements of important industrial concerns notified under the Standing Orders (Conditions of Employment) Regulations Order, 1854 Fasli, are required to frame and submit to the Labour Commissioner for approval, Standing Orders, in respect of their concerns, showing the terms and conditions under which workers are employed and rules of discipline which they are expected

to follow. As "specified officer" under the said Order, the Labour Commissioner is empowered to settle these Standing Orders after making such enquiries as he deems fit and after consulting such interests as appear to him to be concerned in the employment. Standing Orders in respect of the Azam Jahi Mills (Warangal), the Hyderabad Spinning and Weaving Mills, and the Osman Shahi Mills (Nanded), have so far been settled and those that have been received from other factories will be settled shortly. With the enforcement of these Standing Orders, industrial workers will be in a position to know the exact conditions under which they are required to work.

AID TO EX-SERVICEMEN

In accordance with the assurance given to ex-servicemen and their dependents for educational facilities, the Nizam's Government have sanctioned a scheme which provides an opportunity for them to further their studies which were interrupted during the last great war. Under the scheme, free education, free board and lodging, cost of books and some monthly stipends, have been assured to the qualified ex-services personnel.

All bona fide subjects of the State who have at least six months "approved war service" will be entitled for assistance.

INDUSTRIAL PEACE

GOVERNMENT OF INDIA'S LABOUR POLICY EXPLAINED

Tripartite Machinery to be set up

Explaining the Government's Labour Policy and programme of legislation, Mr. Jagjivan Ram, Minister for Labour, stated at a Press Conference :

The aftermath of the war has brought a spate of industrial disputes in all industrialised countries. India is no exception. In 1945 the total number of working days lost on account of industrial disputes was roughly 40,50,000. In 1947 it rose to as much as 1,53,00,000 (up to

November only). Even in normal times, strikes and lock-outs may not be regarded as the only legitimate means of resolving differences between employers and other work-people, but the times are not normal now. We are faced with all-round shortages of essential commodities—food, clothing, etc. These shortages have led to the wide-spread evils in black-marketing. Industrial disputes or any 'go slow' policy will only accentuate the evil. What is now necessary is more and more production to make good the shortages of essential commodities.

In the existing circumstances a National Government could not possibly shut its eyes to the problems of production. And some means had to be found to overcome the desperate situation created by the prevailing industrial discontent. The industrial truce resolution, which was adopted by the Industries Conference in December last, was accepted by employers' and workers' representatives who attended the Conference. It is true that they came in their individual capacity, but there was every hope that they would carry their respective organisations with them. Government are now proceeding to implement that resolution and with this object in view they are setting up a tripartite machinery at various levels, Central, Regional, and Unit Committees, charged with the duty of giving effect to the various clauses of the industrial truce resolution. The procedure adopted by the Government of India is the one which has been made familiar to all by the International Labour Organisation. Experience has also shown that the tripartite machinery of the kind contemplated is the best machinery for promoting harmony and all-round reasonableness. The industrial truce resolution secures to labour honourable partnership in industry and full recognition of its rights. It, however, imposes in the larger interests of the country, the obligation that its rights will be exercised in a reasonable manner and that when conflict threatens, every effort will be made to resolve differences through the recognised channels of conciliation and arbitration.

The Ministry of Labour do not merely intend to pursue the purely negative policy of resolving industrial conflict. We have already embarked on a positive programme of labour legislation, which represents a great advance on what has been attempted not only in India but in Asia. In fact, in many respects, our programme of labour legislation brings us within measurable distance of the achievements of Western countries which were industrialised very much earlier than India.

EMPLOYMENT SERVICE

The main features of our programme are as follows: The greatest curse of the Indian system of recruitment is the dependence of industrialists on middlemen, most of whom are in the habit of exploiting the labour which they supply to the employer. The second great curse of the Indian system is the haphazard method of employment, as a result of which no records of the worker are usually maintained. He may come or go. Nobody cares. To overcome these evils, Government have set up an Employment Service. The success of the Employment Service will depend entirely on its efficiency and the support which it receives from the employers. In building up this Service every effort has been made to adopt the up-to-date technique of the most advanced industrial countries, the United States and the United Kingdom. The duty of the Employment Service is to get the right man for the job. In order to achieve this objective, the Employment Service has to undertake (a) standardisation of occupational terms, (b) technical and vocational training of workers, (c) registration and maintenance of card indices. All this is technical work requiring skill and experience. We are assured of the assistance of outside experts and we are now in the process of training our own men to do the job on their own.

*A very legitimate criticism of our Labour policy is that we have confined our attention entirely to the industrial worker, ignoring the

rapidly growing landless rural population, which works for others as agricultural labourers and also as cottage workers. These categories clearly come within the scope of Labour Legislation and this has been accepted by a ruling of the Permanent Court of the I.L.O. Whereas our industrial labour population may be in the neighbourhood of six to seven millions, agricultural labour will be at least ten times that number and possibly very much more. About agricultural labour we have remained completely in the dark, not caring to know as to how they live, how they work and what they get. In this state of ignorance, it is not possible for Government to do much for agricultural labour and the first requisite is to know the facts. This we propose to do by our agricultural enquiry. A questionnaire is being prepared and we hope it will be finalised shortly. Having regard to the diversity of conditions obtaining in India, it has not been an easy task and it was necessary to consult Provincial Governments. This was responsible for some delay. We have further brought pressure to bear upon the I.L.O. to undertake a special study of the conditions of agricultural labour. It is understood that specially qualified research officers will be sent out to the Delhi Branch for this purpose. In this connection, it may be mentioned that our Minimum Wages Act, which has been recently brought into the statute-book, provides for wage regulation in agriculture.

Connected with agricultural labour is plantation labour. Here too, the conditions have been unsatisfactory since a long time. We have set up an Industrial Committee of Plantations and as a result of the first meeting, there was an immediate increase in wages in Bengal and Assam. We have now had a wage census by Major Lloyd Jones. Both these reports should provide invaluable data as a basis for further progress. They will be considered at the next meeting of the Plantation Committee which is to be held on March 31 and subsequent days.* At this meeting we propose to work up the details of our proposed legislation for plantations.

* The meeting has since been held.

WORKERS' WAGES

In regard to wages, the attitude of the Government of India in the past has been one of complete inaction due no doubt to the implicit acceptance of the doctrine of *laissez faire*, whereby wages were regarded as a contract which must be settled entirely by the parties to the contract, namely the employer and his workers. Such a policy is now completely out of date and the Minimum Wages Act, which has now come on the statute-book, is our first approach towards wage regulation. This, however, is not the only approach, because in labour matters co-operation is better than compulsion. Before compelling employers to pay a minimum wage, it is felt that some attempt should be made to induce them to agree to a wage which will be accepted as reasonable by both parties and the Government. Here too, the tripartite machinery has been most valuable. The setting up of Industrial Committees on a tripartite basis, will, it is hoped, promote greater justice in the matter of wages than even the Minimum Wages Act. In many cases, wages have been improved as a result of conciliation or adjudication in industrial disputes. Conciliation machinery is being built up gradually and it needs to be strengthened further. The Indian law incorporates the principle of adjudication which was adopted in most countries during wartime. We have in India, under the Industrial Disputes Act, conciliation and compulsory adjudication. The Act, however, has been so drafted as to provide all reasonable safeguards for the workers, and if there is compulsion it is applied fairly to both sides and only in the public interest.

The Employees' State Insurance Bill is our most important move in the direction of social security. It is a limited measure applying only to factory workers. But unfavourable inferences regarding this measure must not be drawn from its limited scope. Health Insurance requires machinery and in the present state of our health services in the country, that machinery is entirely lacking. Our Bill, which is now before the

Legislature is in effect a pilot measure intended to test what we can do. If we can tackle the problem of the factory worker, we will be able to extend the scope of health insurance gradually to all categories of workers. In this connection, it may be pointed out that at the recent Asian Conference, the experts of the I.L.O. gave a clear warning that in Asia the immediate realisation of social security was quite impracticable and that the only hope was to proceed towards this goal in gradual stages.

The great lacuna in social security is the absence of any form of unemployment insurance or unemployment assistance. In a country with a population of over 800 millions, where the bulk of the population is in rural areas and mostly under-employed, unemployment insurance or assistance would be a gigantic task. Besides, unemployment insurance is quite impracticable without a fully organised and efficient system of employment exchanges. Under the existing conditions of recruitment, unemployment insurance is unrealisable. For this reason, it is important that the steps which are being taken in regard to recruitment should be accelerated.

In regard to the other conditions of employment, our important measures are the revision of the Factories Act and the revision of the Mines Act, both of which will make these measures in keeping with similar measures in more highly developed industrial countries. We have also now provided for canteens, holidays with pay, etc., and in the mines for pithead baths. These are modern features in which we are hoping to keep abreast with the rest of the world. Welfare schemes have been promoted in special industries, e.g., coal and mica.

For colliery workers, a modern housing scheme has already been put into operation and it is making commendable progress, having regard to the difficulties in regard to the availability of raw materials. Government are also contemplating a large-scale workers' housing scheme throughout the country which, it is hoped, will

provide a million modern houses for workers in the course of the next ten years.

“INDIA TAKING THE LEAD IN ASIA”

Our rate of progress has not pleased everybody. The Ministry itself fully realises that there is no room for complacency. Much remains to be done as will be clear from the five-year programme which was prepared in 1946-47. Nevertheless, taking into account the difficulties, it is felt that India can be rightly proud of her recent achievements in the Labour sphere. If there was one fact that was prominently brought out by the preparatory Asian Conference of the I.L.O. recently held in India, it is that in Labour matters India is certainly taking the lead in Asia. The prevailing industrial discontent in the country reflects to a large extent the conflict of ideologies, which is further evidenced in the multiplicity of central Labour Organisations operating in the Country. We have National Trade Unionists, Radicals, Socialists and Communists, vying with each other for mastery over the entire field of Labour. The policy of the Ministry of Labour is to steer clear of ideological conflicts. We are not slaves to any ideologies, but we are prepared to consider any practical steps for the betterment of the worker. We hope to secure this betterment by every possible means, but it must be without creating chaos and confusion in the country. This we cannot afford. We are, therefore, pinning our faith on the tripartite machinery in India and the tripartite machinery of the I.L.O. to achieve our objectives. We claim to be the first country in Asia to have made use of the tripartite machinery for the betterment of Labour conditions. Our record, judged by international standards, is not bad, even taking into account the countries of Europe and America. In the I.L.O. itself, we are one of the eight States of chief industrial importance and our actual rank would be fourth or at the lowest fifth. This is also a consideration which will inspire the Ministry of Labour in India to greater effort, for the amelioration of the Indian workers.

NEW CHAPTER IN HISTORY OF LABOUR LEGISLATION

INDIAN PARLIAMENT PASSES EMPLOYEES' STATE INSURANCE BILL

The Dominion Parliament passed the Employees State Insurance Bill, which provides for certain benefits to employees in case of sickness, maternity and employment injury.

The scheme will be administered by a corporation to be known as the Employees' State Insurance Corporation with the Labour Minister of the Central Government as Chairman and the Health Minister of the Central Government as Vice-Chairman.

Moving for consideration of the Bill, the Labour Minister, Mr. Jagjivan Ram, explained that the changes made by the Select Committee were designed to liberalise the qualifying conditions and make it easier for the worker to qualify for the benefits. The Bill has now been modified to apply to all employees in factories. A new sub-section has been added enabling the appropriate Government to extend the scheme to other establishments, industrial, commercial, agricultural or otherwise.

The original provision exempting employees getting average daily wages of 10 annas or below from payment of contribution to the Insurance Fund has now been raised to include all those whose daily wages were below Re. 1 a day.

COMPENSATION FOR INJURY

The exemption clause in the relevant chapter has been amplified to provide for the application of one or more parts of the scheme—such as, for instance, compensation for employment injury—in seasonal factories. The amendments also provided for the extension of the scheme to other categories of workers, whether working in seasonal factories or in other establishments.

The scheme has been modified in regard to contributions, which should be paid to enable a worker to qualify for sickness or maternity benefits. It has originally been provided, that before a worker could qualify himself for sickness

benefit, there should have been in respect of him at least 17 weekly contributions in a period of six continuous months prior to the week in which he claimed the benefit. It has now been provided that the contributions should be paid for a period of six months and that in return for such contributions the worker would be entitled to benefits in a subsequent period of six months.

The clause relating to payment of contributions has been amended to provide that these should be payable not only in respect of weeks during which the employees rendered service and received wages but also in respect of weeks during which he was authorised leave, or was unable to work because of a lock-out or legal strike.

Under the revised scheme, workers with monthly income of Rs. 260 and below would all receive approximately seven-twelfths of their monthly earnings by way of sickness or disablement benefit.

INSURED WORKERS' MEDICAL CARE

Provision in Bill

In regard to medical care and attendance to families of insured persons, it has now been provided that if a Provincial Government was in a position to provide for medical care and treatment not only for the insured worker but also for his family and if the Corporation was in a position to bear the extra expenditure, then the benefit would be extended to the family of the insured person.

While there was a general agreement in the Select Committee that the maximum period for which sickness benefit was payable should be extended to more than the prescribed eight weeks in a year, the Committee felt that the existing provision might be retained until some experience had been gained.

In deference to the wishes of the House, both employers and employees would now have five members each on the State Employees' Insurance Corporation and two members each on the Standing Committee of the Corporation

REPORT TO THE NATION



No. 16



Albert

AND THE EXPERIMENT

A tale from the mills

WITH APOLOGIES TO STANLEY ROWLOWAY

Our Albert, at tea, on a Friday,
Explained to his wife how he'd earned
An extra fifteen and a tanner

—And without overtime, she soon learned.

"They tried an experiment, Gladys,"

He said, as he passed her his cup.

"They couldn't get many more workers,

Yet output had got to go up.

"The experts and us got together
(I dropped in a hint now and then),
For there's nothing so handy as brainwork
To make five as efficient as ten.

"And when we'd thrashed out all the answers

And Union agreed it weren't bad

The Experiment went into action—

All in it, from foreman to lad.

"The machines were arranged a bit different

To cut down our walking," he said,

"I was taken off cleaning and suchlike

And given more skilled work instead.

"They found that the costs started falling.

And this was just grand for it meant

Extra brass for our piece-rates and bonus,

—And production rose twenty per cent."

"It makes you start thinking," said Gladys,

"I haven't lost all my old skill.

I'll re-deploy house-work and shopping

And join you—part-time—at the mill."



By making the most of skilled labour,

By contriving as never before,

There's factories all over Britain

Could raise their production still more.

By making better use of their existing machines and labour, firms in many industries are avoiding waste effort, increasing output, improving earnings and lowering costs.

It all adds up to MORE AND MORE PRODUCTION

Illustrations are made by Francis Day & Hunter Ltd.
owners of the copyright of "Albert and the Lion."

Issued by His Majesty's Government

GOVERNMENT'S CONTRIBUTION

The Labour Minister referred to the criticisms that the Bill provided for contribution only from the employers and workers and none from the Government and pointed out that the Provin-

cial Governments were expected to contribute about a third of the cost of providing medical care and treatment. Most of them had already agreed to do so.

The Minister further expressed the hope that it would be possible, before long, not only to bring a much larger proportion of employees within the scheme but also enhance the period of the sickness benefit and make provision for medical treatment to families of insured persons. After the Minister's speech there was a debate in which a number of speakers took part.

LABOUR MINISTER'S REPLY

The Labour Minister replying to the debate explained that he himself had claimed the measure only as a modest beginning. He said he was of the opinion that this and other social insurance schemes should be run on contributory basis. It had been suggested that Government should contribute. Where would Government get their funds—it was from the taxpayer. Whether one charged the employer to make contribution to the insurance fund or asked him to pay cesses or taxes, the charge ultimately fell on the consumer. He also disclosed that Government were already working on plans for starting employment insurance and provident funds for employees.

In the resumed debate on the following day the Labour Minister, Mr. Jagjivan Ram said that the bill opened "a new chapter in the history of labour legislation in this country." It was a beginning of social security measures. Its scope was limited but the benefits might be expanded and extended to any extent in order to cover the various categories of the working classes in this country. "I am sure," he said amidst cheers, "that the Corporation, the Provincial Governments and the Central Government will take the earliest opportunity to extend the scope of this bill as soon as conditions permit.

NO PREMIUM ON PROMISCUITY

In the course of the resumed discussion Mr. Naziruddin Ahmed, forced a division on

his amendment which sought to extend the benefits accruing to families and dependents of employees to illegitimate children dependent upon the employee. He pointed out that in considering his amendment the House should not mix up the question of morality or ethics with the benefits sought to be conferred on employees' dependents. If a worker himself was giving protection to illegitimate progeny, there was no reason why the scheme envisaged in that Bill should not extend help to such children.

Mr. Thakurdas Bhargava,* Babu Ramnarain Singh, Mr. T. A. Ramalingam Chettiar and Mr. Hoosain Imam supported the amendment.

The Labour Minister, Mr. Jagjivan Ram, however, opposed the amendment pointing out that normally in the industrial areas the workers came along leaving their legitimate families behind in their villages. It was quite possible such workers might contract some kind of intimacy with women in industrial areas and have illegitimate children. Surely the House did not want that the legitimate families of such workers should be disintegrated. If the amendment were accepted, the result would be that illegitimate children might deprive the legitimate children of the worker staying behind in their villages. He did not want to encourage this.

Mr. K. Santanam also opposed the amendment which was lost.

The House also agreed to widen the definition of the term "family" for purposes of conferring medical benefits to include, in the case of men workers, their dependent parents.

During the third reading, the Labour Minister was congratulated by members from all parts of the House for his zeal and enthusiasm in piloting the bill which was so beneficial to the workers in the country.

NEXT STEP

Mr. Anantasayanam Ayyangar, who was the first speaker, urged the Labour Minister to follow up the bill by other schemes of social insurance such as, for instance, Compulsory

State Insurance for all Government employees, especially the low-paid employees getting below Rs. 400 per month. The contributions might be made in full or in part by the insured person. The Labour Minister should also try to extend such a scheme progressively to all other employees not in Government service.

Mr. Bishwanath Das, while congratulating Mr. Jagjivan Ram, pointed out that the measure had only touched the fringe of the population. Only some three million people in industrial labour stood to benefit under the scheme, but he reminded the House that in the five lakhs of villages in the country there were over 150 million agricultural workers clamouring for elementary medical aid.

Mr. B. Shiva Rao remarked that mere passing of the bill would be useless unless steps were taken to see that the provisions were implemented by the Provincial Governments. Quoting from past experience, he recalled how in Madras the Workmen's Compensation Act remained a dead letter for a long time. Trade Union leaders took pains to translate the provisions of the bill in simple language and distributed it among the workers. It was only then that the workers became aware of their rights and the bill was implemented.

He looked forward to the Labour Minister announcing at an early date his scheme for industrial housing.

Prof. Ranga joining issue with Mr. Shiva Rao and others claimed that the Provincial Governments were not indifferent to the implementation of such schemes. Along with the change in the Centre, had the House forgotten that the Provincial Governments had also changed much more than this? He recalled, how Provincial Governments like Madras, Bengal and Bombay had even during the days of former Congress Ministries taken up the cause of Labour uplift zealously. It could not be maintained that the Provincial Governments today were less progressive than the Central Government. In the Provincial

Legislatures too there were as many people who were interested in the cause of Labour as there were in the Central Legislature. He appealed, therefore, for confidence in the Provincial Governments and Legislatures and urged the House to trust them to give early, effective, and satisfactory effect to the provisions of the Bill.

Mrs. Renuka Ray pointed out that she was quite aware of the change in the Provincial sphere also but had only wanted to stress that there was no uniformity among them in the degree of implementing the various schemes. Could it be argued, she asked, that the Congress Ministries had all functioned with the same degree of zealotness and vigilance in regard to Labour uplift. She hoped that the bill would be implemented by all the Provinces uniformly and without much delay.

Mr. Kokulbhai Bhatt said that now that Labour was the rising force in the country, the Government's Labour Policy must be laid down with care. At present, many new parties were trying to exploit Labour for getting into power and the Congress Governments should give proper publicity to measures like the one under discussion and let the people know what was being done for their benefit.

Babu Ramnarain Singh said that the Government should realize the importance of propaganda and approach the masses in India's villages and tell them how the National Government were working in their interests. Labour was the only wealth-producing section of India's population and the highest priority should be given to its needs and requirements.

Mr. Kuladhari Chaliha said that this bill would bring relief to nearly sixteen lakhs of workers in the country.

Mr. R. K. Sidhwa did not agree with Mr. Hariharnath Shastri that the establishment of special hospitals for the labourers would sharpen the class distinction. Special hospitals for the labourers, he said, were essentially necessary in view of the fact that they would hardly get proper treatment in General Hospitals,

PLEA FOR STATES

Mr. Krishnamurti Rao said that the Government had a great responsibility to the States and should exercise their influence to bring into operation similar beneficial social insurance for the labourers in the States.

JAGJIVAN RAM'S REPLY

The Labour Minister, Mr. Jagjivan Ram, replying to the debate, pointed out that the constitutional position was such that they had mostly to depend upon the Provincial Governments for the implementation of the measures passed by the House. The Central Government did take utmost care to see that there was uniformity in the Provinces and that the Provincial Governments made honest efforts to give effect to the various measures adopted by the House to the best of their ability, capacity and resources. Most of the Provincial Governments had welcomed the measure under discussion and had promised to give effect to it to the best of their resources. In this matter the times had changed and the Provincial Governments had begun to take more and more interest in Labour Welfare and Labour Legislation. There was no cause for mistrust of the Provincial Governments.

NEED FOR PROPAGANDA

As regards propaganda the Labour Minister said that in India, where most of the workers are ignorant, illiterate and unsophisticated, it is very easy to exploit them for reasons other than economic and this is the reason why interested parties keep the workers unaware of even very useful and beneficial measures adopted by the Central or Provincial Governments, so that they can go on creating dissatisfaction among the workers and exploit them for their own political and party purposes.

It rests with members of the House as well as other public workers to acquaint workers of all our measures so that the workers may take advantage of them.

If he had been able to do anything substantial for the working class, he had been able to do it

most for the workers in the coal fields. If there were still strikes, it was not the working conditions responsible for them, but a struggle for supremacy over the workers in the coal fields by the various political parties.

Various parties and groups, knowing that coal was the basis of the country's economy, wanted to have full control of the workers in the coal fields in order that they might paralyse the Government of the country at any moment.

It was up to the public workers to counter this. "We have created conditions very satisfactory in the coal fields," the Labour Minister said. "Still you see there are troubles not on account of economic causes but on account of political causes."

He was opposed to the establishment of hospitals exclusively for the workers but certainly Government would ensure better facilities for them.

The needs of the agricultural population were constantly before the Government. Government were anxious to find avenues of suitable employment for every able-bodied man and woman but that depended upon the development of the country, which would take time.

As regards implementation of measures in States he pointed out that soon there would be popular assemblies and popular ministries in the States. He was sure that they would not lag behind the Provinces or the Centre in respect of Labour Legislation.

PER CAPITA EXPENDITURE TO BE INCREASED

CORPORATION TO WORK STATE INSURANCE SCHEME

Steps are being taken by the Government of India to implement the provision of the Employees State Insurance Act passed by the Indian Parliament early last month. The Act received the Governor-General's assent on April 19.

Under this Act, the Employees State Insurance Corporation and the Medical Benefit Council are to be set up shortly.

Meanwhile, a survey of the existing medical facilities for workers in the provinces is being made by the provincial Governments who have already agreed to implement the whole scheme. The measure when passed in Parliament was described by the Labour Minister, Mr. Jagjivan Ram, as one opening "a new chapter in the history of labour legislation." So far as provision of medical and health facilities is concerned, the scheme is not only a great advance on the present conditions but even on what the Bhoré Committee recommended.

At present only six annas per head per year is spent on medical facilities in India. The Bhoré Committee proposed to raise this sum to Rs. 1-14-0 in ten years. Under the State Insurance Scheme the expenditure will be Rs. 6 per head per year.

The supreme body to work the scheme will be the Corporation which will have 81 members on it with the Minister of Labour as ex-officio Chairman and the Minister of Health as ex-officio Vice-Chairman. Five members will be nominated by the Central Government, one each by the nine Provincial Governments and one by the Chief Commissioners' provinces. The employers' and workers' organizations are to be represented by five members for each, while medical profession will have three members. In addition, there will be two members to represent the Central legislature.

The Medical Benefit Council, an expert body to advise the Corporation, will have the Director-General of Health Services as its ex-officio Chairman. The members will include the Deputy Director-General of Health Services, the Medical Commissioner of the Corporation, nine members representing the provincial Governments, three members each to represent employers and workers and representatives of the medical profession who will include a woman.

Dr. C. L. Katial, a medical practitioner in London, has been appointed Director-General, Employees State Insurance,

FEWER STRIKES IN INDIA : SUCCESS OF INDUSTRIAL TRUCE

GREATER READINESS TO SETTLE DISPUTES BY CONCILIATION

The tripartite truce between Government, Management and Labour has definitely arrested the deterioration in industrial relations which menaced the country at the close of 1947. Since the truce was signed five months ago, the figures of the working days lost have dropped by 50 per cent as compared with the conditions in the preceding three months.

The greater willingness on the part of both labour and management to take recourse to the conciliatory machinery is illustrated by 77 disputes amicably settled during January and February, 1948, in comparison with 53 disputes settled in the two months preceding the truce.

Frivolous and unwarranted strikes have been dealt with firmly by Government and allowed to run out their course.

The truce has, however, as yet failed to eradicate the "go slow" tactics pursued by labour in many an industry.

Though these conclusions are based on the facts and figures available for industries directly under the purview of the Central Government they can be fairly taken as an index to industrial conditions in the Provincial sphere too.

The tripartite conference—representing Government, Management and Labour in December last, proclaiming the three-year truce on the production front, accepted the following four principles :

Firstly, the fullest use to be made of statutory and other machinery for the resolution of industrial disputes; secondly, the establishment of machinery for the study and determination of fair wages and conditions of labour and fair remuneration for capital; thirdly, the constitution of works committees in each industrial undertaking and fourthly, immediate attention to be devoted to the problem of housing of industrial labour.

TERMS OF RESOLUTION

The resolution declared: "The principles enunciated above having been accepted, this conference calls upon labour and management to agree to maintain industrial peace and to avert lock-outs, strikes or the slowing down of production during the next three years."

It is yet too early to pronounce a verdict on the working of the industrial truce—which is hardly three months old—but impartial observers in the industrial relations field hold the view that it would be wrong and unjust to denounce the truce as having failed merely because strikes have taken place since then. They point out that the words used in the resolution are "to avert" strikes and lock-outs, obviously by taking full recourse to the established conciliation machinery. It was never the intention to banish strikes, as strikes have long been recognised as a legitimate weapon in the hands of labour to obtain redress of grievances.

Some of the strikes which have taken place, since the truce, have been of a political nature or unwarranted and frivolous strikes which have been dealt with firmly by Government as for example, the Bombay token strike, the Bombay dock strike and the recent Tata Colliery strike.

It is emphasised that the proper criteria to judge the truce are the number of working days lost and the number of disputes amicably settled and the character and type of a strike.

While the Government and the management have fully accepted the terms of the truce resolution, only one section of labour, namely, the Indian National Trade Union Congress, has fully accepted them. The All-India Trade Union Congress and the Socialists have given only qualified support to the resolution, while the Communists do not appear to be anxious to be a party to the truce.

As to the steps taken to implement the four principles enunciated in the truce resolution it has been decided to establish five industrial tribunals to deal with disputes. One tribunal

has already been established in the coal fields, while two others will be instituted immediately in Bombay and Calcutta respectively.

The Labour Conference Standing Committee at the Centre and the Labour Advisory Committees in the Provinces have been instructed to take in hand the task of studying and determining fair wages and conditions of labour and fair remuneration for capital. Steps are also being taken to institute works committees in industrial undertakings which will represent the management and duly elected representatives of labour for the settlement of any dispute which may arise from day to day.

As to the problem of housing industrial labour it is necessarily a long-term project to which attention is being devoted.

It is conceded by impartial observers that the Central Government have shown complete impartiality in tackling labour disputes, but the same is not said of certain of the Provincial Governments, whose actions occasionally have laid them open to the charge of political bias.

It is also stated that the employers as a whole have so far faithfully adhered to the spirit of the truce and willingly abided by tribunals' decisions, though some of them have shown a tendency to victimise workers after a strike has terminated.

REDUCED HOURS OF WORK FOR RAILWAYMEN

ADJUDICATOR'S AWARD SUBMITTED

Mr. Rajadhyaksha was appointed by the Government of India in 1946 to adjudicate in the dispute between nine Government Railways (*viz.*, N.W., E.I., B.N., B.A., G.I.P., B.B.C.I., O.T., M.S.M., and S.I.) and their workmen. The dispute was regarding hours of work, periodic rests, leave reserves and leave rules and holiday concessions to daily-rated and inferior staff. The award of the adjudicator was submitted to the Government in May, 1947, and as such covers all the State Railways that existed in undivided India.

The Report emphasizes that all categories of railway workers, including loco and traffic running staff, such as engine crew, guards and brakemen, should be brought within the scope of the Hours of Employment Regulations and should be reclassified. These regulations, which apply to railwaymen other than those who are governed by the Factories Act or the Mines Act, implement the I.L.O. Conventions of 1919 and 1921. They provide a 60-hour week, rest-periods and overtime allowances for "continuous" workers and an 84-hour week with no statutory rest for essentially "intermittent" workers. Owing to the nature of their work certain classes are excluded from the benefits conferred by the regulations.

RECLASSIFICATION

The adjudicator has suggested the classification of railwaymen into "intensive," "continuous," "essentially intermittent" and "excluded" categories instead of the present three categories. The intensive class will include section controllers, staff employed in line-clear work, yard staff, signallers on heavy circuits and wireless operators. Any railway servant employed continuously without a respite of at least six hours will be included in the "continuous" class. Such of the staff whose work includes periods of inaction aggregating six hours or more will be classified as "essentially intermittent." The "excluded" categories are to be limited to supervisory staff, health and medical services, persons employed in a confidential capacity, saloon attendants, etc.

In the matter of classification, the report has stressed that the Chief Labour Commissioner should be the final authority to whom appeals should lie over the decisions of the administrations. It is also recommended that the Chief Labour Commissioner's organization should be strengthened and that each railway administration should have a separate organization to supervise the application of the regulations.

The report lays down that "intensive" workers should be employed on four shifts of

six hours each, "continuous" workers three shifts of eight hours each and "essentially intermittent" staff on two shifts of 12 hours each. The statutory limits suggested are 45 hours a week for "intensive" staff, 54 hours a week for "continuous" workers and 75 hours a week for "essentially intermittent" workers.

No limit is prescribed for the "excluded" class but the report cautions that "this should not absolve the administrations of the responsibility, on humanitarian grounds, of seeing that unreasonable conditions are not imposed." It is suggested that the hours of work regarding running staff should be calculated from their signing on to signing off.

A rest of at least 80 consecutive hours in a week, which will include a full night and a full day, is recommended for all "intensive" and "continuous" workers. A 24-hour period, including a full night, is suggested as weekly rest for "essentially intermittent" workers. For "excluded" inferior staff, a period of 48 consecutive hours in a month or 24 consecutive hours in a fortnight is recommended as the minimum rest. The report has suggested the employment of special staff by the railways for the provision of this relief.

WEEKLY REST

Under the present rules, a weekly rest of 24 consecutive hours is prescribed for "continuous" workers. According to the report, this entails great hardship on certain staff such as Assistant Station Masters who are obliged to work once or twice a week for 12 hours at a stretch and to have only a short "off," e.g., from 4 p.m. to 12 p.m. or 12 noon to 8 p.m.

The report adds that "the administrations have generally been able to provide 24 consecutive hours' rest to 'continuous' staff employed in a continuous process in the shape of long 'ons' and short 'offs' otherwise called 'double duty.' This is a clumsy device which robs the concession of its grace and value." This system is said to be very unpopular with the staff and the adjudicator discourages it as "repugnant

to any commonsense conception of weekly rest." It is pointed out that for some time this evil was eliminated at certain stations where the work was heavy by the appointment of relieving staff known as "Geneva A.S. Ms."

As regards running staff, the report recommends that their duty should not exceed 10 hours at a stretch. Periodic rests for them should consist of four periods of not less than 22 hours each, a month. Such rest should always include a night in bed and be given at headquarters. As far as possible they should have such rest once every 10 days. It is further suggested that the Railway Board should issue instructions against continual night duty by running staff for more than six nights consecutively and against keeping the running staff away from headquarters for more than three or four days at a stretch.

The report suggests that in regard to railway servants who will be classified as Class IV, in accordance with the Pay Commission's recommendations, leave on full pay should be allowed to be accumulated up to four months in the case of those with over 20 years' service, up to three months in the case of those with 10 to 20 years of service and two months in the case of others. Twenty days' leave on half pay should be admissible a year to staff with over 20 years' service and 15 days for other staff. Casual leave should be admissible up to 15 days in a year.

LEAVE RULES

In the case of workshop staff, 15 days' paid holidays should be allowed in lieu of casual leave. These recommendations are designed to narrow down the gap between Class III and Class IV services regarding leave rules. The leave concessions admissible to persons in Class IV services after 20 years of service will be the same as those in Class III services.

Among the methods and principles suggested by the adjudicator for the general guidance of administrations to place leave reserves on a satisfactory basis are the following:—

For categories of staff for whom suitable substitutes are readily available, a lumpsum

grant should be placed at the disposal of the district officer with power to appoint substitutes wherever necessary within that amount. For categories for whom it is not possible to find substitutes, adequate leave reserve based on the leave usually taken by the staff should be pro-

ments. For exceptionally unhealthy areas, a suitable addition varying from 3 to 6 per cent. of the working strength should be made to the reserve. For purposes other than leave, a specified reserve calculated on the basis of an estimate of the actual requirements, should be provided except in the case of categories for whom substitutes are available.

REPORT TO THE NATION



No. 19



COTTON yarn and cloth are among our best exports and biggest dollar earners. All over the world people are short of them. The more we produce, the more food and other necessities we can buy from other countries—and the more curtains and cloth, sheets and dresses we shall have for ourselves. *HOW MUCH ARE WE PRODUCING?*

Good Progress—but far to go

The cotton industry took a long time to get going again after the war. But since last September it has been making up lost ground fast. For four weeks running in April-May, it produced more than 18 million lbs. of cotton yarn a week, 25% more than the 1946-47 average. This was a splendid start, and if the industry can keep it up it should just reach its 1949 target—20 million lbs. of yarn a week—by the end of the year. (In 1937, weekly production was 26 million lbs.)

**WANTED—MORE RECRUITS
and a higher individual output**

Exports are bucking up as well—from £7,165 '00 a month at the end of 1947 to £9,083,000 in April. But this is still a long way from the target, which is

£13,000,000 a month by next December. If cotton is going to deliver the goods, recruits must come in faster and new ideas and methods will be needed to enable each worker to work to better effect.

**ALL EYES
ON LANCASHIRE**

More workers, especially women, better machines, better methods, that's what the country needs. Lancashire's goods are the world's finest; let's have more of them, made so efficiently that they can sell at keen prices yet give a good return to all who produce them. We're all looking to Lancashire—and we know we won't be let down.

Credit Column



Two of Lancashire's New Stars

Two 18-year-old girls who are doing splendid work with Vantone Textiles, Ltd. of Bolton. L185 Irene Slater (left), of Pauline Street, M. responsible for an average of 4,000 lbs. of warp each week, helps to produce about 900 dozen towels weekly. L185 Marjorie Makin (right), of Shaw Street, J.A. beams both ends of about 4,800 towels every week. Her work is of great importance in ensuring the perfect finish that is the hall-mark of British exports.

**The call is still for
MORE AND MORE PRODUCTION**

Issued by His Majesty's Government

vided. In other cases a reserve should be provided on the basis of the minimum leave require-

**"DECASUALISATION" SCHEME FOR
TEXTILE WORKERS**

**BOMBAY LABOUR ADVISORY BOARD URGES
INTRODUCTION**

The Bombay Provincial Labour Advisory Board, at the concluding session of its recent series of meetings in Bombay, urged Government to appoint an administrative committee with the Commissioner of Labour and employers a members to work out preliminary arrangements and introduce "decasualisation" in practice on a voluntary basis in the textile industry.

In making this recommendation, the Board considered the scheme for "decasualisation" of textile labour in Bombay as reported on by its committee on employment and production.

This scheme is intended to remedy defects and shortcomings arising out of bribery, corruption and favouritism in the recruitment of textile labour through the jobber, who in practice, largely exercises power of engagement, promotion and dismissal.

The main objects of the scheme are to secure rationalisation in recruitment, increased efficiency and production, cuttailmen in the waiting period of unemployed workers, and the elimination of bribery, corruption and favouritism by the setting up of employment exchanges. The exchanges will maintain registers of all seeking employment in textile mills and of "badlis."

INDUSTRIAL RELATIONS ACT

The Board also discussed the report of the Labour Administration Committee on the extension of the Bombay Industrial Relations Act

to the textile processing industry, transport, engineering, oil, and chemical and other industries.

On the question of speeding up conciliation, arbitration and adjudication, the Board recommended the division of disputes for purposes of partial settlement in conciliation proceedings, provided both parties to the dispute agreed to such a division. Approval was also given to the suggested time-limit for completing various stages in conciliation under the Bombay Industrial Relations Act.

The Board further considered suggestions made for improving existing laws and machinery in respect of conciliation, arbitration and adjudication. It recommended that, in suitable

cases, conciliation proceedings should be eliminated or its period reduced where arbitration could be resorted to. Government would introduce legislation for this purpose enabling a representative union, which believed in arbitration as a necessary step before a strike, to refer any dispute to the Industrial Court or Labour Court without first going through conciliation proceedings.

As regards summary procedure for industrial tribunals, especially Labour Courts, and restrictions on the appearance of lawyers, the Government promised to examine more carefully the suggestions that were advanced before effecting changes in the existing laws.

Transport

INDIA'S PROGRESS DEPENDS ON GOOD TRANSPORT

ASSOCIATION PRESIDENT'S PLEA FOR ROAD- BUILDING PLAN

THE supreme importance of building roads in order to link together the many thousands of villages and thereby promote the progress and prosperity of the country in all walks of life was emphasised by Mr. I. A. T. Shannon, President of the Indian Roads and Transport Development Association and Vice-President of the Indian Roads Congress, speaking at the Annual Meeting of the Association at Bombay.

"The manifold post-war plans of reconstruction," said Mr. Shannon "will fail in their objectives unless there is an adequate road system to enable their fruits to reach the large mass of the rural population.

"No scheme of health services will improve the health of the people generally unless the doctors and nurses can readily reach the rural population and unless the rural population can readily reach the centres of special treatment. No multiplicity of schools will raise the general level of education unless the school children of rural India can reach them quickly and safely. No extension of railway and river services will provide the needed flow of commodities unless the railway stations and river stations are served by an adequate system of feeder roads."

Mr. Shannon referred to the fact that for many years road development in this country had been stifled by lack of funds and there was little sign at present that sufficient funds were being provided for the construction of the 150,000 miles of village roads recommended by the Chief Engineers Conference held in Nagpur in 1948. "Here in the alleviation and improvement of the lot of the villager" Mr. Shannon said "is a matter which lay close to the heart of Mahatma Gandhi and what could be a finer memorial to him than the freeing of the villager from his isolation by

the construction of a system of memorial village roads—Mahatma Gandhi Roads!"

I cannot think of any method of honouring his name that would bring more tangible and lasting benefits to the people who were his first care. With due deference I would ask the administrators of the great fund that is formed to commemorate him to consider the suggestion that this fund, or a large proportion of it, should be devoted to the welfare of the rural community through the construction of village roads."

CURRENT PLANS

Surveying the general progress made in the Planning of the country's Road Development Programme, Mr. Shannon complimented the Government of India and particularly its energetic Road Organization for the attention they were giving to the country's National Highways. He, however, complained of the Government's failure to set up a Central Road Board—a powerful authority which would ensure that road development receives the attention that it requires at the highest levels.

The inter-departmental Committee appointed by the Government of India under that name was but the poor shadow of the substance that was needed. He felt that there was resistance somewhere which was hard to locate but which should be located and overcome, for there was real need for a powerful controlling authority for all road and road transport matters in the country. Another criticism was that the authorities were not taking the country sufficiently into their confidence in regard to their plans and proposals.

Mr. Shannon in this connection welcomed the recent appearance of a monthly magazine "Transport-Communications Monthly Review" sponsored by the Indian Roads Congress, but suggested that besides giving the journal much wider circulation it should be reinforced by broadcasts, articles in the press and suitable

documentary films. He instanced the example of the Road Authorities in the U.S.A. who liberally publicised their work.

Turning from planning to execution, the picture was more gloomy, although it was recognised that the building of a road system could not be accomplished in a night. Much of the preliminary work such as statistical research, survey, land acquisition and bridging did not show until the finished road emerged at a later date and it was not easy to assess just how much or how little was being accomplished. Nevertheless in works beyond the preliminary stage it appeared that no great progress was made in 1947 except in the United Provinces. From other provinces came tales of delays and difficulties.

"We do not under-rate their difficulties arising particularly out of shortage of materials and plant and the great inadequacy of transport, but while these are restrictive they can be overcome in greater or lesser degree and should not be allowed to hold up work altogether." Some of the delays too often appeared to spring from vacillation in policy and absence of proper appreciation of the essential part that a good road system played in the development of provincial autonomy.

Proceeding Mr. Shannon suggested that in every Province a Roads Department should be set up, staffed by Engineers who have specialised in this subject and who should be free from the ancillary work of buildings and irrigation.

SHORTAGE IN TRANSPORT

Referring to the transport situation, "never before," Mr. Shannon said, "had the transport facilities available been so inadequate for the needs of national economy. The Railways, so seriously strained by their excellent services during the war, had suffered greatly, not only from the results of partition, but from the post-war shortages of locomotives, wagons and materials for maintenance. Road transport was also faced with serious difficulties and uncertainties, these including the shortage of fuel and to

"groping in the dark" regarding the intentions of Provincial Governments towards nationalisation of road transport."

In regard to fuel, the speaker said that despite rationing the nation was consuming over 80 per cent. more automotive fuel than it did in 1938, and a rapidly increasing demand for fuel had accrued permanently for the fuelling of aircraft. The future appeared to be bound up not only with the availability of supplies of fuel, but also of tankers to carry it and with the availability of steel for the reconstruction of refineries destroyed in countries overrun by the enemy during the war as well as to a certain extent with foreign exchange and Army requirements.

He hoped, however, that the present pitch of rationing might at least be eased within the next few years and, looking further ahead, adjustments in demand as well as improvements in engine design and scientific development would enable road transport to command all the motive power it needs.

NATIONALISATION PROBLEM

Expressing sympathy with the existing private operators of road transport services, who were usually small men and who by enterprise and energy had built up their services undeterred by the most inadequate road system, Mr. Shannon referred to the competition in the road transport industry before the war and said that the resultant drawbacks were comparable with the conditions of the roads upon which they operated. In 1939, however, the Government of India had passed the new Motor Vehicles Act which gave Provincial Governments wide powers to supervise and regulate road transport, but owing to the advent of the war the industry did not get the opportunity of putting its house in order within the framework of the Act; and he feared that recent proposals for nationalised services replacing private enterprise constituted a leap into the void.

While it was neither the wish nor the function of the Association to obstruct or unduly criticise

the authorities, he hoped that the elimination of free enterprise would not mean the disappearance of all enterprise and he urged those provinces which had made up their minds to nationalise road transport to allow something of the spirit of competition as the best guarantee of good service, and something of freedom from red-tape and over-control so that the traveller might secure the benefit of flexibility which was one of the greatest advantages of road travel. "I would also urge them to deal fairly with the existing operators, who it seems are to be dispossessed in many cases. In particular these operators are entitled to fair and just compensation for their vehicles and also for the good-will of their services.

LOCOMOTIVES FOR INDIAN RAILWAYS

About two hundred locomotives have been ordered from the United States of America to meet the urgent needs for replacements on Indian Railways. This would involve, it is learnt, over Rs. 10 crores but delivery is expected much earlier than that from the United Kingdom. About three hundred locomotives have been ordered from the United Kingdom but it is expected the first locomotive may not come earlier than August next year. It seems about nine hundred locomotives require to be replaced without much loss of time. Sixteen prototypes of passenger train engines have been received from America and tested. They have given ample satisfaction.

It is understood that as a result of prolonged negotiations the Bombay Government offered fifty per cent. share capital to railways in their scheme of nationalisation of road transport. The earlier offer was to the extent of twenty-five per cent. shares. Railways' share during the current financial year would come to about Rs. 67 lakhs.

Similarly, the Central Provinces Government also offered 50 per cent. shares to railways held by Messrs. F. M. Chinoy and Company in the Central Provinces Transport Services Limited now acquired by the Provincial Government.

A compensation of Rs. 8 lakhs has been paid to the transport company by the Central Provinces Government.

PACHORA-JAMNER RAILWAY TO BE ACQUIRED

It is proposed to acquire the Pachora-Jamner railway run by the G.I.P. on 31st March 1940. Necessary notice has been already given to the company's managing agents, Messrs. Shahpurji Godbole and Company, Bombay.

E. P. RAILWAY BRANCH LINE CONSTRUCTED

It is understood that the construction of Rupar-Talaura branch on the East Punjab Railway has been completed and it may soon be opened to all kinds of traffic. This line would serve the Bhakra Dam Project having the dual objective of irrigation and hydro-electric supply to areas covered by the Sutlej valley.

INDIA-PERSIAN GULF SERVICE

NEW 4,800 TON SHIP

The *Dara*, a motor-ship of 4,800 tons has just completed successful trials and has been handed over by the builders to the British India Steam Navigation Company Limited. She is the third of her type built since the war for the India-Persian Gulf Service, on which her sister ships *Dumra* and *Dwarka* are already running.

This class of vessel carries 20 first and 80 second saloon passengers and up to 1,000 un-berthed passengers, but the *Dara* will accommodate, in addition, 20 in the intermediate class. The first saloon cabins are spacious and have hot and cold water supplies, ample cupboard space, and an effective system of ventilation. Second saloon passengers have three-berth cabins, which are unusually large. The public rooms comprise the lounge, smoke-room and bar and dining saloon in the first saloon and the lounge and dining saloon in the second saloon.

There are four cargo holds, each fitted with two derricks, one of which will lift 25 tons. Some 200,000 cubic feet of storage space is available with 8,000 cubic feet for refrigerated stores. The *Dara* is a motor-ship with Doxford-

type opposed piston engines developing 4,200 b.h.p., and designed to give a service speed of 14 knots.

THE TUBE RAILWAYS

During last year, London's underground trains covered 204,000,000 miles carrying more than 558,000,000 passengers.

On the London underground railway system, 164 escalators and 100 lifts carry an almost unending stream of people anything down to 181 ft. into the earth.

1,280 machines are used for issuing tickets, reeling out 16,000 miles of tickets during the course of the year.

The tube railways run at a depth varying from 20 to 190 ft.

On the tube railways accommodation is of one class only and hand luggage only is allowed.

Eighty-six gigantic fans pump 4,000,000 C. ft. of air into the system every minute to stabilise the temperature at about 70° F.

During four hours at night when the underground railways are not running, 800 plate-layers examine every yard of the track, keeping the accident rate down to one in half-a-million.

AIR AGE IN U. S.

250,000 LICENSED PRIVATE FLIERS

With more than 5,900 airports dotting the country, with some 1,000 commercial and more than 96,000 private aircraft in operation, with 250,000 citizens holding private pilot licences, the air age in the United States is a reality rather than a prospect. The private plane, once considered as the "property" of a relatively few sports-minded air enthusiasts, has become a tool of daily life and work.

Reports collected by the United States Civil Aeronautics Administration (CAA) dispel the idea that the modern plane has but a few functions such as defence and commercial transport. Actually the airplane today is doing valuable work for farmers, ranchers, doctors, telephone

companies, weather makers, forest supervisors and those in dozens of other occupations.

Take Gus Sherwin, owner of a ranch in the Western State of Wyoming. Cattle there must range far and wide to find enough fodder. Sherwin's ranch measures some 84,000 acres. It has a small CAA approved airport and five smaller landing fields. Sherwin has been flying for six years and his log tells a day-by-day, year-by-year story.

PLANE USED FOR MANY TASKS ON THE FARM

He uses his plane practically every day; to sow alfalfa from the air; to round up cattle for shipping; to look over the yearlings to fly the game marden over the ranch; to check telephone lines and fences and to do a dozen other things which he did before on a cow pony (a pony used for rounding up cattle) or by car. To his routine belongs fetching the mail and an occasional trip to town. Flying daughter to school when the streams are too deep for her horse to ford; fetching the doctor for the family or neighbours; shooting destructive coyotes. are some less frequent log entries.

Like Gus Sherwin, farmers and businessmen, especially in the plains of the Middle West and in the valleys of the Far West of United States, have come to regard the plane as a tool and a necessity. Use varies widely with geography. Much of the plane's agricultural use is concentrated in the West for example, for orchard dusting and seeding, or on ranches such as that of Gus Sherwin.

In addition, a whole new business of using small planes as hired tools has sprung up. Enterprising pilots today do jobs by plane on hire just as a combine operator or farm-hand. Crop dusting against pests occupies 468 such operators with 1,108 planes, seeding 408 operators and 909 planes; fence checking in ranch land is done by 444 pilots with 455 planes, and cotton control keeps 466 operators with 467 planes busy. The CAA also lists air photography, mapping industrial surveys, power line, pipe line, highway and forest maintenance among the frequent jobs done by planes.

SMALL PLANES FOR VACATIONS

Thousands of flights are undertaken by salesmen of larger firms, and the use of small planes for vacationing is increasing rapidly. For these activities private pilots, however, only circumstantial evidence exists. The minimum of control exerted by the U. S. Government over private flying activities produces scant statistics from which to judge what flights private pilots frequently undertake. Increased use of radio indicates that private fliers are making longer trips than formerly. In 1947, 45 per cent of the small two or four-seater planes had radio, compared to nine per cent in 1946. Also, facilities and routes for transcontinental trips by private planes along "Skyways" (air-routes marked

on the ground so as to be visible from the air) are coming into being. Equipment for small airports is finding more interest among producers, latest is a three-colour light system to make possible safe night landing without radar which, small planes cannot carry.

Vacation flying has brought to life a new industry: the "Skytel" a type of tourist cabin with overnight accommodations for the traveller and plane within 100 feet of the landing strip. Providing food, shelter, fuel, repair and hangar space, the Skytel may well become as familiar and indispensable to the air traveller as has the roadside motor court to the average American automobilist.

Special Article

THE SCOPE FOR CO-OPERATIVE FARMING

By K. C. RAMA KRISHNAN

(Prof. K. C. Rama Krishnan is in the University of Madras. He has to his credit about three decades of study and research in Agricultural Economics. He is one of the veterans in practical Agricultural Co-operation—Ed.)

THE Co-operative Movement in India, Dr. C. R. Fay once remarked, seemed to be passing from one craze to another. It was 'non-credit' development for some time; it was followed by 'rural reconstruction,' then by 'multi-purpose societies' and now the turn is for 'co-operative farming.' This term has been variously interpreted. Some go so far as to mean by it collective farming, with no recognition of the rights of previous owners of land and contributors of capital—only workers being entitled to allowances, according to their needs rather than services. This is one extreme. There are those on the other extreme, who would be content to see ryots farming individually but coming together only for purchase of requirements or processing or sale of produce, as Danish farmers do, and call this co-operative farming. Co-operators would do well to restrict the use of the term to joint farming carried on as one co-operative concern by agriculturists, who should divide the produce according to the contributions made by members in the shape of land, capital or labour, the value of which should be assessed at market rates.

Charles Gide, the great economist and co-operator, has given an account of various experiments carried on in the name of co-operative farming for over a century in his *Communist and Co-operative Colonies*. Few of them turned out to be really successful. Among the longest-lived were colonies founded by intellectuals and religious orders who were anxious to create for themselves "an environment in which they could find satisfaction for that lofty need of

justice and freedom" which they could not find in the world as it was. They succeeded in making conditions of work easier and pleasanter by making all members do some work and dispensing with the needless goods and services. But this was not the case with the proletarian followers, who could not put up with even slight difficulties; they were not energetic as workers; they were more clamorous as consumers. They quarrelled among themselves and made life miserable for all. The hope had to be abandoned that men would be changed by environment.

The outstanding success in co-operative, as well as collective, farming in recent times is that of Jewish settlers in Palestine of which an excellent account is given in the report of an Indian Delegation sent to that country by the Government of India in 1946. These settlers were an educated, industrious, and self-sacrificing, though aggressive, set of people bent on settling down in Palestine at any cost. They were not divided into communities as we are in India; and they had the strong backing of the Jewish National Agency, which received contributions from philanthropic Jews all over the world. Theirs is a wonderful organisation worth copying in some respects.

The report of the Indian Delegation affirms that in India none of the above factors of success is present and that it is not possible to create them under existing social and economic conditions. Of the few and feeble attempts that have been made in India, the Delegation remarks: the number of societies are small and scattered, they aim at co-operation only in one or two lines of activity, the unit is too small to serve as an effective demonstration unit.

The Delegation recommends that experiments should be taken up on a wider scale, where the members can form a commune, not only for joint farming but also for marketing and under-

taking other social and economic activities for the commune as a whole. There is a definite warning that co-operative farming in areas already cultivated would not be a feasible proposition, because of the land laws and systems of land tenure, and the individualistic attitude of the average Indian farmer. Conditions under which land is held and exploited are not favourable. Above all, "the human material is not ready." And finally, the Delegation suggested the examination of the feasibility of settling landless labourers on State or other cultivable land on the lines of the Small-holders Co-operative Settlements in Palestine.

This is understandable, though the feasibility is not so patent. But we fail to see why the Delegation later on recommends, in contravention of what has been stated above, co-operative farming as the sovereign remedy for fragmentation and sub-division of old holdings and wants owners of pooled lands to come together and work as members of one co-operative enterprise, sharing in its output in accordance with their contribution of land, labour and capital.

The case for co-operative farming is by no means established. How can it be argued that because our holdings are small and fragmented, the remedy is co-operative farming, carried on on a large scale? By all means, consolidation and even enlargement up to a minimum size can be attempted—more effectively by compulsion than by co-operation, which is far too slow a method. But the reconstituted holdings are better taken up for cultivation by old owner-cultivators or let on lease to competent tenants on fair rents and with fixity of tenure.

There is a longing not only for individual possession but individual cultivation of land, not only in this country but in almost all countries. That is the *raison d'être* for all colonisation schemes and small holdings settlements—to settle landless individuals as cultivators and would-be peasant-proprietors, allowing them to pay the cost of land and of equipment in several instalments, as has been done all over Western and Northern Europe.

The whole co-operative structure in countries advanced in co-operation like the Scandinavian countries is built on the foundation of peasant-proprietorship, of individual cultivation as well as possession. As Dr. Fay says "Northern Europe has proved to the hilt that the highest degree of technical excellence is entirely compatible with family farming, but on condition that the land unit is the subject of special state guardianship, and individual family effort is supplemented by group effort in purchase, processing, sale, etc."

The strong inclination for individual cultivation is observed in the so-called joint-farming societies of Madras and Bombay. Co-operation is confined to the leasing of land in common, which is sub-divided and let to tenant-members for cultivation individually. Even in the newer colonisation societies where land is granted to landless labourers and ex-servicemen, though joint cultivation has been held up as an ideal, few are willing to take it up in practice. Even the little piece of common land allotted for a public park is neglected.

Where are really the economies of large-scale farming that are to be realised in the cultivation of our main crops, especially those that are irrigated? The limitations of large-scale farming are familiar to students of agricultural economics. They are bound to be more serious if such farming is not in one hand but in the hands of several members of a co-operative society.

It is doubtful if the inducement to improvement of land and of crops that individual cultivation with security of rights can generate can be matched by any economies of large-scale farming. People are known to work harder and get larger yields on their own farms than on collective or co-operative farms of which they are members. This has been demonstrated in the case of yields on private allotments of members of collective farms in U.S.S.R. and on small holders' co-operative settlements in Palestine, where members cultivate their land partly individually and partly jointly.

The utmost extent to which land reform could go in the circumstances of our country would be what has been propounded by Mr. Tarlok Singh in his *Poverty and Social Change*. Pool all the small and fragmented holdings in the village. Reconstitute them into compact holdings of different sizes to suit different families of cultivators, whether they be old owner-cultivators or tenants. All these should pay rents to the joint village exchequer, as fixed by the joint village management which will plan schemes of cropping and advise but not

interfere, and on which all cultivators and owners shall have representation. From out of the income so received all joint expenses—social and for the improvement of land—will be met and from the balance a dividend will be paid to old owners of land and equipment based on their market value. There would be formidable difficulties to overcome in the initial stages; but in the long run this would have better chances of success than any full-fledged co-operative farming enterprise.

News In Brief

AGRICULTURAL SCHOOL

The first Agricultural School to be established in Hyderabad State was opened at Parbhani on 25th July, 1948. The new institution is the first of its kind in Hyderabad State and will admit approximately 80 passed Middle School students per year for a 2-year course in practical agriculture.

Mr. Preston explained during the opening function that his department was proposing to open a number of agricultural schools of this type in the State with the help and co-operation of the Agricultural Department. The school at Parbhani was being opened in temporary buildings but these were not enough and most of the equipment had still to be obtained. Nevertheless, with the help of the Agricultural Department from the adjoining Main Experimental Farm a beginning had been possible.

Continuing, Mr. Preston said that another scheme had been submitted and approved for the opening of a similar school at Bodhan to serve the Nizamsagar area. The scheme was now under the consideration of Government and he hoped it would be sanctioned shortly. However, Parbhani had the distinction of having the first Agricultural School in the State.

PROTECTION OF JOWAR CROP

A Government Press Note says :

The grain smut of jowar locally known as "kani," is the most serious disease attacking the crop in Hyderabad. Through its depredations the State loses annually about 100,000 tons of grain, valued at about Rs. 120 lakhs. It is a colossal loss that can be avoided.

The grain smut is caused by a microscopic fungus which lives in the jowar plant. This produces spores (seeds) in the jowar grains which become filled with dark powder. The affected grains take the form of oval spore-sacs which can be easily recognised in the field.

In threshing, the spore-sacs are broken and the smut spores get mixed with the healthy grains.

When these grains are sown in the following year, the smut spores germinate at about the same time as healthy grains. Then the fungus enters the jowar seedling and grows inside it.

There are no outward symptoms of the disease until grain-formation. Then, instead of the normal grains, the grains are full of dark powder.

As the smut spores are carried on the jowar grains, it is easy to treat the seed in such a way that the spores are killed and the germinating power of the healthy seed is not impaired. Since it is not easy to determine from the appearance of the seed after threshing whether it is infected or not, it is advisable to treat all the sowing seed.

The treatment consists of mixing finely powdered sulphur with jowar seed. An ounce of sulphur is sufficient for treating 16 lb. of seed, which is enough to sow two acres of land.

A thorough mixing of the seed with the sulphur powder may be effected in two ways. One is suited to the needs of the small cultivator, and the other for the grower of a large area.

The first method is to place about 8 lb. of seed in an open-mouthed vessel, big enough to hold about four times the quantity of sulphur and shake the vessel vigorously for about five minutes so that sulphur is thoroughly mixed with the seed. The process may be repeated with fresh lots of grain.

The other method of using a mechanical "mixer" is advantageous when seed for a large area has to be treated. The "mixer" consists of a drum or barrel, mounted horizontally on an axle resting on two vertical supports. The drum is fitted with a door in the middle through which the seed and sulphur powder are put in. Then, by means of

a crank handle, fitted to one end of the axle, the drum is rotated.

This method ensures a uniform covering of the seed with sulphur, and a large quantity of seed can be treated in a very short time. The drum is a simple contrivance and can be easily made at home.

The sulphur treatment is very cheap, the cost being only one anna per acre. Sulphur is used only in small quantities and, if any treated seed remains, it can be fed to cattle without any harm. The seed can be treated at any time before sowing.

Care should be taken by farmers not to rub their eyes with sulphur coated hands as sulphur causes irritation. In the event of irritation being caused, washing the eyes with plain water or a weak watery solution of baking soda, made by mixing a small teaspoonful of it in water, will give immediate relief.

Very finely powdered sulphur is obtainable from all district officers of the Department of Agriculture. It is sold in packets of one, two and four ounces at one anna per ounce.

NEW BILLS RECEIVE ROYAL ASSENT

With the consent of the Nizam, the Juvenile Employment Bill, Statistical Bill, Provident Fund Bill and Irrigation Bill have been passed into law and are being enforced in the State from 16th August.

Under the Juvenile Employment Act, Juveniles who have not completed 18th year will not be allowed to work at the railway stations for transport of goods or luggage, and juveniles who have not completed their 14th year should not be permitted to work in the following works:— Beedi manufacturing, carpet and cement making, printing and dyeing of cloth, weaving, matches, explosives and crackers, lac manufacture, soap making, tanning, enamel, button making, etc.

DEARNESS ALLOWANCE

It is reliably learnt that the Nizam's Government has decided to abolish the difference of

rate in dearness allowance between the married and unmarried Gazetted and non-Gazetted employees of the Government. It is further learnt that in view of this decision the rate for all employees will be equal.

NIZAM'S GENEROUS BENEFACTION

CONVOCATION HALL FOR ANDHRA UNIVERSITY

A communication has been received from the Andhra University gratefully accepting the grant of Rs. 2,00,000 by the Nizam's Government for the construction of a Convocation Hall for the University, says a press note.

The Communication says that the Syndicate of the University passed a resolution on April 24 accepting the donation and expressing the deep obligation of the University to the Nizam for the generous benefaction.

The resolution added that the Vice-Chancellor of the University and the Syndicate heartily reciprocated the sentiments expressed by His Excellency the Prime Minister of Hyderabad in his communication to the Vice-Chancellor and hoped that "the age-long associations and the cordial and historical relationship between the Nizam's Dominion and more especially the Telangana and the Andhra Desa would grow in strength and intimacy as the years roll by."

CONSTRUCTION OF NEW RAILWAY LINE

FROM CHITAPUR TO SHAHABAD

It is understood that the Nizam's State Railway is constructing a new line from Chitapur to Shahabad. This scheme of the Government is to provide facilities for the transport of cement from the Shahabad Cement Factory.

HYDERABAD WELL SINKING DEPARTMENT

The Well-Sinking Department of H.E.H. the Nizam's Government was formed in 1857 F. for the construction of wells in all villages situated in districts where the rainfall is low.

The Department receives an annual grant of Rs. 24 lakhs.

4,480 wells have already been constructed and 1,114 are under construction. Cattle troughs are also under construction, near these wells. The activities of the Well-Sinking Department have resulted not only in providing the villager with drinking water free from impurities but also in eradicating the guinea-worm disease which was prevalent in a most virulent form.

HYDERABAD STANDARD WEIGHTS AND MEASURES

In order to obviate the difficulties out of the use of various kinds of measures and weights in daily business transactions in Hyderabad State and to save the innocent public from exploitation, Government has introduced a new Regulation, 1856 F., whereby standard weights and measures have been fixed. In future only these weights and measures are to be used. In order to keep a strict watch on the use of these measures Government have appointed a large checking staff. Anyone found contravening this order is liable to be punished.

HYDERABAD DISTRICT WATER WORKS

A Suvery Party formed in the latter part of 1356 F. (1944-45) under an Executive Engineer is preparing detailed schemes of water supply and drainage for 42 towns in the Dominions. It is intended to apply these schemes gradually to all towns having a population of 5,000 and above.

Eighteen towns have been provided with filtered water supply, while in 8 towns the works are in progress.

JOINT-STOCK COMPANIES IN HYDERABAD

A Notification, dated 17th April says :—

It is being noticed that the Companies incorporated under the Hyderabad Companies Act are generally not prompt in filing with the office of the Registrar of Joint-stock Companies,

the Nizam's Dominions, their documents and annual returns and other notices as required according to various provisions of the Hyderabad Companies Act. Therefore, the Managing Agents, Directors and all those who are responsible for the management of the Companies, are hereby advised to submit to the Registrar their balance sheets, list of members and other returns and notices within the period prescribed for the purpose in the concerned law.

In future in the case of non-compliance or delayed compliances with the provisions of law the Registrar of Joint-stock Companies will institute in the Criminal Court prosecutions against the concerned Companies and their managements without previous notice to them in this behalf.

HYDERABAD DEPRESSED CLASSES TRUST FUND

A Government Press Note says :—

On the recommendation of the Hyderabad Legislative Assembly the Nizam's Government have constituted a Trust Fund of rupees one crore for the welfare of the Depressed Classes. The amount will be spent on the educational, economic and social uplift of the Scheduled Castes.

The management of the Fund will be entrusted to a Trust, consisting of the Hon'ble Finance Minister as Chairman and eight members, four of whom will be representatives of the Schedule Castes and will be nominated by the Nizam's Government for a period of three years. The Director-General of Revenue and the Secretaries to the Departments of Education, Commerce and Industries and Labour will be official members of the Trust. The special provisions included in the budgets of the various departments for the education and welfare of the Depressed Classes will also come within the powers of the Trust.

IMPROVEMENT OF NURSING SERVICE IN HYDERABAD

With a view to improving the Nursing Service in Hyderabad, Government have sanctioned

proposals for giving additional staff to the Lady Superintendent of the Nursing Service. An annual grant of about Rs. 6,000 has been sanctioned for the purpose. The grant will be enhanced, if necessary. With the Nursing Service organised on a sound basis, it is hoped that arrangements for medical aid in the Dominions will record a further improvement.

NO LEVY FROM 1358 F.

A Government Press Note says :—

On the advice of the working committee of the Food Advisory Council, the Nizam's Government have decided to annul the Foodgrains Collections Levy Order of 1358 F., after the levy of Rabi and Tabi crops has been realised fully. No levy will be collected from the year 1358 F. Government have decided, however, to build up a reserve of at least 15 to 20 lakhs of pallas in foodgrains. Persons with small incomes shall be provided as usual with articles of food at reasonable rates. The ban on the export of foodgrains will continue as before and effective steps will be taken against the smuggling of foodgrains.

HYDERABAD CO-OPERATIVE COMMERCIAL CORPORATION

It is authoritatively learnt that reports circulating in certain quarters about the possible liquidation of the Hyderabad Co-operative Commercial Corporation and the alleged retrenchment of its staff are unfounded. On the other hand, Government is understood to be actively considering the continuation of the Corporation as a co-operative business organisation.

The report that the staff of the Corporation is being retrenched is based on a misunderstanding of the reforms introduced in the internal working of the Corporation with a view to eliminating inefficiency and waste and effect savings. There is not a single instance of any employee of the Corporation having been dismissed or given notice of dismissal. However, some employees

found unwilling to adjust themselves to the new reforms in the working of the Corporation have been sent back to their respective parent departments.

MARREDPALLI HOUSING SCHEME

PROPOSALS APPROVED BY TOWN IMPROVEMENT TRUST

The Proposals of constructing more than one hundred houses of three different types at Marredpalli, a suburb of Secunderabad, on a piece of land acquired from Mr. Enala Balaram M.L.A., were finally approved at a meeting of the Secunderabad Town Improvement Trust held recently. The estimated cost of the scheme is said to be Rs. 5 lakhs.

DEVELOPMENT OF RURAL INDUSTRIES IN HYDERABAD

GOVERNMENT'S EFFORTS TO RAISE THE STANDARD OF LIVING OF THE VILLAGERS

The Hyderabad Government have launched several schemes to improve cottage and rural industries in order to improve the standard of living of villagers.

A three-year scheme of instruction in improved methods of handling and treating hides and skins has been formulated. Another scheme has been sanctioned to devise better ways of shearing and grading wool at a cost about Rs. 2,60,000.

With the object of producing Malvi and Krishna Valley breed of cattle, a pen is being reared in the Himayatsagar Government Farm. A dairy attached to the farm supplies milk produced under hygienic conditions.

To check the spread of contagious diseases in border areas, the Hyderabad Veterinary Department has been collaborating with the Veterinary Departments of Madras, Bombay and the Central Provinces with beneficial results, it is stated.

HOSPITALS IN HYDERABAD

EXPANSION PLANS

To serve the demands of a growing population, the Government are actively considering the immediate expansion of Hyderabad City hospitals.

It is proposed to double the number of beds to 1,000 in the Osmania General Hospital. Similarly, the Victoria Zenana Hospital which contains 150 beds, will be expanded to accommodate double the number of beds. The expansion of the Chaderghat and Police Hospitals and the opening of a new hospital for the treatment of ear, nose, throat and eye diseases are also being contemplated.

Besides, the Government are giving active consideration to proposals for opening new dispensaries at Gunfoundry, Panjagutta, Rain Bazaar and Kachiguda in Hyderabad and Nallagutta and Chilkalguda in Secunderabad.

TUBE WELLS FOR HYDERABAD

In order to provide irrigation facilities to agriculturists, the Nizam's Government have sanctioned a scheme for sinking tube-wells at a cost of Rs. 1,52,900 recurring and Rs. 2,28,200 non-recurring.

Under the scheme it is proposed to sink 20 tube-wells of 100 ft. depth and to provide boreholes 50 ft. deep in 300 existing wells. This measure, it is expected, will bring 3000 additional acres every year under cultivation.

Five modern boring machines with necessary ancillary equipment have been ordered from England. One of them has arrived. The boring work will be started just after the expiry of the current rainy season.

In addition to the above facilities, cultivators will also be advanced *taccavi* loans. A sum of Rs. 2,78,000 has been sanctioned for this purpose. The grant of *taccavi* will be subject to the condition that the cultivators will, under the advice of the Agricultural Department, grow only food crops for a period of 6 years. One-fourth of the sum of *taccavi* thus advanced will be borne by Government and the remainder will be recovered from cultivators in ten interest-free instalments.

NIZAMSAGAR DEVELOPMENT SCHEME

To centralise the administration of the Nizam-sagar Development Scheme and to get better

results out of it, a proposal to constitute a Development Board under the Chairmanship of the Public Works Minister, has been formulated and sent to the Nizam for sanction.

The members of the Board will be the Ministers of Finance, Revenue and Development. The Secretary of the Board will be the Commissioner of the Nizamsagar Development. But the work of the Board will be carried under the instruction of the Public Works Section of the Nizam's Government. The jurisdiction of the Commissioner will be over the entire District, his Headquarters being at Nizamabad.

GRANT OF IMPORT LICENCES

GOVERNMENT POLICY TO BE LIBERALISED

Mr. K. C. Neogy, Commerce Minister, Government of India, met the President and members of the All-India Manufacturers' Association recently and assured them that the Government of India would be more liberal than before in granting import licences.

The Commerce Minister said: "We hope to be absolutely up-to-date in dispensing applications for licences." Licences, he added, were issued freely for capital goods, subject to approval by the Industries Department and whenever capital goods were available, but the difficulty was of the availability of such goods.

Sir M. Visvesvaraya, President of the Association, said that he had contacts with reputed firms in America like Rockfellers, who were willing to finance Indian industries without any share in the management. This, he suggested, should be done on a Government level. "The Government," he said, "is still going on old lines of safety, but this is the time for enterprise."

Replying Mr. Neogy said that the Government were negotiating with American firms for setting up two steel plants. They were also in contact with American firms for some big projects like the Damodar Valley Scheme and intended to entrust the whole work to them or at least to invite experts for consultations.

A number of suggestions were offered to facilitate the export and import trade by the Association. Among them were the proposal to set up an Import Advisory Council and an Export Development Directorate.

PROFIT-SHARING PLAN

G. D. BIRLA'S OPPOSITION

"I have no doubt that profit-sharing is impracticable. It has proved so all over the world. But I am definitely in favour of better wages, better working conditions and production bonus. I would, therefore, suggest that besides the basic wage which should be fair and adequate, the workers should also get production bonus on a sliding scale, which should be paid not yearly but every month. We may also introduce attendance bonus to be paid yearly."

In these words, Mr. G. D. Birla sums up his views on various aspects of the question of profit-sharing in the course of a communication addressed to the Government of India in the Ministry of Industry and Supplies, which had invited his opinion on the basis of a questionnaire.

PROFITS VARY

Unless Government guarantee a fixed return which would mean payment of losses to the industry in lean years, fixing a fair return would have no meaning, he adds. The compensation of losses by Government would be a dangerous proposition, as, if a fixed return is guaranteed by Government, efficiency in industry would be adversely affected. The management being assured of profit would not exert itself to stop losses. In good years, besides, when the profit is above the ceiling it would have no incentive to make larger profit and would thus fall into extravagant habits. Profits, again, are bound to vary from unit to unit although both the units may be managed very efficiently.

In deciding on any principle, Mr. Birla concludes, two conditions must be achieved:

contentment among the workers and an incentive to produce more. The first could be achieved by better wages, better working conditions, simple labour laws and a definite State policy, which should lay down that the term of employment would not be allowed to be infringed by the employer or the employees with the object of securing unauthorised advantages. As the production goes higher through the effort of the worker, his earnings should rise in proportion to the extra production.

REVOLUTION IN AIR MAIL DELIVERY

INDIAN P. & T. DEPARTMENT TO RUN OWN SERVICE

The Indian Posts and Telegraph Department shortly propose to revolutionise the air mail delivery system as far as five big Indian cities are concerned. Under the proposed scheme, air mail letters posted in Delhi until six o'clock in the evening will be delivered in Madras, Calcutta, Bombay and Allahabad the following morning before breakfast.

In order to implement this revolutionary scheme, the Postal authorities will run their own air services, which will operate at night. Once the night air service is established, postal planes will carry all types of postal freights, including parcels.

There will be daily services in both directions between these five towns and it is contemplated that the aircraft to be purchased will be freighters. The new experiment is likely to be in operation by the close of the year.

At present no country in the world has such a service in existence. The proposed scheme involves a budget of some crores of rupees.

SUBSTITUTE FOR JUTE

CALCUTTA DISCOVERY

A substitute for jute has been discovered by the Khadi Pratishthan, Sodepur. The substitute is known as "chukai" in Bengal. It is an elegant shrub which sometimes grows as high as eight feet.

Mr. Kshitish Chandra Das Gupta of the Khadi Pratishthan cultivated two "chukal" plants in his garden. Their fibre was found to be glossy. They yielded eight ounces of fibre about five feet in length. The fibre was found to be a good substitute for jute, according to the laboratory test of the Research Institute of the Indian Jute Mills Association.

Mr. Das Gupta said that the areas which were not considered suitable for growing jute might well be utilised for growing this substitute.

WORLD PACIFIST CONFERENCE

The proposed World Pacifist Conference will be held in Santiniketan during January next under the presidency of Dr. Rajendra Prasad, Congress President, it is learnt.

Mr. Horace Alexander, Organising Secretary of the Conference, has issued invitations to several leading Pacifists in Asia and Europe and many distinguished persons are expected to attend the Conference.

STATES MINISTRY

Drastic retrenchment in the present set-up of the Ministry of States, aimed at saving Rs. 76 lakhs, has been recommended by the Economy Committee at the Constituent Assembly (Legislative) which has submitted in interim report, it is learnt.

ECONOMIC CONFERENCE

The next session of the Indian Economic Conference will be held in Hyderabad in December, 1948, under the presidency of Dr. J. C. Sinha, Senior Professor of Economics, Presidency College, Calcutta.

The following subjects will be discussed: National budgets in Relation to Planning, International Economic Relations and Industrial Relations in India.

LIQUIDATION OF ILLITERACY

TEN-YEAR SCHEME IN MADRAS

A Cabinet Sub-Committee has been constituted to draw up a scheme for removing illiter-

acy from the Province and the Government expect to finalise the scheme as early as possible. It is estimated that within a period of ten years they could liquidate illiteracy.

Giving this information in reply to an interpellation by Mr. S. Nagappa during question-time in the Legislative Assembly, Mr. T. S. Avinashalingam Chettiar, said that the Government had already introduced a scheme of adult education under which grants would be given to adult literacy schools opened throughout the Province. Arrangements had been made to train teachers for adult literacy work. The Government had also introduced a scheme for compulsory elementary education in selected villages in each district. The scheme would be extended to other areas in due course.

MANUFACTURE OF DIESEL ENGINES IN INDIA

The Controller of Capital issues gave his consent to a Bombay firm's long-range scheme, involving a sum of Rs. 75 lakhs, for the manufacture of Diesel engines. Approval was also given for the issue of Rs. 12½ lakhs and Rs. 3 lakhs for the erection and running of cold storage plants and refrigerators and motor-car insurance respectively.

GRANTS TO HELP MINOR IRRIGATION

Details are now available of the Government of India's efforts to intensify the Grow More Food Campaign in 1946-47 by subsidising schemes for the construction of, and repairs to, wells, tanks and other minor irrigation projects.

It is understood that during 1947 loans amounting to Rs. 84,18,000 and grants amounting to nearly Rs. 2½ crores were sanctioned for the construction of 78,000 new wells, 3,000 new tanks, and repairs to 84,000 old wells and 2,750 old tanks.

Under normal conditions the total increased yield per annum as a result of these schemes is estimated at 1,76,000 tons. In view of the prevailing food situation, the provincial Governments have been asked to continue the scheme during the current year.

LAND COLONISATION SCHEME IN U.P.

PREFERENCE GIVEN TO AGRICULTURAL REFUGEES

The U.P. Government has drawn up a land colonization scheme to settle agriculturists in different parts of the province. Land is being acquired in the different districts. Preference will be given to agriculturist refugees coming from West Baluchistan and N.W.F.P. Each refugee selected will get 10 acres of land and if the family comprises three adult males, 80 acres will be allotted.

A committee with the District Magistrate as chairman has been formed in Allahabad to select suitable persons from the Phapamau and Jhusi refugee camps.

ELECTRIC POWER FOR MADRAS VILLAGES

Madras has achieved substantial progress in the direction of extending electric supply for agricultural pump sets and other agricultural and rural needs of the province and over 1,000 villages are now receiving supply. Over 8,000 pump sets and 1,000 rural industries are being run on electricity and within the next five years the number of villages to get electricity is expected to be doubled.

TUBE WELL MANUFACTURING PLANT

At the invitation of the Ministry of Agriculture, two American experts were to tour the provinces to make a preliminary survey for setting up a tube-well manufacturing plant in the country. The experts—Professor Johnstone of California University and Mr. Hoffstetter, Chief of the State Reclamation Division Lower California—were expected here on June 15.

The Government of India recently decided to sink 6,000 tube wells within five years as part of the Grow More Food campaign.

JUTE EXPORTS TO HARD CURRENCY AREAS

LARGER QUOTAS TO BE ALLOWED

The Government of India, it is understood, have decided to liberalise the licensing of export of

jute and jute goods to countries which make payments in hard currency.

America, Switzerland and certain other countries, therefore, will now be able to import a large quantity of jute goods and India will, in return, earn more dollars.

The Government are understood to have taken this decision after being assured by the jute industry that export to hard-currency areas could be increased without affecting the supplies to countries in the sterling area and the Government will make all efforts to issue all genuine transactions.

While permitting more liberal supplies of jute goods to certain countries, the Government of India are also expected to take definite steps to ensure that they are not re-exported to South Africa.

DEPARTMENT OF SCIENTIFIC RESEARCH SET UP

The Government of India has set up with effect from June 1 a Department of Scientific Research. The Department will work under the Prime Minister. It will take over the Council of Scientific and Industrial Research, the Board of Atomic Research and such other functions of the Director, Scientific and Industrial Research, which the Government might decide to transfer to it.

It will also co-ordinate the scientific activities of the other Ministries. In its co-ordination work, the Department will be assisted by a Co-ordination Committee consisting of eminent scientists.

ZAMINDARI ABOLITION IN U. P.

SCHEME EXPECTED TO COST 188 CRORES

According to the Zamindari Abolition Committee's Report, the liquidation of Zamindaris in the United Provinces would cost the Provincial Exchequer about Rs. 188 crores. Of this amount Rs. 186 crores will go as compensation to Zamindars and the balance will be spent on the establishment for carrying out the abolition.

£. 150 MILLION SPENT IN U.S.A. AND CANADA

INDIA SUPPLY MISSION FIGURES FOR 1947

India's purchases in North America in 1947 totalled \$ 150,000,000 all paid in cash, according to India Supply Mission figures announced recently.

Some \$ 120,000,000 were spent in the United States and \$ 30,000,000 in Canada.

These figures did not include purchases by private importers which would raise the total by many millions more.

Articles bought varied from food grains to fertilizers, tractors, locomotives, radio transmitters, power plant, laboratory equipment, printing paper and chemicals.

All Government buying was done by the India Supply Mission, which had its head office in Washington.

Mr. A. B. Palit, Director of the Mission, said purchases in 1948 were expected to be "just as heavy, if not heavier, if the supply is forthcoming."

INDIAN COTTON FOR JAPAN

It is learnt that the Japanese Trade Mission has bought 85,000 bales of raw Indian cotton which will be shipped to Japan soon. The total value of cotton is stated to be 28 crores of rupees.

The first shipment left Bombay already.

It is further learnt that these 85,000 bales of cotton include 55,000 bales of certain varieties of cotton which came under banned categories but were allowed to be shipped to Japan as a gesture of goodwill by the Government of India.

Mr. W. R. Eaton, Leader of the Mission, arranged with the Reserve Bank shipping bills and letters to ship stocks in time.

It is also learnt that the Japanese Mission got 20,000 bales of cotton from Pakistan.

PAKISTAN'S SUGAR PROBLEM

Pakistan may not purchase any more sugar from the Indian Union because of high prices, it is learnt. It is stated that Brazilian sugar costs nine annas per seer, and Cuban sugar ten annas per seer, while Indian sugar costs Rs. 1-2-0 a seer.

PAKISTAN'S NEW STAMPS

A special series of commemorative stamps to celebrate the establishment of Pakistan will be issued in the near future. A Philatelic Bureau to handle their sales will shortly be set up in the Office of the High Commissioner for Pakistan in India.

The stamps, which are being printed by the new intaglio process in the renowned British firm of Thomas de la Rue & Co., London, will be one of the finest produced in the world.

FOREIGN TRADE OF PAKISTAN

MARCH FIGURES

The foreign export trade of Karachi in March registered a rise of about Rs. 495 lakhs as compared to the corresponding period last year. The export for the month amounted to Rs. 9.04 crores and cotton constituted the chief commodity of export amounting to Rs. 7.06 crores. Pakistan also exported raw skin valued at Rs. 88 lakhs and wool valued at Rs. 46 lakhs.

The value of foreign import trade of Karachi for the month under review amounted to Rs. 2.18 crores, a decrease of Rs. 89 lakhs as compared with the corresponding period last year. The progressive totals for the twelve months ending March, 1948, reveal an increase of 2.76 crores under imports and an increase of Rs. 11.0 crores under exports.

The chief articles of imports were machinery and mill works amounting to Rs. 51 lakhs, aircraft from America amounting to Rs. 82 lakhs and piece-goods from the United Kingdom.

PAKISTAN GETTING 10 MILLION DOLLARS OF U.S. SURPLUS SUPPLIES

A State Department spokesman confirmed the press report from Karachi that Pakistan has been extended a credit of 10 million dollars for the purchase of U. S. surplus supplies and equipment.

The spokesman said 200,000 dollars already has been used for the procurement of medical supplies. The credit is with the War Assets Administration which is responsible for the disposal of U. S. surplus property left over from the war. The money is expected to be used primarily for relief and rehabilitation purposes.

FOREIGN INVESTMENTS IN JAPAN

BUSINESSMEN NOT ENTHUSIASTIC

Japanese businessmen who six months ago were clamouring for foreign investments in Japan's industry on any terms are today considerably cooler towards the idea.

In the eyes of many American observers this is a sure indication of Japan's post-war economy being on its way to recover. A poll conducted by a semi-governmental industrial association on the question of bringing in foreign capital showed an overwhelming majority favouring limited over unlimited foreign investments.

The majority firmly believed that management should stay in the hands of the Japanese. In answer to a question on the influence of foreign credits on the management system, nine replied that they do not like it; six welcomed it and nine saw no difference. Only one company thought that corporate tax should be let alone. All others answering said that it should be reduced. A large majority wanted control of enterprises to be eased and some moderation of allied sponsored law directed at taxing the industry. Japanese industry as a whole is about 53 per cent. of the 1930-34 level which was set by the Eastern Commission. However, Japanese steel industry doubled the output over its last production.

JAPAN'S SOARING POPULATION

SERIOUS ECONOMIC PROBLEM

It is estimated that Japan's population will have increased by 18,000,000 and the economic implications of such a rise are causing concern there.

It is pointed out that Japan is unable to grow sufficient food to meet her own requirements. The only solution to the problem will be an intense effort to recapture overseas markets, and gain new ones so that exports of manufactured goods pay for the import of vital food stuffs.

Encouraged by American agriculturists, who are fully alive to the danger, the Japanese Government is attempting to put every possible acre into food production, but it is estimated that only 10 per cent. of Japan's idle land can be used for growing rice, the most vitally needed commodity.

The Americans had planned to send a woman authority on birth control to Tokyo but the opposition of religious bodies in the U.S.A. was so determined that the scheme had to be abandoned.

RECORD HAIL INSURANCE PAYMENT

A record payment of Rs. 2.1 crores was made to farmers in New South Wales by Australian insurance companies for hail damage to wheat, oats and barley crops during the 1947-48 season.

Severe hailstorms during December, 1947 and January, 1948 involve the companies in a total pay-out three times greater than the previous record. So many crops were damaged and transport became so difficult on flood-affected roads that there was delay in loss assessment and it seemed as though harvesting, too, would be delayed until the Hailstone Loss Assessment Association broadcast a message to farmers to leave sample strips of their crops standing during the harvest. From these strips, it was possible for assessors to determine the damage without inconveniencing the farmers.

SOCIAL SECURITY IN BRITAIN

DETAILS OF NEW SCHEME

About twenty-six million people in England came under the new social security scheme—described as the “best and most comprehensive system of social security ever introduced in any country”—which came into operation recently.

The scheme will provide free health service including medicines, drugs, appliances and specialist services to all and cash benefits during sickness, injury, unemployment, widowhood and payments at child-birth and at death and pensions for the industrially disabled and on retirement.

The aggregate cost of the scheme when it comes into full operation by 1950 will be over 450 million pounds of which nearly one-third will come from employers, one-third from workers and the rest from taxes and interests.

HEALTH SERVICE

Britain's national health service which aims to give every Britain, regardless of income, the full medical care he needs, came into being.

A hospital in Davyhulme, Lancashire, a suburb of the industrial city of Manchester, was chosen for the token “handover” of 2751 hospitals which now pass under State control.

Health Minister Aneurin Bevan, who piloted the health scheme through Parliament and has since waged a long battle for co-operation from the medical profession, was present for the handing over ceremony. One thousand of these hospitals were maintained in the past by voluntary contributions. The rest were run by municipalities.

STEPPING UP BRITISH INDUSTRIAL OUTPUT

ANGLO-U.S. COUNCIL TO BE FORMED

Sir Stafford Cripps announced that Britain and America had decided to set up in the near future a joint Anglo-American Advisory

Council to improve the productivity of British industry.

Sir Stafford told a Press conference that the decision was taken at a meeting he had with Mr. Paul G. Hoffman, American Economic Co-operation Administrator.

The Council will be composed of representatives of employees and trade union organisations in Berlin and the United States.

Sir Stafford said: “The Joint Advisory Council will no doubt help British industry in increasing publication of technical information and by presenting facilities for British workmen to see American methods.”

The President of the Board of Trade said that his talks with Mr. Paul G. Hoffman and Minister from other Marshall Plan countries “were most cordial and have been very useful.”

“Never before in the constructive work of peace has so much been accomplished in such a short time,” Sir Stafford said, reviewing the work of the organisation for European economic co-operation.

Reviewing Britain's position during the past year, Sir Stafford said that they had secured a very remarkable increase in industrial production. “In the 12 months, the rate of industrial production has increased by about 15 per cent.,” he said.

“Manufacturing production is at least 25 per cent. above 1938, though we have not yet succeeded in bringing up our coal production to pre-war figures.” These figures, he added, referred to quantity and not value.

Sir Stafford, referring to the British policy of co-operation with Western Europe and with the countries of the British Commonwealth, said: “Some people see a conflict between these two policies. They feel that we are looking both ways.

“But we feel that there is no conflict and I will explain why. By developing production of new resources in the Commonwealth in the

field of raw materials, we are creating sources from which we and the other European countries can draw, and thus reduce our dependence upon dollar sources of supply."

"Our purposes in co-operation with the other European countries and in co-operation with the Commonwealth are complementary, and thus, there can be no conflict between them."

CAR EXPORTS TO U.S.

The first nine months of the campaign to export Austin cars to North America have brought a return of over \$ 9,250,000 to Great Britain. The gross sales amounted to \$ 8,500,000 in the United States and \$ 3,250,000 in Canada (both excluding taxes), from which has been deducted the cost of building up an adequate sales and service organization. Nearly \$ 500,000 have been spent on advertising. The company say that the demand for Austins is still growing in the United States, and sales would be even higher if more raw materials could be obtained.

SUBSTITUTE FOR LINSEED OIL

Owing to the continually rising price of linseed oil British chemists have been forced to look for substitutes. Besides such natural alternatives as tung and rubber seed oil, a British firm has been experimenting with mineral based oils of similar characteristics.

These experiments have now resulted in the discovery that styrena products can be used to replace linseed oil in a wide range of products. A plant is being erected for the manufacture of styrence from coal and when this is in full operation the price of the new oil may be as low as £ 28 (Rs. 304-12-0) a ton. The latest price for linseed oil from the Argentine is £ 200 (Rs. 2,662) a ton.

BRITAIN'S LEND-LEASE PAYMENT TO U.S.

Britain is to pay the United States £ 22,600,000 in settlement of war-time Lend-lease, according to an agreement signed in Washington by Sir

Oliver Franks, the British Ambassador, and United States Secretary of States, Mr. George Marshall.

The figure shows a reduction on the figure of £ 29,500,000 estimated in December 1945.

In return, the United States gives up all rights to proceeds from the sale by Britain of Lend-lease goods to other countries.

BRITAIN TO CUT IMPORTS FURTHER

CRIPPS' WARNING

The British Chancellor of Exchequer, Sir Stafford Cripps, said recently that Britain may have to cut further its imports—already a minimum considered necessary to sustain life and industry—despite Marshall Aid.

He told Labour Party Rally, "If the terms of trade move against us still further, that is if the level of our import prices goes up further compared to the level of our export prices we shall undoubtedly have to do so. So we must remain at full stretch in our efforts to produce and to produce as economically as we can."

He said that British production already is 10 per cent. above pre-war and exports 85 per cent. in volume above pre-war. He warned that there is no certainty that Congress next year will continue the Marshall Aid.

"They will quite naturally be looking to see at the end of this year how far their aid has achieved the aims set for it. We must justify the aid by our continued progress."

TABLET-FEEDING

EXPERIMENT ON LONDON MEDICAL STUDENTS

A group of 96 London medical students were in "excellent condition" after being subjected to a five-day tablet-feeding test with a regular buffet meal. The men have been living on tablets which may be used to save the lives of shipwrecked seamen, entombed miners and thousands of others as a result of the experiment, in which all normal food and drink was prohibited.

The student "guinea pigs" were given six chocolate-coloured tablets each day. They were allowed to smoke, but not to swim because it was feared they might accidentally swallow water, which was forbidden to them.

The idea of a tablet which could keep a man in good health was conceived by Dr. Helmuth Heitz, Chief Research Scientist of Allied Laboratories, Ltd., who conducted the five-day experiments at a country mansion. Dr. Heitz has been studying the problem for 18 years.

The students spent their time playing games on the lawn, watching films and resting. When the experiments ended, they returned to their hospitals in London.

NEW STEEL-MAKING PROCESS

Scientists have developed a new steel-making process which may revolutionise the industry in Britain. It is said to constitute one of the most significant advances in steel production methods for 100 years and to be comparable to the invention of the Bessemer Process. Adopted after long research, it involves the introduction of Oxygen to the air blast in the converter. The results are claimed to be: 50 per cent. increase in output, more flexibility of control, higher quality steel, the use of a greater percentage of scrap and, in the long run, cheaper production.

The process has been tried out by a firm at Leeds, and steel which formerly took 15 minutes to make is now being made there in eight minutes.

The process was developed by scientists of the British Iron and Steel Research Association which is sponsored by the whole industry.

The necessary additional plant is being installed already at four other steel works and plans for it are being prepared at many other steel-producing centres, including Tees-side where there is a large proportion of side blown Bessemer converters. Experiments are being made with other types of converters and experts believe that within a few years

the oxygen process can be used in all steel-making plant with only small adaptations.

The immediate value of the new process will be a great increase in the productive capacity of foundries. About 45 per cent. of the 400,000 tons of liquid steel produced in Britain annually for eastings is made in plants to which the oxygen method can be applied at once.

Production of steel, however, depends, among other factors, on supplies of raw materials, which is one of the problems facing the British steel industry. The full value of the new process can only be realised if raw material supplies can be extended.

AUSTRALIA'S TRADE BALANCE IS FAVOURABLE

Australia has an overall favourable trade balance with the rest of the world.

For the 11 months of the financial year to May, the value of exports to all countries exceeded imports by Rs. 57.21 crores.

Imports were valued at nearly Rs. 815 crores and exports at nearly Rs. 880.1 crores.

However, trade with North American countries showed an upward flow of dollars equivalent to at least Rs. 44.796.

Of this amount almost Rs. 84.65 crores worth went to the United States.

During April and May the dollar position improved slightly.

Imports from North America were reduced in value from Rs. 5.49 crores in April to Rs. 4.87 crores in May.

At the same time exports from Rs. 2.56 crores to Rs. 3.94 crores.

This improvement was mainly due to increased wool shipments.

For the 11 months ended May, total exports to North America were worth Rs. 87.62 crores and imports Rs. 82.42 crores.

Nearly half of Australia's total imports were from the U.K.

An all-time monthly record of Rs. 17.47 crores worth was established in May.

In that month, as in April, imports exceeded exports.

Nevertheless, for the 11 months of the year, Australia's balance with Britain was favourable. Exports increased by three-quarter from 1947 to over Rs. 141.75 crores and imports by about two-thirds to Rs. 121.27 crores.

MOST EXPORT PRICES RISE IN AUSTRALIA

A comparison of the average prices computed from the declared export values of the principal commodities shows that the average prices were *higher* in April, 1948, than in April, 1947, for:—Wool, sheepskins, wheat, flour, butter sugar, raisins, wine, beef, mutton, tallow, pig lead and zinc blocks.

The average price was *lower* for:—Lamb.

BRITAIN'S EXPORT TARGET LOWERED

Britain has cut her export target for 1948 by 1/16th, because shortage in steel will substantially reduce production of machines and motor vehicles, Mr. Harold Wilson, President of the Board of Trade, disclosed.

Mr. Wilson told a Press conference that the new target was 150 per cent. of the 1938 volume of exports, instead of the originally planned 160 per cent.

To offset this, export targets for cotton, woollen and worsted goods had been sharply increased.

Mr. Wilson said that reduction in exports by the engineering industry was due to increased British domestic needs of certain steel-using goods, particularly agricultural and textile machinery. Steel allocated for goods for export had, therefore, to be cut in spite of increased British steel production.

U.K.-ARGENTINE TRADE AND PAYMENTS AGREEMENTS

The Agreement on Trade and Payments which was recently concluded between the United

Kingdom and the Argentine Government has now been published as a White Paper.

Details of the Agreement were given in the statement by the Chancellor of the Exchequer in the House of Commons on February 16, particulars of which appeared in the Board of Trade Journal of February 21 (page 404).

No information has so far been received about the division among specific commodities of the import permits up to £. 10 million to be allocated for United Kingdom goods the importation of which has hitherto been restricted. Discussions on this subject are in progress between the Minister (Commercial) in Buenos Aires and the Argentine authorities.

As regards the commodities (listed in Schedule 2 of the Agreement) which are particularly requested by Argentina, the attention of firms who might be interested is drawn to the fact that such purchase and sale will in each case be effected through customary channels of trade.

" PROTECTION " OF DUNDEE JUTE

LITTLE SUPPORT FOR RECOMMENDATION

" Protection " of the Dundee jute industry against the effect of Indian competition, proposed in a Working Party report published, has been received with little enthusiasm.

The "Glasgow Herald" has joined the "Financial Times" in pointing out that protective measures would not rest at all easily alongside Empire Preference, and "The Times" remarks that the recommendations could not easily be fitted into the terms of the International Trade Organisation's Charter—though, of course, the Working Party's report was prepared before the Havana conference framed the I.T.O. Charter. The country would not necessarily be enriched by the protection of an industry whose costs far exceeded those of overseas competitors.

The "Glasgow Herald" expresses the opinion that the present raw jute export tax would almost certainly be steeply raised if there were discrimination against Indian jute production in the British market. No doubt this and asso-

ciated matters would figure largely in trade talks between the two countries, but the "Herald" stressed that it must be recognised that India is in much the stronger bargaining position.

Board of Trade circles pointed out to an agency that the Government was not bound to accept their findings. It is open to the Government to reject the findings altogether or accept some of them, as has been the case in the reports of other Working Parties.

On the question of protection it is emphasised that no legislation could be passed in the United Kingdom without previous consultation with India, with whom there are long-standing agreements providing for procedure of this character.

NO CHANGE IN STERLING AREA NOW, SAYS CRIPPS

Sir Stafford Cripps, Chancellor of the Exchequer, said recently that he saw no reason for any alteration in the sterling area because of the European Recovery Programme.

Commenting at a Press conference on a report that Britain had agreed to hand over control of the sterling areas to the United States, Sir Stafford said that it was "quite wrong" to imagine that there had been any major discussions on matters of policy in connection with the "letter of intent" to negotiate an agreement, which had been submitted to Washington.

"The letter of intent had been under discussion for some little time as to its actual form. The only points at issue were some minor drafting points," he said.

The effect of Britain's signature on that letter was that she was now eligible to receive supplies financed by the Economic Co-operation Act pending the conclusion of the bilatera agreement as envisaged in the Act.

"Any question of any other agreement for arrangement is quite false and inaccurate" he said.

POST OFFICE ON WHEELS

So successful was the recent experiment by the British G.P.O. in supplying a mobile post office that a second one has been built and has been brought into operation in Manchester. The mobile post offices carry a wide range of telegraphic, telephonic and postal facilities. The telephones are arranged for connections to any system—manual or automatic—and can provide telephone service to all parts of the world. Telegrams can be transmitted from and received at the vehicle and stamps can be purchased and letters accepted for despatch either by ordinary or registered post.

RECORD POPULATION RISE IN U.S.

10.4 PER CENT. RISE SINCE 1940

From April 1, 1940, to January 1, 1948, the population of the United States increased by approximately 13,700,000, or 10.4 per cent. In 1947 alone there was a record population increase of approximately 2,700,000. Significant aspects of this population rise were:

1. A gain of nearly four million between 1940 and 1947 in the child population under five years of age; and
2. A marked reversal of the long-run decline in the reproduction rates and family size of city dwellers and the well-to-do and better-educated sections of the population.

It is true, of course, that other factors play a fundamental role in population trends, such as fertility and mortality and the traditional stimulus of war-time conditions to marriage and birth rates. But in the background is the factor of economic conditions, and authoritative studies show that over a long period of time there is a close correlation between the ups and downs of the business cycle and the fluctuations in marriage and birth rates.

The significance of the change is indicated by the fact that only a decade ago the United States was a nation with a potentially declining population. With the birth and death rates

prevailing in the 1935-40 period, according to Government studies, and with no immigration, the population of the United States would eventually have decreased at the rate of 2.2 per cent. per generation. Now, continuance of the fertility and mortality conditions of recent years would eventually increase the national population by about one-fifth in each generation, exclusive of possible gain from net immigration.

INFLUENCE OF ECONOMIC CONDITIONS

A few figures will indicate the influence of economic conditions and employment opportunities on American population trends.

In 1932, disposable personal income was 47,800 million dollars, the marriage rate was 7.9 per 1,000 of population, and the birth rate was down the following year, 1933, to 16.6 per 1,000 population. Marriage and birth rates moved up thereafter as economic conditions improved. In 1940, when disposable personal income aggregated 75,700 million dollars per year, the marriage rate was 12.1 and the birth rate 17.9 both per 1,000 of population.

In 1946, when disposable personal income rose to 158,400 million dollars, the marriage rate was at a new high of 16.3 per 1,000 population, while the birth rate was up to 23.8 per 1,000 population. Last year, with a disposable personal income of 175,800 million dollars, the marriage rate was 13.8 per 1,000 population while the birth rate rose to 25.9 per 1,000 of population, the highest rate since 1912.

U.S. SEARCH FOR NEW OIL SOURCES

DEMAND GREATER THAN SUPPLIES

The U.S. oil industry is undertaking vigorous steps on many fronts with the objective of improving the United States' oil reserve situation in the face of huge and increasing demands. Some 6,000 geologists and technicians in 400 different search crews are probing the land, the coastal marshes and the off-shore ocean bottom in search of more oil reserves.

Even with the severe winter over, oil to run America's plants, locomotives, tractors, trucks, buses and cars was by no means abundant. Even with production and refining increasing continually, the supply was not expected to approach demand levels until March 31, 1949, the end of the next winter.

At the time, the United States is expected to have at its disposal an average of 6,408,000 barrels of oil and oil products daily, in the estimate of a special committee of the American Petroleum Institute. On the other hand, daily demand at that time is anticipated at some 6,465,000 barrels, according to the Inter-state Oil Compact Commission.

Thus, the U.S. oil budget is expected to remain in precarious balance for the next 12 months, with a trend, however, towards improvement. Secretary of the Interior Julius A. Krug, opening the 25th anniversary of the International Petroleum Exposition and Congress in Tulsa, Oklahoma, on May 15, lists as bearing spots in the picture, the following: proved U.S. reserves total 21,000 million barrels, the highest in history; domestic production is at some 2,000 million barrels a year, also a record; new wells being drilled in the United States this year are expected to total from 30,000 to 40,000.

MAJOR CHANGES IN WORLD OIL PICTURE

Estimating the domestic demand for all oils as now exceeding 2,150 million barrels per year, the Secretary outlined the major changes in the world oil picture which affect the United States.

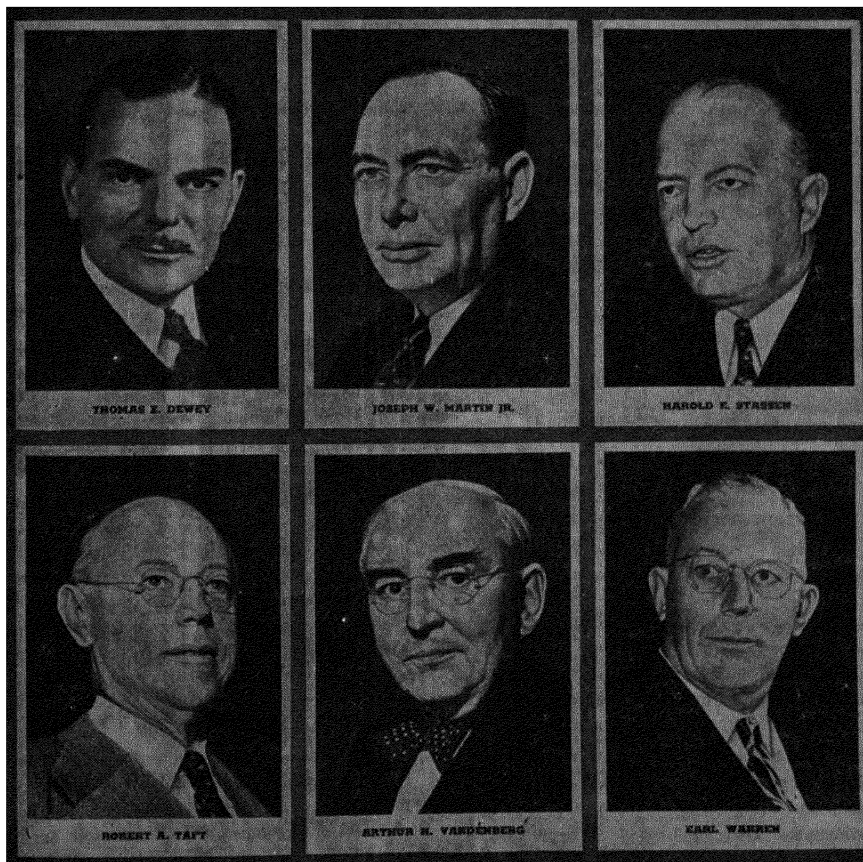
"First, a start is being made towards shifting production pressure away from the United States," he said. "The Marshall Plan relies increasingly on foreign oil sources for European requirements. It is expected to result in a lasting shift of responsibility for Eastern Hemisphere sources. Middle Eastern oil reserves, known to be immensely rich, are still to be fully explored. The Dutch East Indies fields will be back in full operation before too long."

Drilling and production are going forward throughout Central and South America. There is reason to believe the Amazon Basin may be a prolific source of oil.

"Proper development of all these and other possibilities will result in a more diversified

and better-balanced world output of oil," Krug continued. "Worldwide oil demand is going up. By 1951 it will be more than 10 million barrels a day. The Western Hemisphere cannot long continue producing more than 80 per cent. of the world's oil."

U. S. Presidential candidates



TELE-COMMUNICATIONS PACT

President Truman has signed U.S. ratification of the provisions of international telecommunication and radio regulations which were drawn up at the International Tele-Communications Conference and the International Radio Conference held in Atlantic City, New Jersey, last October. The International Tele-communication, its final protocol, and the radio regulations annexed thereto, were ratified by the U.S. Senate and sent to the President for signature.

The convention includes reorganization of the International Tele-communication Union to strengthen its relationship with the United Nations. Comprehensive radio regulations modernize the uniform international radio rules to make them more responsive to scientific developments and technical improvements.

The new regulations will supplant the International Tele-communication Convention signed at Madrid in 1932 and the Cairo revision of the general radio regulations signed in 1938.

The convention and regulations go into effect from January 1, 1949, between the countries and territories which have ratified by that date.

U.S. INDUSTRIAL EXPANSION AT ITS PEAK

1948 TARGET SET AT 18,700 MILLION DOLLARS

In every year since the end of the war, American industry has increased the annual amount of its expenditure for new plant and equipment. Fears that war-time expansion of production facilities would result in excess capacity in some fields and that surplus war plants and tools would be a drag on the market for capital goods proved groundless.

During the current year, American business plans to spend 18,700 million dollars on new plant and equipment, according to Government estimates. This is 15 per cent. above the previous record of 16,200 million dollars that American industry paid out last year for expanding production facilities. Although the

1948 dollar volume of expenditure for plants and equipment is expected to exceed 1947 expenditure, both in the aggregate and in most industry groups, it is expected to run below the rate for the fourth quarter of 1947, the Federal Reserve Bank of New York points out in its latest *Monthly Review*.

The rate of planned outlays in the second half of 1948 is, in turn, expected to fall below that for the second quarter of this year. The decline in the last half of this year, the bank says is likely to occur chiefly in the manufacturing and mining industries, while the rate of expenditures in all other industries is expected to remain substantially unchanged, and the railroads are expected to spend more than in any previous post-war half-year period.

MAKING FARMERS' DREAMS COME TRUE

CONNECTICUT 'VARSITY SCHEME

American farmers in Connecticut can expect their dreams to come true. The realization of their dreams is being made possible through the efforts of the University of Connecticut Farm and Home Planning service in co-operation with the U.S. Department of Agriculture's Extension Service.

Here is how this "Dream Service" operates. The farmer requesting this service is visited by home demonstration and agriculture experts. The farmer and his family tell their "dreams"—their long-range goals, whether it be for health, recreation, farm equipment or a new car. Then follows an inventory of the physical resources of the farm, a survey of the family's living expenses, crop and livestock size and other relevant factors.

When all the facts have been gathered, details of the various aspects of the farmer's improvement programme are worked out by home planners, nutritionists, farm and soil experts. All of their findings, along with detailed plans on how the farmer's goal can be realized are included in a "Dream Book," which is turned

over to the farmer and his family free of charge. To them this book shows in a concrete, practical way how their hopes for better living can be realized.

Many American universities are similarly co-operating with the Agriculture Department in helping farmers plan improvements in their farms and home.

WORLD WHEAT DEMAND SLACKENED

The Agriculture Department in a statement said that the world wheat demand so slackened in the face of rising supplies that the United States will have this year 237,000,000 bushels which neither are exportable nor needed for domestic consumption.

In an official report on the world wheat situation the Department estimated that United States supplies in the year which began last July 1 at 1,487,000,000 bushels mostly as a result of the second largest crop in nation's history which is presently being harvested. It said that domestic consumption will be 750,000,000 bushels with 647,000,000 for export and reserve.

It commented, "Preliminary analysis of supplies available in other exporting countries and probable takings by importing countries indicates that in the year 1948-49 United States exports may total about 455,000,000 bushels.

The report commenting on the European grain situation said, "This year production of bread grain in Europe excluding the Soviet Union is expected to be about 35 per cent. higher.

NEW DRUGS FOR NEW DISEASES

The constantly growing family of new drugs is combating many hitherto serious, sometimes fatal, diseases.

Rocky-mountain spotted fever, whooping cough and certain type of meningitis are among the dreaded maladies which respond to treatment by these germ-killers. United States Public Health Service experts estimate that there are more than 800 of these drugs known

as antibiotics. Others are being developed almost weekly. Only a handful of antibiotics, however, account for the most recent progress against disease. Penicillin is the first antibiotic still most widely used. It has worked wonders against a host of ailments, ranging from pneumonia to gonorrhoea.

Doctors define antibiotics as a product of a living organism used against other living organisms. They are bug products which prey on other bugs. Many, like the penicillin, come from common moulds.

U.S. WAR ON ILLITERACY

Most American communities have practically wiped out illiteracy among the rising generation. By 1940 the percentage of illiteracy was brought down to 4.3 from 20.1 in 1870 and 10.7 in 1900. Further indications of the educational and cultural levels in the United States are the facts that 37 millions of the 40 million housing units have at least one radio each; daily newspaper circulation totals more than 50 million copies in addition to an untold number of weekly and other periodicals; moving picture attendance in 18,765 theatres runs as high as 100 million a week; and thousands of people take correspondence courses to substitute for or supplement formal education.

U.S. BANK ASSETS INCREASE

The total assets of 5,011 national banks which operate under Federal banking regulations and charter in the United States amounted to more than 88 billion dollars on December 31, 1947, which is four per cent. more than a year earlier. Deposits in these banks on December 31, 1947, also increased four per cent. to a total of 82 billion dollars.

WORLD BANK DEFICIT OVERCOME

The International Bank for Reconstruction and Development has a net excess of income over expenses of 1,178,792 dollars for its entire operations up to March 31. A Bank report shows it had cancelled a deficit of 1,068,805 dollars which existed last June 30, due to the

fact that expenses necessarily exceeded income during the early stages of organization. On March 31, after deducting for existing loan commitments, the bank had available U.S. dollars and short term U.S. Government obligations amounting to approximately 470 million dollars.

U.S. PROPOSAL FOR TREATY WITH INDIA

The U.S. Embassy in New Delhi last February presented to the India Government a draft text of a treaty of friendship, commerce and navigation, to be used as a basis of negotiations between the two Governments.

A letter from the U.S. State Department Official Mr. W. Thorp. to Congressman Celler (Democrat, New York) expressed the hope that the negotiations would soon be actively carried forward.

Mr. Thorp pointed out that should the treaty be agreed upon Indian nationals in the U.S.A. on business would be exempt from the usual restrictions on the length of time aliens are entitled to remain in the U.S.A.

Mr. Celler in an earlier letter to Mr. Thorp quoted the case of a well-known Indian businessman who had experienced much difficulty in securing an extension of his visa to enable him to complete his business. Such extensions would be automatic if the projected treaty was completed. A spokesman said that the State Department was currently engaged on a programme of expanding and revision of its commercial treaties with many countries.

"HOUSES ON WHEELS" FOR U.S. TOURISTS

TRAILERS HELP MEET HOUSING SHORTAGE

During the vacation season in the United States this summer, more than 400,000 trailer "houses on wheels" pulled by automobiles will travel on the roads to national and state parks and other vacation places. There are about 750,000 trailers in the United States, with some of them designed as "permanent" houses to help to meet the housing shortage.

The expanded construction of trailers this year is expected to produce 100,000 new units against 72,000 last year. The trend in production is toward bigger and more comfortable trailers, with those accommodating six persons now available.

The large trailers have two bedrooms with double beds and a studio lounge in the "living room" that becomes a double bed at night. Shower and toilet facilities are included in these house-type trailers, the average length of which is about 30 feet. Each of these larger types weighs about 6,000 pounds. Although they were designed for permanent living, they also can be used for whole families on vacations or as summer homes.

Trailers, regardless of size, come equipped with bed, refrigerator, heater, stove, folding chairs, dining table, sofa and drapes at the windows. Shelves, cabinets and dressers are built in.

There is an increasing number of trailer parks in the United States, where those travelling in trailers may stay overnight at a small rental or rent "trailer space" on a monthly basis. Electricity, registered on individual metres, is supplied to the trailers at these sites. Many other facilities often are afforded, such as grocery and drug stores, playgrounds for the children, and motion picture houses.

TRADE OF THE NETHERLANDS IN 1947

According to the provisional figures published by the Central Statistics Office imports in December 1947 amounted to a value of 434.8 million guilders (408.9 million guilders in November), while exports were worth 235.6 million guilders (202 million guilders in November).

In 1946 the estimated values of the year's imports and exports were 2305 million and 785 million guilders respectively. For 1947 these figures are 4256 and 1860 million guilders.

From the figures stated above it appears that in 1947 the Netherlands balance of trade shows a deficit of 2396 million guilders, as against

1520 million guilders in 1946. The percentage of imports covered by exports rose from 34 in 1946 to 48.7 in 1947. In the years 1936-1938 these percentages were 74.1, 74.7 and 78.5 respectively.

NATIONALIZATION OF INDUSTRY IN RUMANIA

In surprise move, Rumania nationalized practically all industry in the country as well as its mines, oil wells and other natural resources. The sweeping nationalization bill was adopted by the cabinet at a closely guarded secret meeting. It was presented to the parliament without previous warning and was passed unanimously, with only about three hours' debate.

BARTER WITH SOVIET BLOC

ARGENTINA TO SIGN AGREEMENT

Argentina is seeking to solve her dollar shortage by a series of barter agreements with the nations of the Soviet block, economic observers said. The economic Czar Miguel Miranda announced conclusion of agreements for dollarless trade with Rumania, Brazil and other nations of the "Sterling area."

Argentina is also seeking a new treaty with Russia by resuming negotiations which were broken off last year.

At his weekly press conference Miranda emphasised that the new trade treaty with Brazil provided for payment in Argentine Pesos and Brazilian Cruzeiros thus "practically eliminating the dollar from our dealings." He added that the dollar is going to disappear as the commercial symbol in Argentina's international trade. Miranda also said that the shipment of hides to Rumania which was announced was only the first of a number of exchanges with Eastern Europe in which Argentine hides, fats and grains would be bartered for coal to ease the critical fuel shortage here.

"As we do not have dollars we must seek the goods we need in countries which need our products," he said.

MODERN PEDLAR FOR U.S.

At the beginning of February, Mr. S. Hijmans Director of the trading company Herman Hijmans & Co. of Rotterdam, left for the United States as the representative of 70 prominent Dutch firms. This is not just an ordinary business trip. After a short stay in New York he will start "tramping," but in modern style, with a car and a trailer fitted out as a showroom. His car will be his office and bedroom.

The trailer bears the slogan: "It may be better policy to spend your money than to lend it."

To prospective buyers he will show Dutch products varying from silver spoons to textiles and woollen blankets. His route runs from New York to Memphis, Oklahoma, Nevada, San Diego on to San Francisco where Mr. Hijmans will settle for a time. His biggest operating area will be California.

WORLD'S FIRST "UNIVERSITY OF CLOTHING"

THREE-FOLD AIM

The first "University of Clothing" in the world will soon be established in London. An application is to be made for a Royal charter and the sponsors hope that in time the institute's diploma will rank with those of other professions. The headquarters of the new institute will be in London but examinations will be held in all parts of the World. The three-fold aim of the institute is ambitious—to encourage research, to make Britain the recognised fashion centre of the world, and to make Britons the best dressed people.

NEW INCOME-TAX IN RUSSIA

LEVY ON FARMERS

The Presidium Supreme of the Soviets announced the new income-tax for farmers with rates ranging from 11 per cent. on incomes of 1,600 to 2,000 roubles to 40 per cent. plus a flat assessment of 1,600 roubles on an annual income of more than 8,000. The nominal

official value of a rouble is 30 cents but the rate of exchange is largely theoretical. The tax must be paid by private farmers of collective farmers deriving supplementary income from private plots. Aged men and infirm people will pay only half of the fixed rate.

The decree was issued "in view of the increase" in private incomes of farmers. The old rates established in 1939 were 8 per cent. on incomes of less than 2,000 and 30 per cent. on those above 8,000 roubles. Collective farmers receive regular income on shares from the collective annual profit. This is not taxed. Most of the collective farmers have supplementary income from half an acre or so of land, they have privately, and from cows, pigs and chickens owned personally.

BUMPER WHEAT CROP

The decree was issued as reports from throughout the southern Soviet Union where harvesting is in full swing and indicated bumper wheat crop exceeding last year's record harvest. Excellent spring weather hastened ripening. These reports said that the land is yielding 23 cents (above 34 bushels) per acre. Ukraine reports said that three times more grain was harvested by last week-end than by the same time in last year's bumper crop.

The new rates are as follows : Income between 2,000 and 3,000 roubles : A flat assessment of 220 rubles plus 18 per cent. of that portion above 2,000. Between 3,000 and 4,000 : 350 plus 16 per cent. on that which is above 4,000. Between 4,000 to 5,000 : 519 and 21 per cent. on that above 4,000. Between 6,000 and 8,000 : 980 plus 31 per cent. on that above 6,000.

GENEVA TRADE PACT

22 NATIONS SIGN

The International Trade Organization's Interim Commission has announced that 22 of the 28 governments which negotiated the General Agreement on Tariffs and Trade at Geneva last year signed the protocol bringing the pact into

effect provisionally before the June 30 deadline.

The signatory powers are Australia, Belgium, Brazil, Burma, Canada, Ceylon, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, the Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, the United Kingdom and the United States.

GROWTH OF TRADE

Chile, the only non-signing Geneva participant, requested an extension of time by agreement of the other contracting parties to permit legislative action at home authorizing her adherence to the pact. The request is now under study by the other governments.

The Geneva agreement, drawn up last October, contained provisions for implementation upon bilateral exchange of ratifications. A number of countries have been applying the agreement provisionally since January 1, and the United States placed it in effect between itself and more than half of the signatory powers before the final rush of signatures. Presidential proclamations activating the agreement were issued as other countries notified the United States of their adherence to the pact.

The agreement is intended to encourage the growth of multilateral trade through reduction of trade barriers and extension of most-favoured-nation treatment to all contracting parties.

NORTH PACIFIC AIR NAVIGATION

INDIA INVITED TO MEETING

Preliminary plans for the North Pacific Regional Air Navigation meeting of the International Civil Aviation Organization were announced by the State Department. The meeting is currently scheduled to convene on the University of Washington campus at Seattle, on July 18.

The United States is serving as host in this eighth in a series of ten regional meetings originally scheduled by the Provisional International Civil Aviation Organisation to cover the ten air regions into which the world has been

divided. The purpose of the meeting is to prepare a regional plan of aids to navigation and usages needed to permit observance of, or to supplement standards and recommended practices currently approved by the I.C.A.O. council. The meeting will last two to three weeks.

It is expected that the meeting will follow the usual pattern of regional conferences of the I.C.A.O. and that the principal committees formed will include aerodromes and ground aids, air traffic control, communications, meteorology,

and search and rescue. The practices and procedures recommended will be forwarded to the council of the I.C.A.O, at Montreal.

Invitations to participate in the conference have been sent to the Governments of Australia, Canada, China, France, India, the Netherlands, New Zealand, the Philippines, Siam and the United kingdom. Invitations to send observers were extended to 36 member States of the I.C.A.O. and to the Soviet Union and Burma which are not member states.

Current Statistics Hyderabad

SEASON AND CROP REPORT FOR WEEK ENDING THURSDAY, 16TH ABAN, 1357 F. (SEPTEMBER, 1948)

GENERAL REMARKS

Rain fell in many parts of reporting taluqs, chief records being 2.88" in Mahbubnagar (Mahbubnagar), 2.25" in Chincholi (Gulbarga), 2.06" in Sirsilla (Karimnagar), 1.88" in Pargi (Mahbubnagar) and 1.76" in Kamareddi (Nizamabad). The weather was slightly cool and breezy. Sky was cloudy.

Average Rainfall.—Telingana 75 cents, Marathwara 28 cents and Dominions 51 cents.

As compared to their respective normal (28 years) the following taluqs still recorded a deficiency of rainfall :—

Kamareddi (Nizamabad)—6", Andol, (Medak)—7", Nagarkarnul (Mahbubnagar)—6", Kalwakurti (Mahbubnagar)—10", Jagtiyal (Karimnagar)—8", Manjlegaon (Bir)—6", and Seram (Gulbarga)—5".

Periodicâ average rainfall for the Dominions for the current agricultural year and the normal figures are as follows :—

	Average (Present season)	Normal (28 years)	Departure from normal
S.W. Monsoon.	19.29"	28.55"	—4.26'

Sugarcane was growing in places.

Kharif was weeded in some tracts. *The Crop was withering due to lack of rain in parts of Mahbubnagar and Bir. It suffered by disease in some areas of Nizamabad and by insects in tracts of Mahbubnagar and was in need of rain in parts of Mahbubnagar and Karimnagar.*

Abi was weeded in parts.

Rabi lands were being prepared in places. *Rain was awaited for sowing in some parts of Bir.*

Water was generally obtained. There was fodder scarcity in some places of Bir. Cattle disease was prevalent in some villages of Nander.

Average retail prices of grains in seers per O.S. Rupee were :—

Grain	Present week	Last week	Correspond- ing week last year
Wheat ..	1	1	2
Rice ..	2	1½	8
W. Jawar ..	8½	8½	5
Y. Jawar ..	4	4	5½

NOTE.—This report is based on 13 out of 105(12%) Weekly reports received on due date

COMPARATIVE STATEMENT SHOWING RAINFALL OF PAST AND PRESENT SEASONS

Districts, etc.	Average rainfall of current season corrected up to 9/12/57 F. 9/9/48	DURING WEEK ENDING 16TH ABAN, 1857 F.		Total average rainfall from 16/8/57 F. 16/5/48 upto 16/12/57 F. 16/9/1948	Total average rainfall of corresponding period of last year	Departure from normal (28 years)
		No. of Taluqas from which reports have been received	Average rainfall			
1	2	3	4	5	6	7
Hyderabad City ..	14.51		0.80	15.81	28.44 —	4.55
Atraf-i-Balda ..	14.70	Report due		14.70	28.62 —	4.63
Nizamabad ..	24.61	1 out of 5	1.76	26.87	28.88 —	2.85
Medak ..	22.08	1 out of 5	1.70	23.78	26.98 —	1.77
Baghat ..	18.08	Report due		18.08	31.08 —	6.96
Mahbubnagar ..	18.04	4 out of 6	1.20	14.24	31.71 —	5.17
Nalgonda ..	9.77	Report due		9.77	22.04 —	7.85
Warangal ..	19.74	Report due		19.74	29.71 —	8.55
Karimnagar ..	20.57	2 out of 7	1.85	21.92	28.80 —	5.89
Adilabad ..	26.57	1 out of 10		26.57	31.08 —	8.08
Telingana						
Average ..	18.68	9 out of 49	0.75	19.43	28.65 —	5.89
Aurangabad ..	19.28	Report due		19.28	16.18 —	2.58
Parbhani ..	24.02	Report due		24.02	31.54 —	2.85
Nander ..	22.72	1 out of 6	0.85	23.07	22.44 —	4.08
Bir ..	18.08	1 out of 6		18.08	19.87 —	2.85
Gulbarga ..	14.98	2 out of 8	1.87	16.85	28.27 —	1.66
Raichur ..	10.04	Report due		10.04	21.74 —	3.77
Osmanabad ..	20.58	Report due		20.58	20.17 —	0.82
Bidar ..	21.45	Report due		21.45	28.38 —	2.48
Marathwara						
Average ..	18.87	4 out of 55	10.28	19.16	21.69 —	2.68
Dominions						
Average ..	18.78	18 out of 105	0.51	19.29	25.17 —	4.26

COINAGE

THE VALUE OF GOLD COINS ISSUED

(Value in O.S. Rupees)

Months	FULL ASHRAFIES		HALF ASHRAFIES		QUARTER ASHRAFIES		ONE-EIGHTH ASHRAFIES	
	No.	Value	No.	Value	No.	Value	No.	Value
<i>Ashrafies issued</i>								
June 1948 ..	21	2,772	8	201	52	1,768	292	5,256
July 1948 ..	65	8,580	20	1,340	45	1,580	328	5,904

THE VALUE OF COINS ISSUED AND WITHDRAWN

Months	Rupees	Half	Quarter	$\frac{1}{8}$ th	1/16th	1/32th	1/96th
<i>Coins Issued</i>		<i>Nickel Coins</i>					
June 1948 ..	Nil	5,000	30,000	Nil	22,000		5,000
July 1948 ..	Nil	35,000	65,000	5,000	10,000		2,500
Coins withdrawn	Rupées	Half	Quarter	$\frac{1}{8}$ th	1/16th	1/32th	1/96th
June 1948 ..	Nil	Nil	Nil	Nil	6,000	250	1,850
July 1948 ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil

JOINT STOCK COMPANIES

JOINT STOCK COMPANIES INCORPORATED IN H.E.H. THE NIZAM'S DOMINIONS THAT, HAVING CEASED WORK, HAVE GONE INTO LIQUIDATION OR WERE DISSOLVED, OR OTHERWISE BECAME DEFUNCT, DURING THE MONTH OF JULY, 1948

CAPITAL (INDIAN CURRENCY)

Srl. No.	Classification and name of the Company	Date of Registration	Authorised	Issued	Paid up	Date of going into liquidation	Date of dissolution
	<i>Publications</i>		Lakh	Lakh			
1	The Dominions Mercantile Company (5-8-1847 F.) Ltd.	8-12-1937	1	1	Nil.	12-7-1957 Fasli	14-10-1957 Fasli

HYDERABAD STATE BANK, HYDERABAD-DN.

WEEKLY POSITION AS ON 6TH MEHR 1357 FASLI (6TH AUGUST 1948)

Liabilities	Total O.S. Rs.			Assets	Total O.S. Rs.		
	Rs. a. p.				Rs. a. p.		
<i>Advances</i>							
Capital Account ..	75,00,000	0	0	Inland Bills ..	17,000	0	0
Reserve Fund ..	22,75,000	0	0	Loans ..	65,84,537	15	7
<i>Deposits</i>				Cash Credits ..	2,25,87,352	11	5
Current Account ..	15,88,32,120	5	6	Overdrafts ..	1,03,20,491	10	5
Savings Bank ..	88,65,110	6	11	Investment Accounts ..	6,64,28,670	15	4
Fixed Deposit ..	43,43,524	0	4	Bills Discounted ..	24,79,416	3	8
Short Term Deposit ..	24,19,740	10	8	D. Ds. Purchased ..	35,65,786	4	5
Other Accounts ..	12,73,514	10	6	Dead Stock ..	8,66,487	5	1
Sundries ..	26,00,747	14	4	Sundries ..	78,16,120	8	2
<i>Cash</i>							
Cash Credit ..	60,251	14	1	In Hand ..	4,66,89,514	18	4
Blocked Account ..	94,98,703	8	9	With Bankers Blocked Account ..	2,11,60,984	1	7
					41,57,400	9	6
Total ..	19,21,68,718	2	1	Total ..	19,21,68,718	2	1

RAILWAY STATISTICS

N. S. RAILWAY

ROAD TRANSPORT
DEPT.

Srl. No.	Particulars	February	March	February
1	Number of passengers ..	1,580,444	1,623,031	8,518,898
2	Freight ton miles ..	46,648,152	44,878,640	108,545
3	Gross earnings ..	47,29,962	46,57,255	18,18,571
4	Total expenditure ..	85,38,542	60,42,414	26,97,072
5	The number of tourists that visited the State Hotel during June 1948 is <i>two</i> .			

INDUSTRIAL STATISTICS

STATEMENT REGARDING OUTPUT OF CEMENT ETC. FOR THE MONTHS OF JUNE, JULY 1948

	Output of Cement		EXPORT				Stock on the last day of the month		
			Outside the Dominions		Inside the Dominions				
	Tons	Cwt.	Tons	Cwt.	Tons	Cwt.	Tons	Cwt.	
June 1948	..	9,845	..	9,275	..	534	5	5,078	14
July 1948	..	420	..	Nil.	..	457	..	4,890	..

(Rainfall in inches)

MONTHLY COTTON REPORT

AMARADAD 1857 F. (JUNE 1948)

Rainfall and Crop Conditions

During the month under report rain fell throughout the Dominions, average being 8.49 inches as against 8.78 inches in the corresponding period of last year and 5.71 inches normal for 50 years.

Division	1857-58 Fasli	1856-57 Fasli	Normal for 50 yrs.
Telingana	.. 3.65	3.52	5.82
Marathwara	.. 4.88	4.02	5.61
Total since the beginning of the season	.. 8.69	8.91	5.71

Lands for kharif sowing are under preparation.

COTTON MARKET RATES FOR KAPAS PER PALLA OF 120 SEERS

Srl. No.	Market	Varieties	Opening	Closing	Last year closing
			Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Warangal	.. ..	Not received	..	..
2	Adilabad	.. ..	do	..	..
3	Aurangabad	.. ..	do	..	..
4	Umari	.. ..	do	..	..
5	Jalna	.. ..	do	..	..
6	Nander	.. ..	do	..	..
7	Latur	.. ..	do	..	..
8	Raichur	.. Mungari	55 0 0	50 0 0	58 0 0
		Faram	68 6 0	64 0 0	55 12 0
		Upland	68 2 0	68 0 0	55 2 0
		Jawari	67 2 0	65 0 0	55 0 0
9	Hingoli	.. Jarilla	72 8 0	72 8 0	..
10	Sailu	.. ..	Not received	..	..

(Rate of cotton Lint per palla of 120 seers)

1	Warangal ..	..	..	Not received	..	..
2	Adilabad ..	..	..	do	..	..
3	Aurangabad	..	..	do	..	..
4	Umari ..	..	..	do	..	..
5	Jalna ..	..	..	do	..	..
6	Nanded ..	..	..	do	..	..
7	Latur ..	..	..	do	140 0 0	..
8	Raichur ..	..	Mungari	155 0 0	14 0 0	121 0 0
		..	Faram ..	195 0 0	201 0 0	186 0 0
		..	Upland ..	190 0 0	185 0 0	..
		..	Jawari ..	190 0 0	185 0 0	..
9	Hingoli ..	..	..	Not received	..	..

Pressing

During the month under report (June 1948). 7,998 bales were pressed as against 9,744 bales in the corresponding month of last year and the average for the preceding five years was 9,844 bales. Total number of bales pressed since the beginning of the season (1st September 1947) is 309,076 bales as against 181,681 bales during the corresponding period of last year.

Export

Export by rail and road in the month of Thir (May 1948) amounted to 36,260 bales as against 11,867 bales last year and the average of the corresponding month of the preceding five years was 18,881 bales. Total export since the beginning of the season (1st September 1948) was 326,217 bales as against 215,050 bales of last year.

Mill Consumption

Spinning and weaving mills in the Dominions consumed 2,121,869 lbs. (5,808 bales) during the month of June 1948 as against 2,165,587 lbs.

(5,414 bales) in the corresponding month of last year and the average for the corresponding month of the preceding quinquennium of 2,296,000 lbs. (5,740 bales). Total consumption since the beginning of the season (1st September 1947) amounted to 28,271,559 lbs. (58,179 bales) as against 17,965,370 lbs. (44,913 bales) last year.

Cotton Stock

The stock of cotton on 31st August 1947 was 96,270 bales as against 60,889 bales reported for the corresponding period of last year.

The stock of cotton in the Regulated Markets for the month of Amardad 1857 F. (June 1948) is noted below :—

Cotton ginned and pressed in bales	Cotton ginned and unpressed in lbs.	Cotton unginned in lbs.	Total No. of bales
454,008	1,826,950 8,817 bales	60,192 50 bales	457,870

WORKING CLASSES COST OF LIVING INDEX NUMBERS FOR THE MONTH OF JUNE 1948

(BASE YEAR AUGUST 1948 TO JULY 1944=100)

Sl. No.	Groups	HYDERABAD CITY				WARANGAL				NIZAMABAD				NANDER				AURANGABAD				GULBARGA			
		Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number	Weight proportional to Total Expend.	Index Number
1	Food ..	62.25	137	68.43	129	64.38	150	62.89	242	58.67	176	66.50	169												
2	Fuel and Light ..	6.87	163	7.50	148	8.55	141	6.73	194	6.32	145	6.05	166												
3	Clothing ..	11.03	157	8.50	168	13.66	186	13.85	117	18.46	192	13.15	139												
4	Rent ..	5.31	100	3.21	100	3.74	100	4.29	100	4.15	100	3.82	100												
5	Miscellaneous ..	10.66	203	8.04	156	5.73	175	8.49	161	11.46	192	8.50	227												
6	Intoxicants ..	3.88	186	4.12	318	3.94	195	3.75	131	0.94	209	2.48	205												
Cost of Living Index Number ..		100	148	100	143	100	155	100	204	100	176	100	168												

MONTHLY INDEX NUMBERS OF WHOLESALE PRICES IN THE CITY OF HYDERABAD FOR THE MONTH OF JUNE 1948

During the month under report the average index numbers of Cereals, Pulses, Sugar and Other Food Articles (on base August 1939=100) rose by 145, 24, 2 and 41 points respectively compared to last month, thereby showing a rise of 58 points in the index of All Food group. This increase was mainly due to considerable rise in the prices of wheat, gram, onions, betel nuts, ghee 1st quality, potatoes and ginger.

Under All Non-Food group, the index numbers of Cotton Raw, Cotton Mfs. Buildings Materials and other Raw and Mfd. Articles shot up by 62,128, 2 and 83 points respectively while those of oil seeds, vegetable oil and Hides and Skin depreciated by 22, 9 and 32 points respectively; consequently the index of All Non-Food increased by 37 points compared to previous month.

The general index No. for June 1948 stood at 428 points as against 375 points in May 1948 and 337 points in April 1948.

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF JUNE, 1948 COMPARED WITH BASE PRICES

(BASE : AUGUST 1939 = 100)

Serial No.	Commodity	Units	Base August 1939 Prices	PRICES FOR			INDEX No.		
				April 1948	May 1948	June 1948	April 1948	May 1948	June 1948
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
1	2	3	4	5	6	7	8	9	10
(i) Cereals									
1	Rice, fine, 1st quality ..	.. Palla	37 0 0	..	..	..	..	..	..
2	Rice, Arcoti ..	.. do	16 4 0	43 10 0	48 10 0	56 10 0	268	268	268
3	Rice, Coarse ..	.. do	14 0 0	36 15 0	36 15 0	36 15 0	264	264	264
4	Wheat, Bansi ..	.. do	18 8 0	N.S.	N.S.	17 8 0	..	..	748
5	Wheat, Yellow ..	.. do	16 12 0	N.S.	N.S.	..	..	..	..
6	Wheat, Potia ..	.. do	18 0 0	105 0 0	105 0 0	105 0 0	583	583	806
7	Wheat, Red ..	.. do	14 8 0	N.S.	N.S.	52 8 0	..	..	776
8	Jawar, 1st Quality ..	.. do	12 8 0	25 0 0	25 0 0	25 0 0	200	200	200
9	Jawar, 2nd Quality ..	.. do	12 0 0	23 8 0	23 8 0	23 8 0	196	196	196
10	Bajra ..	.. do	11 8 0	26 0 0	26 0 0	26 0 0	226	226	226
	Average Index No. of Cereals	.. ..	..	..	..	..	290	290	435
(ii) Pulses									
11	Gram, Bengal ..	.. Palla	18 0 0	42 12 0	47 0 0	55 8 0	267	294	347
12	Gram, Horse ..	.. do	10 8 0	N.S.	36 0 0	48 0 0	..	343	457
13	Mung, Green ..	.. do	12 2 0	63 8 0	60 0 0	60 0 0	508	495	495
14	Mung, Black ..	.. do	12 0 0	..	57 0 0	51 4 0	..	475	427
15	Lentils ..	.. do	15 9 0	57 8 0	57 0 0	55 0 0	369	366	353
16	Tuar, Broken ..	.. do	15 4 0	53 0 0	64 0 0	70 0 0	348	420	459
	Average Index No. of Pulses	.. ..	..	..	..	..	373	399	423
(iii) Sugar									
17	Sugar, refined ..	.. Palla	45 0 0	137 0 0	137 0 0	137 0 0	304	304	304
18	Gur or raw sugar ..	.. do	28 8 0	23 8 0	22 0 0	23 8 0	82	77	82
	Average Index No. of Sugar	.. ..	..	..	..	..	193	191	193
(iv) Other Food Articles									
19	Tea ..	.. Lb.	1 3 0	3 4 6	3 4 6	3 5 8	276	276	282
20	Salt ..	.. Palla	12 0 0	20 0 0	20 0 0	22 0 0	167	167	183
21	Onions ..	.. Palla	5 0 0	13 8 0	17 0 0	23 0 0	270	340	460
22	Turmeric ..	.. do	31 0 0	97 8 0	110 0 0	111 0 0	315	355	358
23	Tamarind ..	.. do	14 8 0	48 8 0	77 8 0	82 0 0	234	534	569
24	Chillies ..	.. do	57 8 0	95 0 0	110 0 0	90 0 0	165	191	157
25	Betelnuts ..	.. Seers	0 9 0	3 8 0	3 8 0	4 0 0	622	622	711
26	Ghee, 1st Quality ..	.. Md.	50 0 0	185 0 0	155 0 0	200 0 0	270	310	400
27	Potatoes ..	.. do	6 11 0	20 0 0	40 0 0	53 5 0	299	598	797
28	Ginger ..	.. do	6 11 0	30 0 0	46 11 0	53 5 0	449	698	797
29	Garlic ..	.. do	..	80 0 0	58 5 0	60 0 0	..	..	..
30	Fowl ..	.. Bird	1 0 0	2 8 0	2 8 0	2 8 0	250	250	250
31	Eggs ..	.. Doz.	0 7 0	1 8 0	1 8 0	1 8 0	343	343	343
32	Milk ..	.. Seers	0 4 0	1 0 0	1 0 0	1 0 0	400	400	400
33	Beef ..	.. Lb.	0 1 8	0 8 0	0 8 0	0 8 0	480	480	480
34	Mutton ..	.. do	0 3 4	0 12 0	0 12 0	0 12 0	360	360	360
	Average Index No. of Other Food Articles	.. ..	..	..	..	..	333	395	436
	Average Index No. of All Food	.. ..	..	..	..	..	319	360	418

(BASE : AUGUST 1939=100)

(BASE : AUGUST 1939=100)				PRICES FOR			INDEX NO.		
Serial No.	Commodity	Units	Base August 1939 Prices				April 1948	May 1948	June 1948
1	2	3	4	5	6	7	8	9	10
II. OILSEEDS									
85	Sesamum ..	.. Palla	Rs. a. p. 21 0 0	Rs. a. p. 105 0 0	Rs. a. p. 110 0 0	Rs. a. p. 100 0 0	500	524	479
86	Cotton seeds ..	.. do	9 0 0	22 4 0	25 0 0	23 0 0	247	278	256
87	Groundnut ..	.. do	12 8 0	50 0 0	52 0 0	53 0 0	400	416	424
88	Linseed ..	.. do	11 8 0	42 8 0	50 0 0	..	370	485	..
89	Castor seed ..	.. do	12 0 0	49 0 0	62 0 0	59 0 0	408	517	492
Average Index No. of Oil seeds		.. ..	..	..	..	..	385	434	412
III. VEGETABLE OIL									
40	Sesamum oil ..	.. Palla	35 0 0	220 0 0	220 0 0	210 0 0	629	629	600
41	Castor oil ..	.. do	80 0 0	160 0 0	150 0 0	145 0 0	583	500	483
42	Linseed (double boiled) ..	.. Drum	22 8 0	..	..	..	..	..	..
43	Groundnut oil ..	.. Palla	25 0 0	160 0 0	155 0 0	160 0 0	640	620	640
Average Index No. of Vegetable Oil		.. ..	..	..	..	..	600	583	574
IV. TEXTILES									
(i) Cotton Raw									
44	Cotton raw, Loose of 400 lbs.	.. Bales	100 0 0	275 0 0	312 8 0	375 0 0	275	313	375
Average Index No. of Cotton raw		.. ..	..	..	..	..	275	313	375
(ii) Cotton Manufactures									
45	Yarn unbleached ..	.. Lb.	0 8 0	1 7 3	1 12 10	2 4 0	288	360	450
46	Dhoties ..	.. do	0 9 0	1 14 0	2 9 1	4 0 0	333	456	711
47	Chaddars ..	.. do	0 8 0	1 11 3	2 10 1	3 0 0	341	526	600
48	Saries ..	.. do	0 10 0	..	..	..	..	..	..
49	Shirtings ..	.. dp	0 8 0	1 11 3	2 6 3	2 12 0	341	478	550
Average Index No. of Cotton Mfgs.		.. ..	..	..	..	..	320	455	578
V. HIDES AND SKINS									
50	Hides not tanned ..	.. Head	2 6 0	5 8 0	5 8 0	5 0 0	232	232	211
51	Skins ..	.. do	0 9 0	2 0 0	2 4 0	2 0 0	356	400	356
Average Index No. of Hides and Skins		.. ..	..	..	..	..	294	316	284
VI. BUILDING MATERIALS									
52	Corrugated Iron sheet ..	.. Cwt.	12 8 0	..	..	..	..	..	..
53	Iron Beams (Tata) ..	.. do	13 4 0	..	..	..	..	..	..
54	Teak country ..	.. C. ft.	3 0 0	10 0 0	10 8 0	10 12 0	383	350	358
55	Teak Rangoon ..	.. do	7 8 0	..	..	..	..	..	..
56	Cement Shahbad ..	.. Cwt.	2 14 0	6 12 0	9 0 0	9 0 0	235	318	313
57	Lime ..	.. C. ft. 100	19 0 0	65 0 0	75 0 0	75 0 0	342	395	395
58	Bricks Country ..	.. 1,000	9 8 0	35 0 0	35 0 0	35 0 0	368	368	368
59	Bricks moulded ..	.. 1,000	15 8 0	..	..	..	..	..	..
Average Index No. of Building Materials		.. ..	..	..	..	..	320	357	359
VII. OTHER RAW AND MANUFACTURED ARTICLES									
60	Charcoal ..	.. Cwt.	1 12 0	11 3 0	11 3 0	11 3 0	639	639	639
61	Kerosene Oil 1st Quality ..	.. A tin of 4 gallons	6 4 0	5 6 0	6 1 0	N.S.	86	97	..
62	Kerosene oil 3rd Quality ..	.. do	4 0 0	4 10 0	5 10 0	N.S.	116	141	..
63	Tobacco ..	.. Md.	17 8 0	..	..	..	..	..	..
64	Scap (Sunlight) ..	.. Cwt.	95 4 0	211 8 0	155 8 0	155 9 0	227	167	167
65	Matches ..	.. Gross	2 8 0	6 8 0	6 8 0	6 8 0	260	260	260
66	Firewood ..	.. Md.	0 8 0	2 0 0	2 0 0	2 0 0	400	400	400
Average Index No. of Raw and Manufactured Articles		.. ..	..	..	..	..	288	284	367
Average Index No. of All non-Food		.. ..	..	..	..	..	356	398	480
General Average Index Numbers		.. ..	..	..	..	..	337	375	423

AGRICULTURAL PRODUCTION IN INDIA
CROP FORECASTS

(000's omitted)

Crop	Forecast *	AREA (ACRES)			Unit	YIELD		
		1946-47	1945-46	Final figure 1945-46		1946-47	1945-46	Final figure 1945-46
1	2	3	4	5	6	7	8	9
Rice ..	.. Final	81,810	80,733	80,733	Tons	28,141	26,672	26,672
Wheat ..	.. do	34,121	34,977	34,977	do	7,788	9,038	9,038
Jowar ..	.. First	24,548	25,279	39,154	do	..	..	5,523
Bajra ..	.. do	22,241	22,929	25,044	do	..	..	3,374
Maize ..	.. do	8,297	8,646	8,712	do	..	..	2,518
Sugar-cane §	.. do	3,442†	3,158†	..	do	..	..	..
Groundnut §	.. do	2,952†	3,158†	..	do	..	..	..
Sesamum §	.. do	1,054†	1,055†	..	do	..	..	..
Rape and Mustard	.. Final	5,548	5,535	5,535	do	1,002	919	919
Linseed ..	.. do	3,288	3,334	3,334	do	349	363	363
Castor Seed ..	.. do	1,846	1,431	1,431	do	121	123	123
Cotton §	.. First	7,129†	..	..	Bales	..	..	..
Jute §	.. do	646†	537†	537†	do	1,696†	1,520†	1,520

*Relates to columns 3, 4, 7 and 8. §Relates to the Dominion of India. †Relates to 1947-48.
 ‡Relates to 1946-47.

**STATEMENT SHOWING THE PROGRESS OF FOUR TYPES OF SOCIETIES
IN RESPECT OF SHARE CAPITAL, RESERVE FUNDS AND WORKING CAPITAL
FROM YEARS 1935-1945**

Years	Types of Societies :	Central Banks	Agricul- tural Societies	Non-agri- cultural Societies	Insurance	Total
1936-37	Share Capital ..	.. 101.4	121.9	108.4	..	108.5
	Reserve Fund ..	.. 108.6	106.7	97.6	..	108.1
	Working Capital	.. 99.8	108.0	105.7	..	102.7
1937-38	Share Capital ..	.. 102.1	140.6	114.9	..	115.6
	Reserve Fund ..	.. 118.4	110.8	105.6	..	109.8
	Working Capital	.. 96.8	106.6	111.6	..	104.9
1938-39	Share Capital ..	.. 101.9	151.1	122.8	..	121.8
	Reserve Fund ..	.. 180.9	118.8	121.8	..	120.4
	Working Capital	.. 99.8	107.8	118.8	..	109.4
1939-40	Share Capital ..	.. 108.2	157.1	180.9	..	128.8
	Reserve Fund	.. 189.2	118.0	128.2	..	124.4
	Working Capital	.. 97.5	106.0	118.4	..	108.5
1940-41	Share Capital ..	.. 108.6	162.2	188.8	..	184.4
	Reserve Fund ..	.. 146.7	128.0	187.6	..	182.7
	Working Capital	.. 107.7	104.5	124.7	..	114.8
1941-42	Share Capital ..	.. 105.4	168.7	145.4	..	189.9
	Reserve Fund ..	.. 145.1	129.0	124.1	..	148.9
	Working Capital	.. 118.1	104.2	184.5	..	128.8
1942-43	Share Capital ..	.. 107.8	180.2	159.2	..	150.7
	Reserve Fund ..	.. 146.8	185.8	129.6	..	152.3
	Working Capital	.. 154.6	102.0	159.4	..	148.9
1943-44	Share Capital ..	.. 111.8	218.9	197.8	..	180.8
	Reserve Fund ..	.. 158.6	145.5	157.6	..	178.4
	Working Capital	.. 178.4	117.9	272.1	..	172.6
1944-45	Share Capital ..	.. 185.1	266.6	225.5	..	211.4
	Reserve Fund	.. 179.6	160.2	175.9	..	200.1
	Working Capital	.. 205.6	188.1	221.5	..	201.0

Figures corrected for 1985-86 levels

INDUSTRIAL AND MINERAL PRODUCTION IN INDIA

(A) INDUSTRIAL PRODUCTION

Commodity	Unit	1945-46	1946-47	1947-48	1948		
					January	February	March
Cotton Piecegoods	.. Million yds.	4,676	8,868	8,775	245	355	312
Jute Manufactures	.. Tons (000)	1,114	1,042	1,027	89	85	95
Iron and Steel : -							
Pig Iron	.. do	1,489	1,864	1,523	129	122	132
Steel Ingots	.. do	1,313	1,199	1,210	113†	96	106
Fin : Steel	.. do	1,338	1,160	1,037	99	97	102
Sugar	.. Cwts. (000)	16,981	..	..	..	..	..
Heavy Chemicals :							
Sulphuric Acid	.. do	745	597	588	55	41	40
Sulphate of Ammonia	.. Tons (000)	23	21	22	1.5	1.8	1.9
Cement	.. do	2,151	2,016	1,634	133	130	130
Paper	.. Cwts. (000)	2,152	1,431	1,415	144	122	138
Matches	.. Mill Grs. Boxes.	22	16	..	..	..	..
Wheatflour	.. Mds. (000)	16,991	6,801	..	..	..	..

(B) MINERAL PRODUCTION*

Coal	.. Tons (000)	26,489	26,216	26,769	2,628	2,441	2,456
Petrol	.. Gals. (000)	22,917	21,000	..	..	..	..
Kerosene Oil	.. do	12,927	13,000	..	..	..	..

*Figures are Provisional.

†Crop year (November to October) Factory Production only.

THE VOGAN TEA COMPANY OF CEYLON LTD.

CROP STATEMENT FOR SIX MONTHS ENDED 30TH
JUNE, 1948

	1948	1947
<i>Tea</i>	lb.	lb.
Estimated Crop	610,000	610,000
Secured + date	322,818	346,828
Sold to date	222,108	218,280
Net Average	Re. 1.55 Cts.	Re. 1.62 Cts.
Cost per lb. to end of May	111.48	91.28

Rubber

	lb.	lb.
Estimated Crop	480,000	475,000
Secured to date	210,822	213,798
Sold to date	161,230 Cts.	103,927 Cts.
Net Average	65.84	Re. 1.86
Cost per lb. to end of May	74.89 ins.	78.83 ins.
Rainfall-Vogan Estate	70.75	61.72
Rainfall- Stamford Hill Est.	40.00	80.48
Rainfall-Maskeloya Estate	51.08	84.74

THE MIRISHENA (KALUTARA) RUBBER CO., LTD.

CROP STATEMENT FOR SIX MONTHS ENDED 30TH
JUNE 1948

	1948	1947
<i>Rubber</i>	lb.	lb.
Standard Assessment	564,152	564,152
Estimate	440,000	440,000
Harvested	214,311	183,689
Sold to date	172,650 cts.	181,286 cts.

Net Average	72.41	80.64
Cost per lb. to end of May	58.87 ins.	60.80 ins.
Rainfall	78.88	70.22

EIRE'S TRADE DEFICITS, 1947

(£. MNS.)

	Imports	Exports	Deficit
United Kingdom	54	35	19
North and South America	40	..	40
Fourteen "Marshall" Aid " Countries	15	3	12
Other Countries	22	1	21
Total	131	39	92

EIRE'S BALANCE OF PAYMENTS, 1946

(£. 000's)

	Receipts	Pay- ments	Net receipts
Dividends and Profits	15,500	8,650	6,850
Emigrants: U.K.	6,500	..	6,500
U.S.	3,250	..	3,250
Tourism	18,000	..	18,000
Pensions	8,800	..	8,800
Other Items (net)	1,500	..	1,500
Total non-trade items	48,550	8,650 +	39,900
Trade	38,800	71,800 —	33,000
Grand total	87,350	80,450 +	6,900

IMPORTS AND EXPORTS IN RELATION TO PRODUCTION IN EUROPEAN COUNTRIES*

1938 AND JULY 1946—JUNE 1947

Country	PRODUCTION OF GOODS		TOTAL IMPORTS		TOTAL COMMODITIES AVAILABLE (PRODUCTION PLUS IMPORTS)		TOTAL EXPORTS		RATIO OF IMPORTS TO COMMODITIES AVAILABLE		RATIO OF EXPORTS TO COMMODITIES AVAILABLE		CHANGE FROM 1938 TO 1946/7		
	1938	1946/7	1938	1946/7	1938	1946/7	1938	1946/7	1938	1946/7	1938	1946/7	Import Ratio	Export Ratio	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
	Millions of U.S. dollars at 1938 Prices														
	Per Cent.														
	Index numbers 1938=100														
Belgium..	..	1,559	1,467	765	945	2,324	2,412	734	445	33	89	31	18	119	59
Bulgaria	..	338	318	60	39	398	357	68	28	15	11	17	8	73	46
Czechoslovakia	..	1,866	1,616	319	274	(b)2,185	1,800	397	172	15	15	18	9	100	51
Denmark	..	902	880	354	324	1,256	1,204	335	223	28	27	27	19	95	69
Finland	..	725	570	188	80	908	650	181	120 (c)	20	12	20	19	61	93
France ..	..	6,515	5,649	1,322	1,536	7,837	7,185	876	598	17	21	11	8	127	75
Germany (3 W. Zones)	..	8,080	2,928	1,866	340	9,396	5,268	1,479	130	15	10	16	4	72	25
Ireland ..	..	360	390	202	186	562	576	118	81	36	32	21	14	90	67
Italy ..	..	4,038	2,624	586	650	(b)4,624	3,274	547	334	13	20	12	10	157	86
Netherlands	..	1,575	1,281	774	519	2,849	1,800	568	219	33	29	24	12	88	50
Norway	..	501	517	293	332	794	840	193	142	37	39	24	17	106	69
Poland ..	..	2,272	1,481	247	279	(b)2,519	1,760	220	94	10	16	9	5	162	61
Sweden ..	..	1,825	1,866	523	573	2,348	2,439	463	299	22	24	20	12	106	62
United Kingdom	..	9,378	10,111	4,161	2,975	13,539	13,086	2,277	2,390	31	23	17	18	74	108
Total countries listed	..	39,864	31,698	11,155	9,052	51,039	40,750	8,446	5,265	22	22	17	13	10	78

(a) Computed from ratios before rounding.

(b) Includes UNRRA receipts.

(c) Includes reparations deliveries.

* Source.—Research and Planning Division, Economic Commission for Europe.

EUROPE'S TRADE MEASURED IN CONSTANT PRICES

1938, 1946 AND 1947

Year	TRADE WITH NON- EUROPEAN COUNTRIES		INTRA-EUROPEAN TRADE		TOTAL TRADE OF OF EUROPE		DISTRIBUTION OF TOTAL		
	Millions of dollars at 1938 prices	Per cent of 1938	Millions of dollars at 1938 prices	Per cent of 1938	Millions of dollars at 1938 prices	Per cent of 1938	Trade non- European countries	with Intra- European trade	
							Per cent	Per cent	
1938 :									
Imports, f.o.b. . .	..	5,820	100	6,960	100	12,780	100	45.5	54.5
Exports, f.o.b. . .	..	3,730	100	6,960	100	10,690	100	34.9	65.1
1946 :									
Imports, f.o.b. . .	..	5,850	91.9	3,150	45.3	8,500	66.5	62.9	37.1
Exports, f.o.b. . .	..	2,300	61.7	3,150	45.3	5,450	51.0	42.2	57.8
1947 :									
Imports, f.o.b. . .	..	6,200	106.5	3,900	56.0	10,100	79.0	61.4	38.6
Exports, f.o.b. . .	..	2,900	77.7	3,900	56.0	6,800	63.6	42.6	57.4

(b) Including the U. S. S. R.

STANDING ARMIES AND MILITARY EXPENDITURE OF THE WORLD

Country	Population (Thousands)	Area (000 sq. -Miles)	Military Bud- get (per cent. of total nation- al expendi- ture)	Area to one soldier (sq. miles)	Proportion of Army to popu- lation (per cent)
United States ..	142,656	3,624	25	6.68	0.88
U.S.S.R. ..	198,000	8,809	17	4.87	0.98
U.K. ..	48,418	94	18	..	..
Argentina ..	16,109	1,080	88	10.00	0.61
Australia ..	7,581	2,975	80	27.00	1.4
Belgium ..	8,345	12	10	0.20	0.75
Brazil ..	41,857	8,285	42	40.00	0.02
Canada ..	12,582	8,690	12	192.00	0.15
China ..	470,026	4,278	80*	0.68	1.89
Czechoslovakia ..	12,171	49	20	0.80	1.8
Denmark ..	4,045	17	18	0.69	0.59
Egypt ..	19,090	388	10	8.88	0.08
France ..	40,518	218	82	0.42	1.5
Greece ..	7,500	52	35	0.88	2.2
India ..	388,162	1,220	47	1.05	0.24
Netherlands ..	9,686	18	25	0.07	1.7
Norway ..	8,164	125	8	8.80	0.47
Pakistan ..	74,182	361	55	1.48	0.47
Poland ..	28,622	121	25	0.60	0.85
Spain ..	27,874	190	40	0.4	1.8
Sweden ..	6,719	173	25	8.0	0.85
Switzerland ..	4,506	16	25	0.8	1.0
Turkey ..	18,861	297	50	1.6	1.1
Yugoslavia ..	16,621	96	25	0.12	5.0

*Per cent. of national budget allocated to civil war expenses.

Articles in Recent Issues of Economic Journals

Srl. No.	Article	Author	Journal
<i>Economic Theory</i>			
1	Income Determination and Investment.	Walter Froelich ..	The American Economic Review, Feb, 1948.
2	The Classical Theory of Saving ..	B. R. Shenoy ..	The Indian Journal of Economics, October, 1947.
8	Demand Theory Reconsidered ..	Oskar Morgen ..	The Quarterly Journal of Economics, February, 1948.
4	The Influence of Unionism upon Earnings.	M. Ross ..	do do
5	The Pure Theory of International Trade.	Joan Robinson ..	The Review of Economic Studies 1946-47.
6	A new View of the Economics of International Readjustment.	Thomas Balogh ..	do do
7	Are there Laws of Production ? ..	P. H. Douglas ..	The American Economic Review, November, 1947.
8	The Economic Theory of Imperfect Competition, Oligopoly and Monopoly.	..	American Economic Review, May, 1948.
9	A consideration of the Economic and Monetary Theories of J. M. Keynes.	..	do do
10	Fiscal Policy in Prosperity and Depression.	..	do do
<i>Rural Economics</i>			
1	Development of Cottage Industries ..	..	Mysore Information Bulletin, March, 1948.
2	Development of Soil Conservation Programmes in Australia.	..	Land Economics, 1948.
8	A Farm Housing Policy ..	..	do do
4	Rural Education and Our Food Problem.	Dr. K. N. Kini ..	The New Democrat, 14th May, 1948.
5	Save our Village ..	Dr. K.R.S. Iyengar ..	do do
6	The Effects of War on the Agricultural Production and Crop Planning in C. P. and Berar.	R. N. Gadre ..	The Indian Journal of Economics, October, 1947.
7	The Basic Problems of Rural Indebtedness in Bengal.	..	The Modern Review, May, 1948.
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9	Land Redistribution in Communist China.	Frank C. Lee ..	Pacific Affairs, March, 1948.
10	Wanted An Agricultural Policy I ..	F. W. Bateson ..	New Statesman and Nation, May 8, 1948.
11	Do do II ..	do ..	New Statesman and Nation, May 15, 1948.
12	Co-operative and Collective Farming in Palestine.	K. C. Rama Krishnan	Indian Co-operative Journal, October-December 1947.

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Srl. No.	Article	Author	Journal
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18	Co-operative Joint Farming in Bombay.	..	Indian Co-operative Journal, October-December 1947.
14	Co-operative Farming ..	.. Mahesh Chand ..	do do
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1	The ECAFE ..	.. T. V. R. ..	New Democrat, 14th May 1948.
2	Membership in the United Nations ..	.. Clyde Eagleton ..	United Nations World, March, 1948.
8	World Health at Bargain Prices ..	.. Hillier Kreigh ..	do do
4	U. N. and World Government ..	.. An Editorial ..	do do
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1	South African Capital Imports ..	.. Acheson T. Duncan ..	The Canadian Journal of Economics and Political Science, February, 1948.
2	The Position of Silk in Japanese Exports.	John R. Stewart ..	Pacific Affairs, March, 1948.
8	Britain's Invisible Exports ..	.. Paul Barean ..	The Banker, April, 1948.
4	The British Balance of Payments, 1924-88.	T.S.C. Chun Chang	The Economic Journal, December, 1947.
5	Role of Tariffs in Economic Expansion.	Dr. R. Balakrishna.	The Indian Journal of Economics, October, 1947.
6	Gains and Losses from the Export Drive.	John Pares ..	The Banker, May, 1948.
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1	National Wage Price Policy ..	.. M. W. Reder ..	The Canadian Journal of Economics and Political Science, February 1948.
2	Wage Policy in Full Employment ..	.. H. W. Singer ..	The Economic Journal, December, 1947
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4	Work and Incentive in a Democratic Society	J. D. Sutherland ..	Political Quarterly April-June, 1948.
5	Serf Labour Among the Aborigines..	K. G. Sivaswamy..	The Indian Journal of Social Work, March, 1948.
6	Systems of Wage Payment in Agriculture	.. Prof. K. C. Rama Krishnan ..	do April, 1948
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1	Central Planning and Prof. Robbins ..	.. A. C. Pigou ..	Economica, Feb., 1948.
2	Planning without Prices ..	.. J. E. Meade ..	do do
8	Financial and Economic Planning in the Philippines ..	.. Shirley Jenkins ..	Pacific Affairs, March, 1948.
4	Need for Rail Consolidation ..	.. Prof. A. L. Natesan ..	Indian Finance, May 22, 1948.
5	Machinery of Planning ..	.. R. N. Parikh ..	New Democrat, 2nd July, 1948.
6	What Planning Means ..	.. Graham Cunningham ..	Spectator, of March 19, 1948.

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Srl. No.	Article	Author	Journal
<i>Public Finance</i>			
1	Some Aspects of Indian Tax Structure	Dr. Balakrishna ..	Commerce, 1st May, 1948.
2	do 2 ..	do ..	8th May, 1948.
3	do 3 ..	do ..	15th May, 1948.
4	Distribution of Income Tax among Provinces ..	Prof. V. J. Ramakrishna ..	do 1st May 1948
5	Nationalizing Central Banking in India ..	Krishna Kumar Sharma ..	do do
6	Insurance in India ..	Shilen H. Desai ..	do 15th May, 1948.
7	Social Significance of Death Duties ..	Dr. T. Barne ..	Mysore Commerce, May, 1948.
8	Bretton Woods in Detail ..	H. C. F. Holgte ..	Journal of Indian Institute of Bankers, April, 1948.
9	Banking Services in England ..	K. P. Dalal ..	do April, 1948.
10	Staffing the Clearing Banks ..	Special Banking Correspondent ..	Banker of April, 1948.
11	Indian Banking under the new Regime ..	Geoffary Tison ..	do do
12	German Banking in Transition ..	A German Correspondent ..	do do
13	Banking without a Central Bank ..	H. Schloss & H. Miller ..	Banker, April, 1948
14	Western European Currency Union ..	R. G. Hawtrey ..	Commerce, 15th May, 1948.
15	Monetary Aspects of Economic Situation ..		The American Economic Review, March 1948.
16	Progressive Taxation and Sacrifice ..	C.A.D. Preinreich ..	do do
17	Full Employment Policies ..	Clerk Warburton ..	do do
18	Public Works in the Depression ..	Emile Benoilt-Smullyan ..	do do
19	Balancing International Trade ..	J. J. Polak ..	do do
20	Efficiency in Branch Banking ..	R. Hindle ..	Banker's Magazine, June, 1948.
21	Problems of Our Federal Finance ..	N. K. M. Rao ..	Indian Review June, 1948.
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1	Socialism & Pseudo-Socialism ..	M. Lindsay ..	The Political Quarterly, April, 1948.
2	Democracy & Communism ..	Sir Hari Singh Gour ..	Modern Review, April, 1948.
3	Principles of Gandhian Constitution for India ..	Khagendra Chandra Pal ..	Modern Review, April, 1948.
4	The Governor in the New Constitution ..	Prof K. V. Rao ..	Indian Review, May, 1948.
5	The Indo-Irish Parallel ..	J. Sen ..	Modern Review, May, 1948.
6	Common man in Political Philosophy and Gandhian Reorientation ..	B. P. Mazumdar ..	Modern Review, June, 1948.
7	The Gandhian Constitution ..	S. N. Agarwal ..	Indian Review, June, 1948.
8	Is Freedom Necessary for Civilization? ..	M. Ruthnaswamy ..	
9	Abul Faiz as a Political Thinker ..	Prof. S. R. Sharma ..	
10	Party, the Government, and Administration.	Sivram Sharma ..	do do

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Srl. No.	Article	Author	Journal
	<i>Transport</i>		
1	Communications have made History	Dr. F. Hepner ..	The Contemporary Review, April, 1948.
2	Railway Groupings and Amalgamations	Prof L. A. Natesan	Indian Finance, May 8. 1948.
3	Railways and Industrial Location ..	V. V. Ramadham	The Indian Journal of Economics, October, 1947.
4	Mysore and Kanara Ports ..	K. Kumar ..	Commerce, 22nd May, 1948
5	Road Development in India ..	Srinivasan ..	Mysore Commerce, May, 1948
6	Transportation and Public Utilities ..	Stuart Daggett ..	American Economic Review, May, 1948.

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1. Deccan Chronicle (Mr. K. S. Rajagopal).
2. Hyderabad Bulletin (Mr. Jorawarmull Motilal).
3. Meezan (Mr. Mirza Abid Ali Beg).
4. Daily News (Mr. C. S. Naidu).
5. New Era (Mudiraj).

Telugu

1. Golconda Patrika (Mr. S. Pratap Reddy).
2. Meezan (Mr. Adavi Bapiraju).

Urdu

1. Himayat-e-Deccan (Mr. Nizamuddin Husain Khan Shamsi).
2. Musheer-e-Deccan (Mr. Vasudev Rao).
3. Meezan (Mr. Habibullah Ouj).
4. Mustaqbil (Mr. Azimuddin).
5. Mubassir (Mr. Abu Said Khan).
6. Nizam Gazette (Mr. Syed Vicar Ahmed).
7. Payam (Mr. Akhtar Hasan).
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14. Tameer-e-Deccan (Mr. Fiazuddin).
15. Waqt (Mr. Abdur Rahman).
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18. Ittihad (Mr. Sultan Bin Omar).
19. Imroz (Mr. Shuaibullah Khan).
20. Jannah (Mr. Syed Azhar Husain Razvi).
21. Nizam (Mr. Mohd. Ali Khan Kaleem).

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Urdu

1. Milap (Mr. Wahidul Haq Soofi).
2. States News (Akhtar Husain Qureshi).

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English

1. Indian States and Zamundaries (Mr. V. Subramanyam).
2. Rainbow (Mr. S. N. Sastry).

Urdu

1. Azad Hyderabad (Mr. Thakur Omrao Singh).
2. Azmtar Hyderabad (Mr. Aziz Ahmed).
3. Commercial Reporter (Mr. Shaikh Ahmed).
4. Hayat-e-Nao (Mr. Muslehuddin).
5. Iqbal (Mr. Sarnast Khan).
6. Iqtedar (Mr. Syed Ali Ashraf).
7. Jamhoor (Mr. Abdul Aziz).
8. Janata (Mr. Husain Shahid).
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10. Mumlekat (Mr. Mir Hasnuddin).
11. Naksho Nigar (Mr. Syed Hamid Mohiuddin).
12. Parcham (Mr. Fasihuddin).
13. Rahnuma (Mr. B. S. Rao).
14. Syed-ul-Akbar (Mr. Samsan Shiraji).
15. Taj (Mr. Syed Hasan).
16. Tajir (Mr. Bahauddin Mahmood Saleem).
17. Yad (Lt.-Col. Syed Ghulam Moinuddin).
18. Doure Jadid (Mr. Abdul Manan Khan).
19. Wafadar (Mr. Yakul Ali Iriani).
20. Inquilab (Mr. Murtuza Mujtahidi).
21. Kamran (Mr. Mirza Gulam Mustafa Baig).
22. Aman (Mr. Vasdev Sastri).
23. Awan (Mr. Akhtar Hasan).
24. Deccan Gazette (Mr. Abid Husain Siddiqui).
25. Azadi (Mr. Syed Mukhtar Mohammad).
26. Ahang (Mr. Daulat Khan Sharar).
27. Anjuman (Mr. Kazi Syed Hamid Ali).
28. Al Azam (Mr. Hakim Azad Ansari).
29. Ashkar.
30. Nakkhash (Mr. Ahmedullah Khan Mansoor).

Marathi

1. Nizam Vijaya (Mr. V. L. Phatak).

Urdu, Telugu, Marathi and Kanarese

1. Payam-e-Aman (Chief Organizer, Public Security Committee).

Marathi and Kanarese

1. Lokmat (Bidar) (Mr. Umakant Rao).

Hindi

1. Arya Bhanu (Mr. Vinayak Rao).
2. Swatantra Vir (Mr. D. L. Jukkalkar).

FORTNIGHTLIES

Urdu, English

1. Programme Bulletin (Nava) (Director of Broadcasting).

Urdu

1. Filhni Mouj (Dr. B. R. Mehra).
2. Sahat-e-Amma (Mr. Hakim Laik Ahmed Nomani).
3. Zirat (Mr. Muniruddin).

MONTHLIES

English

1. The Hyderabad Government Bulletin on Economic Affairs (Prof. S. Kesava Iyengar).
2. Gospet Herald (Mr. P. T. Chako).
3. State Commerce (Mr. G. M. A. Calcuttawalla)
4. Deccan Digest and Socialist (Mr. B. D. Hall).

Urdu

1. Al Mollim (Mr. Abdus Sattar Subhani).
2. Anwar (Mr. Omar Bin Abdulla).
3. Aiwan (Mr. Syed Muktar Mohammed)
4. Darsul Quran (Mr. Mirza Imam Baig Raonaq).
5. Dastan (Mr. Ahmed Mecci).
6. Hindustani Adab (Mr. G. M. Khan).
7. Hakim-e-Deccan (Mr. Hakim Md. Zafruddin Nasir).
8. Hyderabad Sports (Mr. Ahmed Mohiuddin)
9. Irshad (Mr. Syed Shah Yusufuddin).
10. Mujaila Nizamia (Mr. Abdul Kair Kunj-Nashin).
11. Muslim (Mr. Mohd. Siddiq Jamal).
12. Rahber-e-Talim (Mr. Brijlal).

13. Shahab (Mr. Abdul Razack).
14. Subras (Dr. S. M. Zoor).
15. Sawera (Mr. Ghouse Mohiuddin).
16. Sitara (Mr. Ghulam Dastagir Khan).
17. Waiz (Mr. Abdul Wahab Indaleeb).
18. Al-Haq (Mr. Safwatur Rahman).
19. Tijariti Dunya (Mr. Bakaruddin Nizami).
20. Utarid (Mr. Khaja Moinuddin Abid).
21. Rasad (The Secretary, Supply Department).
22. Mizrab (Mr. Imamuddin Fida).
23. Chaudwin Saddi (Mr. Gulam Ghous).
24. Filmzar (Mr. Ahmed Mecci).
25. Rohe Taraqqi (Mr. Hoh Mazhar).

Telugu

1. Menomte Suvarthamani (Mahboobnagar) (Rev. J. A. Wieb).

English, Urdu & Telugu

1. All Hyderabad Labour Journal (Mr. N. Ramachandra Rao).

English and Urdu

1. Hyderabad Co-operative Insurance Bulletin (Mr. Mir Osman Ali Khan).

BI-MONTHLY

Urdu

1. Nauras (Principal, Osmania College, Aurangabad).

QUARTERLIES

English

1. Islamic Culture (Editorial Board).

Urdu

1. Al Moosi (The Principal, City College).
2. Fikr-e-Nao (The Principal, Dar-ul-Uloom College).
3. Mujalla Tilsanin (The Secretary, Graduates Association).
4. Talib-e-Ilm (Karimnagar) (Hakim Shaik Nasir Ali).

English and Urdu

1. Mujalla Osmania (The Vice-Chancellor, Osmania University).

HALF-YEARLY*English*

1. Collegian (The Principal, Nizam College).

English and Urdu

1. Osmania Medical College Magazine (The Principal, Medical College).

ANNUAL*English and Urdu*

1. Osmania Technical College Magazine (The Principal, Technical College).

English

1. Stanley Crescent (The Principal, Stanley Girls' School).

IRREGULAR*Urdu*

1. Shaukatul Islam (Haji Kirtan Mohd. Rashiruddin).
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List of Journals received in Finance Office Library

DAILIES

1. London Times (By Air Mail).
2. Financial Times (By Air Mail).
3. The Wall Street Journal.
4. The New York Times.
5. Times of India.
6. The Hindu
7. Hindustan Times
8. Statesman.
9. The Mail.
10. The Bombay Chronicle.
11. The Free Press Journal.
12. The Indian Express.
13. The Deccan Chronicle.
14. The Daily News.
15. The Hyderabad Bulletin.
16. The Payam (Urdu.)

WEEKLY JOURNALS

1. The Economist (By Air Mail).
2. Commerce.
3. Capital.
4. Indian Finance.
5. Eastern Economist.
6. The New Statesman & Nation (By Air Mail.)
7. The Gazette of India.
8. The Indian Social Reformer.
9. The Spectator.
10. The Observer.
11. The Manchester Guardian.
12. Illustrated (London) (By Air Mail).
13. Time.
14. John O'London.
15. The Times Weekly.
16. The Times Literary Supplement.
17. The Punch.
18. India (Ordered).
19. Free India (Ordered).
20. Forum.
21. The Maratha.
22. Swatantra.
23. The Sunday Times.
24. Independent India,

25. March.
26. Illustrated Weekly.
27. The Bombay Chronicle (Ordered).
28. The New York Magazine.
29. The New York Times Book Review.
30. Shankar.
31. American News File.
32. Financial World.
33. New Republic.
34. The News Week.
35. World Week (United Nations).
36. The Commercial Bulletin.
37. The Board of Trade Journal.
38. The Rainbow.
39. The Indian Trade Journal.

FORTNIGHTLY JOURNALS

1. The Magazine of Wall Street.
2. The Life.
3. The Planning.
4. Holland Shipping and Trading.
5. The Indian Information.

MONTHLY JOURNALS

1. The Bankers' Magazine.
2. The Banker.
3. The Strand.
4. The Astral News.
5. The Financial Times.
6. The Indian Review.
7. The Modern Review.
8. The Hindustan Review.
9. The Contemporary Review.
10. The Triveni.
11. The Caravan.
12. The Mysore Commerce.
13. The U.N.O. Bulletin of Statistics.
14. The Reserve Bank of India Bulletin.
15. The Monthly Abstract of Statistics (New Zealand).
16. The Nineteenth Century and After.
17. The Mysore Information Bulletin.
18. The Statistical News Poland.
19. The Federal Reserve Bulletin,

20. Monthly Statistical Pamphlet (N.S. Railway).
21. The United Nations World.
22. The Indian Parliament.
23. The Netherland Industrial & Commercial.
24. The Sankhya.
25. The Monthly Survey of Business Conditions.
26. The Hyderabad Government Bulletin on Economic Affairs.
27. L' Egypte Industrielle.
28. Bankers' Monthly.
29. American Import Export Bulletin.
30. The Insurance Press.
31. Labour Gazette (Ottawa).
32. U. P. Bulletin of Statistics.
33. Commercial America.
34. Commerce (Chicago).
35. Labour Information (U.S.)
6. The Journal of Indian Institute of Bankers.
7. The Indian Co-operative Review.
8. The Quarterly Journal of Mythic Society.
9. The Quarterly Journal of Royal Statistical Society.
10. The Indian Journal of Agricultural Economics.
11. India Quarterly.
12. Econometrica.
13. The Land Economics.
14. The Political Quarterly.
15. The Quarterly Journal of Economics (Harvard University).
16. Asiatic Review.
17. The Indian Journal of Social Work.
18. The South African Reserve Bank Bulletin.
19. The Indian Journal of Economics.
20. The Economic Record.
21. The Vishva Bharati.
22. The Bulletin of the Bureau of Economics and Statistics (Bombay).
23. The Way Ahead.
24. The Pacific Affairs.
25. The Journal of Political Economy.
26. The Accountants Digest.
27. The South African Journal of Economics.
28. The Review of Economics and Statistics.
29. The Farm Economics.
30. The Calcutta Statistical Association Bulletin.
31. The Journal of Politics.
32. The American Political Science Review.
33. The Review of Politics.
34. The Journal of Near Eastern Studies.

BI-MONTHLY JOURNALS.

1. American Economic Review.
2. The Journal of Political Economy.
3. The Annals of the American Academy of Political and Social Science.
4. The American Political Science Review.

QUARTERLY JOURNALS.

1. The British Economic Journal.
 2. The Quarterly Statistical Abstract of West Australia.
 3. The Canadian Journal of Economics and Political Science.
 4. Economica.
 5. The Manchester School of Economics and Social Studies.
 6. The Journal of Politics.
 7. The American Political Science Review.
 8. The Review of Politics.
 9. The Journal of Near Eastern Studies.
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New Books Added to Libraries in Hyderabad on Economics and Related Subjects

FINANCE OFFICE LIBRARY

Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Rs.	Price B.G. a.	p.
		<i>General Economics</i>					
1	A. G. L. Shaw	The Economic Development of Australia	1946	L. Green & Co., London	6	2	0
2	Erich Roll	Elements of Economic Theory	1946	Oxford University Press	10	8	0
3	J. E. Meade	An Introduction to Economic Analysis of Policy	1937	do	8	2	0
4	Maurice Dobb, M. A.	Wages	1941	Nisbet & Co., Ltd., Cambridge	4	14	0
5	M. R. Bonavia, M.A.	The Economics of Transport	1946	do	4	14	0
6	Henry Clay	Economics for the General Reader	1946	Macmillan & Co., Ltd., London	4	14	0
7	N. B. Dearle, M.A., D.Sc.	Economics—An Introduction for the Student and for Everyman	1946	Longmans Green & Co., Ltd., London	10	2	0
8	Joan Robinson	The Economics of Imperfect Competition	1946	Macmillan & Co., Ltd. London	14	10	0
9	Sen & Das	An Introduction to Economic Theory	1947	Book Land, Ltd., Calcutta	8	0	0
10	V. I. Lenin	Marx, Engels, Marxism	1947	Foreign Languages Publishing House, Moscow	1	14	0
11	F. Engels	Anti-Duhring	1947	do	1	14	0
12	H. D. Henderson, M.A.	Supply & Demand	1947	Nisbet & Co., Ltd., London	4	14	0
13	Fay & Bagley	Elements of Economics	1947	Macmillan & Co., New York	9	12	0
14	Edward Chamberlin	The Theory of Monopolistic Competition	1947	Harvard University Press, Cambridge	14	0	0
15	Lionel Robbins	The Economic Basis of Class Conflict	1939	Macmillan & Co., Ltd. London	4	14	0
16	Maurice Dobb	Economics of Capitalism	1939	Peoples' Publishing House, Bombay	0	8	0
17	E. Varga	Marxism & General Crisis of Capitalism	1948	do	0	12	0
18	J. Stalin	Marxism & the National Question	1947	Foreign Languages Publishing House, Moscow	..	..	..
19	Frederic Engels	Ludwig Feuerbach and the Outcome of German Philosophy	1946	do	0	7	0
20	Ernest R. Row	Gides' Principles of Political Economy	1933	George G. Harrap & Co., London	8	9	0
21	E. A. G. Robinson	Monopoly	1946	Nisbet & Co., Ltd., London	6	2	0
22	Godfrey & Monica Wilson	The Analysis of Social Changes	1945	Cambridge University Press	6	2	0
23	D. H. Robertson, M.A.	The Control of Industry	1946	Nisbet & Co., Ltd., London	4	14	0
24	E. A. G. Robinson	The Structure of Competitive Industry	1941	do	4	14	0
25	Fredric Benham	Economics	1947	Sir Isaac Pitman & Sons Ltd., London	8	12	0
26	The Oxford University Institute of Statistics.	Studies in War Economics	1947	Basil Blackwell, Oxford	20	5	0
27	Edmund Whittaker	Elements of Economics	1947	Longmans Green & Co., London	15	0	0
28	McNair & McRiam	Problems in Business Economics	1941	McGraw Hill Book Co., London	27	0	0

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Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Price		
					Rs.	8.	p.
29	Seligman, E. R. A.	Essays in Economics	1925	Macmillan Co., New York	18	0	0
30	S. Howard Patterson	Readings in the History of Economic Thought	1932	do	22	8	0
31	Carver	The Distribution of Wealth	1904	do	11	6	0
32	Walton Hamilton Associates.	Price & Price Policies	1938	do	22	8	0
		<i>Indian Economics</i>					
33	D. R. Gadgil	The Industrial Evolution of India	1946	Oxford University Press	7	0	0
34	D. Ghosh	Pressure of Population & Economic Efficiency in India	1946	do	3	4	0
35	B. T. Ranadive	India's Economic Crisis & Its Solution	1947	People's Publishing House Ltd.	0	8	0
36	Prof. Radhakamal Mukerji & H. L. Dey	Economic Problems of Modern India 2 Vols.	1941	Macmillan & Co., Ltd., London	20	12	0
37	Pramathanath Banerjea	An Introduction to the Study of Indian Economics	1940	Macmillan & Co., Ltd., London	10	0	0
38	C. B. Jathar & S. G. Beri	Indian Economics	1947	Oxford University Press	7	0	0
39	H. Venketasubbiah	The Foreign Trade of India 1900-1940	1946	do	3	8	0
40	Chatterjee	Indian Economics	1947	H. Chatterjee & Co., Ltd. Calcutta	6	8	0
41	E. D. A. Costa	Indian Industries To-day and Tomorrow	1947	Longmans Green & Co., Madras	3	0	0
42	B. N. Ganguli	Reconstruction of India's Foreign Trade	1946	Oxford University Press	6	0	0
43	Pramathanath Banerjea	A Study of Indian Economics	1944	Macmillan & Co., Ltd., London	3	0	0
		<i>Applied Economics</i>					
44	E. M. Gull	British Economic Interests in the Far East	1943	Oxford University Press	18	0	0
45	Alexander R. Heron	Sharing Information with Employees	1947	Stanford University Press	10	0	0
46	Virginia Thompson	Post Mortem on Malaya	1943	Macmillan & Co., New York	18	8	0
47	Charles Marriott	British Handicrafts	1947	Longmans Green & Co., London	0	18	0
48	Lord Hankey	Government Control in War	1945	Cambridge University Press	3	11	0
49	J. Russell Andrus	Burmese Economic Life	1947	Stanford University Press	16	0	0
50	Pedro E. Abelarde	American Tariff Policy towards Philippines	1947	Kings's Crown Press, New York	11	0	0
51	Frieda Wonderlich	German Labour Courts	1946	The University of North Carolina Press	14	0	0
52	Joseph Dorfman	The Economic Mind in American Civilization 1606-1865	1865	George J. Harrap & Co., London			
53	Clive Day	Economic Development in Europe	1946	The Macmillan & Co., New York	19	8	0
54	L. C. A. Knowles	Industrial and Commercial Revolution in Great Britain during the 19th Century	1947	George Routledge & Sons Ltd., New York	6	14	6
55	John Parker	Labour Marches On	1947	Penguin Books, New York			
56	Do	Science & the Nation	1947	Pelican Books Middlesex			
57	J. J. Robbins	The Government of Labour Relations in Sweden	1942	The University of North Carolina Press, New York	14	0	0
58	T. A. Bisson	Japan's War Economy	1945	Macmillan & Co., New York	15	12	0

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					Rs.	a.	p.
59	David Lynch	The Concentrations of Economic Power	1946	Columbia University Press, New York	22	8	0
60	M. S. Geen	The Making of the Union of South Africa	1947	Longmans Green & Co., London	9	6	0
61	G. P. Gooch	Courts & Cabinets	1945	do	10	3	0
62	W. Ivor Jennings	A Federation for Western Europe	1940	Cambridge University Press, London	2	18	6
63	..	General Politics					
64	..	Peace & the Public	1947	Longmans Green & Co., London	2	0	6
65	Cyril Falls	The Question of Defence	1947	do	0	13	0
66	Speeches in the U. N. General Assembly	The Greek Question	1947	Soviet News, London	0	12	0
67	E. Yaroslavsky	Land Marks in the Life of Stalin	1944	People's Publishing House, Bombay	1	8	0
68	Eric A. Walker	Colonies	1944	Cambridge University Press	..	..	..
69	Do	Denmark	1945	do	..	..	..
70	Walter Lippmann	A Preface to Politics	1933	Macmillan & Co., New York	12	8	0
71	E. L. Woodward	Some Political Consequences of the Atomic Bomb	1945	London Oxford University Press, London	1	10	0
72	Edward Hallettcar	Nationalism and After	1945	Macmillan & Co., London	2	14	0
73	G. V. Plekhanov	The Materialist Conception of History	1946	Foreign Languages Publishing House Moscow	0	8	0
74	E. H. Carr	The Soviet Impact on the Western World	1946	Macmillan & Co., London	4	1	0
75	J. Trueta	The Spirit of Catalonia	1946	Oxford University Press, London	6	14	0
76	Hans Kelsen	General Theory of Law and State	1946	Harvard University Press, Cambridge	24	0	0
77	A. D. Margolin	From a Political Diary	1946	Columbia University Press, New York	12	0	0
78	C. Kormos	Rumania	1944	Cambridge University Press, London	..	..	..
79	Samuel N. Harper	The Government of the Soviet Union	1947	D. Van Nostrand Co., Ltd., New York	8	15	0
80	Ernest Barker	Essays on Government	1946	The Clarendon Press, Oxford	12	3	0
81	James Hogan	Election & Representations	1945	Cork University Press, Oxford	12	8	0
82	..	Revolutionary Movements in the Colonies and Semi-Colonies	1948	People's Publishing House, Bombay	0	12	0
83	C. F. Strong	Dynamic Europe	1945	University of London Press Ltd., London	18	0	0
84	Lord Hemingford	What Parliament is & Does	1947	Cambridge University Press, London	4	14	0
85	I. Epstein	The Unfinished Revolution in China	1947	People's Publishing House, Bombay	5	0	0
86	J. A. Williamson	Cook & the Opening of the Pacific	1946	Hodder & Stoughton Ltd., London	8	11	0
87	K. C. Wheare	Federal Government	1947	Oxford University Press, London	12	0	0
88	V. M. Molotov	Anniversary	1947	Foreign Languages Publishing House, Moscow	0	1	0
89	Rahula Sankritiyayana	From Volga to Ganga	1947	People's Publishing House, Bombay	4	8	0
90	Ben. A. Arneson	The Democratic Monarchies of Scandinavia	1939	D. Van Nostrand Co., New York	11	6	0
91	H. R. G. Greaves	The Civil Service in the Changing State	1947	George G. Harrap & Co., London	8	8	0

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					Rs.	B.G. a.	p.
91	..	France & Britain ..	1945	Royal Institute of International Affairs ..	4	14	0
92	G. P. Gooch ..	Studies in Diplomacy and State Craft ..	1946	Longmans Green & Co., London ..	10	2	6
98	W. Friedmann ..	The Crisis of the National State ..	1943	Macmillan & Co., London	10	2	6
94	R. G. Schuyler ..	The Fall of the old Colonial System ..	1945	Oxford University Press, London ..	12	0	0
95	N. Micklem ..	The Theology of Politics ..	1941	do ..	6	2	0
96	W. B. Munro ..	The Government of the United States ..	1947	Macmillan & Co., London	18	4	6
97	L. Hogben ..	Political Arithmetic ..	1938	George Allen Unwin Ltd., London ..	24	6	0
98	Azim Hussain ..	Fazli Husain ..	1946	Longmans Green & Co.	15	0	0
99	P. Duval ..	Cadiz to Cathay ..	1947	Stanford University Press, California ..	20	0	0
100	Ernest Barker ..	The Character of England ..	1947	Oxford University Press	24	6	0
101	B. F. Hyslop ..	French Nationalism in 1789	1934	Columbia University Press	15	0	0
102	R. W. Logan ..	What the Negro Wants ..	1944	The University of North Carolina Press ..	14	0	0
108	C. K. Allen ..	Democracy and the Individual ..	1947	Oxford University Press	2	12	0
104	..	Stalin Reports ..	1944	People's Publishing House, Bombay ..	8	0	0
105	D. G. Karve, M.A. ..	Federations ..	1932	Oxford University Press	8	8	0
106	Carlton I. Hayes ..	A Political and Cultural History of Europe, Vol. I ..	1939	Macmillan & Co., New York ..	48	1	0
107	Do	do do do Vol. II ..	1932	do			
108	R. Ramiyar ..	An Outline of Politics ..	1938	P. Varadachari & Co., Madras ..	4	8	0
109	A. M. Pankratova ..	A History of the U.S.S.R. ..	1947	Foreign Languages Publishing House, Moscow	2	10	0
110	..	Imperialism the Highest Stage of Capitalism ..	1947	do	4	0	0
111	E. H. Carr ..	International Relations between the Two World Wars 1919-1939	1947	Macmillan & Co., London	6	1	0
112	L. B. Namier ..	Diplomatic Prelude 1938-39	1948	do	14	10	0
118	A. D. Lindsay ..	The Modern Democratic State Vol. I. ..	1948	Oxford University Press	10	12	6
114	L. Langer ..	Seizure of Territory ..	1947	Princeton University Press	14	0	0
115	D. Shields ..	The Colonies To-day and To-morrow	1947	Longmans Green & Co. ..	0	28	0
116	A. H. Hourani ..	Minorities in the Arab World ..	1947	Oxford University Press	8	9	0
117	N. J. G. Pounds ..	An Historical and Political Geography of Europe ..	1947	George G. Harrap & Co., Bombay ..	20	5	0
118	..	Constitution of the Union of Soviet Socialist Republics ..	1947	Soviet News, London ..	0	2	0
119	A. Zahdanov ..	The International Situation ..	1947	Foreign Languages Publishing House, Moscow	0	1	0
120	Foster Rhea Dulles ..	The Road to Teheran ..	1945	Princeton University Press	10	0	0
121	S. Banerjee ..	Viet Nam Fights for Freedom ..	1947	People's Publishing House Bombay ..	1	0	0
122	Dean of Canterbury ..	The Socialist Sixth of the World ..	1947	Friends of Soviet Union, Bombay ..	2	0	0
128	Munro ..	The Governments of Europe ..	1947	Macmillan & Co. ..	18	5	0

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Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Price B.G. Rs. a. p.
124	William A. Robson ..	The British System of Govern- ment ..	1945	Longmans Green & Co., Lutterworth Press, Lon- on ..	0 18 0
125	Virginia Cowles ..	How America is Governed ..	1944	Cambridge University Press ..	2 6 0
126	D. W. Brogan ..	The Study of Politics ..	1946	London, Thames Publica- tions ..	1 4 0
127	Derek Kartun ..	This is America ..	1947	Oxford University Press ..	1 14 0
128	L. S. Amery ..	The Framework of the Future ..	1944	do ..	4 14 0
129	Majumdar ..	Political Science & Government ..	1946	Mondal Brothers & Co., Calcutta ..	7 0 0
130	T. W. Cousins ..	Politics and Political Organisation in America ..	1942	Macmillan & Co., New York ..	17 14 0
131	F. S. C. Northrop ..	The Meeting of East & West ..	1946	do ..	24 6 0
132	Frederic Austin Ogg ..	English Government & Politics ..	1946	do ..	20 5 0
133	E. R. Bevan & Charles Singer.	The Legacy of Israel ..	1944	Clarendon Press, Oxford..	8 2 0
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135	Kingston Derry ..	British Institutions of Today ..	1947	Longmans Green & Co., London ..	4 1 0
136	Max Beloff ..	The Foreign Policy of Soviet Russia ..	1947	Oxford University Press ..	12 3 0
137	G. H. Sabine ..	A History of Political Theory ..	1946	George G. Harrap & Co. do ..	17 1 0
138	F. A. Ogg ..	European Governments & Politics ..	1947	Macmillan & Co. ..	20 5 0
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141	V. I. Lenin ..	The State and Revolution ..	1947	Foreign Languages Pub- lishing House, Moscow ..	0 0 0
142	G. M. Gathorne & Hardy	A Short History of International Affairs ..	1942	Oxford University Press ..	12 3 0
143	F. C. Bartlett ..	Political Propaganda ..	1942	Cambridge University Press ..	..
144	John Epstein ..	Belgium ..	1944	do ..	..
145	..	An Atlas of the U.S.S.R. ..	1942	Oxford University Press ..	..
146	Jose De Almada ..	Colonial Administration by Euro- pean Powers ..	1947	Royal Institute of Inter- national Affairs ..	3 10 0
147	M. C. Taylor ..	Wartime Correspondence ..	1947	.. ..	10 2 0
148	Appadorai ..	The Substance of Politics ..	1947	Oxford University Press ..	7 0 0
149	V. I. Lenin ..	Imperialism ..	1944	People's Publishing House, Bombay ..	0 12 0
150	J. S. Mill ..	On Liberty (2 Copies) ..	1946	Oxford University Press ..	6 1 0
151	W. Egglestone ..	The Road to Nationhood ..	1946	do ..	10 3 0
152	Lord Davies ..	The Seven Pillars of Peace ..	1945	Longmans Green & Co. ..	4 14 0
153	C. K. Meeks ..	Land, Law and Customs in the Colonies ..	1946	Oxford University Press ..	17 1 0
154	..	On the Colonial Question ..	..	People's Publishing House Ltd., Bombay ..	0 6 0
155	..	Principles of Party Organisation ..	1943	do ..	0 6 0
156	M. C. Setalvad ..	War and Civil Liberties ..	1946	Oxford University Press ..	3 0 0

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Serial No.	Author's Name	Title of Book	Year of publication	Name of Publisher	Price B.G.		
					Rs.	a.	p.
157	James S. Allen	World Monopoly and Peace	1947	The Bookman, Calcutta	6	8	0
158	Arthur S. Link	Wilson, the Road to the White House	1947	Princeton University Press, New Jersey	20	0	0
159	J. S. Mill	On Liberty	1946	Basil Blackwell, Oxford			
160	Myles Ditton	The Cycles of the King	1946	Oxford University Press, London	8	8	6
161	Linden A. Mander	Foundations of Modern World Society	1947	Stanford University Press, California	20	0	0
162	C. B. M. Joad	Introduction to Modern Political Theory	1946	The Clarendon Press, Oxford	2	14	0
163		Hungary	1945	Cambridge University Press			
164	Walter Padley	Soviet Russia	1947	The National Information and Publication, Bombay	1	12	0
165	J. L. and Barbara Hammond	The Bleak Age	1947	Pelican Books			
166	Kathleen Gibberd	Greece	1944	Cambridge University Press, London			
167	Sir Maurice Amos	British Justice	1945	Longmans Green & Co., London	0	13	0
168	Roland Hall Sharp	South America Uncensored	1945	do	13	2	0
169	A. Stephanov	Port Arthur	1947	Foreign Languages Publishing House, Moscow	7	8	0
170	Charles A. Beard	An Economic Interpretation of the Constitution of the United States	1946	Macmillan & Co., New York	11	6	0
171	Field Marshall Viscount Wavell	Allenby in Egypt	1944	Oxford University Press	10	0	0
172		Tito on the People's Front	1948	People's Publishing House Bombay	0	4	0
173	Grete Hermann	Politics and Ethics		National Information & Publication Ltd., Bombay	2	8	0
174	C. A. Macartney	Problem of the Danube Basin	1944	Cambridge University Press			
175	Quintin Hogg	The Case for Conservatism	1947	Penguin Books Ltd., London	2	7	0
176	C. E. Carrington	An Exposition of Empire	1947	Cambridge University Press			
177	R. F. Harrod	A Page of British Folly	1946	Macmillan & Co., Ltd., London	1	8	0
178	Harold Nicolson	The Congress of Vienna	1946	Constable & Co., London	14	10	0
179	Gorch	Government of Continental Europe	1946	Macmillan & Co., New York	22	6	0
180	M. Rifaat Bey	The Awakening of Modern Egypt	1947	Longmans Green & Co., London	12	3	0
181	Negley K. Teeters	Penology from Panama to Cape Horn	1946	Temple University Press, Philadelphia	1	0	0
182	Zoltan Deak	Hungary's Fight for Democracy	1947	New Country Publishers, New York	0	6	0
183	R. K. Gooch	Manual of Government in the United States	1939	D. Van Nostrand Co., New York	17	14	0
184	Allen Welsh Dulles	Germany's Underground	1947	Macmillan & Co. New York	12	3	0
185	Georges Lefebvre	The Coming of the French Revolution	1947	Princeton University Press, New Jersey	12	0	0
186	Isalah Bowman	The New World	1928	World Book Co., New York	20	3	0
187	Cripps	Democracy Alive	1946	Sidgwick & Jackson Ltd.	10	2	6
188	M. Ramaswamy	Fundamental Rights	1946	Oxford University Press	6	8	0

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189	J. T. Maccardy	Germany, Russia and the Future	1944	Cambridge University Press	
190	Wilson Harris	Problems of the peace	1944	do	.. ..
191	D. W. Brogan	The American political system	1947	Hamish Hamilton	14 10 0
192	Lawrence K. Rosinger	China's War-time politics	1944	Princeton University Press	10 15 6
193	Katherine Munro	France Yesterday and To-day	1945	Oxford University Press	8 10 6
194	E. H. Carr	Conditions of peace	1944	Macmillan & Co. Ltd. London	10 3 0
195	Edward S. Corwin	The constitution and what it means to-day	1947	Princeton University Press	11 0 0
196	Lionel Curtis	War or Peace	1946	Oxford University press	2 13 0
197	Sir John A. R. Marriott	Dictatorship and Democracy	1936	The Clarendon Press, Oxford	8 2 0
198	Muriel Grindrod	The New Italy	..	Royal Institute of International Affairs, London	4 1 0
199	Arnold L. Haskell	The National Ballet	1947	Adam & Charles Black, London	8 8 6
200	Jerome Nathanson	Science for Democracy	1946	Kings Crown Press, New York	10 0 0
201	Julian P. Boyd	The Declaration of Independence	1945	Princeton University Press	19 1 0
202	W. A. Gauld	Man, Nature and Time	1946	G. Bell & Son Ltd., London	8 9 0
203	Laurie Lee & Ralph Keeme	We made a Film in Cyprus	1947	Longmans Green & Co., London	10 2 6
204	C. S. Srinivasachari	Social and Religious Movements in the 19th century	1947	National Information and Publication Ltd, Bombay	1 0 0
205	Charles J. Rolo	Wingate's Raiders	1945	George G. Harrop and Co., London	6 4 0
206	Sinclair Lewis	King's Blood Royal	..	Jonathan Cope Thirty, Bedford Square, London	7 11 0
207	John William De Forest	A Volunteer's Adventure	1946	Oxford University press London	12 3 0
208	..	Revolutionary Art	..	Progressive Forum, Calcutta	1 8 0
209	I. E. S. Edwards	The Pyramids of Egypt	1947	Pelican Books, England	.. ..
210	R. W. Cooper	The Nuremburg Trial	1947	Penguin Books, England	.. ..
211	Hendrik Van Loon	The Art of Mankind	1947	George G. Harrap and Co., London	12 3 0
<i>Rural Economics</i>					
212	William R. Van Bersal	The American Land	1943	Oxford University Press	17 1 0
213	Ramaswamy & Narasimhan	The Economics of Indian Agriculture	1946	Rochouse & Sons Madras	7 8 0
214	Lenin V. I.	To the Rural Poor	1944	People's Publishing House, Bombay	0 12 0
215	J. V. Stalin	On the Peasantry	..	do	1 12 0
216	R. Cohen	The Economics of Agriculture	1947	Nisbet & Co., London	4 14 0
217	Bennash	Developing Marketable Products	1945	McGraw Hill Book Co., London 10	27 0 0
218	J. E. Nichols	Livestock Improvement	1947	Oliver and Boyd, London	9 3 0
<i>Education</i>					
219	Beatrice King	Education in U.S.S.R.	1945	International Publishing House, Calcutta	1 0 0

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220	A. E. Camp Bell	The Feilding Community Centre	1945	Oxford University Press, London	3 10 0
221	L. Minio Paluello	Education in Fascist Italy	1946	do	12 8 0
222	Sir Richard Livingstone	Education for a World Adrift	1944	Cambridge University Press	
223	Rossh Finney	An introduction to Educational Sociology	1934	D. C. Heath & Co., London	6 9 0
<i>Reference</i>					
224		Macmillan's Modern Dictionary	1947	Macmillan & Co., New York	20 5 0
225		Who's Who 1947	1947	Adam and Charles Black, London	77 8 0
226	Timmermann	World Resources and Industries	1938	Harpe & Brothers, Publishers, New York	18 5 0
227		The British Year Book of International Law	1946	Oxford University Press	84 2 0
<i>Indian Politics</i>					
228	Ganikhan	Pathans	1947	The National Information Co., Ltd., Bombay	2 4 0
229	Kamla Devi	The Cross Roads	1947	do	5 4 0
230	R. H. Kierman	Wavell	1946	George G. Harrap & Co., London	4 14 0
231	Edward Thompson	The making of the Indian Princes	1946	Oxford University Press, London	20 0 0
232	K. M. Panikkar	The Basis of Indo-British Treaty	1946	do	1 4 0
233	K. N. V. Sastri	Indian Constitutional Development	1947	The National Information & Publication, Bombay	1 4 0
234	Coupland	Indian Politics 1936-1942	1943	Oxford University Press	6 2 0
235	Do	The Constitutional Problems in India	1945	do	10 0 0
236	Sir Henry Sharp	Good-Bye India	1946	do	10 8 0
237	Jawaharlal Nehru	The Discovery of India	1945	Signet Press, Calcutta	11 0 0
<i>Sociology</i>					
238	I. Schapera	Migrant Labour and Tribal Life	1947	Oxford University Press	14 10 0
239	Dewey	How We Think	1933	D. E. Heath & Co., London	8 8 0
240	Alexander Goldenweiser	Anthropology	1946	F. S. Crofts & Co., New York	17 1 0
241	Ernest Greenwood	Experimental Sociology	1947	Kings Crown Press, New York	9 0 0
242	H. H. Gerth & C. Wright Mills	From Max Weber Essays in Sociology	1947	Kegan Paul Trench Trubner & Co., Ltd., London	18 6 0
243	E. P. Wigner	Physical Science & Human Values	1947	Princeton University Press, New York	12 0 0
244	Boas & Others	General Anthropology	1938	D.E. Heath & Co., London	14 10 0
245	Howard Selsam	Socialism & Ethics	1947	People's Publishing House, Bombay	4 0 0
246	T. H. Marshall	Sociology at the Cross Roads	1947	Longmans Green & Co.	1 4 0
247	S. I. Vavilov & Others	Cultural Life in the Soviet Union	1947	International Publishing House Calcutta	4 8 0

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					Rs.	s.	p.
248	John Mulgan	Report on Experience	1947	Oxford University Press	6	2	0
249	Raymond B. Cattell	Description and Measurement of Personality <i>Currency, Banking and Finance</i>	1946	George G. Harrap & Co. Ltd., London	12	8	0
250	G. Findlay Shirras	The Burden of British Taxation	1942	Cambridge University Press	12	8	0
251	Ernest Sykes	Banking and Currency	1947	Butterworth & Co., Ltd. London	7	7	0
252	R. G. Hawtrey	The Gold Standard in Theory and Practice	1947	Longmans Green & Co.	7	11	0
252	F. A. Mann	The Legal Aspect of Money	1938	Oxford University Press	17	1	4
254	B. R. Misra	Indian Provincial Finance 1919-39	1942	do	7	8	0
255	S. K. Sarma	Papers on Currency and the Reserve Bank for India	1934	S. Krishnaswami and Co., Trichinopoly	10	4	0
256	A. Leonlyev	The Menace of Dollar Imperialism	1947	People's Publishing House, Bombay	0	12	0
257	Edwin Walter Kemman	Inflation and Revolutions 1912-17	1940	Princeton University Press	10	0	0
258	H. Oliver Home	A History of Savings Banks	1947	Oxford University Press	14	10	0
259	Lincoln	Applied Business Finance	1941	McGraw Hill Book Co., Ltd., London	27	0	0
260	Reed	Money, Currency & Banking	1942	do	18	0	0
261	M. L. Kannan	Banking Law and Practice in India	1947	Thacker & Co., Ltd., Bombay			
262	D. H. Robertson	Money	1945	Nisbet & Cambridge University Press	4	14	0
263	John A. Todd	The Mechanism of Exchange	1946	Oxford University Press	6	1	0
264		Brettonwoods	1946	Longmans Green & Co., London	6	2	0
265	C. N. Vakil	Our Sterling Balances	1947	National Information Publication	1	4	0
266	Venkatragiah	The Beginning of Local Taxation in the Madras Presidency	1928	Longmans Green & Co.	8	8	0
267	Frank A. Southard	The Finance of European Libera- tion	1946	King's Crown Press, New York	12	0	0
268	Kilborne	Principles of Money and Banking	1937	McGraw Hill Book Co., New York	18	0	0
269	Geoffrey Crowther	An Outline of Money	1947	Thomas Nelson & Sons, Ltd., London	10	15	0
270	Ebersole	Bank Management	1940	McGraw Hill Book Co New York	24	12	0
271	J. P. Jain	Indian Banking Analysed	1946	The Banking Experts, Delhi	18	0	0
272	S. K. Muranjan, M.A.	Modern Banking in India	1948	Hind Kitabs Ltd., Bombay	15	0	0
273	Frederick A. Brad Fud	Money and Banking	1946	Longman's Green & Co.	14	10	0
274	Shapiro	Credit Union Development in Wisconsin, U.S.A.	1947	Columbia University, New York			
275		Control of Consumer Credit	1947	University of Pennsyl- nia Press	4	0	0
		<i>Accounts.</i>					
276	R. N. Charter & W. R. Charter	Advanced Accounts	1948	Sir Isaac Pittman Ltd., London	20	0	5
277	Do	do	1947	do			

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					Rs.	a.	p.
278	J. K. Batli Boi	Advanced Accounting	1948	I. R. Batli Boi, Bombay	..		
269	Do	do	1947	do	27	8	0
280	Do	Elementary Book Keeping	1947	Macdonald & Evans, London	8	8	0
281	Do	Applied Costing, Vol. I	1946	do	17	8	0
HISTORY							
282	Anne Merriman Peck	The Pageant of South American History	1947	Longman's Green & Co.	15	0	0
283	Do	The Pageant of Middle American History	1947	do	18	6	0
284	Do	The Pageant of Canadian History	1947	do	14	4	0
285	Do	The Legacy of Rome	1947	Clarendon Press, Oxford	6	15	0
286	C. R. Crurp & E. F. Jacob	The Legacy of the Middle Ages	1947	do	8	2	0
287	G. H. Brookshank	Told through the Ages or Legends of Ancient Egypt	1934	George G. Harrap & Co.	2	1	0
288	Marx & Engels	Historical Writings, Vol. II	1945	People's Publishing House, Bombay	7	8	0
289	Seton Lloyd	Foundation in the Dust	1947	Oxford University Press, London	12	3	0
290	Sharma	The Religious Policy of the Mughal Emperors	1940	do	5	8	0
291	I. R. R. Marriott	A Short History of France	1945	Methuen & Co., Ltd., London	12	3	0
292	R. W. Livingston	The Mission of Greece	1928	Clarendon Press, Oxford	6	4	0
298	Arthur Bryant	Years of Victory 1802-12	1945	St. James' Palace, London	10	8	0
294	D. M. Ketelby	A History of Modern Times	1940	George G. Harrap & Co., London	8	8	0
295	Voola Wyckoff	The Public Works Wage Rate and Some of Its Economic Effects	1946	Columbia University Press, New York	14	0	0
General Economics							
296	Sumner H. Slichter	Trade Unions in a Free Society	1947	Harvard University Press	1	0	0
297	H. S. Kirkaldy	The Spirit of Industrial Relations	1947	Oxford University Press	8	4	0
298	F. J. Roethlisberger	Management & Morale	1947	Harvard University Press	10	0	0
299	Learned	Problems in Marketing	1936	McGraw Hill Book Co.	22	8	0
300	Hutchison	The Significance and Basic Postulates of Economic Theory	..	Macmillan & Co.	6	14	0
301	A. C. Pigou, M.A.	Economics of Welfare	..	do	24	6	0
302	Augustus H. Smith	Economics an Introduction to Fundamental Problems	..	McGraw-Hill Book & Co., London	5	10	0
308	Crum Patton & Tebbutt	Economic Statistics	..	McGraw-Hill Book Co., London	19	8	0
304	J. W. Thomas & Agarwal	Elementary Economics for Indian Students	..	Macmillan & Co., London	19	7	0
305	Cairncross	Introduction to Economics	1944	Butterworth & Co.	8	0	0
306	K. Marx	Value, Price and Profit	1947	Foreign Languages Publishing House, Moscow	10	15	0
307	H. Penson	The Economics of Business Life	1938	Cambridge University Press	0	4	0
308	Edwin B. Hewes	Economics—Principles and Problems	1939	D. Van Nostrand Co., New York	4	1	0
					17	14	0

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					Rs.	B.G.	p.
309	Ralph H. Blodgett	Comparative Economic System	1944	The Macmillan Co.	17	14	0
310	Joan Robinson	An Essay on Marxian Economics	1947	Macmillan & Co.	4	14	0
311	Clarence D. Long	Building Cycles and the Theory of Investment	1940	Princeton University Press	10	0	0
312	R. N. Rudmose Brown	The Principles of Economic Geography	1946	Sir Isaac Pittman & Sons Ltd.	6	1	6
313	Tirlok Singh	Poverty and Social Changes	1946	Longmans Green & Co.	3	8	0
314	Marshall	Economics of Industry	1946	Macmillan & Co.	4	14	0
315	V. I. Lenin	Communism & Infantile Disorder	1947	Foreign Languages Publishing House, Moscow	0	12	0
316	Do	The Proletarian Revolution and Renegade Kautsky	1947	do	0	9	0
317	E. A. Lever	Advertising and Economic Theory	1947	Oxford University Press	7	12	0
318	Knowles and Thomson	Industrial Management	1946	The Macmillan & Co., New York	20	5	0
319	Sundnyule & M. G. Kendall	Introduction to the Theory of Statistics	1947	Charles Griffith & Co., London	19	8	0
320	W. Stanley Jevons	Theory of Political Economy	1931	Macmillan & Co., Ltd	8	2	0
321	Paul Anthony Samuelson	Foundations of Economic Analysis	1947	Harvard University Press Cambridge	80	0	0
322	Agnew Jenkins and Drury	Outlines of Marketing	1942	Mcgraw Hill Book, New York	15	12	0
323	Arthur Elimourd	Early—Economic Thought	1945	Harvard University Press	14	0	0
		<i>Planning</i>					
324	T. R. Malthus	First Essay on Population	1926	Macmillan & Co.	8	8	6
325	Allan G. B. Fisher	International Implications of Full Employment in Great Britain	1946	Royal Institute of International Affairs	12	3	0
326	Do	A Food Plan for India	1945	Oxford University Press	2	0	0
327	Herbert Morrison & Others	Forward from Victory Labour's Plan	1946	Victor Gollancz Ltd.,	2	14	0
328	Do	Programme of the Communist International	1945	Peoples Publishing House Bombay	0	12	0
329	George B. Cressay	The Basis of Soviet Strength	1945	George G. Harrap & Co.	12	3	0
330	G. C. Allen	British Industry	1945	Longmans Green & Co.	0	18	0
331	Adolf A. Berle and Gardiner C. Mans	The Modern Corporation and Private Property	1947	Macmillan & Co.	17	1	0
332	W. G. Moore	The World's Wealth	1947	Penguin Books			
333	E. I. Topham & J. A. Hough	The Co-operative Movement in Britain	1946	Longmans Green & Co.	13	0	0
334	Alexander Bayker	The Development of the Soviet Economic System	1947	Cambridge University Press	24	6	0
335	Meghnad Saha	My Experiences in Soviet Russia	1947	The Bookman	5	0	0
336	Joseph Dorfman	The Economic Mind in American Civilization	1947	George Harrap & Co.	29	4	0
337	K. Marx	Critique of the Gotha Programme	1947	Foreign Language Publishing House, Moscow	0	8	0
338	V. L. Lenin & J. V. Stalin	On Youth	1944	People's Publishing House	0	8	0
339	Sir Oliver Franks	Central Planning and Control in War and Peace	1947	The London School of Economics	2	6	0
340	Madhuri Desai	To the Builders of Tomorrow	1948	Oxford University Press	6	14	0

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					Rs.	a. p.
341	M. H. H. Macartney	The Rebuilding of Italy	1945	Cambridge University Press	..	..
342	W. Wallace	Enterprise First	1946	Longmans Green & Co., London	6 0 0	
343	M. P. Fogarty	Plan Your Own Industries	1947	Basil Blackwell, Oxford	20 5 0	
344	V. I. Lenin	One Step Forward Two Steps Back	1947	Foreign Languages Publishing House, Moscow	0 9 0	
345	Sikandar Chaudhry	Planning for Plenty	1945	Longmans Green & Co.	1 8 0	
346	J. R. Bellerby	Economic Reconstruction	1943	Macmillan & Co.	17 1 0	
347	Charles Inawi	Egypt—An Economic and Social Analysis	1947	Oxford University Press	12 8 0	
348		Old People	1947	do	2 18 6	
349	G. P. Kellaway	Map Projections	1946	Methuen & Co. Ltd., London	8 9 0	
350	A. P. Young	The World of Industry	1946	George Gills & Sons Ltd.	10 2 0	
351	A. H. Hansen	Economic Policy and Full Employment	1947	McGraw Hills Book Co. Ltd.	18 0 0	
352	A. C. Pigou	Lapses from full employment	1945	Macmillan & Co.	8 10 6	
353		Lenin Vol. 1.	1947	Foreign Languages Publishing House, Moscow	7 8 0	
354	Colin Clark	Lenin Vol. II. The Economics of 1960	1944	Macmillan & Co.	6 14 0	
355	Freppel Cotta	Economic Planning in Corporative Portugal	1937	Staples Press Ltd., London	8 8 0	
356	George Soule	America's Stake in Britain's Future	1946	Oxford University Press	8 8 0	
357	G. Ghosh	Planning for India	1945	do	1 12 0	
358	G. E. Hubbard	Eastern Industrialization & Its effect on the West	1938	do	14 10 0	
359	R. G. Hawtrey	Economic Rebirth	1946	Longmans Green & Co. London	4 1 0	
360	R. G. Hawtrey	Economic Destiny	1946	do	17 1 0	
361	J. Stalin	Problems of Leninism	1947	Foreign Languages Publishing House, Moscow	1 14	0
362	Joan Robinson	Theory of Employment	1947	Macmillan & Co. London	4 14 0	
363	B. Ghosh and B. C. Sinha	Planning for West Bengal	1948	Oxford University Press	1 12 0	
364	V. I. Lenin	What is to be Done?	1947	Foreign Languages Publishing House, Moscow	0 15 0	
365	H. A. Silverman	Studies in Industrial Organization	1946	Methuen & Co.	16 4 0	
366		Bulletin of the Health Organization	1945/46	Publication Dept. of the League of Nations Geneva	4 0 0	
367	J. Russell Andrus	Basic problems of Relief, Rehabilitation and Reconstruction in South East Asia	1946	Oxford University Press, London	2 8 0	
368	M. R. Masani	A Place for the Mixed Economy	1947	National Information & Publication Ltd., Bombay	12 0 0	
369	N. A. Sarma	Social Security	1947	do	2 4 0	
370	J. Philip Wernette	Financing Full Employment	1945	Harvard University Press	8 0 0	
371		Planning for Labour	1947	Labour Publication Trust, Bombay	..	

Diary of Events of Economic Interest

November, 1948

Vol. 1358 F.

1

The Hyderabad Government removed the ban on the export of gold.

The Indian Trade delegation left for Teheran to promote trade relations between India and Iran.

The Authorities of the U.N. International Children's Emergency Fund offered the Government of India a number of fellowships for health personnel.

Telephone links between Germany and India, Ceylon, Pakistan, South Africa, and New Zealand cut off during war, were restored.

2

The Government of India raised the prices of raw rubber of all groups.

The Diesel Road Roller Project was inaugurated at Dum Dum, near Calcutta by Mr. Ghupati Mujumdar, the West Bengal Minister for Irrigation.

It was decided to hold a conference of world thinkers in India, next year.

3

The Reserve Bank of India released the assets of the Hyderabad State Bank frozen in July last.

Pandit Nehru, Prime Minister of India addressed the General Assembly of the United Nations.

The Government of India decided to allow private enterprise in the ship building industry.

Turkey suspended the issue of import licenses to the sterling area.

Russia disallowed corporal punishment in Soviet Schools.

7

Indian Government announced safety provisions in Factories Act.

Restoration of normal business and banking facilities was announced in Hyderabad.

8

The Government of India announced plans to fight against inflation.

U.N. Committee decided that Trusteeship areas should not be merged with colonies.

UNESCO experts proposed a novel scheme for world peace.

9

The Swedish Minister in India, Mr. Gunner Valfrid Jarring, presented his credentials to the Governor-General.

The Bombay Government decided to grant Tagai loans to the poor potato cultivators.

The Government of Mysore sanctioned Rs. ten lakhs for a housing scheme for Bangalore workers.

The U.P. Legislative Council passed the U.P. Agricultural Income-Tax Bill,

A Japanese scientist discovered artificial transmission of cancer.

Collective farms for Rumania was announced.

10

Pandit Jawaharlal Nehru, Prime Minister of India inaugurated the first Asian Regional Conference of the International Meteorological Organisation in New Delhi.

The Government of India envisaged heavier taxation of luxury goods and reduction of export duty on Cotton textiles, Castor oil and Caster seeds to fight inflation.

The Government of India announced licensing of Cotton imports from Pakistan.

The permanent Office of the International Wool Secretariat opened in New Delhi.

A £. 55 mn. Trade treaty between Japan and Britain, Australia, India, New-zealand and South Africa was signed.

11

The Madras Government drew up a five-year programme of minor irrigation works under the Grow-More-Food Campaign.

The Chinese Government announced a devaluation of the gold yaun dollar, pegging it at 20-1 to the United States dollar.

The Six Power Conference on the international control of the Ruhr opened in London.

The United Nations Social Committee approved the principle of equal rights for men and women in marriage and divorce.

12

Indian Government decided to establish a Technical College for Air Force.

An agreement was reached between Madras and Mysore on the Pennar Project.

15

The Government of India banned Photo-prints and imitations of Indian Currency notes.

The International Labour Organization Conference on Labour Inspection in Asian Countries opened at Kandy in Ceylon.

The fourth session of the Food and Agriculture Organisation Conference opened in Washington.

Indian Government requisitioned Cotton stocks.

The U.N. General Assembly unanimously approved Secretary-General Trygve Lie's report to establish the U.N.'s permanent headquarters in New York City.

18

The Government of India decided to appoint a Committee to enquire into and report on the condition and prospects of University Education,

20 It was decided to hold a conference of Asian industrialists and businessmen in India in March next.

The Supreme Commander for the Allied Powers in Japan approved a plan permitting the Japan Travel Bureau to offer Conducted tours in Japan.

21 Under the orders of the Military Governor of Hyderabad bank accounts of certain individuals were freezed for scrutiny.

The Hyderabad Government reinforced the control on the movement of food-grains.

23 Pandit Jawaharlal Nehru, India's Prime Minister inaugurated the Regional Conference of International Civil Aviation Organisation in New Delhi.

24 The Government of India set up a Rural Medical Relief Committee to examine the proposals of the Bhore Committee.

The Indian Central Labour Advisory Committee concluded its three-day session.

The Madras Government examined the question of developing the power alcohol industry in the Province.

President Truman appealed to the Soviet Union to join the Food and Agricultural Organisation of the United Nations.

25 The Government of India, as an experimental measure decided to remove insecticide duty.

The Government of Bombay raised the betting tax from 10 per cent. to 12 per cent.

26 The Madras Government decided to prohibit Juvenile smoking.

27 The importance of developing tourist traffic as a " Source of Invisible National Income and International Goodwill " was emphasised by Mr. K. Santhanam, Minister of State for Transport and Railways.

28 The Government of Mysore sanctioned a scheme for opening a first class dairy farm in Hessarghatta.

29 The Economic Commission for Asia and Far East opened its session at Lapston, near Sydney.

The Indian Constituent Assembly decided to abolish untouchability and ban its practice in any form.

∴ =====

The All-India Economic and Agricultural Economic Conferences, 1948

We welcome these Conferences most heartily to Hyderabad. It was in 1937 that the All-India Economic Conference was last held in Hyderabad: at that time, the Indian Society of Agricultural Economics had not yet been born. Although the invitations for these two Conferences were given and accepted in December 1947, Hyderabad had been almost given up as the venue by the two Associations by the middle of the current year on account of the disturbances that prevailed in Hyderabad prior to the Police Action. But thanks to the re-establishment of law and order and the enlightened policy of the Military Government, these Conferences will meet in Hyderabad in December 1948, as originally proposed.

All the world over, the economic problem is the most pre-occupying nowadays, next only to the defence and internal security measures. Free India is on the threshold of putting her house to order, and economic issues are engaging the attention of the Executive and the Legislature (Central, Provincial and States) much more than others. A comparatively low level of administrative efficiency and morality, backwardness in scientific research and data, the frittering away of the political intelligentsia into numerous centrifugal camps, vested interests of Princes, capitalists, Zamindars, and communal leaders - these are only some of the many impediments that lie in the way of a speedy economic rehabilitation of the nation. The eight subjects that will be taken up for discussion at these two Conferences, should prove too much for the week that has been set apart for the purpose, but we ardently hope that discussions, exhaustive as they might not prove, would help the members and delegates as also the Hyderabad public in getting clearer understanding of each of these problems. We would like to take this opportunity to make an observation or two

with regard to two subjects tabled for the Conference.

"National Budgets in relation to Planning" has an appetizing flavour about it, but the first thought that comes to our mind is that we are having nowadays neither planning as the type of economic policy nor national budgets. We are not allowed to know much about the internal economy of the U.S.S.R., but the European Recovery Programme, the proposed European Constitution, advancing Communism towards the South in China, the deliberations of the ECAFE in Australia and the White Paper running riot in South Africa - these can hardly be characterised as scientific planning. The U.S. liberal advances (involving writing off inevitably a few years later), her smaller doles to Turkey, China, etc., the operations of the U.S. Import-Export Bank, the I.M.G. and the I.B.R.D., the highly complicated system of exchange control built up and rigorously exercised by Britain in the Sterling Area, do not leave much room for really national budgets. The ECAFE has only very recently made a modest estimate of £ 3,000 million of external aid, and it passes one's imagination to see how and from where such huge values in capital goods and technical personnel could come, with the gigantic commitments on the shoulders of the United States and the Isolationist Policy being pursued by the U.S.S.R. The race for "industrialisation" involving high capital intensity has become almost universal while actually the scope for using up raw material on the basis of decentralised production is vast. International attempts at controlling and distributing food supply have not yet led to the producer and the consumer countries giving up hoarding in a competitive manner. And all this is on top of highly combustible material in China, Indonesia, Palestine, Greece and

Germany. Leaders seem to be still too human to rise to an international psychology, and if there is any hope it is Providence.

"The Grow More Food" campaign has been with us for about a decade, but it has been mostly a paper campaign. It is rather hard to understand how certain fallacious ideas have occupied the minds of men in power. We are told that cultivable area in India cannot be increased. The room for intensive cultivation is also declared to be small. The average peasant has been given several bad names, but no concrete inducements have been offered for the average cultivator to grow more food. No doubt, the numerous mammoth irrigation works that are being taken up in different parts of India hold out great promise of this country becoming very soon a surplus area in food production. If only *adequate* capital supply is made available to the smaller cultivator at reasonable rates of interest and spread over a fairly long period of repayment, the ryot knows how to improve his earnings, but no one can contradict the assertion that very little has been done in this respect: private enterprise is much too selfish and the only chance for modern financial aid on really national lines is through the initiative of the state. There is very little of external finance involved, but internal finance has not even begun to be rationalised. We have had more than one year of freedom, but though measures like the universalisation of prohibition and the abolition of Zamindari have caught the imagination of our political leaders and legislators, yet the docile, patient and hard-working cultivator has not yet been given the helping hand he badly needs. Mahatma Gandhi once declared that if only the natural resources of India were properly utilised, this country could easily maintain double the present population. We have to abandon the process of sending out missions abroad for purchasing food-grains at fabulous prices, and concentrate on launching Land Mortgage Banks and agricultural farms all

over the country: we have to steer clear of theoretical oases.

We wish these Conferences the best of success in their deliberations, and we believe that the public of Hyderabad will learn a great deal by following the deliberations carefully.

AGRARIAN REFORMS

The Agrarian Reforms Committee appointed by the Indian National Congress, has almost completed its work, but unfortunately, the Indian States have not been visited by that Committee. With the integration of the States through the indomitable energy of Sardar Vallabhai Patel, into the structure of the Indian Union, it is high time that such artificial distinctions should go: agrarian reforms in Indian Provinces without corresponding reforms in Indian States could never result in enduring and cumulative progress. Shri J. C. Kumaramma, the Chairman, has hinted that it would not be difficult to include the States in the inquiry, and it should be earnestly hoped that he would do the needful and include all the States in the purview of his investigations.

If 'A' wants to open a shop in a street corner, there is nothing to prevent him: in some cases he might have to obtain a license, but the license would not be refused to him in case there was more consumer demand in that locality. Similarly, if 'B' wants to start a factory, he is not precluded from doing so, although he will have to satisfy the rules laid down by the Factories Inspector and the Labour Department. What about land? There is no "equality of opportunity" so far as agricultural land is concerned. There is hardly any unoccupied land: we do have a great deal of uncultivated and much more of under-cultivated land. The 1941 census figures (these are the latest we have) show that the number of tenants and landless agricultural labourers in India was more than double the number of land-holders (including rent receivers and cultivating occupants). What is the result? Some people occupy land which they cannot cultivate

themselves—on account of disinclination, the large size of the area and/or lack of enterprise. There are others who would very much like to cultivate land of their own but they cannot have land either for love or for money. Agricultural production in India has been at a much lower level than what it should be—even with the present methods of cultivation and sizes of cultivation holdings: “the magic of property” turning sand into gold is not there in the case of these scores of millions of tenants and landless agricultural labourers. In this connection, the question arises as to whether the zamindar and the non-cultivating landholder should be perpetuated or not. This question does not admit of two alternative answers at all. Rather, the change towards a more equitable distribution of agricultural land would have to come about either through enlightened statesmanship in a peaceful way, or through a revolution in a violent way: in fact, a good deal of the basis for the so called “Communism” in different parts of India, comprises the deep discontent among the cultivators in the matter of land tenures.

Another question has been put in this connection, which is more urgent in this country—more production or a more equitable distribution of the produce? There are alternative ways of using the same land, and the several types are State Farming, Large Scale Farming, Collective Farming, Co-operative Farming and farming by small proprietary peasants. With the present pitiable food position in India, it would not be reasonable to condemn wholesale the solid contributions that State, Large Scale and Collective Farming could make towards increasing the quantum of agricultural production in this country. Any one who examines the working of the economy of Walchandnagar or the Naini Agricultural Farm cannot but admit the substantial way in which these types of farming could augment the agricultural income of the country, without at the same time disturbing the general state of affairs, namely peasant proprietorships. Rather, the shoe is

pinching elsewhere. We have quite a large number of zamindars who neglect their lands and live in cities with a view to enjoy the luxuries of city life. The result has been a “dog in the manger” policy. Measures like, irrigational efficiency, maintenance of roads, provision of markets and affording of financial facilities have been woefully neglected by these zamindars who in their despair are wasting high proportions of their illgotten gains on unproductive lawyers.

The commonplace view is that factory labour tends to deteriorate steeply unless legislation and administrative protection come to its rescue. But really, agricultural labour conditions practically all over the country are much worse than those of factory labour. The millhands have the advantage of congregation, understanding and publicity, but unfortunately, the nature of agricultural operations and the spreading of the agricultural labourers over far off areas, has kept this class more or less mute; serfdom prevails even on the Assam tea plantations in which area legislation and administrative arrangements are said to be the best.

We suggest that the Kumarappa Committee may be invited to Hyderabad. We have had the Banerji Committee very recently, but the issues covered by the Agrarian Reforms Committee are much wider than those of the Banerji Committee. Such a step would surely knock the bottom of the communist trouble in several of the districts.

S. KESAVA IYENGAR.

TOURISTS AND HYDERABAD

IN the U. S. balance of payments, the tourist item is a heavy one on the minus side; hundreds of millions of dollars are spent by American tourists all over the world every year: there have been numerous cases even in India, in which American tourists bought curios at prices which the seller could not have ever dreamt of. But it is rather odd that these tourists have not

visited Hyderabad in large numbers yet. One reason may be lack of facilities available for tourists in visiting interesting places in the State, but by far the most prominent reason is undoubtedly the more or less complete absence of publicity: the outsider might have heard of Ellora and Ajanta but of hardly anything else. The area comprising the Hyderabad State is, according to anthropologists, among the earliest inhabited parts of the world, but unfortunately a great deal of the reminiscence of the civilizations of past millenniums is still below the land surface. Excavations there were now and then, but even in places where archaeological items were discovered in plenty, further and exhaustive investigation has not been made. And there has been nothing like archaeological reconstruction here: in Ellora and Ajanta, every figure continues in a mutilated condition. For contrast we may cite the example of Mysore where an exhaustive archaeological survey has been made and a considerable amount of reconstruction work completed. That is to say, reconstruction work has been done on the lines of the contemporary civilization. It is fervently hoped that with the enlightened policy being pursued by the Military Government, archaeological work will receive a new impetus. There are innumerable temples in a decadent and neglected condition, and items like the Ashoka inscriptions in Kopbal, the Maski ruins, the Naldrug fortress, Hampi and Bhadrachalam, and ancient relics within

the folds of the Gond jungles of Warangal and Karimnagar, too numerous to catalogue—these are only a few specimens of the thousands of localities of high archaeological interest.

Economics may apparently have little to do with archaeology, but we are concerned here with the income of the population and the government which could be increased a great deal by properly surveying, conserving and reconstructing the reminiscence of the past civilizations, and also by a modernised system of publicity and touring facilities.

THE CONFERENCE SUPPLEMENT

For the information of the distinguished delegates attending the All-India Economic and Agricultural Economic Conferences in Hyderabad in December 1948, the Editorial Board decided to issue a Conference Supplement. This Supplement is being issued along with the December, 1948 Number of the *Hyderabad Government Bulletin on Economic Affairs*. Several noteworthy officials and non-officials of Hyderabad have written on different aspects of life, culture and social conditions in Hyderabad. We hope that these papers will be read with interest by our visitors. It is, however, to be added that the respective writers are responsible for data and opinions given in their papers. The Editorial Board is grateful to these gentlemen for having very kindly written these papers at short notice.

International Organisations

1096 Days of Progress

By WARREN R. AUSTIN

In its first three years, the UN has done a tremendous job for world welfare and remains the only hope for world peace, writes the U.S. Ambassador to the United Nations in this exclusive article.

The record of the first three years of the United Nations is discouraging only to the faint-hearted. Certainly, there have been disappointments. But there has been progress too. More than most people realise.

The conflicts that are prevented never make the headlines. Victories in the struggle against conditions that create conflict are rarely dramatic. Gains in creating the conditions of peace cannot be measured on a map. What ruler is there to use on such factors as production statistics, nutrition standards, and human attitudes? Faith in the United Nations requires more than reliance on a measuring rod.

Notwithstanding all the setbacks the fact remains that three years after San Francisco, the United Nations is the most successful example of international co-operation the world has ever seen. Never in history has an international organization undertaken with such serious determination to cover not only the political, but also the economic, trade, social and humanitarian relations among the nations.

Of course, in many instances the UN has not been able to overcome the vestiges of past suspicion and national rivalries. But without the UN, the world today would be without hope. In at least four dangerous situations—Iran, Indonesia, Greece and the conflict between India and Pakistan—the Security Council has laid a restraining hand on forces jeopardizing the peace.

In these, and in many other activities, the exercise of sovereignty has been done collectively. Despite the mounting international ten-

sions, the United Nations grows in strength and in importance.

In the past three years the United Nations has blazed many trails through the wilderness of ancient hatreds, ambitions and ignorance. There are many barriers and dangerous shoals ahead. The goal of a peaceful world society will never be reached by wishful thinkers who put a time limit on their courage and their faith. Cynics and pessimists have no kinship with twentieth century pioneers.

The Charter is, itself, a monument to today's pioneers of the human spirit. It is easy to forget the labour required to secure agreement on the Charter. But I remember well the intensive work that began early in 1942 and continued constantly through meetings in Moscow in 1943, Dumbarton Oaks in 1944, and Yalta and San Francisco in 1945. The Charter represents a great measure of agreement—in my mind, the maximum Charter agreement possible at present.

Since the signing of the Charter three years ago this month, what specifically has been accomplished?

There is, first of all, the achievement in organization. The principal organs—the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice, and the General Assembly—have been established and are meeting regularly. A secretariat of 4881 people has been gathered from 55 nations to serve these organs.

But that is just a fraction of the story. The Security Council has the Military Staff Committee, the Atomic Energy Commission, and the Commission on Conventional Armaments working under its jurisdiction, and it has sent subsidiary groups to Greece and Indonesia. The Economic and Social Council has created 11 commissions and six sub-commissions which are meeting at various points around the earth.

These groups have, in turn, set up still further machinery for international co-operation. The Economic Commission for Europe, for example, has expert bodies at work on such common European problems as coal, timber, transport, and manpower. The Trusteeship Council has sent a committee of investigation to Western Samoa. The General Assembly has created special commissions to function in the Balkans, and in Korea and an Interim Committee made up of all member states to function between sessions of the General Assembly.

No other period in human history has shown a comparable record of organization for co-operative work on mutual problems.

The record of organizational achievement continues :

Three specialized agencies that existed before the signing of the Charter have been made integral parts of the United Nations Organizations. These are the International Labour Organization, the Universal Postal Union and the International Tele-communications Union. The uniting of the specialized agencies with the central organization represents a significant advance over the old League of Nations.

Five new specialized agencies have been established and made a part of the United Nations structure. They are the Food and Agricultural Organization, the International Bank, the International Monetary Fund, the International Civil Aviation Organization and the United Nations Educational Scientific and Cultural Organization.

And at least five more are being brought to completion—the World Health Organization, the International Trade Organization, the International Refugee Organization, a Maritime Agency and an International Organization of Weather Forecasters.

It is quite a catalogue. But it is worthwhile to list them. It reveals that there is hardly a phase of constructive human activity reaching

across national boundaries that the United Nations is not seeking to promote.

In 1947 this network of organizations brought governmental representatives together at more than 1900 meetings! In 1948, the number of meetings will exceed 2500. The organized attacks on the problems facing the international community represented by these meetings is without parallel.

"Sure," the cynic replies, "you've built a lot of machinery, but what good does it do?"

The truthful answer is that we will never know for certain, all the good that has been done. Let me cite an example of what I mean.

Last fall, the Coast Guard cutter *Bibb* rescued 69 persons from the *Bermuda Sky Queen* when it was forced down at sea. It was quickly pointed out that credit for the rescue should go to the International Civil Aviation Organization which had established a north Atlantic weather observation and rescue system of which the *Bibb* was a part. And, of course, the exchange of radio messages was assisted by the existence of the International Tele-communications Union. The more important fact was not mentioned, nor was it even remembered. That fact is this : that the daily routine functioning of these weather ships prevents many such dramatic and more tragic events from even taking place. Thousands of transoceanic airplane passengers arrive safely at their destinations without knowing of the help they have had from the ICAO, or without even being aware of its existence. Yet, because of it, diplomats, business men, teachers, students, correspondents, and others move from country to country, from continent to continent with greater speed and in greater safety. Who can ever give an accurate estimate of how much the ICAO has contributed toward helping nations and peoples to work together more effectively?

It is possible to list specific accomplishments ; and it is an impressive record. Yet I think it is fair to claim that even the most complete list merely *suggests* the actual accomplishments. The indirect benefits, the trouble averted, will never appear on the balance sheet.

For some time to come, the most signal accomplishments will be those of the specialized agencies and related efforts in the economic and social field. The postwar years have demonstrated clearly that political agreement is difficult in the midst of economic chaos, human misery and despair.

By working through the specialized agencies and by such efforts as the European Recovery Programme, we can gradually create the conditions that will make political agreements possible. People who see something other than hunger and frustration ahead will refuse to be intimidated or ruled by organized, despotic minorities. If people are lifted from the slough of economic despondency they will have a better chance of exerting their will for peaceful, co-operative relationships. Our desire for peace, therefore, requires that we give earnest support to the measures that will develop the specialized agencies. The experience of the past three years warrants this support.

Hunger is the germ of many political ills. Today three-quarters of the people on this earth have a less-than-adequate diet. With expected increase in population, food production must be increased 110 percent. in the next 25 years if mass hunger is to be averted.

What is the Food and Agriculture Organization doing about this?

It has established the World Food Council to help allocate exportable food surpluses and fertilizers, to promote the production and distribution of farm machinery and to focus attention on the dangerous food situations. It has picked outstanding agricultural experts for special missions to Greece, Poland and Siam to work out plans for increased agricultural production in these countries. It has held international conferences to increase production of rice, cereals and timber. It has helped the countries in the Near East to begin work on deep-well irrigation and drainage projects. It has helped Peru establish refrigeration and storage facilities for its fishing industry and has given similar

help to Iran, Czechoslovakia and China. There are other food producing projects under way such as field demonstration schools in Europe on hybrid corn, artificial insemination and veterinary techniques. All of these efforts represent the mobilizing of the world's best minds to make their knowledge, experience and technique available to the greatest number of people. And I have, by no means, covered all the activities undertaken by FAO.

For example, FAO advice was involved in the loans advanced by the International Bank for the purchase of agricultural and industrial machinery. This relationship will become even more significant as improved economic conditions enable the International Bank to turn its attention from loans for purposes of reconstruction to loans for the development of untapped resources in the less developed areas of the world. Thus far, the Bank has made loans to France, the Netherlands, Denmark and Luxembourg which total half a billion dollars; all of them for such specific essentials as steel-mill equipment, locomotives and farm machinery.

The distribution, as well as the production, of commodities is being promoted by the United Nations. Efforts to establish an International Trade Organization have already resulted in the most significant negotiations in the history of world trade. Agreement was reached among 28 countries, representing 70 per cent. of the world's international commerce, for reduction of numerous trade barriers. Over 100 separate agreements were reached. Continuation of the work begun will eliminate the economic nationalism which, probably as much as than any other single factor, led to the last World War.

One of the most dramatic proofs of the value of international co-operation has been provided by the World Health Organisation. Last fall a serious cholera epidemic in Egypt threatened the entire Middle East. The WHO with the aid of ICAO collected vaccine from 15 nations and delivered it to Egypt. The disease was confined to Egypt and was brought under con-

trol within two months. It was the first time in medical history that an epidemic which spread at a rate of more than a thousand cases a day had been brought under control so quickly. This action was achieved even though WHO is not yet formally established. In addition, it has set up 11 expert committees for world-wide attacks on such huge man-killers as malaria, yellow fever, and tuberculosis. It has established a fellowship programme under which 200 specialists in public health from nine countries are receiving advanced training. Groups of experts have been sent to aid the health authorities of China, Ethiopia, Greece, Italy, Poland, Austria and Hungary. The final establishment of the agency will represent a significant advance in the campaign to promote the physical well-being of mankind.

Other humanitarian achievements stand high on the record of the United Nations' first three years. Food supplies have been provided for more than five million starving children in Europe and in Asia through the Children's Emergency Fund. The International Refugee Organization has found new homes for nearly 80,000 displaced persons who can thank the United Nations for the chance to begin new lives.

Hunger's major ally in obstructing world unity is ignorance. The efforts of UNESCO to combat ignorance and implant the idea of peace in the minds of men are outstandingly important. In its first few months of operation, UNESCO has helped to restore educational facilities in war-torn areas. Books for libraries, materials of all kinds for schools, scientific equipment for laboratories, instruments for musicians, fellowships and training scholarships for students and teachers have been provided. Pilot projects to develop methods for mass attacks on illiteracy have been prepared for Haiti, China and British East Africa. School text books to promote better understanding of international problems are being planned and last summer the first seminar on International Understanding brought

together educators from 31 different countries. The United Nations has recognised that One World can not be achieved while half of the world community remains illiterate. Moreover it has started to do something about it.

I have said enough, I think, to give some idea of the scope and importance of the work already launched by the specialised agencies. Some of these agencies have been in operation only a few months. Still others are just being organized. But they are forging ahead in the gigantic task of creating the conditions of peace from the rubble of conflict. Their work is subject to the general guidance of the Economic and Social Council which is, itself, making significant contributions to the general good.

The Economic Commission for Europe, for example, has broken numerous bottlenecks that were choking European production. Conveyor belts, lining for steel mill furnaces, are examples of vital shortages which the Commission is removing through expert planning and co-operative action. More efficient truck transportation, better freight car distribution, allocation of coal supplies are other specific achievements of the ECE. In addition, its facilities have helped in planning the European Recovery Programme and will become increasingly important in the execution of that programme.

Similar action is being taken in other geographic regions. These groups, together with such bodies as the Economic and Employment Commission, are giving guidance and direction to the irrepressible drive of the under-developed regions of the earth toward better use of their human and material resources.

UNESCO's efforts to implant peace in the minds of men is being supplemented in many ways. The Commission on Human Rights is seeking to extend guarantees of individual liberties. The subcommission on Freedom of the Press is attacking barriers to the flow of information among peoples. The drafting of conventions on genocide and individual responsibility for aggressive war, the codification

of international law—all these are part of definite steps that have been taken by the United Nations to uplift the ethical standards of mankind.

The endless multiplication of the positive acts I have mentioned would not be possible without the machinery of the United Nations. It is developing the habit of co-operation among an increasing number of nations in an increasing number of fields. It is compiling a steadily growing list of demonstrable benefits of international collaboration. Sooner or later, this record will begin to penetrate into the political field. I believe that when it does, many of the dissensions that have darkened the past three years will begin to clear away.

It would be unfair and inaccurate, to suggest that the United Nations has not been a valuable instrument for promoting political settlements. The fashionable attitude that misuse of the veto is paralyzing the Security Council is not supported by the facts. Certainly the Security Council's strength has been impaired by the differences that have divided the great powers, but it has succeeded nevertheless in exercising its peace-keeping functions in a number of important situations.

The Security Council succeeded in inducing the Soviet Union to withdraw its troops from the territory of Iran. It has not brought peace to Greece, but the Council and its Commission of Investigation undoubtedly upset the timetable of the aggressors and give us the opportunity to help Greece in its struggle for freedom. The withdrawal of British and French troops from Syria and Lebanon was in response to a Security Council resolution.

One of the most exciting and most important historical facts of our time is the great surge of the Asiatic peoples toward independence. In the three years since the Charter was signed, over half a billion people have gained the right of self-government. This movement—of crucial importance to our developing civilization—is receiving constructive assistance from the Se-

curity Council. It is helping the newly established free governments of India and Pakistan—on whom 400 million people rely for the fulfillment of their aspirations—to adjust the differences that brought them to the verge of conflict. As in Indonesia, the Security Council has stopped a war and has begun helping 90 million people toward self-government. The Council's Committee of Good Officers not only secured a truce but it obtained agreement to a set of fundamental principles of freedom, democracy, and co-operation leading toward the early formation of an independent United States of Indonesia.

Even where the Security Council has failed to achieve agreements it has led to better understanding of the problems we face. The work of the Atomic Energy Commission is a notable example of this. For two years the Commission has been working out plans for an effective international organization to insure the use of atomic energy for peaceful purposes only. As a result of that work, the nations are acquiring a better understanding of what are the irreducible minima for effective control. Only the Soviet Union, the Ukraine and Poland have been unable to agree with the majority. But in disagreeing, they have helped to make still more clear to the majority what does *not* constitute effective control. On a subject of such vital importance as atomic energy, the value of this educational process cannot be over-estimated. Similar results have emerged from the work of the Military Staff Committee and the Commission for Conventional Armaments.

One of the greatest values of the United Nations is least apparent. Those of us who work in the United Nations have only gradually become aware of it. It is a powerful force that requires a little explanation.

I have mentioned that there will be approximately 2500 meetings held this year by the United Nations. The United States, as a greater power, will participate in nearly all of them. For each meeting we will have to have a *Policy*.

Consequently, we and other member nations are forced to reach policy decisions at a rate that was never before required. The fact of recurring public meetings where a nation cannot long remain silent has become a relentless disciplinarian for the makers of public policy. They, like other human beings, would prefer to postpone the making of difficult decisions. The United Nations does not permit this luxury. Moreover, individual national views are brought together under a single United Nations spotlight. Inconsistencies quickly become apparent. A nation's total foreign policy is subjected to global scrutiny. Weaknesses, omissions, reversals now can rarely be hidden or glossed over. Thanks to the United Nations, steady, responsible and conscientious policies and actions are required of the member states more than ever before. A nation which fails to meet this discipline soon finds respect for it standing and prestige in the international community declining rapidly. As governments become overwhelmingly aware of this fact, its repercussions will be profound.

The evidence of United Nations achievement could be piled still higher. I have merely mentioned the Trusteeship Council and the progress that is being made in advancing the welfare and political status of people in non-self-governing territories. And I have barely referred to the General Assembly and its Interim Committee. This "Town Meeting of the World" has demonstrated its vigour in many ways in Greece, in Korea, in Palestine, to mention but a few of the items that have appeared on the crowded agendas of its meetings. And now the Interim Committee is seeking to develop instruments for the conciliation of disputes between nations.

A look at the full record of the United Nations should take into account the disappointments. Even so, one can marvel that so much has been accomplished in so short a time. The doubters should review the first three years of our American national history. I believe I have said enough about these first three years of the United

Nations to prove its vitality and to justify faith in its future.

UN ACCOMPLISHMENTS

The UN sends its first economic mission to Haiti to study conditions, recommend ways to prosperity, better living standard. This is the first nation to request such assistance.

Trusteeship Council sends the first of its visiting missions to Tanganyika (British) and Ruanda-Ururu (Belgian), where they will spend two months observing political, economic, social and educational conditions and steps being taken for improvement.

International Children's (Emergency Fund (ICEF) votes one million dollars to extend aid to German children for four-month period. Aid will go to all four zones. Decision taken as a result of study by ICEF team in Germany which reported low morale, psychological breakdown more of threat to state and people than lack of food.

ICEF sends 1,500,000 pounds of dried whole milk to children in Europe and China. Waiting at the docks for shipment are 627,000 pounds of codliver oil.

FAO sends two soil-conservation experts to help Italy set up an oil and water conservation programme and acquaint FAO's European members with soil management.

"Searchlight on the Nations," a two-reel documentary film on international communications produced by the UN Film Division, wins honorable mention at the International Film Festival in Mariánské Lázně, Czechoslovakia. It will be shown shortly at theaters in the U.S.

Seven film producers, directors and cameramen from Belgium, China, Denmark, France, Greece, Norway and Poland have been awarded fellowships for an 8-month study period in British movie studios by UNESCO. The fellowships were set up by the British Film Producers' Association. UNESCO sets up the International Federation of Children's Communities to co-ordinate activities, sponsor psychological re-

search, train personnel, raise funds and collect books, sports equipment and so forth, for the "villages" now operating in 12 European countries for the care of war orphans.

The world's largest mass tuberculosis immunization program has started. The International Children's Emergency Fund, the World Health Organization and the Scandinavian Red Cross Associations will test about 45,000,000 European children. Those who are uninfected will be inoculated with BCG preventive vaccine.

WHO accepts invitation to use laboratories of the Pasteur Institute of Paris for research in epidemiological diseases.

Experts from six nations submit report to WHO on the use of streptomycin to treat tuberculosis.

International Bank loans \$ 12,000,000 to four Dutch shipping companies for the purchase of six reconverted US "flattops" which will be used as cargo vessels. The loan is guaranteed by the Netherlands Government.

Economic and Social council adopts further international controls on manufacture and use of new synthetic, habit-forming narcotic drugs.

Economic and Social Council approves sending group of UN experts to Peru to study effects of chewing and other habit-forming practices.

Economic and Social Council unanimously approves report of Economic Commission for Europe recommending expansion of commerce between Eastern and Western European countries.

UN publishes first Year-book of Human Rights.

BRETTON WOODS TWINS

The world's finance ministers and governors of central banks with their retinues of experts, gathered in Washington for the meetings of governors of the International Monetary Fund and the International Bank for Reconstruction and Development. These Bretton Woods twins have had 2½ years in which to thrive and show

their mettle since their baptismal feast—the inaugural meeting of governors at Savannah in March, 1946. To assess their performance, it is well to recall this earlier gathering, at which the fundamental issues that were to determine the character of these issues concerned the basic character of the Bank and Fund: whether they were to be political or technical institutions; whether they were to provide a meeting place for bankers for representatives of governments; whether each was to be managed by an international staff owing its allegiance to an international institution alone, or by a large concourse of executive directors and their alternates sitting in permanent session and owing allegiance primarily to the governments which appointed or elected them. This last choice involved two issues: first, the sitting of the Bank and Fund, whether they were to be in the political or financial capital of the United States (the fact that they should be in the United States at all had been decided earlier, at Bretton Woods itself), the second concerned the powers and incidentally the salaries to be given to the executive directors and their alternates.

The first British Governor, Lord Keynes, felt deeply on these issues and with all the concern of a man who could rightly claim the major share in the paternity of the twins. It is instructive to recall the speech he made at the inaugural session of the Savannah meeting. In this he invoked all the qualities that the good fairies should be bringing to the two infants, at this their christening; but he added that if by ill chance some bad fairy had not been invited (like Carabosse at the baptism of the Sleeping Princess) it would lay a curse on the twins: "You two brats shall have an arriere pensee; everything you determine shall not be for its own sake or on its own merits but because of something else." And Lord Keynes added that if this were to happen "the best that could befall would be for these children to fall into an eternal slumber, never to waken or be heard of again in the courts and markets of mankind."

This danger of the intrusion of politics must be more particularly present with the Fund whose concern is primarily with monetary policy, a jealously guarded preserve of national sovereignty. Looking back at the history of the Fund over the past year it cannot be said that it has altogether escaped the curse of Carabosse. The sitting of the Fund in Washington has inevitably tended to make that institution an organ of the U.S. Government and its American executive director an agent of the National Advisory Council, the financial committee of the U.S. Government. While that political influence has been used discreetly and on the whole wisely and constructively, it cannot be denied that the mere intrusion of political influence has caused some resentment and suspicion among non-American members of the Fund and has lost for that institution some of the complete and unquestioned confidence with which it should be held by all member countries. One illustration of political inspiration will suffice—the decision to debar all member countries which are recipients of Marshal Aid, from purchasing American dollars from the Fund. The decision may have had considerable logic behind it; but the manner in which it was made and the obvious American prompting that lay behind it, gave it the appearance of a diktat which cut right across the concept of automatic access of members to the facilities provided by this institution, subject to the rules agreed at Bretton Woods.

Since it began operations, in March, 1947 the Fund has done valiant work within the limit of its resources in filling the world's dollar needs. Its cumulative operations to date show sales of exchange amounting to \$ 683 million, of which all but \$ 16 million represented sale of U.S. dollars. The scale of these operations has been steadily diminishing, partly because of the barring of E.R.P. countries and partly because some members, including Britain, virtually exhausted their 12 month quota of permissible operations well before the 12 months were over. Since the beginning of the current

fiscal year on May 1, 1948, and up to the end of July, the Fund had only sold exchange for \$ 27,528,000 and the month of July itself provided one single operation, the sale of 100 million Belgian francs to Norway.

Looking back over the past year's activities of the Fund, no criticisms or second thoughts suggest themselves regarding the original decision to accept the parities notified by members before the Fund started to operate. However artificial these parities may have been, there was neither the statistical material to calculate true parities, nor the uniformity of economic development throughout the world to ensure that these parities, once calculated, would have remained valid for more than a very short period. The Fund has, in fact, made a good case for accepting the original parities while keeping a particularly open mind in its judgment on requests for changes of parities. The Fund record is much more vulnerable on the issue of multiple currency practices with differential rates of exchange. One real fight appears to have been fought on that issue, that from which France emerged defiant and victorious. This appears to have broken whatever will the Fund ever possessed to resist infringements of its basic rule, that members should not indulge in multiple currency practices. After recognising experiments made in this direction by Greece and Italy, the Fund has been scattering dispensations from this rule among its South American members. The effect has been to penalise the disciplined and the well-behaved. Multiple currency practices not only call to question the official parities recognised by the Fund; they are also leading to an increasing distortion of the channels of world trade, a distortion which mainly harms the countries which continue to shun these practices.

Neither has the Fund emerged wholly victorious from its battle against differential gold prices. The more brazen proposals submitted by certain members to subsidize their domestic gold production by paying higher

domestic currency prices than those corresponding to the official parities, have been suppressed. The grossest and most glaring abuses of international traffic in gold at differential prices have also been stopped; but in fact gold continues to find its way to the free markets of the Middle and Far East in sufficient quantity to make it quite apparent that the edict of the Fund against dealing at unofficial prices is being ignored by some of its members. In the fight against open and hidden transgressions of its rules, the Fund has undoubtedly lost face during the past year.

As for the International Bank, the past year has seen a gradual reduction in the tempo of its activities. The first hopes that it might play some part in the European Recovery Programme have been disappointed; it stands outside the main channel through which American capital is now flowing to other countries. It is perhaps inevitable that the Bank should have to take a back seat in international investment, since the international demand for new capital is almost exclusively for dollars and the Bank's dollar resources are severely limited. It collected about \$. 750 million in dollar subscriptions from the United States and other member countries. In addition, it mobilised another \$. 250 million by last year's issue of bonds in the American capital market. It has to date made loans of slightly over \$. 500 million. Since its dollar resources cannot be allowed to run down completely, the remaining scope for dollar loans is modest and will so remain unless Wall Street can be induced to absorb another issue of the Bank's bonds. There is very little prospect of this at the moment. The Bank has undertaken one or two minor non-dollar operations, such as providing a few Belgian francs for Luxemburg and Swiss francs for the Netherlands, but these are abnormal transactions and given the comparatively expensive terms on which they were made are unlikely to provide precedents. For the time being the role of the Bank appears to be to offer modest prospects of dollar loans

for Latin-American countries, thus helping to console these for the major direction of U.S. external assistance towards ERP.

While the operations of both Bank and Fund have been slowing down, the same cannot be claimed for the scale on which these two institutions live and provide livings. For the fiscal year to June 30, 1948, the Bank had an administrative budget of over \$. 4,000,000—an outrageously high figure in relation to the actual business done. When the accounts of the Fund for the past year are published this sum will probably be shown to have been exceeded by that institution. The worst fear of those who looked askance at the grandiose scale on which these two institutions were launched are now being realised. The staffs of each appear to be out of keeping with the volume of business which is being transacted. The Boards of Executive Directors with their fourteen full-time directors and fourteen alternates, all of them drawing large tax-free salaries, with quite inadequate work to occupy more than a small fraction of their time must tend to become lush and convenient pastures where governments put out to grass tired or deserving pensioners. There are honourable exceptions to this tendency, and some member countries have seen fit to keep their representation and the expenses they incur down to the minimum. Apart from the boards, the staffs of these two institutions are becoming unduly inflated. The Fund is reputed to have over 200 employees in its Research Department doing little more than is accomplished by a mere handful of people at the Bank of International Settlement at Basle. The Bank and Fund share a building, but nothing else. They have no common services. On the contrary, they tend to bid against one another for talent. As a result considerable duplication of effort is taking place within the four walls of the same building. What is worse, this inflated scale of administrative expenditure aggravates the dominant problem which these two institutions were formed to cure—the world's shortage of dollars,

Their income is provided largely by the poor and the needy. It is they who have to take the Bank's loans and use the facilities of the Fund. Under the Keynes scheme, the excessive creditor would have been paying heavy interest on its large bancor balances and would thus have made his contribution to the running expenses of the Clearing Union. But no part of this idea survives and it is the deficit countries which provide the bulk of the income of both institutions. Their outlay on the contrary, is almost wholly in the form of U.S. dollars, since they are situated in Washington and pay their salaries in dollars. There is therefore a very strong case to be made for a drastic curtailment in the budgets of these two international institutions. By such action they might even provide a salutary example to the even more white elephantine services and offshoots of the United Nations whose mounting expenditure and increasing administrative inefficiency urgently need reform. Slimmed and stripped of their superfluous fat, the two Brettonwoods institutions would be in better shape to tackle the work for which they were intended and to fulfil the valuable functions that still lie before them.

PROMOTING ECONOMIC STABILITY

WORLD HEALTH ORGANIZATION'S ROLE

By stimulating a global attack on disease, the World Health Organization (WHO) can help to conserve the manpower necessary to increase world economic production and stability, Surgeon General Deonard A. Scheele of the U.S. Public Health Service, points out. The United States, Scheele says, has helped to organize and now fully supports WHO because: "Peace depends upon economic stability and economic stability upon conservation of manpower. The health of infants now being born must be protected. The health of adults must be raised and maintained at the highest possible level, if economic productivity is to be raised and maintained."

The highest-ranking health official of the United States, Scheele spoke before the centennial

meeting of the American Society for the Advancement of Science held in Washington, D.C.

"For nearly 50 years," he said, "the official policy of the United States in the international health relations has had objectives similar to those of the World Health Organization. We have fought disease in our own borders, and sought to raise the level of public health; and we have helped other countries to improve health conditions among their people."

ONE OF WHO'S URGENT TASKS

One of the urgent tasks of the WHO, Scheele added, is to help alleviate the "great shortage" of drugs, medical supplies and equipment and personnel in many countries. He noted that "hundreds of millions of people have never seen a hospital, or a doctor, or a public health nurse. Before World War II, health services were undeveloped, or non-existent, in many parts of the world. In Asia, the Eastern Mediterranean, large areas of Africa and South America, both public health and medicine were far from well-developed. In northern and western Europe, the war-disrupted national health services have made progress during the past three years. But these gains can be lost rapidly unless the services can be stabilized and expanded."

To encourage and co-ordinate the activities of existing health agencies in meeting problems of different areas, he pointed out, WHO counts on decentralization. Six regional offices are planned—one each for the Western Hemisphere, eastern Mediterranean, western Pacific, south-east Asia, Europe and Africa. The problems of malaria, maternal and child health, tuberculosis, venereal disease, environmental sanitation, and nutrition, have top priority on the WHO programme.

Scheele said the WHO would be valuable in meeting world health emergencies, such as epidemics.

"Even before WHO became an official agency," he recalled "the interim commission proved

the value of a central organization working through regional offices. The outbreak of cholera in Egypt in 1947 was blocked with remarkable speed. The Egyptian Government needed vaccine. By placing its own credit back of the shipments, WHO quickly got the vaccine—from all over the world—to the place where it was needed. The Egyptian Government acting alone would have needed much more time to mobilize its dollar credits and assemble the vaccine." WHO is holding an emergency fund of several thousand dollars for just such purposes.

CO-OPERATION WITH OTHER ORGANIZATIONS

"Co-operation with other organizations, through liaison and joint committees, will make it possible for WHO to integrate many activities in the health field," Scheele said. He noted that WHO already has working relations with the International Children's Emergency Fund, and Food and Agriculture Organisation, the International Labour Office and the United Nations Educational Scientific and Cultural Organization, and plans to establish similar relationships with other organizations.

"The size and scope of the world's health needs," he said, "are so great that only combined well-planned efforts by all agencies can meet them."

Scheele pointed out that although WHO does not plan at present to conduct large-scale programme of research, "its function as a central co-ordinating agency is important to scientific investigation throughout the world. The plan for dealing with influenza is a good example of what the leadership of WHO can accomplish. The International Influenza Centre (in London) will make it possible to detect an epidemic brewing in any part of the world. With prompt action we may be able to halt its spread. Information on the worldwide occurrence of influenza will be assembled at the world centre, and co-operating laboratories will identify strains of the virus, wherever collected, in order that appro-

priate vaccines may be prepared for use on a wide scale in threatened areas."

Training of professional physicians and nurses, he said, "is a universal, primary need. The public health personnel will be an important item in the WHO budget for the first year. Funds were allocated for approximately 250 fellowships. The United States has already taken steps to strengthen the training of personnel from the other countries. Private and governmental agencies are supplying fellowships, including the Rockefeller Foundation, the Institute of Inter-American Affairs, the Pan American Organization and the State Department in co-operation with the Public Health Service. If the trainees in public health can take back to their countries expert skill and knowledge more personnel can be trained at home."

LIE'S REPORT

Secretary-General Trygve Lie released in August his annual report to the Assembly which has since held its Session in Paris. He appealed to the Big Four to make another attempt at agreement on Germany. "Nothing would contribute more to the effectiveness of the United Nations than a settlement of these differences," he said.

Concerned lest the explosive Berlin problem be brought before the Security Council as a chip on the shoulder, Mr. Lie added that, if it is brought to the U.N., it must be done "only in the spirit of a genuine attempt to reach a settlement."

To the Assembly which will be faced by reports of failure from the Atomic Energy and Conventional Armaments Commissions Mr. Lie suggested it to give its attention to another phase of mass destruction—biological and lethal chemical weapons—"probably potentially as destructive of human life as atomic weapons."

In his report, which is a summary of U.N. achievements, Mr. Lie declared, ".....It is time to think of the United Nations in other terms than of an infant which must be protected

from the harsh realities of world politics. We should start recognizing that the United Nations has become the chief force that holds the world together against all the conflicting strains and stresses that are pulling it apart."

WAR AND RUMOURS OF TRUCE AND DISARMAMENT

While American teen-agers were queuing up to enlist lest they be drafted, the Security Council's Commission for Conventional Armaments admitted it couldn't do the job it was set up in 1946 to do: finding a formula for reduction and limitation of armaments. The Commission, by a vote of 9-2 (USSR, Ukraine) adopted a British resolution that will virtually suspend its operations until the East and West can get together on a UN police force, peace treaties with Germany and Japan, control of atomic energy.

With the Atomic Energy Commission inactive and the Military Staff Committee still meeting but moribund, the UN's efforts at disarmament have thus virtually stopped.

An international bibliography of books, newspapers and magazine articles, radio scripts and movies dealing with the world's Number one headache—atomic energy—is being published by the Secretariat of the UN's Atomic Energy Commission.

The first volume covers the political, economic and social aspects of atomic energy and its control. Volume II, now in preparation, will deal exclusively with the scientific side. (Among publications listed in the bibliography is UNW).

Though there were occasional flare-ups, the Palestine front was quiet. Charges of violations from both Arabs and Jews were promptly

investigated by UN observers. To all intents and purposes, the Security Council's truce had successfully stopped the Holy Land War. As the peace spread, refugees, not guns, became the issue. Israel told Bernadotte that any final settlement must guarantee the safety of the 211,578 Jews living in Arab countries. Otherwise, Shertok declared, the 850,000 Arab refugees who have fled Israel will not be permitted to return home.

A few days before, Aubrey Eban, Israel's UN representative, asked the Security Council to take action against Britain for keeping 11,000 Jews in immigrant camps on Cyprus. This, declared Eban, is a violation of the truce. The Council asked all nations sheltering Arab or Jewish displaced persons to report numbers.

The Arab League, through Syria, finally put all their hopes into one last basket and proposed that the Security Council refer the whole Palestine case to the International Court for an advisory opinion. This proposal, designed to reopen the UN decision on partition and to postpone a solution based on that decision, was opposed by the US, France, USSR and Canada. It was defeated.

Israel has applied for UN membership, a move which would strengthen its hand by giving it official status.

The Security Council's Kashmir Commission has proposed a cease-fire order to halt fighting between Indian and Pakistan troops in Kashmir. UN military observers have visited both sides of the line and their findings are the basis of the truce proposal. Meantime, the Commission wired to Trygve Lie, asking for more English speaking military observers.

Money Banking and Insurance

INFLATION IN HYDERABAD

The problem of inflation has assumed first rate importance today and in India it is engaging the attention of some of the best brains of the land. The immensity can be judged from the numerous reports submitted by various committees and Hyderabad, being an integral part of India, cannot fail to be affected by it.

In studying the problem of inflation in Hyderabad it is necessary to bear in mind that Hyderabad has a separate currency, hence the degree of inflation need not be the same as in India. From the general trend of prices in the market it is evident that inflation here is slightly lower in view of the fact the par value of Hyderabad currency being O.S. Rs. 117 to Rs. 100 Indian currency. Actual figures are wanting to indicate the exact degree of inflation. This does not, however, mean that further inflation cannot take place. Considering the difficulties and conditions prevailing in India it is all the more essential that the authorities should take proper precautions and adopt such anti-inflationary measures as are required.

During the war years the acute inflation prevalent in India affected Hyderabad seriously, despite the fact that Hyderabad had no direct part in the war supplies. This was mostly due to Government stabilising the ratio. Hyderabad rupee depreciated along with the Indian rupee most undeservedly. It rose from 18 crores to 45 crores. There was a great demand for local currency because Hyderabad taxation was less and the purchasing power of Hyderabad rupee has decreased less than the Indian rupee. During the war years, however, labour unrest and profiteering were not so great in Hyderabad as in India, and so the degree of inflation was slightly less.

What are the causes, both direct and indirect, that have led to inflationary conditions in Hyderabad?

Amongst the external factors the situation in India is of considerable importance. The reasons for Indian inflation have been too well summarised to be repeated. It suffices to remark that not only Government and economists but all ranks of society have become alert in this respect. The capitalist and the socialist, the bankers and the industrialists, the academic professor and the common man, the Government and the people, are all exerting their energies to combat the ever-increasing inflation.

The internal factors contributed their own share.

The decline in production due to the movement of people from here to India, the disruption of labour, the flight of the middle classes and the monied people and the general fear of the people to invest their cash locally created a great deal of confusion. Apart from the flight of capital, saving and hoarding in forms other than money had become a grave problem.

2. The heavy Government expenditure on various unremunerative items such as purchase of arms and ammunition, maintenance of military and semi-military organizations, rehabilitation of nearly nine lakhs of "refugees" who infiltrated into Hyderabad, propaganda etc., was a drain on the public exchequer.

3. The loan of twenty crores to Pakistan.
4. Hoarding, profiteering and blackmarketing.
5. The rise in the cost of living and wage increments.
6. The element of competition was less operative in Hyderabad than in India.

How can this inflation be arrested and remedied? Inflation has a tendency to go on increasing rapidly. Unless proper and timely steps are taken it will develop into an uncontrollable economic malady and result in unnecessary suffering and hardship to the common

man. Briefly the measures required are:—

1. A definite and planned programme covering a certain period. This programme must be formed after a proper assessment of our present production and the extent to which it can be increased.

2. A proper and balanced allocation of the financial resources of the State.

3. An efficient currency and credit policy responding fully to the needs of economic activity in the country.

4. A thorough revision of the tax structure.

5. Offer of attractive terms for local and Indian capital to handle available resources of the State.

6. The abandonment, for the present, of large scale industrial plans involving heavy expenditure on imports of machinery from foreign lands.

7. Speeding up of production both agricultural and industrial.

8. Fixation of ceiling prices for essential commodities.

9. Government to launch a campaign for savings and investments by borrowings through Government and Banks.

10. Improvement of communication facilities

11. Proper incentives to private enterprise until such time as the State gradually assumes the predominant share.

12. An efficient statistical bureau.

Judging from the rapidity of the favourable changes that have taken place there is every hope that these and such measures will be implemented without any undue delay.

(Miss) JAYA MUTYALA.

BANKING CONTROL ORDINANCE PROMULGATED

By a notification in the Gazette of India (Extraordinary) of 18th September, the Government of India has promulgated an Ordinance, namely, the Banking Companies (Control) Ordinance,

which brings into immediate effect some of the important provisions of the Banking Companies Bill, which is now before a Select Committee. The promulgation of the Ordinance is recognition of the fact that the delay in passing much needed banking legislation has already harmed the economy of the country and that, in Bengal at least, a situation is developing amongst the smaller banks which calls for action of a more positive kind than has hitherto been forthcoming. The Ordinance seeks to give the Reserve Bank of India powers to assist sound banks and to protect the interests of depositors in other cases.

The main features of the Ordinance are as follows:—

1. It authorises the Reserve Bank of India to grant advances to scheduled and non-scheduled banks in emergencies against such form of security as the Reserve Bank might consider sufficient. This power will enable the Reserve Bank to assist sound banks more freely.

2. It prohibits the grant of unsecured loans and advances by banking companies to directors and to firms and private companies in which the directors are interested, and requires banking companies to submit to the Reserve Bank returns of unsecured loans to public companies in which the directors are interested. This is intended to guard against injudicious investment by directors.

3. It provides for the maintenance by banking companies, at the end of each quarter, of assets in India which shall not be less than 75 per cent. of their demand and time liabilities in India. This will prevent foreign banks from transferring too large a portion of their assets outside India to the detriment of the depositors' interests.

4. It empowers the Reserve Bank to give directions to banking companies in regard to their lending policies so that where necessary rising prices may be checked by control of credit facilities.

5. It enables the Reserve Bank to apply to a court for being appointed as official liquidator so that where necessary and possible the Reserve Bank may arrange for the orderly liquidation of the bank that is being wound up.

6. It empowers the Reserve Bank to prohibit a banking company from indulging in practices detrimental to the interests of depositors.

7. It prohibits amalgamations or schemes of arrangement or compromise without the concurrence of the Reserve Bank, so that schemes which are detrimental to depositors' interests may not be adopted. It also empowers the Reserve Bank to assist as intermediary in proposals for amalgamation.

The Government of India has expressed the hope that the foregoing measure would result in strengthening the country's banking structure and in the cessation of undesirable practices.

SYMPOSIUM ON INFLATION

"Probably no word in the vocabulary of the inexact science of economics is used so widely as inflation and at the same time given such a variety of meanings."

A certain writer defines inflation as follows :—

In popular discussion the word is used to describe such various developments as printing of new currency, expansion in the volume of bank credit, an increase in Government deficits, rising commodity prices, or mounting costs of living. Not so long ago, the term was used in regard to large excess reserves of the American banking system and there have also been times when soaring stock markets and rising interest rates have been labelled with the same tag. All these things related to inflation: some may be causes and others symptoms. But none of them provides an adequate or accurate definition.

Inflation may be described quite simply. It is the result of spending which is excessive in relation to the available supplies of goods and services. It is the condition which arises when

the rate of expenditure by the people of a country gets out of line with that country's ability to produce. More money is spent but there is no comparable increase in the supplies of goods and services in the market place—perhaps even there is a decrease.

R. G. Hawtrey in his book 'The Art of Central Banking' describes inflation thus :—

The terror of inflation is due to want of a sense of proportion. The memory of the inflation remains, but the condition which brought it about have been forgotten. When I was five years old, I was shown a picture of a ship sinking and it was explained to me that a ship is all right so long as the water is *outside* her, but, when it gets *inside*, down she goes. Shortly afterwards I was crossing the Channel, and a few drops of rain fell on the deck. With the relentless logic of five years I jumped to the conclusion that the ship would sink. Exaggerated fears of inflation have done very great harm during the present depression and crisis. Many countries, particularly those of Central and Eastern Europe which previously suffered from monetary collapse, have clung to the semblance of a gold standard long after they have been quite incapable of sustaining the reality. They have been involved in a system of interference with imports through exchange control, quotas and prohibitive tariffs, of which the principal result has been that each country has increased the difficulties of all the rest. At the same time, proposals made in England or America to relieve the depression by bringing about an expansion of credit have been met again and again with the objection that they would cause inflation. Every plan of improving the ventilation of the Black Hole is rejected on the ground that it would admit air: That is a degree of ineptitude which Surajah Dowlah, with all his moral and intellectual short-comings, never attained. A simple criterion can be applied to determine whether any proposal for expanding credit is or is not legitimate. So long as it does no more than bring the price level into equilibrium with the existing wage level, it is beneficial.

The inflation is desirable. Indeed, people who regard the word inflation as necessarily having a bad sense would call this degree of expansion "reflation."

But the moment credit expansion goes so far as to require an increase in wages to put prices and wages in equilibrium, than there is an "illegitimate inflation."

It is at this point Prof. S. Kesava Iyengar and Nawab Mir Nawaz Jung in their joint book 'The A. B. C. of Central Banking' observe thus :—

The symptom of such an inflation is excessive profits. What is desirable is a price level which just makes industry remunerative and fully employed. Any further rise of the price level is a departure from equilibrium.

PRESENT INFLATIONARY SITUATION

It is nearly three years since World War II ended, but prices still continue to rise, though in varying degrees, practically throughout the world, causing grave anxiety alike to the people as well as the Governments. During the war in spite of a large increase in the total currency in circulation, the price line was held successfully principally by means of price control and rationing. Besides, in most of the belligerent countries people seem to have exercised great restraint on spending, reducing their consumption to the absolute minimum. After the war, the volume of money in circulation still continued to rise while the goods available for consumption were in short supply. The backlog of consumer demand began to assert itself and the voluntary restraint practised during the war years gradually weakened; there was actually a tendency to dissave, that is, to draw upon past saving for current expenditure. Besides, in many of the countries the wartime controls on prices and distribution were either relaxed or removed. This led to the problem of too much money chasing too few goods. Though the resources mobilised for war purposes were being gradually released for a peace-time economy, the process of reconversion was for various reasons painfully slow; as a result it was not possible to gear up

production to the desired level. In countries where inflation reached a high peak people almost lost confidence in their currencies and started hoarding goods and resorting to barter, thereby helping to bring about a fresh rise in prices.

VIEWS OF ECONOMISTS ON INFLATION

The following view-points of certain American Economists, make an interesting study of this all important problem of the day :—

All these economists are in substantial agreement that excessive demand, not deficient supply is the core of the problem. Although the general emphasis is on demand, they do not always stress the same aspects.

S. H. Slichter

Slichter criticises the banks for expanding credit too rapidly, corporations for raising dividends, trade unions for pressing for higher wages in three successive rounds, the government for its farm, credit and tax policies.

Among the respective counter measures Slichter raises an interesting point that employers and trade unions should work out concessions to wage earners which take the form of increased pension and insurance benefits rather than the form of increases in present rates of pay. Such arrangements would not obviate the necessity of granting wage advances, but they might reduce the size of the wage increases which are necessary.

He also makes a proposal for limited compulsory savings :—

The time has come for the government to consider a forced saving levy. Personal income taxes are already so high that further increase would be both unfair and impracticable. The prospect of persuading people voluntarily to buy large quantities of government savings bonds are not good, despite large personal holdings of cash and bank deposits. Hence, the only way to get a substantial increase in the holdings of government savings bonds by individuals is a compulsory levy. I suggest 5

per cent. on incomes above \$ 8,000 a year. In view of the present high income taxes, it is desirable that the levy shall not be too large. A stiff levy might easily defeat its purpose by inducing too many people to redeem their war savings bonds.

Since the levy would be a compulsory one, the new government security should be made quite attractive. I suggest a 6 per cent. rate of interest, tax exempt with the security not redeemable, except in case of emergency, within three years. A forced saving levy would give the government a substantial sum with which to pay for part of its debt held by the Federal Reserve Banks and to put strong pressure on the banks to cease increasing private bank credit.

Slichter further suggests that a powerful incentive should be given to people to spend less on consumer goods and to increase their savings. This could be done by permitting them to claim a rebate of one-third on the income tax on that part of their incomes which they save. It is especially important that such a provision be part of any general reduction in the income tax it would go far to offset the inflationary effect of a general cut in the income tax. If rebate on savings, a compulsory savings levy would be unnecessary.

An important step in halting inflation in the United States would be devaluation of the principal foreign currencies especially the pound and the franc. The United States is today the bargain basement of the world—its currency is too cheap in view of its ability to produce and to compete with other countries of the world. It is not surprising that inflationary pressures in the United States are so powerful. From the standpoint of the United States, it would be desirable if the inevitable devaluations could occur at once. From the standpoint of most other countries, the time for devaluation has not yet come. In connection with the Marshall plan, however, it may be possible to work out new rates of exchange between the dollar and other principal currencies before next summer.

It is in the interest of the United States that the devaluations occur while the accumulated backlog of needs in the United States is still large.

F. C. Mills

Mills accounts for 'High' profits in part by the inadequate allowances for depreciation, given high replacement costs. He observes:—

Historically, productivity gains have been a factor of long-term rather than of short-term significance. A gain of three per cent. a year in output per man-hour in manufacturing has been realized under favourable circumstances—a notable gain, indeed, but not one that would materially affect short term developments in the economy at large. Between 1919 and 1922, however, output per man-hour in manufacturing increased at a rate of ten per cent. a year. This extraordinary forward surge in the effectiveness of productive effort was a factor of major significance in the readjustments following the first world war. It facilitated cost and price realignments, contributed to a substantial gain in real wages, and provided a basis for the great advances in wealth, national income, and living standards that came in the twenties.

We stand now in a position somewhat similar to that of 1919. The over-all productivity gains of the recent past have been meagre. Presently available evidence indicates that from 1939 to 1947 the net gain in man-hour output in manufacturing was at a rate not much above one per cent. a year—far short of that to be expected on the basis of war-won advances in knowledge and techniques. If we can realize, within the next three years, the productivity gains that are potential in the existing engineering and economic situation, and provide for the wide dissemination of these gains, we should be able to meet the major foreign demands upon us, maintain domestic consumption, and effect necessary internal readjustments in our cost and price structure. To ensure that the benefits of advancing productivity not be absorbed by restricted groups, price and wage policies

should be adapted to conditions of high-level production. Under present conditions this means restraint on further advances in the prices of basic primary products and in hourly wage rates, narrow profit margins per unit of goods sold, and prompt reduction of selling prices as volume increases and cost declines permit.

No centrally-planned programme for the elimination of waste and the enhancement of industrial efficiency is here suggested. The point for emphasis is that the basis for extensive productivity gains has already been laid. Means of improving equipment and productive techniques are at hand; new materials as well as new skills have been developed. If the lines can be held for another 12 to 18 months against inflationary and uneven price advances, against further advances in unit costs, and against volume declines that might set off forces of cumulative recession, the realization of presently potential productivity gains could eliminate many of the stresses that threaten the economy today and could provide the added output needed to make the European Recovery Programme effective.

Joseph S. Davis

In discussing food prices, Davis underlines the rising expenditures on food, in part associated with the availability of alternative goods in the war (years), and in part with a shifting to expensive foods. He suggests that if the food price-inflation spiral is to be checked, the appropriate steps bear primarily on broad domestic demand. Curtailment of the export demand would be dangerously short-sighted, economically and politically; increase would be wiser. Moves to restrain grain speculation and to reduce grain use for beverages are of slight consequence. Little can be expected from efforts to expand food production, desirable though it would be in grains and potatoes. The Steagall legislation involving price supports of farm products should be soon modified. To restore price controls alone would be worse than futile.

The American people need to realize the importance of moderately lowering their high standards of food consumption in the interests of European recovery and world peace. Further growth in our consumer purchasing power, through tax reductions, wage increases, larger public works, consumer-credit expansion, and otherwise, is for the present untimely. Larger output of semi-durable and durable consumer goods, and of construction, can help absorb surplus purchasing power, unless credit expansion offsets the increase. American imports of various foreign goods merit stimulus by tariff cuts and otherwise vigorous attack on all sorts of wastes is called for—losses from pest damage to stored grain, food wastage in restaurants and homes, and extravagant feeding of hogs to heavy weights and of beef cattle to high grades. Consumer demand for animal products especially needs to be curtailed, and grain feeding sharply reduced, by intelligent and far-reaching campaigns of various kinds and by maintaining grain prices high relative to prices of animal products. Careful preparation for resuming limited rationing should be made with the cordial co-operation of producers, middlemen, and consumers, to be implemented if and when such additional pressure on demand is required. These are among the steps that now seem desirable to thwart the inflation spiral and to meet the risk of even tighter food situations in the next year or two.

Gottfried Haberler

Haberler emphasizes the contribution of wage inflation. According to him wage policies will have to be changed if further inflation or unemployment (or possibly a combination of both) is to be avoided. The powerful trade unions are now in the habit of demanding wage increases of 10 per cent. or more per year. Since labour productivity cannot possibly rise at that rate, it follows that prices must rise or unemployment appear. In the long run, union policy will probably be the main obstacle to maintaining a high level of employment for

any length of time without a rapidly rising price level. If then monetary, fiscal, or other measures are taken to stop the rise in prices (and in an economy like the American with a strong and numerous middle class, with a great many people and institutions depending on income from fixed interest securities, price inflation cannot and, I believe, will not be allowed to go on indefinitely), unemployment and depression are the immediate and unavoidable consequences. This amounts to saying that unless the power of labour organizations is curbed or controlled by some other means, a certain amount of unemployment becomes necessary to keep them in check. This dilemma posed by the modern labour movements has been clearly foreseen not only by conservative but also by liberal and socialist economists, such as Pigou and Myrdal.

Moreover, labour monopolies threaten inflation or unemployment not only through their wage policy but also by substantially reducing the level of output below what it could be through frequent strikes, restrictionist practices, reduced labour mobility, featherbedding, excessive shortening of the work week, and the like, not to mention the tremendous waste owing to the large uneconomical (and unjust) wage differentials which exist between unionized and non-unionized labour and between groups belonging to different unions. But these are mostly long-run factors, few, if any of which could quickly be changed, at least in peace times, so as to counteract a cyclical rise in price.

It is usual, after having criticized labour unions, to demonstrate one's impartiality by denouncing business monopolies and the tariff. Let me say, then, that the tariff should be reduced still further and that private monopolies should be curbed. But the popular indignation about the machinations of monopolies seems to me tremendously overdone. There are just no business monopolies comparable in importance to the existing labour monopolies or, if they do exist, we must assume that they make

themselves inconspicuous by pursuing ultra-competitive price policies.

Much more important than private monopolies are price pegging operations of the Government itself. Even during these inflation years, under existing legislation the Government has been and still is actively engaged in preventing price reductions of a number of food items by buying up and storing away substantial quantities of eggs, potatoes, dried milk, and other agricultural products.

K. E. Boulding

Boulding in the Keynesian terminology stresses the reduction of the liquidity function, that is, an increasing tendency to prefer goods against money in periods of inflation. He says:-

There is considerable evidence that we are in a "pressure economy" at the moment, and that we are trying to consume and accumulate more than we can produce, with consequent shortage in inventories. If this situation persists, the inflation problem cannot be solved by monetary means, unless these means affect plans for consumption and accumulation. Here is a case for the traditional use of high interest rates as a cure for inflation: their function is not merely monetary, in preventing the expansion of liquid assets, but is "real" in the sense that high interest rates restrict investment in durable goods and shift the capital structure back toward the non-durables. How effective high interest rates are in this role is an open question, and it may be that we need other more direct methods of restricting the production of durables at a time like this. One hesitates, however, to predict how long this "pressure" situation will continue. In so far as there are strong secular forces making for increased consumption (e.g., the shift of the age distribution away from the "productive" years, and the very accumulation of capital itself), it may be that the "pressure" problem is more likely to worry us in the coming decades than would have been though possible in the "vacuum" economy of the thirties. Nevertheless it is

likely that the immediate pressure, which arises from an abnormally high rates of investment (production) of durables (houses, plant, etc.) is not going to last, and that when the deflation threatens it will be essentially monetary in origin.

Fritz Machlup

Machlup sees in controls a source of disequilibrium and mal-allocation of resources, but nevertheless seems willing to accept a moderate control programme.

"It is not intended here to oppose rationing of anything under any circumstances. One may make a plausible argument for resorting even in peacetime to direct controls for a few selected things under very specific circumstances; to wit, (1) if the object of control is a necessity (such as bread, not meat,) (2) if the elasticity of its supply in the short run is practically zero, (3) if the elasticity of demand for it is very low, and (4) if it can be reasonably and safely expected that the emergency will be over soon, for example, because demand at the controlled price will greatly decrease or supply greatly increase in the very near future. One may conceivably even argue, although less plausibly, for a general price reduction scheme with general rationing if there is evidence that the reduced prices will within a very brief time be the equilibrium prices owing to an imminent decline in demand or increase in supply.

No sound argument, however, has thus far been presented to justify direct controls to enforce a general "roll back" of prices if neither a decline in demand nor an increase in supply is in sight. From this point of view, the United States is not in an "emergency" expected to pass quickly. We cannot expect a drastic reduction in demand in the near future—nor do we wish for it—and production is now at a rate as high as we can possibly maintain.

A. P. Lerner

Lerner is also opposed to controls. He is in favour of taxation, not the kind that discourage

production, but the one that fall on rents or surpluses of various kinds.

We have seen that price control by itself is no solution and that some sort of rationing is necessary to keep us from trying to consume more meat than there is for us to consume. The purposes of rationing with most of its disadvantages removed can be obtained by a plan devised by Dr. Franco Modigliani of the New School for Social Research. His plan is to give everyone a weekly allowance equal to the difference between a fair price of the available ration of meat and what the ration costs at the current high price, the money for the allowance to be raised by a tax on the production of meat. Nobody could say he needed higher wages since the allowance would enable him to get his ration at a fair price. On the other hand, he would be encouraged to buy other food instead, since he would get the allowance whether or not he bought the expensive meat. The tax on the production of meat would not only offset the inflationary effect of the allowance but would discourage farmers from feeding to animals the food that should be sent to starving Europe.

By some such means we can prevent specific shortages from starting the inflationary spiral, and at the same time, we can avoid the inconveniences and inefficiencies of rationing. But the basic cure of rising prices must still be the equating of the supply of money to spend with the supply of goods to be bought.

M. Kalecki

Kalecki on the other hand emphasizes the adverse effects of decontrol. Starting with a few theoretical remarks about the pattern of changes in the cost of living after decontrol, *i.e.*, for the period beginning with the fourth quarter of 1946, he analyses the causes for the increase in the cost of living.

Let us denote the supply of essential food stuffs (in real terms) by *S* and the total consumption of essential food by *F*. We shall split *F* into two parts: *F* 1, the consumption out of

wages, salaries, and government transfers, and F 2. We have then: $F1=S-F2$.)

In the first half of 1947, the index of the cost of living (IV quarter 1946=100) was somewhat below the index of wages, salaries, and transfers probably because of a somewhat improved supply position. In August 1947, the opposite took place, the cost of living index was higher than that of wages salaries, and transfers, and this fits fairly well into what is known about the supply position during that period. Taking the non-food prices and the supply of essential foodstuffs as given, the cost of living changed in such a way as to equilibrate the demand for the essential foodstuffs with the supply.

TABLE 1.—COST OF LIVING AND SOME OF ITS DETERMINANTS

(Indices Adjusted for seasonal variations; IVth quarter 1946=100).

Date	Consumers prices*	Wages, salaries & Government transfers	Non-food consumers' prices %
1946			
IIInd quarter	86.5	98.8	94.2
IVth quarter..	100.0	100.0	100.0
1947			
Ist quarter ..	100.9	102.8	108.0
IIInd quarter .	102.4	108.2	108.8
August ..	105.8	104.8	105.8

*BLS index adjusted by the author for seasonal variation.

%Calculated from B.L.S. indices.

Let us look now at the changes in the cost of living from the second quarter of 1946 to the fourth quarter of that year. It is immediately obvious that the increase in the cost of living was much in excess of that which would follow from our theory. This can be explained by a number of factors:

(1) The consumption out of incomes other than wages, salaries, and transfers was kept down by rationing and also probably by the state of haphazard distribution resulting from price control of unrationed foodstuffs. As a result of decontrol F 2 probably increases significantly. (2) The demand for foodstuffs out of wages, salaries, and transfers was probably higher prior to decontrol than supply at controlled prices. (3) As a result of black or grey markets, the average prices before decontrol were probably a little higher than the level indicated by the cost of living so that not all the increase in the cost of living after decontrol was genuine. It should be finally added that the non-food prices increases as a result of decontrol more than would have been the case as a result of changes in cost, and that this rise contributed (according to our formula) to the increase in cost of living also.

It follows from the above that decontrol was a very important factor in the increase in the cost of living. Not only did it affect directly but it was also responsible for the subsequent increase in wages which naturally enough were requested by the workers and it is these increases that contributed largely to the rise in the aggregate wages, salaries, and transfers on the one hand, and to the increase of non-food items on the other. It also follows directly that as a result of decontrol, there was a fall in the real value of the aggregate wages, salaries, and transfers as indicated in Table I by the discrepancy in the rise in these incomes and in the cost of living, from the second quarter to the fourth quarter of 1946. Although, as said above, part of this discrepancy may be explained by the inaccuracy by which the cost of living index reflected the actual price situation before decontrol, there is no doubt that some fall in the real value of aggregate wages, salaries, and transfers in fact took place.

It is interesting to notice that although the rise in the cost of living was due to a great

extent, to the large rise in food prices effected through the mechanism described above, the rise in the real income of the farmers was not very large because of the increases in prices of manufactured goods which they purchase. The ratio of prices received by farmers to prices paid by them increased by only 8 per cent. between the second quarter of 1946 and the second quarter of 1947.

It also follows from Table 2 that the shift in incomes from the second quarter of 1946 to the second quarter of 1947 from wages, salaries, and transfers was rather toward corporate profits than to farm incomes.

TABLE 2.—PERCENTAGE SHARES OF AGGREGATE INCOME BEFORE TAX.

	II quarter 1946	II quarter 1947
Wages, salaries, and Government transfers ..	65.8	62.7
Income of proprietors except farmers, rent, and interest .	15.8	15.6
Farm income	7.6	8.6
Corporate profits* ..	10.8	18.1
Total ..	100.0	100.0

*Unadjusted for valuation of inventories.

Richard B. Heflebower

Heflebower lays stress on demand as the prime cause or rising prices and suggests the solution :-

The alarming prospect (*i.e.*, the continued rise of food prices, wages, and total expenditures) may be softened or, if it occurs, its life made short by a prompt reaction through the net influences of such factors as the following: (a) the current transfer of purchasing power from the urban to the rural families, whose expenditure rate is lower, particularly when durable goods are short, may reduce the proportion of consumer disposable in-

come which is spent: (b) the reduction of real income of sizeable urban groups of stable dollar incomes and their declining outlays for such postponable items as apparel: (c) the end of postponement of "catching up" consumption expenditure against which must be placed possibility that purchases may be speeded to forestall rising prices: (d) net effect of decline in non-food exports and of business expenditure at home. While these are potentially strong factors, one cannot say frankly that they give much promise of restraining the upward thrust of food prices, wages, and total expenditures during the next several months.

MEASURES UNDERTAKEN IN DIFFERENT COUNTRIES TO COMBAT INFLATION

We give below the measures undertaken in different countries to combat the inflationary pressures :—

U.S.A.

During 1947 the wholesale price indices in the U.S.A. went up from 141 to 162.5 and indices of food prices from 160 to 180. The volume of commercial bank loans also was continuously on the increase reaching a record level in October. The Federal Reserve Banks and the Treasury felt that this boom in advances was reaching dangerous proportions and urged the banks to exercise "extreme caution" in their lending policies, to curtail all loans that helped, speculation in real estate, commodities or securities and to confine bank credit to purposes "which will help production rather than merely increase consumer demands."

The other positive measures taken to control bank credit were :—

- (i) The banks were called upon to pay 20 per cent. of their "war loan" accounts.
- (ii) Government debt with the banks was reduced by such methods as the retiring of Treasury Bills, so that the basis of expansion of bank credit was curtailed.

(iii) To counteract the monetization of public debt by banks the fixed rate on Treasury Bills was relaxed in July 1947 and thereafter it has steadily gone up to nearly 1 per cent. As a sequel to the above, the rate on one year certificates too was unpegged and this rate went up from 7/8 per cent. to 1 1/8 per cent. Short-term rates of the banks also were raised by 1/8 to 1/4 per cent. Finally the re-discount rate of the Federal Reserve Banks was raised from 1 per cent. to 1 1/4 per cent. for discouraging member banks from borrowing from the Federal Reserve Banks against short-term Government Bonds.

(iv) The reserve requirements of the Central Reserve member banks were raised from 20 to 22 per cent. against demand liability and as the excess holdings of these banks were comparatively at a low level lately this increase was expected to bring considerable deflationary pressure on bank credits.

President Truman submitted to the Congress in November 1947, a comprehensive ten-point anti-inflationary programme asking for powers among other to (a) restore consumer credit controls—which lapsed at the end of November 1947—and restrain the creation of inflationary bank credit, (b) to authorise a regulation of speculative trading on the commodity exchange (c) to extend and strengthen export controls (d) to extend authority to allocate transportation facilities and equipment and (e) to reimpose price controls and rationing. This was whittled down by the Congress considerably.

The rise in American prices which had hitherto lagged behind that in many other countries has recently been accelerated. One of the consequences of this tendency has been a gradual decline in the value of the funds appropriated for military needs and for the European Recovery Programme, owing to a sharp rise in prices particularly of basic material products like coal and steel. At the special session of

Congress, called on 26th July, 1948, President Truman proposed an eight point programme to control the rising cost of living. The proposals included the reintroduction of excess profits tax, restoration of consumer credit controls, regulation of bank credits, regulation of speculation on commodity exchanges, allocation of scarce commodities, strengthening of rent control authority to use rationing, if necessary, and authorisation of price control for scarce commodities and of control over wages where adjustment of these would force a break in the price ceiling. Most of the above proposals, however, were not accepted by Congress. The Anti-Inflation Bill passed by the House of Representatives on 5th August provided for giving only limited authority over consumer and bank credits.

United Kingdom

In the United Kingdom where the inflationary pressure has persisted, although to a lesser extent than in some of the countries mentioned above, the securing of an exceptionally large budget surplus has been the principal means of meeting the situation. The surplus for 1948-49 is expected to be £. 778 million as against the revised estimate of £. 686 million for 1947-48.

The Government is also trying to stabilise prices through voluntary limitation of dividends and wages, for which the co-operation of capital and labour has been sought.

In recent months the imposition of a capital levy was being canvassed, but the Chancellor instead of imposing a capital levy of the regular type has proposed a levy on investment income above £. 250 in cases where the tax-payer's total income from all sources exceeds £. 2,000.

France

The main remedy proposed in December 1947 by the French Finance Minister, for countering inflation in France was the balancing of the budget for 1948 so that fresh additions to note circulation resulting from deficit financing could be avoided. A large portion of the capital

expenditure was expected to be financed by aid from America while for meeting the balance a special levy to be known as "special tax to combat inflation" was proposed on individual incomes⁷ and industrial, commercial and agricultural profits, exceeding 8,450,000 francs. The levy was expected to yield over francs 125 milliard and this together with the loan was expected to bring about a significant reduction in the volume of circulation. The levy was also expected to bear more heavily on agricultural and other incomes which had so far escaped lightly and lead to a more equitable sharing of the tax burden.

The increase in the ordinary expenditure was to be met by a poll tax "on the ideal of both sexes," the introduction of a consumption tax on some goods and an increase in taxes on cabarets, night clubs and wines.

Wages and prices were to be stabilised for a period of six months though an increase was permitted in the prices of industrial goods so as to remove the existing gap between industrial and agricultural prices. The imports of food-grains were to be increased substantially so that hoarded stocks would come out and help to check the rise in prices. The investment programme was also revised, the outlay for 1948 being 11 per cent. less than that for 1947.

France adopted the multiple currency practice. It was realised that maintenance of exports at a high level was essential for importing food and capital equipment. The franc was therefore devalued in order that it might find its natural level. A dual exchange rate was permitted, exporters being allowed to sell 50 per cent. of their exchange in the "free" market. This together with the devaluation was intended on the one hand to stimulate the export trade and on the other to bring out the hoarded gold and foreign exchange resources.

The "Conseil National de Credit" recently called upon all banks and financial institutions to exercise utmost caution in granting advances

and to restrict them from "operations essential to the national economy."

Further F 5000 denomination notes were withdrawn from circulation in February 1948 with a view to hitting at the black marketeers.

Italy

The main point of the Italian Finance Minister's anti-inflationary programme was a severe restriction of credit in the country. For this a policy of strict control over bank credit was initiated late in August 1947, all banks being compelled to restrict their credit to industry and to all clients who were suspected of using bank credit for speculative purposes. They were instructed to extend private credit only against goods or gold. Further, all banks were required either to deposit with the bank of Italy or invest in Government loans 20 per cent. of the excess of their deposits over 10 times their capital and reserves as on 30th September, 1947. This percentage was raised to 40 in the case of deposits lodged after 1st October. This provision of compulsory deposit was intended not only to restrict credit but also to make funds available to the Government.

The bank rate was also raised from 4 to 5½ per cent. mainly to put a halt to the growing recourse which the credit institutions were having to the Bank of Italy. The Lira was devalued with practically a free market established. Finally, an attempt was made to balance the budget.

Rumania

For stabilising the general price level, the Rumanian Government adopted an unusual procedure. Firstly, during the two months prior to stabilisation, it created a state of super-inflation by such methods as the liquidation of Government debts and the granting of larger advances to commercial banks by the Central Bank. The Government also secured the ownership of a large stock of goods by taking

over at official prices the goods lodged with the banks as collateral, by requiring the farmers to deliver the whole of their cereals crop to the State and by insisting on the payment of agricultural tax in kind. In August 1947, the Government blocked the whole of the currency and only a limited amount was released to individuals depending upon their status, the peasants and workers being shown some preference. The release was effected at the rate of 1 new Leu for 20,000 of the old. At the same time all prices were fixed in the new currency at levels above the prices ruling in the black market on the date of the stabilisation thus raising the cost of living 3 to 6 times in one day. Thus the Government by securing the ownerships of a large stock of goods, by effecting a drastic cut in the currency in circulation and by fixing the prices at a high level attempted to reduce the demand for goods and hoped to hold the price line in spite of the insufficiency of goods.

Russia

It is difficult to gauge the extent of inflation in Russia as no figures of the currency in circulation are available since 1937. But since the peasants were allowed to sell in the "free" market, their surplus produce after completing the quota by the Government, it is believed that vast hoards of currency were accumulated with the people during the last few years. But these did not lead to an increased cost of living as the Government rationed most of the important foodstuffs and maintained pre-war prices of these and other allocated products. However, when the Government contemplated discontinuing rationing towards the end of 1947, it feared that the large volume of money, might force prices up and lead to inequitable distribution. Therefore, before introducing decontrol the Government took measures in December 1947 to mop up a large part of the currency which in effect meant the introduction of "rationing by the purse" that is, a return to the free price system. The measures

taken by the Government in this regard were as follows :—

(a) All cash holdings were to be exchanged at the rate of 1 new rouble for 10 old ones, the existing money continuing to be legal tender only for a brief period usually a week or more depending upon the area.

(b) Bank deposits between 3,000 and 10,000 roubles were reduced by one-third and deposits above 10,000 roubles by 50 per cent.

(c) Current accounts of co-operatives and Kolkhozes were recalculated so as to cut down their nominal assets by 20 per cent

(d) All State Loans with the exception of one or two issued prior to 1947 and carrying, on an average, interest at 4 per cent. were consolidated into a single 2 per cent. loan and exchanged in the proportion of 1 new to 3 old.

This sudden and quick mopping up of purchasing power really amounted to the imposition of a capital levy. The measures were calculated to affect mostly the holders of cash. The Russians generally hold balances in cash and the above measures were calculated to cut down the total purchasing power in the hands of the public drastically and to bring about a redistribution of purchasing power as between the country and the urban areas in favour of the latter. The current earnings of the workers and employees in general are not expected to be affected as also the small savings of less than 3,000 roubles. Moreover, in view of the drastic reduction in the total volume of currency the workers and the employees would have their portion of currency appreciate in value. Also, since controls have been lifted the incentive for production is retained.

China

The Chinese Government has recently introduced a managed Gold Standard currency called the "Gold Yuan" backed by 100 per cent, reserve and convertible to foreign ex-

change under control. Special points of the currency reform include the following:—

(1) A managed Gold Standard currency called the "gold yuan" is to be introduced.

(2) Gold and silver dollars and foreign currency are to be surrendered to the Government at stipulated rates. Hoarding and dealing in these currencies will be prohibited, and their export-import will be controlled. Furthermore, foreign exchange assets of Chinese nationals abroad are to be registered with the Central Bank of China for control.

(3) Efforts will be made to balance national receipts and expenditure. These will include overhauling the national revenue system, adjusting tax rates according to pre-war standards, developing State-owned enterprises to make them self-supporting, disposing of surplus supplies and enemy properties, checking up and re-distributing civil and army personnel and other measures of financial retrenchment. The goal will be to make revenue cover at least two-thirds of expenditure.

(4) To balance external payments, ways and means will be adopted to promote exports and absorb Chinese remittances, while domestic production will be encouraged and consumption of imported supplies restricted as far as possible to save foreign exchange. Import quotas will be cut down in view of the United States Aid supplies now coming in.

(5) Drastic measures co-ordinated with the institution of the gold yuan will be adopted to control and stabilise prices, salaries and wages after conversion in terms of the gold yuan. No increases will be permitted in either salaries or commodity prices without Government approval in special cases.

The payment of salaries and wages based on the cost of living index will be discontinued in all public and private institutions.

The inspection of warehouses will be enforced. Factory-closure strikes will be prohibited.

Banking control will be tightened and strengthened particularly as regards the nature of credit extended by Government and commercial banks.

The scope of credit corporations will be limited. Inadequately capitalised banks will be eliminated.

Market interest rates will be lowered and domestic remittance charges adjusted.

All Chinese national dollar and lowest circulation notes (in use in Manchuria) are to be withdrawn before November 20 at the rate of three million national dollars for one gold yuan.

New Zealand

The Government of New Zealand has restored her pound to parity with sterling after an 18 year gap during which it stood 20 per cent. lower—in a move to cut the cost of living and ward off inflation.

It is believed that the restoration of parity would in the long run benefit all sections of the community. It would mean substantial reduction in the costs of imported commodities and contribute considerably to a reduction of farmers' and manufacturers' costs as well as the general cost of living.

India

The following is the full text of the Finance Ministry Communique announcing Government's anti-inflationary measures:

The Government of India have had under active consideration for some time the measures to be taken to combat the threat of growing inflation, the most significant indication of which has been the continuous rise in prices during recent months. They have had the benefit of consultation with Provincial and States Ministers, economists and representatives of industry and labour. After a careful consideration of the problem in all its aspects, they have decided to take certain immediate steps to improve the position.

The Government's policy in dealing with this problem is dictated by certain broad considerations. The first is to take all possible steps to keep the Government expenditure as low as possible consistent with efficiency, and to increase revenue by all available means. The second is to make a concerted effort immediately to ensure that there is no further rise in prices and the cost of living. The third is to so order future policy as to secure, in the shortest possible time, progressive reduction in prices to reasonable levels and the supply of an increasing volume of goods and services. Lastly, wherever possible, every endeavour should be made to curtail the purchasing power in the hands of the community and to prevent any addition thereto.

In the field of Government expenditure, it has been decided that the budgetary gap between revenue and expenditure figures should be reduced as far as possible both by the Provinces and the Centre and for the next year every effort should be made to provide surplus budgets. All avoidable expenditure will forthwith be postponed and all economies consistent with the maintenance of efficient administration, will be enforced. It is not the Government's intention to hold up development but in the present crisis it is absolutely vital to avoid all unproductive expenditure. A committee of the Cabinet has been set up to carry out an urgent review of all development plans, both Central and Provincial with a view to determine the relative priority of accepted schemes, so that expenditure on such of them as are not productive or could be postponed or slowed down, without detriment to the national welfare, might be deferred or curtailed.

BILL TO LEVY ESTATE DUTIES

Provincial Governments have also been warned that in present circumstances they can expect no financial assistance from the Centre in the implementation of their plans for the abolition of Zamindaris or for Prohibition, and that in trying to finance the cost of these schemes they

should see that the Centre's borrowing programme is not affected. Provincial Governments are also being advised to strengthen their finances by the levy of an agricultural income-tax where it is not now levied.

The progress of the Bill for levying an estate duty, the entire proceeds of which will go to the Provinces and which is now before the Central Legislature, will also be expedited.

As regards prices, the public are aware that the policy of decontrol adopted last December has recently been reviewed, and the revised policy regarding control of foodgrains and textiles has been announced. The Government hope to secure by the revised policy an equitable distribution of foodgrains and cloth at reasonable prices well below the existing levels. When the revised policy comes into full operation, there should be a marked decline in the present level of prices. The Government have also under consideration the question of securing a reduction in the price of sugar and a better distribution of other essential commodities like kerosene, iron, steel and cement, and they hope to be in a position shortly to announce their policy.

WIDER FACILITIES FOR INVESTMENT

One of the main causes of the present crisis is the existence in the hands of large sections of the community of purchasing power far in excess of the available supply of goods resulting in a progressive increase in prices. The position will naturally improve if the public invest more in Government loans and in savings schemes. In order to stimulate investments the Government propose, in co-operation with the Provincial Governments and States, to intensify the campaign for small savings. They have also decided to afford wider facilities for investments by the small investor in post offices. The maximum permissible limit for investments in Postal Savings Banks will be raised from Rs 5,000 to Rs. 10,000 and in National Savings Certificates from Rs. 15,000 to Rs. 25,000,

The Government have also decided to issue Treasury Deposit Receipts on favourable terms for 6, 9 and 12 months to cater for institutional investors seeking short-term investments, and the details will be announced shortly by the Reserve Bank.

In the field of industrial production, Government have come to the conclusion that in the present circumstances some special steps should be taken to stimulate production, and they have therefore, decided to grant the following concessions :

Firstly, the present rules regulating the allowance of depreciation on plant and machinery for income-tax purposes will be liberalised. Secondly, new industrial undertakings will be exempted from income-tax for a specified period. Thirdly, raw materials and plant and machinery imported into the country for industrial purposes will be granted relief in respect of customs duty, to the extent that this may be practicable without injury to Indian manufacturers of similar goods. Details of the concessions will be published shortly.

RESTRICTION ON DIVIDENDS

The Government attach the utmost importance to increasing the financial resources available for industrial development and at the same time preventing any addition to the existing purchasing power, as an essential preliminary to further measures to check inflation. As a first step in this direction some form of limitation of dividends is necessary, and it has been decided that for public companies the amount distributed as dividend should not exceed the average of the two years ending with March

31, 1948 or 6 per cent. on the paid-up capital, whichever is higher. It has also been decided to postpone the repayment of the Excess Profits Tax, deposits and of refundable E.P.T. for a further period of three years. Refunds will, however, be allowed for financing purchases of capital equipment.

The Government also propose to take action to secure in consultation with the Reserve Bank that the power recently conferred on the Reserve Bank to regulate the grant of advances by banks should be utilised to prevent speculation in commodities.

INDUSTRIAL AWARDS

The Central Government are convinced of the imperative need for uniformity in legislation regarding industrial disputes and its application. Divergent policy and unco-ordinated action in this matter can result in embarrassing repercussions on the economy of the country at the present juncture. Alongside, therefore, of the Government's declared policy in this matter, they intend to take measure by legislation and otherwise to ensure that uniform principles will be adopted under the overall control of the Central Government in the reference of disputes to adjudication, and the provision for the review of awards by a statutory authority.

The Government of India trust that the measures now announced will reassure the public and restore a spirit of confidence in all sections of the community. They have under consideration certain other measures on which they hope to arrive at an early decision and which, it is expected, will go far towards conserving this spirit.

S. SAADAT ALI.

Anti-Inflation Tips



Planning and Production

The following is an estimate of Hyderabad's resources by the Financial Times, London:—

HYDERABAD is not rich in natural resources and much of its wealth comes not from cultivation or from industry but from its strategic position in India. Situated in the centre of the fertile Deccan Plain, Hyderabad lies between Bombay and Madras, two of India's three major ports and between Bombay and Northern India. Wealth comes to the State, therefore, largely from its entrepot trade and from the traffic carried through the territory.

AGRICULTURE

Ancillary to this is the economy of the State itself. Covering an area of some 52 million acres and comprising both arable and forest land, the main industry is agriculture. Nearly half the acreage is under crop cultivation, principally paddy (a type of rice), wheat and maize, groundnuts and cotton.

It is a country of peasant farmers with small-holdings who live at a low level of subsistence, troubled frequently by disease and uncertain water supplies. For although the territory is crossed by the two major Deccan rivers, the Godavari and the Krishna, their variation with the winter rains of the dry season makes them unreliable for natural irrigation.

SELF-SUFFICIENCY

In nearly all agricultural products, Hyderabad is practically self-sufficient. In some products she has an exportable surplus of which, for example, the most important are coal and cement, groundnuts, linseed and castor oil and raw cotton. These products are sold principally to the surrounding provinces of Madras, Bombay, Mysore, the Central Provinces, and Berar. And to these she looks both for the provision and transport of those goods she does not provide for herself.

In small part, imports are of agricultural products for example, sugar, fruit and vegetables

and since the grain scarcity of 1946-47, wheat and rice. But more important are the chemicals and medical supplies, cotton piece-goods, machinery and machine tools, petrol and other fuel oils. And the only source for these is India or through Indian ports, Britain and other foreign countries.

Sufficient has been said to indicate the importance to Hyderabad of an efficient and extensive system of communications. During recent years, much has been done to extend the roads in the State, but the principal service is the railway. Now covering some 1,600 miles, usually of single track with broad gauge connections at the State boundaries, it links up with Bombay, Madras and Marmagao thus providing channels, for the distribution or collection of Hyderabad's trade.

It has been estimated that the value of rail-borne goods accounts for 80 per cent. of Hyderabad's total trade, which in 1947 amounted to some Rs. 80 crores. The road and rail systems are supplemented under normal conditions by an air service that provides daily services to Bombay, Madras, Delhi and Bangalore.

Much has been done in Hyderabad to foster industry. Although the advance has been considerable the part played by industry in the State's economy is still comparatively small. There are now some 600 industrial concerns in Hyderabad employing only approximately 75,000 out of a total population of more than 16 millions.

RAISING OUTPUT

They are, in the main, factories producing cotton and yarn, sugar, cement and paper. In two of these, however, viz., cotton and sugar, production is insufficient for domestic needs and supplies have to be brought in from the rest of India. Steps have recently been taken to increase the output of these two commodities and to this end extension plans have been put

into effect by three major enterprises, the Sirsilk company, a large sugar factory and in addition, a paper mill. The equipment for these projects has been bought primarily from England, with whom considerable contracts are now outstanding.

In addition, plans have been projected for a cement mill in the Godavari valley, where the raw materials are plentiful, and for a supplementary iron and steel works. These, with the construction of the thermal power station, also on the Godavari River, have been the major development projects in Hyderabad in recent years. In addition to the factory industries Hyderabad has an extensive cottage industry. Similar to that in other Indian States, the products are chiefly woven cloth, jewellery, brush making and furniture. Their contribution to the country's economy is comparatively small.

MAJOR ASSET—COAL

A major asset possessed by the State is coal, which she sells to India. The three major collieries of the Singareni coalfields give a high quality product that is distinctive of Hyderabad. India draws upon it for the maintenance of her three major Railways, the nearest alternative source open to her being in the Central Provinces.

Not only is the coal there, however, of an inferior quality but the distance of the mines from Calcutta adds appreciably to transport costs. Coal from Hyderabad is not only better but comparatively cheaper from India's point of view.

There are two other minerals in Hyderabad that may form a source of wealth for the State. Appreciable deposits of iron and gold are known to exist, but the working of them, begun in the case of gold, before the war, has been checked by the shortage of mining machinery. At the moment, therefore, the fields remain only a potential.

MUCH WEALTH

Little has appeared from this survey to indicate that Hyderabad could bring appreciable wealth to India as a part of that Dominion.

With the principal exceptions of coal and groundnuts there are few of the State's products that India could not obtain elsewhere. Even these could be bought with possibly some additional cost and loss in quality. The desire for the inclusion of Hyderabad in India cannot be for her natural resources alone.

REORGANISATION OF COAL INDUSTRY IN HYDERABAD

(BY D. T. RAO)

PLEA FOR NATIONALISATION

One important feature in the industrial life of Hyderabad is that it is the largest coal producing centre in South India. Compared with other collieries in the North, specially those in Bengal, Bihar, and Orissa, it takes high place, being the third largest in the whole of India. There is, however, a distinction to be drawn in the composition and ownership of the coalfields. In the North, it is private ownership in a few cases and public ownership in other cases, as is illustrated by the coal quarries and mines owned by the railways. Moreover, the ownership and availability are diffused among the various Provinces which makes the problem more complicated for the purposes of concentrated output or nationalised management.

SINGARENI COLLIERIES OUTPUT

In Hyderabad, more than 90 per cent. of the coal output comes through the mines worked by the Singareni Collieries Company Ltd., thus making the concern a monopoly producer. Though the mines in the State are worked by this company, nearly 88 per cent. of the shares are held by the Government which, for all practical purposes, makes it a national Organisation. At the time the negotiations took place for the purchase of the shares by the Government, it was incumbent upon them, if they had given the least thought to it, to completely nationalise the deal, thus assuring to it the grace of economy if not of integrity. But for reasons best known to themselves the authors of the negotiations never contemplated any scheme of nationalisation.

The arrangement was an offshot of the old machinery of the British Government to dominate indigenous industry without making adequate investment. Whatever might have happened in the past to avoid the nationalisation of coal industry in Hyderabad and to perpetuate the Secretarial management of the Industry, the time is ripe in the context of the economic factors operating in the State to own the mines immediately. It, therefore, goes without saying that as a first step towards the nationalisation of the coal mines, the system of Secretarial management must go once and for ever. The practice has led and is bound to lead to undesirable abuses about which the less said the better. Resentment against such management, was shown by the workers in 1945.

NATIONALISATION IN HYDERABAD

As stated already, it is not difficult to nationalise the coal mines of Hyderabad because they are a wholly integrated lot and not of a diffused pattern. In England and France, where the coal mines were nationalised in 1946 and 1947 respectively a comprehensive scheme was evolved for administering the industry. The details of those schemes do not fit in with local conditions because the geological factors, the working methods, the nature of the machinery employed and the economic requirements vary widely. But certain fundamental principles are common to any type of nationalisation, such as the compensation awardable in the transfer of the ownership of mines from the existing party to the State, and the set up of the necessary administration for the proper production, distribution and transport and for the requisite ordering of the industrial relations. Such being the case, any nationalisation plan in Hyderabad for the control of the coal mines, should take into account these basic considerations.

INVESTMENT DETAILS

Looking at the coalmines operated by the Singareni Collieries Co. Ltd., the investment by the Government is 88 per cent. so that only

12 per cent. remains to be compensated to the shareholders. The method of compensation varies as between France and the United Kingdom.

1. According to French practice, if the shares are quoted on the Stock Exchange, the total value of the compensation granted to shareholders is calculated in such a manner that it shall be equal to the average market price during the six months preceding the transfer. In the case of partly nationalised concerns the residual shares are compensated by the value represented by the 10 years, average paid in cash and by the issue of 8 per cent. debentures redeemable within a period of not more than 50 years.

2. According to English practice, an Arbitration Tribunal was set up consisting of one High Court Judge, the Master of the Rolls, and an agreed appointment by the Government and the Mining Association jointly. The factors taken into account by the Tribunal were the annual maintainable revenue and the number of years to multiply to ensure fair compensation.

The maintainable revenue was interpreted as the net annual revenue which the assets might reasonably be expected to earn in the future. A period of 13 to 14 years was considered a reasonable factor of time. The compensation was not to be in cash but in State securities.

Applying any of these accepted principles of paying compensation, the shareholders of the Singareni Collieries Company Ltd, can only look forward to an equitable and just remuneration in the shape of redeemable or irredeemable securities issued by the Nizam's Government.

MANAGEMENT QUESTION

Next to the question of compensation, the most important point for consideration is the management of the industry. A national Coal Board has to be set up consisting mainly of nominees by the Government and two representatives of consuming public—one representing the Industrial consumers and the other represent-

ing domestic consumers. The consumers representatives shall have the right to advise the Board but not to participate and influence the decisions by their voting.

The representatives of the Government are selected from the principal departments of the State. Two are to be appointed on the recommendation of the Minister of Finance, one on that of the Minister of Labour, and the last on the recommendation of the Minister of Transport.

RESPONSIBILITY OF THE BOARD

The board shall be responsible for the mining of coal in the State and for ensuring the coal supplies in quality and quantities best suited to serve the interests of the public without showing preference to any class in particular. The internal division of work in the Board shall comprise six main departments, production, Scientific Research, Marketing, Finance, Manpower, and Welfare and Labour relations. The decisions of the Board shall be carried out by the Mines Personnel through the medium of the Commissioner of Coal Mines who shall act as Secretary to the Board. If the functions and responsibilities of the Board are to be carried out thoroughly, they shall have to be paid officers of the State as is the case in France and Great Britain. The urgency of nationalising the mines in the case of Hyderabad is obvious and it is hoped that the Government, though it be the Military Government will take immediate steps to remedy the existing defects in the management of the coal mines and arrange to create a structure of National Economy for the working and the maintenance of the coal mines which are the greatest national wealth of our State viewed either from the view-point of the present or the future.

Courtesy: DECCAN CHRONICLE

HYDERABAD SWEETS INDUSTRY

The manufacture of sweets is not a new thing to us. It has been in existence from times immemorial. A high degree of skill is required for this industry which is an art by itself.

Hyderabad with its skill in this art, is well suited to have a flourishing trade which has many inherent advantages. First of all, sugar, the most essential ingredient for sweets, is produced in Hyderabad and thanks to the Military administration plans are afoot to make the Nizam Sugar Factory the second largest sugar producing factory in India. Secondly, our labour is cheap and there is no need to worry about markets as the home market is ever ready to swallow the entire production. Sweets are popular not only with the rich and poor, old and young alike but even our deities seem to be very fond of them as is evinced by the rush one sees at the sweets shop on Fridays and Saturdays. We have a galaxy of sweets. The more popular among them include, *gulab jamoor*, *Mysoore-Pak*, *jilibe* and the *halwa* of different taste and varieties.

It is wrong to suppose that sweets are a luxury industry. The rich ingredients which go to make them have a great nutrition value. This industry has an economic value as it is a subsidiary industry. In periods of overproduction of sugar, sweets industry acts as a buffer by consuming the excess sugar. The cost of sugar can also be reduced by fixing cost of Joint product principle. This industry will also promote new industries, such as manufacture of liquid glucose, flavours and edible colours.

At present sweets industry is run on a cottage basis and no attempt has been made so far to run it on factory basis as is done in Western countries. Our sweets are far more delicious than those of other countries and a venture into this new field will be worthwhile, provided it is entrusted to the right hands.

At present the production of sweets is in the hands of *halwais* who follow traditional methods of manufacture which are unhygienic. They do not know organisation and modern methods. But a few enterprising ones have introduced better packing. Their greatest drawback is their perishability.

The backwardness of the industry is still more intensified by the scarcity of raw materials. The result is an enormous increase in the cost—four times the price of pre-war period. Sweets cannot be made on a large scale as they do not last long. Thus, there is necessity of air-proof packing and use of anti-oxidants in sweets.

If the price is to be lowered, it is necessary to produce sweets on a large scale. This implies machine production. The adoption of modern technique will result in many advantages, like attractive packing, longer storage life, uniform quality and hygienic manufacture. Scientific researches are to be made to increase the food value of sweets. And finally it would be well to tap our hitherto untapped forest resource—honey—in the manufacture of sweets. U.S.A. is making use of honey in the manufacture of sweets on a large scale and it would be worthwhile if we make a scientific research in this direction.

It is also important that there should be an established standard of hygienic requirements issuing licenses to manufacturers and seller, supervision by local Government Inspectors to check the quality of sweets, exhibition of sweets at fairs and assisting enterprising manufacturers with loans. The All-India confectionery Association can do much in this direction and encourage our local manufacturers to adopt modern methods.

M. MADHAVA RAO.

NEO-MALTHUSIANS

After more than a century of intermittent haunting, the ghost of a gloomy British Clergyman, Thomas Robert Malthus, was on the rampage again.

Malthus, who died in 1834, predicted that the world's population would soon outgrow its food supply. Then war, pestilence and famine, caused by over-population, would slap down presumptuous man. This did not happen. The world's population had doubled since Malthus'

time, from one billion to two, but new lands were cultivated and old lands made more productive. Better transportation brought surplus food from afar to feed the hungry industrial cities. There were local famines, as there had been, but the world never ran out of food. The gloomy Malthus who had underestimated both nature's resources and man's resourcefulness, had been wrong.

The Neo-Malthusians admit that he was wrong. But they claim that new and frightening dreads have developed recently. The present day world, they say, has no fresh lands (or almost none) to cultivate and old lands plundered by reckless exploitation are losing fertility as their irreplaceable top soil is washed down the rivers. Farm-lands cannot maintain their present production. The world population is still increasing rapidly and modern medicine by cutting the death rate from infectious diseases is sure to quicken this increase. The falling food-production curve cry the Neo-Malthusians, will soon cross the rising population curve. Then Kaput.

The Neo-Malthusian propaganda has, on the face of it, a high and beneficent purpose: to favour good farming practices. A similar erosion scare in the 1930s did result in wide-spread adoption of erosion control practices. Some of the clear implications of the present scare however, give unintended comfort to political and social policies that are anything but beneficent. If even rich nations like the U. S. have too little land to keep their people passably well fed (as some of the doom criers try to prove) then what should they do? The answer for any vigorous people is obvious. Go out and grab more land, clearing it, if necessary, of its present population.

The Neo-Malthusians want to warn man of danger; but their alarm is so loud that it may have the effect of deafening the world to its opportunities. To the real agricultural scientists close to the soil and its sciences, such pessimism sounds silly or worse. Every main article of the Neo-Malthusian creed, they say, is either

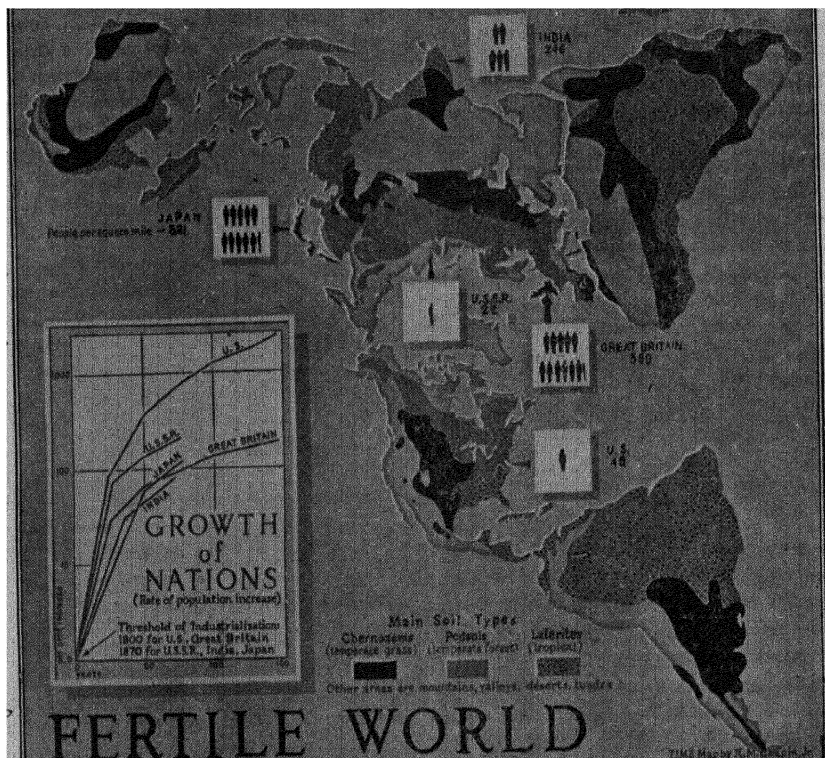
false or distorted or unprovable. They are sure that the modern world has both the soil and the scientific knowledge to feed, and feed well, and twice as many people as are living today. By the time population has increased that much, man may (and probably will) have discovered new ways of increasing his food supply.

Particularly noticeable are three central ideas of the Neo-Malthusians: 1. That soil cannot be stretched, that each acre has a certain production capacity (biotic-potential) which cannot be boosted without dire peril. 2. The

productivity of the world's, cultivated land is falling now and sure to fall even more, because of erosion and exhaustion. 3. The conviction that people multiply blindly (like fruit flies) as long as they get enough food.

As for the first argument it is easily demolished. It simply is not true that land is static. Virgin soils vary widely in fertility and character, but once under cultivation they are subjected to the will of modern man.

There are certain types of soils like chernozems and podsol. The former is rich and the latter a little poor. But by careful blending of manure



and rotation of certain crops, the latter can be made as good as the former. The good farmer knows what to do. The well kept farms of New York State, Pennsylvania and Ohio are now far more fertile than they were when the pioneers first felled the forests.

Other kinds of soil also can be improved, some easily, others not. Sometimes all that a 'Sterile' soil needs is a trifle of boron or manganese. Such "trace elements" can make all the difference between big crops and failure.

The soil men laugh at the Neo-Malthusian doctrine that man must adapt himself to soil, and live with it as helplessly as wild life. Man is not the servant of the soil, they say. He is its Master.

Another thing they laugh at is the familiar phrase "irreplaceable topsoil." Topsoil should certainly be cherished and protected, but it is not irreplaceable. In 1937, a U. S. Government experiment station skinned ten inches of soil off half an acre of virgin Ohio grassland, leaving nothing but the yellow subsoil. Corn planted on an untreated strip of this poor stuff produced no crop at all. But other strips were nursed along with fertilizer and crop relations. During the sixth season, the best strips of man-made topsoil produced 86 bushels of corn an acre—more than twice the U. S. Average. Pennsylvania farmers often sell the topsoil of whole fields to mushroom growers. Then, by proper measures they create new topsoil.

Man is master not only of the soil, but of the plants that grow in it, moulding them plastically to suit human purposes. Until recently, the U. S. South-east had never been good corn country. A few years ago, the U. S. Department of Agriculture began breeding special hybrid corns to suit Southern conditions. In North Carolina, whose corn yields ran around 22 bushels an acre, the new "Dixie" hybrids lavishly fertilized and planted thicker than ordinary corn made 125 bushels. In Tennessee (average corn yield 25 bushels an acre) hybrid corn has produced 157 bushels an acre.

Output per farm worker in U. S. has been multiplied $2\frac{1}{2}$ times in the past 50 years. In 1787, it took 19 American farm people to support one other person, in addition to feeding themselves. Now-a-days 19 farm people can support themselves, 56 other Americans and ten persons in other countries.

As for the second argument it is not true everywhere, and it need not be true anywhere. And the situation is not as bad as the Neo-Malthusians say it is. Soil mining and erosion are still causing inestimable damage, but not so much as before. The U. S. Soil Conservation Service believes that U. S. soils are now getting better, on the whole; the downward trend had been reversed.

In many parts of U. S. such as the Northeast, there was never much erosion and most of this has been checked. The cotton-growing South, notorious for its stripped and deserted farms, has had a real agricultural rebirth. The doctrine of soil conservation has taken deep root in the South. In progressive North Carolina, farmers are delighted with their new agriculture. Once abandoned farms have been turned into terraced grain fields.

About soil conservation in the rest of the world the information is meagre to warrant any definite conclusions. But there is no doubt that the position is bad and prompt and adequate steps will have to be taken to stem the rot.

How quickly the practice of conservation will spread throughout the world, it is difficult to say. But it is clear that the obstacles are economic and social, not technical. Science can stop most kinds of soil deterioration and will surely lick the rest. For the Neo-Malthusian scare-dogma that the world's soil must inevitably lose its productiveness, the one-word answer is, bunkum.

Bunkum, too, is the notion that the world has little new soil to cultivate. There is plenty of new soil. Some can be worked by old familiar methods; some will require the methods recently developed. Enormous areas

especially in the tropics, will almost certainly yield, sooner or later, to scientific agriculture.

Dr. Salter, chief of the U. S. Agricultural Research Administration, figures that if the world's present croplands were cultivated at the efficiency levels considered attainable in the U. S. by 1950 (this is conceivable) in 1960 they would produce nearly enough food to meet FAO's very generous requirements.*

We should look around the world for new soil to conquer, not by war but by intelligent change. Forty-eight per cent. of the land area (ice, tundra, mountains and deserts) is hopeless for agriculture. In the remaining 52 per cent. there is plenty of room for expansion, for only 7-10 per cent. of the total is cultivated, at present. Dr. Salter believes that virtually all of the 52 per cent. could be made productive if there were good reasons to make it so.

As for the third contention it must be said that human beings are not fruit flies. Human increase either among families or among nations, has no simple connection with the available food. High income families, which get all the food they want, usually have fewer children than the poorest of the poor. The same is often (though not always) true of nations. Sweden, probably the best fed nation in the world, has one of the lowest birth rates, only 15 per 1,000. Argentina, a notably well-fed nation has a lower birth rate (21 per 1,000) than hungry Chile next door (88 per 1,000).

The most spectacular rises in population have come with industrialisation. The "Laws" which govern it are not yet well understood, but the early stages of industrialization, in any country, seem to be associated with a moderate rise in the birth rate, a sharp fall in the death rate and a consequent jump in population.

The steep rise does not continue long. The death rate goes on dropping, as better medical

services become available; but the birth rate drops too; and the curve of population increase levels off. In some cases the population actually declines. Nearly every industrialized nation has passed through these stages. Industrial Britain's population rate curve resembles strikingly the curve of industrial Japan. Britain has reached and Japan has almost reached, a stable population level.

Some nations and religious groups make vigorous efforts to increase the numbers of their people. They are seldom if ever successful. Thoroughly Roman Catholic Eire has one of the lowest birth rates in the world and its population is stable. Eire is behaving more or less as the Neo-Malthusians want all countries to behave. It is not industrializing, it is not greatly increasing food production. But 79 per cent. of Irish men under 30 and 60 per cent. under 40 are not married. Thirty-five per cent. of Irish women do not marry at all. "Ecologists" might call this balance; few sociologists, would call it healthy.

The Neo-Malthusians point to India and China and warn that if the world helps them increase their food supply, they will respond by overwhelming the world with a billion more Asiatics.

Are any countries really overpopulated? It depends on what is meant. A handful of primitive savagés, who live by hunting can "overpopulate" an enormous area of fertile country. They eat up all the food available to them, though the land over which they roam could support, if turned to farming, many hundred thousand people.

A country is overpopulated when its people cannot get enough food. This is seldom because they have too little land. Usually, it is because their social organization and farming methods are ineffective. India is a hungry country; but it is not permanently overpopulated. It has much potentially good land whose present yields are pathetically low. India averages only ten bushels of wheat an acre while Denmark gets 50. India's rice yield is only

*FAO believes that there will be 2,250 mn. people by 1960, they will need 21% more cereals than the 1936-39 average, 46% more meat, twice as much milk, etc.

750 lbs. an acre, one-quarter as good as Japan's. A little fertilizer and some simple improvements in agricultural technique would make a huge difference to India's food supply. If we liked corn and produced 136.24 bushels an acre, we could fill our bellies to bursting and have enough left over for all our sacred cows.

China's Hillside.—Even the Chinese, who are among the best farmers in the world, do not use their land to full advantage. Chinese farmers make the most of the plains and valley bottoms, but only in a few parts of the country do they farm the hillsides. These grow grass and bush, which are desperately needed for fuel. If the Chinese could mine and distribute their coal, they could turn the hillsides, into productive pastures and orchards. This single item, according to one estimate would add 10 per cent. to China's food supply.

The wide spread between present food production and potential production, even in China and India, is vitally significant (and hopeful). Both great nations, in spite of civil disturbances are beginning to industrialize. When their populations rise, following the classic curve, they can probably raise enough food to keep their people supplied until the curve begins to flatten out normally.

The conclusion is that world starvation is not around the corner. Man can make a mess of his food supply, as he can of anything else. He does not have to, however. The land is there, the hands to work it are there, the brains are there. If he uses his head he can eat heartily indefinitely.

THE PLIGHT OF THE COLLECTIVE FARMS

The Military economic strength of the USSR rests on an extremely weak foundation. Never before 1940 the food situation in USSR was so bad as in that year. The position at present is much worse and there is not the smallest chance that the unsatisfactory 1940 status will be restored before 1950, as is provided in the

4th Five-year Plan. Even these very inadequate food supplies are obtained in a way which is unsound and not conducive to stability.

Almost 80 per cent. of the marketed food is procured from the collective farms (Kolkhozy) and their members (the Kolkhozniki). Although organized on land and with the livestock and machinery taken from the small individual peasants, who are now the Kolkhoz members, the Kolkhozy are obligated to heavy deliveries to the State at low, largely almost nominal prices. In this vastly inadequate remuneration of the Kolkhozniki, in the incompatibility of their adequate reward with the maintenance of the military-economic superstructure, is the crux of the whole economic problem of Soviet Russia.

THE BIG FARMS

The all-embracing collective farm system was brought to life in the early thirties owing to political and economic considerations. The economic aims were to get farm products for the urban population, raw materials for industry, and supplies for exports greatly in excess of what could have been reasonably expected from individual peasants and without raising the low prices which prevailed before the start of the big collectivization drive. It was expected that immense savings of labour would provide ample labour, resources for industry, while cheap food would contribute to capital accumulations.

According to the Marxian doctrine, large farms are greatly superior to small farms in efficiency. The Communists were confident that the replacement of the millions of tiny peasant enterprises by large farms would both increase the output greatly and reduce costs and thus lead to greatly enlarged marketing of agricultural products at low prices. Socialized industry and especially socialized trade, as the Soviets managed them, proved less effective than the private economy of the Tsarist time. The experience of the State farms (Sorkhozy) and the voluntary collective farms of the period

preceding the big drive also was not encouraging; neither of them had become either an abundant or cheap producer.

THE BIG COLLECTIVE DRIVE

The Soviet Government encouraged the organisation of the collective farms (Kolkhozy) from the time it came to power. The Kolkhozy of the early period were voluntary and tiny organizations, heavily financed by the state and receiving also other kinds of privileges, such as priority in obtaining means of production. In spite of all this encouragement, they showed a great mortality as well as a large fluidity in their membership.

A change came at the end of 1927 when a drive against the larger and more prosperous peasants (Kulaki) and for the expansion of the Kolkhozy was declared. By the middle of 1932, 61.5 per cent. of all household and 77.7 per cent. of the peasant cropped ploughland were collectivized.

There were three forms of Kolkhozy before the big drive started: the Commune, Artel, and the Toz. The Commune collectivized everything including housing and meals. The Toz limited their activities to co-operative working of the land. The Artel was intermediate between the Commune and the Toz.

THE PROCUREMENT SYSTEM

A rigid procurement system had to ensure the delivery of products determined by the State without regard to whether the minimum needs of the Kolkhozniki for food were satisfied. The procurement system functions, at an extremely high price. More farm products are extracted from the producers than they would have sold at any price. In the last pre-war years, i.e., before the pressure of war and the necessity of post-war reconstruction, the loss of the Kolkhozy from the deliveries at low prices amounted to about 25 per cent. of their share in the volume available for sale and for the consumption in the farm homes.

After the cream of the Kolkhoz produce is taken by the state, and the productive needs of the Kolkhozy themselves are satisfied, so little remains as a reward for the Kolkhozniki's labour that there is no way to ensure efficient labour.

EFFECT ON OUTPUT

The pleasant dream of a huge boost in the output of farm products as the result of the socialization of agriculture brought early disappointment. The volume available for sale and for consumption on the farm home in the whole of agriculture increased by 14 per cent. from 1927 to 1938. But a considerable portion of that increase consisted of the saving on the feed of workstock, replaced by mechanical power and having to be paid for by agriculture. The increase in output in 1928-38 consisted about one half of fibers. The output of food *per capita* of total population actually declined.

The expectation of a release of farm labour for industry on a huge scale did not fare better. The population engaged in agriculture declined in 1928-38 by only 12½-15 per cent. Meanwhile, the suffering which accompanied the all-out collectivization considerably retarded the population growth.

LABOUR PRODUCTIVITY

Before the war the agricultural output per man and year in U.S.A., where there are family farms, was about 4½ times higher than the USSR. The Kolkhozy even do not show a superiority in productivity per man and year as compared with the average pre-collectivization individual peasants. In Kolkhoz operations taken as a whole the savings in productivity per man attained by mechanization and large-scale output are offset or overcompensated by the labour used in administration, supervision and guards, and by the naturally smaller intensity of work for the Kolkhozy than in the enterprises of the individual peasants. Also, the failure to attain an adequate output of farm products by natural means has necessitated the introduction or

expansion of operations yielding a small reward for a great deal of work.

KOLKHOZNIKI'S REWARD

The "trudoden," in Russian workday, is used as a unit for measuring the labour of the Kolkhozniki. The net proceeds of the Kolkhoz in a given year is divided by the total number of trudodni. About $1\frac{1}{2}$ trudodni were earned per workday on the average in 1938; this represented a moderate increase over the earlier years. In spite of this increase, the distributions of grain per workday in 1938 and 1939 were not larger than in the first years of the collectivization era with their immense disorganisation and low yields. In 1946 the reward per trudoden did not exceed half of the prewar average. The reward per workday dropped less but here too the decline was large.

THE FIGHT FOR THE KOLKHOZNIKI'S LABOUR

By the order on Measures Toward Safeguarding the Collectivized Lands of the Kolkhozy From Squandering of May 27, 1939, minima for the Kolkhozniki's Labour for their Kolkhozy was established. In the principal agricultural areas the minimum was 60 trudodni, equivalent to about 40-45 workdays for men and 45-50 workdays for women; expulsion from the Kolkhozy accompanied by the dreaded loss of the garden-land, were the punishments prescribed.

The minimum to be worked in terms of workdays was higher for women than for men. The order was directed towards only 29.3 per cent. of all able-bodied women, 7.9 per cent. not doing any work for the Kolkhozy in 1938, and the rest earning less than 50 trudodni. With the failure of the Kolkhozy to attain an even moderate efficiency of labour, it was believed unbearable that even a single farm woman would restrict her activities to tending the garden

and livestock of the household and her home work. In 1942 the minima of obligatory labour were raised substantially, the 60 trudodni minimum to 100 trudodni. A minimum of 50 trudodni, was newly established for children of 12 to 15 years.

The principle "Everybody according to his ability, to everybody according to his needs" established by the Revolution, prevailed in the Kolkhozy long after it had been abandoned elsewhere and is believed the principal reason of the lack of progress with them. The big collectivization drive in any case was conducted under the reversed principle: "To everybody according to his work; who does not work gets nothing." In practice this meant establishment of norms for daily performances and piece-work. The piece-work system did not produce great results partly because of bureaucracy.

Premiums for overfulfilment of the norms and especially for attaining definite results, have to be relied upon to accomplish that which is not reached by straight piece-work. First the premiums were in trudodni, but in 1938 a start was made with premiums in kind. The premiums are quite substantial, totalling for all persons involved upto 75 per cent. of the excess output. But an inherent weakness of the premium system as applied to crops is that their outturn largely depends on the weather. The premium system further undermines the "value" of the trudoden, proclaimed the link between the Kolkhozniki and their Kolkhozy.

In spite of these obvious shortcomings, the premium system is one of the cornerstones of the agricultural programme and progress in the 4th Five-Year Plan and the late Party decisions which are supposed to be reflected in the improved 1947 harvest.

S. SAADAT ALI.

Finance and Resource

NEW HYDERABAD BUDGET

FINAL STAGE OF REVISION

THE New Hyderabad budget which is now in the final stages of revision by the Finance Secretariat of the Military Government is expected to bridge the three-crore gap between revenue and expenditure.

Extravagant expenditure on superfluous Government Departments and on the army which the Laik-Ali Ministry had budgeted for, is in the process of being drastically curtailed so as to reduce, if not entirely eliminate, the three-crore rupees deficit shown in the present budget of Hyderabad.

The measures so far taken to reduce State expenditure include the abolition of the Foreign Affairs Secretariat, the Information Secretariat, the Nizam's State Railway Board and the Planning Department.

The Foreign Affairs Secretariat was found to be a superfluous Governmental body doing little useful work, but on which large sums of money were being spent. To handle the affairs of the Nizam's Information Bureau and allied Departments which are disproportionately large compared with the work they are doing there was a separate Information Secretariat. This Secretariat has now been dissolved and the Information Bureau is in the process of reorganisation. The Railway Board and the Planning Department were also a needless burden on the State's finances and had outlived their usefulness.

HYDERABAD ARMY

The Hyderabad Army, which had expanded beyond reasonable proportions, is now in the process of being reduced to 8,000 regulars and 7,600 irregulars. When this is done it will relieve the State's financial resources of a heavy burden.

In the present budget the expenditure on the army is stated to be about rupees two and a half crores. But this was only a "book entry" and the actual expenditure amounted to more than six crores of rupees. Funds from other departments were secretly transferred to meet army expenditure.

In addition to these measures, the present Administration of Hyderabad is taking minor steps to curtail expenditure without however, impairing the efficiency of Government. Among the first of these is expected to be the abolition of the Rural Publicity Department which was created about four months ago and was made full use of for "Azad Hyderabad" and the Razakar propaganda. This department is staffed with nearly 500 men. Its disbandment will mean a saving of several lakhs of rupees per year.

NATIONAL INCOME OF INDIA—1939-45

The following is a computation of the national income of India (excluding the States) during the war years by the Eastern Economist.*

The accompanying table shows the total income under Agriculture, Industry and other heads in the National Income of India from 1938-39 to 1945-46.

*These figures are 'provisional' and are not 'absolutely accurate.' The margin of error involved in these calculations is dependent in part on the error of the statistics used and readers need not be reminded of the present stage of the reliability of Indian Statistics.

Statement.]

TABLE 1

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
Income from Agricultural and allied occupations*	9,527	10,895	11,048	17,402	21,281	22,988	22,245
Income from Industry*	3,790	4,062	6,020	9,560	12,400	11,120	10,888
Other Items*	6,026	6,126	6,292	6,772	8,651	8,651	9,799
Total Income*	19,343	20,583	23,360	33,734	42,332	42,709	42,932
Population (in Million)	290	294	298	302	305	306.5	310
Per Capita income (in Rs.)	67	70	78	112	139	139	137
Cost of Living (Bombay) (Base: 1939-40-100)	100	105	117	160	217	216	219
Income adjusted with cost of living (Bombay index) (in Rupees)	67	67	66	70	64	64	63

*(in Million Rupees)

According to the above table it is clear that the population has increased by 20 millions from 290 to 310 and the per capita income (unadjusted) from 67 to 137. But this rise in income is illusory. The adjusted figures show an actual decline from 70 in 1942-43 to 63 in 1945-46.

The table also distinctly shows that income from industry rose steadily from 3,790 in 1939-40

to 12,400 in 1943-44 and thereafter equally steadily declined to 10,888 in 1945-46. The latest Government communique shows however, a hopeful turning of the deterioration and a slight increase in industrial production is shown :

Similarly the contribution from Agriculture rose from 9,257 in 1939-40 to 22,245 in 1945-46.

The following table shows the figures for Industrial output :—

TABLE 2

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
Industrial Income (in Million Rs.) ..	3,790	4,062	6,020	9,560	12,400	11,120	10,888
Industrial Income per head (in Rs.) ..	118	127	182	290	326	315	304
Industrial Population (in Million) ..	32	32	33	33	34	34	34
Percentage of Industrial income to total income	20	20	26	28	29	26	24
Eastern Economist Index of Industrial Production (August 1939-100) ..	110.8	114.2	128.2	125.5	126.8	121.7	120.0

In spite of the fact that the figures for Agriculture are less trustworthy than that of Industry nevertheless it can be said that Agricultural contribution is nearly half of the National Income,

While Agricultural income per head (unadjusted) rose from 49 to 118 in 1944-45 or in the ratio of 1 to 2.8, industrial income per head rose from Rs. 118 to 226 in 1943-44 or in

the ratio of 1 to 2.8. This shows that decidedly conditions were moving more in favour of industry than of Agriculture. But however, a ratio of 1:2 as between Agricultural and

industrial incomes is certainly not abnormal as the same ratios obtain even in U.S.A.

Agricultural figures are shown in the table below :—

	1939-40	1940-41	1942-42	1942-43	1943-44	1944-45	1945-46
Agricultural Income	49	53	56	86	104	112	107
Per head (In Rupees)—							
Agricultural Population in Million ..	194	196	199	202	204	205	207
Percentage of Agriculture Income to total income	50	50	47	52	50	54	52

The above analysis will show unmistakably that we are going poorer. The per capita income adjusted has fallen from its peak of 70 in 1942-43 to 63 in 1945-46. Thus there has been considerable decrease in standard of life, though there has been capital accumulation. This analysis might astonish many who facilely took it for granted that there has been increase in our National Income during the War.

To this decline in National Income the constant deterioration in production, both industrial and Agricultural is attributable. The partition attendant with its destruction of man-power capital and equipment was one of the causes. Nextly Labour troubles also contributed their one part of the share.

One wonder is that India which was apparently left unscathed by war should be so low in recovery, while other countries noticeably wrecked by war should be so quick not only reaching pre-war levels of productions but even surpassing them. Part of the explanation lies in the fact that we have suffered no less than the war devastated countries. Our industries were subjects to incessant wear and tear, with no fresh capital replacement. With the result that our industries not only become worn out but also obsolete in this pitiless scientific advance. The reason for this is that we are not only scientifically backward but lack capital industry.

Our past political background with political subjugation and its unfavourable industrial ac-

companiments due to deliberate suppression may excuse our present backwardness. But not fully. The question is that in spite of National Government and all the advantages accruing thereby our production has constantly gone down.

The answer is attributed to tactlessness and indiscretion of the Ministers of the Central Government, not only in their policies but also in their utterances. In a word there is lack of confidence of the future among the industrialists which explains the patent lack of incentive and the initiative in many fields.

It is no use depending upon the much used present equipment. We have to change our economy from a static into an expansionist, dynamic one. The two determinants of economic expansion are the rate of saving and the rate of investment.

The latter has declined far more than the former. The problem of saving is a long range one. As for immediate requirements it can be made up by foreign investments. As for domestic policy the problem is one of restoring confidence.

In spite of the best efforts of the Government, production continues its downward course. The stock markets too continue to remain unmoved. It is no policy to give them up as incorrigibly perverse. In pursuance of their anti-inflationary programme the Government has given substantial relief to industrialists in the shape of depreciation allowances to cover

multiple-shift working and the reduction of the revenue duty on certain classes of capital goods.

The Industrialist can also help by infusing confidence in the investing public. But before they can convince others they have to be convinced first. They have no confidence not because the general background is gloomy but there are certain minor itches, which they think trouble them a lot and which if rectified will go a long way in remedying the situation. For example take Section 92 of the new Factories Act. The prospect of being imprisoned or fined for violation of the provision makes them wary and slow-going. There are several others like the Enforcement Orders on Textile Control, the West Bengal Marketing Ordinance, the Capital Gains Tax and the Profit Sharing Scheme which seem to compromise the industrialists' enthusiasm for new ventures.

Lastly there should be co-ordination in the Central Government's efforts in dealing with this problem. What one Department does in the shape of rousing confidence the other undoes in depressing. Such are the actions of the Finance Ministry and the Industry and Supply Ministry.

THE POUND AND THE DOLLAR

During the second World War it was frankly recognised in both Great Britain and the United States that inflationary finance could not be altogether avoided; expenditure could not be covered without the creation of money in the form of currency and bank credit on a dangerously lavish scale.

Both countries relied on price controls to keep the effects of the redundant money in check. The incomes derived from any economic activity consist of the ultimate proceeds of sale of the product; if controls, limiting the price at which the product is disposed of, are successfully enforced, the proceeds and therefore the incomes of those concerned, and their spending power, so far as it depends on their incomes, are kept within bounds. The vicious

circle of perpetually rising prices, rising incomes and rising demand is not joined.

In July, 1946, the United States abandoned price controls, and the way was opened to inflation. In the ten months which had passed since the end of the fighting little impression had been made in the United States on the immense arrears of expenditure, both consumer's outlay and capital outlay, accumulated during the war. In every direction there was an urgent need to spend, and there was a superabundance of the means of spending, bank credit and currency. Not only was there still a mass of redundant money, but, with low short-term and long-term rates of interest, there was no deterrent either upon the creation of still more money by way of bank advances, or upon the raising of funds for capital outlay by the sale of Government securities in the investment market.

In the two years since controls were discarded anxiety about the progress of inflation in the United States has been growing. Yet in the circumstances what is surprising is that inflation has gathered way so slowly. The wholesale price level, it is true, has risen from 112.9 in June, 1946 to 168.6 in April, 1948 (100 in 1926, 77.1 in 1939). But the former index, of course is depressed by the direct action of the controls. The average hourly earnings in manufacturing industry have risen only from 108.4 cents in June, 1947, to 129.0 in February, 1948, or 19 per cent.

The rate of progress of inflation depends on psychological conditions. Opinion in America has been slow to understand that the causes making for inflation are still operative, and will continue so till positive steps are taken to combat them. Even at a future time, when the wage level and the price level will have so risen as to correspond to the quantity of money, and when all the urgent arrears of expenditure will have been met, inflation will still continue, if easy credit conditions are maintained.

The American public have always been expecting the rise of prices and wages to come to an

end, and their expectation has had a restraining effect on demand. Two or three times since June, 1946, there has been a noticeable interruptions of the rise, but the latent spending power has each time made itself felt, and the rise has been resumed.

In Great Britain we have retained the price controls. Yet here, too, there has been deep anxiety about inflation. Why do the controls fail?

At the outbreak of war in 1939 the foreign exchange value of the pound sterling was fixed at the low rate of \$ 4.08, and that rate has remained unchanged ever since. So long as the pound continues linked to the dollar at a fixed rate of exchange, rising prices in the United States will be transmitted to Great Britain.

Were the United States a country of secondary importance in the economic world, an inflationary rise of prices there might take effect in an adverse balance of payments, and have to be corrected either by stopping the inflation or by devaluing the dollar; conditions in other countries would be little affected.

But as things are, with the world dependent on American supplies as the only resource to meet its urgent needs, a rise in the American price level means a rise in the world price level.

In Great Britain the rise is reflected in the prices of imported supplies, while exporters find that they can sell at high prices. There results in fact a disparity between the external and internal price levels; and more particularly a disparity between the external price level and the wage level.

Were there no controls, the wage level and therefore also the internal price level, being left to the free working of markets, would quickly be adjusted to the price level of importable and exportable goods; the rise in the world price level would be fully reflected in the British price level and wage level.

In the past two years of rising American prices these processes have been at work.

Nevertheless the efforts made in Great Britain to hold back the inflationary pressure by means of controls have not been without effect. The rise in the British wage level and price level has been substantially less in proportion than in the American.

But in maintaining the fixed rate of exchange, by which the dollar drags the pound *down*, concurrently with the controls which are intended to keep the purchasing power of the pound *up*, the British authorities are acting at cross purposes. If they want to preserve the pound from following the inflationary course on which the dollar is embarked, they should break the link between the pound and the dollar, so that the fall in the value of the dollar in terms of goods can be reflected in a fall in its value in terms of the pound.

Is this, it may be asked, the right choice? Does the degree of inflation which the dollar is undergoing matter so much? There have been sensational inflations which have wrecked the economic systems of the countries where they occurred. But no one expects the value of the dollar to collapse. American wages have been rising by about ten per cent. a year. That may go on for a long time without the loss of value becoming catastrophic.

But it cannot go on *for ever*. A money unit which loses a tenth of its value every year is not fit to be a measure of value in economic relations. The dollar has already lost more than half its value since 1939. To that, people have been reconciled; it is only what is to be expected after a world war. An indefinite further degradation of the money after the restoration of peace is quite another matter.

The psychological conditions which have hitherto retarded the onset of inflation depend on the *belief* that there will be a recovery, and that prices will react. When it becomes clear that this will not happen of itself, the retarding effect will be lost; the rise of the price level and the wage level will be accelerated. People's minds will then turn towards remedial measures.

A reimposition of controls is unlikely to be effective, and in any case is not likely to be relied on. Deflationary measures in the sphere of credit will be necessary. But deflation is held in detestation, and time will be required to reconcile public opinion to it—further time too, to work out the appropriate measures by trial and error. A beginning is already being made, but on a scale so insignificant as to suggest a failure to appreciate the situation.

By the time effective measures are taken, the decline in the real value of the dollar recorded at the present time may have been left far behind, and the deflationary measures at last adopted are likely to be such as to regain as much as possible of the lost ground, even at the cost of severe depression and unemployment.

To maintain the fixed dollar value of the pound is to inflict upon Great Britain the counterpart of the monetary experience which the United States is undergoing. The loss of value of the pound, though partially masked by controls, is not lagging far behind that sustained by the dollar. If it is to continue so, then, when the Americans find the rise in their price level intolerable, there will have been a corresponding rise in the price level here.

And what then? If the pound remains linked to the dollar, there must be the same deflation, depression and unemployment here as in the United States. A British Government, it may be said, will not face that. The pound will be cut loose from the dollar—not by raising but by lowering its dollar value. And is the pound to remain at the low value found intolerable in America, or is it to fall still further? Surely efforts must be made at least to prevent a further degradation of the money; there must be a middle course, eschewing further inflation as well as deflation. But if at last our monetary policy is to be to sever the link with the dollar and thereafter to pursue a middle course between inflation and deflation, is it necessary to wait till there has been an

intolerable degradation of the pound before taking the appropriate measures? Why not sever the link *now*?

Are we then to sever the link by *raising* the dollar value of the pound? The recommendation will seem strange in face of the existing intense demand for dollars, a demand so intense that a year ago the convertibility of sterling even at £. 4.08 broke down. And a rise in the dollar value of the pound would mean a rise in the cost of British exports in terms of the foreign money for which they are sold.

There is, I think, much misconception on these points. The demand for dollars reflects the urgent need all over the world for *immediate supplies*, which can only be obtained from the unimpaired productive capacity of the United States. It is not to be inferred that the high valuation of the dollar corresponding to this demand would conduce to the smooth working of the production and disposal of goods in international trade, or would bring balances of payments nearer equilibrium.

Great Britain, like the rest, is suffering from an adverse balance, towards meeting which we rely on a strenuous effort to develop exports. A low foreign exchange value of a country's money stimulates its export trade by reducing the exporters' costs in terms of foreign money, so that a given foreign price yields a higher margin of profit. That is the situation created by the continuance of an unchanged rate of exchange in face of a rise of world prices.

But the stimulative effect of an undervaluation of the money unit is *not unlimited*. Exporters extend their sales, but only at the cost of some price concessions. The greater the degree of undervaluation, the bigger will be the price concessions they can afford to make without cutting their profits too fine. But what is needed is not an increased volume of exports for its own sake, but increased total proceeds of exports in terms of foreign money. If the price concessions in terms of foreign money are too considerable, they may outweigh the

increase in quantity, so that the total proceeds are little if at all increased, perhaps actually diminished.

In any case the stimulative effect depends on costs remaining low relatively to export prices. That is to say it only continues so long as the rise in the prices of importable and exportable goods does not spread to wages at home.

But any rise in prices becomes a ground for asking for a rise of wages. And exporters, anxious to extend their output, will compete in the labour market for more hands, and will be very ready to pay higher wages. Whatever rise is conceded wipes out so much of the extra profit and of the stimulative effect.

In fact the stimulative effect of an inflationary movement abroad on British exports depends on the rise *not* being communicated to the British wage level; it depends on a widening gap between British wages and foreign prices.

Controls are intended to keep down wages, and so to bring this about. Wages, it is true, are not controlled, but it is hoped that price controls, supported by lavish subsidies, will stave off wage demands by removing one of the principal grounds on which they are made. And the rise in the British wage level has been less than in the American. There has thus been a widening of the gap, but there is evidence that it has already had an adverse effect on the total proceeds of British exports.

There are recurrent complaints that the dollar prices charged by British exporters are too low. The Chancellor of the Exchequer, in a speech on June 2, called attention to the adverse terms of trade. Even apart from the desire to push sales by cutting prices, exporters are unwilling to ask prices which would give themselves an excessive margin of profit. For example, the Chairman of Stewarts and Lloyds at the General Meeting on May 27 told the shareholders: "We have continued our policy of not taking unfair advantage of the present seller's market to secure high premiums in export trade."

No doubt, he conceived the seller's market as caused by scarcity. But inflation itself creates a seller's market, and American inflation is contributing to this result now.

Warnings are to be heard that the seller's market is coming to an end, and that there are exporters who find difficulty in selling even at existing rates of exchange. There may well be some such, for it is an inevitable result of the export drive that some goods unsuitable to export markets should be drawn in. If the foreign exchange value of the pound were raised, there would certainly be *some* loss of existing export trade. But that does not mean that there would be any net diminution in the total proceeds of exports reckoned in dollars. The improved terms of trade might more than compensate the loss of exports.

I am not setting out to show that the effect of upvaluing the pound must be to increase the dollar value of the total proceeds of British exports. It is not certain that the improvement of the terms of trade would not be outweighed by the loss of marginal exports. In my own opinion that is not very probable, and, if it occurred, the net effect would be small.

But it would be a mistake to suppose that the dropping out of marginal exports would be pure loss. It might not be undesirable if it meant that productive resources ill fitted to serve export markets were diverted to serve the home consumer. They might be more useful if so employed than any imported supplies which would have been obtained in exchange for the exported products.

But the *primary* purpose of upvaluing the pound would not be its effect on the terms of trade and the proceeds of exports. It would be the preservation of the pound from being dragged in the train of the dollar into inflation. Incidentally I may point out that it would have another very desirable result. It would relieve the Exchequer of a great part of the burden of subsidies on imported supplies of food. If an article imported at a cost of \$ 8 receives a sub-

sidy equal to \$ 1, a rise in the rate of exchange from say \$ 4 to \$ 5 would reduce the sterling equivalent of the import price from 15s. to 12s. so that the subsidy could be reduced from 5s. to 2s. A rise of 25 per cent. in the rate of exchange would thus reduce the subsidy by 60 per cent.

A change in the rate of exchange (if in excess of 10 per cent) would require the consent of the International Monetary Fund. The Fund has been ready enough to agree to variable rates in some special cases, such as Italy. It would be necessary to ask the Fund to agree to a change in the gold value of the pound on the ground that inflation in the United States, with the resulting decline in the purchasing power of an ounce of gold, causes a fundamental disequilibrium. Nor would the application stop there. For the continued progress of inflation in the United States would soon cause a new fundamental disequilibrium.

In what spirit the authorities of the Fund would meet successive applications, it is not possible to foresee. But if they accepted the view that American inflation is a source of fundamental disequilibrium, there might be a very salutary reaction on the American attitude towards the problem.

The link of the dollar to gold is no safeguard against either inflation or deflation. When the dollar depreciates, it carries gold with it. In 1920 the gold standard did not prevent the value of the dollar from falling to two-fifths of what it had been in 1914, and now the dollar, again linked to gold, has fallen by more than half since 1939; and in 1920-1 deflation raised the value of the dollar and of gold by 75 per cent; in 1929-38 by more than 100 per cent.

In fact it is this susceptibility of gold to variations of value induced by inflation and deflation that has brought the gold standard into discredit. Defenders of the International Monetary Fund have contended that it does not reintroduce the gold standard, because it provides for variation of parities. Yet we find

ourselves involved by adherence to a fixed parity in an inflation which is only too likely to be followed by a deflation as disastrous as that of 1920-1.

R. G. HAWTREY.

NATIONAL INCOME IN CANADA, 1947

Preliminary estimates compiled by the Dominion Bureau of Statistics indicate a gross national product and expenditure of \$ 13,052 million in Canada for 1947. This represents an increase of \$ 1,896 million over the estimate of \$ 11,656 million in 1946. While some of this increase in gross national product was the result of increased real production, a substantial portion was the result of price increases. The cost of living index rose by 9.6 per cent. from 128.6 in 1946 to 134.5 in 1947; in the same period the index of wholesale prices rose 18.7 per cent. from 108.7 to 129.0.

National income increased from \$ 9,586 million in 1946 to \$ 10,259 million in 1947. Civilian salaries and wages increased by \$ 980 million while military pay and allowances decreased by \$ 257 million. Investment income rose from \$ 1,908 million to \$ 2,060 million despite a decline in government trading profits. The net income of agriculture and other individual enterprises showed a gain of \$ 288 million.

The components of gross national expenditure indicate substantial absolute increases in gross home investments and consumer expenditure, partly offset by a decline in government expenditure on goods and services and a reduction in the net foreign balance. Gross home investment increased 57.1 per cent. from 1946 to 1947 and was 21.6 per cent. of gross national expenditure in the last year as compared to 15.4 per cent. in 1946. Consumer expenditure increased by 18.4 per cent. while government expenditure declined \$ 848 million. Approximately one-half of the increase in imports was offset by increased exports.

Personal income rose from \$ 9,536 million in 1946 to \$ 10,259 million in 1947. Personal savings declined from 11.1 per cent. of personal

income in 1946 to 7.5 per cent. in 1947, reflecting the rise of \$ 1,029 million in consumer spending.

TABLE 1.—NET NATIONAL INCOME AT FACTORY COST AND GROSS NATIONAL PRODUCT AT MARKET PRICES

(Millions of Dollars)

Item No.			Revised prelim. 1946	Prelim. 1947
1.	Salaries, wages and supplementary labour income	.. ..	5,195	6,125
2.	Military pay and allowances	.. ..	840	88
3.	Investment income	.. ..	1,908	2,060
4.	Net income of agriculture and other unincorporated business	.. ..	2,179	2,467
5.	Net National income at factor cost (1), (2), (3), (4)	.. ..	9,617	10,785
6.	Indirect taxes less subsidies	.. ..	1,289	1,538
7.	Depreciation allowances and similar business costs	.. ..	815	885
8.	Residual error of estimate for reconciliation with Table 2, Item 7	.. —	15 —	56
9.	Gross national product at market prices (5), (6), (7), (8)	.. ..	11,656	13,052

Item
No.

TABLE 2

1.	Personal expenditure on consumer goods and services	.. ..	7,682	8,711
2.	Government expenditure.—			
	Excluding UNRRA and Mutual Aid	.. ..	1,786	1,462
	UNRRA and Mutual Aid	.. ..	107	38
3.	Gross home investment.—			
	(a) Plant, equipment and housing	.. ..	1,821	2,042
	(b) Inventories	.. ..	475	780
4.	Exports of goods and services (excluding UNRRA and Mutual Aid)		8,170	8,588
5.	Imports of goods and services	.. ..	2,850 —	3,578
6.	Residual error of estimate for reconciliation with Table 1, Item 9	.. ..	15	57
7.	Gross national expenditure at Market prices 1, 2, 3, 4, 5, 6	.. ..	11,656	13,052

TABLE 3.—PERSONAL INCOME

*(Millions of Dollars)*Item
No.

1.	Salaries, wages and supplementary labour income	..	..	5,195	6,125
	<i>Deduct:—Employer and employee contributions to social insurance and government pension funds</i>	..	..	—145	—165
2.	Military pay and allowances	..	..	340	88
3.	Net income of agriculture and other unincorporated business	..	..	2,179	2,467
4.	Interest, dividends and net rental income of persons	..	..	845	911
5.	Transfer payments to persons.—				
	(a) From Government	..	..	1,109	824
	(b) Charitable contributions of corporations	..	..	18	14
6.	Personal income (1), (2), (3), (4), (5)	..	..	9,536	10,259

Trade and Tariffs

INDIA'S EXPORT DRIVE

THE Government of India have embarked upon an ambitious programme of regaining old markets, to consolidate wartime gains, to acquire a foothold in new markets and to maximise the earnings of foreign exchanges, particularly of hard currencies, in all possible ways.

For this purpose, exports are being stimulated on a selective basis, selection being exercised both in respect of commodities and destinations, keeping in view the need for foreign exchanges and other considerations.

In pursuance of this view, the Government of India have also secured tariff reductions on a number of export commodities.

Government are also sending out trade missions to explore the possibilities of securing markets for India's exports and are undertaking negotiations with certain countries with a view to concluding bilateral trade arrangements for exchange of essential commodities. The arrangements recently concluded with SCAP (Japan) and Soviet Russia are two cases in point.

INDIA'S TRADE WITH U.S.A.

"Over the past years India has generally enjoyed a favourable balance of trade with the U.S.A. but not during 1947 due primarily to India's need for large quantities of food grains," said Mr. Walstrom, Commercial Attache to the U. S. Embassy in a statement.

Indicating the future trend of trade between the two countries Mr. Walstrom anticipated that shipments of merchandise either way would continue at the present level, which was considerably higher than that in the prewar years.

The balance of trade would depend on a number of factors, including the continuance of India's import restrictions from hard currency areas, the extent to which she would continue heavy imports of food grains and of capital goods from the U.S.A. and her ability to increase exports of commodities in demand in the U.S.A.

The principal items of exports from India to the U.S.A. were jute and jute manufactures, shellac and lac, cashew nuts, tea, hides and skins, raw cotton and cotton waste, wool (chiefly carpet wool), leather, undressed furs, and mica. These items totalled Rs. 19,14,00,000 in 1938, as against Rs. 78,44,10,000 in 1946 and Rs. Rs. 88,72,10,000 in 1947.

The main items of India's imports from the U.S.A. were wheat and bread grains, other foodstuffs, chemicals, machinery, un-manufactured tobacco, metals and metal manufactures, petroleum and its products, textiles, and raw cotton. The value of these items totalled Rs. 11,02,20,000 in 1938, as against Rs. 55,86,90,000 in 1946 and Rs. 1,33,08,90,000 in 1947.

INDO-PAKISTAN JUTE AGREEMENT

In accordance with the Agreement between the Governments of India and Pakistan to allow freely, that is, without export licences, mutual exports of 50,000 tons of jute manufactures and 50 lakh bales of raw jute, instructions have been issued to the authorities concerned in Calcutta to allow exports of jute goods for the current jute year up to the quota mentioned above. No licence will, therefore, be necessary from the Deputy Chief Controller of Exports, Calcutta, for the export of jute goods to Pakistan in respect of the quantity which still remains to be exported out of this quota.

The necessary procedure to ensure that exports do not exceed 50,000 tons for the year ending June, 1949 is being worked out.

INDIAN TRADE MISSION TO KABUL

An official Trade Mission is shortly leaving for Kabul to explore the possibilities of furthering the India-Afghanistan trade. Mr. K. K. Chettur, Joint Secretary in the Ministry of Commerce, it is understood, will be the leader.

India used to import from Afghanistan cotton, wool, skins and carpets and in return send to

Afghanistan textiles, tea, sugar, iron and manufactured goods till the war. During the war the volume of trade dwindled. Since the partition of India there has been little trade between the two countries owing to disturbed conditions in Pakistan.

The Indian delegation proposes to go to Iran for similar purposes after its visit to Kabul.

INDO-AMERICAN COMMERCIAL RELATIONS

The National Foreign Trade Council of the United States has issued a report based on the first of a series of analyses of Indo-American and Pakistan-American commercial relations being undertaken by the Council's committee for India and Pakistan. The report contains preliminary recommendations in the form of a ten-point long-range programme as follows: (1) Greater recognition to be given to the importance of co-operation with the peoples of the East; (2) negotiation of modern treaties of friendship, commerce and navigation with India and Pakistan providing for reciprocal protection; (3) relaxation of controls in India and Pakistan as an incentive to greater foreign investments; (4) a treaty to eliminate double taxation; (5) simplification of tax structures and lowering down of tax burdens in India and Pakistan; (6) study of potentialities of India and Pakistan for centres of tourist traffic; (7) further reductions of Imperial preferences; (8) a definition of the scope of further nationalisation laws and programmes; (9) more active sales efforts by business interests in the United States, India and Pakistan to stimulate greater consumption of India and Pakistan products in America; and (10) study of each other's cultural and economic programmes and progress to provide a firm basis for permanently improved commercial relations. These points are very much in the form of generalisations. However, a study of them in detail can be of mutual benefit.

The declaration in the report that the development of American investments in these

States will be made without political interest, but with proper attention to safeguards for capital and reasonable return, should be not unwelcome here. The report lays considerable emphasis on the complementary nature of the economies of the two Dominions and that of the United States, and calls for a close and integrated co-operation between the two Dominions themselves. In regard to Imperial preferences, a beginning towards their abolition has already been made by reductions in them in the Geneva trade agreements. The American Committee's remarks on the 'protectionist emphasis' of this country might not be considered as being helpful especially in view of the fact that the United States itself has been the greatest protectionist country in the world. The Committee states "the protectionist emphasis in the thinking of certain groups in India and Pakistan, but primarily in the former, may have unfavourable repercussions on industrial progress."

STERLING AREA TRADE WITH JAPAN

A £. 55,000,000 trade agreement has been reached between Japan and five Commonwealth countries, including Britain. The Pact, which will last a year from last July, affects Britain, Australia, India, New Zealand, South Africa and all the British Colonies, except Hong Kong.

This is the first time such a large and representative part of the sterling area has combined to form one of the two parties to a trade arrangement of this kind, says an official statement. The pact represents an increase of over three-and-a-half times in Japan's trade with the whole of the sterling area. The arrangement, which embraces trade through both Government and private channels aims at maintaining an approximate balance of exports and imports by the two parties to avoid dollar expenditure on either side. All trade between the two parties will be conducted on a sterling basis.

Japan will export goods worth a minimum of £. 27,500,000 of which cotton textiles will be worth a minimum of £. 16,00,000. It is expected that these textile exports will largely take the

form of shipments of grey cloth which will be finished by the British textile industry and exported to the Colonies. It is not probable that large quantities of finished goods will be coming from Japan in the immediate future. Other main groups of Japanese exports will be industrial machinery and parts, raw silk, rolling stock, chemicals, stock, and bunker coal.

The sterling area participants will furnish Japan with £. 28,000,000 worth of raw materials, including cotton, wool, salt, rubber, jute, coal, hides, skins, manganese, and tin. The balance of approximately £. 4,500,000 will be offset against a balance of goods already delivered to Occupied Japan during the previous period on open account under Government trading arrangements. The trade plan, which forms the basis of the arrangement, is not restrictive but is intended to represent the volume of trade expected during the year. It is not intended to make binding commitments. The arrangement provides for frequent consultations between the parties and for a general review not later than January 15, 1949, to have the way for a fresh plan in the next trading year.

Great importance is attached by both sides to maintaining trade between Occupied Japan and the sterling area as a whole in balance to avoid any loss of dollars to either side. Under the terms of the overall sterling payments arrangement the Supreme Commander General, MacArthur, has the right to convert surplus sterling balances into dollars, although normally conversion would be exercised only at six monthly intervals and then only to the extent that the balances would not be required to meet the estimated near-term commitments. One obvious advantage of the agreement is that within the scope of an estimated overall balance it affords, greater elasticity for Japan's sterling area trade in that it is a multilateral arrangement between Occupied Japan on the one hand and on the other hand the U. K. and the whole Colonial Empire, with the exception of Hongkong and four other Commonwealth countries, all of which

are important suppliers of Japan's raw material needs, as well as the traditional markets for her products. Furthermore, the existence of a plan to work it out enables the Supreme Commander, acting in respect of Occupied Japan, to map out trade and production programmes with a far greater degree of confidence and accuracy than would otherwise be the case. The arrangement leaves the way open for other countries in the sterling area to accede, subject to the approval of both parties. Alternatively, it is open to individual sterling area countries to negotiate their own trade arrangements with Occupied Japan.

BRITISH EXPORT TARGETS FOR END 1949

TOTAL FIXED AT 155 PER CENT. OF 1938
VOLUME

Mr. Wilson, President of the Board of Trade, speaking at a Press conference in London, revealed that the new targets had been fixed in the light of an intensive examination which the Government had carried out into the problem of exporting capital equipment or retaining it for the use of British industry in order to increase productivity.

One result of this examination had been that the proportion of automatic looms for the home market had been raised from 60 per cent. to 75 per cent. and the export quota reduced accordingly. More machine tools were also going to home users.

The President was asked about the difference between the end 1949 target and the estimate of 187 per cent. for the year ending June 30, 1949, given in the White Paper on Britain's E.R.P. plans published recently.

He pointed out that in this White Paper the hope was expressed that "a higher level would be reached." The seasonal factor had also to be taken into consideration and while they aimed at 155 per cent. at the end of December, 1949, the monthly average would probably be around 188 per cent.

Mr. Wilson added that there was always a time-lag of two to three months in the actual receipts of payments for exports and this had to be taken into account in making estimates for E.R.P. purposes.

DETAILED LIST

Giving a summary of prospects industry by industry Mr. Wilson said that it would almost certainly be necessary to make a number of detailed adjustments as a result of further discussions.

Tobacco.—Target was being reduced owing to the need to save dollars on raw tobacco purchases.

Sugar.—Refined sugar exports, which had made quite a contribution to earnings this year, were likely to fall because Europe would probably be far more self-sufficient next year owing to this autumn's good beet crops. Reduction was not likely to mean more for the home markets.

Whisky.—It was hoped to have a further small increase in whisky targets, though this would not mean more for home markets.

Beer.—Export target for the coming year had been raised to 500,000 standard barrels, compared with 300,000 standard barrels last year, but this should not involve any shortage on the home markets.

Coal.—Assuming that there was no substantial fall in price coal might be going up to 57 per cent. of the 1938 volume by the end of next year.

Iron and Steel.—Due to shortage of steel, the end 1949 target represented the minimum exports essential, first, to meet British demands under bi-lateral trade agreements; secondly, to meet the needs of colonial development scheme and thirdly, for tinplate shipments required against their food import arrangements.

Non-Ferrous Metals.—These were down for two reasons: First, there had been fairly heavy shipments, particularly of processed gold, and as a result of representations made by the International Monetary Fund from a currency point of view these figures would be reduced, and, secondly, as a result of reducing British

imports of certain raw materials from dollar sources.

Machinery.—Despite continued steel shortage, considerably more exports were expected in 1949 always providing defence needs did not affect the industry too greatly in respect of either steel supplies or manufacturing capacity. Exports of agricultural machinery, including tractors, which had been one of the British most successful achievements this year, and also electrical machinery, were expected to increase.

Cotton.—Price of cotton goods had risen very considerably this year. It was still true that the bottleneck in expanding cotton exports was available supply rather than available demand.

Export market will still be given first priority and, unless production increases still more than at the moment, the target could be achieved only by further diversions from the home market. Supply of cotton for the home market was at present at its lowest since 1939 owing to failure of the industry to expand sufficiently to meet both the export diversion and home market requirements.

WOOL PROSPECTS:

Wool.—Except for high class worsteds, the amount of piece-goods the British could export next year was likely to be controlled more by the market position abroad than by production. The Board of Trade would be in close touch with the trade and it was likely that the targets for woollens and piece-goods would be reduced as compared with this year's figure.

Footwear.—Exports had been disappointing in recent months and it was no longer expected that the end 1948 target would be achieved. The 1949 target had, therefore, been broken down in the light of experience.

Chemicals.—Industry's main job as far as export was concerned, was to meet the needs of Britain's home industries because there was hardly an industry which was not dependent on it. After this priority had been met, some expansion in exports was hoped for in 1949, chiefly in paints, insecticides and certain other

miscellaneous chemicals. Main contribution would be in dollar-saving rather than exporting.

Pottery and Glass.—It was hoped to see a further increase and as far as decorated pottery was concerned there would still be an unsatisfied demand for the highest quality in the U.S.A. and Canada. It was hoped to maintain the glassware target at about its previous level.

Linen.—No big increase in home supplies expected.

Private Cars.—Slight contraction in export target forty or fifty markets were closed to British manufacturers last year, but the main difficulty was steel. Obviously if more steel could be found for cars, it would be a wonderful thing, but with steel requirements of various kinds still rising, it was not possible to do more for the car industry. Exports of commercial vehicles to Western Europe were expected to increase.

BRITAIN'S BALANCE OF PAYMENTS

When set against the frightening background of 1947, the latest estimates of Britain's balance of payments—given in Cmd. 7520—portray a striking transformation. In the first half of this year Britain's total deficit on overseas payments on current account was running at an estimated annual rate of £. 280 million—well under half the catastrophic rate of 1947 (now revised from £. 675 million to £. 680 million) and little more than three-quarters of that for 1946. Whatever reservations need to be made about the basis of these estimates and the sources which have contributed to so dramatic a change, there can be no gainsaying that the rake's headlong progress has been checked. The new austerity imposed upon Britain last autumn has had some salutary effects in greatly reducing (though by no means stopping) the dissipation of vital reserves. The Government, flushed with relief and satisfaction at this achievement, may perhaps be forgiven for not recalling that any smaller success would have been calamitous. Some may feel, indeed, that any dispassionate analysis of the sources of

this change must be an ungracious, kill-joy exercise. But it would be no service to Britain, and none even to its present Government, to neglect the task.

The truth is that the brightness of the bold strokes on the canvas becomes not a little dimmed when the necessary detail is filled in. The total deficit of £. 140 million for the half-year is only £. 4,000,000 greater than the £. 186 million estimated in this year's "Economic Survey"—a small difference which has been widely acclaimed as evidence both of the accuracy of the Government's forecasting and of the successful progress of its master-plan for Britain's rehabilitation. Those who argue thus have not read Sir Stafford Cripp's exposition, given in Parliament, with the attention it deserved. He showed, even if he did not emphasise, that the visible deficit—the portion of the whole account which most clearly reflects the course of the rehabilitation plans—was much larger than had been expected. The error, by comparison with the "Economic Survey" estimates was, indeed nearly 80 per cent. for the actual deficit for the half-year was £. 156 million, whereas the estimate was £. 87 million. This large divergence from the programme seems to have been almost wholly due to the continued rise in import prices. The cost of imports, at £. 887 million, was £. 95 million more than had been expected but their volume as a percentage of 1938 volume, at 78 per cent., was only 2 per cent. more than the "Economic Survey" postulated. Of this unforeseen burden of £. 95 million, exports and re-exports carried £. 26 million; they exceeded estimate by that amount, and this excess was by no means wholly due to the rise in export prices—estimated at 8 per cent., in contrast with 10 per cent. in import prices. The achievement of exports is, indeed, very heartening. As Table I shows, they earned £. 731 million in the half-year, compared with £. 1,102 million earned in the whole of 1947.

These figures are certainly a tribute to the progress of the export drive. But it needs to

be emphasised that if there had been no other sources of expected improvement the total deficit for the half-year would have been running at an annual rate of about £. 400 million—despite the cuts in imports and in industry's capital outlays and despite the new austerity. In other words, the virtual achievement of the target for the half-year's total deficit has been wholly due to the unexpectedly large net receipts from invisible transactions. It is important to recognise both that this improvement was partly adventitious and that it was not directly related to the Government's policy and planning. Otherwise people may jump to the dangerous conclusion that the major changes which were planned in the structure of Britain's economy—changes which have scarcely begun to take effect as yet—are after all unnecessary.

The invisible account as a whole showed a net credit of £. 16 million instead of an expected net debit of £. 49 million—an unexpected gain of no less than £. 65 million. To this gain, Government transactions contributed £. 18 million; that is to say, the net total of Government expenditure overseas, at £. 57 million, fell short of the estimate by this amount. It would, however, have exceeded estimate by £. 16 million had there not been a more than compensating error in the estimate of certain non-recurring credits: disposal of wartime surpluses and inter-governmental settlements of indebtedness arising from the war provided £. 29 million more than had been expected and financed scarcely less than half the net total of the Government overseas expenditure on all other accounts, which amounted to £. 118 million in the half-year, or at the rate of £. 226 million per annum. This last figure compares with £. 328 million for the whole of 1947, so that the reduction has been less steep than is commonly supposed.

Up to this point, therefore, the current account, strictly so defined, shows only deterioration by comparison with the estimates—at the annual rate of £. 170 million, if the non-recur-

ring Government credits are excluded. The really heartening achievement, which has saved the situation and brought the total deficit down to within striking distance of the estimates, has occurred in the traditional items of Britain's invisible income. The cost to Britain of invisible imports—shipping, out-payment of interest and dividends, films (net), tourism (£. 15 million) and business travel abroad (£. 9,000,000) was, indeed, £. 84 million more than had been estimated, at £. 174 million, equivalent to an annual rate only slightly less than in 1947. But invisible receipts expanded very sharply, and surpassed the estimate by £. 86 million. Their total for the half-year was equivalent to an annual rate of £. 494 million, nearly £. 120 million more than in 1947 and actually £. 90 million above the figure for 1938, despite the estimated fall of £. 50 million in the yield from overseas investments. To keep these heartening gross figures in perspective it needs to be remembered, however, that invisible imports—excluding Government expenditure at a net annual rate of £. 104 million—were costing £. 191 million a year more than in 1938. Hence the net yield of commercial and private invisible income was fully £. 100 million less than in 1938, despite the big expansion of her shipping income in consequence of the rise in freight rates. This income at an annual rate of £. 66 million in the first half of this year, in contrast with only £. 20 million in 1938.

The other big contributors to non-Governmental gross invisible income were the miscellaneous items, including inward travel now shown separately for the first time. These items produced a credit of £. 22 million in 1947 (instead of the debit of £. 20 million shown in the initial estimates for that year), but were expected to involve a net expenditure of £. 11 million in the first half of this year. Actually, they provided a net income of £. 58 million and thereby surpassed the forecast by a sum equivalent to an annual rate of no less than £. 128 million. Part of this big expansion is

however, certainly non-recurring: for example, the residual item includes a national credit of £. 8,000,000 representing the counterpart of goods imported (and included in imports in the visible account) from overseas stocks accumulated and paid for during the war. Inward travel yielded £. 14 million in the first half of the year (compared with £. 19 million in the whole of 1947 and £. 28 million in 1938), and it is expected to be even larger in the current half-year, which includes a larger part of the tourist season and has also benefited from the Olympic games. There is still a net deficit on travel of £. 10 million in the half-year but it is much less than in 1947 when, it is now estimated, outward travel cost the extravagant sum of £. 73 million and even the net figure exceeded £. 50 million; in 1938 it was £. 12 million. For the rest, there has apparently been an unexpectedly big increase in income from financial and commercial services and from the overseas activities for the oil industry though no indication is given of the amount of these receipts.

So much for the current account of Britain's balance of payment as a whole. More reassuring in some respect are the changes which have taken place in the distribution of payments between the main geographical areas. Despite the rise in dollar prices (which caused imports from the Western Hemisphere to exceed estimate by £. 27 million for the half-year), the net deficit with the Western Hemisphere—which is not to be identified with the dollar area—was reduced to £. 195 million, or only £. 12 million more than the figure forecast in the "Economic Survey." Its annual rate, though still at the alarming level of £. 390 million is £. 280 million less than in 1947, a year of disastrous strain upon the reserves. A large part of this improvement was due to the steep fall in the invisible deficit; this totalled £. 118 million in 1947 but was reduced to only £. 18 million in the first half of this year, thanks to the cessation of direct expenditure in the Western Hemisphere for account of

Germany and thanks, also, to improved net receipts from shipping and oil.

Of particular significance, in view of Britain's large obligations under the new European payments plan, are the radical changes which have occurred in Britain's trade relationship with the OEEC countries. In 1947 Britain had a visible surplus of £. 84 million, but a final deficit of £. 30 million, with these countries. In the first half of 1948 the visible surplus had risen to an annual rate of £. 58 million and the invisible deficit of £. 64 million had been converted into an invisible surplus at the rate of £. 22 million, making a final surplus at the rate of £. 80 million. This large total of British aid for Marshall Europe suggests that the immediate burden of unrequired exports to Europe which Britain is assuming under the new plan will actually be less than the burden which has been carried in the first half of this year, for the Chancellor said in Parliament that at least two thirds of the \$ 500 million of British aid will be furnished by exports from the sterling area.

One other factor of Britain's external accounts is of particular importance—the capital account, shown in the second table. This shows large and contrasting movements. In the first half of this year, Britain has again been attracting capital from the non-sterling world, but this inflow has been financed on balance by a more than corresponding repayment of accumulated sterling balances; these dropped by £. 142 million (partly in consequence of Argentina's drawings for the purchase of the railways). The total balances of the sterling area countries, on the other hand, rose by no less than £. 116 million (in contrast with a drop of £. 147 million in 1947) partly because of their voluntary curtailment of drawings on the central dollar pool. In addition, Britain increased its capital assets in the sterling area by no less than £. 145 million—a huge rate of outflow of funds which was strongly influenced by the movement of "hot money" to South Africa. This particular

movement, however, has now been reversed; and the Chancellor explained that the net outflow of capital in the second quarter of the year was much smaller than in the first. It is certainly to be hoped that this declining trend will continue, for Britain can ill-afford to export capital on this scale, especially as much of the

outflow is not to be regarded as the genuine accumulation of overseas assets which the accounting might suggest. This item of £. 145 million is, indeed, a mere residual, and includes such items as the capital taken abroad—estimated at “several tens of millions”—by emigrants.

TABLE I.—CURRENT ACCOUNT—SUMMARY

(£. Million).

	1938	1941	1947	1948 first half provi- sional
PAYMENTS				
1. Imports (f.o.b.) :—				
(a) Food and feeding stuffs	558	789	427	
(b) Raw materials	342	525	309	
(c) Tobacco	71	80	14	
(d) Petroleum (civil)	54	71	59	
(e) Manufactures and other imports	72	175	78	
Total Imports	885	1,092	1,540	887
2. Government overseas expenditure :—				
(a) Military	379	198	76	
Less war disposals and settlements	—152	—121	—56	
(b) Relief and rehabilitation	110	60	9	
(c) Germany	40	80	12	
(d) Administrative, diplomatic, etc.	35	36	21	
(e) Other Government (net)	—121	—46	5	
Total Government overseas expenditure (net)	16	291	207	57
3. Shipping	80	189	171	84
4. Interest, profits and dividends	30	80	102	59
5. Film (net)	7	17	14	7
6. Travel	40	40	78	24
7. Total payments	1,008	1,659	2,107	1,118
RECEIPTS				
8. Exports and re-exports (f.o.b.)	533	890	1,102	781
9. Shipping	100	160	201	117
10. Interest, profits and dividends	205	155	132	77
11. Travel	28	12	19	14
12. Other (net)	72	72	8	89
13. Total receipts	938	1,289	1,289	978
14. Surplus (+) or Deficit (—) on current account	— 70	—370	—680	—140
Of which: Visible trade	—802	—202	—488	—156
Invisible	+232	—168	—192	+ 16

TABLE II—CAPITAL ACCOUNT

(£ Million).

	1946	1947	1948 first half provisional
I. Net change in gold and dollar resources			
A. On United Kingdom account	847 —	659 —	186
1. Deficit with dollar Area	885 —	606 —	186
2. Gold and dollar subscriptions to International Monetary Fund	—7	—51	..
B. On Rest of sterling Area account	+45	—204	—19
3. Deficit with Dollar Area	—84	—271	—28
4. Gold and dollars subscriptions to International Monetary Fund and Bank	—3	—7	..
5. Purchases of new gold from sterling Area	+82	+84	+9
C. On whole Sterling Area account	..	..	..
6. Net gold and dollar receipts from or payments to other countries	+71	—163	—49
7. Total change in gold and dollar resources	+226	—1,024	—254
II. Net change in United Kingdom external capital assets and other capital transactions			
A. Non-sterling Area	—71	+66	— 57
8. Gold and dollar subscriptions to International Monetary Fund and Bank	+ 7	+51	..
9. Repayment of U.S. and Canadian loans	+82	+86	+ 17
10. Sales and redemption of U.S. and Canadian securities (net)	—38	—21	+ 4
11. Other capital transactions	—74	..	— 78
B. Rest of Sterling Area	—84	+188	+145
12. Australian and New Zealand gifts	..	— 80	..
13. Other capital transactions	—84	+213	+145
14. Total Change in capital assets, etc.	.. —	105 +	249 + 88
III. Net change in sterling balances			
A. 15. Non-sterling Area Countries	+76	+ 2	—141
B. 16. Sterling Area Countries	—37	—147	+116
17. Total change in sterling balances	.. +	89 —	145 — 26
IV. Summary			
18. Net drain on United Kingdom gold and dollar resources	226	1,024	254
19. Net decrease in United Kingdom external capital assets, etc.	105 —	249	— 88
20. Net increase in sterling balances	89 —	145 —	26
21. Total Overseas Disinvestment	370	680	140

TRADE WITHIN THE COMMONWEALTH

One of the main subjects of discussion the London Conference of Dominion Prime Ministers in October was trade relations within the Commonwealth. The subject called for

discussion at this stage for several reasons. There was the perennial problem of the dollar position. There was the situation arising from the decision to re-arm. And above all, there was the Western European Economic Union

scheme. It is, in particular, in respect of this latter that the Dominion Prime Ministers were anxious to exchange views with the British Government. They wanted to ascertain if, and to what extent, the proposed arrangement will be detrimental to trade between Britain and the Commonwealth. They were anxious to safeguard the legitimate interests of the Dominions against being sacrificed to an undue extent for the sake of inter-European economic co-operation.

It has often been stated from official quarters that British trade with Western Europe and with the Commonwealth is not incompatible but complementary to each other, and that the gain of Western Europe need not be the loss of the Empire. Others take the line that, even if the Commonwealth should suffer disadvantages, these sacrifices are essential in order to ensure the existence of the Western European countries which constitute the first line defence to the Commonwealth. There is a great deal of anxiety in the Dominions about the probable extent of the sacrifices they may be called upon to make. It is in order to gain a clearer idea of what is involved in the proposed Western European Union Economic scheme that the Commonwealth Prime Ministers foregathered in London in October, 1948. Their anxiety is only too understandable; after all, their trade with the United Kingdom is a vital element in their prosperity. For instance, the United Kingdom takes 80 per cent. of New Zealand's exports and nearly 80 per cent. of Canada's much larger exports; some 40 per cent. of Australia's trade is with Britain. Before the partition of India, 25 per cent. of her exports went to the United Kingdom and 80 per cent. of her imports came from the United Kingdom. Any substantial reductions of these percentages through diversion of British trade to Western Europe would leave a gap which might be impossible to fill.

There is, of course, no real danger of reduction of British imports from the Dominions. These imports consist almost exclusively of

raw materials which Western Europe could not supply in any appreciable quantities. Indeed, the Western European countries are themselves large importers of these raw materials and want to satisfy their needs out of Commonwealth resources. What the Dominions are afraid is of that, as a result of the proposed arrangements, Britain might be in a less favourable position to supply them with much-needed manufacture in payment for their raw material exports. As it is the British trade balance has been strongly adverse in relation to most Dominions since the war, and these adverse balances have accumulated in the form of large sterling holdings by the Dominions. In the case of India, these sterling balances have assumed staggering proportions and there is a strong desire for their gradual liquidation or substantial reduction. Other Dominions are also far from anxious to increase further their holdings of sterling; while they are willing to do so up to a point for the sake of assisting Britain in her difficulties, they are decidedly less enthusiastic about the idea of acquiring additional millions of sterling in connection with the Western European scheme. It is an essential part of the proposed Western European arrangement that the Western European countries should be able to use their sterling resources for projects in any part of the Sterling Area. These sterling resources include not only the proceeds of their exports to Britain, but also the £. 125,000,000 which, under the agreement concluded on 11th September, the British Government has undertaken to make available to Western European countries in order to cover their anticipated trade deficit with the Sterling Area during the twelve months ending 30th June, 1949. Owing to the urgent need for food and raw materials, a very large proportion of this amount is likely to be spent not in the United Kingdom but in the Dominions. This means that in return for their exports to Western Europe, the Dominions would receive payment in the form of further additions to their already large sterling balances.

Apart altogether from these immediate problems, there were also the long range aspects of the proposed Western European Union to be considered. It is the declared object of American policy to induce Britain to adapt her economy to the requirements of Western Europe. This would mean that British industries would concentrate on producing goods which are needed by the Western European countries. In pre-war conditions when there were some 1,500,000 unemployed this could have easily been done without reducing production for sales in the Commonwealth. Amidst conditions of full employment, however, any substantial increase of producing capacity for serving Western European Markets amount to a more or less corresponding reduction of producing capacity for serving Commonwealth markets. The Commonwealth would thus come to depend on the United States for satisfying its requirements hitherto satisfied by Britain. It was with this end in view during the course of prolonged trade negotiations in Geneva and Havana, the United States insisted on a material reduction of imperial preference. Amidst present day conditions these cuts in preferential rates are of relatively small importance as the Dominions place their order primarily with the country from which they can obtain early delivery. In the long run, however, the reduction of imperial preference will tend to reinforce materially the trend to be initiated by the application of Western European scheme, namely the diversion of British goods from the Commonwealth to Western Europe and their replacement by American export.

Above all, several Dominion delegates were anxious to ensure that they could depend on the British markets for their staple exports. Their countries are willing to expand production in order to satisfy the larger proportion of Britain's requirements but, on their part, they want some assurance that, after the return of normal conditions, British purchasers would not be diverted to other countries, for the

sake of minor differences in prices. The adoption of new preferential tariffs or subsidies would be against the terms of various international undertakings given by British since the war. The only way in which a steady market could be guaranteed would be through the conclusion of long term contracts for the purchase of a large proportion of the exportable surpluses of the Dominions. Several contracts have actually been concluded in recent years covering periods of up to five years or so.

PAUL EINZIG

Courtesy: Indian Finance.

SOUND EXPANSION OF WORLD TRADE

At least four basic conditions are necessary for a sound expansion of world trade, in the opinion of U.S. State Department economists. These are: Stability; good markets; fair rules of trade and procedures for settling trade disputes.

Although stability in international trade cannot be achieved easily, particularly when political uncertainties intensify existing economic uncertainties, these economists assert, positive steps can be taken toward attending stability.

Such steps include assistance in building up the damaged economies of friendly countries, international action to lessen exchange fluctuation, and agreements to govern international trade. They point out that the European Recovery Programme, the International Bank and International Monetary Fund, and the proposed International Trade Organization (ITO) have restoration of stability in international trade among their chief objectives.

The chief characteristics of a good market, the economists point out, are accessibility and ability to pay for the goods received. Barter deals can be used to dispose of some goods, but not in adequate volume or variety, since they do not permit the complex interchanges of goods among many nations which currency makes possible.

Concerning the third basic condition necessary for sound world trade expansion—fair rules of trade—the State Department economists point to the code of rules that representatives of 54 nations agreed to in the ITO charter. These rules cover a wide range of international trade relationships: tariffs, quotas, subsidies, foreign exchange, customs formalities, cartels, commodity agreements, most-favoured-nation treatment, and the international aspects of foreign investment, employment, and economic development. Most of them represent commitments by government to refrain from taking specified actions that tend to restrict trade.

Although the economists acknowledge that under present conditions few countries can apply completely such rules as that proposed against import quotas, they point out that the charter permits certain exceptions as long as abnormal conditions exist. The provision for exceptions, it is pointed out, makes it possible for many nations to accept the rules and put some into effect now and the rest later.

If a sufficient number of legislatures ratify the charter, it is maintained, the ITO will provided a permanent mechanism, for the orderly settlement of international economic disputes.

The economists say that the World Economic Conference in 1927 and the London Monetary and Economic Conference in 1933 proved that intermittent international conferences, accompanied by broad declarations of principle, are not an effective means of resolving such world economic problems as depressions and economic warfare.

A permanent international agency such as the proposed International Trade Organization, operating on the basis of specific commitments, they say, is a far more effective means of achieving these purposes.

They explain that each member of the ITO would have one vote and decisions would, in the main, be by a majority vote. The ITO could not force any country into any act against its desire. But if a member nation violated a commitment accepted under the charter, the ITO could authorize other member nations to withdraw from the offender the privileges that all member nations grant to each other under the charter. The right to withhold privileges to offenders, together with the persuasion exercised in the ITO forum, plus the force of public opinion, would constitute means of achieving adherence to ITO rules.

Labour

TRADE DISPUTE ORDER TO BE REPLACED

"MINIMUM WAGES BILL" TO COME INTO FORCE SHORTLY

A "Minimum Wage Bill," similar to the Minimum Wage Bill, passed by Indian Legislature had been drafted and will come into force as a regulation very soon, it is learnt.

The Trade dispute order, passed in 1851 Fasli, and now in force will be replaced by the Industrial dispute Act which is also drafted on the Model of the Government of India Dispute Act.

Both these regulations which are expected to come very soon will make Hyderabad Labour Policy similar to the All-India Labour Policy.

LABOUR PROBLEMS

The former Government in its morbid anxiety to pursue an independent line of action even in labour matter, had under consideration, the appointment of a labour investigating committee to make recommendations to the Government after studying industrial and agricultural labour problems in the State. But now the recommendations of Rege Committee appointed in 1942, and which are being implemented by the Government of India will form the basis of Hyderabad Government policy with regard to labour since there is not much difference between the labour problems of India and Hyderabad.

Certain changes may be made here and there to suit local conditions. But this much is certain that the policy of the State in future about labour will be in line with the Government of India.

SOCIAL INSURANCE IN INDIA.

EARLY HISTORY REVIEWED.

The inauguration of the Employees' State Insurance Corporation of India by H.E. the Governor-General, Mr. C. Rajagopalachari

marks an important epoch in the history of social insurance legislation in India.

The establishment of the Corporation, it may be noted, has been provided in the Employees' State Insurance Act passed by the Indian Legislative (Constituent) Assembly at this year's budget session, for the purpose of administering the health insurance scheme provided in the Act. It may not be out of place to refer here to events which led to the passing of the health insurance legislation in India.

The question of introducing health insurance came into the limelight in 1927, as a result of a Convention referred to the Government of India by the I.L.O. The Royal Commission on Labour (1929-31) suggested preliminary enquiries for collecting statistics. The Government of India doubted the value of such an enquiry, but, after consulting the Provincial Governments, came to the conclusion in 1937 that there was lack of demand for experimental measures, if the schemes were to involve contributions from workers, employees and the Provincial Governments alike. In 1940 the discussion was revived as a result of conditions created by war. In 1941, the Superintendent of Insurance was asked to submit a report on the question. In 1942, the Third Conference of Labour Ministers considered the draft scheme proposed by the Bombay Textile Enquiry Committee in 1940, and decided to institute a health insurance scheme as an experimental measure. Two years thereafter Prof. B. P. Adarkar was appointed to prepare a scheme. The scheme, which was submitted by him during August, 1944, was suitably modified by Messrs. Stack and Rao of the I.L.O. who were invited to examine the scheme. A Bill was then prepared and was introduced in the Legislative Assembly in November, 1946. It was, however, referred to a Select Committee a year after. The Select Committee reported to the Legislature on 11th

February, 1948 and among the notable changes made by it was the extension of the scope of the Bill to all employees. Hence the title 'Employees' State Insurance Bill.' The Bill was passed and came into force in April this year.

LABOUR CONDITIONS IN THE BRITISH COLONIAL EMPIRE

With the assistance of the British Trade Union Congress a comprehensive scheme is being worked out for the better training of colonial trade unionists, according to a report entitled, *The British Colonial Empire in 1947*, issued by the United Kingdom Information Office at Ottawa. Among the subjects discussed in the report are (1) economic development; (2) progress in education; (3) social welfare services; (4) health services and nutrition; (5) housing, town and country planning.

Arrangements have been made by which each year 15 West Indian Officials can take Ruskin College correspondence courses provided by the TUC free of charge. In addition it is planned to finance scholarships which will enable selected students to have six months practical trade union training in Britain.

During the year, experienced trade unionists from Britain investigated African labour conditions and the problem of the colour bar in Northern Rhodesia, and trade union organization and industrial relations in Trinidad. In July, it was revealed in the British House of Commons that there were 19 experienced trade unionists operating in the colonies getting trade union movement established on firm and proper lines. In most colonies there were ordinances concerned with wage regulations, conciliation, workers' compensation, trade union rights, and inspection of labour conditions.

A standing committee on African migrant labour has been established by the Central African Council while a commission in Northern Rhodesia is to recommend what further posts Africans can fill and what training facilities

are necessary to qualify them for more responsible and skilled posts in industry. Other developments in Africa during 1947 have been the holding of a Pan-African Conference of Trade Unionists at Dakar in April, with representatives from Gambia and Nigeria, meetings of various West African trade unions, and the arrival in Kenya of a team of scientists to study the causes of inefficient African labour and how it might be improved.

A tripartite Labour Advisory Board has been established in Singapore and is being set up in the Malayan Union. By the end of March, 1947, over 200 trade unions had been registered in Malaya since the resumption of Civil Government, and 94 in Singapore with 66 others in process of being registered.

The report points to the great part played by Britain in shaping five new conventions applicable to non-metropolitan countries which were adopted at the thirtieth session of the International Labour Conference. These conventions, dealing with social policy, rights of association and the settlement of labour disputes, labour inspection, maximum length of contracts, and the application of international labour standards amount to a charter designed to help colonial peoples to a life of higher standards.

Economic Development.—In the field of economic development, the report states "1947 was an outstanding year." The two chief events were the establishment of a Colonial Development Corporation and an Overseas Food Corporation. These bodies "are not intended to supplant private enterprise but rather to supplement it and.....may work in association with Government and private bodies."

The Colonial Development Corporation, the larger of the two bodies, will be responsible to the Secretary of State for the Colonies, and its object will be to develop the resources and trade of colonial territories and to expand their production of food and raw materials. Schemes will be started only with the approval and co-

operation of Colonial Governments, and the interests of employees will be consulted and secured. This body will be financed by loans or advances from the British Exchequer up to \$ 400,000,000 and may borrow up to \$ 10,000,000 from other sources.

The smaller, Overseas Food Corporation is to be responsible to the Minister of Food and will promote the production of food and agricultural products. Its activities will not be limited to British colonial territories. Provisions for financing this body are the same as for other corporation except that its borrowing powers are halved.

Before the end of the year, the East African Groundnuts Scheme was entrusted to the Overseas Food Corporation. The plan provides for clearing and developing about 3½ million acres of land in Tanganyika, Northern Rhodesia and Kenya. Some 32,000 Africans will be employed in the agricultural work and 25,000 in bush clearing. While the world shortage of fats was a factor in launching the scheme, its long-term importance is expected as a practical demonstration of the improved productivity, health, social welfare and prosperity which scientific agriculture can bring to Africa. Other regions in Africa are also being investigated for suitability for large-scale mechanized production of groundnuts; plans for agricultural development have been announced for Nigeria and Gold Coast.

The provision of power for industries and public consumption, communications, research, and planning of agriculture, development of new resources are other matters that have been studied and pressed in various colonies.

The report indicates that the co-operative movement is being actively encouraged in the colonies "as an effective method of developing sound economic and social conditions." Most colonies now have co-operative Departments and have passed ordinances for the protection and development of co-operatives.

Housing.—News from the colonies during the year has been mostly concerned with the visits of town planners, schemes for model towns, and the introduction of the necessary legislation. Town planning is being considered in Cyprus, Hong Kong, Tanganyika, Kenya and Uganda. Model villages and settlements are to be built for Africans engaged in the East African Groundnuts Scheme.

Health Service and Nutrition.—In the spheres of health services and nutrition great attention is being given to the preventive aspects and to the training of colonial peoples. Progress has been made in combating disease. In Kenya, for example, the death rate among Africans dropped from 217 per thousand in 1939 to 71 per thousand in 1946. The training of nurses is being expedited and medical facilities extended.

Nutrition has continued to be the subject of research and experiment. The nutritional value of various foods is being investigated while research in such diseases as malaria and tuberculosis is also going on.

Social Welfare Services.—The report on the British Colonial Empire states that by the end of 1947, social welfare officers had been appointed to almost all colonies, and increasing attention was being given to youths and adolescents.

Social welfare organizations have been particularly active in the West Indies. In Africa, the scout movement has grown while women have been meeting and forming groups in various colonies. Other interesting developments were the starting of a children's library in Gambia, young farmers' clubs in Fiji, and the opening of a handicrafts and homecrafts centre in Mauritius.

The London School of Economics arranged in 1948 to provide a two-year course for colonial candidates for welfare posts. By 1947, 90 colonial students had taken this course and 40 had taken up welfare work in the colonies.

METHODS OF SOCIAL ADVANCE

VOLUNTARY ACTION ABOVE A NATIONAL MINIMUM

One of the dominating ideas in the social development of Britain during the past 50 years has been the idea of the national minimum. One of the partnership of two* who did more than any other individuals to propagate this idea has set it out in the following terms: "Our general social policy is to construct a base to society in the form of a legally enforced 'minimum standard of life' and to develop all forms of shooting upwards whether of individuals or of discoveries and refinements."

The Webbs pursued the application of this idea mainly in relation to wages and to the legal prohibition of conditions below the minimum in respect of health, housing, education, or methods of employment. But it is as applicable, and in the social security legislation of Britain it has now been applied, to a field to which the Webbs themselves gave relatively little attention. The philosophy underlying this legislation is that of extending the conception of a minimum income for subsistence from the time of working to cover also all the times when through sickness, accident, old age, or unemployment one cannot work and earn.

SOCIAL SECURITY

More consciously than in any other country in the world the rates of social security benefit in Britain are based on a calculation of subsistence needs of the recipient and his dependents. More completely than in any other country, they are freed from any form of means test prescribing a maximum as well as a minimum income. The British system of social security is establishing over a new field the principle of a national minimum secured by State action "shooting upwards" above the minimum.

In the Report on Social Insurance and Allied Services which Lord Beveridge made to H.M. Government in 1942 it is laid down as one of three guiding principles that social security must be

* Beatrice Webb.

achieved by co-operation between the State and the individual." The State should offer security for service and contribution. The State, in organising security, should not stifle incentive, opportunity, responsibility. In establishing a national minimum it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family."

THE NEW REPORT

The volume published recently over Beveridge's name as *Voluntary Action, a Report on Methods of Social Advance*, is thus a logical sequel to his earlier report.

TEST OF DEMOCRACY

The essence of the report lies in showing, first, how much individual unhappiness remains untouched by social security and full employment; secondly, how much has been done to diminish unhappiness in the past by voluntary action, inspired by the motives of mutual aid and of philanthropy or both in combination; thirdly, how urgently voluntary action will be needed in future to supplement and to go ahead of public action, to do things which the State cannot do or should not do, or is unlikely to do, as well as they will be done by a specialist self-devoted pioneer seeing this or that particular evil and setting himself to destroy it.

The nineteenth century was a time of private enterprise not only in pursuit of gain but also in social reform. This is illustrated in the report by a chapter on pioneers, noticing briefly the origins and motives of some of the dynamic individuals of that time and how they found the opportunities for their service. The problem of the twentieth century is to maintain those opportunities in profoundly changed material conditions—of redistribution of incomes and of leisure, and of a narrowing middle-class of independent men and women.

Democracy has to learn and to practise the virtues of aristocracy. Democracy has also to preserve voluntary action in order to be

free. Vigour and abundance of voluntary action, individually and in association with other citizens, for bettering one's own life and that of one's fellows, have been outstanding features of British society in the past. The purpose of this volume is by argument and illustration to help in keeping them as features of Britain in the future. For without voluntary action for social advance a good society cannot be made.

U.S. LABOUR LEGISLATION

REPEAL OF TAFT-HARTLEY ACT ASSURED

Secretary of Labour, Maurice Tobin, said that any labour law passed by next Congress "definitely will have to restore the closed shop."

He told his first post-election press conference that the administration is pledged to "positive and outright repeal of the Taft-Hartley Act." And he added the new Democratic Congress will strike the disputed labour law from the Statute Books. In its place, Tobin said, President Truman will make specific recommendation to Congress in January for a new

Democratic Labour Bill. "Any bill enacted definitely will have to restore the closed shop."

The Labour Secretary refused to spell out his present plans but questioning by reporters brought out:

1. He was not against labour union officers being required to sign statements that they are not communists provided the employers too are required to sign similar statements.
 2. He wants the Federal Mediation and Conciliation Service as well as the United States Employment service to be returned to Labour Department.
 3. He favours some kind of restrictions at strikes that might damage national health and safety but he was opposed to putting government "into practically every dispute with injunctions."
 4. Tobin favours making the Unions responsible for some of their acts and declaring some possible action as illegal but he refused to specify these.
 5. He wants the minimum wage raised from 40 to 75 cents an hour.
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Transport

EXPENSION OF HYDERABAD TELEPHONE SYSTEM.

Scheme costing Rs. 63 Lakhs sanctioned

Mr. R. NATARAJAN, General Manager, Indian Telephone Industries (Government of India), who is accompanied by Mr. K. Finney of Messrs. Automatic Telephone and Electric Company Limited, England, is checking up schemes for the automatization of the Hyderabad Telephone area and design of the Cable network. A scheme has already been designed at an estimated cost of Rs. 63 lakhs, providing two additional exchanges of the latest pattern, one at Secunderabad and another at Saifabad in Hyderabad City. The scheme also provides for the supply of parts for the existing Telephone Exchange of the German Type, reconditioning and fitting them up at the Gowliguda Exchange.

The scheme has been further examined in relation to the Trunk Exchange at Trimulgherry, requirements of the aerodrome and the N. S. Railway Exchange. A comprehensive plan has been drawn up and additional equipment based upon latest development figures available are being provided. It is expected that there will be considerable economy in the new scheme in view of the agreement between the Government of India (Indian Telephone Industries) and Messrs. Automatic Telephone and Electric Company Limited, England. It is also learnt that the delivery of the equipment necessary for the automatization will be expedited on account of this agreement.

The Telephone instruments will be of the latest pattern, dustproof, insect-proof with tropical finish and will be supplied even at a cheaper cost than what was proposed in the original scheme. Under the new scheme it is visualised that the number of lines will be more than 5,080 as against 2,000 at present existing. The proposals as envisaged by the Indian Telephone Industries will make the system economical

for the small user by the introduction of message rate. The whole of the Hyderabad Telephone area will be on a unit fee basis.

Under favourable conditions it is expected that this scheme will be ready for operation in the minimum time.

With the completion of the new scheme, it is expected that Hyderabad will possess one of the most modern, efficient and economic telephone systems in the world.

DEVELOPMENT OF AVIATION

NEHRU ON PROGRESS IN INDIA

CONFERENCE OPENED IN DELHI

The Prime Minister, Pandit Nehru, welcomed in New Delhi over 200 experts from 16 countries to the South-East Asia Regional Air Navigation Conference which was held under the auspices of the International Civil Aviation Organisation.

Pandit Nehru, welcoming the delegates, said, "I am here to welcome you on behalf of the Government of India to this country and to this very ancient city of Delhi. I have just now been thinking of the vast changes that this ancient city was to see in the course of human history. I wonder how many changes have taken place in this new era of not only air travel, but something more of man's gradual entry into the fourth dimension and his trying to control it be it for good or evil.

"If you will pardon my reminiscences, when I was a boy, I had to write an essay on "What is Aviation?" in 1906 at school a long time ago. I remember writing to my father from my school in England, some 40 years ago, 42 years to be exact, that I hoped to make an air journey to India. There were some doubts if it would be possible then. But the fact now is that it has been made possible. In fact, air journey has made week-end trips between India and England possible,

"I do not know much about the technique or details of the problems you are going to discuss and it would be folly on my part to talk about them and exhibit my ignorance. But apart from those details, one's imagination is fired by its major role in the history of mankind.

Speaking about the part played by India in the development of civil aviation, the Prime Minister said: "Here in India you will learn that within a short space of time we have made considerable progress in civil aviation. That was natural because this country is ideally situated for that purpose. She has large and wide areas where air travel becomes almost necessary and essential. The climate too, for the great part of the year, is suitable for aviation. And so air travel and communications were bound to grow. In the last few years, however, the progress has been very quick, indeed. This was because there was the urge to grow. The ten-year plan, drawn up some three years ago, has been completed in two or three years. It is, if I may say so, proper that the gathering should meet here to take counsel on what you should do to make air travel safe, efficient and, above all to serve the purposes of humanity in the future."

POSITION IN SOUTH-EAST ASIA

Emphasising the important position India occupied in the geographical set up of South-East Asia, Pandit Nehru said, geographically, as well as from many other points, India occupied a central position among the Asian nations. India is situated in the middle of the world map also. Most of the early international routes inevitably passed through India. India had thus influenced all her countries around and had been influenced by them. India had contacts since ancient times with her neighbours. She had never been isolated in the past and it had never wanted to be so except for a brief period in her history. During the British rule, India's contact with her neighbouring nations gradually lessened and there came into existence a direct contact with the west. But this had

changed now and the first element of the change, he thought, was due to the development of air travel. Development of air communications had the great effect of reviving the old contacts and bringing the countries of the world close to one another, he said.

Pandit Nehru concluded: "You are in a sense the children of the future that is taking shape. Out of your labours of love, great development will take place which I hope will be for the good of mankind. I welcome you all here."

Thanking the Prime Minister, Dr. Edward Warner, President of the International Civil Aviation Organization, made appreciative reference to India's part in the work of the Organisations. Referring to the present meeting, he said, it was the ninth of the series of such meetings. The meeting, he said, would attempt to prepare plans for the allotment of radio frequencies.

The Conference elected Mr. N. C. Ghosh, Director-General of Civil Aviation in India, and leader of the India delegation, as its Chairman. Mr. Mohamed Ismail, leader of the Pakistan delegation, and the leader of the French delegation were elected first and second Vice-Chairman respectively.

The Fact-finding Committee which started work earlier submitted its report to the Conference. The conference appointed five sub-committees. One will deal with aerodromes and air routes, the second with air traffic control, the third with communications, the fourth with meteorology and the fifth with search and rescue. The allocation of radio frequency was left to the consideration of the sub-committee of communications.

RAPID STRIDES MADE IN CIVIL AVIATION IN INDIA

The Director-General of Civil Aviation, Mr. N. C. Ghosh explained to journalists at a conference in New Delhi the progress made in civil aviation in India and the aims and objects of the first South-East Asia Regional Air Navigation

Conference of the International Civil Aviation Organization.

Figures provided at the conference disclosed that during the first six months of 1948 there occurred: (1) a 25 per cent. increase in air traffic as compared with the preceding half year, miles flown being 5,874,880 and passengers 175,784; (2) a 27 per cent. increase in the weight of freight, mails and newspapers carried; air freight carried being 1,421 tons, newspapers 748 tons and mails 286 tons; (3) a 88 per cent. improvement in the factor of regularity which was 99.7 per cent during the period, a record for India; (4) an increase in the number of aircraft registered in India from 551 to 614; (5) an increase in the number of pilots (B Class) to 296, private A class 333 and A-1 class to 15 and of ground engineers to 348; and (6) improvements to existing aerodromes and development of new aerodromes in various parts of the country.

Stating that civil aviation in India had made "rapid strides" during the past two years, Mr. Ghosh said that during the period July, 1947 to June 30, 1948, the number of hours had risen from 48,629 in the previous year to 66,554. The number of miles flown had increased from over 7.5m. to over 10.5m. The number of passengers carried had risen from 188,796 to 314,546 and the weight of freight carried had trebled compared with the previous year. The weight of newspapers carried had shown a remarkable increase from 277,680 lbs. in the previous year to 2,804,280 lbs. in the period under review.

REGIONAL CONFERENCE

Mr. Ghosh explained at length the origin and functions of ICAO and the regional conference. These regional meetings would, he stated, determine what air navigation facilities were available and what more were needed and decide on regional operating procedure for both air and ground crews in the various countries.

Discussing training facilities for pilots, engineers and other technical personnel, Mr. Ghosh

said that in addition to the seven subsidised clubs at Bombay, Madras, Delhi, Barrackpore, Patna, Bhubaneshwara and Lucknow and three non-subsidized clubs of Jodhpur, Trivandrum and Hyderabad, it was proposed to open three subsidized clubs at Jullundur, Nagpur and Gauhati during 1948-49.

The communications school at Saharanpur was training radio operators and radio technicians. It has also been decided to establish a flying training school and an aerodrome school at Allahabad for training in flying, flying control and aerodrome administration. The Government of India had decided to send six experienced pilots to the U. K. for being trained as instructors. The services of these experts would be available to the flying clubs. The ratio of foreigners to Indians at present manning the civil aircraft was roughly 60 : 40.

The Allahabad school was expected to turn out 300 pilots, 300 aerodrome officers and 300 control operators during the next three years. Some 50 trainer aircraft had been ordered from Canada and the U. K. and were expected to be delivered shortly. The question of training engineers was also receiving serious attention of the Government.

Mr. Ghosh said that development work at aerodromes was being taken on hand. Santa Cruz at Bombay, Dum Dum at Calcutta and Palam at Delhi were being brought up to the standard of international airports. An expenditure of Rs. 2 crores had been approved for the construction of control and administrative buildings, wireless transmitting stations and residential quarters at Vizagapatam, Lucknow, Ahmedabad, Nagpur, Banaras, Patna, Bagdogra and Gauhati. There was some talk of developing an aerodrome to conform to international standards, somewhere in Kathiawar, but the matter was only in the consideration stage. When Bombay was fully developed he thought it would serve as the western air gate of India like Karachi in the past.

PLAN TO SPEED UP INTERNAL AIR MAILS

FOUR PLANES TO FLY AT NIGHT BETWEEN MAIN CITIES

It is understood that proposals are under the examination of the Ministry of Communications to speed up the internal air mails delivery, particularly in important stations like Bombay, Madras, Calcutta and Delhi. Plans are being considered to arrange night flying of four air mail planes from Bombay, Madras, Calcutta and Delhi, and their confluence at a Central place like Nagpur. The idea seems to be to take mails up to nine every night and carry a few passengers—sleeping accommodation may be provided and delivery of air mail letters etc. may be made next morning at these cities through post offices. Mr. Rafi Ahmed Kidwai, Minister, who is now assisted by Mr. Khurshed Lal, Deputy Minister, is examining arrangements alongside Civil Aviation and Posts and Telegraph offices.

It is understood that the British Post Office has specially sent an officer from London to assist the Ministry of Communications in re-settling the Telephone Exchange at Calcutta, the scene of the recent tragic conflagration and terrible loss of costly equipment. In addition, the British Post Office has offered to sell automatic exchange equipment with about ten thousand telephone links. Departmental experts are examining the matter as it is feared that the new equipment may not hold good in tropical climate like Calcutta's. It is also suggested that air conditioned, Exchange machines may function throughout the year in Calcutta. Examinations and experiments have been proceeding in consultation with the British Post Office expert.

REDUCTION IN FOREIGN AIR MAIL RATES

DECISIONS AT LOCARNO

The Executive and Liaison Commission of the Universal Postal Union, which met at Berne and Locarno, has decided to reduce air mail

transportation charges payable to air carriers, said Mr. Krishna Prasada, Director-General of Posts and Telegraphs, in an interview recently.

Mr. Krishna Prasada said that if the decision of the Commission was carried out by member nations, air mail rates to foreign countries would be considerably reduced.

The Commission also decided to conduct a technical research in the postal services with the object of improving and quickening it. The results of the Research would be made available to 84 member nations of the Union.

THE TELEPHONE FACTORY

The foundation-stone laying ceremony of the telephone factory, which was performed near Bangalore the other day, was a noteworthy occasion. Apart from being the beginning of a vital nationalised industry, the ceremony marked an important stage in business collaboration between India and Great Britain. That India should be self-sufficient in manufacturing telephones cannot be over-emphasised. There is a considerable scope for the development of this industry. At present there are 110,000 telephones in this country. Taking into account its vast area and population, this number is quite insignificant. The telephone density comes to 0.08 per cent. of the population, which compares very unfavourably with the figures for other countries. People are clamouring for telephones and even at present inquiries 50,000 connections are on the waiting list. With rapid industrial development and the rise in the standard of living of the people, the demand for telephones is bound to increase tremendously.

The project is the result of an agreement between the Government of India and a premier British firm, "The Automatic Telephone and Electric Co. Ltd." The contract is for a period of 15 years, within which it is expected that 81 crores telephone instruments will be manufactured. The company has agreed to give technical assistance and place its patents at the disposal of the factory. In return, the British

concern will be paid Rs. 80 lakhs during this period. To begin with, the factory will assemble telephone instruments at the rate of 2,000 units per mensem. Manufacturing will start within three years. The annual output of the factory will be in the neighbourhood of two crore units.

HINDUSTAN AIRCRAFT'S PROGRESS

It is certainly gratifying to learn that the Hindustan Aircraft Factory has actually made a start in evolving its own designs. The record of its achievement during the third quarter of the current year is encouraging. The indigenous designs developed in the factory constitute a modest beginning by comparison with foreign standards; nevertheless they hold a well-founded hope for the future. The three new types of aircraft whose designs have been fully or almost wholly completed are HT2, HT10 and a substitute for Percival Prentice. All the three are trainers. HT2 is meant for the training of beginners, particularly for civil aviation pilots and young men in the National Cadet corps. HT10 is intended for the training of pilots for the R.I.A.F. The present programme for the factory consists of assembling 15 aircraft from components, 5 from detailed parts and manufacturing 80 from raw materials. The deadline fixed for its completion is December, 1949. Besides the designs, the activities of the factory have been extended to overhaul aeroplanes and engines and conversion of certain types for military requirements.

Part of the capacity of the plant is to be used for the manufacture of railway coaches for the present. The first all-metal third class coach was ready on Independence Day and it has been approved by the Railway Board which has already placed an order for 100 coaches for the time being. The principles of aircraft construction have been applied in its manufacture to secure greater comfort and safety for passengers. The risk of damage from accidents and fires will be considerably diminished. Another special feature of this coach is the provision of more space and electric fans. A modified design

prepared for a second type of all-steel third class coach provides a breadth of 11 feet 8 inches which is an improvement on the 10 feet breadth of the one already manufactured. This design is expected to be finalised in all respects in the course of a few weeks when certain information regarding light-weight bogies is obtained.

ADVANTAGES OF JET AIR TRAVEL

MAY SUPPLANT PRESENT EQUIPMENT IN A DECADE

(By Charles Gardener)

(The arrival in India of the RIAF's first "Vampire" fighters has focussed attention on jet planes. The British aircraft industry is not only producing jet planes for Service use but also for flying the world's air routes. Here, Charles Gardener, B.B.C. Air Correspondent, discusses the advantages of jet air travel. He has the distinction of being the first British reporter to fly a jet plane, the Meteor, at a speed approaching that of sound. At over 600 m.p.h. and at 10,000 feet, 85-year-old Charles Gardener made a broadcast for Radio Newsreel and Eye Witness Programmes).

Senator Owen Brewster is Chairman of the United States Congressional Aviation Policy Board, and his opinions on current trends in world civil aviation are, therefore, of some moment.

He has just made a speech in Washington in which he praised Britain's jet-liner plans, and in it he said: "The prospect of America having to buy British airliners looms larger to-day than ever before. The British aircraft industry is making such technical progress that its designers and engineers are planning and producing planes which will outstrip American models."

Naturally, Britain's aircraft industry hopes that M. Brewster is right. There is little doubt, indeed, that the Senator is supported in his view by a number of the world's civil air operators and indirectly confirmed in it by the sudden swing among American technicians in favour of jet airliners after several years of doubting the value of Britain's post-war experiment in this field.

The facts of this friendly race for an increasingly important world market, undoubtedly support Britain's hopes that by 1955 to 1960 she will be supplying fast, economic jet travel to the bulk of trunk operators of all the countries.

QUIET AND VIBRATION FREE

Jet air travel has so many advantages that there is no longer room for doubt that it is bound to supplant the present equipment on all medium and long-range routes within a decade.

Anyone who has ridden in a jet airliner will confirm that its quiet and vibration-free characteristics make one immediately dissatisfied with even the most luxurious of piston-engined planes. To ride in a jet airliner is to realise that here is an entirely new concept of comfort and relaxation. In addition, the high flying jet aircraft offers genuine "above the weather" smoothness and of course, up to 100 per cent. increase in cruising speed.

Economically, there is just as good a case. According to the latest statistical survey a jet liner on the North Atlantic route brings down the economic fare at a 65 per cent. load factor from £ 80 (Rs. 1060) to £ 49 (Rs. 649) mainly through the increased use made possible by a plane which can do 180 double trips a year.

It being granted, therefore, that the case for the jet is unanswerable, the issue turns on who will produce the jet airliner first. To my mind, Britain can hardly fail to do so—and that fact is now being appreciated all over the world.

Ever since the end of the war in Europe, Britain's civil air industry has concentrated on jets. At one time it was feared that the industry had concentrated too much on the gas turbine. Nevertheless, Britain continued to put her available resources into the project, because in it she saw her only chance of catching up on the lost years of the war.

To day, Britain is within a measurable distance of reaping her harvest, for she has a number of jet civil aircraft already flying at a time when other manufacturers have only reached the "talking point."

MAIN RIVALS

Let us look at the facts. Britain has gone all-out for jets at a time when no other country, America included, has even planned a jet airliner, let alone started to build one.

In the international market the U.S.A. and Britain are the main rivals, yet America has done nothing like as much work as Britain on propeller turbines; and her pure jets are not nearly so good as the British ones.

Certain it is, that nothing produced overseas can compare with Britain's engines for trouble-free maintenance and for the length of running hours between overhaul, the factors that really matter in day-to-day commercial operation. The de Havilland "Ghost" is as far as I know, the only pure jet engine which has fully passed its civil type tests and is approved for airliner installation.

AIR FRAME CONSTRUCTION

The same is roughly true of air frame construction. To day, Britain has in use the world's first air-screw jet airliner, the Vickers Viscount, and is about to launch the somewhat similar Armstrong "Appollo." On the pure jet side, she has the N. Viking, which is already breaking records, while several other experimental machines with a mixed power plant of jets and pistons are also gleaning much needed data on research tests.

In addition, the Government has placed firm orders for the de Havilland "Comet" (four "Ghost" jets for long range work) and for the Brabazon I; and the SR-45 boat and the Hermes V, which are all to have air-screw jets of varying capacity and using engines which are to day actually in being. Each of these airliners is now under construction, and all can be expected to take the air between 1950 and 1952.

All of this represents a sheer gain on any other constructing country in the world, and with this work already "on the stocks" the aircraft industry in Britain is looking forward to sweeping the field.

OPERATING PROBLEMS

On the fact of it civil air supremacy for Britain within 10 years is a safe bet. Yet there are factors of uncertainty. The capacity of the United States for hustle can easily be underestimated.

There are many operating problems in jet transport yet to be solved. Fuel consumption, pressurisation, and air traffic control are but

three of them which spring to mind. It would be foolish to reckon without a hold-up of some kind with so many factors still unknown.

As a Briton I like to think that Britain will be selling jet liners to the world before any trans-Atlantic prototype has taken the air. But whether I am right or wrong, the fact is now clear that on both sides of the ocean jet aircraft are considered the aircraft of the future.

Special Articles

COMMERCIAL EDUCATION IN HYDER- ABAD

by

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Prior to 1848 F. there were very few institutions in the Dominions providing instruction in commercial subjects and most of them were private institutions which, owing to the lack of necessary organisation and finances, did not do more than provide part-time instruction in shorthand and typewriting. With a view to giving an impetus to Technical and Vocational Education and organising it on a sound basis a separate department of Technical and Vocational Education was created in 1848 F. under Khan Fazal Mohd. Khan M.A. (Cantab.), as Commissioner and Secretary to Government. One of the earliest measures taken by this department was to open a commercial section in the Osmania Technical College in consonance with the recommendation of Mr. Abbott, C.B.E., His Majesty's Chief Inspector of Technical Schools under the Board of Education in England, whose services had been temporarily requisitioned by H.E.H. the Nizam's Government to advise them on the question of the expansion of Technical and Vocational Education in the Dominions.

The idea of opening a separate school of commerce for imparting commercial education in all its various aspects originated in Mr. Syed Ali Akbar, M.A. (Cantab.) when he was the Special Officer and Mr. Syed Mohd. Azam, M.A. (Cantab.) who was then the Director of the Department of Technical & Vocational Education in 1852 F. Accordingly, as a step towards the expansion and development of the commercial section of Osmania Technical College, the Central School of

Commerce was established as a separate institution in 1854 F. when late Mr. Khazi Mohd. Hussain, B.A., LL.B. (Cantab.), Bar-AT-LAW, was the Director and Mrs. S.A. Hashimy, B.Sc. (Lond.), B.Com., was the special officer in charge of the department.

The interim period that lapsed between the introduction of the commercial section in the Osmania Technical College and the establishment of the Central School of Commerce as a separate institution synchronises roughly with the dark years of the war. During this period the government had to open various new departments to meet the emergency created by the war. Numerous joint stock companies were floated throughout the Dominions and indigenous industries also commenced developing. All these factors led to an increased and more insistent demand for men with commercial qualifications. The school thus came into being at an opportune moment to meet a definitely felt need. In view of the expected expansion of the local industries in the near future, it is hoped that it may prove to be a precursor of many similar institutions in different parts of the State.

With the advent of Mr. Syed Ali Akbar, in the Dept. of Technical and Vocational Education, as Director, there was a marked improvement in commercial education. He had always evinced interest in the development of this new school and devised ways and means of achieving this object assisted by Mr. C. E. Preston, M.B.E., the Special Officer of the department. The combined efforts of Mr. Syed Ali Akbar and Mr. Preston contributed much to the expansion of commercial education. The instruction provided for in this institution has been specially designed to meet the requirements of business houses, banks and industrial concerns. Theory and Practice of commerce have been correlated in a fitting manner suited to the practical requirements of the business conditions here.

To start with, provision has been made in the Central School of Commerce, for the following full-time courses of study:

Course	Duration	
	Years	
1. Commercial Diploma	2	
2. Banking Diploma	2	
3. Banking Certificate	1	
4. English Secretarial Certificate	1	
5. Urdu Secretarial Certificate	1	

The medium of instruction in courses 1 to 4 is English and in course 5 Urdu. The minimum qualification necessary for admission to these courses is a pass in H.S.C. examination or an examination equivalent thereto. Many students trained so far here, have been holding good posts in Government and Merchant Offices. This institution is an ideal training ground for youths desirous of choosing successful careers in business organisation and government offices. Provision has also been made for a change in courses from time to time by revision of syllabuses according to varying requirements.

Industrial and Commercial enterprises are the outstanding features of Hyderabad today. The Central School of Commerce has to play an important part in Hyderabad under such conditions. It aims at providing trained personnel for the rank and file of industry and trade. This institution has therefore to work in close collaboration with the Chamber of Commerce, Banking Organisations, Transport Agencies and Trade Associations. The demand for commercial education in Hyderabad has thus ever been increasing day by day. By way of popularizing commercial education, occasional broadcast talks by the officers of the department for the information of the public have been proposed by Mr. Sajjad Mirza, M.A. (Cantab.), Secy. to Govt., Education Dept. The possibilities of instruction in commercial subjects for the growing number of candidates have been created by recognition of private institutions after their inspection by the department.

Some merchants' children have joined the commerce classes of this institution with the object of making business their profession, besides others, who have joined these classes preparatory to service in merchant or Govt., offices. Students trained here so far have been thriving well in the government departments and in business too. A list of such candidates is under preparation to be attached to the prospectus of the school.

The Central School of Commerce has made good progress since its inception. As a step towards expansion, this institution in addition to instruction provided for students in full-time classes has also accommodated ex-service personnel for necessary preliminary commercial training to facilitate their absorption in civil jobs and opened part-time classes in shorthand, typewriting, book-keeping and correspondence for the benefit of office employees and special classes in stenography for non-purdah girls leading to government examinations in shorthand and typewriting (English and Urdu). These examinations have been introduced with a view to standardize shorthand and typewriting examinations in the Dominions and to ensure the candidates proficiency in these subjects. The Department of Technical and Vocational Education has to hold these examinations every year and issue certificates to candidates which are essential for joining service in government offices as stenographers and typists. The following are eligible for admission to these examinations: (a) candidates trained in shorthand and typewriting at the Central School of Commerce, (b) candidates trained in private institutions recognized by the government, (c) government office employees temporary or permanent discharging duties as stenographers and typists with a service of at least one year and certified to this effect by a gazetted officer of the department concerned. The school has become a centre for these examinations besides Sir Isaac Pitman's and London Chamber of Commerce Examinations. At the instance of a committee of the Secretaries led

by Mr. L. N. Gupta, B.Sc., H.C.S., Secy. to Govt., Finance Department and Mr. Sajjad Mirza, Secy. to Govt., Education Department a scheme of part-time classes has recently been implemented. These classes have accordingly been organised here in Azur 1858 F. under the joint control of both the Secretaries to Govt., in Finance and Education Departments. Mr. Sajjad Mirza has also suggested the necessity of starting Transport Classes in this institution to serve the needs of the State railway on the lines obtaining in South Africa, in his correspondence with the Secretary to Government, Postwar-Planning Department. In consultation with the Chamber of Commerce, introduction of a Salesman's Course has also been under contemplation.

Steps are being taken for acquisition of land and construction of a suitable building for the school. A good library containing magazines, etc., dealing with office management, accountancy and other commercial subjects located in a suitable reading room here as suggested by Lieut.-Col. W. E. J. Beeching will be an asset. The question of starting an ideal commercial library for the benefit of regular commerce students of this institution and also the public by shifting the old commerce library of the City College to this institution as proposed by Mr. Baquer Mohiuddin, Secretary to H.S.C. Board is also in progress. Provision for educational excursions, scholarships and prizes has also to be made. Arrangements for making contacts with employers to know their needs and prepare candidates accordingly to create opportunities for ready employment have also to be made. The question regarding recognition of the Diplomas and Certificates of this institution is under correspondence. Candidates trained here so far and employed in government offices and business concerns as stenographers, accountants and general clerks have been proving very useful in their respective posts which is a proof that the standard of instruction imparted here is sufficiently high. If the two-year

commercial diploma is recognised by the Government and Osmania University as equivalent to Intermediate, it will be a source of incentive to candidates taking up this course preparatory to choosing vocation with a higher start in an office or joining B.Com. classes of Osmania University.

The standard of the two-year commercial diploma of this institution is on a par with that of two year diploma of (i) Govt. Commercial Institute, Calcutta, and (ii) of Delhi Polytechnic. A status of the type assigned to the two-year diploma of the Govt. Commercial Institute, Calcutta by the Govt. of Bengal and Calcutta University and to the two-year diploma of Delhi Poly-Technic by Lucknow University is being sought from this government and Osmania University for the two-year diploma of the Central School of Commerce.

Mr. L. N. Gupta, Secretary to Govt., Finance Dept., while presiding at the Annual Day function of the Central School of Commerce has referred specially to the value of education obtaining in this school which he said had produced candidates fit to discharge the duties of an office assistant more satisfactorily than those candidates having only general education to their credit. So saying he promised to get the Commercial Diploma of this institution recognised as equivalent to Intermediate in matter of appointment in Govt. Service.

Candidates who have qualified themselves for the Secretarial Certificate have been entertained in various government offices as stenographers, as shorthand and typewriting form part of this course. They have therefore been exempted from passing the government examination in shorthand and typewriting, which amounts to part recognition of this certificate. Similarly its secretarial value has to be recognised as office subjects like correspondence and precis-writing, office accounts, and office procedure form the major part of this course. Candidates holding this certificate deserve there-

fore the same facilities that are offered to employees successful at the Lower Departmental Examination of the office of the Controller-General, Accounts and Audit, as the subjects for the Secretarial Course and the Lower Departmental Examination are almost the same.

The advantages of such recognition are : Candidates holding the certificates of the school feel confident that training here for a year or two prepares them for vocation with higher initial start in salary. Employers are also satisfied that they employ men with certified skill. The right type of candidates come forward for admission to the courses here. The popularity of the school as a clerk-training centre considerably increases among the employers and employees.

In connection with rationalisation of office work by introduction of time saving devices in office administration, Lieut.-Col. W. E. J. Beeching, Acting Special Officer of the Department, had a talk with Mr. Nolan who has been engaged by H.E.H. the Nizam's Govt., to study the office organisation in the various departments and to make recommendations regarding the supply of the latest office equipment. Mr. Nolan, expected in Hyderabad in the middle of 1857 F., has been asked to get various types of equipment which he considered necessary for the government offices and instal the same in the Central School of Commerce and instruction thereon be included in the syllabus.

The Central School of Commerce with its potentialities is bound to play a great role in the coming years of industrial development in Hyderabad. It will be an ideal training ground for candidates preparing for vocation in business houses and government offices too, provided there is necessary planning at various stages of its growth suited to local requirements. It needs therefore the closest and the most sympathetic attention of the government.

THE IMPORTANCE OF GROUNDNUTS IN WORLD ECONOMY

By

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As certain pieces of architecture are considered among the wonders of the world so also I am disposed to place groundnuts among the wonders of agricultural products. It has assumed a unique place in the economy of the world, especially in that of Western countries during the last few decades. A review of the manifold purposes for which it is being used will remind us of the important role the poor, little-known groundnut has begun to play in our material life.

It grows healthily in light, sandy soil which enables the flower-bearing stalk to enter the ground where the incipient fruit develops into pods and then into groundnuts. One small initial seed, if it is good, bears 50 or 60 pods, each of them containing three or four nuts—which is indeed an exuberant yield. The present main sources of supply of groundnuts for the Western countries are West Africa and India. The latter is the biggest producer but a considerable portion of the seeds is consumed inside the country. In India the seed is mostly used for extracting oil which serves as fat for cooking purposes. For the last few years vegetable ghee is being manufactured out of it on a vast scale. Extensive use is also being made of it for the preparation of soap. Large quantities are also used as salted peanuts. In the Western countries these nuts and their oil are consumed in different shapes and forms. Sweet manufacturers use them in their preparations; in confectionaries it goes in the making of toffee, chocolates, etc. Westerners use its oil for the manufacture of high-grade margarine and cooking compounds. Huge quantities are being used as a substitute for olive oil in packing sardines. It is used extensively in the manufacture of liquid and soft varieties of soap; also as lubricant for deli-

cate pieces of mechanism. This brief narration of the uses of groundnut and groundnut oil must have brought to bear upon the readers its immense importance.

Groundnut as a wonder reveals itself in another aspect as well. Every part of it is of considerable use in one way or other. Its foliage which contains proteins serves as fodder for cattle. When the nuts go into the mill their shells are removed by means of decorticating machines after which process the kernels are put in expellers to extract oil and the shells serve as fuel for the boilers which provide power for running the mills. Thus a large amount of coal or other costly fuel is saved. Next, after the extraction of oil from the kernels, the remains, called oil-cake is used for manuring purposes. In fact, groundnut-oil-cake is among the richest manures. Thus, we find that human beings, animals and land, all the three equally share the benefits accruing from the exploitation of groundnuts. It is such a precious product that Hyderabad is endowed with in abundance by nature.

In India, Madras Presidency is the biggest producer of groundnuts with an yearly production of 18 lakh tons. Next comes Hyderabad State which produces nearly 6 lakh tons. Before the war, both used to export large quantities of groundnuts to Western countries and this constituted an important item of India's export trade. But the immense loss we were incurring by exporting the nuts instead of their oil was soon realised by our countrymen. Oil mills sprang up throughout South India thus increasing the crushing capacity to a considerable extent. Today there are 1,100 expellers (some of them are not working at present) in the Madras Presidency which have an yearly crushing capacity of 11 lakh tons. In Hyderabad there are 850 expellers with an yearly crushing capacity of nearly $8\frac{1}{2}$ lakh tons, 600 rotaries capable of crushing $1\frac{1}{2}$ lakh tons and a large number of bull-driven ghanis.

Today there is an acute shortage in the world of oils and fats. The short fall in the case of

Britain alone amounts to the equivalent of 15 lakh tons of groundnuts. Britain imports this commodity to the extent of Rs. 18 crores every year. To avoid the necessity of paying such a heavy bill in foreign currencies, Britain has launched the biggest farming scheme ever planned. Large tracts—about 8 million acres—in Tanganyika, Kenya and Northern Rhodesia (all situated in Central Africa) will be brought under plough and sowed with groundnuts. Thus Africa will be adorned with a plant unlimited in its bounties and pregnant with rich results. Mr. G. Cooper, a planter in West Africa has given the following interesting details of the plan: "The project embraces 107 mechanised units, each unit being 80,000 acres. It is estimated that by 1950, a yearly crop of 600,000 tons should be reaped, but an annual production of 800,000 tons should be possible as the scientific farming methods to be utilized begin to yield their rewards. The capital cost will be not less than £. 25,000,000, but there should result a saving in Britain's food bill of £. 10,000,000 per annum. There will be other benefits too, for in addition to safeguarding our essential supplies of fats, there will be economic and social effects not only to the people immediately concerned on the projects but also on the whole of the territories.

"Tanganyika, which is to have 80 of the mechanised units, is also to have an entirely new port built to handle the traffic. This port in Southern Tanganyika will cost about £. 4,000,000. There will be further expenditure in rail link between the estates and the port. The groundnut has indeed become one of the vital factors in Britain's food bill."

The above statement gives an inkling into the importance that the groundnut has assumed in world economy and how it has begun to influence the financial positions of Western countries. Britain is not an exception. Some of the continental countries are equally dependent for their fats and oils on groundnut. Hull is the most important British centre for its trade and Marseilles on the Continent.

In India for a long time oilseed industry was not so important as trade in oilseeds. Though of recent times the industry has made considerable progress and gained some importance, yet it has not received the attention it ought, to, both from the Government and the public. It is estimated that the value of oil mill industry in India is Rs. 400 crores, which can be considered quite a big one. The reasons why it has escaped the attention of the Government, and the public in spite of such huge investments are that first, it is not well-organised and secondly it is spread out in small units over rural areas. Mr. Haji Dawood Nasser, President of the Indian Oil Merchants' Chamber, presiding over its first meeting in 1947 suggested that an Oil Advisory Board be set up as part of the Food Department, Government of India. Mr. Nasser hoped that 'such a Board would be able to organise the scientific development of this great industry,' which is much needed to reap full benefit out of it.

In Hyderabad State there are three refineries at present and 11 more have been sanctioned. With the establishment of vanaspathi ghee factories in Bombay and its huge consumption in the State—about a 1,000 tons a year—the industrialists in the State have awakened to the importance and remunerative value of refineries and hydrogenating plants. Combination of vegetable ghee factory with large-scale oil mill is considered to be the best method of bringing about economy in the industry. The Hyderabad Vegetable Products Ltd. is constituted on this basis. Its present capacity is 15 tons a day of refined oil which is proposed to be increased to 80 tons a day with equipment for vanaspathi. The capacity of the Dayaram Surajmull Oil Mills is $7\frac{1}{2}$ tons a day. Another big factory 'The Swadeshi Oil Mills' has been set up at Jedcherla (Mahboobnagar District) and has recently started functioning. It has 6 expellers and 6 rotaries which means that annually this mill alone will extract oil from about 8,000 tons of groundnuts. A refining plant of 10 tons a day capacity (8,600 tons a

year) has been installed. Hydrogenating machinery which was ordered for may be received in the near future. The incentive to invest in oil industry has been quite sharpened in Hyderabad but the pace of its progress is still not encouraging.

The Government of India have imposed an export duty of Rs. 160 per ton on oils and Rs. 80 per ton on oilseeds. This has placed India in a position of great disadvantage compared to other countries in the world market for oils. The high price of our groundnut oil has made other countries take to substitutes. Mr. Sudarshanam, President of the South India Oil Mill Owners' Association speaking on the occasion of its second anniversary in June last discussed this aspect of our oil problem. He said, "With the development of alternative sources of supply, buyers abroad are showing growing powers of resistance. This year Whale Fishing Campaign has yielded excellent results. Olive oil supplies have increased from 20,000 tons to 100,000 tons. Phillippine copra will contribute over 10 lakhs of tons to the international world market. There is a glut of linseed oil in Argentina and Brazilian castor oil is ocred at £. 180 per ton versus £. 160 for an equal quantity of Indian castor oil." All these factors are affecting the demand for our groundnut oil and unless traders are left free to establish their product in world markets before the programmes for the expansion of groundnut cultivation in Central Africa begin to operate successfully, the downfall of this steadily progressing industry will be a foregone conclusion. The incalculable harm such a development will do to our peasants and industrialists is quite obvious. The attention of the Government of India has been drawn towards this problem by several South Indian industrialists and action is awaited.

The importance of oilseeds in the 'subsistence economy' of our country is second only to that of food grains. It is a twofold problem which needs attention on both sides. One phase of it is agricultural and the other industrial. The

type of plans to be formulated for groundnuts should be applicable to both agricultural and industrial aspects. The former demands that there should be more production without an extension in acreage. For, an increase in the area under groundnuts would mean probably a decrease in the area under food crops. During the war, under the 'grow more food' campaign any increase in the area under cash crops was vehemently discouraged. Food situation has worsened since then and any encroachment on the land under food crops would not be per-

missible. The only alternative is to adopt methods of intensive cultivation which need careful planning.

The industrial aspect of the problem is equally important. Without proper organisation of the oil mill industry and its running on rational basis no progress can be achieved. Moreover a co-ordination between the producers of oilseeds, its dealers and mill-owners is essential. Their joint efforts will increase the production of seeds, extraction of oils from them and their disposal in proper channels.

News in Brief

NIZAMSAGAR CANALS OPENED FOR NAVIGATION

The Hyderabad Government are considering a proposal to open the Nizamsagar canals for navigation.

The Nizamsagar reservoir, some 100 miles from Hyderabad city, is the second largest artificial lake in India with an area of over 50 sq. miles. At the time of its completion 16 years ago, it was expected that within 9 years it would irrigate and bring under cultivation over a quarter million acres of land. So far, however, only half that acreage has been brought under cultivation, and the Hyderabad Government have now created a special department to study the causes of retarded development of the area and to adopt measures to accelerate it.

SURPLUS BUDGET FOR SECUNDER- ABAD MUNICIPALITY

RS. 2 LAKHS SET APART FOR ORIGINAL WORK

At a meeting of the Secunderabad Municipality Mr. S. M. Askari Jaffery, Deputy President, closing the budget for the year ending said that he was proud to reveal a cash balance. In spite of disturbed conditions, they were able to collect substantial arrears. The Municipality did some useful work, but could not carry out major works due to lack of materials. He assured the house that a sum of Rs. 2 lakhs had been set apart for original work for the next year.

NO BENEFIT TO CITIZENS

Commenting on the statement of the Deputy President, Mr. M. R. Patny, said that since the rendition of Secunderabad, new taxes had been enforced but nothing had been done for the benefit of the citizens. Continuing the speaker pointed that both the rich and the poor had been taxed, but the Municipality could not boast of a playground, a garden and a library. Concluding Mr. Patny said, he would have welcomed a deficit budget to enable

the Municipality to demand more from the Government.

LACK OF MATERIALS

Replying to the speech of Mr. Patny, Mr. S. M. Askari Jaffery said that he did certain amenities for the benefit of the people but he could not carry out a big programme due to lack of materials. They could not get open space though he made efforts to get the Karbala Maidan. Unfortunately, the cost of the land appeared to be prohibitive.

NO SHORTAGE OF CLOTH IN HYDER- ABAD

Hyderabad State is not facing any shortage of cloth or yarn as other Indian Provinces and States are doing. Hyderabad has a reserve of cloth and yarn worth approximately one and half crores of rupees. While 75 per cent. of the cloth is imported from Bombay and other places, the State's own production amounts to 25 per cent. besides the handloom cloth which is largely used in the South in preference to the mill-made cloth. On an average the State Government buys one crore worth of cloth and yarn per month, and through co-operative societies of wholesalers and retailers makes the textiles available to the consumer from 4,000 depots scattered throughout the State. The scheme of distribution of cloth through ad hoc co-operative societies of wholesalers and retailers which has been in vogue since the control was imposed three years ago, had been a great success, from both the merchants and the consumers points of view. Neither those in cloth trade have lost their living nor consumers gone without their quotas of cloth.

CLOTH CONTROL

The retail control on cloth, which was removed in March, is being reimposed, while control on the wholesale trade has already been there, and was never withdrawn,

As soon as control on retail sale of cloth is reintroduced, which will be done when internal communications are restored and the depot-wallas return to their villages, double quotas to begin with will be allowed to the consumers in the villages who have gone without cloth for a long time now.

COARSE CLOTH

When they talk about cloth in Hyderabad they talk about the ordinary coarse cloth, as against the fine cloth with which Government is not concerned, neither has ever bothered itself with it. Even the Nizam buys this same coarse cloth as a commoner does. What His Exalted Highness usually insists on is that he should have sufficient cloth of one quality to distribute equally in his household which consists of about 100 members. Last year he bought something like 6,000 yards.

One remarkable feature of the cloth rationing here is that cloth is not distributed on the basis of yardage but its value in view of the fact that yardage of the most of the mills varies although per capita allotment is as follows: city people 24 yards, townsmen, 12 and villagers 8.

POOL SYSTEM OF CLOTH CONTROL

Similarly, the yarn—local and imported, is pooled by the authorities and distributed among wholesalers and retailers through their co-operative societies and through them to weavers. Each weaver holds a ration card.

It was learnt that owing to the Razakar and Communist activities, depots in most of the small towns and villages had to close down and turn-over of cloth fell by 50 per cent.

NEW COTTON STRAIN

HYDERABAD'S EFFORT TO MAINTAIN PURITY

The Dacca muslins, once renowned for their fine texture, were manufactured from cotton grown in Hyderabad. But in course of time, the Hyderabad cotton deteriorated in quality

and the yield from crops also decreased. In 1939 the Nizam's Government adopted measures to improve the quality of cotton crops and a strain known as Gaorani 6 was evolved. This strain of cotton has a silky feel, gives higher yield, has a staple length of 0.85 inches, gins 81 per cent. and spins 86 counts.

As soon as this strain of cotton was put on the market it proved popular with the buyers and cultivators were able to obtain higher prices. In view of this popularity, measures were soon adopted to extend the area of cultivation of this strain, with the result that no other strain except Gaorani 6 is being grown in the entire cotton growing area of Nanded and cultivators receive between 25 to 28 lakhs of rupees annually over and above that they would have received had they grown the old inferior strains of cotton.

This superior strain has, however, a tendency to deteriorate if constant vigilance is not maintained. At present, it is not possible to expect the cultivators to adopt measures to maintain the purity of the strain. The Nizam's Department of Agriculture has therefore taken upon itself the supervision of about 40,000 acres of land in Nanded District to maintain the purity of Gaorani 6 strain and cultivators are supplied with seeds on a one-year Taccavi loan.

At a recent auction, the Gaorani cotton, grown under the supervision of Government fetched between Rs. 8 and Rs. 5-12-0 per cent. over the ruling market rates.

FAR-REACHING LAND REFORMS EXPECTED IN HYDERABAD

QUESTION OF JAGIR AND SANFIKHAS LANDS UNDER DISCUSSION

BANNERJEE COMMISSION'S REPORT TO BE FULLY IMPLEMENTED

Land reforms of far-reaching character which are expected to double the present revenue from land are expected in Hyderabad, according to official sources,

Recommendations of the Royal Commission appointed in 1946, during the regime of Sir Mirza Ismail, under the chairmanship of Sir Albion Bannerjee which were hitherto partly implemented are likely to receive priority under the new dispensation. Accordingly, the Government propose to bring three Paighas (special jagirs owned by close relatives of the Ruler) and 17 other big estates under the purview of the Commission's report which had recommended the imposition of an agricultural income-tax on them and a tax on the personal income of jagirdars. Furthermore, jagirs, whose annual return is up to Rs. 25,000 are likely to be taken under the Diwani Administration.

The present revenue from land is stated to be Rs. 8.5 crores annually. The contemplated taxation will yield an additional two crores.

PERSONAL LANDS

The future of Nizam's personal lands is also being hotly discussed. His extensive lands which are known as Sarf-i-Khas, yield him Rs. 8 crores annually. Besides this income, the Nizam receives Rs. 50,00,000 annually as his privy purse. The question of his lands is a matter of policy and it is up to the Government of India to determine the policy for Hyderabad in conformity with other Indian States.

PRINCES AND THEIR ALLOWANCES

The Prince of Berar and his two sons are maintained by the Hyderabad Exchequer separately, as well as Prince Moazzam Jah Rs. 15 lakhs annually.

GERMANY TO IMPORT INDIAN COMMODITIES

As a result of negotiations between representatives of the Dominion of India and the combined U.S.U.K. Zones of occupation in Germany in July 1948, Germany agreed to import certain commodities from India among which are a few not subject to export control at present, says a Press Note issued by the Ministry of Commerce.

Names of the commodities, the agencies in Germany which have to be contracted and other particulars are available from the various Chambers of Commerce and commercial associations in India and also the Export Trade Control officers at ports.

INDO-PAK. COTTON PACT

AGREEMENT REACHED IN BOMBAY TALKS

The Indo-Pakistan Textile Conference, which commenced considered ways and means of implementing that part of the Karachi Cotton Agreement of May, 1948 which relates to the supply by India to Pakistan of 8 lakh bales of cotton cloth and 1 lakh bales of yarn. Complete agreement was reached between the representatives of the two Governments, the details of which will be released for simultaneous publication in Delhi and Karachi after its ratification by the two Governments.

Pakistan has been assured of the supply of cloth and yarn due to her under the agreement. Arrangements will be made to ensure an even flow of goods through the remaining months of the currency of the agreement. It is understood that the supply will be by the Government of India rather than by private trade, import at the Pakistan end, however, will be by private trade.

RS. 30 CRORES A YEAR FOR PROVINCES

TRANSFER FROM CENTRE RECOMMENDED

EXPERT COMMITTEE ON SHARING OF TAXES

The transfer of a sum of Rs. 80 crores annually from the Centre to the Provinces will be the net effect of the recommendations of the Expert Committee on financial relations between the Indian Union and States appointed by the Constituent Assembly during its last session.

The Committee recommended that the Centre should retain the net proceeds of the following taxes: Duties on customs; taxes on the capital value of assets, taxes on railway fares and

freight; and Central excise other than on tobacco.

Fixed allotments are to be made for the jute-growing provinces to make up for the loss by centralisation of some taxes as follows: West Bengal Rs. 100 lakhs; Assam Rs. 15 lakhs Bihar Rs. 17 lakhs and Orissa Rs. 3 lakhs.

The net proceeds of the following taxes are to be shared with the provinces: Income-tax including Corporation tax, central excise on Tobacco and estate succession duties.

It was recommended that no less than 60 per cent. of the net proceeds of the income of federal emoluments is to be divided between the Provinces in the following proportion: 20 per cent. on the basis of population; 35 per cent. on the basis of collection; and five per cent. as adjusting factor.

The Committee was of the view that large fixed subsidies would be necessary for Assam and Orissa and also subventions for a limited period for East Punjab and West Bengal. The committee suggested that the question of merging agricultural income-tax with income tax, and similarly estate and succession duties with duties on property in general, should be examined in consultation with the Provinces.

TELEGRAMS IN INDIAN LANGUAGES

Inland Press telegrams in Indian languages will be accepted for transmission at all telegraph offices provided such telegrams are tendered in the languages generally prevalent either in the office of origin or of destination and are written in Roman script.

JUTE GROWING IN INDIA

NEW EXPERIMENT IN THE SOUTH

India may successfully contest Pakistan's claims to being the world's greatest jute-growing country, if present plans for the large-scale cultivation of the fibre in the low lying areas of Travancore succeed.

According to experts an area of 50,000 acres in Central Travancore is best suited for this

cultivation of jute as a seasonal crop. Still further areas in the neighbouring state of Cochin have been deemed fit.

The possibilities of growing jute were carefully examined by Dr. B. C. Kundu, Director of the Jute Agricultural Research Institute, and Sir Datar Singh, Vice-chairman of the Indian Council of Agricultural Research.

This, on the spot investigation, convinced them that the black soil composed of fine salt would facilitate the growing of the crop.

FULL GROWTH IN TWO MONTHS

In Central Travancore the chances of sea water getting into the fields are little. Paddy is grown here also during the period November to February. After the harvest of paddy crop it will be possible to sow the Jute and it will be fully grown within a period of two months. The area available for jute cultivation in these tracts will be about 40,000 to 50,000 acres.

India needs 7,000,000 bales (one bale equals 40 pounds) of jute and she looks to Pakistan for the import of 5,000,000 bales. This covers the 6,000,000 bales needed for mill consumption, 900,000 for raw jute export and an internal consumption of 100,000.

As an experimental measure it has been proposed to grow jute this year on 2,000 acres of land, distributed in 22 centres. Jute seeds worth Rs. 10,000 are to be distributed free to agriculturists.

If the scheme succeeds, it will be possible not only to feed the idling mills in Calcutta, but also to raise India's exchange resources.

PERMANENT OFFICE OF INTERNATIONAL WOOL SECRETARIAT IN NEW DELHI

A permanent office of the International Wool Secretariat has been established in New Delhi to render a complete service to Indian wool users.

The function of the Indian office is to advise producers and consumers on problems of wool.

It will advise local sheep breeder and wool growers on the improvement of their flock, and will place at their disposal information regarding the latest methods on the breeding shearing, washing, grading and marketing of wool.

It will also provide technical advice to increase and improve the quality and quantity of wool. It will achieve this end by suggesting better implements and machinery, specially in grading and spinning sections, and blending of local and other indigenous and foreign wools.

BROADCASTING EXPANSION IN INDIA

Mr. N. A. Lakshmanan, Director-General of All-India Radio, who represented this country at the recently concluded 10-day Conference on Broadcasting, held by the United Nations Educational, Social, and Cultural Organisation, has returned. In a report to the Committee, Mr. Lakshmanan said that receiving sets and loudspeakers were being installed in village within the service radius of every national transmitter station, as part of a scheme which would give India the largest listening public in the world.

At the U.N.E.S.C.O. Conference, exchange of programme was one of the matters discussed. the All-India Radio, which is now broadcasting in 31 languages, is to add French for a service to Europe which, with English, will try to enable Europe to have a better understanding and appreciation of India and Indian thought.

ADVISER

Professor Blackett who has been awarded the 1948 Nobel Prize for physics is now well-known in India as Scientific Adviser to the Government of India's Defence Department. He is the author of the controversial book "The Military and Political Consequences of Atomic Energy."

DEPOSITS WITH RESERVE BANK

The Reserve Bank of India has suggested to the Government of India that it should be in-

vested with discretionary powers for asking all the Scheduled Banks to deposit with the Reserve Bank 20 to 80 per cent. of their liabilities. Under the present Act, the Scheduled Banks are required to deposit only 20 per cent. of their liabilities with the Reserve Bank, but the extension of the provision, it is stated, will enable the Government of India to absorb more surplus money from the Scheduled Banks.

The Reserve Bank does not want that a particular figure of percentage should be fixed for all time; but it prefers to have a flexible ratio. For example, if the Bank finds that there is inflation, more percentage of liabilities even to the extent of 80 per cent. should be deposited, and if there is deflation, suitable percentage of liabilities commensurate with the trend of the money market, but not less than 20 per cent. should be deposited. This proposal will be formally scrutinised by a Select Committee on Banking Bill.

INVESTMENT POLICY OF BANKS

SHORT-TERM LOANS PREFERRED

It is learnt that a proposal for enacting legislation, with a view to compelling Indian Banks to hold a certain percentage of their investment in short term Government Securities, has been shelved.

No fresh loan is also likely to be floated by the Government of India during the current financial year in view of the approach of the busy season.

In this connection, it is stated that small banks are following the advice contained in the March circular of the Reserve Bank of India. The latest statistics indicate that there is a sudden swing towards investment in short term securities and liquidation of long term securities. No measure is, therefore, contemplated by the Government of India to impose further obligations on the Scheduled Banks at this stage.

LOCOMOTIVES IN INDIA

Although officials of the Indian Purchasing Commission in the United States complain that

deliveries of agricultural machinery have been disappointing—tractors are said to be two years behind schedule—the arrangements for Railway locomotives seem to be working fairly smoothly and tenders will be awarded next month for 270 engines worth about \$ 20 millions, bringing India's locomotive purchases in North America in the last two years to \$ 78 millions. Most of the 88 medium gauge and many of the 150 broad-gauge engines ordered in Canada have already been shipped, and delivery of a further 200 broad-gauge types, half from Canada and half from the United States will begin in February.

NEW STEEL PLANTS FOR INDIA

BRITISH EXPERT TO ADVISE ON CONSTRUCTION

In keeping with the Government's declared policy of expanding the productive capacity of basic industries such as iron and steel, well-known foreign experts are being invited to assist the Government in planning the proposed expansion. In this connection Mr. S. L. Bengston, stated to be one of the best known consulting engineers in the world for the construction of iron and steel plants, has arrived in India at the request of the Government of India. He is to report on the establishment of one or two complete iron and steel plants of a capacity of a million tons a year.

Mr. Bengston, who is Managing Director of the International Construction Company of London, expects, with the help of four assistants to complete his report by the end of the year. He will visit Bengal, Bihar, the C. P., Orissa, Madras, and Mysore, and see India's chief iron and steel producing plants. While in Bengal he is expected to consult the Bengal Government on matters pertaining to his work in the Province.

FINANCIAL AID TO INDUSTRY

The Industrial Finance Corporation of India is now in a position to consider applications from all eligible industrial concerns for financial assistance.

The Government of India, says a Press Note issued in this connection have set up the Industrial Finance Corporation of India, with Headquarters at New Delhi under the Industrial Finance Corporation Act, 1948; (Act XV of 1948) for making medium and long term credits more readily available to industrial concerns where recourse to normal banking channels or to the capital issue market is either impracticable or inappropriate. Under the Act, the Corporation is authorised to extend financial aid only to public limited companies or co-operative societies which are engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power. The importance of an institution such as the Industrial Finance Corporation will readily manifest itself at the present time in view of the plans for the industrialisation of the country.

NEW APPROACH

There is to be a new approach to the ten-year literacy plan launched in Bombay city two years ago. One important feature of the revised scheme is that following the C. P. and Delhi plans, Bombay's adults will be taught not only the alphabets but given what has come to be known as "social education" which includes, besides literacy, instruction in hygiene, health and other subjects whose knowledge makes for democratic citizenship.

Another departure is to appoint paid teachers and supervisors. This has been dictated by the discouraging results obtained so far by employing honorary instructors. Adult education is indeed a social service but teachers who must constitute the bulk of the soldiers in the campaign against illiteracy cannot be expected to be enthusiastic about it in their present working and living conditions.

The Labour Minister, who is the President of the City Adult Education Committee, has done well to emphasise the qualitative aspect of social education and it is good to learn that teachers

are being properly trained in the subjects which they will be called upon to teach.

AUSTRALIA'S SCHOLARSHIP FOR INDIAN STUDENTS

The Government of the Commonwealth of Australia have offered one senior fellowship and two junior fellowships to Indian students for studies in Australia from the beginning of next year. The fellowships are open to both men and women.

The purpose of the senior fellowship is to provide higher training facilities and general experience within Australia to a senior person, who may or may not be a University graduate and who is already engaged in responsible work connected with the development of India, preferably in the spheres of agricultural, scientific and industrial development.

The purpose of the junior fellowship is to provide opportunities of post-graduate study at Australian educational institutions for two Indian students, who have recently completed courses of academic, professional, technical or rural training, but whose eventual contribution to the development of India may be increased by a period of further training.

COLONIAL SURVEY FOR RAW MATERIALS

AMERICAN AID LIKELY

American experts may be called in to assist in carrying out large-scale surveys in colonial territories to seek new sources of strategic raw materials.

Discussions are now proceeding between the Colonial Office and the American Economic Co-operation Administration for this purpose.

Transport experts, rolling stock and other transport equipment may also be provided from E.R.P. sources for assisting work of colonial development.

Large-scale surveys to locate minerals and plan agricultural development projects are being held up because of shortage in Britain of trained

and experienced men. It is hoped that the U. S. may give this assistance and in the end she will benefit under the Economic Co-operation Agreement from increased supplies of strategic raw materials of which she is deficient.

The British Government have submitted to the E.C.A. authorities in Washington a long-range development programme for Colonial territories indicating where American Assistance would be of value. Further developments await American comment on the proposals.

PETROLEUM OUTPUT

Petroleum refineries of the United States had rated operating capacities of 6,084,252 barrels of crude oil per day at the beginning of 1948, an increase of nearly 500,000 barrels a day compared with the year before. Crude oil output in August in the United States reached a new peak of 5,507,050 barrels daily. This compares with the average production of 5,159,150 barrels a year ago.

ARTIFICIAL RAIN-MAKING

Humanity's eternal battle against nature saw the opening of a new front when efforts began to be made to produce artificial rain, and thus reduce man's dependence on the whims of nature for procuring this basic and most important need. Although, as yet, these efforts of man have not met with complete success anywhere, the quest for artificial rainmaking is continuing in India, Australia, and the U.S.A. to mention only a few.

A report from the U. S. States that, in a series of tests from January to April, 1948, the U. S. Weather Bureau and the U. S. Air Force tried to determine the economic importance of seeding clouds with dry ice to induce precipitation in their drive towards artificial rain-making. Some 40 cloud seeding operations, it would appear, were carried out in winter type stratus clouds. The results obtained from these tests were disappointing.

"It has been found" the report says, "that methods so far tried are quite ineffective in

producing rain from winter type stratus clouds. No appreciable amounts of precipitation were observed unless it was raining or snowing naturally somewhere within thirty miles of the treated clouds. Even when precipitation was produced it was too little to be of economic importance.

Appreciable amounts of rain or snow are only produced when large masses of moist air are brought into an area by systems of winds that cause vertical movement." Tests on summer type clouds, it is understood, are now in progress at Wilmington, in the State of Ohio.

Current Statistics

HYDERABAD

SEASON AND CROP REPORT FOR WEEK
ENDING THURSDAY, 11TH DAI 1858 F.
(11TH NOVEMBER 1948).

General Remarks

WEATHER

Rain fell in many reporting parts of the Dominions, chief records being 5.25" in Rajura (Adilabad), 3.49" in Sillode, 3.02" in Jalna, 2.93" in Vijapur, 2.85" in Gangapur and 2.35" in Bhokardan (Aurangabad) and 2.26" in Georai (Bir). The weather was cool. Nights were slightly dewy. Sky was cloudy.

Average rainfall.—Telingana 75" cents, Marathwara 71 cents and Dominions 73 cents.

As compared to their respective normal (28 years) the following Taluqas still record deficiency of rainfall.

Deficiency of current week.—Jangaon (—7") and Devarkonda (—6"), (Nalgonda), Yellandu (—6") (Warangal), Rajura (—15") and Asifabad (—6") (Adilabad), Bhokardan (—5") and Jalna (—8") (Aurangabad) and Shahpur (—6") (Gulbarga).

Periodical average rainfall for the Dominions for the current agricultural year and the normal figures are as follows:—

	Average (present season)	Normal (28 years)	Departure from normal
S.W. Monsoon	24.94"	25.86"	— 0.92"
N.E. Monsoon	3.01"	2.49"	+ 0.52"
Total ..	27.95"	28.35"	— 0.40"

CROPS

Sugarcane was growing in parts.

Kharif suffered by the week's rain in some parts of Medak, Mahbubnagar, Karimnagar, Aurangabad, Parbhani and Bidar. Harvesting was proceeding.

Abi failed in some areas of Warangal; suffered by the week's rain in some places of Warangal and Karimnagar and by disease in some tracts of Karimnagar. Reaping was continuing.

Rabi sowing was going on in parts. Early sown crop was being weeded in some places.

AGRICULTURAL STOCK

Water and fodder were generally available. Cattle health was normal.

GRAIN MARKET

Average retail prices of grains in seers per O.S. Rupee were:—

Grain	Present week	Last week	Corres- ponding week last year
Wheat ..	1	1	2
Rice ..	1½	1½	3
W. Jawar ..	3½	3½	4½
Y. Jawar ..	4½	4½	5½

NOTE.—This report is based on 50 out of 105 weekly reports received on due date.

Statement.]

COMPARATIVE STATEMENT SHOWING RAINFALL OF PAST AND PRESENT SEASONS

Districts, etc.	Average rain- fall of cur- rent season corrected upto 4-2-58 F. 4-11-48		DURING WEEK ENDING 11TH DAY, 1958 F.		Total aver- age rainfall from 16-8-57 F. 16-5-48 upto 11-2-58 F. 11-11-48	Total aver- age rainfall of correspond- ing period of last year	Departure from normal (28 years)	
	1	2	No. of Taluqas from which reports have been received	3	4	5	6	7
Hyderabad City	..	20.60	..	0.71	21.31	37.52	---	3.08
Atraf-i-Balda	..	21.21	Received	0.19	21.40	33.14	---	2.31
Nizamabad	..	38.57	3 out of 5	0.42	38.99	38.82	+	5.90
Medak	..	38.37	1 out of 5	1.37	39.74	35.99	+	10.54
Baghat	..	19.01	Report due	..	19.01	39.17	---	5.88
Mahbubnagar	..	23.13	4 out of 6	0.63	23.76	37.56	---	1.20
Nalgonda	..	12.03	3 out of 7	0.67	12.70	33.71	---	11.18
Warangal	..	34.71	3 out of 8	0.32	35.03	42.78	+	1.11
Karimnagar	..	36.54	5 out of 7	0.92	37.46	37.51	+	5.82
Adilabad	..	35.28	4 out of 10	1.68	36.96	38.29	---	1.79
Telingana average	..	29.71	23 out of 49	0.75	30.46	37.98	+	0.36
Aurangabad	..	24.10	8 out of 10	2.31	26.41	25.64	---	0.04
Parbhani	..	28.81	1 out of 7	0.23	29.04	30.63	---	1.87
Nander	..	32.59	Reports due	..	32.59	35.64	+	1.83
Bir	..	19.98	5 out of 6	1.34	21.32	29.83	---	5.03
Gulbarga	..	28.11	6 out of 8	0.75	28.86	35.22	+	4.85
Raichur	..	18.60	4 out of 8	0.61	19.21	25.72	---	0.51
Osmanabad	..	20.58	Reports due	..	20.58	27.60	---	5.87
Bidar	..	25.15	2 out of 5	0.40	25.55	33.02	---	2.65
Marathwara average	..	24.74	26 out of 55	0.71	25.45	30.41	---	1.16
Dominions average	..	27.22	50 out of 105	0.73	26.95	34.19	---	0.40

COINAGE

THE VALUE OF GOLD COINS ISSUED

Value in O.S. Rupees

MONTHS	FULL ASHRAFIES				HALF		QUARTER		ONE-EIGHTH	
		No.	Value		No.	Value	No.	Value	No.	Value
August 1948	..	..	113	14,916	1	67	6	204	47	846
September 1948	..	..	48.54	7,008	25	1,675	54	1,836	91	1,638

The value of coins issued and withdrawn

		Rupees	Half	Quarter	1/8 th	1/16th copper	1/96th copper
<i>Nickel coins issued</i>							
August 1948	.	.. Nil	Nil	30,000	Nil	5,000	5,000
September 1948	..	.. Nil	Nil	20,000	Nil	7,000	8,000

Coins withdrawn

August 1948	..	..	Nil	Nil	Nil	Nil	Nil	Nil
September 1948	.	..	6,000	Nil	Nil	Nil	9,000	2,050

NOTE ISSUE

GROSS NOTES ISSUED AND CURRENCY RESERVE

In August 1948, the value of notes in gross circulation stood at Rs. 5,172.41 lakhs as against Rs. 5,283.97 lakhs in July 1948, showing thereby a decrease of 111.56 lakhs. The percentage of cash Reserve to gross notes in

circulation being 26.07 percent. or a decrease of 1.56 per cent. compared to the proceeding month.

The following table gives the comparative figures of gross notes in circulation and the composition of the Reserve for August 1948 July 1948, and August 1947.

Figures in lakhs of Rupees

Months	Gross notes in circula- tion	Gold	COMPOSITION OF THE RESERVES				Percent- age of cash Reserve to gross notes in circula- tion
			CASH		SECURITIES		
			SILVER		Government of India	Nizam's Govern- ment	
			I.G. in O.S.	O.S.			
August 1948	.. 5,172.41	Nil	987.98	860.59	3,818.82	505.07	26.07
July 1948	.. 5,283.97	Nil	1,072.52	887.55	3,818.82	505.07	27.63
August 1947	.. 4,332.85	Nil	1,214.16	213.86	2,874.25	80.07	32.96

During the month under report the cash holdings in I.G. converted in O.S. as well as the cash holding in O.S. declined by 84.59 and 26.97 lakhs respectively compared to the last month. The value of the Securities of the Government of India, as well as H.E.H. the Nizam's Government remained unchanged.

Notes in circulation.—Of the total Notes

issued, 97.27 per cent. went into active circulation in August 1948 as against 98.89 per cent in July 1948. Contraction in Notes circulation to the extent of Rs. 111.56 lakhs or about 2.11 per cent. also took place.

Absorption and Contraction of Currency together with the percentage for July 1948 are given below:—

Figures in lakhs of Rupees

Serial No.	Particulars			August 1948	July 1948	August 1947
1	Total Notes issued	..	..	218.85	448.68	204.01
2	Total Notes in circulation	..	..	5,172.4	5,283.97	4,832.85
3	Absorption (+) or Contraction (—)	..	..	— 11.56	+ 117.04	— 247.90
4	Percentage of 2 to 3	..	..	2.11%	2.26%	5.41%

Notes withdrawn.—The following table gives the value of Notes of different denominations

withdrawn from circulation.

Value in thousands of Rupees

Month				Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
August 1948	..	..	..	3,044.2	16,843.9	6,885.8	5,767.0
July 1948	..	..	..	4,115.2	17,889.1	7,173.2	8,482.0
August 1947	..	..	..	4,470.8	15,461.1	26,153.6	8,015.0

Denomination of notes issued.—The value of different denominations issued for circulation to the Hyderabad State Bank during the month

under survey, the preceding month and the corresponding month of last year is noted below.

Value in Lakhs of Rupees

Month				Rs. 5 Notes	Rs. 10 Notes	Rs. 100 Notes	Rs. 1,000 Notes
August 1948	..	..	..	17.85	59.08	96.34	40.23
July 1948	..	..	..	71.68	184.02	128.87	59.06
August 1947	..	..	..	7.97	86.62	146.25	108.16

Statement showing the receipts and expenditure under certain important heads of H.E.H. the Nizam's Government for the month of August, 1948.

Seri- al No.	Receipts	Expendi- ture			
1 Land Revenue	.. 5,98,192	9,08,497	8 Posts	.. 2,06,724	1,784
2 Forest	.. 8,08,598	1,60,785	9 Civil Administra- tion	.. 16,865	8,88,250
3 Customs	.. 153	1,02,928	10 Education	.. 1,08,954	26,65,732
4 Excise	.. 50,46,249	4,44,065	11 Police	.. 2,248	22,84,688
5 Stamps and Regis- tration	.. 2,27,586	44,824	12 Medical	.. 20,045	6,71,819
6 Debt Service	.. 70,814	9,74,942	13 Agriculture	.. 7,100	1,89,777
7 Mint, Currency and Coinage	.. 1,281	85,801	14 Municipality	.. 1,88,927	14,85,987
			15 Buildings	.. 18,874	28,59,566
			16 Irrigation	.. 2,855	1,58,380
			17 Railways	.. 9,825	..
			18 Miscellaneous	.. 56,789	2,10,098

HYDERABAD STATE BANK

WEEKLY POSITION AS ON 29TH AZUR 1358 F. (29TH OCTOBER 1948)

Liabilities	Rs.	AS.	PS.	Assets	Rs.	AS.	PS.
				<i>Advances</i>			
Capital Account	..	75,00,000	0 0	Loans	..	60,77,285	6 7
Reserve Fund	..	22,75,000	0 0	Cash Credits	..	1,52,75,881	9 1
<i>Deposits</i>				Over drafts	..	80,42,020	8 11
Current Account	..	15,10,40,710	14 0	Investments A/cs	..	6,17,80,984	6 5
Savings Bank	..	35,74,041	14 5	Bills Discounted	..	16,41,003	1 2
Fixed Deposit	..	34,12,004	14 0	D.Ds. Purchased	..	34,14,809	7 9
Short Term Deposit	..	23,89,788	13 2	Dead Stock	..	8,59,541	5 10
Other Accounts	..	17,52,852	13 6	Sundries	..	2,09,071	15 3
Sundries	..	2,61,20,204	3 10	<i>Cash</i>			
Cash Credit (Cr. Bal)	..	8,20,987	11 10	Blocked Account	..	8,02,58,265	12 11
				In hand	..	3,23,67,828	12 6
				With Bankers	..	8,69,59,948	10 4
Total	..	19,88,85,591	4 9	Total	..	19,88,85,591	4 9

Includes Government Balances at H O.

O.S. Rs.

.. 93,84,894 3 3

B.G. Rs.

.. 90,29,081 12 10

HYDERABAD STATE BANK

PROFITS FOR 1857 F.

The net profits of the Hyderabad State Bank for the year ended 30th Aban, 1857 F. including the sum of Rs. 73,682-6-2 brought forward, amounted to O.S. Rs. 18,14,628-18-8 which sum the Board of Directors at their meeting held on the 8th Nov. 1948, (8th Dai 1358 F.) decided to distribute as follows:

To payment of a dividend at the rate of 4 per cent. per annum free of tax O.S. Rs. 3,00,000; to transfer to Reserve Fund O.S. Rs. 6 lakhs; to amount set aside for taxation Rs. 2,30,000; to payment of a bonus to the Staff Rs. 90,000; To carry forward to the Profit and Loss account for the current year Rs. 94,628-18-8, Total O.S. Rs. 18,14,628-18-8.

Statement showing the production of Matches, Cement, Sugar, Coal, and Paper for the month of September 1948.

Serial Commodities No.	Units	Quantity
1 Matches	.. G. B.	6,667
2 Cement	.. Tons	2,518
8 Sugar	.. Started crushing from October, 1948	
4 Paper	.. Tons	Not reported
5 Coal ..	.. Tons	Not reported

STATEMENT SHOWING OUTPUT OF CEMENT, ETC. FOR THE MONTH OF AUGUST, 1948,

Output of cement	Exported outside the Dominion	Delivered inside the Dominion	Stock on the last day of the month
Tons 133	T.C. Nil	T. C. 384-12	T. C. 4,655

JOINT STOCK COMPANIES

DETAILED STATEMENT SHOWING PARTICULARS OF JOINT STOCK COMPANIES INCORPORATED IN H.E.H. THE NIZAM'S DOMINIONS AND REGISTERED IN THE MONTH OF OCTOBER, 1948 (AZUR 1358 F.)

Serial No.	Classification and name of the Company	Names of Agents and Secretaries, etc., and situation of registered Office	Object	CAPITAL I.G. CURRENCY		
				Autho- rised	Issued	Paid-up
				I.G. Rs.	I.G. Rs.	I.G. Rs.
	<i>Trading and Manufacturing.</i>					
1	Medical Products, Ltd.,	Managing Director :- Dr. V. B. Patankar Sultan Bazar, Hyderabad-Deccan.	Chemists and manufacturers of Allied Products	50,000	50,000	Nil

JOINT STOCK COMPANIES INCORPORATED IN H.E.H. THE NIZAM'S DOMINIONS THAT, HAVING CEASED WORK HAVE GONE INTO LIQUIDATION OR WERE DISSOLVED, OR OTHERWISE BECAME DEFUNCT, DURING THE MONTH OF SEPTEMBER, 1948 (ABAN 1857 F.)

Serial No.	Classification and name of the Company	Date of Registration	Autho- rised	Issued	Paid-up	Date of going into liquidation	Date of final dissolution
	<i>Trading and Manufacture</i>						
				(IN LAKHS)			
1	Tibco Limited	28-11-1856 F.	1	1	Nil	15-6-1357 F.	20-12-1857 F.
2	The Andhra Chemical Works Ltd.	11- 8-1936	2	11,830	11,830	31-8-1857 F.	11-12-1857 F.

RAILWAY STATISTICS

	N.S. Railway, April, 1948	Road Transport Department April, 1948
1. Number of Passengers	Rs. 1,595,026	Rs. 2,159,457
2. Freight ton miles	41,748,784	41,171
3. Gross earnings	42,54,049	8,49,870
4. Total expenditure	28,99,028	9,2,881

INDUSTRIAL STATISTICS

Coal Statistics

PRODUCTION FOR 1948

Month 1948	Kothagudium Tandur		Singareni	Total
	Tons	Tons	Tons	Tons
January	72,562	28,794	77	101,433
February	71,288	28,001	941	100,230
March	74,822	19,172	1,032	95,026
April	68,478	29,119	1,152	98,749
May	68,496	30,493	1,621	100,610
June	64,950	28,895	1,226	84,571
July	59,022	27,633	949	87,604
August	53,067	20,002	586	73,655
September	30,454	13,327	600	44,381

DESPATCHES FOR 1947.

		Kothagudium Tandur		Singareni	Total	Within Hyderabad	Outside Hyderabad
		Tons	Tons	Tons	Tons	Tons	Tons
January ..	..	66,704	26,343	78	93,125	43,528	49,597
February	..	63,471	25,882	341	79,694	52,221	37,473
March	..	61,758	16,966	832	79,556	36,941	42,615
April ..	..	57,955	25,764	986	84,706	46,999	37,707
May ..	...	47,174	20,484	1,209	68,868	37,945	30,921
June ..	..	64,285	28,883	1,532	94,700	44,280	50,420
July ..	..	49,948	22,771	1,188	73,902	23,098	50,804
August ..	..	49,232	18,898	955	69,085	41,959	27,126
September	..	23,143	9,246	425	32,814	20,088	12,746

TRADE STATISTICS

FOR THE MONTH OF MEHER 1357 F.

FROM AZUR TO MEHER 1357 F.

Serial No.	Commodity	Quantity	Value in O.S. Rs.	Quantity	Value in O.S. Rs.
1	2	3	4	5	6
Imports					
1	Piecegoods	..	65,000	..	8,66,61,000
		Lbs.		lbs.	
2	Yarn	185,672	5,09,000	6,871,324	1,81,19,000
3	Silk	556	14,000	80,618	14,24,000
		Palla		Palla	
4	Sugar	229	12,000	52,385	58,52,000
5	Fruit	110	25,000	196,750	1,04,78,000
6	Betelnut	21	9,000	20,198	46,64,000
7	Animals	225	30,000	12,181	15,73,000
		Palla			
8	Brassware	10	2,000	13,430	45,48,000
9	Iron	869	43,000	54,266	71,87,000
10	Timber	..	..	..	2,96,000
		Tolas			
11	Silver	26	40	479,026	8,59,040
12	Gold	4	600	48,857	50,28,600
13	Food-grains	17,332	7,24,000	487,548	1,75,89,000
14	Miscellaneous	..	21,37,860	..	14,38,17,860
Total		..	85,71,000	..	25,26,58,000
15	Salt	10,362	1,04,000	660,766	66,08,000
Total Imports		..	86,75,000	..	25,92,64,000
Exports					
16	Food-grains	91,705	9,62,000	609,325	2,01,92,000
17	Cotton	187	25,000	507,159	8,55,39,000
18	Linseed	38,252	21,66,000	307,601	1,53,36,000
19	Til	2,592	1,58 00	109,126	60,07,000
20	Groundnuts	92,877	64,47,000	513,361	2,42,62,000
21	Castor-seed	29,140	21,13,000	800,001	1,49,89,000
22	Oils	22,079	32,18,000	355,024	8,98,0000
23	Indigo	..	..	17	12,000
24	Timber	..	1,000	..	20,67,000
25	Hides and Skins	..	2,26,000	..	38,52,000
26	Animals	23	2,000	2,535	98,000
27	Miscellaneous	..	59,57,000	..	4,51,23,000
Total Exports		..	2,12,64,000	..	25,67,85,000
Miscellaneous Income		..	..	..	..
Grand total		..	2,49,39,000	..	51,60,49,000

COTTON STATISTICS

(MEHEB 1857 F.-AUGUST 1948)

Rainfall and Crop conditions.—During the month under report the average rainfall throughout the Dominions was 5.86 inches as against 10.86 inches in the corresponding period of last year and 5.92 inches normal for 50 years.

(Rainfall in inches)

	1857-58 F.	1856-57 F.	Normal for 50 years
Telingana ..	6.06	12.01	6.54
Marathwara ..	4.65	9.71	5.29
Total since the begin- ning of the season	16.18	22.83	18.53

Kharif cotton suffered due to lack of rains in parts of Telingana districts and also in some areas of Aurangabad, Parbhani, Gulbarga and Raichur Districts.

Area.—The estimated area according to the first cotton forecast for the year 1948-49 being 240,040 acres as against 261,267 acres for the corresponding period of last year, showing a decrease of 21,227 acres or about 8.1 percent.

Classified by trade description the figures are as follows :—

Trade description	AREA IN ACRES		5 yrs. average	Staples
	1857-58 1948-49	1856-57 1947-48		
1. Hyd:				
Comras ..	165,894	198,689	184,199	Short
2. Hyd :				
Gaorani ..	51,698	84,979	98,817	Medium
8. Raichur Kumptas & upland	18	18	4,084	do
4. Western ..	14,109	16,209	25,418	do
5. Warangal & Coco nadas ..	8,831	11,868	18,677	Short
Total	240,040	261,267	826,190	

Cotton Market rates :—

(Rate of Kapas per palla of 120 seers)

	Varie- ties	Open- ing	Clossing	Last year clos- ing
1. Warangal .. Bani	71	71	..	..
2. Adilabad	..	..	..	..
3. Aurangabad. ..	..	..	..	..
4. Umari	..	..	..	..
5. Jalna	..	..	..	..
6. Nander	..	..	..	..
7. Latur	..	..	..	..
8. Raichur	..	..	..	..
9. Hingoli	..	..	..	..
10. Sailu	..	..	..	..

(Rate of Cotton Lint per Palla of 120 Seers)

1. Warangal	..	..	..
2. Adilabad	..	..	..
3. Aurangabad	..	..	..
4. Umari	..	..	..
5. Jalna	..	..	..
6. Nander (Cotton new)	175	161	..
(Cotton old) ..	171	151	..
7. Latur	..	..	..
8. Raichur	..	..	..
9. Hingoli	..	..	..
10. Sailu	..	..	..

Pressing.—During the month under report (August 1948) 221 bales were pressed as against 5,685 bales in the corresponding month of last year and the average for the preceding five years was 3,685 bales. Total number of bales

pressed since the beginning of the season (1st Sept. 1947) is 312,117 bales as against 190,261 bales during the corresponding period of last year.

Export.—Export by rail and road in the month of Shahrewar (July 1948) amounted to 8,217 bales as against 22,284 bales of last year and the average of the preceding five years of 17,885 bales. The total export since the beginning of the season (1st Sept. 1948) being 873,606 bales as against 264,662 bales of last year.

Mill consumption.—Spinning and weaving mills in the Dominions consumed 1,772,007 lbs. or (4,430 bales) during the month of August 1948 as against 1,608,285 lbs. (4,021 bales) in the corresponding month of last year and the average for the corresponding month of

the preceding quinquennium of 2,207, 600 lbs. (5,519 bales). Total consumption since the beginning of the season (1st Sept. 1948) amounted to 27,866,845 lbs. (68,417 bales) as against 21,181,565 lbs. (52,854) last year.

Cotton stock.—The stock of cotton on 31st August 1947 was 96,270 bales as against 60,889 bales reported for the corresponding period of last year.

The stock of cotton in the Regulated Market for the month of Meher 1857 F. (August 1947) is noted below.

Cotton ginned and pressed in bales	Cotton ginned and unpressed in lbs.	Cotton unginned in lbs.	Total
47,888	608,169 1,508 bales	749 lbs. 1 bale	49,392 bales

Working class cost of living index numbers for the month of August. 1948

(Base year—August 1943 to July 1944)

Serial No. Groups	HYDERABAD CITY		WARANGAL		NIZAMABAD		NANDER		AURANG- ABAD		GULBARGA	
	Weight pro- por- tional to total expnd.	Index No.	Weight pro- por- tional to total expnd.	Index No.	Weight pro- por- tional to total expnd.	Index No.	Weight pro- por- tional to total expnd.	Index No.	Weight pro- por- tional to total expnd.	Index No.	Weight pro- por- tional to total expnd.	Index No.
1 Food	62.25	146	68.48	145	64.38	212	62.89	277	58.67	198	66.50	201
2 Fuel & Light	6.87	142	7.50	179	8.55	146	6.78	278	6.82	179	6.05	204
3 Clothing	11.03	168	8.50	208	13.66	221	13.85	168	13.46	228	13.15	147
4 Rent	5.31	100	3.21	100	3.64	100	4.29	100	4.15	100	3.82	100
5 Miscellaneous	10.66	215	8.04	196	5.78	208	8.49	194	11.46	196	8.50	248
6 Intoxicants	3.88	186	4.12	320	3.94	195	3.75	181	0.94	209	2.48	205
Cost of living Index Number	100	154	100	162	100	202	100	242	100	198	100	194

MONTHLY INDEX NUMBERS OF WHOLE SALE PRICES IN THE CITY OF HYDERABAD FOR THE MONTH OF AUGUST 1948

Compared to last month, the index numbers of Cereals, Pulses, Sugar and Other Food Articles decreased by 7, 48, 9 and 2 points respectively, thereby showing a fall of 18 points in the average index No. of All Food.

The index numbers of oil seeds, Vegetable

Oil, Cotton Raw and Cotton Manufactures, declined by 16, 12, 50 and 82 points respectively while those of Building Materials and Other Raw and Mfgd. Articles shot up by 72 and 1 points respectively compared to July, 1948. The index numbers of Hides and Skin and All Non-Food remained stationary.

The general index No. (on base August 1939=100) stood at 418 in August, 1948 as against 425 in the previous month.

STATEMENT OF WHOLE SALE PRICES IN O.S. RUPRES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF AUGUST 1948.

BASE : August 1939=100.

Serial No.	Commodity	Unit	Base August 1939 Prices	PRICES FOR			INDEX NOS.		
				June 1948	July 1948	August 1948	June 1948	July 1948	August 1948
1	2	3	4	5	6	7	8	9	10
I. FOODGRAINS									
<i>Cereals</i>									
			Rs.						
1	Rice, fine, 1st quality	.. Palla	37 0 0	..	..	..	..	..	..
2	Rice, Arcoti ..	.. do	16 4 0	43 10 0	48 0 0	48 0 0	269	295	295
3	Rice Coarse ..	.. do	14 0 0	38 15 0	40 0 0	40 0 0	264	286	286
4	Wheat Bansi ..	.. do	18 8 0	137 8 0	..	..	743	..	..
5	Wheat Yellow ..	.. do	16 12 0	..	..	..	..	..	..
6	Wheat Potia Sharbati ..	.. do	18 0 0	145 0 0	132 8 0	125 0 0	806	736	694
7	Wheat Red ..	.. do	14 8 0	112 8 0	..	..	776	..	..
8	Jawar, 1st quality ..	.. do	12 8 0	25 0 0	32 0 0	32 0 0	200	256	256
9	Jawar, 2nd quality ..	.. do	12 0 0	23 8 0	30 0 0	30 0 0	196	250	250
10	Bajra ..	.. do	11 8 0	26 0 0	32 0 0	32 0 0	226	278	278
	Average Index No. of Cereals	.. ..	..	..	..	..	435	350	343
<i>(ii) Pulses</i>									
11	Gram, Bengal ..	.. Palla	18 0 0	55 8 0	63 8 0	63 0 0	347	397	394
12	Gram, Horse ..	.. do	10 8 0	48 0 0	58 0 0	58 0 0	457	552	552
13	Mung, Green ..	.. do	12 2 0	60 0 0	57 8 0	42 8 0	495	474	351
14	Mung, Black ..	.. do	12 0 0	51 4 0	55 0 0	58 0 0	427	458	442
15	Lentils ..	.. do	15 9 0	55 0 0	75 0 0	57 0 0	358	482	366
16	Tuar, broken ..	.. do	15 4 0	70 0 0	72 0 0	67 8 0	459	472	443
	Average Index No. of Pulses	.. ..	..	..	..	..	428	473	425
<i>(iii) Sugar</i>									
17	Sugar, refined ..	.. Palla	45 0 0	187 0 0	137 0 0	137 0 0	304	304	304
18	Gur or raw sugar ..	.. do	28 8 0	23 8 0	44 0 0	38 8 0	82	154	135
	Average Index No. of Sugar	.. ..	..	..	..	..	193	229	220
<i>(iv) Other Food Articles</i>									
19	Tea ..	.. Lb.	1 3 0	3 5 8	3 5 8	4 0 0	282	282	387
20	Salt ..	.. Palla	12 0 0	22 0 0	22 0 0	30 0 0	188	188	250
21	Onions ..	.. Palla	5 0 0	23 0 0	24 0 0	25 0 0	460	480	500
22	Turmeric ..	.. do	31 0 0	111 0 0	117 8 0	112 8 0	358	379	363
23	Tamarind ..	.. do	14 8 0	82 8 0	90 0 0	102 8 0	569	621	707
24	Chillies ..	.. do	57 8 0	90 0 0	115 0 0	105 0 0	157	200	183
25	Betelnuts ..	.. Seer	0 9 0	4 0 0	5 0 0	5 0 0	711	889	889
26	Ghee, 1st quality ..	.. Md.	50 0 0	200 0 0	220 0 0	216 0 0	400	440	432
27	Potatoes ..	.. do	6 11 0	53 5 0	60 0 0	60 0 0	797	897	897
28	Ginger ..	.. do	6 11 0	53 5 0	60 0 0	43 5 0	797	897	648
29	Garlic ..	.. do	..	60 0 0	80 0 0	153 5 0	..	..	..
30	Fowl ..	.. Bird	1 0 0	2 8 0	2 8 0	2 12 0	250	250	275
31	Eggs ..	.. Doz.	0 7 0	1 8 0	1 8 0	1 8 0	843	843	843
32	Milk ..	.. Sr.	0 4 0	1 0 0	1 0 0	1 0 0	400	400	400
33	Beef ..	.. Lb.	0 1 8	0 8 0	0 8 0	0 8 0	480	480	480
34	Mutton ..	.. do	0 8 4	0 12 0	0 12 0	0 12 0	360	360	360
	Average Index No. of Other Food Articles	.. ..	..	..	..	..	436	473	471
	Average Index No. of All Food	.. ..	..	..	..	..	418	431	418

STATEMENT OF WHOLESALE PRICES IN O.S. RUPEES OF PRINCIPAL COMMODITIES WITH THEIR INDEX NUMBERS IN THE CITY OF HYDERABAD ON THE LAST DAY OF AUGUST 1948.

BASE: August 1939 = 100.

Serial No.	Commodity	Unit	PRICES FOR				INDEX NOS.		
			Base August 1939 Prices	June 1948	July 1948	August 1948	June 1948	July 1948	August 1948
i	2	3	4	5	6	7	8	9	10
II. OIL SEEDS									
85	Sesamum	Palla	21 0 0	100 0 0	112 8 0	120 0 0	476	536	571
86	Cotton seed	do	9 0 0	23 0 0	22 0 0	21.12 0	256	244	242
87	Groundnut	do	12 8 0	58 0 0	52 0 0	52 8 0	424	416	420
88	Linseed	do	11 8 0	..	61 8 0	48 0 0	..	535	417
89	Castor seed	do	12 0 0	59 0 0	56 0 0	56 8 0	492	467	471
Average Index No. of Oilseeds		..	..	..	..	..	412	440	424
III. VEGETABLE OIL									
40	Sesamum oil	Palla	85 0 0	210 0 0	220 0 0	220 0 0	600	629	629
41	Castor oil	do	30 0 0	145 0 0	160 0 0	155 0 0	483	538	517
42	Linseed (double boiled)	Drum	22 8 0	..	..	..	..	..	..
43	Groundnut oil	Palla	25 0 0	160 0 0	170 0 0	165 0 0	640	680	660
Average Index No. of Vegetable oil :		..	..	..	..	..	574	614	602
TEXTILES									
(i) Cotton Raw									
44	Cotton raw loose bales of 400 lbs.	..	100 875 0	0 875 0	0 325 0	0 875 0	375	375	325
Average Index No. of cotton raw		..	..	..	..	..	375	375	325
(ii) Cotton Manufactures									
45	Yarn, unbleached	Lb.	0 8 0	2 4 0	2 0 0	2 2 0	450	400	425
46	Dhories	do	0 9 0	4 0 0	2 0 0	2 0 0	711	856	856
47	Chaders	do	0 8 0	3 0 0	2 0 0	2 0 0	600	400	400
48	Saris	do	0 10 0	..	..	..	..	..	..
49	Shirtings	do	0 8 0	2 12 0	2 12 0	2 0 0	550	550	400
Average Index No. of Cotton Mdgs. :		..	..	..	..	..	578	427	895
V. HIDES AND SKINS									
50	Hides, not tanned	Head	2 6 0	5 0 0	5 0 0	5 0 0	211	211	211
51	Skin	do	0 9 0	2 0 0	2 0 0	2 0 0	356	356	356
Average Index No. of Hides & Skins :		..	..	..	..	..	284	284	284
VI. BUILDING MATERIALS									
52	Corrugated Iron sheets	Cwt.	12 8 0	..	..	..	..	..	..
53	Iron Beams (Tata)	do	13 4 0	..	..	..	..	..	..
54	Teak, country	C. ft.	8 0 0	10 12 0	10 8 0	11 0 0	358	350	367
55	Teak, Rangoon.	do	7 8 0	..	..	..	..	..	..
56	Cement, Shahabad	Cwt.	2 14 0	9 0 0	9 0 0	16 0 0	313	313	537
57	Lime	100 c.ft.	19 0 0	75 0 0	80 0 0	85 0 0	395	421	447
58	Bricks, country	1,000	9 8 0	35 0 0	36 0 0	36 0 0	368	379	379
59	Bricks, table-moulded	1,000	15 8 0	..	..	..	359	366	488
Average Index No. of Building Materials		..	..	..	..	..	..	..	..
VI. OTHER RAW AND MANUFACTURED ARTICLES									
60	Charcoal	Cwt.	1 12 0	11 8 0	11 8 0	11 8 0	639	639	639
61	Kerosene oil (A tin of 4 gallons)	..	6 4 0	..	..	..	..	..	..
62	1st quality	do	4 0 0	..	..	..	..	..	..
63	Do 3rd Quality	do	4 0 0	..	..	..	..	..	..
64	Tobacco	Md.	17 8 0	..	..	..	..	..	..
65	Soap (Sunlight)	Cwt.	93 4 0	155 9 0	156 0 0	160 0 0	187	187	172
66	Matches	Gross	2 8 0	6 8 0	6 8 0	6 8 0	280	280	280
66	Firewood	Md.	0 8 0	2 0 0	2 0 0	2 0 0	400	400	400
Average Index No. of Other Raw and Manufactured Articles		..	..	..	..	..	367	367	368
Average Index No. of all non-food		..	..	..	..	..	430	418	418
General Average Index Number		..	..	..	..	..	423	425	413

O.S. Rs. 116-10-8—I.G. Rs. 100-0-0.

OTHER STATISTICS

RESERVE BANK OF INDIA

5th November 1948.

(Rupees in Thousands)

ISSUE DEPARTMENT

BANKING DEPARTMENT

	Week ended 5-11-1948	A week ago	2nd July 1948		Week ended 5-11-1948	A week ago	2nd July 1948
LIABILITIES				LIABILITIES			
Notes issued :				Capital paid up	5,00,00	5,00,00	5,00,00
In Banking Dept.	18,78,77	26,24,35	29,64,78	Reserve Fund	5,00,000	5,00,000	5,00,000
	1210,59,24	1214,20,89	1269,88,22	Deposits.—			
				(a) Central Govt.	284,96,66	241,82,25	214,51,67
Total	1224,38,01	1240,44,74	1299,52,95	(b) Other Govts.	14,16,55	17,81,26	19,15,89
				(c) Banks	66,20,85	66,54,27	79,57,43
ASSETS				(d) Others	65,06,04	65,95,27	47,02,60
(A) Gold Coin and				Bills Payable	3,66,24	3,87,05	3,94,03
Bullion : —				Other Liabilities	7,58,47	7,47,77	14,59,14
				Total	401,52,41	418,47,87	888,83,07
(a) Held in India	42,20,82	42,71,91	42,71,91	ASSETS			
(b) Held outside India	..	..	..	Notes	18,78,77	26,24,35	29,64,78
Sterling Securities	786,23,85	796,64,28	1100,80,47	Rupee Coin	6,54	11,81	8,88
Total of (a)	828,44,67	839,36,19	1143,52,38	Subsidiary Coin	1,43	1,67	1,10
RATIO OF TOTAL	67.663	67.666	87.995	Bills Purchased and			
OF (A) TO LIABILITIES	per cent.	per cent.	per cent.	Discounted :—			
(B) Rupee Coin	45,74,51	46,77,08	41,85,76	(a) Internal	44,83	44,83	15,00
Rupee Securities	350,18,83	354,31,47	114,14,81	(b) External	..	..	..
Internal Bills of Exchange				(c) Govt. Treasury Bills	2,52,77	2,49,52	1,62,59
and other Commercial				Balances held abroad			
Paper.				(Includes cash and			
Total Assets	1224,38,01	1240,44,74	1299,52,95	short term securities)	291,51,88	292,21,59	801,40,40
				Loans and Advances to			
				Governments	1,74,00	1,70,00	10,00
				Other Loans & Advances	4,17,82	4,14,82	..
				Investments	84,28,50	83,13,28	50,86,22
				Investments & other Assets	2,96,87	2,97,87	4,99,15
				Total	401,57,41	418,47,87	888,83,07

INDIA'S SEABORNE TRADE

A. BALANCE OF TRADE

(VALUE, RS. LAKHS)

FOUR MONTHS ENDED
JULY

				July 1948	A month ago	A year ago	1947	
							1948	1947
Imports	..	..	..	40.56	35,74	39,88	1,49,85	1,44,05
Exports	..	..	..	38,25	35,94	28,16	1,41,74	1,28,74
Re-exports	..	..	..	51	81	32	8,85	1,68
Balance of Trade	..	..	..	-1,80	+1,01	-10,85	-3,76	-18,68

WORKING CLASS COST OF LIVING INDICES (ALL-INDIA AND RANGOON)

(BASE: AUGUST 1939=100)

	*Bom- bay (b)	BOMBAY Ahmed- abad	Sholapur	UNITED PROVINCES Cawn- pore	CENTRAL PROVINCES Nagpur	PRO- VINCES Jubbulpore	MADRAS Madras	DELHI Delhi(c)	AJMER- MERWARA Ajmer(c)	ASSAM Gauhati (c)	Rangoon
AV. 1939 (a)	106	108	106	106	105	109	107	..	..	..	..
1940	112	108	104	111	110	116	109	..	..	..	..
1941	122	118	115	122	119	130	114	..	..	..	..
1942	157	156	155	180	165	182	136	..	..	..	..
1943	231	282	252	306	299	299	180	..	..	..	..
1944	287	290	278	314	266	317	206	..	..	..	..
1945	285	272	275	308	242	288	227	108	110	99	..
1946	259	286	290	289	285	302	239	107	118	96	385
1947	273	302	340	373	320	326	277	122	152	97	343
1947											
March ..	269	284	332	341	319	328	272	115	135	98	311
April ..	270	285	325	342	319	323	277	116	130	98	311
May ..	271	290	323	349	311	321	274	117	137	98	349
June ..	278	304	333	368	319	326	274	115	152	94	359
July ..	274	299	340	401	320	326	276	121	155	101	363
August ..	284	322	363	410	319	329	276	124	168	105	350
September	299	337	360	407	330	326	281	137	171	100	342
October ..	296	316	359	420	331	335	286	128	171	100	364
November ..	287	316	362	413	330	335	291	132	178	104	369
December ..	285	299	341	389	330	332	305	128	178	106	365
1948											
January ..	271	290	330	405	341	339	312	125	167	104	341
February ..	276	293	369	391	348	352	308	125	161	105	331
March ..	284	307	385	375	353	352	309	120	156	106	310
April ..	291	310	386	379	358	356	307	125	154	109	304
May ..	292	327	396	442	375	391	311	136	160	115	..
June ..	307	336	412	462	379	404	312	441	158	116	..
July ..	312	..	..	..	..	..	..	..	..	..	..
August ..	321	..	..	..	..	..	..	..	..	..	..

(a) Monthly average of last four months of the calendar year except for Bombay which is the monthly average of the year 1939.

(b) Published by Government of Bombay.

(c) Base 1944.

* Base: Year ending June 1934.

a. Excluding Rubber Tyres. b. Including Rubber Tyres.

U. K.'s. END—1948 EXPORT TARGETS

Summary of export targets for the end of 1948-49 is given below. Although the overall target is 155 percent of 1938 exports, the actual sum of the targets for commodity groups amounts to just under 160 percent.

	£. MILLION (MONTHLY RATES)		PERCENTAGE OF 1938 BY VOLUME	
	End 1948	End 1949	End 1948	End 1948
FOOD, DRINK AND TOBACCO				
Food and drink	6.65	6.00	117	106
Tobacco	1.70	1.50	171	151
Total	8.35	7.50	125	118
RAW MATERIALS				
Coal	8.90	6.00	88	57
Other raw materials	2.10	2.65	44	56
Total	6.00	8.68	41	57
MANUFACTURES				
<i>Metals and metal products</i>				
Iron and steel manufactures	8.10	8.50	111	116
Non-ferrous metals and manufactures thereof	4.55	4.00	207	182
Cutlery, implements, instruments, etc.	3.77	4.27	218	241
Electrical goods and apparatus	7.07	6.55	252	270
Machinery	22.06	24.48	206	228
Vehicles inc. Locos Ships, Aircraft and Rubber Tyres	21.10	21.80	255	268
Total	66.65	70.50	a201	a212
<i>Textiles and clothing</i>				
Cotton yarns and manufactures	13.00	15.00	79	85
Wool yarns and manufactures	12.40	12.80	202	200
Silk and Rayon	4.40	4.50	245	251
Manufactures of other textiles	3.40	3.00	106	94
Apparel	4.20	4.00	201	191
Total	37.40	38.80	134	135
OTHER MANUFACTURES				
Chemicals, etc.	8.05	9.00	184	206
Coke and manufactured fuel	0.10	0.60	24	75
Pottery, glass, etc.	4.25	4.85	228	254
Manufactures of wood	0.15	0.15	48	48
Footwear	.45	0.90	20	188
Oils, fats & resins	1.25	1.30	116	121
Leather & leather goods	1.45	1.10	186	108
Paper, cardboard, etc.	2.20	2.00	154	140
Rubber manufactures	1.05	p.70	380	220
Miscellaneous manufactures	9.65	9.75	151	170
Total	27.60	30.85	b164	b179
Total manufactures	132.65	139.75	175	188
Other items	8.50	8.50		
Total exports	140.50	159.40	154 (150)	160 (155)

a. Excluding rubber tyres. b. Including rubber tyres.

Apart from one or two individual cases where exceptional price changes have already been taken into account, the targets are given by value as assumed end-1948 prices, calculated on the same basis as that adopted when the end-1948 targets were announced—that is, end-1948 prices plus a flat increase of 5 p.c. In fact, while this assumption seems likely to have been broadly for exports as a whole, yet in some groups it appears that prices will have increased by more than 5 p.c. during 1948 and in others by less than that amount, so that the value targets for individual commodity groups will require some adjustment later in the light of price movements that have in fact taken place.

WORLD IMPORTS AND EXPORTS OF COTTON.

		IMPORTS				EXPORTS			
		1938-39	1945-46	1946-47	1947-48	1938-39	1945-46	1946-47	1947-48
World total	..	12,102	9,058	10,868	..	11,727	9,286	9,621	8,752
North America	..	408	778	789	..	3,426	3,921	3,773	2,626
United States	..	182	848	270	..	3,825	3,618	3,544	2,300
Canada	..	258	393	418	..	..	..	..	..
Other	..	408	778	789	..	101	808	299	826
Asia and Ocean	..	4,091	2,041	2,288	..	3,295	927	877	1,855
China (a)	..	774	1,200	858	..	278	..	..	..
India	..	852	502	546	..	2,685	849	837	180
Japan	..	2,757	194	741	..	..	..	..	..
Other	..	4,091	2,041	2,288	..	887	78	40	5
Europe	..	7,558	6,055	71,28	..	..	..	..	..
Belgium (b)	..	475	825	620	..	..	..	..	..
Czechoslovakia	..	250	140	267	..	..	..	..	..
France	..	1,077	1,265	908	..	..	..	..	..
Germany	..	1,178	165	550	..	..	..	..	..
Italy (b)	..	574	600	1,180	..	..	..	..	..
United Kingdom	..	2,198	1,877	1,818	..	..	..	..	..
Other	..	1,801	1,683	1,840	..	..	..	..	..
South America & Africa	..	55	184	208	..	4,906	4,088	4,371	40,750

(a) Includes Manchuria.

(b) Includes Temporary imports.

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ECONOMIC THEORY

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Competition & Demand Curve ..	.. J. K. Mehta	.. The Indian Journal of Economics April, 1948.
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101	Government of India Report	.. Report on currency & finance for the year 1947-48 (2 Vol.)	1948	G. Clavidge & Co. Ltd., Bombay	7 12 0

Conference Supplement.

The Financial Structure of Hyderabad State

By

L. N. GUPTA, Financial Secretary,
Hyderabad-Deccan.

Historical Background.—The financial structure of Hyderabad has been built upon feudal lines from the time of Sir Salar Jung I. Before him the State budget was in an anarchic condition resulting usually in large deficits which were made up by borrowings from private Sahukars at exorbitant rates of interest and by grant of special concessions. It was Sir Salar Jung who canalised the financial resources of the State, his main effort and achievement being to inaugurate a system of collection of land revenue and excise, to meet the political and administrative expenditure of the State and the personal expenses of the Royalty and the feudal chiefs. The incidence of taxation fell purely on the poor; and the privileged classes paid no contribution to the State Exchequer. The expenditure on education, public health or on other social needs of the people was not considered to be any serious responsibility of the State Exchequer.

2. The main Heads of revenue in 1882 (the year for which authenticated budget figures are available) were land revenue (165 lacs), forests (5 lacs), customs (52 lacs), excise (31 lacs), Berar rent (20 lacs), railways (17 lacs), other miscellaneous heads (18 lacs): Total revenue (308 lacs). The expenditure consisted of: revenue collection charges (48 lacs), payments to H.E.H. (40 lacs), administrative charges (28 lacs), Mansabs (18 lacs), army (85 lacs), police (22 lacs), education, medical, veterinary etc. (6 lacs), religious (5 lacs), buildings and roads etc. (25 lacs), railways (19 lacs), miscellaneous (22 lacs): Total expenditure (288 lacs).

8. The financial position of the State was further consolidated during the time of the two European Finance Ministers, Sir Casson Walker and Sir Reginald Glancy, during the first two de-

cades of the present century. The total revenue in 1911 went up to 500 lacs, whereas the total expenditure increased only to 372 lacs. By 1920 the revenue had gone up to 700 lacs and the expenditure to 596 lacs. The main heads of revenue were land revenue (265 lacs), forests (11 lacs), customs (100 lacs), excise (147 lacs) stamps and registration (16 lacs), Berar rent (29 lacs), interest and coinage (97 lacs), railways (22 lacs). The expenditure in this year was spread over revenue collection (100 lacs), interest, debt redemption and coinage (47 lacs), payments to H.E.H. (50 lacs), administration (51 lacs), mansabs (16 lacs), army (55 lacs), police (47 lacs), education, medical etc. (55 lacs) religious (8 lacs), buildings and roads etc. (96 lacs) railways (26 lacs), famine relief (29 lacs), miscellaneous (16 lacs): Total (596 lacs).

4. The gap between the revenue and expenditure during these years resulted in accumulation of large funds for the treasury, which were later utilised in building up reserves during Sir Akbar Hydari's time. A special feature of the financial administration of Sir Akbar was the system of departmentalisation. Provisions for the various departments were made on a contract basis for 8 years, savings of each year accruing to the department and being made available to them for expenditure during the period. At the end of the 3 years, the moiety of the department's savings was credited to Government under general reserves and the moiety was further made available to the department for expenditure in the next contract. This system came to an end soon after the departure of Sir Akbar and from the year 1942-48, grants are being given to the departments on an annual basis, and the savings lapse on the close of the year, as is the system prevalent all over. The accumulated previous balances in

departmental savings were also transferred to the general reserves.

5. *Present Position.*—During the war years the income of the State rose rapidly, the main heads contributing to this being excise, interest (due to large accumulation of savings invested in securities) and railways. The increase in expenditure did not correspond to the same level, owing to the time-lag between the revision of the scales of pay of government servants resulting in increase in government expenditure and the increase in prices. The total revenue of the State at the end of the war had risen to the neighbourhood of 25 crores, contributed mainly by land revenue (8.5 crores), forests (70 lacs), customs (2.5 crores), excise (7 crores), interest and paper currency (8.5 crores), railways (1 crore) and direct taxes (1 crore). The expenditure has also risen correspondingly, and generous grants are also being made of late for nation-building activities, but the departments have not been able to build up adequate machinery to utilise these grants fully. The latest budgeted grants for these departments are, education (2.7 crores), medical and public health (1 crore), buildings and roads etc., (8 crores—besides expenditure charged to Capital), medical, co-operative and veterinary (55 lacs): Total (7.25 crores). This works up to about 80 per cent. of the total budget. A provision of over 6 crores in the capital Budget is also made for carrying out irrigation projects and other development activities.

6. The long chain of budget surpluses and departmental savings resulted in accumulation of large funds, which were kept under the various reserves and amounted on 30th September 1947 to nearly 70 crores, of which 40 crores were earmarked for post-war development. These reserves have, however, been considerably depleted due to the exorbitant expenditure incurred during the last year and the drain on the public exchequer carried on by the ex-Ministry. Still, the reserves stand at a handsome figure of over 48 crores on 30th September 1948, of which

29 crores are available for carrying out development plans.

7. On the expenditure side a large slice is being taken away by the army and the police. The expenditure on these heads has risen rapidly during the last two years owing to the sinister preparations for isolating Hyderabad from the Union of India. The army and the police expenditure in 1945-46 was only 56 and 71 lacs respectively. The actual expenditure in the year 1947-48 according to the information available so far has been in the neighbourhood of over 6 crores on army and over 2.5 crores on police. Even after the 'police action' and after the demobilisation of surplus personnel, the army and police are going to cost to the public exchequer 2 crores and 1.5 crores respectively, as at present estimated. The expenditure on other items of a special nature like the royalty, princes, the mansabs, the grant-in-aid and donations and on religious departments, amounts to nearly 1 crore.

8. In spite of the heavy drain on the finances of the State during the last one year, the financial structure of the State remains sound. The total paper currency circulation on 30th September 1948, was 53 crores. The paper currency reserve, consists of securities of the Government of India of the value of 33 crores, besides cash deposits in I.G. with the Imperial Bank of India and Hyderabad securities of the value of nearly 12 crores. The paper currency reserve is thus fully backed and is invested to the extent of 2/3 in Government of India securities. Hyderabad Government holds further securities of the Government of India of the value of 28 crores in other reserves and industrial and other investments of the value of nearly 5 crores. The total public debt on 30th September 1948 stood at 35 crores.

9. *The Prospect for future.*—It would be seen that Hyderabad's main sources of revenue are those which are generally recognised as being within the Central or Federal list, such as, customs, coinage, paper currency, and taxes on

income. These, in all, at present, yield about 7 crores. Then, another shaky source of revenue is excise, which yields about 7 crores. Hyderabad will have to look for fresh sources of income. With the loss of the above sources of revenues, which would be a natural corollary to the integration of the State with India and of removal of the barriers for a free flow of trade with the rest of India, and with the adoption of a financial and revenue policy in line with the Indian Union as well as the possible introduction of prohibition. The Central Government would, of course, come to rescue to the extent of giving an adequate share in the revenue from direct taxes, which on a population basis, according to the formula suggested by the Sirkar Committee would be quite adequate. It may further be possible that expenditure of a Central nature such as on the army, broadcasting and other heads may be taken over by the Government of India.

10. The future Government of Hyderabad will have to find money for such nation-building activities as introduction of compulsory education all over the Dominions in as short a time as possible, for the reorientation of the educational policy, and for making arrangements for the education of boys and girls in their own mother tongue and for the expansion of the technical and vocational education. Basic needs of the people such as providing adequate housing, lean water supply in rural and urban areas, anti-epidemic measures, medical relief and village communications will have to be provided for.

Considerable head-way has to be made in expansion of irrigation facilities, improvement of agriculture such as by the introduction of collective or Co-operative farming, development of Hydro-Electric power, exploitation of mineral and other resources of the country and in the development of small scale and large scale industries. All these schemes would involve increased expenditure both under revenue and capital. Luckily for Hyderabad, there are several sources of revenue which have not yet been tapped on account of a retrograde financial policy followed by the State in the past. Considerable scope would therefore be available to exploit these fresh avenues of income. The rates of income tax can be stepped up to all-India levels, the present rates being only about half of the Indian rates. There are several industrial concerns in which Government has large financial stakes, which at present are being managed by private individuals, who are reaping the profits thereof, which really accrue to the State. These can be brought within the purview of Government and would yield considerable revenue by way of profits to the treasury. The Sarf-e-Khas, the Paigahs and Jagirs and other vested interests have not been contributing in any manner to the public exchequer. These can be tapped. Taxes like the General Sales Tax, Estate Duties (Death Duty), levy on capital gains will have to be introduced. Side by side with fresh taxation, the expenditure on superfluous and unnecessary objects whether on administration or on items of a feudal character, will have to be considerably curtailed.

Taxation in Hyderabad

By

DILSUKH RAM, Commissioner, Income-Tax

Though the subject "Taxation in Hyderabad" is one of local interest, it will be of great academic interest and practical value to the statesmen piloting the State more so when the entire financial problem of the State is now being scrutinised: the budgetary position also is being thoroughly revised and finances are being recast to suit the altered conditions. The problem of taxation in Modern State carries great importance, particularly because the obligations of Government towards the citizens in regard to the promotion of social and economic welfare have increased and the responsibility of Government to provide food, shelter, education and a decent living to the ordinary man has also increased enormously. The main aim has to be, to run mainly, a social service state secular in character, democratic in nature with a view, eventually, to bring about contentment to its citizens. Necessary funds have, therefore, to be provided not only for running Government machinery, but also for raising the living conditions of the common man. Recourse has to be adopted to taxation and in doing so, the main object is not to obtain funds only but that the main aim of taxation has to be to reduce the economic inequalities of the society by levying taxes in such a manner that the various sections of the society contribute equitably, keeping in view the principle that the tax-payer pays according to his capacity and ability to pay.

The evolutionary process, through which the Hyderabad finances have passed needs to be reviewed. Till the middle of the nineteenth century, the financial system of Hyderabad had a chequered career. It was described as a dark period for Hyderabad finances. It was under these circumstances that Sir Salar Jung the Great took up the reins of administration and introduced a series of changes. He cleared all old debts, put an end to the system of taking loans

by mortgaging revenue-giving districts. He appointed competent accountants and introduced annual system of budgeting. In 1881, the total annual receipts of the State amounted to 811 lakhs and this went up to 8 crores in 1930. The finances of the State were handled by a galaxy of financiers like Sir Casson Walker, Sir Reginald Glancy and Sir Akbar Hydari for over two decades and were built up on sound lines. The system of departmentalisation of finances was introduced by Sir Akbar Hydari, the main features of this being:—

- (1) The budget was based on a scheme of triennial contracts. The normal expenditure and revenue was calculated for three years, and each department was allotted a certain sum on the basis of its average annual expenditure.

- (2) The departmental balances at the end of each year did not lapse to Government but at the end of the triennium one half of the departmental balances lapsed to Government.

The system checked hasty and ill-considered expenditure at the close of the year and granted limited financial autonomy to the departments, contributing towards economy and efficiency. On account of the extraordinary demands created by the war, the budgetary system was changed, and a settlement was made with the Railway Board also to secure sufficient contribution out of the annual railway budgets. The credit of the creation of special reserves which enabled the State to withstand many a famine or pass through every period of stress and strain without any difficulty goes to Sir Akbar Hydari. Hyderabad passed through the last great depression and the Second World War with well-balanced budgets. The revenues of the State showed a progressive increase from sources other than direct taxation, the income having

arisen from 9 crores in 1930 to 20.75 crores in 1946-47 and 22.8 crores in 1947-48.

A review of the tax system in Hyderabad necessitates the scrutiny of the sources of revenue, the nature of the receipts and the incidence of the taxes imposed. The items of in-

come of the annual budget from various sources for 1946-47 reveal that the revenue from direct and indirect taxation is 27.1 per cent. and 72.9 per cent. respectively of the tax revenues, while the total revenue from taxation is 68 per cent. of total revenue.

ANALYSIS OF REVENUES OF THE STATE FOR 1856 AND 1857 FASLI.

	Income for 1856 F. in lakhs (1946-47)		Income for 1857 F. as per revised estimates (1947-48)
Total Revenues	2,075.40	Total Revenues	2,188.89
Tax Revenues	..	Tax Revenues	..
1. Direct Taxes (27.1 % of tax revenue)		1. Direct Taxes	
(a) Land Revenue ..	351.84	(a) Land Revenue ..	330.65
(b) Excess Profits Tax ..	83.82	(b) Excess Profits Tax ..	15.00
(c) Income-tax ..	..	(c) Income-Tax ..	40.00
(d) Business Profits Tax ..	..	(d) Business Profits Tax ..	5.00
Total ..	385.16	Total ..	390.65
2. Indirect Taxes (72.9 % of tax revenue)		2. Indirect Taxes	
(a) Customs ..	259.52	(a) Customs ..	268.86
(b) Excise ..	648.59	(b) Excise ..	600.00
(c) Opium and Ganja ..	34.58	(c) Opium and Ganja ..	41.96
(d) Tax on Petrol ..	..	(d) Tax on Petrol ..	2.00
(e) Tax on Motor Vehicles ..	7.00	(e) Tax on Motor Vehicles ..	10.65
(f) Tax on Matches ..	31.51	(f) Tax on Matches ..	30.79
(g) Tax on sugar ..	11.30	(g) Tax on sugar ..	12.09
(h) Tax on Cigarettes ..	2.85	(h) Tax on Cigarettes ..	25.00
(j) Tax on tobacco ..	32.06	(j) Tax on tobacco ..	36.75
(k) Sales Tax on luxuries ..	..	(k) Sales Tax on luxuries ..	15.00
Total ..	1,027.41	Total ..	1,083.10
68% of the total revenue		67% of total revenue	
3. Income from undertakings of a Commercial Nature		3. Income from undertakings of a Commercial Nature	
(a) Paper Currency ..	61.22	(a) Paper Currency ..	105.00
(b) Posts ..	27.98	(b) Posts ..	28.58
(c) Irrigation ..	0.55	(c) Irrigation ..	0.57
(d) Railways ..	97.27	(d) Railways ..	104.81
(e) Electricity ..	7.17	(e) Electricity ..	8.93
(f) Printing ..	..	(f) Printing ..	24.01
(g) Telephone ..	..	(g) Telephone ..	0.40
(h) Mines ..	5.85	(h) Mines ..	7.08
Total ..	198.87	Total ..	279.73
4. Transfers from Reserves ..	64.63	4. Transfers from Reserves ..	89.58
5. Other heads of receipts ..	899.83	5. Other heads of receipts ..	840.83
Grand Total ..	2,075.40	Grand Total ..	2,188.89

It will be evident that indirect taxation is out of all proportions and that the taxation in general is not in line with the general principles followed in many of the advanced countries.

Direct taxes which are progressive in incidence are indispensable: they are the most effective medium for tapping concentrated sources of wealth. They occupy a prominent place in the tax systems of U.S.A., Britain, Canada and Australia while indirect taxes have been confined to luxuries, restrictive excises and a few articles of wide consumption. It is an accepted fact that a scientifically planned system of direct taxation cannot be detrimental to production while the proportion of cost of collection of revenue is less for direct taxes than in the case of indirect taxes. The analysis of tax revenues during the period 1938-1939 to 1944-1945 shows that taxes on income have increased by more than 17-fold in Australia, nearly 15-fold in the United States, 11-fold in India and 10-fold in Canada. In the United Kingdom, taxes on income had been levied at a high scale previous to 1938-39: the increase during the period of war, i.e., 1939-45 was by more than 8½-fold, on account of ceiling of incomes above £. 6,000.

The only direct tax that prevailed in Hyderabad was land revenue: Income-tax and the Business Profits Tax being the latest additions introduced in 1948. The rates of income-tax are half of the rates prevailing in the Indian Union, the maximum rates of income-tax and super-tax in the State being 8 as. and 5 as. 3 ps. in the rupee respectively, while the maximum rates of income-tax and super-tax in the Indian Union being 5 as. and 10½ annas in the rupee respectively. The exemption limit for income-tax in the State is Rs. 4,800, while in the Indian Union it is Rs. I.G. 8,000.

As stated above, the receipts on account of direct taxation and indirect taxation work out to 27.1 per cent. and 72.9 per cent. respectively of the total tax revenues. Experts and economists feel that the burden of customs at

5 per cent. *ad valorem* also is a great addition a strain on the purses of the public.

The Peel Committee observed in regard to inland customs that, "having regard to grievances arising out of existing anomalies and inequalities, we are inclined to favour the removal of restrictions on the levy of land customs, where such restrictions are still in force, as they are retrograde and anti-federal in their implications. The consequences of such barriers are serious on industry, trade and consumers. Pending the attainment of universal internal free trade, relaxation of existing restrictions should be permitted to continue, if only local conditions permit and do not involve serious repercussions on outside trade of the State concerned."

Three types of broad measures may be suggested for taking up any reform in the existing revenue system —

(1) the burden of taxation should be placed on the richer classes of the community through income-tax as already existing and further the introduction of death duties, continuance of tax on luxury goods and enhancement of registration fees can be considered just measures of taxation;

(2) the second set of taxes which apply mainly to the middle classes and smaller professional and poorer classes is annual license fee levy on shops of all kinds and taxation on aerated waters;

(3) there are some other measures of consumption taxation which have not been tried in the State. At present only luxury sales tax at 6 pies per rupee is imposed on certain luxury goods and it is estimated to fetch about 20 lakhs for the current year. The experience of Madras and other provinces shows that a well-planned general sales tax has a place even in an agricultural economy. It is a possible corrective of any disproportion in the distribution of the burden of taxation as between rural and urban areas,

Equally important is the question of re-organisation of the tax collecting departments. The excise duties on commodities like matches, cigarettes, sugar, tobacco and vegetable ghee, were being collected by the Commerce and Industries Department and now this is being collected by the Excise Department. These excise duties should be organised by a board under Finance which would look after the training of the staff, the organisation of the collecting departments and efficient collection of taxes. Such a policy of centralisation of the collection of excises proved beneficial in the Indian Union besides the advice and guidance of a board of experts.

A reference here to the scrutiny of the expenditure on nation-building departments and public utility services such as health, sanitation, agriculture, education, rural development and the like is also necessary. The expenditure over these items needs careful consideration in order that the common man may receive the maximum benefit out of the tax revenues.

Equally important is the responsibility of the Finance Department to provide long-term financial assistance to agriculture to relieve the deadweight burden of rural indebtedness. No doubt the Land Mortgage Banks' Act was passed some years ago, but practical steps have not been taken so far to provide long-term credit facilities to agriculture. There is also a proposal that the present Industrial Trust Fund should be absorbed in a Financial and Industrial Corporation which would provide

finances to industries in the State, so that large scale and cottage industries may be stabilised and expanded. Government can also invest some of its huge reserves in financing such a corporation which will go a long way in building the economy of the State and getting a fair return for Government at the same time.

Since the subject of taxation is such which affects the entire public, it is always right to consider the pros and cons of any new measure of taxation simultaneously with the taxes, whether direct or indirect, that already exist in the State, by a committee of experts where the representatives of Government and the public should sit together and arrive at some concrete proposals. Though Income-tax and Super-tax by themselves can give sufficient income in the form of direct taxation to the coffers of the State, yet to bring in equilibrium and to remove disparity between the direct and indirect taxation and also to bring the local taxation in line with the rate of taxes prevalent in the neighbouring countries, the list of taxes will need a careful scrutiny in order to make a correct and scientific start. Water seeks its level, and so do prices: similarly the rates of taxation also have got to be in conformity with prices, standard of living of the people and local conditions. The question of taxation, therefore, can be solved keeping in view the factors stated above, so that the tax payer may not feel the brunt of a tax newly levied, and the State also should keep the machinery of taxation in proper control without allowing any public money being wasted in the collection of taxes.

'Looking Ahead'

By M. G. LAKSHMINARASU

Within the last decade, Hyderabad's economic development was fashioned on a fascist model with the result it brought to the forefront monopolies vested in a small communal clique. The entire development of Hyderabad was conceived and fostered in the interests of that clique. Consequently, several unhealthy features have crept into our economy. To all outward purposes, the propaganda machinery which was then in vogue, made Hyderabad look as if it was a very prosperous State. Hyderabad, no doubt, had prosperity of a kind. In the absence of any definite statistics it is very difficult to prove whether the prosperity was real in character and content or otherwise. Judged purely from the budgetary position of the State, *i.e.*, excess of taxation over the immediate needs of the State, the State was apparently prosperous. When Sir Mirza left the State, it had a cash balance of nearly 80 crores. Within the last year a major portion of these balances have been either misspent or frittered away under the various warlike preparations. Today, the economic outlook in Hyderabad is dismal.

Thanks to the Government of India under the great leadership of Pandit Jawaharlal Nehru and Sardar Vallabhai Patel the timely and effective Police Action they took in September last has changed the entire complexion of Hyderabad. Inevitably, therefore, new problems, visions and a new outlook have come up and it is, therefore, necessary that the present problems should be viewed from the new perspective.

What is the present position in Hyderabad? The Hyderabad economy is still more or less feudalistic. Nearly 45 per cent. of the entire State is under the feudalistic overlordship of the Jagirdars and Zamindars. People are poor to an extent unknown in any part of the world. Population is growing at a tremendously rapid rate accelerating poverty and misery. Illiteracy and ignorance are rampant. The average income per capita, the average standard of life, the average value of work is so low and poor that it makes living precarious. More than

90 per cent. of the population are victims to old habits and traditions of bygone days. Progress and prosperity are considered as gifts from heaven and not the result of human effort and regulation.

Economically, Hyderabad is still deficit in certain food items and is dependent to a very large degree upon import of consumer goods. Manufactured goods, barring sugar and certain quality of paper is practically on the imported list. For vital necessities such as cloth, building materials and food and food products, we depend upon outside markets. There is neither cheap and plentiful power nor iron or steel which is so essential for prosperity. Except Nizamsagar and two or three other minor irrigational projects, there are no big water reservoir schemes which could impound all the water that is going to waste. Very big rivers like Godavary, Kistna and Tungabhadra are flowing through this region. But human effort has been singularly lacking in preventing the wastage of millions of cuces of water, which could have been utilised for growing more food and providing cheap and plentiful power.

The previous Governments had a comprehensive plan for the development of the natural resources of the State. They had a Planning Department which has produced several schemes and plans of development. Several plans had been worked out to make Hyderabad a prosperous economic unit. These plans are obviously put in cold storage by the Military Government. I hope it is only a temporary phase. Unfortunately, politics and political problems are receiving more attention of the people and Government than economic development.

Economic crisis of a worst type is deepening. Production is falling down precipitously. Evil effects of inflation are working havoc. The people are lacking in courage, initiative, unity, organization, capable and efficient leadership. Deflationary trends are pressing hard. Deficit budgets both in the centre and the provinces

and States are indicated. With the fall of China into Communist hands, Burma, and Malaya are following in the footsteps of China. Communism is peeping through the window. Unless, therefore, we go ahead with a planned development of our economy, provide sufficient work to the people, grow more food, produce more cloth and other essentials of life, we will, I am afraid, go the way China has gone. May God forbid such a catastrophe.

It is therefore essential that we should develop our natural resources. I suggest that the following measures should be taken on hand immediately.

1. The taking up of the Tungabhadra, Godavary and Kistna irrigation and Hydro Projects to bring in all the available land under cultivation and produce abundant cheap power. It is understood, a priority has been given by the Government of India to push up Tungabhadra Project. This Project has been hanging fire for the last 5 years without any appreciable progress. It is desirable to adopt latest methods and take advantage of American Engineers to complete the dam and the Hydro-electric scheme within the next five years.

2. Starting of an up-to-date Iron and Steel Works in co-operation with Bastar State (C.P.) to manufacture at least one million tons of steel.

3. The gold mining operations which have been just started should be expedited to produce gold quicker.

4. The Singareni Collieries must be re-organized to yield maximum output.

5. More textile mills should be established to manufacture all the cloth consumed by the utilisation of the raw cotton produced in the State.

6. Chemical Industry including a Fertilizer Factory should be taken on hand.

7. Present barriers such as customs, currency and postal system should be eliminated.

8. Electricity, telephones and other public utility concerns should be reorganized to make themselves more modern and efficient to cater to the growing needs of the people, in a more responsible manner.

9. A land mortgage bank with a chain of branches throughout the State is needed with an agricultural research department attached to the Hyderabad State Bank.

10. Jagirdari and Zamindari systems should be abolished.

11. The entire Governmental machinery should be reorganized to make more efficient and responsible to the people.

To achieve this it is absolutely necessary to appoint forthwith a Planning Commission and organize a Financial Corporation with the present Industrial Trust Fund as the nucleus. The Planning Commission should be entrusted with the task of drawing up a concerted plan and execute the same systematically with the co-operation of the financing corporation and the land mortgage bank to produce within the next five years an around development in Agriculture, Industry, Trade and Commerce for which the people are looking forward.

We are passing through a most critical situation which calls for clear thinking, energetic and determined action. All the anti-social elements have gone underground. Kasim Razvi's fantom is still fascinating them. The superficial calm that exists today should not lead people into the mistaken belief that everything is alright and that peace is established. Any false step may imperil the glorious military victory of September last and may bring in an era of chaos and confusion. We must consolidate our position, eradicate the Razakar mentality completely. Train the people in democratic methods and principles of life. There is no room to take any chance. A strong, stable and efficient Government is therefore an immediate and basic necessity if we should progress and prosper. There seems to be therefore no alternative except to continue the present Military Government as

long as it is necessary and clothe it with authority. MacArthur's Military regime in Japan has contributed to the moral and economic health of Japan. There is ample room to believe that with the co-operation of the people particularly the intelligentsia the present Government

should be capable of evolving a plan and programme and put through the same with energy, enterprise and determination to make Hyderabad strong, progressive, prosperous and safe for democracy as an integral part of our great motherland.

Banking Structure in Hyderabad.

By

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Hyderabad-Deccan.

To think or write of "structure" with reference to banking in Hyderabad is not being very exact. It is not exact even with reference to the comparatively more advanced banking in India. More correctly, banking is a business in Hyderabad. One misses in it the symptoms of an organic, co-ordinated and integrated growth. Every banking system on a structural level should have an organised money market that responds readily, automatically and uniformly to changes in the rate of discount, which the average Indian understands as the rate of interest of the Central Bank. This sounds rather too classical, for even in the more advanced countries of the west there has been of recent years a falling off of the Central Bank's control over member banks and therefore the money market. Apart from factors like the vogue of instalment credit and the failure of open market operations to increase or decrease the volume of credit, it has been found that quite a great proportion of capital used by industrialists and other producers comes either from their accumulated profits or from institutions other than ordinary banks specialising in the provision of long term credit. This is, of course, a tendency that will be corrected betimes and is not wide-spread. For the time being they have begun to associate the ineffectiveness of bank rate with less advanced and less capitalised countries. If the lapses of the West are to be the yard stick of our progress we are very progressive indeed and we need not always plead *mea culpa*!

All this is to say that banking in Hyderabad has not yet begun in a true way to lapse occasionally and then look round and call others names. As I said above, banking here is just a business, a turning over of money to make a profit. Many institutions are at it, some

branches of reputed banks outside and others small and stable and excellent, of purely local origin. The Imperial Bank which was discharging a number of functions of the present State Bank and the Central Bank are examples of joint-stock Banks doing commercial banking for the most part. The Dominion Co-operative Bank and the Prudential Bank are examples of co-operatively started institutions also doing commercial banking. They are, however, subject to control and inspection by the Registrar of Co-operative Societies. They receive deposits from non-members as well.

Small in number and confined to some towns in the Karnatak part of the State are what are called mortgage banks. They are very much like the loan offices of Bengal or the "Niddhis" of Madras catering to urban middle classes mostly. They are very much like ordinary commercial banks except that they give and take a higher rate of interest and are not very hide-bound in their loaning operations. Money is lent on the security of immovable property and against gold. What is called the "lots system" is practised under which against stipulated securities less money is advanced than is wanted and a bond is executed for a higher amount. Repayment is spread over a long period and is in small amounts. At the end of a certain period the loan stands discharged with interest. This system of loaning is very popular with the artisan and petty merchant class as suiting their needs and pockets.

This is not the place to write extensively about the indigenous bankers and money lenders. Neither need I. The overwhelming importance in India's and therefore of Hyderabad's internal economy is such that unless they are somehow brought into the banking orbit of the country its banking cannot be called a system. They

take their own share, which is quite a large one, in financing the internal trade of the country along with other banking institutions and agencies. The indigenous banker finances agricultural operations and also undertakes the commercial function of financing industry and trade. He employs his own capital but has also business and monetary connections with the bigger bankers and joint stock banks. Sometimes, they seek their finance from big landlords in whom Hyderabad abounds. Once when the rate of exchange between the local and Indian rupee was varying as much as by three or four rupees a hundred they used to find an idle but lucrative source of income in such variations.

The very wealthy indigenous bankers are more or less pure bankers. They take deposits from the public and prefer lending and hundi business to trading and commission agency business. It is the small 'Shahukar' who more often lends to cultivators. They are essentially traders and dealers and operate on their own fund or funds borrowed from indigenous bankers. Indigenous bankers in addition to making advances against mortgage of property lend against stock in godowns. But on the whole their contribution directly towards financing cultivators is very small and quite a large amount of money lies idle with them during the slack season. Even in busy season they are not very generous in investing their funds with the 'shahukars' lest they should be locked up for a considerable period. The flow of capital into the interior just when it is largely wanted is thus not quite adequate. This hiatus can be overcome if joint stock banks can take bankers of repute into their confidence and appoint them as their agents for the supply of money to the "shahukar." This assumes, of course, a thorough change in the outlook of the joint stock banks with regard to their investment policy which, in addition to profit making, should look upon helping the nation's economy as part of their duty. Under the present condition of the money market in Hyderabad State the banks and bankers are more agencies for

the encashment of hundies and demand drafts than agencies for credit. The grower of produce who is hard pressed for money prefers therefore to dispose off his stuff as quickly as possible to the ultimate dealer at whatever price it fetches. The three chief credit agencies the 'shahukar' in the interior, the indigenous banker and the jointstock banks in the city work on independent lines except for the short term loan that is most urgent. A well developed system of warehouses might induce the joint-stock banks to be less conservative in the matter of acting as proper credit agencies and establishing intimate business relations with dealers and traders and with even the cultivators who produce primary material. I wish the State Bank will see its way to establishing a rural credits department attached to its Treasury Pay offices in the districts. It is a worthwhile experiment making and if successful will cut new ground. Other banks may then feel emboldened to come into the field.

The pride of place among the banks in Hyderabad is taken by the State Bank because it was Government sponsored and is Government supported. Started in 1941 under a special act of Government the mantle of the Imperial Bank fell on its shoulders in all matters that the latter was concerned with as the bankers of the Government. As constituted under the Act, it is a joint stock bank with this important exception that the Government holds shares of the value of 51 per cent. of the share capital issued by the Bank and in consequence the Government has the right to nominate the President and three Directors of the Board in addition to the Managing Director.

It is hard to read any single, specific meaning into the purpose and functions of the State Bank as at present working. It is, of course, clear enough that it is a financial agent to the Government because it is now the custodian of all Government cash balances. In virtue of this it is entrusted with the remittance, exchange and banking transactions of the Govern-

ment, the custody and management of their different reserves, the management of their public debt and the circulating of coins and currency notes. The last is not to be confused with any bonafide, de jure function of the State Bank functioning as a Central Bank. The currency policy is in the hands of the Government, though one would expect as an expert body its advice to always be valued and heeded. The Government alone have the right to print currency notes, which are Government notes and not bank notes. Once the notes are handed over to the Bank the separation between the Banking and Currency departments is complete as in a Central Bank. The Currency Department cannot issue notes to the Banking Department except in exchange for other currency notes or for such coin, bullion or securities as are permitted by the Hyderabad Paper Currency Act and which as assets of the Currency Department are held in a separate reserve. The total amount of notes circulating at any time thus per contra happen to be the liabilities of the Currency Department. The expression "Currency Department" is to be noted; it is not issue department." This is because the note issuing function of the State Bank, if we may so call it, is only a quasi central banking function.

The State Bank was started against the background of the Imperial Bank leaving a number of lacunae during the time when it was the custodian of Government moneys. It is well known that both the acts of 1920 and the subsequent Reserve Bank of India Act have put on the Imperial Bank certain limitations by which it could not make any loan or advance for more than six months and except on the security of two names. With the institution of the Reserve Bank of India some of the restrictions have been removed but even then it is not permitted to lend money against immovable property. Every other joint stock bank also naturally plays for safety and the usual forms of their advances are on cash credit account or against personal credit with another signature in addi-

tion to the person concerned on the pronote. All important banks in India thus remain mainly commercial banks.

It is therefore in the fitness of things that the sponsors of the State Bank had ambitious ideas about making it an engine for the all round progress of the State—Commercial, agricultural and industrial. But upto date it has remained a commercial bank, pure and simple. So like every other commercial bank it has its own statutory limitations like not being able to advance money for more than 12 months and being able to advance only against certain types of securities. The huge amounts the Bank has invested in Government of India securities is a proof of its inability to do anything else with its funds and the reserves the Government has left with it.

A plank of the platform of independent Hyderabad was to convert the bank into a real Central Bank, to attach to it several departments dealing with industrial finance, agricultural finance and a land mortgage bank and finally to nationalise it. The question of nationalisation need not detain us for long because it has no other side. In banking, I do not see any fundamental difference, so far as risk taking goes, between a share holder, a depositor and any other man who has anything to do with the bank. The last two classes of people come from a much larger section of society than the few shareholders come from. It is not fair that these few gentlemen alone should go on for ever and ever drawing dividends on their shares. If there is risk and when every one shares it, the profits of a bank, so long as the risk does not arise, should go to the entire society or an institution representing it, which we call the Government, for then the profits can be ploughed back into generally socially useful channels.

And finally remains the question of the State Bank mutuating into a Central Bank. I feel it need not. It need not because it should not. A Central Bank is a symbol of economic sove-

reignty and the latter is a "function" of political sovereignty. A Central Bank in Hyderabad would be an economic imperium in imperio in relation to the Reserve Bank of India. And further I cannot visualise a Hyderabad integrated with the rest of India having its own separate currency. Sooner than later it must go, as otherwise it will be a constitutional and economic monstrosity. And a Central Bank without an independent currency to manage

will have neither dignity nor utility. It will be like an organism without the life principle. All that can therefore happen is for the present State Bank to be nationalised as it is. It will then be in relation to the Hyderabad Government as the present Imperial Bank would be to the Government of India if these were not the Reserve Bank. For special purposes specialised institutions can be started.

The Co-operative Movement in Hyderabad

By

MADHAVA RAO ANVARI

It is nearly 35 years since the Co-operative Movement was started in Hyderabad State after the promulgation of "the Co-operative Credit Societies' Act" in 1923 F. (1918). According to this Act the object of the Co-operative Movement in Hyderabad was to establish Rural Credit Societies for financing the cultivators for constructive purposes and for liquidating their private debts borrowed on high rates of interest. These Societies were established under unlimited liability. Simultaneously District Co-operative Banks (with limited liability) came into existence to whom the Government lent sufficient funds for financing the primary Co-operative Credit Societies.

The movement developed very rapidly. The tendency of the rural population then was to take as much money as possible from any source. The organisers of the movement were almost Government officials. Amounts were advanced liberally. After a few years the Credit movement suffered a little set back. Recoveries were meagre and the members of the Societies tried to put off their repayments. Consequently huge interest was accumulated. Thus the rural population instead of getting a relief from the Co-operative Movement was put to further indebtedness still retaining their contact with the local indigenous banker.

It took a considerable time for the person at the top of the movement to effect improvements in these conditions. Advantage was taken of the recommendations of the MacLagan Committee report and the report of the Royal Commission on Agriculture and Banking Enquiry Committee Reports in this connection. After this set back and experience, the movement was directed on more sound lines. The Government requisitioned the services of

Mr. B. Collins, the then Registrar, Co-operative Societies, Bihar. Mr. Collins, as Secretary in charge of the Co-operative movement in Hyderabad, introduced a scheme of supervision of rural movement under non-official agencies. The cost of this supervision scheme was partly met by the Societies and the Co-operative Banks. This supervision scheme helped immensely for giving stimulus to the movement by speeding up recoveries of loans and expedition in disposal of new loans. Each Supervisor was entrusted with 25-30 village societies to supervise the accounts, recoveries of loans advanced and also to help the village Societies to conduct their affairs properly.

Though essentially the Co-operative movement is a non-official movement; yet in view of the lack of proper education and literacy in Hyderabad, just as in other parts of India, the Government had to take more initiative in the day to day affairs of the Co-operative institutions.

CENTRAL CO-OPERATIVE UNION

Consequent to the more de-officialisation of the movement a Central Co-operative Union was formed. This institution is the federation of all the Co-operative Societies in the State and the main functions of this Union are propaganda, education and supervision. The last mentioned item was recently taken over by the Government. The Co-operative Union has been conducting propaganda in the rural part of the State through magic lantern lectures, training classes for members of the Co-operative Societies and dramas, etc. A central training class also is held once a year for the officers of the department and co-operative institutions.

The functions of the Department have been the same from the beginning, i.e., registration,

audit and inspection. Recently supervision work of the Societies has also been taken over by the Department. The Co-operative Department has lent the services of officers to each of the district and taluqa Co-operative Central Banks for helping these institutions to conduct their affairs satisfactorily.

URBAN MOVEMENT

The Co-operative movement in Hyderabad State has been more successful in urban areas than in rural parts. The reason is quite understandable. The urban area has more educated persons with a better standard of life. Societies established in various Government departments for their staff for credit purposes are generally working satisfactorily. Most of these societies are working on their own capital without borrowing moneys from outside agencies.

The urban area is again leading in respect of non-credit movement. Societies of different types as Life and General Insurance, Trading, Printing Press, House Building and Housing Societies and Consumer Stores are working more successfully when compared to the conditions of the rural societies. A short history of a few important institutions in urban areas who are functioning as Credit or non-credit societies is given below.

1. *Hyderabad Co-operative Dominion Bank Ltd.*—This is the apex Bank for all the Co-operative Societies. The Bank finances all the Co-operative institutions through the respective district banks. The total share capital of the Bank is Rs. 5,47,500 with a working capital of Rs. 1,40,00,000. The Bank is one of the very well managed co-operative institutions in the State and stands 4th in the whole of India as a Co-operative Apex Bank.

2. *The Hyderabad Co-operative Insurance Society Ltd.*—This Society was established in the year 1935. In respect of its valuation results and expense ratio, it stands as the first Co-operative Insurance Society in India. It has declared bonus 8 times within the last 12

years and has 8 crores business in force with a Live Fund of nearly 45 lakhs. The expense ratio to the Renewal Premium Income comes only 9 per cent. A General Insurance Society has also been established very recently which has taken up Fire and other general insurance business.

3. *Prudential Co-operative Central and Urban Bank Ltd., Secunderabad.*—This is one of the best organised Co-operative Urban Banks in the State. The Bank has total paid up share capital of Rs. 1,50,000 with a total working capital of Rs. 48,00,000. A Trading Society is also working very well and it has built up sufficient reserves during these times of control of food grains, etc. There are nearly 8 or 4 housing societies in the State and very recently a Co-operative Development Society has been established whose objects are to construct houses for the lower middle classes on a large scale and establish colonies for the poor people. This Society has taken up the work earnestly.

GENERAL

The conduct of the whole Co-operative movement in the Hyderabad State is on the following lines:

- | | |
|--|-----------------------------|
| 1. Registration, Audit, Inspection and Supervision | Co-operative Department. |
| 2. Finance | Co-operative Dominion Bank. |
| 3. Propaganda and Education | Central Co-operative Union |

The initiative of the rural movement still rests in the Co-operative Department officials, though there are veteran non-official workers in the movement. The reason is not far to seek. The Saraiya Planning Committee Report puts it rightly that "For the success of co-operation a responsible democratic form of Government is necessary: as it alone creates an atmosphere for the development of individual initiative and sense of responsibility." This is one of the main reasons why the non-

official element has not been very much in the fore-front in the Co-operative Movement in spite of the movement having had its long standing of 85 years in Hyderabad State. The voice of the Co-operative Department has always been prevailing whenever any important questions of the movement have come up for decision. On account of this, since the inception of the movement in Hyderabad, there has not been so far a non-official enquiry committee nor a planning committee to report or suggest plans for the improvement of the movement. We heard about 15 years back a small committee of 8 gentlemen appointed by the Government of which Dewan Bahadur Aravamudu Iyengar was the Chairman. We never heard of the report the Committee submitted to the Government and of the action the Government took on it. Several suggestions in this connection were made to the Government by non-officials but the necessity of a committee to suggest and devise means for the future planning of the movement after going thoroughly through the working of the movement in the State, still remains unfulfilled.

There have been several changes in the structure and constitution of societies in various provinces in India in the light of provincial and central enquiry and planning committees' reports from time to time. But in Hyderabad no such developments have taken place. For example, it has become now a practice in several provinces to establish multi-purpose Co-operative Societies with limited liability instead of multiplying the number of societies for different

functions in villages. Societies for collective and co-operative farming are being promoted. We are also to contemplate on cattle and crop insurance.

The Hyderabad State has been pioneer in some respects. The Hyderabad Commercial Corporation was converted into Hyderabad Co-operative Commercial Corporation. This Corporation deals in food grains particularly and works as direct agent to the Government of Hyderabad for import and export of different commodities and particularly the food grains. There is another unique feature in the Rural Co-operative movement. Grain Banks have been established in different villages where instead of cash, grains are collected as shares and stored to lend the members of these Grain Banks, grains for the purpose of seeding or for other useful purposes whenever they need. Taluqa Co-operative Unions affiliated to Hyderabad Co-operative Commercial Corporation are also working in different districts dealing generally in import and export of commodities and food grains.

The following latest available statistics will give an idea of the present position of the Co-operative movement in the State.

1. Total area of the State: 80,000 sq. miles (approximately).
2. Number of villages: 22,000 (approximately)
3. Number of districts: 17
4. Total population: 1,68,00,000 (approximately as per 1941 census).

Serial No.	Particulars	No.	Membership	Share Capital	Working Capital	Reserve Fund
1	Rural Credit Societies ..	4,176	1,02,180	25,05,074	95,24,785	18,81,887
2	Banks including Urban, District, Central and Dominion Banks ..	146	88,927	27,76,885	8,10,88,040	88,84,467
3	Departmental Urban Credit Societies ..	815	80,158	26,97,701	60,48,702	8,90,889
4	Non-Credit Societies and Miscellaneous including Insurance Societies ..	428	5,28,821	50,84,886	1,79,88,686	7,86,898

Before closing the report, it would be useful to quote the findings of the All India Co-operative Planning Report which would serve the purpose of this article.

"No plan of the State will, however, succeed unless it is accepted by the people and becomes a part of their ideology. The Co-operative agency can successfully carry out the plans of the State if they are worked out by the people and for the people. It is necessary, therefore to enlist the full support of non-official co-operators both in drawing up and carrying out plans of co-operative development. The machinery of consultation and administration must be so designed that there is constant interchange of views and opinions between the non-

official co-operators and the officials. It should be then possible to modify the co-operative plans of development in the light of popular opinion. This is all the more necessary as popular opinion will be based on the actual experience of the working of the co-operative plans and will, therefore, be able to suggest modifications and improvements of great practical value. Incidentally, the close association of non-officials with the movement will serve to emphasize its democratic nature. While the State can only assist and guide the movement, its growth as a live force for the development of the country, will depend upon the popular support that it will get through close and continuous association with non-officials."

Irrigation in Hyderabad State

By

ABDUL QUYYUM KHAN, Chief Engineer

I. PHYSICAL FEATURES, CONDITIONS OF SOILS AND RAINFALL

(a) PHYSICAL FEATURES

Before dealing with the development of irrigation in the State, it is necessary to give brief details of the physical features of the State.

The State is divided geographically into two main tracts roughly by a line passing through the town of Raichur, Mahbubnagar, Hyderabad, Nizamabad, and Adilabad. The region east of this line is called Telingana and the portion to the west Marathwada.

The State comprises of the two major river basins namely the Godavari and the Krishna. The river Godavari flows across the State in the North from West to East and the river Krishna in the South from West to East. The dividing ridge line separating the two basins passes near Hanamkonda, Hyderabad, and Osmanabad. Out of the total area of 82,689 square miles of the State, 48,289 square miles lie in the Godavari basin and 34,400 square miles in the Krishna basin.

(b) CONDITION OF SOILS

The *Telingana tract* lies in the granitic and crystalline formation with the red and sandy soil which on account of its porous nature is eminently suitable for intensive wet cultivation. This accounts for the fact that more than 80 per cent. of the tanks in the State are situated in this region. Rice is extensively cultivated in this tract, the winter crop being known as *Abi* and the summer crop as *Tabi*.

The *Marathwada tract* lies within the Deccan trap area containing felspar, hornblende, magnetite with less proportion of quartz. The prevailing soil is medium to deep black cotton soil, full of lime and sufficient potash. On account of its power of retentivity of moisture.

good crops of wheat and millet can be grown without artificial waterings. The cultivators in this tract, chiefly Marathas are averse to wet cultivation. This explains the absence of tanks in this region. Irrigation which is chiefly from wells is confined generally to the cultivation of garden crops.

(c) RAINFALL

The monsoon extends from June to October. About 88 per cent. of the total annual rainfall occurs in this period.

Long periods of rainfall extending over 45 years are available for 129 stations in the State. The average of 45 years is taken as the mean for each station.

The intensity of the mean annual rainfall is greater in the East and North-East than in the West. This is due to the Western Ghats which form a continuous range with a height of more than 5,000 ft. It is thus seen that a long stretch of land on the lee side of the ghats either receives sparse rain or sporadic showers. The dry area near Lingsugur which receives less than 20" rainfall forms part of this tract. The S.-W. monsoon affects the Aurangabad and Nizamabad districts and it most copiously precipitates on the forest area of Asifabad and eastern Warangal District. The precipitation is especially prominent along the forested hills which surround the Pranhita and Godavari valleys.

Appendix I gives the average rainfall of each district and also the Dominion average corrected upto 1850-51 Fasli, corresponding to 1941-42 A.D.

II. DEVELOPMENT OF IRRIGATION

(i) ANCIENT WORKS

The importance of conservation, control and utilisation of the waters flowing down our many rivers and streams was fully realised in the early

thirteenth century when our ancients constructed large tanks in the Telingana, the eastern half of the State, of which Pakhal, Ramappa, Laknavaram, Sanigaram and Ghanpur tanks are notable examples and deserve special mention.

Pakhal Lake.—This lake is situated about 82 miles east of Warangal town. It was constructed about 700 year ago. The investigation for the construction of this tank was started in the time of Ganapathi Raja of Kakatiya Dynasty, grandfather of Pratapa Rudra Deva, the second. The history of this tank dates back to Saka 1185 corresponding to 1218 A.D. and the following reference to this tank is found in Telugu language on a stone tablet embedded in concrete :

“There was a General called Yagala-Ummidi under the Ganapathi King of Warangal. The General constructed a city called after his brother Nalla Ganappa, viz., Ganapaswaram (not traceable now) and the above lake named Moudgalya Theertha is now known as Pakhal lake.”

When Pratap Rudra Deva, the second, failed to pay tribute to the Delhi Emperor, it is said that Shithab Khan the Commander of the Emperor's Forces breached the tank and carried away the hidden treasure from the tank bed. Since then the breach is known as Shitab Khan's gandi. The scattered ruins of many citadels and buildings round about Pakhal that are in the midst of thick forest prove that this place must have been once in flourishing condition.

In 1922 the tank was restored to its standard efficiency at a cost of Rs. 450 lakhs to irrigate 8,910 acres with a revenue of Rs. 77,460.

Ramappa lake.—This lake is situated at a distance of 44 miles to north-east of Warangal. It is the most magnificent example of the old irrigation works constructed by the Andhra dynasty. A reference to this tank is made in Palampet inscription No. 8 of Hyderabad

Archaeological series as follows :—

“He (General Rudra) constructed a tank which stands like an Ocean that has come higher from fear of the submarine fire and looks like a mirror from that city called Palampet.”

The date of the above inscription is Saka 1185, the cycle year of Sreemukha, Chaitra Sukla 8th, Bhanuwaram, which corresponds to Sunday March 31st, 1218 A.D., when the Kakathiya King, Ganapathi of Warangal was ruling. Hence the date of construction of the Ramappa tank must be the same.

It is stated that while Hanuman was taking a lingam to be constructed at Rameswaram the lingam dropped down at the place and could not be recovered. Thereupon a temple was constructed here which is called Rama Lingeswara temple, otherwise known as Ramappa. The tank which is very near to the temple is called Ramappa tank.

The tank was restored in 1919 A.D. to standard efficiency at a cost of Rs. 2.88 lakhs and irrigates 5,164 acres realising a revenue of Rs. 41,988.

Laknavaram lake.—This is situated about 50 miles from Warangal and is a sister tank to Ramappa and is named after Lakshmana, brother of Rama. This also appears to have been built nearly about the same period as Ramappa, i.e., 1218 A.D.

The tank is formed by closing up three narrow valleys each with a short bund. It is not certain whether there was a bound of earth or a masonry dam in the left flank valley, but whatever there was it was washed away. In later times (date not known) a masonry dam was built across the above-named valley. This was also washed away and the lake remained in a breached condition for many years.

This tank was restored in 1909 A.D. at a cost of Rs. 8.06 lakhs and is irrigating 4,899 acres with a revenue of Rs. 15,225.

Sanigaram tank.—This is one more of the beautifully situated tanks with a short wide

earthen bund in Karimnagar District. It has been restored in 1915 A.D. at a cost of Rs. 0.95 lakhs. The irrigation under this tank is 5,000 acres and revenue is Rs. 50,000.

Brief details of these works are given in appendix II.

The ancients of the Carnatic area are also alive to the benefits that would accrue from the utilisation of the waters of major rivers and streams in the Raichur district. Here even today the only patches of fertile and prosperous lands are to be found on the banks of the Tungabhadra river under works carried out by the ancients—works which would surprise even the present day Engineers.

There are altogether 8 anicuts on the Hyderabad side built in the reach between Vallabhpur and Raichur; the actual dates of their construction are not known, but it can be said that they existed in the days of Vijayanagaram Kings. The details of these anicuts are given below:—

Ser.- al. No.	Name of Anicut	Anicut in acres
1	Koregal anicut ..	2,500
2	Hooliger anicut	1,000
3	Sivapoor anicut	400
4	Sarapoor anicut ..	1,800
5	Upper Gangawathi anicut	1,919
6	Lower do ..	1,419
7	Benur anicut (completely ruined)	
8	Bechal anicut ..	681
Total ..		8,719

There are also other minor water sources of ancient origin in the Districts of Telingana, viz., Nizamabad, Warangal, Mahbubnagar, Medak, Nalgonda and Kareemnagar, the Carnatic districts of Raichur and Gulbarga, and the Marathwada districts of Nanded and Adilabad, which form the back-bone of the irrigation in the State. These consist of storage tanks, open mouth channels, and anicuts,

There are also constructed infiltration galleries with collecting wells and distribution channels in the olden days, examples of which still exist in the Bhir district. The Muslim Rulers of the State also realised the importance of the irrigation and water supply tanks, several hundred years ago, and works constructed and repaired by them are found at many places. The famous of these are the Mir Alam multiple arched dam, Hussain Sagar dam and the infiltration galleries of Aurangabad, etc.

The majority of works are said to be breached or otherwise in a state of disrepair. The larger works required not only extensive repairs but actual restoration which required skilled supervision. For this purpose a separate Irrigation Department was formed in 1896 under a Chief Engineer (Mr. Roscoe Allen) whose services were lent to the State by the Government of India. Since then the Irrigation Department has engaged itself in improving and increasing the irrigation in the State by—

(a) repairing and restoring the old irrigation sources,

(b) constructing reservoirs and tanks across streams,

(c) maintenance of the old and newly constructed irrigation works.

About 40 years ago, a scheme was undertaken by the Department to collect data and proper statistics of the water resources of the State. Many of the Irrigation systems constructed in the past have since then been restored to scientific standards.

(ii) EXISTING OLD WORKS

In the year 1908 there was an extraordinarily heavy flood in the Musi river which flows through the heart of Hyderabad City. During these floods the river overflowed its banks, and heavy damage was done to the life and property of the citizens. In order to safeguard the city from such floods in future two major reservoirs, Osmansagar and Himayathsagar were constructed in the years 1920 and 1926 on the

two branches, Musi and Easi at a cost of Rs. 98.05 lakhs and Rs 54.00 lakhs respectively. These reservoirs were originally contemplated as water-supply-cum-irrigation schemes but due to the rapid increase in population they are now mainly utilised for water supply of Hyderabad and Secunderabad. Since the construction of the reservoirs the city has been safe. The works were designed by Mir Ahmed Ali (Now Nawab Ali Nawaz Jung) in consultation with Sir M. Visvesvaraya.

Since this period, extensive investigation works of major and minor projects have been undertaken in the state under the able guidance of Nawab Ali Nawaz Jung, who is considered as the Pioneer of modern irrigation in the State.

From the time of the inception of the Irrigation Department in 1896 to 1928 A.D. the Department has either repaired or constructed 14 works capable of irrigation over 1,000 acres each at a total cost of about Rs. 90 lakhs to irrigate a total area of about 69,000 acres and yielding a revenue of Rs. 7.08 lakhs.

Appendix III shows the financial outlay on works since the inception of the Irrigation Department.

From 1928 onwards the Irrigation Department has been giving an intensive drive to the construction of large and medium sized reservoir projects, the important amongst those completed are Nizamsagar, Dindi, Palair, Wyra and Pendlipakala, Singabhupaliyam, Baithpalli and Chandrasagar Projects, details of which are given in appendix IV.

The following projects are under construction :—

TUNGABHADRA PROJECT

This project has been under consideration of Hyderabad and Madras Governments since many years. Many irrigation schemes were investigated by the Madras Government which did not materialise. The first scheme that was contemplated by the Hyderabad Government to utilise the Tungabhadra waters was the Bennur Project, an anicut scheme. This

was objected to by the Madras Government. In 1921 Nawab Ali Nawaz Jung submitted a report to the Government pointing out the possibility of a reservoir and canal on the Hyderabad side of the river. He pointed out that the river falls through 350 ft. from Kiragal to a little below Kampli and that the entire fall cannot be utilised economically for irrigation command only, that a portion should be taken advantage of for irrigation purposes and the rest utilised towards development of power. The investigation started in 1929 for a joint reservoir at Mallapuram.

The discussions between the Madras and Hyderabad Governments have been going on till the decision took place in 1946 for partial utilisation of the waters. According to this decision a dam is to be constructed at Mallapuram for the present utilisation of 68,000 M. cft. of waters on each side. It will also develop about 60,000 k.w. of power on Hyderabad side.

The length of canal is 140 miles having a command of 18,50,000 acres and proposed irrigation is about 8,50,000 acres. The estimated cost is about Rs. 18 crores for the Hyderabad side.

The work has been started last year.

RAJOLIBANDA PROJECT

This consists of an anicut on the river Tungabhadra at Rajolibanda about 30 miles from Raichur in Manvi taluq and 80 miles below Mallapuram. The object of the scheme is to utilise the return flow of the Tungabhadra project and the yield of the catchment below Mallapuram.

The canal will be 65 miles having a command of 2,15,000 acres and the proposed irrigation is 79,000 acres. The sanction of Government has been granted for Rs. 190 lakhs. The net revenue expected is Rs. 9.50 lakhs after full development.

The work was started in 1947 and is in progress.

MANAIR PROJECT

This consists of the construction of a masonry dam on the Manair river at its junction with Kudlair river on the border of Nizamabad district and a canal 24 miles long in Karimnagar district, having a commanded area of 88,808 acres and proposed irrigation is 17,680 acres. The work has been started about 3 years ago and is expected to be completed by the end of 1949. The cost of scheme is about Rs. 76 lakhs.

FOOD SHORTAGE & NEED FOR MORE IRRIGATION

India is a deficit country with regard to food grains to the extent of 20,000,000 tons of which rice is 1,700,000 tons. After the outbreak of the World War II the transport services were dislocated in general and the imports of food grains to India were mostly stopped on account of which shortage of food stuffs in general and rice in particular, was felt seriously.

Hyderabad State which is also a deficit area in rice production was unable to receive the usual quota of rice imports which was greatly felt in the country. In the beginning of 1851 F. the following information with regard to rice production and the actual requirements was collected from the Statistical Department:

1. Average area under rice cultivation .. 10,44,000 acres
2. Average yield of rice per acre 750 lbs.
3. Average total consumption of rice in the State .. 4,20,960 tons.
4. Average total yield of rice in the State .. 8,46,440 tons.
5. Deficiency of rice .. 74,526 tons.

The following proposals were put up to increase the cultivation in a period of 3 years to increase the production of rice by about 74,000 tons.

1. To increase acreage of rice cultivation under the following projects as per figures given below:—

	acres
(a) Under Nizamsagar Project ..	75,000
(b) Under Dindi Project ..	9,600
(c) Under Pendlipakla Project ..	2,000

2. To construct the following five minor projects having a total ayacut of 60,050 acres:—

Project	Acreage of rice cultivation.
1. Koilsagar, Mahboobnagar Dist. ..	14,000
2. Manair, Karimnagar District ..	6,640
3. Akher, Warangal District ..	15,700
4. Jowli Nala, Adilabad District ..	8,710
5. Halia, Nalgonda District ..	15,000
	60,050

3. To restore the breached tanks in the State which would increase the rice cultivation by about 50,000 acres.

4. To construct new wells of flow and lift irrigation to bring 58,850 acres under rice cultivation.

These proposals were estimated to cost Rs. 208.20 lakhs but the schemes did not materialise as the Rice Committee constituted under the chairmanship of the Hon'ble Revenue Minister, considered that schemes involving such large expenditure were not likely to be financed during the critical war period.

Since the submission of these proposals, the Grow More Food Campaign was initiated by the Government but in spite of all efforts the rice production has not increased materially owing to the increase in population and the consequent increase in the rice requirements. It is estimated that at present Hyderabad on a minimum is short of rice by more than 1,00,000 tons. In order to make up this deficiency rice cultivation has to be increased by about 8,00,000 acres.

The Nizamsagar project has been constructed for rice cultivation of 2,20,000 acres of Abi and 80,000 acres Tabi. At present the project is doing only 80,100 acres of Abi and 52,900 acres Tabi. The Government has recently appointed

a Development Commissioner for this Project to intensify the irrigation and to increase rice production by conversion of more dry lands into wet and by increasing the yield per acre by proper supplies of fertilisers. It is expected that by proper efforts the area can easily be increased by about 1,00,000 acres in three years

which will increase the production by 84,000 tons rice. By the use of proper fertilisers the yield can be further increased by 20 per cent. giving an extra quantity of rice of 12,000 tons under the whole project.

Efforts are being made to expand irrigation under the other existing projects as below :—

Serial No.	Name of Project	District	Proposed irrigation under rice in acres	Present irrigation in acres	Probable extension in acres
1	Palair ..	.. Warangal	19,500	12,900	2,000
2	Wyra ..	.. do	17,090	13,500	1,000
3	Baithpalli ..	.. do	4,800	1,700	3,100
4	Singabhupaliyam ..	.. do	2,170	1,070	1,100
5	Laknawaram ..	.. do	8,600	3,300	3,000
6	Ramappa ..	.. do	5,164	4,200	1,000
7	Pakhal ..	.. do	8,910	5,600	3,300
8	Pocharam ..	.. Medak	9,942	7,029	2,000
9	Mahbub Naher ..	.. do	5,797	5,125	600
10	Fatch Naher ..	.. do	4,816	3,816	1,000
11	Royanpalli ..	.. Medak	1,750	1,150	500
12	Dindi ..	.. Mahbubnagar	15,000	3,600	7,000
13	Chandrasagar ..	.. do	3,000	500	2,500
14	Pendlipakla ..	.. Nalgonda	5,000	1,000	1,000
15	Sanigaram ..	.. Karimnagar	5,000	3,445	1,500
16	Bhim Ghanpur ..	.. do	2,000	850	850
Total ..			1,18,039	78,610	81,400

The increase in rice cultivation of 81,400 acres is proposed to be obtained by adopting the following means :

1. Proper control and regulation of water as at present it is observed that the duty is very low.

2. Extending the channels which are required under many tanks.

3. Construction of field channels.

4. Construction of foreshore channels, and avoiding the dropping of the channel into intermediate tanks.

5. Adopting other measures towards development such as anti-malarial schemes, proper rehabilitation, deforestation of areas under ayacuts which are still covered by forests and by payment of sufficient taccavi loans to cultivators.

The development of balance ayacuts under these projects can be achieved if all the concerned Departments, Irrigation, Revenue, Agricultural, Forest, Medical and Public Health Co-operative and Finance, take keen interest in its realisation.

The projects detailed below are under construction which can be completed in one year's time. On completion 16,140 acres will be brought under rice cultivation yielding 5,900 tons of rice :

S. No.	Project	District	Proposed irrigation under rice
1	Yakinpur	.. Karimnagar	1,200
2	Chegaon	.. ..	1,000
3	Manair	.. ..	12,240
4	Arjunpatla	.. Nalgonda	1,000
5	Gagilapur	.. ..	700
Total ..			16,140

The following projects have been sanctioned by Government :

S. No.	Project	District	Cost in lakhs Rs.	Irrigation in acres
1	Lankasagar	Warangal	..14.72	2,960
2	Edula Vagu	„	..11.50	8,250
3	Chintal cheroo,	„	.. 6.58	8,525
	Gopalpet			
4	Koilsagar	.. Mahbubnagar	55.00	7,000
	Total	..	87.75	16,735

The work on Koilsagar project has been started and arrangements have been made to start the others.

IRRIGATION IN THE MARATHWADA REGION

As stated earlier in the note the Marathas are generally averse to irrigation. The department has been for some time past, seriously thinking of taking up several schemes in the Marathwada for the irrigation of dry crops, cotton and garden crops.

Bhir District in the Marathwada is open to severe famine condition on account of scarcity of rainfall. A few wells are doing irrigation of Rabi crop.

The Public Works Department investigated the possibilities of an irrigation scheme in this region as an experimental measure for growing irrigated Rabi and Khariff.

In 1846 Fasli the Rooty Tank project was sanctioned. The project envisaged the construction of an earthen dam across the Bokdi stream near the deserted village of Rooty to store 287.40 M. Cft. of water for irrigating 1000 acres of Kharif and 8600 acres of Rabi. The work was completed in 1848 Fasli at a total cost of Rs. 5.74 lacs yielding an annual revenue of Rs. 27,600.

In the light of the experience gained so far on the above project investigations were made for the construction of several other schemes in

the Bhir and Osmanabad District which are constantly subject to famine.

The following medium sized schemes have been sanctioned by the Government and due to unsettled conditions the works were not started. They will be taken up now that the conditions are fast returning to normal.

	<i>Name of work</i>	<i>Dist.</i>	<i>Cost in Proposed lacs Rs. irriga- tion in acres</i>
Project			
1. Bendsura	.. Bhir	..45.48	8,200
2. Kamli	.. „	..15.44	2,625
3. Talwar	.. „	..11.08	3,000
4. Khasapoor	.. Osmana-		
	bad	..27.20	16,000

Purna project is another large reservoir project on which investigations have been made in the past. It is situated in Parbhani District, where the soil underlying a small depth of B.C. soil is of porous nature and well suited for irrigation.

Brief details of this scheme is given in the appendix of works irrigating over 25,000 acres.

IRRIGATION UNDER TANKS

At present there are about 25,000 major and minor tanks in the State. During occasional cyclonic rains many tanks got breached. In 1350 Fasli information was collected with regard to irrigation sources lying in breached condition. It was found at that time that 1789 tanks having a total ayacut of 94,932 acres were in breached condition. Many of these tanks have been repaired. Between the years 1939-47 about 1150 tanks have been repaired at a total cost of approximately Rs. 38.30 lakhs but a large number of other tanks have breached during the last seven years. There are at present 2,888 tanks, kuntas, anicut, etc. in breached condition, having a total ayacut of 1,35,872 acres.

With an intensive drive for surveys and execution of works it will be possible to restore tanks to bring about 50,000 acres of cultivation under these breached tanks. The cost of re-

storation of 1,000 tanks for 50,000 acres will be about Rs. 50 lakhs at Rs. 100 per acre. This will yield 17,000 tons of rice.

At the tail end of the ayacuts of tanks or in deep valleys or close to shallow streams the subsoil water level is high and wells can be easily dug to irrigate the small area of land for rice cultivation in about 2 years time yielding 8,500 tons of rice. The cost under the present conditions may be taken as Rs. 450 per acre and the amount required for 10,000 acres will be Rs. 45,00,000.

The following projects have been surveyed and their estimates are ready:

Serial No.	Project	District	Amount of Estimate	Rice acreage
1	Bandlavagu	.. Karimnagar	8,88,750	1,400
2	Rallavagoo	.. do	5,75,000	2,065
3	Anantaram	.. do	2,50,000	1,250
4	Feeder channel to Konerreddiheroo.	Warangal	8,50,000	1,200
5	Munair	.. do	90,06,000	25,000
6	Jowli Nala	.. Adilabad	11,00,000	14,000
Total			117,18,750	44,865

On the completion of the above schemes 44,865 acres can be brought under cultivation yielding 15,000 tons of rice.

The following projects which are under investigation will bring when completed, 59,600 acres under cultivation yielding about 20,000 tons of rice.

Serial No.	Project	District	Cost in lakh Rs.	Acreage
1	Haldi	.. Medak	20.00	5,000
2	Pathacheru, Gowraram.	.. Warangal	1.00	600
3	Akher	.. do	70.00	15,000
4	Musi	.. Nalgonda	120.00	27,000
5	Haila	.. do	70.00	15,000
Total			281.00	59,600

The total ayacut that can be brought under cultivation in two to three years' time will be 2,70,000 acres as detailed below:

	Acres
1. Nizamsagar	.. 1,00,000
2. Other existing projects	.. 81,400
3. Large tank projects under construction	.. 16,140
4. Projects whose estimates are ready	.. 44,865
5. Minor projects under construction	.. 16,735
6. Breached tanks	.. 50,000
7. Wells	.. 10,000

EXISTING CULTIVATION AND FUTURE POSSIBILITIES

The total area of the State is about 52.98 million acres of which 36 millions acres are culturable. Of this only 28 million acres are cultivated (both dry and wet), i.e., a little less than 80 per cent. of the total culturable area.

The total area irrigated annually from canals, tanks, and wells is about 1.6 million acres i.e., about 6 per cent of the total cultivated area.

Details of areas irrigated under canals, storages, and other sources each year for the period between 1921 to 1947 are given in appendix V.

Much of the waters from the two main rivers, viz., Godavari and Krishna and other important tributaries are at present going to waste. By harnessing the main rivers and constructing several medium sized reservoirs on the main tributaries and branches of these rivers it is possible to bring an additional area of over 4 million acres under irrigation.

The total area drained by the river Godavari is 1,15,887 sq. miles of which 46,400 sq. miles is contributed by Hyderabad. The dependable supply of this river excluding the present depletion is assumed to be 19,001,000 M.C.ft. of which 4,55,000 m.c.ft. is expected to be utilised by Hyderabad.

The total area drained by the river Krishna is 97,000 sq. miles of which 84,000 sq. miles are contributed by Hyderabad. The depend-

able yield at Nandikonda site, Devarkadra Taluq, Nalgonda District, where the catchment area is 88,508 sq. miles is estimated to be 1,100,000 m.c.ft. of which 525,000 mc.ft. is expected to be utilised by Hyderabad.

A list of the proposed major projects irrigating over 25,000 acres under the medium sized projects irrigating between 2,000 and 50,000 are appended showing their probable cost, irrigation and revenue. Many of these schemes have been under investigation since long but they are not finalised and hence the figures given in the statements are only approximate.

The prosperity of a country depends upon the trade and industries developed in the country. For the development of important industries power is an essential factor.

At present over 5,00,000 acres of land are irrigated from wells by water drawn by animal power at high cost. Cheap power is therefore important in increasing the irrigated area and reducing the cost of production.

The main rivers Godavari and Krishna and their many tributaries including Tungabhadra and Manjra have rapids and also falls which could be utilised for generating hydro-power. From the preliminary investigations made so far it seems to have a total installed capacity of about 5,00,000 h.p. of hydro-power as below :

Serial No.	Station	Plant capacity in k.w.
1	Nizamsagar. ..	15,000
2	Devanoor ..	36,000
3	Dindi ..	8,000
4	Upper Krishna ..	80,000
5	Lower Krishna ..	80,000
6	Tungabhadra ..	60,000
7	Manair ..	1,200
8	Purna ..	16,000
9	Godavari, Kaddam ..	100,000
10	Penganga ..	40,000
11	Pranhita ..	50,000

The cost of these installations is approximately estimated to be Rs. 28 crores including

cost of transmission lines and stand by thermal plants.

Of these schemes the Nizamsagar Hydro Electric scheme has been sanctioned by the Government and is the first work of its kind which is in progress. It envisages the concentration of 8 drops of 10½ feet each in the first mile of the canal into a single drop at the Head Sluice and avail this and available head in the reservoir for generation of power. It will generate maximum 15,000 k.w. and minimum 6,000 k.w. The whole power will be brought to Hyderabad at a distance of 85 miles to be utilised in the City where there are thermal plants to supplement the wide fluctuation.

The work is expected to be completed in 1949.

GODAVARY VALLEY SCHEME.

DEVELOPMENT OF IRRIGATION AND AGRICULTURE

In Hyderabad State only about 6 per cent of the total area cultivated comes under irrigation and it is, therefore, necessary to materially increase this acreage. Intensive cultivation is possible only where irrigation facilities exist and this is also the most profitable form of cultivation, as crops of the highest value are grown under it. Dry crop cultivation in any parts of country is dependent on the rainfall which is confined to about four months in the year and during these four months also there is occasionally draught and scarcity. The cultivator is, therefore, not prepared to take any large risks by spending money on expensive tools, machinery and fertilisers in areas where rainfall is precarious. In a country like India, therefore, the original purpose of any works for the provision of water must be to protect it from draught, to extend the irrigated area and to furnish supplies for domestic and other uses. While, therefore, Hydro-electric enterprise is likely to be a very important problem in our economy, it has at the same time, to be viewed as a corollary of irrigation. Nevertheless, when power enters into the picture, there is often a

tendency to regard the provision of water as merely a measure for production and disposal of power. In Hyderabad it has been sought to avoid any such struggle between different economic values of the utilisation of the waters of a river.

The salient features of the scheme are briefly as follows :—

(1) A storage Reservoir on the river Godavari near Kawalgudda village about 40 miles below Nanded with a capacity of 60 to 70 T.M.Cft.

(2) A diversion dam on the river Godavari 50 miles below the above reservoir near Kushtapuram village of about 20 to 25 T.M. Cft. capacity.

(3) A right Bank canal, about 100 miles long, from Kishtapuram Reservoir upto the ridge dividing the Godavari and Krishna valleys beyond Hanamkonda, to command about 16½ lakhs of acres.

(4) A perennial canal on the south of the Godavari branching off from the above Right Bank at Mile 80 to command 2,75,000 acres after dropping by about 320' into the Pedda Vagu.

(5) A left bank Power canal from Kishtapuram Reservoir up to Peddur Reservoir across the Kadam river having an aggregate fall of about 320 feet.

(6) A perennial canal on the north of the Godavari from the Peddur Reservoir up to Chinnur to command an area of 2,75,000 acres.

(7) Small channels on the right and left banks from the Kawalgudda Reservoir to command about 1 lakh of acres.

The schemes, according to their priority, are the Kishtapuram Reservoir impounding about 25 B.Cft. of water, the Manair, Kadam and the Peddavagu Reservoirs impounding another 20 B.Cft. of water and then in the third stage

the Kawalgudda Reservoir. The Government of Bombay in whose territories the source of the Godavari lies have no more command to irrigate and even if they should utilise another 50 or 100 B.Cft. of water this would not affect Hyderabad. The point at which it is proposed to dip the waters of the Godavari in the Dominions has a very dependable supply of about 350 B.Cft. Being the Upper Riparian, Hyderabad could lay claims to not less than 600 B.Cft. out of the total dependable supply of 1,900 B.Cft. and all that it now proposes to utilise, subject to the final recommendations of the Water Rights Commission, is only half of what it can with utmost justification claim. The State can no longer afford to let its water resources go to waste, as it has done for centuries past, as the enhanced food requirements of a growing population have to be met.

In addition to this main utilisation of the waters of the river, there are other schemes for Irrigation and for Power, falling within the Godavari Valley area. The details of these are given in the Schedule of Developments attached to this note separately under "Power and Irrigation."

III IRRIGATION

(a) Upper Godavari Main Project

(Consisting of the following sub-projects):—

		Command- ed area in lacs of acres	Irrigation in lacs of acres	Revenue in lacs of Rs.	Cost in crores of Rs.	Year of commen- cement	Period for completion
1	Manair						
2	Peddavagu						
3.	Kaddam						
4.	Low Dam at Kishtapuram						
	Total ..	24.55	15.08	150	30	1948	15 years
(b) Other Irrigation Schemes of the Godavary Valley							
1.	Penganga	4.00	1.50	40	8	Not yet determined	
2.	Purna	2.80	1.50	20	4	do	
3.	Devnur	1.45	1.00	10	4	do	
4.	Lower Manair	2.20	1.30	15	8	do	
5.	Minor works	1.25	..	..	..	do	
	Total ..	11.70	5.30	85	19	..	
Grand Total Irrigation		36.25	20.38	235	49		

IV. RAILWAY DEVELOPMENT

	Name	Cost	Length	Year of commencement	Period of completion
1.	Extension from Ramgundam to Nizamabad	1.28	94 miles	Not yet determined.	2 years
2.	Easter Mineral Line (68 miles in the State).	3.36	176 do		2 years
	Total ..	4.64	270 do	..	..

THE ECONOMIC VALUE OF IRRIGATION PROJECTS

The irrigation projects undertaken by the Department are divided into two main classes:—

- (a) Productive.
- (b) Protective.

A productive work is one which yields more than a definite percentage on the total capital outlay within 10 years after the date of completion.

Protective works are those which are taken up purely for the purpose of relieving the scarcity and famine affected zones irrespective of the revenue returns.

In the past Irrigation Department has been undertaking works only of a productive nature to yield a definite percentage on the total capital outlay.

The Central Board of Irrigation, Simla, has adopted the following resolution in one of its meetings :—

“Irrigation Projects should be judged not merely on the basis of direct financial returns but full account should be taken of indirect benefits derived by the people and the community as a whole as also by the Central and Provincial revenue which depend on the status and the welfare of the people.

In this connection it is very apt to quote the following words of His Excellency the Viceroy, Lord Wavell, from his speech delivered at the opening of the 16th meeting of the Central Board of Irrigation at the Viceroy's House, New Delhi, on 26th November 1945.

“I am sure that you are right to insist on the indirect benefits promised by your schemes being taken into consideration when the financial implications are being worked out. I am convinced that irrigation is of such vital importance to India and of such lasting benefit that we must adopt a much bolder policy in the matter of finance than we have sometimes in the past.

The case of Sugar Factory at Bodhan is one in point where the Excise Duty on sugar and power alcohol are also among the indirect benefits. The railway line to Bodhan has become remunerative, although it was feared, that the State will have to subsidise it.

With the completion of Wyra and Palair projects in Khammam taluq, Khammameth town has developed very rapidly with the increased trade.

The Government in this State has been bestowing keen attention towards development

of fisheries under reservoirs and large tanks. Development of fisheries, apart from being an additional source of indirect income has a special role to play in the balanced nutrition of the people.

Surveys of the fisheries resources should be taken up under the Projects already constructed.

Our Revenue Department has been adding 25 per cent of the net revenue as due to indirect benefits to the financial return of the Project (as per recommendations of the Indian Irrigation Commission).

In order to estimate the direct and indirect financial benefits accruing to the Government from irrigation projects and to determine (1) what relative average increase in profits due to irrigation bear to water rates, and (2) to what extent does indirect revenue accruing to the Government such as through Excise income tax, and railways, depend on cultivator's profits it would be of great value if economic survey of a few representative irrigation projects were undertaken as proposed by the Central Board of Irrigation in 1936 to ascertain not only the indirect financial benefits to Governments but also the net total benefits to the country due to irrigation with analysis of the factors involved.

The final and most important economic question is the priority of irrigation and power schemes relative to other construction schemes (e.g., roads).

Irrigation and power development should receive the highest priority because food and development of industry which entirely depend on them, are most essential for the prosperity of the country.

APPENDIX I.
RAINFALL IN THE DOMINIONS

Serial No.	Name of Dist.	Number of years (average calculated) *	S. W. Monsoon from June to September (4 months)	S. W. Monsoon from June to Sept. & also Oct. (producing run-off) (5 months)	N. E. Monsoon from October to January (4 months)	Non-monsoon from Feb. to May (4 months)	Annual total from June to May
1	2	3	4	5	6	7	8
1	Adilabad ..	..	35.07	36.82	2.71	2.56	40.84
2	Kareemnagar ..	..	27.75	29.57	2.90	2.65	38.80
3	Nizamabad ..	..	32.50	34.67	3.06	2.64	38.20
4	Warangal ..	..	28.41	31.17	4.07	3.81	35.79
5	Nalgonda ..	..	18.51	21.42	4.55	2.19	25.85
6	Medak ..	..	24.33	26.14	3.14	2.94	30.42
7	Gulbarga ..	..	21.63	23.70	3.30	2.46	27.39
8	Mahbubnagar ..	..	19.96	22.47	3.56	2.57	26.09
9	Raichur ..	..	15.28	17.99	3.85	2.64	21.77
10	Aurangabad ..	..	22.83	24.10	2.55	1.27	26.65
11	Parbhani ..	..	27.95	29.08	2.29	1.78	32.02
12	Nanded ..	..	28.08	29.44	2.43	2.04	32.65
13	Bhir ..	..	22.02	23.36	2.81	1.47	26.30
14	Bidar ..	..	25.49	26.88	2.86	2.48	30.83
15	Osmanabad ..	..	28.05	24.75	3.09	2.25	28.39
Total ..			372.86	401.56	47.18	35.25	455.29
Dominion average ..			24.86	26.77	3.14	2.35	30.35

APPENDIX III.

FINANCIAL STATISTICS OF THE IRRIGATION DEPARTMENT, HYDERABAD DECCAN.

EXPENDITURE ON IRRIGATION WORKS CHARGEABLE TO

Fasli	A.D.	REVENUE	CAPITAL FARMINE RE-				Fasli	A.D.	REVENUE	CAPITAL FARMINE RE-			
		Maint : and repairs Rs. in lacs	Constn : Rs. in lacs	Rs. in lacs	Rs. in lacs	MARKS			Maint : and repairs Rs. in lacs	Constn : Rs. in lacs	Rs. in lacs	Rs. in lacs	MARKS
1	2	3	4	5	6	7	1	2	3	4	5	6	7
1805	1896	5.31	0.02				1333	1924	9.09	7.42	43.31		
1306	1897	3.38	0.05				1334	1925	8.61	5.71	51.60		
1307	1898	1.88	1.84				1335	1926	9.83	6.42	61.00		
1308	1899	5.84	0.37				1336	1927	10.95	7.19	71.32		
1309	1900	6.89	0.96				1337	1928	9.79	7.36	65.64		
1310	1901	9.21	2.92				1338	1929	9.86	5.94	64.47		
1311	1902	8.45	5.11				1339	1930	9.51	6.56	50.98		
1312	1903	9.35	7.62				1340	1931	9.22	8.47	54.63		
1313	1904	14.85	8.08				1341	1932	7.28	7.72	32.20		
1314	1905	10.66	7.90				1342	1933	7.08	5.98	..		
1315	1906	7.63	5.16				1343	1934	7.37	6.66	12.48		
1316	1907	5.56	5.65				1344	1935	7.08	8.76	7.08		
1317	1908	6.68	3.83				1345	1936	6.77	2.07	7.71		
1318	1909	10.89	1.35				1346	1937	10.32	3.25	9.82		
1319	1910	7.08	2.56				1347	1938	10.70	3.87	5.75		
1320	1911	11.40	3.80				1348	1939	10.97	5.36	13.66		
1321	1912	10.47	5.32				1349	1940	10.37	4.34	4.51		
1322	1913	11.02	5.39				1350	1941	11.19	6.20	0.90		
1323	1914	12.11	4.29				1351	1942	11.44	6.19	1.83		
1324	1915	12.99	3.43				1352	1943	9.96	4.45	1.44		
1325	1916	13.02	4.93				1353	1944	9.29	3.11	1.61	1.96	
1326	1917	11.17	7.28				1354	1945	11.20	3.28	2.41	14.63	
1327	1918	11.73	6.35				1355	1946	12.01	4.93	34.75	19.70	
1328	1919	8.56	7.85				1356	1947	10.60	8.88	94.15	25.33	
1329	1920	5.73	10.35				1357	1948	7.98	6.45	179.33	33.50	
1330	1921	6.59	14.25										
1331	1922	9.64	14.56										
1332	1923	9.25	3.17	12.65									
		247.43	149.89	12.65			Total		436.40	291.86	335.23	95.17	

LIST OF PROPOSED MEDIUM SIZED IRRIGATION SCHEMES IRRIGATING BETWEEN
2000 & 25,000 ACRES.

Serial No.	Name of project	Station	Drainage area Sq. miles	Irrigation in acres	Revenue in lacs of Rupees	Cost in lacs of Rupees
1	2	3	4	5	6	7
1	Munair ..	.. Khammam ..	.. 2,187	19,500	1.40	52
2	Kalikota ..	.. Madira ..	.. 566	5,700	0.52	18
8	Laknawaram ..	.. Mulug ..	.. 502	7,870	0.52	22
4	Akher ..	.. Khammam ..	.. 950	18,200	1.27	54
5	Halia ..	.. Miriyalguda ..	.. 1,142	12,970	1.26	46
6	Pedda Vagoo ..	.. do ..	.. 470	6,210	0.88	19
7	Pagadimarri ..	.. do ..	.. 418	7,590	0.61	28
8	Kadavandy ..	.. Jangaon ..	.. 218	4,870	0.85	18
9	Bibinagar Vagoo ..	.. Bhongir ..	.. 258	2,800	0.28	8.5
10	Advi Devalpalli ..	.. Miriyalguda ..	.. 275	3,280	0.26	9.5
11	Moruwancha ..	.. Parkhal ..	.. 286	9,200	0.92	27.5
12	Jowly Nala ..	.. Nirmal ..	.. 112	18,821	0.99	25.5
18	Mundamarri ..	.. Lakshettipet ..	.. 96	6,400	0.45	16
14	Muski Nala ..	.. Manvi ..	.. 279	8,000	0.21	11
15	Nalla Vagoo ..	.. Nizamabad ..	.. 302	8,720	0.87	25
16	Sudalem Vagoo ..	.. do ..	.. 160	5,000	0.50	15
17	Kappal Vagoo ..	.. Armoor ..	.. 30	2,280	0.22	7
18	Chintahur Vagoo ..	.. do ..	.. 180	9,500	0.89	18.5
19	Mullamarri ..	.. Chincholi ..	.. 292	20,960	1.47	60
20	Bendsura ..	.. Bhir ..	.. 62	10,750	0.81	24
21	Wan ..	.. do ..	.. 88	6,000	0.60	18
22	Khaid ..	.. Parbhani ..	.. 598	20,000	1.88	70
Total			.. ..	2,08,521	15.61	572.5

LIST OF PROPOSED MAJOR PROJECTS IRRIGATING OVER 25,000 ACRES

Serial No.	Name of project	Station	Drainage area Sq. miles	Irrigation in acres	Revenue in lacs of Rupees	Cost in lacs of Rupees
1	2	3	4	5	6	7
1	Upper Krishna	.. Lingsugar ..	.. 18,426	7,35,000	75	15
2	Lower Krishna	.. Devarkonda	.. 80,000	9,00,000	125	25
3	Bheema ..	.. Yadgir ...	.. 26,750	2,74,000	40	8
4	Godavary ..	.. Nirmal ...	.. 85,000	14,00,000	150	30
5	Penganga ..	.. Adilabad ..	.. 7,280	1,50,000	40	8
6	Purna ..	.. Parbhani ..	.. 3,000	1,50,000	20	4
7	Devanoor ..	.. Bidar ..	.. 5,800	1,00,000	10	4
8	Pranhita ..	.. Asifabad ..	.. ..	1,00,000	10	8
9	Lower Manair	.. Mahadevpoor	.. 5,000	1,30,000	15	3
10	Musi No. 1 ..	.. Bhongir ..	.. 2,332	27,000	1.50	0.80
11	Musi No. 2 ..	.. Suriapet ..	.. 4,098	47,000	4.70	1.40
12	Sudda Vagoo	.. Nirmal ..	.. 589	60,000	6.00	1.25
13	Ashna ..	.. Nanded ..	.. 451	29,000	2.40	0.80
14	Kagna ..	.. Sedam ..	.. 366	26,000	1.80	0.78
15	Banithora ..	.. Gulbarga ..	.. 485	81,000	1.80	0.70
Total			.. ..	41,59,000	502.70	110.78

APPENDIX V.

STATEMENT SHOWING THE IRRIGATED AREA UNDER DIFFERENT SOURCES IN THE HYDERABAD STATE
FROM 1881 F. TO 1856 F. (25 YEARS)

Séri- al No.	Year in English	Fasli	Area under Govt : Canals	Area under private canals	Area under Tanks	Area under Wells	Area under other sources	Total irrigated Area
1	2	3	4	5	6	7	8	9
1	1921-22	.. 1881	45,573	22,220	3,44,592	2,68,081	1,08,469	7,88,985
2	1922-23	.. 1882	62,886	7,740	4,90,140	3,28,561	1,09,667	9,98,494
3	1923-24	.. 1883	72,816	9,845	5,59,720	3,55,797	1,31,006	11,28,684
4	1924-25	.. 1884	76,798	68,018	5,80,680	3,96,797	1,48,228	12,60,521
5	1925-26	.. 1885	48,082	1,07,885	5,81,204	3,06,251	56,550	10,99,922
6	1926-27	.. 1886	59,018	80,587	4,82,969	3,20,418	48,941	9,86,888
7	1927-28	.. 1887	60,262	86,779	4,77,781	3,40,493	39,768	10,05,088
8	1928-29	.. 1888	60,521	75,901	5,08,876	3,50,086	46,457	10,43,798
9	1929-30	.. 1889	78,523	9,085	5,59,111	4,36,120	44,246	11,27,086
10	1930-31	.. 1840	61,326	91,072	6,84,084	4,39,611	52,192	12,78,285
11	1931-32	.. 1841	57,058	87,518	6,71,839	4,63,414	51,852	13,31,681
12	1932-33	.. 1842	51,121	85,232	7,06,469	4,55,825	69,588	13,68,185
13	1933-34	.. 1843	96,108	94,880	6,77,566	4,53,275	81,821	14,03,250
14	1934-35	.. 1844	1,12,464	72,327	7,46,306	3,98,074	62,129	13,91,300
15	1935-36	.. 1845	83,605	33,841	8,29,691	4,60,887	40,220	14,48,244
16	1936-37	.. 1846	90,862	17,670	9,22,509	5,07,174	22,200	15,60,415
17	1937-38	.. 1847	1,42,848	11,585	8,15,448	5,75,967	47,674	15,92,972
18	1938-39	.. 1848	1,25,307	10,694	9,23,362	4,48,333	23,243	15,30,989
19	1939-40	.. 1849	1,10,952	12,501	8,40,033	4,09,700	54,801	14,27,476
20	1940-41	.. 1850	49,487	16,570	9,73,551	3,77,501	44,963	14,62,072
21	1941-42	.. 1851	41,007	11,619	9,60,340	3,39,517	29,482	12,81,965
22	1942-43	.. 1852	43,643	3,278	8,43,090	3,54,044	60,194	13,04,249
23	1943-44	.. 1853	49,056	5,206	8,75,525	3,64,640	83,573	13,77,099
24	1944-45	.. 1854	46,076	6,529	8,54,720	3,50,452	65,084	13,22,133
25	1945-46	.. 1855	66,413	11,469	9,09,129	3,76,530	71,887	14,36,931
26	1946-47	.. 1856	1,54,381	19,916	7,58,412	4,26,820	62,323	14,22,352

Scheme for the Agricultural Development under the Irrigation Projects in Hyderabad.

by

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Hyderabad in common with other parts of India is essentially an agricultural country and the occupation of 75 per cent. of its population is agriculture. Being a Seasonal Industry, its success or failure mainly depends on the vicissitudes of the weather and the cultivator engaged solely on this industry has necessarily to remain idle for 4 or 5 months. Due to unemployment for a good part of the year and as agricultural industry is not so remunerative as others, the economic condition of an ordinary ryot in the village is very low.

Agriculture, as is now practised, is rather crude, primitive and unscientific. The crop yield is necessarily low and the return does not justify even the labour charges. Compared to what is obtained in many of the foreign countries where cultivation is both intensive and scientific the yield in the state area is very poor. Even with the adjacent India Province it does not favourably compare. The following are the figures of crop yield of the two principal food grains—Rice and Wheat—as obtained in some of the foreign countries, India and Hyderabad.

Country	Rice (Lbs. per acre)	Wheat (Lbs. per acre)
Spain	5,600	..
Italy	4,601	1,241
Japan	8,487	1,508
Egypt	2,356	1,688
U.S.A.	2,181	978
Siam	1,690	..
India	1,857	652
Hyderabad ..	598 (1844 F.)	858
U. Kingdom ..	..	1,812
Germany	..	1,740

Though there is considerable disparity between one country's figure and the other, one thing is clear that the Hyderabad figures are the lowest. The causes for low out-turn are not far to seek.

The average individual holding is very small and is therefore uneconomic. Our cultivator is generally illiterate, unprogressive and is of a very suspicious nature. Ever opposed to new methods and experiments, he is stubbornly unwilling to depart from his old traditional methods, however unsuitable and unprofitable they may be. Also owing to want of capital, he is unable to spend any money beyond the bare minimum. What he actually does is to attempt, just when the season begins, some scanty and shallow ploughing and sow a small quantity of seeds; even these seeds are seldom of good quality. For fear of losing his all, he hesitates to risk the expenditure even on the most essential items of manuring and weeding. After sowing the seeds, he throws himself to the mercy of Providence for a good harvest; no wonder, therefore, the yield is low. Even to the few who can afford and who may be willing to try some experiments, technical advice is not always readily available. What under the circumstances is most beneficial to the country and the people is a combination of effort in a systematic and organised manner. Remarkable progress has been made in this connection in Ireland and Denmark. These two countries have demonstrated to the whole world what prodigious effect that a combined effort can exert in increasing the output, in cheapening the cost of production, in improving the quality and value of the produce and in ameliorating the economic lot of the poor labourers. The Danish peasant

according to the collective method of farming was a "Serf" and agricultural Industry was threatened with great danger if not extinction. It was also shown therein, how, by collective methods and large sized organisations and bold enterprise the condition of that country has been transformed almost beyond recognition in a short space of time. Denmark at the present moment is regarded as one of the most flourishing among the countries of the world and her peasantry a happy and contented community.

During the years of war there was a systematic planning in Great Britain to recapture much of the 18th century agricultural supremacy and property. Suffice it to say that by intensive "ploughing up campaign" four million additional acres had been reclaimed and ploughed for food growing in the course of hardly 2 years. As a result of this drive, over 75 per cent. of the population were fed from the British soil only. It is also said that the harvest was the best over a century. With the increase in production there has been an increase in the rations as well. These facts are interesting firstly because they show that even the most industrially minded country like Great Britain had to suddenly turn to agriculture—a comparatively unremunerative industry—in so short a time and secondly that there will be no longer a need to rely for food imports from outside in future. No doubt these changes have been forced on Britain by events. Even so, such a sudden switch over from an age-long occupation to another is indeed an adaptability only a Britisher is capable of—a good lesson to learn.

It is now 3 years that the war ended but the shortage of food supply is persistently acute. Rationing still continues. Only the few fortunates are getting a full meal. Even they have to pay double and even treble the normal price. While the few can afford this extravagance, the real sufferer is the poor agriculturist though virtually the producer—indeed an irony of fate? There can therefore be no two opinions that the country's immediate need is to increase

production and to make the country self-supporting.

While Hyderabad possesses every natural facility to be self-sufficient in regard to food supplies, she is importing over 75,000 tons of rice annually from outside. Due to money-making tendencies of the opportunistic businessmen of the foreign countries, we have to purchase the stuff at a fabulous price. If even a fraction of the money so spent, be utilised on a well planned development of the lands in the state there can be no doubt that we shall be living in plenty and the question of unemployment also will be permanently set at rest. Once production increases, and everyone gets enough to eat, discontentment will automatically disappear and peace and prosperity will prevail everywhere.

While all our neighbouring Provinces are busy investigating the means to solve this problem Hyderabad cannot afford to sit idle. Some organisations will have to be immediately set up, preferably by the Government itself; falling that, it should at least encourage a Joint Stock Company to be formed in which it should possess a major interest. This company should consist of capitalists, businessmen, agriculturists, influential farmers with experience and philanthropic social workers who sincerely interest themselves in the welfare of the village cultivators. A scheme of this sort is a novel one. Agricultural Industry is not very remunerative. The investors will therefore feel shy to come forward with their capital. At any rate in the initial stages there may not be much enthusiasm. It will therefore be necessary for the Government to take the lead by sharing the financial burden to a great extent and actively control the operations. Once the Industry is established on a sound basis and the people realise its advantages, the Government can gradually withdraw.

Cultivation of small isolated holdings is definitely uneconomical. To adopt modern methods of agriculture, to employ mechanical appliances and other labour saving devices, to reduce cost of ploughing, watering, fencing, etc.,

a large compact plot at one place is very essential. Such large scale plantations will be beyond the scope of an individual. A collective organisation with co-operative effort alone can successfully control the operations. Several such organisations are in existence in parts of India but they all undertake the cultivation of tea, coffee, and rubber and they also pay good dividends to their constituents. Cultivation of these crops can neither be said to be absolutely essential at least to a majority of the population nor are the local conditions suited to grow these crops. In Sudan there is a Syndicate formed with British Capital growing cotton annually over 3,00,000 acres. There are some companies, doing large scale cultivation in Sind, the Punjab and Jaipur. Our pressing need at the present moment is only foodgrains. These being the daily necessities of all classes of people alike from the poorest to the richest, there will be no need to apprehend over-production. There appears to be also no prospect of the present prices coming down for some time to come. Any scheme therefore of intensive and extensive cultivation of good crops is sure to be profitable both to the country and the people. What is required is only planned development. For easy and economic administration of the agricultural operations, control of labour, supply of cattle, seeds, manure, storage of grains, housing facilities, tractor ploughing, etc., the minimum area of the block in any one centre should be 600 acres.

To find such a unit area in one place and to make it available for the company, it may not be very easy. Even if it be owned by a single individual he may not be willing to part with it at any reasonable price. Even to lease it, he may not agree. Therefore, for the procurement of land, Government should come forward and arrange its acquisition. These lands, generally come under three main groups, viz.,

1. Government cultivable lands,
2. Those owned by absentee landlords who lease them out periodically on rental basis, and lastly,

8. Those belonging to local farmers who themselves cultivate.

In the case of Government unoccupied lands there ought not to be any difficulty. They may be handed over to the company free of charge or sold at some nominal price. Class two lands are generally leased out to some local landless tenants on a fixed rent. It should be made possible for the company to take them over on a long term lease. Surely these owners will prefer to deal with a large company as collections of rental will be easier. Lastly in regard to the farmer's lands, the Government can so fix the rent as will be reasonable to both the company and the farmer. Once the above arrangement is concluded, and the company takes possession of the whole area of 600 acres, there should be no disturbance for a reasonable period say 20 years so as to justify large scale expenditure on the initial preparation and further development of the land. The rental however may be subject to modifications as and when the market conditions demand so that neither party suffers.

By taking over the lands from the present owners either by outright purchase or on lease, it is by no means the intention of the company to deprive the poor owner of his property and his means of livelihood nor to throw him out of employment. No cultivation is possible without labour and the organisation cannot, therefore, in their own interest afford to alienate the sympathies of an experienced farmer or the labourer. The company on the other hand will be prepared to guarantee not only a continuous employment throughout the year even including the non-agricultural season but also give them a reasonable wage depending on the work they do. The company will similarly be prepared to assure the employment of their cattle as well. In fact no recruitment of labour will be undertaken till all the the local labour and cattle available in the area are absorbed in the farm. What the company expects in return is only his sincere co-operation in the matter of cultivation in accordance with the principles laid down by it,

¶ In this unit Block of 600 acres will also be included the patches of black soil which are called by some as "excluded soils" and which they fear will be ruined by irrigation. Such a proposition is simply preposterous. If by irrigation Black Soil will be ruined no soil of this type can ever exit under any of the ancient irrigation sources. What is required is only a judicious application of water. In fact excess irrigation will water-log any soil and make it unfit for cultivation. In all irrigated areas water logging is a serious menace and drainage needs careful attention. Unlike the Deltas, Deccan areas have a good surface fall and Drainage is not a serious problem, if attended in time.

For such crops as cotton, jawar, Maize, Linseed, groundnut, etc. Black Soils are eminently suited. A carefully prepared scheme will necessarily have to be devised. To facilitate machine ploughing and to economise in the water supply, the areas will be divided into compact blocks and as far as possible in uniform size. The area of these blocks will of course depend on the contours and the general lie of the country. Out of the 5 per cent. margin usually allowed by the Settlement Department for field bunding, etc., foot paths and cart tracks will be provided for. After arranging the blocks in this manner, the whole area will be resurveyed and remapped.

The scheme of cultivation in these unit blocks, which will be most beneficial to the country will be of the mixed-farming type. As different crops mature at different times, there will be operational continuity. When one season fails, that season crop only may fail. But other season crops can be saved. Similarly if one crop falls in price, others can make up the loss. Both the organisers and labourers can therefore look forward to an unfailing return year after year on the capital.

Next important factor governing the success of the scheme is Irrigation. By irrigating a dry crop, the yield becomes double. It is therefore an advantage to grow if possible irrigated crops only. When monsoons fail or there is an uneven distribution of rainfall, canal water will come to

the rescue. In fixing these centres only villages where facility for irrigation—preferably a perennial supply—exists, will have to be selected, so that there may be continuity of occupation for the farmers throughout the year.

On the lands assessed by the Settlement Department as wet, paddy, sugar-cane and other garden crops, such as, plantains, betels, etc., will be grown. Even in the high level plots where flow irrigation is not feasible wheat, tobacco, chillies, vegetables, fruit trees, etc., which require only occasional watering will be grown and irrigation will be arranged for by low lift pumps or motes. Other crops proposed to be raised in the farm are, black, red, green and Bengal gram, groundnut, castor and other oil seeds such as linseed gingly (Til) Sunhemp and other green manures, fodder crops, lucerne, guinea grass, apha, etc. To avoid soil exhaustion, crops will be grown in rotation.

Cane plantation will be in Block system, one-third of the area remaining fallow for at least one season by rotation. For second crop rice, no more than 40 per cent. of the first crop area will be taken up. At each centre 25 to 30 acres will be reserved uncultivated, exclusively for cattle grazing. In a small area casuarina and other quick growing fuel trees will be sown. In short, each unit will be made to be self-contained in so far as the domestic consumption crops are concerned.

The company will arrange for the initial levelling of the ground, terracing, bunding, excavation of field channels; drainage, which is essential to prevent damage due to water-logging will also be looked into. There will be provision for the training of the cultivators and the company will arrange for the initial levelling of the ground, terracing, bunding, excavation of field channels; drainage, which is essential to prevent damage due to water-logging will also be looked into. There will be provision for the training of the cultivators and the technical staff required for it will be stationed at the centre. Provision for labour recruitment,

purchase of cattle and agriculture tools and machinery will also be made. Supply of seeds, manure and in fact everything necessary on the agricultural side will be arranged for. Each centre will be under the control of an efficient and qualified agriculturist or a farmer with practical experience and good organising capacity. Sheds for storage of seed, grain, manure, agricultural implements cattle food, etc., will be constructed. If any cultivator in the neighbourhood though not connected with the company be in need of any assistance in regard to the supply of seeds, manure and other agricultural requirements the company will willingly undertake this task. Labour required over and above those available in the neighbourhood will be recruited and housed at site. Similarly an adequate number of cattle will be purchased and maintained at each centre. Fodder necessary for the cattle will be grown in the farm and stocked at site. Ploughing will be done both by cattle and tractors. Enough number of tractors and machine ploughs will have to be made available and at reasonable prices.

The unit area of 600 acres will be divided into convenient plots of 5 acres and each plot will be allotted to a single farmer. If his family members are more, he will be given an additional plot. A detailed account of the expenditure incurred on each plot will be separately maintained so as to be able to compare the results of individual farmer's capacity and to fix his share in the net profits and bonus.

The present practice of the cultivator who generally has a small holding is to grow year after year only such foodstuffs which he needs for his own consumption whether or not the land is suitable for such crops. For the scheme to be a success from the investor's point of view and also agriculturally, the policy of the company will be different. A small field laboratory will be set up for one or more units depending on the nature and magnitude of the problems requiring examination. In these laboratories the soils will be analysed as often as necessary.

Depending on the results of the laboratory tests, crops which can be most suitably grown will be determined and so also the nature and quantity of manure to be used to produce an optimum yield.

The capital required for the cultivation of the unit area of 600 acres will be roughly Rs. 1,62,000 and the net income after deducting all the working expenses, depreciation management, etc., will be Rs. 9,800 representing a return of 6 per cent.

Every one knows that agricultural industry is the oldest of all in India. Any organisation managing it on sound lines is sure to be successful. As a money making concern, however, it may not come up to the level of the other modern industries. That it will yield some profit, there can be no doubt; what little it earns will of course be a certainty. Owing to the present high prices however of agricultural products, the fear of low dividend need not be entertained, at least for some time to come. The object of the company is not so much the money-making aspect as the provision it will make for the continuous food earning means of the labouring masses. For the benefit of the the investors however, the organisation would set up some allied village industries, so as to make up for the low return from agriculture. Flour mills, rice hullers, decorticators, oil expellers, rope-making, hand and small power looms, butter making, ginning, sugar-cane crushers, jaggery making pans, flue curing barns, small sugar centrifugals, etc., are some of the small type machinery which are proposed to be installed. There will not be much difficulty to obtain them in the market now at a reasonable price. However every attempt will be made to start these side lines, along with the main cultivation scheme, so as to provide employment to the labour and cattle in the non-agricultural seasons and make the whole scheme a financial success.

The average holding at present of a farmer is less than 9 acres, scattered over the village in

tiny fragments. He generally grows on it such crops as he needs for his own consumption. According to the present practice this poor cultivator though the real producer seldom realises the full benefit of his cultivation. The "Sowcar"—(Money lender)—on whom he has to entirely depend for his monetary assistance gets him so much into his grip and exploits him to such an extent that the farmer continues to remain practically a beggar for life. The poor man though he has to labour day after day on his land to produce a good harvest he is seldom permitted even to look at it and the money lender snatches away the produce on the threshing floor itself. Under the conditions of life he is now leading, there seems to be little or no hope, for him to elevate himself to a better standard of life. The principal aim of the company will be to remedy this state of things by including him as a member of the organisation and permitting him to participate not only in the profits arising out of the cultivation of his own small plot of land but also of the whole block of 600 acres. In addition to the rental he gets by leasing the land he is assured an employment more or less of a permanent nature throughout the year both in the agricultural and non-agricultural season. Being a member of the company he also gets a proportionate share in the profits of the company. By giving up his land to the company on lease he will be no loser. On the other hand he has everything to gain.

In regard to profit sharing the aim of the company will be (1) to set apart a minimum dividend for the investors, (2) to distribute the balance profits among the farmers on whose toils the success of the company depends. In short, the policy of the company will be on *profit sharing basis* and not what is generally believed to be the capitalist tendency of exploiting the labour.

While the centre is being developed on the agricultural side, the organisation will be equally interested in regard to the economic advance-

ment of the people working in the farm. Every endeavour will be made to raise their present low standard of living. For the education of the farmer's children a school will be provided for. Medical aid and veterinary staff will be at site. Village sanitation will be carefully looked into. In short, the organisation will miss nothing that is essential to develop these centres on the lines of a modern village with all possible amenities of life. In view of this aim it is a justifiable hope that the Government should grant the organisation all reasonable facilities by way of free grant of lands concession in water rates, provision for internal communication, transport facilities, medical aid, opening of schools, laboratory for experiments, demonstration farm, post offices, park and play grounds for the village children, etc.

Everywhere the pressing need of the hour is to "GROW MORE FOOD" and to make every region as self-sufficient as possible. Increase in agricultural production means consolidation of land and intensive cultivation on up-to-date methods. The minimum area required at any one centre being 600 acres arrangement should be made to consolidate the small holdings. Collective ownership may solve many operational difficulties. But to induce the owners to give up their rights, may raise enormous opposition. No scheme involving such an outright purchase is likely to come into existence at least for some time to come. Co-operative farming will therefore be the next best practical alternative under the circumstances. The scheme that is now suggested is for the Joint Stock Company to take over the lands partly by outright purchase and partly by taking them over on long lease, say for 20 years, with special legal authority to prevent transfers or alienations during the period of lease. These lands will then be consolidated into unit blocks of 600 acres. These former owners of small plots of land will be enrolled as members of the company entitled to participate in the profits of the company.

Nizamagar, the largest Irrigation Scheme in the dominion, costing about 4½ crores was designed to irrigate 2,75,000 acres. Water was first let out in the canal about 19 years ago. It is said that the area actually brought under irrigation is just about half. The main cause of the low progress is that the preparation of the lands making them fit to be irrigated was not taken up along with the construction of the project. For any irrigation scheme to be a success land development should be arranged for side by side with the project construction, so that the moment water is made available the land would be ready to receive it. This will not only enable the Government to realise the returns from the investments very quickly but also add to the productive capacity of the country.

The Tungabhadra Project and the Rajulbunda or the Lower Tungabhadra Canal Scheme are two large irrigation projects now under construction at the cost of several crores. These two projects are situated in the severely affected famine zones. Land preparation under these schemes is definitely an urgent necessity. There

is enough justification to set up immediately an organisation on the lines formulated above.

Apart from the benefits to the country from the activities of such an organisation both in regard to the agricultural and industrial advancement the following will be some of the advantages to the Government as well:—

1. The tract will develop expeditiously.
 2. Prevention of soil deterioration due to the present cultivation on unscientific lines.
 3. Produce worth several lacs of rupees will be made available for consumption in the state within a few months the scheme begins to function.
 4. All the assessment payable to Government can be easily collected from the company with minimum collection charges.
 5. Less wastage of irrigation water.
 6. Formation of new villages on the lines of latest town planning.
 7. The benefits the villagers of the neighbourhood will derive by the practical demonstration of the up-to-date methods of farming.
 8. The speeding up of the realisation of the Project returns.
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The Food Problem of Hyderabad

By

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Last World War shook the economic foundations of many a country in such a manner that it is difficult for them now to make both ends meet. Vigorous efforts are being made to regain economic stability. Unless the food position is secure no progress can ever be made.

During the last three years the deficit of Food-grains in India has been estimated at 4 to 6 million tons. India has had to import large quantities of foodstuffs at exorbitant rates. They have had to incur an expenditure of about 15 crores in one year as subsidy. In addition to this a high percentage of foreign exchange was taken up by the foodgrains and hardly any money was left for capital goods. This made the Government of India to try gradual decontrol. The result was skyrocketing prices and inflation. They have again adopted the policy of progressive control.

Conditions in Hyderabad are very much the same as in other parts of India. This premier State in the heart of India has an area of 82,698 square miles and a population of 17.5 million. Our annual requirements of foodgrains are in the neighbourhood of 25 lakh tons at the rate of 16-oz. per head per day and our normal yield is about 28 lakh tons. Before 1939 we were annually importing on an average 60,000 tons of rice and 10,000 tons of wheat and exporting 30,000 tons of Jawar and other millets. We were net importers of about 40,000 tons. Now the population has increased, and even a casual observer can see that, after importing 40,000 tons we cannot say that every individual in this country is able to obtain adequate ration.

The real problem with regard to food in Hyderabad as it is in other parts of India is the increase in production. Our immediate problem is to increase the production by about 2 lakh tons of

foodgrains per annum. We should have 1,80,000 tons of rice and 20,000 tons of wheat out of the 2 lakh tons. In order to make up this deficit, we have to bring 2,00,000 acres more under wheat and 7,20,000 acres under paddy.

There are 3 million acres of cultivable waste in the Dominions. This waste is spread throughout the length and breadth of the State. There are huge tanks like Laknavaram, Ramappa and Pakhal in Warangal district under which irrigation is almost nil. We have to concentrate on the development of these areas if we have to increase our food resources. If the question of cultivation in these areas is left to the ryots and pattedars with meagre resources, it will take a very long time to obtain the desired results. It is, therefore, necessary that large areas are taken up for cultivation under the direct supervision of the Department of Agriculture. The principles of collective farming may be observed in their spirit. Government may advance loans if necessary. The agricultural Department may place these farms under responsible officers, who will see that the scheme is a success. Cultivation on a large scale with the help of machinery may be tried. Where there is a dearth of labour and persuasion does not work, it should be requisitioned.

In addition to the extension in the areas of cultivation another method of increasing production is to improve the capacity of the existing lands. We produce approximately 1,20,000 tons of groundnut cake every year, which is a very useful manure for paddy and sugarcane fields. Even if we utilise 60,000 tons within the State we could increase our production of rice by 25 per cent. We have been utilising from 10 to 20 thousand tons. Cake was supplied at concession rate of Rs. 40 and 60 per ton, while the market

rate was Rs. 100 to Rs. 120. There is another kind of manure—the village compost, which could be collected on a large scale and utilised for obtaining very good results. The Department of Agriculture have stated that by using this manure in a village, Dharmavaram of Nizamabad district, 4,000 lbs. of paddy was obtained, while the normal yield generally in the State is 800 lbs. per acre. Besides increasing the production of major foodgrains, it will be very profitable to grow more vegetables and develop our resources of subsidiary foods, viz., milk, fish, meat and fruit. A cold Storage plant would be very useful in preserving these varieties of food.

Planning is essential in every walk of life. Unless we have control over production, distribution and consumption, no planning can be a success. Hyderabad has also of late adopted the policy of progressive control in pursuance of the policy laid down by the Government of India.

Foodgrains are procured officially through compulsory levy, open market purchase, requisitioning and imports. The export of foodgrains outside the State and inter-district movement is banned. The basic principle in procurement is to obtain the surplus grain from the cultivators and prevent the unscrupulous middleman from getting possession of it.

The following defects were observed in official procurement and an attempt has been made to set them right:—

- (1) Minimum requirements of each cultivator not guaranteed.
- (2) The cultivators were not satisfied with the prices paid for levy.
- (3) Payment was delayed.
- (4) Cultivators were being harassed by officers and staff of lower ranks.
- (5) An almost flat rate of levy prevailed.

We procure about 18 per cent of the total production every year and distribute it in the rationed areas, non-rationed deficit areas and to the Essential services,

We have statutory rationing in such places with a population of about 16 lakhs. Rationing was first introduced in May 1944 in the city of Hyderabad. It is proposed to extend rationing to all towns with a population of 20,000 and above.

A ration of 12 oz. per head per day is given. Subsidiary ration to the extent of 4 oz. is given to vulnerable groups, such as pregnant women and children. It would be desirable if we have rationing throughout the State so that we could achieve the ideal of freedom from want. Neither our resources nor the machinery available permit us to undertake such a responsibility at present.

In 1942, Government felt the necessity of an organisation which could import and export foodgrains and store, transport and distribute them within the Dominions. Hence the Hyderabad Co-operative Commercial Corporation Ltd. came into existence. It has lately been converted into an apex co-operative body linked with the 119 co-operative Taluq Development Unions, which are multi-purpose societies and 18,000 grain Banks. Five seers of foodgrains for every 40 seers collected under levy are given to the Grain Bank. Government have advanced a loan of about 10 crores for the working of the Hyderabad Co-operative Commercial Corporation.

Proper storage plays an important role in saving foodgrains from wastage. A sum of 68 lakhs has been provided by H.C.C.C. and E.P.T. funds for the construction of godowns. We have made a considerable progress in constructing them. The total capacity of the godowns will be 10 lakh bags.

Hyderabad is surplus in pulses—Tuar, Moong, Udad and Lak—to the extent of 50,000 tons normally. They are exported mostly to different places in South India.

The State is rich in its resources and there are immense possibilities of development. What is necessary is proper planning and efficient execution.

Land Tenures in Hyderabad

By

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According to the nature of the tenures, the lands of the State may broadly be divided into two groups :—

(1) Lands which are under the direct management of Government and the revenue from which goes to the Government treasury. These lands are called Diwani or Khalsa lands.

(2) Lands, the revenue of which has been wholly or partially assigned for some special purpose.

Lands of the second group may further be divided into the following two classes :—

(a) Sarf-e-Khas lands which are the property of H.E.H. the Nizam and the revenue of which goes to his privy purse.

(b) Lands which have been the subject of state grants, and the revenue from which has been assigned wholly or partially as Jagir or Inam in favour of some person or persons.

RAIYATWARI TENURE IN DIWANI

Diwani lands are invariably held on purely *raiyyatwari* tenure, which has been recognised as the best form of tenure from the point of view of the cultivators. Over 20 million acres or nearly 60 per cent. of the State area, are held by landholders on this tenure. The system of survey and settlement pertaining to this tenure has been comprehensively treated and legalised in the Hyderabad Land Revenue Act of 1917 F. which is drawn up on the same lines as the Bombay Land Revenue Code V of 1879. This Act, together with the standing orders of Government issued in the circulars from time to time contains all necessary details. Under this system, each field is considered a holding (technically called a "Survey number"). The landlord who holds the field is called the "registered occupant"

or *pattadar* or *khatedar*. The right of occupancy depends on the regular payment of assessment by the *pattadar*. Assessment is determined separately for each field or survey number, and is fixed for a number of years.

The Revenue Act legally recognises that the *pattadar* has a right to erect farm-buildings, construct or repair wells, and in other ways improve agriculture. *Raiyats* have a general right to use for their private as well as for agricultural purposes, free of charge and within the village concerned, stone, sand and earth from the beds of rivers, tanks and streams and also from unassessed waste lands. On the death of a registered occupant, the next rightful heir or the principal among several joint heirs is entered as the registered occupant of the holding, the other heirs being entered as partners. A *pattadar* may relinquish his land by giving due notice of his intention, or he may sell or transfer his right if he wishes to do so.

Cultivating tenures.—Theoretically, the tenure does not recognise any middlemen between the landholder and the State, yet as the registered occupant need not always and necessarily be the actual cultivator, certain tenures inferior to that of the registered occupant (*pattadar*) based on contract or custom, do occur in *raiyyatwari* villages. The forms in which land is actually held and worked under the *raiyyatwari* system may be classified as below :—

1. *Pattadari* or simple occupancy, where the occupant cultivates personally or by hired labour.

2. *Pot-pattadari*, in which two or more cultivators amalgamate on the joint stock principle. The *pattadar* can neither evict the *pot-pattadar* nor enhance the assessment payable by him.

3. *Shikmidari*, where the occupant makes over the land to cultivators on certain terms. Such cultivators are known as *shikmidars*, and they cannot be evicted so long as they carry out the terms of their agreement with the registered occupant.

4. *Asami shikmi*.—The Asami Shikmis are tenants-at-will. In 1854 F. the Asami Shikmis Act was enacted on the lines of the Bombay Tenancy Act, 1889, to provide adequate relief for such tenants.

THE RECORD OF RIGHTS SYSTEM

For maintaining an up-to-date record of all rights in land, the Record of Rights System has been introduced in the Dominions under the legal sanction of the Record of Rights Act, No. 1 of 1846 F.

OTHER TENURES OF KHALSA LAND

Besides the *raiya-twari* tenure, there are other tenures of Khalsa land namely *pan-maqta*, *Tahud* or *Sarbasta* and *Ijara*.

(1) *Pan-maqta* is a Qowl or tenure by contract in which lands were given to the holders on a fixed quit rent without liability to enhancement. The rights of these holders were examined by the Inam Commission, and only such as were proved to be valid were secured to the holders.

(2) *Tahud* or *Sarbasta*.—Prior to the introduction of the *raiya-twari* system, the land revenue of the State together with certain other cesses used to be farmed out to contractors who were wealthy and influential residents of the City. This system was called 'tahud.' If the revenues were farmed out to a Zamindar of the district, as was frequently the case in Telingana, the transaction was termed 'Sarbasti' or 'Bilmaqta.' The *Tahud* or *Sarbasta* tenure was a lease for a specified period and the amount to be paid was liable to alteration after the period of Qowl had expired. This system was abolished by Sir Salar Jung I as it proved disastrous both to the peasantry and the Government,

(3) *Ijara*.—The *Ijara* tenure was introduced by Sir Salar Jung I with a view to repopulate deserted villages and to bring under cultivation large tracts of cultivable lands which were lying waste. Under this system, land was assessed at light rates subject to progressive increase till the full assessment was reached, the period of concession varying from 5 to 80 years, and in some cases to 40 years. After the expiry of the concession period the land was fully assessed. This system was abolished in 1818 F. (1909 A.D.).

NON-KHALSA LANDS

The most important of this class are the *Sarfe-e-Khas* lands, the revenue from which goes to the Nizam's privy purse. The area of *Sarfe-e-Khas* lands is 7,333 square miles comprising the *Atraf-e-Balda* district surrounding the city of Hyderabad and eleven taluqas in other districts. The *Sarfe-e-Khas* territories other than those entrusted to Diwani are administered by a separate department known as the *Sarfe-e-Khas* Department at the head of which is a *Sadr-ul-Moham* who works directly under the order of H.E.H. the Nizam.

2. *Peshkash*.—It was customary with Muslim conquerors to levy annually a certain fixed amount as tribute from conquered rulers and chiefs. This tribute was called 'Peshkash.'

At present there are only three *Peshkash-gusars* in the Dominions, viz., the *Rajas* of Gadwal, Anagundi and Gurgunta.

The tax or quit-rent levied from *pan-maqtas* held by local zamindars, who were revenue farmers under previous Governments, came also to be spoken of as *Peshkash*. The *Rajas* of Wanparthi, Jatprol, Gopalpet and Bhadrachalam belong to this category.

3. *Jagir*.—A *Jagir* is a free grant of one or more villages as a reward for some conspicuous service rendered, or simply to maintain the state and dignity of the grantees. This tenure may be classed under six heads:—

(a) *Paigah* or *Jamiat Jagirs*.—These were

originally assigned by the then ruler, His Highness Nizam Ali Khan Bahadur, to Abdul Khair Khan for the maintenance of troops known as His Highness' household troops, and hence they were designated Paigah Jagirs, the word Paigah meaning stables. These jagirs cover an area of 4,852 square miles and are now divided among three branches of the family of the original grantee and are known as the Paigahs of Asman Jah, Khurshid Jah and Viqar-ul-Umara. The condition of military service is no longer in practice.

(b) *Al-Tamgha jagirs*.—The word 'al-tamgha' signifies a revenue-free grant made under the royal seal. It is a permanent, perpetual and hereditary grant, and the right or interest conveyed by it is not transferable by sale, gift or bequest.

(c) *Zat-jagirs* are grants of large areas of land for the maintenance of the grantees without any stipulation of service.

(d) *Tankha-jagirs* as their name implies were grants of lands made to meet the salaries due to the grantees for service rendered. A large number of these have been resumed or redeemed.

(e) *Mashrooti jagirs* are granted for the performance of some definite service, religious, civil or military and are continued only so long as the conditions of the grant are fulfilled.

(f) *Madad-maash jagirs* are granted either as the sole means of maintenance for the donee, who may be the holder of mashrooti grant, or as a supplement to his other means of livelihood.

(4) *Inam Tenures*.—The word "Inam" means a favour or reward. An Inam holding is thus a grant of land in which the State has given up its right to the land revenue, or portion of it, in return for the performance of certain duties or as a charitable endowment.

Cottage Industries and Their Role in Hyderabad's Economy

By

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The stirring and almost stormy times through which we are passing have far reaching reactions on every branch of knowledge and render necessary to assess our position with reference to the tendencies at work. We have to realise that, economic activity cannot be conceived as having no bearing at all on the development of human personality or being unrelated to communal ends. After all, production is meant for to making living possible for human beings. In determining the trend of economic activity, we must remember that, the path of economic planning and transition from war to peace economy are not easy. It requires great vision and capacity.

WHY COTTAGE INDUSTRIES SHOULD SURVIVE ?

The economist will be rendering a distinct service to the country by setting out clearly the economic problems facing the country. Plans and plans have become the order of the day. The country is flooded with plans surprising in number and bewildering in their variety. We 'must industrialise or perish'; but we must remember that, at the present it is difficult to import capital goods and this method cannot give us sufficient relief. Consequent on the liquidation of war time requirements, there is bound to be retrenchment. That is why Dr. John Mathai has rightly suggested the survival and expansion of our numerous cottage industries. The reports of our Trade Commissioners also show that Cottage Industry products like silk goods, fancy articles and mats, are well received in foreign markets.

Further, the large majority of our people live in villages. After all, in a country like India, we must know that the fundamentals of planning are relief of poverty by finding

employment to the masses and equitable distribution of goods produced. Statistics reveal that, over 55 millions out of a total population of 400 millions earn their living out of cottage industries. Similarly, out of 15 million industrial workers, only 2 million get their employment in large scale enterprises. Their decentralised character provides employment to the workers at their own houses. Here, we should note that majority of the people depend upon agriculture which cannot provide employment throughout the year but their presence at the place is necessary. The great need is for occupations subsidiary to agriculture. After all, industrial development should not neglect small-scale and cottage industries. Even though we may think that the centres of wealth are the factory and the workshop still in India there is always room for the small producer. Indeed, the Gandhian contribution to Indian economic thought is that cottage industries give a valuable chance for avoiding the evils of centralised method of production. Even in modern factory production, there are limits beyond which it is not advantageous to increase the scale of production. They need not come into conflict with our schemes for industrialisation; they are indeed meant to absorb large numbers of unemployed and partially employed in rural areas, who are in a state of constant want, semi-starvation, economic insecurity, etc. The National Planning Committee rightly observed that the revival and expansion of old and introduction of new cottage industries will be an important and indispensable means of rehabilitating the villages and providing adequate employment to the people in the villages and ensuring to them a satisfactory level of income and resources.

OUR PROBLEM IN HYDERABAD

The economic problem of Hyderabad is exactly similar to that of our country. A time has come when we should take positive steps for the resuscitation of our cottage industries. Our cottage industries have developed over a long period and they have always helped our cultivator to augment his normal means of livelihood. Some have inevitably become full time occupations. Hyderabad's main cottage industries are weaving, carpet making, toy making, dyeing, knitting, spinning, rattan work, bidri ware, etc. Indeed, the carpet industry is localised in Warangal District. Carpets and rugs of Warangal are famous for their excellence and were displayed in exhibitions in India and Europe. In the exhibition of 1851 held in London, the very finest exhibited were from Warangal. Nirmal has specialised in the production of toys, while Paithan in gold lace work and silk manufacture. Sangareddi has specialised in silk manufacture while Karimnagar in gold and silver filigree work. Bidriware which includes ash trays, cigarette cases, Hookah bases, paper knives, tumblers, cosmetic boxes, broaches, buttons, is made in Bidar. An alloy of zinc, copper and lead is inlaid with silver and fashioned into a number of useful articles and attractive ornaments. The most important cottage industry is hand-loom weaving, which is spread over the whole Dominion, the total number of looms being 1,12,000 and Telingana having the largest number. It is said that weaving by hand-loom gives employment to over 4 lakhs of people of Hyderabad. Cotton, silk, blankets and mixed fibre are exported to the neighbouring states and provinces. Good Khadi is produced in Mettapalli and bulk of it is being exported.

We can just have an idea of the nature and extent of our cottage industries by the products exhibited at the recent industrial exhibition. These included tussore silk from Manthani, leather goods and pottery from Raichur, toys from Nirmal, Gangavati and Ellareddi, leather

water bags from Bir, Carpets and bed sheets from Alampur, Khadi from Jagtial, brassware from Sirsilla and handmade paper from Kaghazipura and Koratla.

While the Hyderabad State has done some pioneer work in the matter, we must say that much remains to be done. For example, we must have an economic survey of the various districts on the lines of one conducted by Prof. J. C. Kumarappa for the C.P. & Berar, so that we can know the scope for their development. In an article, which appeared in this Journal,* it has been shown how from the forests of Mahboobnagar, we can, not only get fine wood which can be used for furniture making, manufacture of agricultural implements, etc., but we can also get a number of forest products like gum, honey, wax, articles of medical value, etc. We can collect them systematically and arrange for sale in Hyderabad. This district produces the largest amount of wool and kambal weaving is carried on throughout the district. The women folk do spinning and carding and the entire industry is carried on cottage basis. This industry can be very well developed as it can easily meet the needs of the rural folk in the state. Out of 21 lakhs of lbs. of wool produced, 15 lakhs are exported and it stands to reason that we can convert the raw material into finished product here itself. By this method, we can give employment to our rural folk. We have to rear sheep for the production of wool on commercial basis, so that we can improve its quality. We can also grade it. Cross-breeding also helps us a good deal. The economic possibilities of this industry require careful examination and it requires concerted effort by the Marketing, Agricultural, Medical and other Departments.

It has already been shown that Hand-loom weaving is an important cottage industry in the State as elsewhere in India. Narayanpet is the biggest hand loom centre in the State and 70 per cent. of its population are weavers

* June, 1948, page 701.

The saris produced are in great demand in Sholapur, Kolhapur, Poona and other parts. Goods worth 40 lakhs are exported every year to Bombay Province alone. We have to see that this industry is kept on stable basis. The weavers must be enabled to get yarn at reasonable prices. There is also a need for the standardisation of handloom products and keeping up the quality of the product. In view of the fact that the total productive capacity of the looms is estimated at 120.7 million yards per annum or about 9 per cent. of the All-India level, we must have demonstration centres at important places where we must have different sections for the supply of yarn and other raw materials, sale of finished products, dyeing and printing, demonstration and training. We may have sub-centres at other places. We should have a five year plan to implement the scheme.

The Bangle industry also provides occupation to a number of people. In spite of competition, this industry has survived in the State in a few places and particularly in Gauzulpeth because religious importance is attached to them. They are sold in the famous fair at Tuljapur.

Oil pressing is another important cottage industry. If we develop it on cottage basis, making use of the latest type of 'ghanis' made by the All-India Village Industries Association, Wardha, we can get not only good outturn but, oil cake can be used for the cattle in the village which means more yield of milk. Surplus oil can easily be used for the manufacture of Paints and Varnishes. The remaining supply of oil seeds can be used for the manufacture of Vanaspati ghee on a large scale in the State. The All-India Village Industries Association, Wardha, has shown how paints and varnishes can be produced in villages making use of the oil seeds. We can understand centralisation of efficiency but not otherwise.

Similarly, all village wastes such as old rags, waste paper and gunny bags which contain

cellulose, can easily be converted into hand-made paper. In fact, this subject can be taught to students so that schools can be self sufficient in their requirements. In this respect also, we can profit by the experience gained by the All-India Village Industries Association, Wardha.

SOME SUGGESTIONS

While the Cottage Industries Sales Depot, and the Central Technical Institute are doing good work still the present writer has to say, that we can do a lot in the matter of their resuscitation. For example the Government can appoint a Committee to conduct an economic survey of the State to decide which of the Cottage Industries are to be developed. The planning committee has to consider which of these will extend employment, raise the standard of living of the masses and bring about an equitable distribution of our wealth. Having taken these decisions, we have to take steps to safeguard them against machine competition. They should be organised so as to fit into the agrarian economy since they provide an occupation subsidiary to agriculture.

The State should provide finance for improved processes and equipment, research and marketing so that we may be able to produce goods at a cost and return comparable to those of other competing methods of production. The weakness of cottage workers to-day is largely due to high cost of raw materials and lack of marketing facilities. We can have an Industrial Finance Corporation to provide the necessary facilities for the development of cottage industries. Electricity can easily be made available to the villages where there is vast scope for the development of cottage industries. It is also better to have a Deputy-Director of Industries charged with the task of resuscitating cottage industries in the State. Industrial co-operatives should form an integral part of any scheme. In the sphere of rural credit, land improvement, marketing, cottage industries,

etc., the role of the co-operative movement cannot be over estimated.

The present writer would also suggest the establishment of a Cottage Industries Museum in Hyderabad on the lines of the Magan Sangrahalaya of Wardha, so that we can show to the public the possibilities of developing cottage industries in the State.

CONCLUSION

In all these matters the chief object will be not revenue but public benefit. Cottage industries require little capital and running expenditure. The real Hyderabad like India, lives in the villages. Cottage industries afford to all individuals the means of subsistence on a footing of equality. Hands must have precedence over numbers. Let us remember that the extent of machanisation and the size of an industrial plan depends upon the relative scarcity and cost of labour and capital. Under the present conditions, it is profitable for us

to use more labour power and build up the purchasing power in the market through returning as much in wages as possible.* Let us not forget that, cottage industries provide employment in the worker's own place and their decentralised character has several advantages. They offer opportunities for profitable employment and development of inherent skill and talents in occupations congenial to them. The aesthetic claims of handicrafts are even more formidable. The handicrafts man, once the pride of India, may again come to his own. Further, increasing employment to the rural masses leads to a rise in their purchasing power, which at the present moment is confined to urban areas. Finally, since they tend to distribute wealth, we have to support them on grounds of social welfare.

* These points are discussed in the present writer's "Cottage Industries and their role in National Economy" and "Industrial policy of India."

The National Income of Hyderabad

By

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MANY may object to the title of this note. They may say that Hyderabad is not a nation. It is agreed that Hyderabad is an integral part of India, but an attempt is made here to discuss the standard of life of the average Hyderabad citizen. Such a study is valid because till now Hyderabad has had a more or less separate economy of her own. Further, such a study may help the authorities in the process of statistical improvement and national integration.

IMPORTANCE

"National income" is a very attractive phrase. Every intelligent man would like to know what the annual income of his country was, and how it stood in comparison with the state of affairs in other countries. Secondly, the concept of national income must be admitted as foundational because it would not be possible for the Government of the country to do anything systematically and with foresight unless and until they had some provisional idea of the national income (however vague). They began these studies in Britain, with 1938 as the starting point, with as much vagueness as faces us in India to-day. During the last 15 years, a great deal of progress has been achieved in the calculation of the national income in countries like Germany, France, Britain, Australia and the U.S.A. The analytical way in which items relating to national income are being linked up, is shown by the following procedure adopted in the U.S.A.

Gross national product.

Less: Capital consumption allowances.
Indirect business tax and related liabilities.
Business transfer payments.
Statistical Discrepancy.

Plus: Subsidies less current surplus of Government enterprises.

Equals: National income.

Less: Corporate profits and inventory valuation adjustment.
Contributions for social insurance.
Excess of wage accruals over disbursements.

Plus: Government transfer payments.
Net interest paid by government.
Dividends.
Business transfer payments.

Equals: Personal income.

Less: Personal tax and related payments.
Federal.
State and local.

Equals: Disposable personal income.

Less: Personal consumption expenditures.

Equals: Personal saving.

During 1942-44, South Africa's annual income was estimated at £. S.A. 547.4 million, of Argentine 10,789 million pesos, of Canada 8,724 million Canadian dollars, of Australia £. A. 645.7 million and of New Zealand £. N. Z. 257.4 million.

LIMITATIONS

The serious limitations which face the student and the worker may be enumerated at the outset so that the reader may remember the complexity of the problem of assessing the national income:

(a) Climatic conditions vary very widely as among different countries. Thus, a uniform standard of life in monetary terms, or even in real terms, would be inconceivable for all parts of the world: the food and dress of the average Britisher should, if imposed on the average Indian, prove most unhappy

although the British standard of life was much higher than the Indian.

(b) Traditions in different countries are quite different. For a "good life," the minimum requirements as would be laid down by a British Commission should prove quite different from those that would be recommended by a Burmese or Indonesian Commission.

(c) The real value of a national income would not depend on monetary assessment, nor even on the quantum in real terms, but to a large extent on its composition. Sufficiency in food and clothing material should render a national income much more valuable on account of stability than another larger national income involving a high level external balance.

(d) The value of a national income would also largely depend upon the terms of trade. We all know how till recently agricultural countries had small national incomes simply because they were forced under colonial regimes, to sell cheap and to buy dear.

(e) The actual worth of a national income is determined very substantially by the kind of distribution thereof among the sections of the population. A feudal society with a larger *per capita* income should be less happy than a democratic society with a smaller income per head.

(f) The general price level and cost of living go on changing without any method or uniformity among different countries. This would involve a very complicated system of adjustment of national incomes in view of the respective changes in prices and living costs.

(g) While assessing the national income year after year should we have a national base or an international base?—with one common year or different years? If we adopted a national base, that would help perpetuating inferior standards in some countries and run-away standards in others.

In spite of these practical difficulties, a scientific examination of the national income is to-day

accepted as one of the primary responsibilities of the Government concerned. Otherwise, national economy would suffer from inevitable drifts. A few figures relating to different countries are given here with a view to emphasise the importance of the subject.

U. S. S. R.

In the U.S.S.R., the fourth Five Year Plan is running. Very recently, the Central Statistical Office of the Planning Commission of the U.S.S.R. has released certain figures with regard to production in that vast continent, in percentages of established goals, in 1947 and in the first and second quarters of 1948 at annual rates. Including all Ministries, production was 108.5 in 1947, 102 in the first quarter of 1948 and 106 in the second quarter. The progress in agricultural industries was generally lower than in manufacturing industries. In the second quarter of 1948, the index was as follows with regard to agricultural production :

Meat and Dairy industries	..	101
Food Industries	..	111
Timber Industry	..	121

On the other hand, the indices with regard to certain manufactures went much higher :

Tractors	..	457
Tractor-ploughs	..	500
Tractor seed-drills	..	806
Tractor cultivators	..	1828
Looms	..	2394
Spinning machinery	..	570
Main line locomotives	..	1118
Main line wagons	..	649

Compared to 1946, the production index was 148 in the second quarter of 1948.

U. S. A.

In the U.S.A., the national income was assessed at 87.4 billion dollars in 1929 and at 215.1 billion dollars (annual rate and adjusted) in the first quarter of 1948. That is to say, in nineteen years, the national income increased in real terms to 250 per cent. With a population of about 184 million, the *per capita* income in

the U.S.A. works at about 1600 dollars per annum, i.e., approximately Rs. 5000. The national wealth of the U.S.A. was estimated at £. 81.2 billion for 1928 by Prof. Findlay Shirras, i.e., 825 billion U.S. dollars. Here is an example which shows how rudimentary such assessment was some time ago. It would be unthinkable for a national capital wealth of the order of 825 billion dollars yielding an annual income of 215 billion, the annual rate of income working at about 65 per cent. of the capital wealth. Even after allowing a big margin for the development of national wealth between 1928 and 1948 in the U.S.A., Prof. Shirras' figures should be classed as a serious under-estimate.

INDIA

In India, two non-official attempts were made to assess the national income by Professors, Findlay Shirras and V.K.R.V. Rao. For 1941-42, Prof. Shirras has estimated the national income of India at Rs. 8000 crores. For 1922, India's national wealth was estimated by him at Rs. 15,000 crores. Assuming that there was no material increase in the Indian national wealth between 1922 and 1942 (under the British *laissez-faire*), this works at 20 per cent. income on capital wealth. This is far in excess of the general rate of return on capital investments in the country. In other words, Indian national wealth must be much more even if Prof. Shirras' figure of Rs. 8000 crores were to be accepted. With August 1939 as base, the Indian price index was 882.8 in September 1948, and the cost of living (Bombay) was 821 in August, 1948. Any attempt to assess the Indian national income, at present, in real terms would have to take into account these phenomenal rises in the price and cost of living indices.

HYDERABAD

What about the national income of Hyderabad? India has not yet launched the necessary machinery for making such a study: in Hyderabad, the idea is still below the horizon.

As a Statistical total: In the absence of necessary statistics, (like a census of production,

etc.) it would be idle to venture on any estimate based on the quantum of production. In cultivation methods, in seed and in marketing, we have no standardisation, and as such, it is impossible to take into account the usual crop forecasts seriously. The Director of Statistics estimated the value of agricultural crops in the State at Hyderabad Rupees 105.67 crores (approximately equal to I.G. Rs. 90 crores) for 1944-45 and Hyderabad Rupees 107.65 crores (approximately equal to I. G. Rs. 92 crores) for 1945-46. With this as a basis, the total agricultural income of Hyderabad can be estimated at a minimum of I.G. Rs. 200 crores—including the value of cattle, fishing and forest products. We have no accurate figures at all with regard to handicrafts and mill production, but this could not be less than 50 per cent. of agricultural production. Thus, taking into account the rises in price and living cost indices between 1945-46 and 1948-49, it would be quite modest to put the national income of Hyderabad at I.G. Rs. 500 crores at 1948 prices. The Hyderabad price index for July 1948 is 875 (base August 1939), and thus, the adjusted national income would be about I. G. Rs. 180 crores at 1939 prices. Taking the present population of Hyderabad as 20 million, this would yield a *per capita* income of I. G. Rs. 65 at 1939 prices or about I. G. Rs. 250 at present prices.

As a multiple of external balance: A second way of making a conjecture about the national income of Hyderabad would be by estimating it on the basis of the external balance of the area. In 1947, the external balance of payments of Britain amounted to £. 3585 million while the national income of the country was estimated at £. 8770 million for the same year. This gives a ratio of about 1 : 2.5 between the value of external balance and the value of the national income. Britain is a country living mostly on external trade, and therefore, the ratio between the external balance and the national income of Hyderabad cannot be anything less than 1 : 5. The external trade value

of Hyderabad for 1946-47 was Hyderabad Rupees 80 crores. Including other items, the external balance of Hyderabad must have been at least I. G. Rs. 100 crores. This brings the national income figure to I. G. Rs. 500 crores at 1948 prices, giving a *per capita* income of I. G. Rs. 250 per annum at present prices or I. G. Rs. 65 at 1939 prices.

A recent *ad hoc* committee estimate of target trade figures of Hyderabad puts the external trade in 1950-51 at Hyderabad Rupees 163.74 crores. With this as the basis, the national income can be taken at about eight hundred and odd crores or approximately I. G. Rs. 700 crores, working at a *per capita* income of I.G. Rs. 350 per annum at 1948 prices or nearly I. G. Rs. 100 at 1939 prices.

As a multiple of Government Revenues: Another way of estimating the national income would be to strike a ratio between Government income and national income. In 1938-39, Government income in British India was Rs. 163.7 crores (Central and Provincial), while the national income was assessed for the same year at Rs. 1800 crores by Prof. Shriras. This gives a ratio of 1:11 between Government revenue and national income. In Hyderabad, taxation is at a much lower level than in India, and the ratio can be taken reasonably at 1:20. The Government revenues nowadays work at about I.G. Rs. 20 crores and thus, the national income would be about I.G. Rs. 400 crores—yielding Rs. 200 and Rs. 55 respectively at 1948 and 1939 prices.

As a multiple of the minimum wage: Lastly, we come to a fourth way of calculation. The lowest salary in Government service nowadays is Rs. 45 per month for peons. Assuming that an average family contains five persons, this gives an annual income of Rs. 108 *per capita* in a peon's family. This sum of Rs. 45 has been arrived at by the authorities as the barest minimum required for human existence. The peons get other things like free dress and *inams* and sometimes free quarters. The City *rickshawallahs* make on the average much more than Rs. 2 per day, and Rs. 100 per annum in addition to free food and clothing is the lowest payment being made even on the remotest farms to agricultural labourers. In the latter case, if the labourer's wife is on the farm, she also works and earns a wage. An increase from about I. G. Rs. 100 (lowest) to about I.G. Rs. 250 (average including capitalists, princes, etc.) would not be unreasonable. This calculation also leads to the same figure as in the first and second calculations.

STUDY OF VACUUM RATHER THAN OF SUBSTANCE

Something is better than nothing. It would be very easy to say that no estimate could be made of Hyderabad's national income. But, that would not help us in any way. The calculations and reflections made above, it is earnestly hoped, will persuade the authorities in Hyderabad to recognise the vacuum rather than the substance and attach due importance to this basic study. Let us hope that Hyderabad will be able to say something more definite on this subject in the next 3 or 5 years to come.

Places of Historical and Archaeological Interest in Hyderabad

by

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Golconda

It was the capital of the Kutb Shahi Kings of Golconda from 1518 to 1687. Its founder Sultan Qutb Shah, was a native of Persia and introduced the customs of Persia at his Court. He was fond of architecture and was a great patron of fine arts. His buildings mark the evolution of a new style of architecture, which is a mixture of the Persian, Hindu and Pathan styles. Persia played a more important part in the development of the civil architecture of the 15th and 16th century Deccan, than in that of any other contemporary Indian Style.

The Tombs of the Golconda Kings are of archaeological interest. During the Qutb Shahi period, the tombs were always furnished with expensive carpets and lamps and a number of Qurans were kept on supports, which were recited by the readers at appointed intervals. The domes of the tombs of kings were distinguished from the rest by spires of golden crescents fixed above the centre of the dome. The poor were entertained at these tombs every afternoon.

For the purpose of washing the bodies of the dead, a mortuary bath was constructed by Sultan Quli. It contains a number of cisterns for hot and cold water. After the bath, the dead bodies used to be carried to the last resting place. It is one of the best specimens of the old Persian and Turkish baths.

The inscriptions on the graves are good specimens of Calligraphy. The Qutb Shahi Kings were particularly fond of this art. They were great patrons of the vernacular languages. The Telugu poet, Addanki Gangadharakavi describes the victories of Quli Qutb in his *Tapati Samvaranopakhyanam*. Another Telugu poet, Ponnaganti in his *Yayathi Charitram* describes

the court of Ibrahim Qutb Shah, who was the king of Golconda from 1550 to 1580.

One of the leading commanders of the period was Mustafa Khan. His name and titles are preserved in a beautiful inscription over the Macci gate at Golconda. The gate is so called because it faces the city of 'Mecca. It is a massive structure and consists of two gateways and an extensive court with guard rooms between them. The gates are made of teak-wood studded with iron wrought in fanciful devices and huge sharp pointed iron knobs, intended to prevent elephants battering them in. Ibrahim is mentioned in this inscription as the greatest of sovereigns and the noblest of kings, who is the refuge of water and clay, the opener of the gates of benevolence to all creatures. Mustafa Khan is described as the pillar of his powerful empire and the prop of his bright kingdom, the collector of books and the dispenser of armies.

The small mosque midway on the steps to Bala-Hissar, the topmost hall on the Golconda fort, was constructed during this period. The Hussain Sagar tank, on the main road from Secunderabad to Hyderabad was built in 1575. The mosque at Maula Ali was also constructed by him.

The tomb of this king was once beautifully decorated with tiles of different colours, a few pieces of which are still to be seen on the southern wall.

During the reign of Muhammad Quli Qutb Shah 1580-1612, the prosperity of the Qutb Shahis reached its zenith. He built the city of Hyderabad, then known as Bhagyanagar, after Bhagmati, one of the mistresses of the king. The city was adorned with a number of

magnificent edifices. The most ornamental building in the city is the Char Minar or the four minarets. It is 160 ft. high and is full of stucco decorations. Above its arches are a couple of rooms, used originally as a mosque and a school. The French traveller, Thevenot, visited Hyderabad in 1687 and said, "Nothing in that town seems so lovely as the outside of that building."

The Char Minar is the meeting place of four roads, in four directions. At a little distance from the Char Minar, on the four roads, are four arches, known as Char Kaman. At present, they are called Machli Kaman, Char Minar Kaman, Kali Kaman, Sher Dil.

Close to the Char Minar is the Bad Shahi Ashur Khana. In respect of age, this Ashur Khana is older than the Imam Baras of Hughli or Lucknow and its enamel work compares favourably with the best buildings of Lahore and Multan. Notwithstanding the lapse of three centuries, the enamel tiles have maintained their brilliant lustre. Calligraphical skill is also exhibited here.

North-East of Char Minar is the Jami Masjid. A school, a monastery and a bath were attached to it. The inscription in the Jami Masjid describes the king as "the Lord of the world, the king of kings in whose reign the virtuous received generous treatment."

Naubhat Pahar is a rock 300 feet above ground level near Fatch Maidan and the Nizam College. It was used as a royal health resort. Firmans or royal edicts used to be announced from its top by beat of drums. Hence the name Naubhat Pahar.

The Grand tomb of Muhammad Quli Qutb Shah, with extensive double terraces is second to none among the tombs. The elevation of the terrace is 18 ft. 6 in. The upper terrace is 200 ft. each way and the height of the colonnades is 22 ft. The tomb proper is situated in a vault below the terrace, which is open, all the other being closed. The inscription

on the tomb gives the title, His Exalted Majesty to the king. This title was adopted for Humayun and Akbar after their death. It was the ambition of the Qutb Shahi Kings to use the title of Emperor.

During the reign of Muhammad Qutb Shah 1612-1626, the erection of the Mecca Musjid, one of the most sublime and impressive mosques of the Deccan was started. It was completed by Aurangzeb, after his victory over Abdul Hasan, the last of the Qutb-Shahis! It is so extensive that nearly 10,000 men can easily say their prayers conjointly. It is 225 ft. long, 180 ft. wide and 75 ft. high. The southern courtyard of this mosque is used for the burial of the Asafia royal family and there are 6 screens of pierced marble with inscriptions. The tomb of Muhammad Qutb Shah ranks next in splendour to the tomb of Muhammad Quli. The facade of its dome had enamelled tiles, traces of which still exist. The inscription on the tomb gives him the title of His Exalted Majesty. The title of Her Exalted Highness is given to a princess of the royal family and that of His Exalted Holiness to the spiritual guide of the royal family.

The first Qutb Shahi history, Tarikhe-Sultan Muhammad Qutb Shahi was compiled in his regime. A manuscript in the handwriting of Sultan Muhammad Qutb Shah dealing with the pedigree of his house is in the library of Nawab Salar Jung Bahadur.

Abdullah Qutb Shah was the king from 1626 to 1672. One of his officers Khairat Khan constructed a granary in 1642 close to the citadel of the Golconda fort. This is mentioned in the inscription, to be seen near the granary, as we climb the steps towards the Bala-Hissar.

The talented queen mother, Hayat Baksh Begum tried to maintain peace between the Mughals and Golconda. Peace was concluded after the first siege of Golconda, by the proposal of a marriage alliance, and the designation

of the Mughal prince the bridegroom as the heir-apparent to the throne. Unfortunately, this Mughal Prince predeceased Abdullah.

There is a bilingual inscription in Persian and Telugu, on one of the bastions of the fort, known as Musa Burj, giving an account of the first siege. One of the army generals, Musa Khan is described in this inscription as "the Wazir of the Wazirs of the time, the confidence of the royal court, the trust of the State, the Khan, the Exalted Commander in Chief."

Musa Khan built the Toli Musjid, on the road from Char Minar to Golconda. Two minarets 60 ft. high, flank the building at each side. Some of the best specimens of Calligraphy can be seen on the tombstones in this masjid.

One of the most conspicuous buildings of this period is the Gosha Mahal Baradari, now used as the temple of the Freemasons of Hyderabad. The Emperor Aurangzeb installed his son Shah Alam in the Baradari when he sent him to complete the conquest of the Deccan. For two years, it was the headquarters of the Mughals in the Deccan. Recently, the building has been beautified by filling in the three great arches of the facade with tracery and doors. This tracery and the doors have been copied from the incomparable work of the tomb of Salim Chishti at Fatehpur Sikri. They add great beauty to the splendid simplicity of the design and complete the masonic symbolism of this historic palace. The great mosque of the Golconda tombs is the most splendid and the largest mosque of the fort. It is situated close to the tomb of Hayat Baksh Begum. The hall is flanked by 2 lofty minarets on either side, crowned with a pot of the Hindu pattern, resting on lotus leaves and adorned with two projecting balconies. The Calligraphic art is splendid.

The tomb of Sultan Abdullah is situated outside the boundary wall of the tombs.

The last king, Abul Hasan Tanah Shah, had two brahmin ministers, Akkanna and Madanna.

The Sabhasad Bakhar, quoted in Sen's Shiva Chathrapathi gives a very interesting account of the reception given to Shivaji by Abul Hasan Tana Shah. One of the nephews of Akkanna, renovated the temple of Sri Rama at Bhadrachellum. Tradition points out a cell, near the Bala Hissar, at Golconda, as the place where this nephew, known as Ramdas, was kept in confinement on the charge of misappropriation of public funds. The ballad of Ramdas, in Telugu, is one of the most popular devotional ballads in Telingana. To the present day, the villagers of Golconda, hold an annual festival to the memory of Ramdas in this cell.

In 1687 Golconda fell to the Mughals. Abul Hasan was sent a prisoner to Daulatabad and died there in 1701.

One of the guns used by Aurangzeb is at present on the bastions of the fort. It is 16 ft. 2 in. in length and is dated 1672. Another gun on the Musa Burj measures 14 ft. 10 in. and is known as Dragon body—AZHDAHA Paikar. It was used by Aurangzeb in the last siege. Balls weighing 40 seers were used during this siege.

One of the most distinguished generals who took part in the campaign was the grandfather of the great Nizam-ul-Mulk, the founder of the state of Hyderabad. In 1718, Nizam-ul-Mulk was appointed Viceroy of the Deccan. In 1724 he became an independent ruler and after a long and most remarkable career, he died at the age of 79 years at Burhanpur in Berar, in 1748.

AJANTA

Ajanta was a great centre of Buddhist influence in the Deccan for a period of over a thousand years, from the 2nd century B.C. to the 8th century A.D. It is situated on the north-western frontiers of H.E.H. the Nizam's Dominions, 55 miles north of Aurangabad. There are 29 cave temples at Ajanta, hewn out of solid living rock; in a semicircular scarp, 250 ft. high, extending for about 600 yards. From a distance, they appear like a succession of pillared veran-

dahs. The spot chosen at Ajanta is the most appropriate for study and meditation. The scenery around is marvellous for its beauty and charm. The place may rightly be described as an abode of peace. After the rains in September, the Waghora stream running down the valley, the waterfalls and the luxuriant foliage all round present a pleasing spectacle to the eye. In these caves, Buddhist scholars and monks spent their time in study and meditation and provided opportunities for the spread of knowledge and culture. In one of the inscriptions in the caves, the place is described as lovely and auspicious, being the residence of pious, virtuous and wise persons.

Gautama Buddha, the founder of Buddhism was a historical personality, who lived between 568 and 483 B.C. It is not certain whether Buddha travelled in the Deccan. There is, however, no doubt that from about the beginning of the third century B.C. Buddhism received the patronage of the Deccan rulers and for about six hundred years, flourished side by side with Jainism and Hinduism. As pointed out by Sir Radhakrishnan, Buddha's mission was to accept the idealism of the Upanishads and make it available for the daily needs of mankind.

By the time of Emperor Asoka, 273-232 B.C., Buddhism had spread in the Deccan. Asokan inscriptions have been discovered at Maski, in the Raichur District and at Gavmath and Phalgigundu, two hills near Kopbal, 21 miles from Hampi-Vijayanagar. They prove beyond doubt the extension of Asoka's dominions in the Deccan. Maski is identified with Suvarnagiri or Gold mount the headquarters of Asoka's Viceroy in the Deccan.

Megasthenes, the Greek ambassador to the court of Chandra Gupta Maurya was the first classical writer to make mention of the walled towns of the Deccan and the peoples that inhabited them.

Recent excavations at Kondapur, 43 miles from Hyderabad identify the place as one of

those walled towns mentioned by Megasthenes. The people that inhabited these territories were the Andhras. They had a military force second only to that of Chandra Gupta Maurya.

One of the epoch making periods in the history of the Deccan was the period between 230 B.C. and 230 A.D. The Andhra kings, holding undisputed sway, from the Arabian Sea to the Bay of Bengal carried on active external trade with the Roman Empire on the west and the Islands of the Indian Archipelago on the east. In a very interesting traveller's book, known as the Periplus of the Erythrean sea, by an Egyptian Greek of the first century A.D., the ancient trade routes of the Deccan and the articles of export and import have been described in great detail. Starting from Broach, a seaport north of Bombay, and passing through two ancient cities, Paithan (Pratishthanapura) and Ter (Tagara) both of them situated in the Dominions, commodities were taken to the eastern port of Masulipatam (Masalai), also a part of the Dominions, till about 200 years ago. Embroidery, beads and precious stones were some of the articles exported to the Roman Empire and a large amount of gold bullion was imported into India from the Roman Empire. Pliny, the Roman historian and Seneca, the Roman philosopher, bitterly complained of this drain of gold to India. At the present time, coins of the Roman Emperors of the first century A.D. are found in several parts of the Deccan by men digging the fields.

One of the most famous Buddhist Stupas was constructed at Amaravati or Dhanyakataka, near the frontier of the Hyderabad State, towards Bezwada. Some of the specimens of Amaravati sculpture, representing Buddha symbolism are to be found deposited in the Hyderabad museum. The greatest Buddhist philosopher of the second century A.D. Nagarjuna, resided at Nagarjuna Konda, in the immediate neighbourhood of Amaravati and in the beautiful sculptures of Nagarjuna Konda, scenes from the life of Buddha like renunciation and Enlightenment, Birth and Temptation are freely depicted in a style

closely similar to that of Amaravati. Under the stroke of the master's chisel the stone became malleable, as it were and was transformed into figures of permanent beauty and grace. The synthesis of the external form with the inner spirit is nowhere better illustrated than in the Buddhist sculptures and paintings at Ajanta.

The Buddhist temples were known as Chaityas and the residence halls of monks as Viharas. The relics of Buddha were deposited in caskets and buried underground and a domed shrine known as the stupa or Dagoba was constructed above the relics. The Stupa or Dagoba corresponded to the inner shrine or garbha griha of a Hindu temple. Round the stupa were highly ornamented chaityas. The Viharas also contain shrines with huge sculpture of Buddha's birth and enlightenment and the famous Chinese pilgrim, Hieun Tsang visited the Buddhist University at Ajanta, in the reign of the Chalukyan king, Pulakesi.

From the 9th to the 10th century, for about a thousand years, the caves were neglected and forgotten. It was in the year 1819, that a company of British troops reconnoitering in that area, disclosed their existence. In 1844 Major Gill of the Madras Army was appointed to make facsimile copies of the Ajanta paintings. In 1915 two sumptuous volumes of these paintings by Lady Herringham were published by the India society in London. During the last thirty years, His Exalted Highness's Government has incurred an expenditure of over £. 600,000 for the preservation of these monuments and three excellent volumes of some of these paintings have been published by the Oxford University Press. Picture Post-cards of some of these paintings are available in the Hyderabad museum.

The French Indologist, Grousset describes Ajanta as a poem of Indian womanhood. The greatest freedom is given to emotion and fancy, but unlike the sculptural representation at Palampet, near Warangal, there is no obtruding sensuality. Sensuousness is restrained by a

conscious moral sense. The prominent note is spiritual and all idea of voluptuousness is avoided. One of the most unforgettable paintings at Ajanta is that of the Mother and Child. There is a fine copy in the Hyderabad museum. After the enlightenment, Gautama becomes Buddha and wanders in the garb of a hermit, bowl in hand. His old father sends him message after message to come and see him once before he died. In one of the legends of Buddha, it is stated that Buddha, as a mendicant, was not recognised by his wife and to convince her that he is now an enlightened one, he began to take a form larger and larger in size and enabled his wife and son to witness that vision.

Buddhism underwent several changes after Buddha. Later Buddhism is known as the Mahayana or the great path. It stressed the importance of the teacher, the Bodhisatwa or Buddha-in-becoming. The greatest of these is Avalokiteswara, the Jewel of the Buddhist Church, Sangharatna. He looks with compassion on the whole universe. He holds a lotus in the hand, Padmapani. He is represented as a charming prince, sixteen years old, wearing a jewelled crown. His body is bent in a beautiful pose, like the dancing Siva, Nataraja or Tandava Krishna. The mantra or prayer hymn which is the profound secret of Avalokiteswara is "Om mani Padme Hum." It may be rendered as, "Obeisance to Thee, Thou art the lotus of my heart." Fa Hien, the Chinese pilgrim is said to have prayed to this Bodhisatwa, when he was overtaken by a storm, on the voyage from Ceylon to China.

This painting at Ajanta has received superlative praise from every student of Indology. Grousset describes it as "a figure worthy of a place in the art of the world by the side of the sublimest incarnations of the Sistine Chapel or of such drawings as that of Christ for the last supper, in which Leonordo Da Vinci has expressed the most intense emotions of the soul." The Late Dr. Coomaraswami, keeper of the Indian section of the Boston museum

wrote, "The great Bodhisatwa is perhaps the most impressive, perfectly realising the conception of one born by right of virtue to the enjoyment of all that the world can offer and yet preoccupied with the one ruling passion of Compassion."

Six feet in length, golden hued, with princess Tara on the left and a woman bearer on another side, it is painted in a wonderful background, presenting a profound conception of the unity, that pervades the whole universe, illustrating the Upanishadic message: "Isavasyam Idam Sarvam." To quote Mr. Yazdani, "It is a vision of the living world that the artists of Ajanta represent, the teeming earth, the springing plants, the buds, the deer, the elephants, crimson pillared pavilions and porticoes, gateways and roofs of cities and among all these the life of men, women and children, supple limbed and gracious in gesture, freely moving, playful or pensive in mood: all earthly life in its laughter and its grief but always emerging from it a life of the spirit prevails, the spirit that contemplates and is filled with compassion." Truly, "Ajanta is a complete expression of every side of the Indian soul."

The names of the artists, painters, sculptors or scholars of Ajanta will never be known to us. They studiously remained anonymous. They were the inheritors of a tradition of perfection and they were the conveyors of that tradition of perfection, in the Education of the soul.

The great Russian painter, Nicholas Roerich, who made the Himalayas his home, and left this mortal abode after his allotted three score and ten, drew his inspiration from the Indian religion of the Forest and one of his paintings, in the Library hall of the Nizam College, depicts two pilgrims coming from China, to pay their respects to a Bodhisatwa, sitting in meditation, in the caves of the hills, repeating the sacred hymn, painted across, "Om Mani Padme Hum."

ELLORA.

Ellora is situated 15 miles east of Auranga-

bad. The cave temples of Ellora extend over a mile and a quarter and are divided into three groups, Buddhist, Hindu and Jain. The Hindu cave temples are in the centre and seem to have received greater attention than the rest, from the Rashtrakuta Kings of the 8th century A.D.

The most marvellous structure in this group is the Kailasa temple. It is considered one of the wonders of the world. Krishna, the Rashtrakuta king of 754 A.D. was responsible for its construction. It is a great monolithic temple, isolated from the surrounding rock and magnificently carved both on the outside and inside. Havell, in his "The Himalayas in Indian art" points out that the builders of this temple derived their inspiration from the Kailasa mountain in the Himalayas, the abode of Siva and his Consort, Parvati. The waterfall near the Ellora caves correspond, to the great waterfall in the Himalayas symbolising the descent of Ganga from Brahma's heaven. The outer coating of the Ellora temple with fine polished chunam, portions of which are yet visible, is supposed to represent the dazzling white of the snow peaks of the Himalayan Kailasa.

The temple was made by quarrying a pit, 100 ft. deep 250 ft. long and 160 ft. broad. A great mass of rock in front represents the Gopura or the entrance tower. The temple is towards the back and in front of the temple is a pavilion or mantapa for the Nandi or the Sacred bull. Running round the base of the temple are carved a great herd of elephants, supporting the temple on their backs. The elephant symbolises the rain clouds, which are gathered round the Himalayan peaks. On the base of the Mantapa, is the great bas relief, which according to Havell, shows Indian sculpture at its best. It represents the great demon king, Ravana, burrowing a hole in the mountain of Kailasa and making an attempt to shake it. On the mountain is Siva with his consort, Parvati. Parvati quakes with fear and clings to her

lord. Siva presses down his foot and pins down Ravana in his self made dungeon.

Like all Hindu temples, there is an outer circumambulatory path for the pilgrims to go round, before entering the shrine. Several cloisters and chapels are cut into the quarry on all sides of the temple. These chapels contain numerous sculptures, illustrating the mythology of the Saivite and the Vaishnavite forms of Hinduism.

Image worship is very ancient in India. The image was a symbol used for concentration and meditation. The Dhyana or Yoga form of the image is to be found in the Saivite, Vaishnavite and Buddhist pantheon.

There is another class of images representing the Divine dance, which appeals most to the emotions. There are several varieties in the Dance of the Gods and the subject has been dealt with in great detail in the works of Dr. A. K. Coomaraswami.

There is a third class of images intended to illustrate the mythological incidents connected with the names of devotees of one deity or another. Some of them represent a graceful attitude, others represent a very terrible attitude; One represents God's love to his devotee, the other represents God's power to destroy the Evil one.

All these classes of Sculptures are represented at Kailasa and the other brahminical caves at Ellora. The temple at Kailasa is dedicated to Siva, and is full of Saivite sculptures. There is the Mukha Linga, the image of Siva, coming out of the Phallic symbol. Several sculptures represent the marriage of Siva with Parvathi or Siva playing the game of dice with Parvathi. There are many representations of the vigorous dance of siva in different poses.

The dance of Siva is a common theme for the art of the sculptor, painter and metal worker. It is considered as one of India's greatest contributions to the art of the world.

Siva is a great master in the art of dancing.

The Sculptures at Ellora represent Siva dancing in several poses, with his consort Parvathi, musicians and attendants witnessing the dance of the Lord. Grousset makes the following observations. "The symbol of the Nataraja, the king of the dance (is) one of the most deeply charged with philosophical thought that Indian wisdom has handed down to us. The dance of the God became the very process of the creation, preservation and destruction of the universe. The scene of this dance is the cosmos as a whole. The significance of this symbolism is expressed by Kabir "Dance, my heart, dance today for joy."

The terrible forms of Siva are represented in the sculptures of Bhairava piercing the demon and Bhairava in the shape of a skeleton. The most vigorous representation of the saivite Goddess is that of Mahishasura mardini, the goddess that takes a terrible form to kill the demon that takes the form of a buffalo.

The vaishnavite forms do not go unrepresented at Ellora. Rama and Krishna, however, do not make their conspicuous appearance as they do in later Indian shrines. Vishnu is the preserver of the world. He appears from time to time in a new incarnation or descent or avathara. In what is known as the Dasavatara or Ten Incarnation cave, is the sculpture of Narasimha or the Man-Lion form of God, full of expression and suggestive of energy and vigorous action. Puffed up with pride, the Asura King, Hiranyakasipu insults Vishnu, crying, "If he is everywhere, as people claim, why is he not in this column," and the Titan smote one of the columns in his palace. At once, the Man-Lion rushes out, the legs of the two are interlocked. The demon bears a haughty smile and the Lion-God tears him with his claws.

The position of the Man-Lion at Ellora is unusual in sculpture. He is represented in a standing posture while most of his representations are in a seated posture.

Of the Vaishnavite Goddesses, the sculpture of Lakshmi seated on the lotuses, with her

attendant elephants, at the entrance of the temple of Kailasa, is the most noteworthy.

Photographs of these sculptures are on exhibition in the Hyderabad museum. Picture Post-cards of Ellora are also available.

Ellora, also, represents the growth of Jainism in the Deccan. Among the Jaina cave temples at Ellora, the most striking is known as the Indra Sabha. Here is a colossal image of Indra, seated on an elephant. There is a tree behind the head and small figures of attendants by the side. The inside of the hall has several fine pillars. Indra is a minor Jain divinity. He is one of the guardians of the quarters (Dikpalas). His position is subservient to that of the Tirthankaras.

The Hyderabad museum contains a valuable gallery of Jain sculptures, mostly from the Telingana districts of the Dominions. Patancheru, 18 miles north west of Hyderabad was once an important centre of Jain worship. A colossal statue of Parswanatha, nearly 14 ft. high and the head of a Parswanatha are installed in the museum.

Malkhed or Manyakheta, the capital of the Rashtrakuta kings, was a Jain centre and contains a large collection of Jaina sculptures and bronzes. It is also intimately connected with the Bhakti movement of Madhwa Acharya. The second great outstanding personality of the Madhwa movement, Jaya Tirtha, resided at that place in the 14th century. Kulpak or Kollipaka, 45 miles north east of Hyderabad has a Jain temple of the three Tirthankaras, Rishabha, Nemi and Mahavira. The town of Kopbal, near Hospet, was a celebrated Jain centre and was held in equal sanctity, with Sravana Belgola. It is identified with Konkinapulo of Hieun Tsang and was known by the name Maha Kopanagara, in the 9th century A.D. A beautiful image of Parswanatha, with 28 Jinas represented in the aureole going round the image was found at Kopbal and is now deposited in the palace of Nawab Salar Jung Bahadur at Surur-nagar, Hyderabad.

There are two seated sculptures of Mahavira from Warangal, of highly polished black basalt, in the Hyderabad museum. A rare Jaina sculpture is the Jaina quadruple, popularly known as Choumukhi. It is known as one that is auspicious from all sides—Sarvathobhadrapratima. It is an obelisk, representing the figure of a Tirthankara, on each of the four sides. It is about 4 ft. in height. There are 4 small seated Jinas, with a lion, and a Makara Torana, surrounding the figures, at the top of the obelisk. Near the wider base of the obelisk, are four more Jina figures, with 2 Chauri bearers on either side and a lion throne and the trilinear umbrella.

The most beautiful sculpture in this Jina collection is that of the Goddess of Learning or Vidya Devi from Mahur in the Adilabad district. The image is in a standing position and is well ornamented. On the pedestal is an inscription. The sculpture belongs to the 18th century A.D. The image has four hands, adorned with the book, the rosary, the lute and the goad. There is a disc or Chakra round the head. On the pedestal is the swan holding a garland; on either side of the pedestal are two worshippers, a man and a woman. Above the image, on either side are two seated Parswanathas, with seven hooded serpents. On the top are three standing Jina images.

Jainism and Buddhism, based on Ahimsa and Dharma, profoundly influenced the culture of the people and the Bhakti movement of medieval Deccan. The Jain teachers were held in high esteem by the Muslim rulers of medieval India. Vijayasuri, Vijaya Sena and Jina Chandra enjoyed the patronage of Akbar. Hyder Ali of Mysore granted villages to Jaina temples. Friendly relations existed between the Sultan of Bijapur and the Jaina ruler of Gorsappa. Kalyani, 86 miles west of Bidar, in the district of Gulbarga, was capital of the western Chalukyas, in the 11th century A.D. Kalyani obtained an all-India reputation for its scholarship and learning. The famous Kashmiri poet, Bilhana,

was the court poet of the Chalukyan king, Vikramaditya, 1076-1126, and composed a work, called Vikramanka Charita, in praise of his master and patron. That literature flourished under the king and that his government was according to the rule of law may be known from the fact that the celebrated jurist, Vijnaneswara wrote his famous commentary, Mitakshara, on the Yajnavalkya Smrithi, which is recognised as the leading authority on Hindu Law, all over India, except Bengal. Praising his sovereign and his capital city, Vijnaneswara wrote, "on the surface of the earth, there was not, there is not and there will not be a town like Kalyana: never was a monarch like the prosperous Vikramanka seen or heard of: May the Lord Vikramaditya protect this whole earth as long as the moon and stars endure."

An interesting inscription at Nagai, $1\frac{1}{2}$ miles from Chitapur Railway station, dated 1058 A.D. makes mention of an educational institution with two hundred scholars studying the Vedas and fifty two studying the Shastras maintained by three Vedic teachers, three Shastra teachers and six librarians, with adequate provision for clothing and boarding. The prosperity of the towns and the guild organizations of the times, is indicated in another inscription, which states that the thousand and the entire body of gold merchants made a gift for the benefit of a monastery, in the presence of the 400 Elders of the place.

Manasollasa or Abhilashitartha Chintamani is an encyclopædia of politics, military art, poetry, music and astronomy composed by King Someswara III, 1127-1186, who was known as Sarvajna Bhoopa or the all-knowing King.

Kalyan is the cradle of Veera Saivism, founded by Basava, the minister of the Kalachuri king, Bijjala. 1156-1184. Basava taught that men of all castes and even outcastes were eligible to enter the Veera Saiva or Lingayat Sect.

WARANGAL

Warangal was the capital of the Kakatiya kings, who were the rulers of Telingana in the

12th and 18th centuries. The greatest king of the Kakatiyas was Ganapathi Deva, 1199-1261. The temple at Hanamkonda, one of the suburbs of Warangal, is considered one of the finest specimens of the architecture and sculpture of this period. It was dedicated to the triad, Siva, Vishnu and Surya. The most notable features of this temple are the richly carved pillars and lintels, the delicately pierced screens and the most carefully finished sculptures. The Nandi or the Sacred bull, in front of the temple is a splendid specimen of a monolith.

Some specimens of the sacred bulls are deposited in the arcade of the Hyderabad museum.

The construction of the fort of Warangal was begun by Ganapathi Deva and completed in the reign of his daughter, Rudramamba. The remains of a large temple at the centre of the fort, which was never finished, were recently excavated and some fine specimens of sculpture, are to be seen in the pavilion constructed in the compound of the Hyderabad museum.

The boundary of the original temple at Warangal was marked by four large elaborately carved gateways facing the four cardinal points. They bear a similarity to the famous gateways of Sanchi.

Palampet, a village, 40 miles from Warangal, on the shores of Ramappa lake, contains the remains of temples, described as the brightest stars in the galaxy of medieval Deccan temples. The pillars and ceiling are full of ornamentation. The stories of the Ramayana and the Mahabharata are represented in sculpture. Most beautiful figure brackets spring from the shoulder of the pillars and support the overhanging cornice. Female figures with extremely graceful poses, almost life size and made of highly polished black basalt stone are arranged in pairs in the form of brackets. They represent the Yakshis, female spirits, in technical dance poses, serving as guards of the doors. Unlike the Ajanta women, the Palampet figures are voluptuous. Pangal, Rajakonda, Manthana, Nagala-

padu, and Pillalamarri contain beautiful temples with extremely artistic sculptures. Nalgonda contains a monolithic pillar, 41 ft. in height. Magnificent tanks were also constructed during this period. The largest is the Pakhal lake, covering an area of 13 square miles. On every side of the lake there is a far stretching jungle.

Marco Polo, a Venetian traveller of the 13th century passed through the Deccan, when Queen Rudramamba, 1261-1291, was ruling at Warangal. He describes her as "a lady of much discretion a lover of justice, of equity and of peace. She was more beloved by those of her kingdom than ever was lord or lady of theirs before. The inhabitants worship idols and are independent of any other State. They live on flesh, rice and milk. It is in this kingdom that diamonds are got. They are found both abundantly and of large size. In this kingdom also are made the best and most delicate buckrams and those of highest price. In sooth they look like tissue of spider's web. There is no king nor queen in the world but might be glad to wear them. The people have cattle enough and the largest sheep in the world and great abundance of all the necessities of life."

Prataparudra, the Lader Dev of the Muslim historians, 1291—1328 was a great patron of Telugu literature. Vidyanaatha's Prataparudriyam, is a famous work in Sanskrit, giving an account of the events of the King's reign. The greatest of Telugu poets, Tikkana rendered the Mahabharata into Telugu. His pupil, Marana dedicated his Markandeya Purana to a general of Prataparudra. Kona Buddha Reddi translated the Ramayana. Siva Devayya wrote a treatise on Polity, Purushartha Saramu.

Wardhaman, 15 miles from Wanaparthy, was the seat of one of the Kakatiya Viceroy. Motupalli, near Guntur, was an important commercial centre and Marco Polo described the kingdom, as the kingdom of Motfil, (Motupalli). In 1820 the Reddies established an independent kingdom at Kondavidu. The Reddies patronised Telugu

literature,—Errapragada, 1280-1350 completed the Maha Bharata and Srinadha, 1365-1440 wrote the Palativira Charitra.

ANEGUNDI

Anegundi is on the banks of the Tungabhadra, on the other side of which are the famous ruins of Hampi-Vijianagara. Harihara and Bukka, the ministers of the Kakatiya king, Prataparudra migrated to Anegundi. In 1344 they became the founders of Vijianagara. Anegundi is now, one of the Samasthans in H.E.H. The Nizam's Dominions. The place is of considerable importance to the Madhwa community. The third great outstanding personality in the Madhwa line of Gurus, Saint Vyasaraya 1447-1539; the patron saint of Emperor Krishna Devaraya and his two disciples, Purandara Dasa and Kanaka Dasa, who played an important part in popularising the Bhakti cult of Madhwa, spent a considerable portion of their life at Anegundi. At the crossing of the river Tungabhadra, between Anegundi and Hampi, is a little rocky island, where the remains of Sri Vyasaraya were laid in an enclosure known as Nava Brindavana, the tombs of nine saints.

DEOGIRI

Deogiri or Daulatabad, was the capital of the Yadava kings in the 12th and 13th centuries. In 1326 Muhammad Bin Tughlak transferred his capital from Delhi to Deogiri. The Moorish traveller, Ibn Batuta, in his book of travels, gives a very interesting account of Daulatabad. The citadel is unequalled for its strength. The fortress is a rock situated in the midst of a plain: the rock has been scarped and a castle built on its summit, Ibn Batuta was much impressed by the wealth of the country, its flourishing agriculture, its vines and pomegranates and the beauty of its women.

AURANGABAD

Aurangabad is one of the most important cities in the Dominions. The tomb of Aurangzeb's wife is known as Bibika Mukbara. Dil Ras Banu

Begum, the first wife of Aurangzeb, died at Aurangabad in 1657, during Aurangzeb's second Viceroyalty of the Deccan, 1658-1658. The splendid mausoleum of his wife is an imitation of the Taj Mahal, at Agra. It is the finest architectural monument of the city. It is 500 yds. long and 300 yds. broad. There are beautiful floral designs on the walls and the marble trellis work is excellent. On the four sides of the mosque are four beautiful minarets and there is a lovely garden in front of the mosque.

The city of Aurangabad bears the Prince's name and commemorates his first Viceroyalty.

In the war of disputed succession that followed the death of the great Nizam-ul-Mulk in 1748, Dupleix sent Bussy to Aurangabad to champion the cause of Salabat Jung. From Aurangabad, the French were dominating the whole of the Deccan. Aurangabad was more than 900 miles from Pondicherry and yet Bussy made a magni-

ficent raid, with hardly a shot. He had a mastery in managing Indian princes. In Dec. 1754, he obtained the grant of the Northern Circars. The French nation was raised to the highest pinnacle of glory. In January 1755, when a party hostile to the French succeeded in getting Bussy dismissed, Bussy returned to Hyderabad and entrenched himself near Char Mahal, in the Chow Mahalla palace. Soon, further French forces arrived and Bussy resumed ascendancy and retained it till 1758.

The French made another attempt to establish their power in Hyderabad in 1795. A French adventurer, by name Raymond, entered the service of the Nizam and became the Commander of a regiment, 15,000 strong and entertained dreams of reviving the plans of Dupleix and Bussy. Raymond died in 1798 and his tomb, on the summit of a small hill, near the city of Hyderabad, with the simple words, T.R. inscribed on it, is of considerable interest. The Gun foundry, near Fateh maidan, was constructed by Raymond.

The Aboriginal Tribes of Hyderabad

By

DR. BARON CHRISTOPH VON FURER-HAIMENDORF

H.E.H. the Nizam's Government as a part of its comprehensive post-war reconstruction plan recognized the necessity for the development of backward rural areas of its Dominions. The progress achieved during the war-years in the spheres of industry had tended to widen the existing gulf between urban and rural populations, and it was felt that any one-sided development of the industrial areas, without a comparable raising of the standards of living and education of the great masses of the peasantry, would lead to a social disequilibrium accompanied by all the dangers and draw-backs of any excessive difference in the economic and educational level of various sections of a population.

A reasonable equilibrium between the material and educational standards of town and village-folks was, therefore, one of the greatest safeguards of social stability and the healthy growth of the State.

Though the ordinary Hyderabad peasant had little in common with his fellow citizens of a town, the problem of extreme differences in cultural standards was even more acute in forest areas and hill tracts, where communications are poor and backward populations persist in a style of life fundamentally different from that of most advanced communities. The aboriginal tribesmen above all who are separated from the rest of the populations by language and customs, had so far lagged behind in material progress, but backwardness was not confined to aboriginals and some depressed class communities had a standard of living considerably lower than that of the average aboriginal. Yet the problems of the aboriginals are altogether different from those of the so-called Depressed Classes, who live almost everywhere in, symbiosis with the higher castes. Though suffering from innumerable social and

economic disabilities, the "untouchable" is yet in many ways part of the general social structure, and conforms linguistically and culturally to the general atmosphere of the region which he inhabits. Not so the aboriginal. Unless completely detribalised, he stands aloof from Hindu and Muslim Society, maintains a distinct cultural heritage, often speaks a language of his own, and inhabits a tribal territory which is usually remote from the centres of civilization and the routes of trade. Whether he belongs to a people 8,000,000 strong, such as the Gonds of Middle India, or to a small tribe of a few thousand individuals, he is always conscious of his tribal—we may call it "national"—identity, and views the encroachment of outsiders on what he considers his ancestral homeland with dismay and resentment.

In Hyderabad, the premier Indian State with a population of 17,000,000, the problem of assuring the future of the aboriginal tribesmen is as acute and important as in any other part of India. Within its borders live tribes in every stage of development from the primitive, semi-nomadic hunter and food-gatherer to the settled plough cultivator: and each of these tribes is to-day face to face with the great historic civilizations of India appearing in such diverse shapes as, Maratha and Telugu culture. "Assimilation" pure and simple, such as suggested by the less-informed of the aboriginals' well-wishers, is hardly practical politics, for in contact areas such as Adilabad it would seem doubtful to which of the local culture-pattern the tribesmen should be assimilated.

The policy now adopted by His Exalted Highness the Nizam's Government opens different prospects for the tribesmen of the State. It enables the aboriginals to develop on the lines of

their traditional culture as distinct elements in the complex ethnic structure of the country, and provides for education and economic assistance without aiming at total assimilation. This policy is sufficiently elastic to allow for the fundamental differences in the cultural background of the various tribes. A detailed anthropological analysis of a tribe's potentialities has in each case preceded the drafting of a plan for economic or social improvements.

The Chenchus, for instance, in the forest of the Amrabad Hills, stand even to-day on the economic level of Stone-Age man. Of dark skin and slight build, with coarse primitive features and wavy or curly hair, they are one of the last remnants of the Veddid race which must have roamed the length and breadth of the Indian Peninsula long before the first agricultural populations established themselves in permanent settlements. The Chenchu of the hills, like his ancestors thousands of years ago, is still at heart a food-gatherer and hunter. With seldom a thought for the morrow, he is content to set out each morning in search of wild roots and tubers, jungle fruits and small game, and all that he gathers is consumed that day. Agriculture and the care of domestic animals have no place in traditional Chenchu culture, but in recent years some families have taken to keeping a few buffaloes or cows for the sale of milk and butter. Their attitude for breeding livestock, helped rather than hindered by their nomadic habits, which facilitate the change of grazing-grounds, has been made the starting-point of the Government's scheme for the economic amelioration of the whole tribe. Buffalo cows were distributed free of charge and a small veterinary staff was appointed to instruct the Chenchus in the care of livestock. Now every family has at least a few animals, and it is hoped that within one or two generations this tribe of food-gatherers will develop into a pastoral community of herdsmen. To guard against interference by traders, money-lenders and land-seeking immigrants, a tract of forest

land has been notified as a "Chenchu Reserve," where during the period of transition the Chenchus can enjoy the undisturbed possession of their homeland while gradually learning the advantages of a more productive economy.

Very different from the problems of the Chenchus is the position of the Hill Reddis, a tribe of shifting cultivators in the hills flanking the Godavari gorge. If the Chenchus remind us of the nomadic hunters and collectors of the Palaeolithic Age, the Reddis represent that stage of human development when Neolithic man began to add to his diet of game and wild produce by the cultivation of grain crops and vegetables. But the first steps in agriculture do not lead immediately to a settled mode of life. The Reddi of the hills who fells and burns a piece of forest and sows millet and pulses in the ashes, abandons his field as soon as the fertility of the soil declines and moves to another slope, where he again clears the forest. This type of shifting cultivation can be continued indefinitely as long as a small population is in undisturbed possession of large stretches of forest. But the introduction of forest conservancy and the need to preserve timber and bamboo for commercial exploitation have set a limit to the clearance of forest for the sake of cultivation. The Reddis, no longer permitted to shift to new hill-slopes whenever the land close to their settlement was exhausted had to look for other means of subsistence. At the same time there arose a demand for forest labour, and for years the Reddis were engaged by forest contractors and timber merchants for felling bamboo and timber and floating the produce in rafts down the Godavari River. But, ignorant of the ways of plains-folk and no match for unscrupulous traders and money-lenders, they soon fell victims to the grossest forms of exploitation and became virtually the serfs of their employers. Here again, Government action came to the assistance of the aboriginals. The utilisation of the forest was organised on co-operative lines, the Government

provided the capital in the form of long-term loans and the aboriginal forest labourers became the sole shareholders of the new enterprise.

The forests are thus returned to the use of their original inhabitants, and though the ownership is vested in the State, the exploitation of forest produce is handled by the tribesmen's co-operative society.

Chenchus and Hill Reddis, both of whom incidentally, speak to-day the language of their Telugu neighbours to the exclusion of any older tribal tongue, are but small communities leading an inconspicuous life in the seclusion of hill tracts that lack for the greater part any communications other than footpaths. Their development is an interesting example of the adaptability of even the most primitive tribes, but they are too few in number ever to play an important part in the national life of Hyderabad. Very different is the position of Gonds and Koyas. Nearly a quarter of a million strong, these two closely allied tribes form the predominant peasant population in considerable areas of the northern and eastern districts of the State. Once the ruling race in large parts of Middle India, the Gonds have long lost the position which they held in the time of the Gond kings of Chanda, Garha and Deogarh, and after their defeat by the Muslims and the Marathas, they withdrew into the hills and forest areas, where for a time they were safe from the pressure of more advanced populations. The total number of Gonds in India is nearly 3,000,000, and though the Raj Gonds of Hyderabad constitute only a fraction of the Gond race, they are of particular interest to the anthropologist. While in the neighbouring districts of the Central Provinces, Gond culture is rapidly disintegrating, the Gonds of Hyderabad have preserved their ancient customs to a remarkable degree.

Tribal culture, no less than any other culture, is however dependent on a sound economic basis, and in Hyderabad the Gonds' economic stability was endangered when improved communications

made even the most backward areas accessible to outsiders. Gradually the Gonds began to lose their ancestral land, partly as a result of dealings with money-lenders and partly because under their ancient feudal system there had been no individual property right in land, and the laws of the State did not recognize possession as a valid title to ownership. Had this process been allowed to continue, the Gonds would, with few exceptions, have been reduced to the status of landless agricultural labourers and tenants. But drastic action on the part of Government restored the position and remedied many ill-effects of the previous policy of *laissez faire*. In a large area, notified as a "tribal zone," the transfer of land from aboriginals to members of advanced communities was forbidden, over 100,000 acres of Government land were allotted to Gonds and other aboriginals free of charge, and special officers were appointed to carry out a policy of aboriginal rehabilitation.

The task of bringing education to the Gonds was beset with innumerable difficulties. The Gonds of Hyderabad speak a language of their own: only a very few of them know Urdu, the official language of the administration, and even Marathi and Telugu, the languages of the neighbouring Hindu populations, were known to only a minority. Now Gondi had neither script nor literature, and even the few Gonds who could read Urdu or Marathi had never tried to write their own language. It was obvious that primary education as well as adult education would have to be conducted in the mother tongue. This involved the creation of a Gondi literature and the training of Gond teachers. An Aboriginal Education Scheme which has been in operation since 1943 provides for both. The script chosen for writing Gondi is a Nagri alphabet similar to that used for Marathi and Hindi, but simplified by the exclusion of difficult consonant combinations. Anthropological research among the Gonds revealed a large oral literature, kept alive by a class of hereditary bards, but never recorded in writing. Gond epics, myths and

songs were utilised in the composition of school books, and the Aboriginal Education Scheme serves the double purpose of bringing literacy to the tribesmen of the hills and forests, and of preserving for future generations the sacred tribal traditions and myths.

The success of the Education Scheme has been surprising, and within two years boys of eighteen or twenty learnt not only to read, but to teach Gondi, Marathi and Urdu: while Gond children seem to experience no great difficulty in writing two entirely different scripts the Nagri of Gondi and Marathi and the Perso-Arabic script of the official Urdu. Simultaneously with the training

of teachers proceeded the training of aboriginals for minor administrative posts, and within the last few years it has already been possible to appoint Gonds as village headmen and village accountants.

Thus the aboriginals of Hyderabad are gradually emerging from a position of economic and social inferiority. They have still a long road to travel before they can enter the civic life of the State as the equal partners of the larger communities, but the first steps towards restoring their self-respect and educating them in the spirit of their cultural traditions have already been completed.

The Contribution of Hyderabad to Telugu Literature

By

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By Hyderabad we mean here Telangana comprising eight districts of the Hyderabad State and the Telugu speaking people who, with their number going up to 8 millions, constitute at present nearly half the population of the State. For the purpose of this note we take into consideration the centuries old history of the people of Telangana and not the latest phase of it under the Asafjahi dynasty. Telugu and Andhra are almost convertible terms at present, both for the people and the language, each vying with the other in claiming a very high antiquity. The word Andhra is more lucky in this respect, having on its side the Itareya Brahmana belonging to the Rigveda and coming down from B.C. 1000 at least. The Telugu people of the coastal districts of Andhradesa seem to be more fond of this word. But it is the proud privilege of the people of Telangana to prefer the more significant word Telugu to denote themselves and their land. Scholars explain Telangana as the land of the Telugu people. The common people here style themselves as 'Telugollu' colloquially, meaning the Telugu people. The word 'Telagalu' refers to the non-Brahmins among the Andhras. One sect among the Brahmins is known by the name 'Telaganya.' These seem to be the Brahmins of Telanganamu. We also come across the word "Tenugu" being used instead of Telugu. Now this word Telugu also fights for high antiquity. Its Sanskritised form is 'Trilinga' This occurs in the form of 'Trilingon' in the accounts of the ancient Greek geographer, Ptolemy. The Sanskrit word 'Trilinga Desa' means the country of three Lingas, viz., three famous Shaivite shrines. These ancient shrines were those of Bhimeswaram in the East Godavary District, Srisailem in Kurnool district and last but not least, Kalewaram in Telangana. The country protected by the Lords of the three

Shrines is Triling Desa. So say traditionalists. From the above it is clear that Telanganamu constituted the ancient heritage of the Andhra-Telugu people. Happily they still possess it and continue to light the torch of Telugu culture sometimes brilliantly, yet other times with a faint glow but it was never extinguished.

The people of Telangana seem to have oscillated between Saivism and Buddhism in ancient times. Saivism was of course their predominant faith. Buddhism also seems to have flourished here as evidenced by the accounts of Manjira Desa in Buddhist literature. This Manjira Desa is nothing but the valley of the river Manjira, the tributary of Godavary. Manjira flows through Telangana. Jainism also had its day in Telangana. Some of the early Kakatiya monarchs of Warangal were Jains in religion. At the temple of Padmakshi situated on a hillock near Hanmakotla, Jain statues are seen to this day. The earliest inscription of this place records the donation of the wife of a general who was a Jain.

The contribution of Telangana to Telugu Literature and culture is undoubtedly great. In fact there is no part of the Andhra country which did not contribute its share to the erection of this glorious structure of Telugu culture. Among the great pillars of Telugu, Nannaya belongs to the Godavary District, Tikkana to Nellore, Potana to Telangana and Peddana to Rayalaseema. As far as Telugu literature goes the earliest poet of Telangana was Palkuriki Somana. He flourished about the early 18th century. Some place him at the end of the century. That was the glorious age of Kakatiya Kings of Warangal. Saivism was popular with the people. The ruling Kings were worshippers of Lord Siva. The thousand pillar temple at Hanamkonda whose soul of beauty, neither Vandalism nor the passage of

centuries could destroy, was the work of Kakatiya monarchs. Palkuriki Somana was the first and foremost literary exponent of the creed of Sri Basaveswara, the great founder of Virasaiva faith. The village of Palakurti where this famous Saiva poet attained Siddhi, is situated in the Warangal District. He was a voluminous writer both in Telugu and Sanskrit. Like Milton of England he wrote poetry and carried on polemics in glorification of Virasaivism. A Brahmin by birth he seems to have renounced caste, denounced the Vedas and announced the brotherhood of the followers of Saivism. His works in Telugu are (1) 'Basava Purana' which sings of the life and mission of Sri Basaveswara (2) 'Panditaradhiya Charitra' which celebrates the life and doings of a great Saiva Guru, Mallikarjuna Pandita, (3) Varishadhipa Sataka and other minor poems. Somana's style is torrential and has the fiery zeal of a missionary. He discarded the classical metres Durpada used in Telugu and wrote in the purely Telugu metre, the Dwipada.

The greatest Poet of Telingana Bammara Potaraju lived in the 15th century. Better known as Potana, he is next only to his masters Nannaya and Tikkana in the universal estimation of the Andhras. Potana's name travelled beyond the limited frontiers of the Telugu country. Poet Potana lived in a village near Warangal and spent part of his life in the capital of the Kakatiyas. He was a Brahmin by birth and a tiller of the soil by profession. Thus he was truly a child of the soil. Its native fragrance and sturdy independence found expression in this great poet. Warangal at this time was under the rule of the Velama Kings of Rachakonda. Potana in his early life seems to have courted the favour of the Kings by dedicating a small literary piece, the 'Bhogini Dandaka' but very soon his self respect revolted in him against this practice. He declared that Poetic talent is a divine gift and should be used only for the glorification of the Lord. It is a sin to use this divine faculty in the service of mortal kings for the attainment of wealth and comfort. With

oceanic disdain Potana spurned the patronage of kings thenceforth. His greatest work was the translation of the Sanskrit 'Bhagavatha' into Telugu. He dedicated his life work to Lord Sri Rama. The keynote of his work was Bhakti, devotion to the Lord. In impassioned verse, often rising to the heights of sublimity Potana sings the Divine Song. From an epic poet he swings to the lyric poet and pours forth his devotional heart. Potana's Bhagavatha is next only to the Andhra Mahabharatha in popularity.

Another worthy poet of this century was Gaurana, the author of Dwipada 'Harischandra' and 'Navanatha Charitra.' He was related to one of the ministers of the Velama Kings of Devarkonda. He was a Saiva poet though not of the inconoclastic type like Palkuriki Somana. The noble story of Harishchandra, the King whose name became a synonym for love of truth, was for the first time poetically treated in Telugu by Gaurana. His Navanatha Charitra deals with the lives of Saiva Saints.

With the fall of Kakatiya power at Warangal and the fall of Velama Rulers who held aloft the independent banner of Telangana for another century, political equilibrium shifted to Vizianagar. Telangana came gradually under the rule of the Sultans of Golkonda. The Kutub Shahi Kings of Golkonda secured for themselves a loving corner in the hearts of Telugu people both by their tolerant rule and by their patronage of Telugu Literature. They were also responsible for the development of the coastal trade of the Andhra country by building up Masulipatam into a great port in the East. Though the Kutub Shahi Kings were often engaged in mortal feuds with the Hindu Empire of Vizianagar, they did not suppress Telugu culture and literature. Happy were those days where political rivalries did not invade the humanities. Ibrahim Kutub Shah of Golkonda was a lover of Telugu language and patronised Telugu poets. His court was adorned by Addanki Gangadhara who wrote and dedicated his 'Tapati-Samvarana-Upakhyanam' to

Sultan Ibrahim Shah. But more interesting than Gaṅgadhara's poem was the work of Ponnaganti Telangana. This poet was patronised by Yamin Khan one of the nobles of Ibrahim Kutub Shah. Poet Telangana ploughed a new furrow in the field of Telugu poetry by writing his 'Yayati Charitra' in pure Telugu. Now it is common knowledge that the Telugu language contains a good percentage of words borrowed from Sanskrit and Prakrits. These words have become so much the flesh and blood of Telugu that it is not possible to attempt any sustained composition in Telugu eschewing these words. A composition in purely Telugu words is a feat if not an anomaly. Poet Telangana executed this literary feat most successfully and neatly. Even while imposing this restriction on himself Telangana did not lose any of his poetic grace.

Yet another sweet poet of Telangana was Saranga Tammayya, author of 'Vaijayanti Vilasamu.' He declared in his work that he was the Karnam of the City of Golkonda. King Mohamad Shah, son of Ibrahim Shah treated him with courtesy. Vaijayanti Vilasam with the story of Vipra Narayana, a Vaishnavite saint. The last of the Kutub Shahi rulers Abdul Hassan known as Jan Shah, the good King, was the most beloved of his Telugu subjects. His Ministers of State, Akkanna and Madanna were Telugu Brahmins. Their nephew Gopanna is credited with raising the Sri Rama Temple at Bhadrachalam. Gopanna was a great devotee like Potanna and also a poet. His 'Dasarathi Satakam' is a lyrical poem of imperishable beauty and pathos. He also composed Kirtanas, i.e., devotional songs.

By 1687 the good and tolerant Kutub Shahi dynasty fell a victim to the policy of Aurangazeb. Telugu literature often flourished in the sunshine of Kingly patronage. Now there was no central Telugu Kingdom at least a sympathetic dynasty. Literature and culture languished in Telangana. A few Telugu noblemen carved out small feudatory states for themselves and they in their turn became the

centres of literary activity. Such were the Samasthans of Gadwal and Jataprole, Domakonda. A poet named Pedda Somayaji patronised by the rulers of Gadwal wrote Mukunda Vilasamu and Adhyatma Ramayanamu. Recherla Mudhava of Jataprole wrote Chandrika Parinayamu, a scholarly Prabandha. Raja Mallareddy, the ancestor of the Rajas of Domakonda Samasthan wrote the 'Shat Chakravarti Charitra' and other works. Another chieftain who ruled near Alampore wrote Murari's drama Avargha Raghava into a Telugu Kavya.

Considerations of space prevented us from exhausting the list of good poets of Telangana. Koravi Goparaju who belonged to the early 5th century wrote 'Simhasana Dwatrimika' containing thirty-two stories relating to Vikramaditya. Charigonda Dharmana, author of 'Chitra Bharatamu,' was another scholarly poet. He dedicated his work to the minister of Chitab-Khan (alias Seethapati) the hero of Warangal. Telangana excels devotional and philosophical poets. In the second class mention must be chiefly made of Kolani Ganapati Deva, author of 'Svayoga Saramu.' The poet treats of Saiva philosophy in a very facile verse. But undoubtedly more popular and abler than Ganapati Deva was P. Lingamoorthy. He wrote 'Sita-Rama-Anjaneyamu,' a great authority on the Advaita philosophy. Lingamoorthy was a very subtle poet besides being a great exponent of Vedanta. His descendants live to this day in Matwada, Warangal. Lingamoorthy's son also was a poet philosopher.

Telangana is rich in ballad poetry also. Many were the heroic exploits of local heroes and there were not folk poets wanting to celebrate them in rousing ballads. Such are the ballads—concerning Sarvayi Papadu, Baluguri Kondiah, Sarvarayudu, King Sobhanadri of Gadwal, and many more. There are indications to think that the scene of the pathetic story of Bala Nagamma was Telangana. Panugul is in Telangana. Kaleswaram, the very ancient Saiva-Kshetra figures in another pathetic song, the 'Pamu-pata.'

Such in outline is the contribution of Telangana to Telugu literature in the past. The 18th and 19th centuries are the dark periods in the cultural history of Telangana. The Telugu people, of this region began to bestir themselves to creative activity at the dawn of the 20th century after a long slumber. This time the people had to rely entirely on their own resources and efforts to rejuvenate their language and literature. Various obstacles stood in the way but the patience of the people triumphed and crowned their efforts with success. The Library movement of Telangana was mainly instrumental in this literary and cultural revival. Great libraries like the Sri Krishna Deva Raya Library, Hyderabad, Raja Raja Library, Hanumkonda, played the role which Kings fulfilled in former times. They attracted poets and scholars and kept the fire of culture glowing in spite of chilling atmosphere. The whole of Telangana was filled with a network of living libraries. The library movement laid the seeds of the Andhra Maha Sabha of Telangana which lifted the people out of the mire of despondency. The Mahasabha gave tongue to the dumb millions of Telangana to cherish their language and make their legitimate demands. There was an all round blossoming of literary activity. The second device through which Telangana contributed to the modern Telugu literature is the institution of Parishads (permanent council of scholars), and starting of Grandha Malas (publication) series. Among the Parishads mention may be made of the 'Lakshman Raya Parishodhaka Mandali.' This learned body ably conducted by Pandita Sri A. Veerabhadra Rao, its secretary, brought out the 'Telingana Sasanamulu' (inscriptions of Telingana). The Government of H.E.H. in the Archaeological Department did a great service to the cause of Andhra Historical studies by publishing copies of the Inscriptions of Telangana. The 'Vignana Vardhani Parishad, brought out a translation of the 'Pratapa Rudriya,' a Sanskrit work of rhetoric written in the days of Kakatiyas. Another scholarly work is the

commentary on 'Kavyalankara Sangraha,' by Siromani S. Suryanarayana Sastry. The Hyderabad Telugu Academy published 'Navya Sahitya Vidhulu,' an interesting survey of Modern Telugu Literature. Though the youngest in the arena, the 'N.R. Saraswata Parishad' is the most significant of all. Now it is common knowledge how Telugu culture and language had to fight a defensive battle for holding its own against the all embracing activity of lucky Urdu. The N.R.S. Parishad is the very symbol of this self-preserving instinct. It has also got useful publications to its credit like the smaller History of Andhras.

Among the Grandha Malas which published much needed literature mention may be made of the 'Vignana Chandrika' whose able editor was the late K. V. Lakshman Rao. This Mandali first started its activity in Telangana and published among others 'Hindudesa Katha Sangraha,' a text-book on Biology, 'Abraham Lincoln' and a novel 'Rani Samyukta.' Later on it shifted its activity to Madras. The 'Sadhana Samiti' is the creation of young writers and they have to their credit many short story books and one act plays which are in vogue at the present day. The literary institutions of Telingana have brought out a number of 'Special publications' for the occasion and they contain valuable material by way of literary and historical criticism. The Silver Jubilee number of the Sri Krishna Deva Raya Library, the 'Golkonda Kavula Sanchika.' 'The annual numbers of Golkonda Patrika' Sri M. Hanumantha Rao's sixtieth birthday celebration volumes are some in this line.

The Andhras of Telangana are keenly alive to the role of journalism in arousing the dormant spirit of the nation. The early Telugu Newspapers were Nilgiri Patrika and Tenugu Patrika. But it is the Golkonda Patrika under its scholarly editor Sri. S. Pratap Reddy that is responsible for the great awakening in Telangana. The

Patrika is a tireless crusador in the cause of the suppressed people. Periodical like Sujata, Tenugu Talli, Andhra Kesari, Vibhuti and others played useful parts.

A few outstanding writers that Telangana produced may be touched upon. Pandita M. Hanumantha Rao, the maker of Modern Telangana is a writer of Andhra repute. His works are Mahabharata Samiksha, Indo-Aryans of Kshatra ages and Mallikgucham. The last-mentioned is a volume of short stories and Mr. Hanumantha Rao is counted amongst the pioneer short story writers in Telugu. Mr. S. Pratapa Reddy easily takes a place in the galaxy of critics and Researchers in Andhra Desa. His field is literary and historical criticism. He writes to inspire patriotism and self-respect among the Telugu people. His book 'Hindava Tharmapolilu' is a worthy instance. He is also a successful short story writer. 'Ramayana Visheshamulu,' 'Hinduvula Pandugulu,' Biography of Raja Bahadur Venkatrama Reddy are a few among the other writings of Mr. Reddy. Pandit A. Virabhadra Rao is another writer of repute in Telangana. His field is historical research and exposition. Many and illu-

minating are his papers on the ancient monuments and historic towns of Telangana. While the elder generation was mostly busy in rousing the people and setting before them ideals of self respect and public service the younger generation of Telangana has taken to the creation of genuine literature. Their activity takes the form of the short story, the one act plays and the piercing lyric. Several young writers are coming into prominence. Music, painting and the Art of Dance have attracted the younger generation and they are making their mark even here.

Sufficient has been said to indicate the literary and cultural revival of Telangana. If the achievement is not as voluminous as we may desire, or the position of Telangana justifies, it is due to the initial difficulty of arousing a historic and great people from their lethargy. The energies of the people were taken up with the fight for democratic freedom and fight against feudalism. In such an atmosphere every hand is devoted to the ground structure rather than the superstructure. Now that freedom from cramping conditions is assured the genius of Telangana is sure to burst forth in song and prose, and in genuine literary creation,

The Contribution of Hyderabad to Kannada Literature

By

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THE portion known as the Karnataka Division in H.E.H. the Nizam's Dominions enjoys a great reputation for its being the first centre of Kannada learning and literature and for its being an abode of most important historical records that are scattered over. The historical records so far deciphered and published by the Archaeological Department of H.E.H. the Nizam's Government go to show that the Karnatak portion of Hyderabad and other parts also were under the rule of great kings of the Rashtrakuta, Western Chalukya, Yadava and Kalachuri dynasties and the capitals of the kings of these dynasties were situated here. The Rashtrakutas ruled at Manyakheta generally spoken of as Malkhed in H.E.H. the Nizam's Dominions near Wadi. Kalyani was the centre of later Western Chalukyas who ruled for over 200 years and that is now a part of the Jagir in H.E.H. the Nizam's State. Yadavas who were first chieftains under the Kalyani Chalukyas and became later independent, ruled over Kuntala which is identified with the doab of Raichur and the country around it, and many inscriptions in Kannada language of the time of Bhilama and Singhana are found in Raichur District.*

Among the famous historical places, Maski and Kopbal have become places of world renown owing to the Asokan Edicts that were discovered here. Kannada inscriptions of high value are still preserved in these places, specially in Maski some of which are kept in the Hyderabad Museum. Maski is styled in later inscriptions of the 11th century as Masangi. Masangi must be a corrupted form of Mahasanghi of Sanskrit origin. At the

time of Asoka it is possible that it was called Mahasanghi, "the place of great association." Asoka, it can fairly be surmised, had made Maski a great centre of Buddhist monks and preachers for the propaganda of his doctrines and hence the place was named after the Association. Kopbal is mentioned by Nripatunga (814—878) in his Kavirajamarga and by Ranna in his Ajitapurana. Besides these places, in Raichur and Gulbarga Districts there are innumerable places wherein Kannada inscriptions of high value are found, and if all these inscriptions are compiled together and brought up in a book form will be of immense use for a student of history and literature. The Rashtrakutas, whatever the derivation of the word may be, were undoubtedly the patrons of Kannada learning and literature and fine arts. One of them, Krishna I constructed the famous Kailasa Temple of Ellora.† His descendant Nripatunga who ruled in the 9th century wrote Kavirajamarga, the earliest extant work in Kannada language. The work is a treatise on Kannada poetics and is of great value from the various points. It gives in the preparatory stanzas some facts about the extent of the Kannada country, its people, their culture and learning, and it is stated that the Kannada spoken in this part of the country was pure and lucid. He mentions in this famous work the names of some writers who wrote in prose and verse but unfortunately not a single work of even one of these poets has yet been discovered. It is possible some of these poets might have flourished here and adorned this land by their works. Further research will reveal this fact.

* See Karadikal, Balganoor, Diddgi inscriptions discovered and deciphered by the author of the article.

† See Mr. Yazdani's paper "Fresco paintings at Ellora, the Kannada rendering of this paper has appeared in the special issue of Jayakarnataka,

Ponna, the first Kavichakravarti in Kannada language flourished during the reign of Krishna III, who ruled at Malkhed during the second quarter of 10th century. He is the author of the famous Santipurana and some other works that have not yet been discovered except Jinaksharamala. His Santipurana is regarded as one of the three gems in Kannada language, the other two being Adipurana by Pampa and Ajitapurana by Ranna. A great homage is paid to Ponna by almost all the subsequent Jaina poets in high terms of respect. Ponna's style and the use of pure and homely Kannada similia are enchanting to every lover of Kannada literature. In the use of similia Ponna occupies the same place in Kannada language as Kalidasa occupies in Sanskrit. Ponna himself asserts, though with an amount of poetical exaggeration, that his Kannada poems excelled a hundred times those of Asaga and his Sanskrit works at least four times those of the great Kalidasa himself.

Pampa, well known as Adipampa, occupies an unique place in Kannada literature. He lived in the first half of 10th century under the patronage of Arikesari who ruled at Pulikere, which place has been identified by Dr. Fleet with the present Lakshmiswara in Dharwar District but there is controversy about this. Arikesari whose capital was Bodhan in the Nizamabad district was chieftain under Rashtrakutas of Malkhed. Pampa wrote two works, 1. Adipurana, 2. Vikramarjuna Vijaya. Pampa's poetic genius and literary talents are widely known to the Kannada public.

Ranna, another Kavichakravarti of the 10th century, was first under the patronage of the Gangas who were the feudatories of Rashtrakutas of Malkhed, when Tailapa II of the Western Chalukya family defeated the Rashtrakuta Sovereign and established his own independence at Kalyan. Ranna became his court poet receiving the title of Kavichakravarti. He dedicated his work Gadayuddha to his patron. He is the author of Ajitapurana and Rannakanda, but his fame chiefly rests on

Gadayuddha. The work is undoubtedly a masterpiece in Kannada and worthy to be regarded as one of the best works of the world.

Chalukya Vikrama VI was a great patron of Kannada and Sanskrit learning. Many great poets adorned his court. The famous Bilhana of Kashmir was the court poet of Vikrama and Nagavarma II also flourished during the reign of this king.

Bramhasiva (1125), the author of Samaya pariksha, was the inhabitant of Pottanakere which is now called as Potancheru. (Pottanakere is the Kannada name, kere means tank and is changed into Telugu form Cheru, hence Pottancheru). Potancheru in the 12th century was called by Kannada name; the fact is substantiated by an inscription in the Hyderabad Museum that has been brought from Potancheru and this inscription is published in Archaeological Survey of India, Memoir 18. The text of the inscription was composed by Bhaskara kavi. This is a very important inscription as it provides with a date of Someswara's ascending the throne and starting on his conquest. The king himself was a poet and has written Manasollasa in Sanskrit wherein it is stated some Kannada verses also occur.

The great religious and social reformer Basavewara generally known as Basavanna was at the court of Bijjala at Kalyani in the middle of 12th century and occupied the high post of Minister for Finance. Basavanna's reputation mainly rests on his work towards the uplift of Veerasaiva faith and for its propagation. Basavanna is also regarded as an epoch-making figure in the history of Kannada literature. 'Vachana' literature became more popular by the frequent use and application by the followers of this faith. 'Vachanas' occupy a unique place in Kannada literature. The translation of some of the vachanas have been made in English by Mr. Masti Venkatesha Iyengar, a poet of high merit and pioneer among short story writers and author of several best works in

Kannada language. In the time of Basavanna, Kalyani became an abode of Veerasaiva religion and even today the place is visited by all the Veerasaivas and by men of literary and historical taste to have a sight of the dwelling place of Basavanna. Contemporary to Basavanna were a hundred of Veerasaiva devotees, among whom were many 'Vachana' writers. These devotees of Veerasaiva faith preached the doctrines of their religion in pure, simple and beautiful language of the common people. Chenna Basavanna, Jadivala Machanna, Akka Nagamma and so many others lived at Kalyani and hence once again Kalyani became the centre of Kannada learning. In later days these literary and devotional personalities became the subjects of various works that have been written almost all in Shatpadi metre, a metre specially adopted by the followers of this religion at the time and which became in course of time a common metre for all the poets without any distinction of caste and creed. Even Jaina and Brahmana poets leaving apart the Champu form began to compose in this metre. The Mutts abound with some of the Chief Mutts of Lingayats and there are numerous places wherein devotional poets of Veerasaivism lived. Here it may be suggested that this part affords a great deal of information and contains abundance of material to a student interested in Veerasaiva faith and Kannada literature. The Mutts contain libraries, and villages wherein Lingayat population is excessive, literary records in the shape of manuscripts are available. While searching for such manuscripts I discovered in two or three villages the following works of considerable importance from the point of literary merit: 1. Kamasastra by Mallarasa, 2. Bhiringidandaka by Bhimakavi, 3. Sujnana Chintamani, 4. Jnananjana, 5. Ghatachakranir-naya vachana by Datta Yogindra, 6. Bhillamaraya Charita by Emme Basava, 7. Diksha Vardhaka, 8. Bankannappagala vachana,

9. Basava Tararagale, 10. Vinayaka Stuti by Kalluru Linga Kavi.*

Now we come to the period of Dasakuta literature. It has always been the good fortune that every new movement in Kannada literature either originated in this land or received adequate support from the literary personages who were born here. We have seen that the poets of the Augustan period of Kannada literature flourished and wrote their works here only, and the Lingayat movement began from here and the name of Basavanna will be ever remembered as the famous 'Vachana' writer in the field of Kannada literature. As regards Dasakuta literature, the contribution of this land is in no way inferior. There are no hard and fast lines to mark the beginning of the Dasakuta movement in Karnataka but it can without any dispute be entertained that by the time of Shrimadhvacharya, seeds of devotion towards Vishnu were already sown and sprouted. Jayatirthayati, the disciple of Akshobhya Tirtha one of the four disciples of Srimadhvacharya made the old town Malkhed his centre and acquired a great fame as the commentator on the works of Srimadhvacharya. This was the chief cause for the spread of the followers of Madhva sect all over the Karnataka part of the Hyderabad State. His Brindavana is situated at Malkhed and every year the followers of all the Madhva Mutts visit the place on the occasion of the Annual Ceremony of the monk. In the time of Krishna Devaraya of Vijayanagar Anagundi became the centre of Dasakuta movement. Purandaradasa and Kanakadasa, headed by their religious preceptors Vyasaraya and Sripadaraya lived at Anagundi† and Vijayanagara. Purandaradasa has been regarded as the greatest devotional poet and his songs have become very popular in the whole of Karnataka. It is quite impossible to give the exact number of his songs as they are dispersed all over Karnataka

* An article contributed by me to the Sahitya Parishat Patrika gives full information about the scope of research work to be conducted in the domain of literature in H.E.H. the Nizam's Dominions.

† The famous Navabrindavana is situated at Anagundi.

in an uncollected manner: it is stated² of him that he had made up his mind to compose five lakhs of songs which he was not able to complete during his life-time and after his disappearance from this world it is said that he appeared in the dream of Vijayaraya and reminded him of his vow, asking him to complete the number which was 25,000 songs. Consequently, Vijayaraya (1725) became his disciple and composed 25 thousand songs thereby completing the number and fulfilling the vow of his guru taken in his life-time. This Vijayaraya lived in Chikalparvi in Manvi Taluk, Raichur District. He was a Government servant in his early life but disgusted with the worldly affairs went to Kasi where he got inspiration from Purandaradasa in a dream. His songs are full of devotion and especially his Suladis and Ugabhogas occupy a prominent place in Kannada language. He is known in Dasakuta literature as the poet of Suladis. This is a new metre introduced in Kannada literature by the followers of this sect. Suladis and Ugabhogas are sung according to the *ragas* and *talas*; more stress is laid on *talas* than on metre, but *prasa* is also strictly followed. The origin of both these metres is very difficult to decide. Suladi consists of two words, Suli and Adi, the first is Kannada and the second is Sanskrit. The compound of such words in Kannada is not allowed according to the strict rules of grammar, but in the language of common people the rigidity of grammar slackens. It is stated that when a devotee is in meditation, the divine form flashes in the inner heart, the songs burst out from the mouth in the form of prayer; this is called in Kannada 'Sulidare Suladi.' It is possible, but how did it originate? When the Dasakuta movement³ started in Karnataka, the popular and common form for the expression of ideas and thoughts of the religious people was the only 'Vachana' of the Veerasaivas mentioned above. These vachanas were sung formerly to the tune of *Ekaḍāri*, one-stringed instrument. Purandaradasa caught up this and adopting this form effected necessary changes and gave it completely

a different name. If we closely examine the Ugabhogas and some of the early Suladis which are very small in nature, this fact will be revealed to us.

Vijayaraya had many disciples, but Gopaladasa and his two brothers, and Mohanadasa are of considerable note. These three brothers were the natives of Raichur District. All of them have written many songs pertaining to the divine devotion.

Jagannathadasa, the last poet of high merit in the Dasakuta literature is the author of Harikathamrita sara, Tatwasuvvali and Kirthanas. He was the Patwari of Begavatta and lived in Manvi in Raichur District in 1775. Jagannathadasa is a popular name in Dasakuta circles. He was formerly a great scholar in Sanskrit well versed in Vedānta. His Harikathamrita-sara occupies a prominent place in this literature. The merit of his works has been discussed in a separate article by me.

Jagannathadasa had many disciples among whom Pranesadasa was of much renown. Pranesadasa was a native of Lingsugur and died in 1822. He wrote many devotional and love songs describing Krishna Leela (deeds). They are very fascinating and enchanting to the mind. One Swami by name Vyasatwatajnaraaya who was the contemporary of Jagannathadasa (1775) belonged to Venisampur and has written devotional songs. The last poet who flourished at the end of 19th century was Seshannadasa, generally known by the name of Guruvijayavithala. He was the Patwari of Daruru in Gadwal state and lived in Chintrevelli. He has not composed many songs; his Suladis are of very high standard and depict the weakness of mankind; at the same time they guide the path one has to follow for the salvation of the self. There are other minor poets who have contributed to some extent to the development of this kind of literature. Manvi and Lingsugur have become the places of pilgrimage for the followers of Dasakuta movement.

The compositions of these poets really deserve a high place in Kannada literature and the value of these works can be admitted without any doubt. The new metrical forms of Suladi and Ugabhoga and the frequent application of Matra metres in songs have strengthened and dignified the literature and the beauty of the language. Kannada music improved to a great extent from these new metres. Songs of Purandaradasa, Vijayaraya and Jagannathadasa are being sung by all the sects of Kannada people, which fact has given a great impetus towards the united development of friendship and harmony among followers of different views. In this literature, Harikathamrita-sara, in which Bhakti towards God has been predominantly depicted draws our attention for a critical study. Although the book contains many aspects of Madhva doctrines the language is easy and the mode of expression simple and the book will not be of much interest to a general reader, but leaving apart all such ideas the remaining portion is full of devotional feelings that are expressed in a dignified manner. Jagannathadasa never asserts that the world can be entirely discarded. The world is full of worry and trouble because of man's own vices; it can be turned into an abode of happiness if one maintains in each of his actions the presence of the Almighty and this is perpetuated with an unselfish motive without giving any prominence to one's birth and high place in society and country. For this, it is not necessary to renounce the world and retire to seclusion by adopting Sanyasana. Jagannathadasa preaches that purity in heart, mind and deed, contentment on whatever one obtains and the performance of one's own duty in time will alone lead a man towards the attainment of God, and for this one can adopt a domestic life. This can be illustrated by numerous stanzas from this book and Kirtanas. His love towards Kannada language is unshaken. There was a rigid abhorrence of the Kannada language and the use of the language was avoided after the bath till the end of worship of God by a particular class of Brahmans. Jagannathadasa criticises and refutes this kind of attitude and

establishes that God could be pleased by praise in any language as the author of Anubhavamrita has entertained.

After the establishment of the Osmania University, the Department of Kannada has rendered a considerable service to the cause of Kannada language and literature.

The following list shows the Research work conducted by the members of the Kannada Department.

D. K. Bhimasena Rao, M.A., Head of the Department of Kannada :

- (1) Devappa Kavi.
- (2) A Comparative Study of Kannada, Telugu and Marathi Literatures of the 18th Century.
- (3) Kannada Research work in Hyderabad.
- (4) Urdu words in Kannada Language and Literature.
- (5) Kannadigara Rasikate.
- (6) Kannada Inscriptions.
- (7) Pampa and his works.
- (8) Modern Tendencies in Kannada poetry.
- (9) The Scope and ways of Research work in Kannada.
- (10) Tadbhavas in Kannada.
- (11) Folk Songs in Kannada.
- (12) The different readings of Sabdamani-darpaṇa.
- (13) Anubhavamrita and Harikathamrita-sara.
- (14) Kannada in Hyderabad.

Manvi Narsinga Rao, M.A., Research Scholar :

- (1) Medieval Kannada.
- (2) Kannada in Raichur.

Ramchandra Rao Patwari, M.A. :

- (1) Mahabharatada Mukhya Rasa.
- (2) Kuntakana Vakrokti.
- (3) Vainanan Guna, Riti.

Individual contributions are being made by the Kannada scholars and lovers of Kannada language for the development of the language. Some collections of short stories and poems have been published. Mr. Krishnachari Joshi has rendered a valuable service by publishing his *Rajaniti Shastra* in Kannada. Mr. Siddayya Puranik is a promising poet. Late Mr. Narayan Bhavu Shastri has published some articles and inscriptions of importance. There are several Karnataka Sanghas and Associations that are doing a valuable service for the furtherance of Kannada Literature. A special mention may be made of Karnatak Sahitya Mandira, Hyder-

abad, and Karnataka Association, Gulbarga. The Hyderabad Karnataka Sahitya Mandira has published three Kannada works on travel by Manvi Narasinga Rao, M.A., and two on scientific subjects by Padmanabha Puranik, M.Sc.

As aforesaid Hyderabad has a rich treasure of inscriptions and a vast field of a classical language yet to be unearthed. With the dawn of the new era in Hyderabad it is hoped that the young generation of this ancient land will make use of this valuable treasure of literature and help for the advancement of Kannada language.



The Contribution of Hyderabad to Marathi Literature

By

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HYDERABAD like Baroda and Indore is situated in Greater Maharashtra, the land of the Marathi speaking people; and, by Hyderabad I mean, here, Marathwada lying in the north-western part of the State. This Marathwada was a great centre of the Marathi culture in the 18th century. Here Marathi developed into a literary language and the Marathi poets flourished under the patronage of the Yadav rulers of Devgiri (modern Daulatabad). Besides this royal patronage, the rise of the religious movements namely Varkari and Mahanubhava Panth also gave an impetus to the growth of the Marathi literature. The advocates of these faiths were not only great saints but the real pioneers in the field of Marathi literature. Although by tradition the credit of composing the first work in Marathi goes to Mukundraj the author of the *Viveksindhu*, the father and maker of Marathi literature was Dnyanadeva. He was a native of Apegaon, a village near Paithan. He was not only a great mystic but a great philosopher poet also. His Marathi commentary on the Gita is still considered to be an epoch-making work in Marathi literature. The lucidity, the power of giving illustrations, methodical treatment of the subject and the mastery over the language are some of the unique characteristics of the work. Besides this, he wrote two more works on philosophy and a number of devotional songs in the Abhang metre in praise of God Vitthal of Pandharpur. These songs are still very popular among the masses and sung in the Bhajans.

The younger contemporary of Dnyanadeva was Namadeva. He was a native of Narasi-Bhawani in Parbhani district and was a tailor by caste. As a great devotee of Vitthal of Pandharpur and popular saint no other saint poet will surpass him except perhaps his successor Tukaram of Dehu. He was the first to establish

the practice of pilgrimage to Pandharpur. His devotional songs which he composed in the Abhang metre appeal to the masses and are still sung and recited all over the Marathi land.

Like the saint poets of the Varkari sect mentioned above the followers of the Mahanubhava sect also share the credit of founding the Marathi literature in the 18th century. Although their works, which are recently discovered and published, are not so popular as that of the Varkari saints yet some of their productions certainly claim our attention and in brilliance of style pave the way for later works. Most of the early Mahanubhava writers were sons of this soil. Bhaskar Bhat Borikar, Narendra Pandit, Mahindra Bhat and Keshavaraj Suri were some of the best poets of this sect. Of these Bhaskar was a resident of Kasar Bori near Parbhani. His two most important works are *Shishupalwadha* (slaying of Shishupal by Lord Krishna) and *Uddhavagita*—a Marathi commentary on the 11th chapter of the *Bhagwat Puran*. Bhaskar's *Shishupalwadha* is considered to be the first narrative epic (poem) in the Marathi language. While Bhaskar composed his poem on the subject of Krishna's heroic deeds, his friend Narendra wrote on the marriage of Krishna with Rukmini. Narendra Pandit was a court poet of Yadav Ramdev Rao the last ruler of Devgiri. At his suggestion, Narendra composed his *Rukmini Swayamwar* in Ovi metre and read it before the king in the court. Ramdev was very much pleased with the work and rewarded him generously. As a narrative epic poem, Narendra's production certainly claims to be a masterpiece in Marathi literature. Now we turn to Mahindra Bhatta the first prose writer in the Marathi language. He wrote a biography by name *Leela Charit* in which he narrated the events and miracles in the life of Chakradhar Swami the

founder of the sect in a very simple and attractive style. In this work Mahindra has thrown considerable light on the social conditions, customs and manners of the Marathi people during the Yadav period. Last comes Keshavraji Suri the great biographer of Chakradhar and a most versatile writer. He was a native of Rampuri Papadanda near Pathri Taluq. He wrote a number of works both in Marathi as well as in Sanskrit. But Murthiprakasha, the life of Chakradhar is his best production.

After the fall of the Yadavas of Devgiri this first creative period in the Marathi literature came to an end. During the succeeding three or four centuries when the Bahmanis and Shahi Sultans were overlords of the Deccan and Persian became their court language, we find very few writers of outstanding merit except Eknath and Dasopant. Both were contemporaries and wrote many works. Eknath, a great saint and narrative poet was very famous after Dnyanadeva. He was a native of Paithan the ancient capital of Shalivahan Emperors. He composed a commentary in Ovi metre on the 11th chapter of the Bhagwat Puran. This work is the second great literary masterpiece after the Dnyaneshwari, the great work of Dnyanadeva. The Eknathi Bhagwat (the popular name of Eknath's work) is still read by thousands of men and women and is regarded as the sacred book of the Varkari sect. Another famous poet of this period was Dasopant of Ambe Jogai, modern Mominabad. He was a voluminous writer. His capacity as a writer was wonderful. His commentary on the Gita is so vast that it contains more than a lakh verses. He has also written a work on the "Pasodi" the long cloth. During the Maratha period, Ramdas the well known teacher of Shivaji earned great reputation as a great saint and poet. He was born and brought up at Jamb village in Aurangabad District. His Dasbodh is still very popular and read by many people in Maharashtra.

Ramdas's great contemporary was Keshavswamy Bhaganagarkar. He was a native of

this city, i.e., Hyderabad proper and was a Government servant under the Qutub Shahis. He composed a number of devotional songs which were recently published.

MODERN PERIOD

After the advent of the British rule in India the influence of the Western culture and civilization was so predominant in every walk of life that it changed the face of this country. It was a sort of new era to the people of India. The old order changed giving place to the new. Hitherto religion was the chief aim of literature. But now, with the knowledge of English literature, drama, novel, short story and other forms were introduced and became popular. Poona became the centre of Marathi learning. Naturally in our Marathwada the progress was very slow compared with the literary activities in Bombay and Poona. Very few writers appeared on the horizon. If at all there were any productions they were very meagre and did not show any sign of Western influence. Baba Maharaj Umrkar, Bhagwant Rao Tode Wade and Dasganu were the followers of the old school. Dasganu and Devidasrao Mahajan of Nanded are well known for their Kirtans and they have rendered valuable service to the Marathi literature by writing on the subjects useful for the Kirtan performance. Now we turn to the authors of the new school. Their writings are influenced by Western culture and in that they are followers of the writers of the Poona centre. Kant Manathkar, Nandapurkar, Bidarkar, Krishna Kumar, Padmakar, Pohnerkar, Gadgil have composed their poems on secular subjects. And people like Dr. Patwardhan, Yeshwant, Girish are other well-known poets of the Poona centre. In novel and short story, Diwakar Krishna, B. Raghunath, Balshankar Deshpande, Dr. Vaman Rao Gadgil, Krishna Kumar and others have done useful work. Many of these writers are the residents of this city. Some of them are Osmania University graduates. In the Osmania University, Marathi is taught as an optional subject up to

the M.A. Examination. In this city there are some institutions which are doing useful work in the cause of Marathi learning. The Marathi Granth Sangrahalaya and the Marathi Mandal in the Sultan Bazar, the Vivek Vardhini High School in Gowliguda and Vaidik Dharma

Prakashika in Shalibanda and others are rendering valuable service. Similarly the Nizam Vijaya, the only Marathi weekly in our city, and the Pratibha, the only monthly magazine published in Aurangabad, are doing useful work in the cause of Marathi literature.

The Contribution of Hyderabad to Urdu Literature

By

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URDU has had a very long association with the Deccan. Having originated in the camps frequented by Indians, Iranians, Arabs, Turks etc. and places of public resort in the vicinity of Lahore, and sprung from an Indo-Aryan dialect, the parent dialect of the modern Panjabi, it made its way to the Deccan along with the armies and officials of Ala-ud-din Khilji and his general, Malik Kafur, and gradually spread to further South. It was strengthened later when Muhammad Tughlaq shifted his capital and all its administrative machinery from Delhi to Devgiri (1326 A.D.), present Daulatabad, situated in the Hyderabad Dominions. Once the barriers between Hindustan and the Deccan had fallen, officials, tradesmen, travellers and sundry people began to pour in from the north, and many of them made this country their home. The northerners were ignorant of the Dravidian languages of the south, hence they adopted 'Hindui,' the old and liquid form of Urdu, as a convenient lingua franca. Since then Urdu has come to stay in the Deccan as a handy medium of communication between people speaking different Dravidian and other languages.

Soon after the death of Muhammad Tughlaq the Deccan became an independent state (1347) under Ala-ud-din Hasan of the Bahmani dynasty, who was popularly known as Hasan Gangu Bahmani (Bahmani, Brahman) in virtue of his association with the Brahman, Gangu.

During the Bahmani period (1347-1518) Urdu commenced its earliest development as a literary language under the patronage of the Bahmani kings, who though maintaining Persian as their court language showed an independent outlook in regard to this Indian language as far as their private life was concerned. Thus Urdu came to be used here "seriously for literary compo-

sition" (S. K. Chatterji, *Origin and Development of the Bengali Language*, Vol. I, P. 12), for the first time, while at Delhi the Mughal kings were wedded to Persian and the common man only imitating his master's example.

The earliest written documents of the Bahmani period are not available now. The first Urdu writer whose works are existing was the famous saint Khaja Bande Nawaz (1321-1422), buried at Gulbarga. He was the disciple of Khaja Nasir-ud-din of Delhi, popularly known as 'Charag-e-Dehli' (Light of Delhi), but came away to Gulbarga to teach and preach Islamic principles. He was primarily a Persian writer and has left a number of religious and Sufistic works in Persian. But in the Deccan he found his Persian not of much use, for Urdu was more easily understood here. Therefore he had to learn Urdu to make himself intelligible to the common man. He has left a few treatises in Urdu which deal with religious and Sufistic subjects. Later, one of his disciples wrote an elaborate commentary on his teacher's works in Urdu prose.

On the decline of the Bahmani kingdom (1518) the territory was divided into five independent kingdoms of Bijapur, under the Adil Shahi kings, Golconda under the Qutb Shahi, Ahmad Nagar under the Nizam Shahi, Bidar under Bareed Shahi and Berar under Imad Shahi kings. The Adil Shahi and the Qutb Shahi kings were great lovers and admirers of Indian art and culture. Ibrahim Adil Shah I (1584-1557) is said to have made Urdu his official language and Ibrahim II (1580-1626) was an expert in Indian music, in recognition of which he was given the title of "Jagat Guru" by the experts of Indian music. He also wrote a treatise on Indian music in 'Hindui' entitled "Nauras Namah," to which the famous Persian poet, Zuhuri, wrote his preface known as "Shi

Nasr." His love for this Indian language did not stop here. He founded a new city near his capital to which he gave the Hindustani name, "Naurasapur." He was also fond of giving Hindustani names to his palaces, gardens, etc.

Among the Qutb Shahi kings, Muhammad Quli (1580-1611) was a great patron of Indian art and literature. He was himself a good poet of Urdu and was the patron of prominent Urdu poets of his time. He has written a few poems in Telugu also.

The encouragement given to Urdu poets and writers by the Adil Shahi and the Qutb Shahi kings went a great way in making Urdu a literary language as early as the fifteenth century. Both the Golconda and the Bijapur kingdoms produced many a brilliant poet and writer.

The first and the foremost of these was a saint, Shah Miranji Shams-ul-Ushshaq. He was born in Mecca (1496), but came away to India in his young age. He stayed at Delhi for some time with his spiritual teacher, Khaja Nizam-ud-din Aulia and then shifted to Bijapur, where he remained till his death. After he came to Bijapur, the saint was obliged by force of circumstances to give up his Arabic and Persian and adopt Urdu for his preachings. He wrote several poems and a few prose treatises to teach Islamic doctrines and Sufistic practices.

Shah Miranji's son and disciple, Shah Burhan-ud-din Janam and his grandson, Shah Amin-ud-din Ala, followed his example and have left several works in prose as well as in poetry all of which deal with religious subjects.

Under the later kings of Golconda and Bijapur, the religious character of the Urdu writings began to be changed and topics of purely literary nature were employed for both poetry and prose compositions. Muhammad Quli Qutb Shah, the fifth ruler of Golconda took very keen interest in Urdu poetry. He was the first Urdu poet who composed 'Ghazals' (lyrical songs). But his Ghazal was not confined to a few conventional topics as it has come to be during later years,

and it covered a wide range of subjects, like the common festivals, seasons, beauties of nature and personal reminiscences. At his court he had Urdu poets of outstanding merit among whom Vajhi was the most important. He is the author of the first connected romance, "Qutb Mushtari," written in versé (1609). His second work, "Sabras," a fine allegorical story written in charming and ornate prose, ranks very high in the classical Urdu literature. Among the followers of Vajhi, Ghavwasi and Ibn-e-Nishati, were poets of note. The former is the author of two long narrative poems, one of which deals with the love of prince Saif-ul-Muluk and the Chinese princess, Badi-ul-Jamal. The story has been borrowed from the "Arabian Nights" and is retold in verse. The other work "Tuti Namah," is a versified translation of "Suka Saptati" or the 'Seventy Stories told by Parrot' in Sanskrit. Ibn-e-Nishati's "Phoolban" (1655) is also a romance of love and adventure told in pleasant verse.

Contemporary of the above poets were Rustami and Nusrati at Bijapur. Rustami translated a long Persian epic poem in Urdu, entitled "Khawar Namah." Nusrati was the court poet of Ali Adil Shah II (1656-1678) whose praises he has sung. He has also written an epic poem, "Ali Namah," dealing with the wars between Shiwaji and Ali Adil Shah. In his other work, "Gulshan-e-Ishq" he has narrated the story of Manohar and Malti.

Besides these there were a number of minor poets and prose writers who flourished at Golconda and Bijapur among whom may be mentioned, Muqimi, author of "Chadarbadan-o-Mahyar," Sanati, author of "Qissa-e-Benazir," Tabai, author of "Bahram-o-Gul Andam," and Malk Khushnud who translated Amir Khusrô's "Hasht Bihisht" in Urdu. Towards the last decade of Bijapur a poet of very original mind rose to prominence. It was Miran Hashimi, a blind poet, who was the founder of 'Rekhti,' school of Urdu poetry, which deals with the finer sentiments of women.

This brings us to the last decade of the Qutb Shahi and the Adil Shahi Kingdoms. During this time a number of poets were born who wrote mostly, 'Marsia' or elegiac poetry, and thus laid the foundation of 'Marsia' in Urdu poetry. Among the Marsia writers, Mirza, Qadar, Imami Nuri, Faiz etc. may be mentioned.

The downfall of the Golconda and the Bijapur Kingdoms at the hands of Emperor Aurangzeb (1686-1687) had an adverse effect on the talents of the Urdu poets in the Deccan. Most of them took to writing semi-religious or sufistic poetry. "Qissa-e-Malika-e-Misir" by A'jiz, "Manlagan" by Qazi Mahmood Bahri and "Panchi Bacha" by Wajidi were written during this period.

Aurangzeb and his nobles who were brought up in the Persian literary atmosphere at Delhi, could not appreciate the native genius of the Urdu poetry, and this fact explains the waning of interest of the Urdu poets in purely literary compositions.

Shortly after Aurangzeb's death and during Muhammad Shah's reign at Delhi, the experienced soldier and politician, Mir Qamr-ud-din Khan, who later became Asafjah I, left Delhi, forced by conditions prevailing there and came to the Deccan where he founded the present Hyderabad Dominion. As regards his appreciation of Urdu poetry, he was no better than his predecessors from Delhi, though he is said to have composed a few verses in Urdu. He favoured mostly Persian poets and writers and was himself a fine poet of Persian. He had Lala Mansa Ram, a good scholar of Persian, for his private secretary, who wrote his famous "Wasaya."

But however in this unsympathetic atmosphere also one or two Urdu poets came to prominence, who have won abiding fame. Among them Wali ranks highest. He was, in fact, a product of the old literary traditions of the Deccan. He was born in Aurangabad (1682) which had become the capital of the Deccan since Aurangzeb's time, and hence the centre of literary and cultural activities. Wali left his native place

in early life and spent most of his time in travels. Owing to his leanings towards Sufism, he came under the influence of the famous Persian Sufi poet, Hafiz, and wrote mostly ghazal, in preference to mashnavi, which was popular with his predecessors. He travelled to Delhi also where he recited his Urdu poems and created a deep impression on the Urdu-speaking Persian poets there. His example gave an impetus to Urdu poetry in Delhi.

By the next generation of the Asafjahi dynasty the old Urdu traditions of the Deccan began to assert themselves and we find his son and successor, Nasir Jung (1748-1750) composing Urdu verses. But it was during Nizam Ali Khan's reign (1761-1808) that the literary activity of Aurangabad reached its zenith. A group of very prominent poets had assembled there, of whom Shah Siraj, Lala Lachminarayan Shafeeq, Abd-ul-Qadir Sami, Balaji Trimbak Naik are worth mentioning. Shah Siraj was a Sufi poet who followed the poetic traditions of Wali and was considered Wali's successor. Shafeeq was the son of Lala Mansa Ram and a poet and writer of remarkable genius. His ghazals are fine lyrics and his mashnavi, "Tasweer-e-Janan," is unique in its theme and charming in style. Shafeeq's biographical sketches of the Urdu and Persian poets are also remarkable.

Arastoo Jah, the Diwan of Nizam Ali Khan and Raja Chandoo Lal Shadan, his Peshkar, were great patrons of Urdu poets and writers. A number of poets and literary persons of the time were attached to their household. Shadan was himself a good poet and has left an Urdu and a Persian Diwan. Shah Naseer, the famous poet of Delhi came to Hyderabad on the invitation of Maharaja Chandoo Lal Shadan. When Nizam Ali Khan shifted his capital from Aurangabad to Hyderabad, all the literary activity was transferred here and new poets and writers came to light, of whom, Naqd Ali Khan Ijad, Sher Muhammad Khan Iman, Lala Mohan Lal Mahtab and Asad Ali Khan Tamanna need mention here.

Nizam Ali Khan was succeeded by Sikandarjah (1808-1829) during whose reign Muhammad Siddiq Qais, Hashim Ali, Mah Laqa Bai Chagda, Mir Shamsuddin Faiz, Rai Bala Pershad Rabbt, Habibullah Khan Zuka and Raja Makhan Lal Makhan were poets of note who contributed a great deal to raise the standard of literary taste of the time. New fields of activities began to be discovered since Nasir-ud-Daulah's time (1829-1857). A prominent Paigah noble, Mir Fakhruddin Khan, Shams-ul-Umara II who was a good scholar, took a fancy to scientific literature and got together scholars in English and French to translate books on scientific subjects. As a result of his efforts a volume consisting of treatises on mathematics, astronomy, physics, chemistry, mechanics and zoology translated from English and French was published under the title, "Sitah--Shamsiah." Later during Afzal-ud-daulah's regime (1857-1869) new scholars came forward who continued the scientific pursuit. One such scholar, Moulvi Syed Husain Bilgrami compiled a work consisting of articles on Hygiene, Physics and philosophy of history, which was entitled, "Makhzan-ul-Fawaid."

During the late Nizam, Mir Mahbub Ali Khan's reign (1869-1911), several factors combined together to accelerate the literary activities in Hyderabad. First of all a new era was dawning in India and Hyderabad could not have kept aloof. The spread of western education and contact with western thought had revolutionized the outlook of the Urdu world. New literary forms and styles were introduced in Urdu literature and new trends were flowing into Urdu poetry. Most of the scholars and literary men from the north who had worked to usher in the new era in Urdu literature, like Nazir Ahmad, Hali, Shibli, Moulvi Mahdi Ali, Moulvi Mushtaq Husain, Moulvi Charagh Ali, Abd-ul-Halim Sharar and Pandit Ratan Nath Sarshar, had all assembled in Hyderabad giving extra impetus to the work already going on here. Among the scholars and literary figures here that kept the torch burning, we may mention Raja Girdhari Pershad Baqi, Hafiz-ud-din Pas, Dr. Ahmad

Husain Mail, who were poets of the old school, Razi-ud-din Hasan Kaifi who was responsible for popularising the new modes of Urdu poetry that had taken their rise in the north and last though, not the least, Maharaja Sir Kishan Pershad, Shad, who was a great poet and the greatest patron of art and literature of his age. Sir Kishan was a writer of versatile genius. He wrote poetry—ghazal, qasida, masnavi, rubai, all with equal facility. He wrote prose also. His prose style was charming as exhibited by his novel, "Matla-e-Khursheed." But above all he was a generous patron of literary men. He had a number of Urdu poets attached to his household of whom Pandit Ratan Nath Sarshar was also one. It is difficult to assess his share in the uplift of Urdu standards in Hyderabad in the present times.

There is one more scholar of this period who has done memorable service to historical literature in Urdu. It is Shams-ul-Ulama, Syed Ali Bilgrami, who translated "Tamaddun-e-Arab" and "Tamaddun-e-Hind" from French.

During present time Urdu literature is greatly enriched by the efforts of poets like Amjad, Azeez Yar Jung Azeez, Haidar Yar Jung Nazm, Raja Narsing Raj Bahadur A'li, and Azmatullah Khan, and scholars like Pandit Manik Rao Vitthal Rao, Moulvi Abd-ul-Haq, Hakim Shamsullah Qadri and Raja Rajeshwar Rao Asghar. Amjad is the best Rubai writer that Urdu has ever produced. Azeez, Nazm and A'li, are exponents of old school of Urdu poetry. Pandit Manik Rao Vitthal Rao is the author of the monumental work, "Bustan-e-Asafia" on the history of the Deccan. Asghar has made a mark in lexicography.

The services rendered to Urdu by Hyderabad from time to time are no doubt great, but the establishment of the Osmania University with Urdu as medium of instruction in the reign of the present ruler, Sultan-ul-Uloom Mir Osman Ali Khan, surpasses all its past records and excels all services rendered elsewhere. Although even before the establishment of the University, Urdu had risen from the status of a common language and had asserted itself as a medium of education

in institutions of higher education also like the Dar-ul-Uloom, the Medical and the Engineering schools and the law class. But nothing was systematic. Therefore the establishment of the Osmania University has started a new era in Urdu language and literature in as much as it elevated the status of the language and opened wider and higher fields of thought and work for the Urdu world. The Translation Bureau, which was established simultaneously to assist the University in the translation and compilation of suitable text-books for various classes has also done immense work. The Terms Committee consisting of scholars of Urdu, Arabic, Sanskrit and Persian, and constituted to coin scientific terms, has coined terms in almost all the subjects, although there is still scope for improvement.

Thus, the Urdu language has gradually been raised to the status of university education, and instruction is successfully being imparted to the highest university classes through it in all the modern subjects. Recently research institutes in arts as well as science have been started where a band of scholars is engaged in original research

up to the standards of Ph.D., D.Sc. and D.Litt.

Helped by the congenial and scholarly atmosphere created by the university, literary institutions of all-India scope like the Anjuman-e-Taraqqi-e-Urdu and the Idara-e-Adabiyat-e-Urdu grew up here. The Anjuman under the guidance of its Honorary Secretary, Dr. Moulvi Abd-ul-Haq did very good work in enriching Urdu literature. It brought to light several ancient works of classical Urdu writers. The Idara-e-Adabiyat-e-Urdu, though comparatively recent, has done immense work under Dr. S. M. Qadri Zore, to raise the standards of Urdu literature and language and pave the way for its future development on scientific and healthy lines. One of the important schemes before the Idara is the compilation of a Hindustani Encyclopædia in Urdu. A short while ago a special committee consisting of Urdu and Hindi scholars was set up to adopt means and methods for the simplification and purification of highly literary Urdu styles which had developed in later years, which sometimes went to the extreme of obscuring the origin of this purely Indo-Aryan Language.

THE HYDERABAD STATE

Area and Population

- IS** 82,698 square miles or 52,926,720 acres, is more than the area of England and Scotland put together, is the biggest State in India and the area exceeds the Provinces of Bengal before partition, 87,442 square miles, and Bombay, 76,443 square miles.
- HAS** a population of 16,388,534 as per 1941 census.

Cultivation and Irrigation : Live-stock and Forests

- HAS** 2,41,40,261 acres under cultivation including Paddy (18.05 lakhs), Wheat (2.02 lakhs), Jawar (62.44 lakhs), Groundnut (20.33 lakhs) and Cotton (19.06 lakhs).
- HAS** 1,882,485 acres under irrigation.
- HAS** 8,869 major and 20,472 minor tanks.
- HAS** 4,775 miles of channels including distributaries.
- HAS** 87 lakhs of cattle.
- HAS** a total area of 9,466 sq. miles of forests (i.e., 11.4 per cent.).
- HAS** 1,286,544 cattle grazing in Government Forests.
- HAS** nearly 7,100 acres under afforestation, 1,000 families engaged in afforesting waste belts of Marathwada Districts.

Industries : Large-scale

- HAS** 726 large industrial establishments employing on an average 57,884 persons.
- HAS** 6 cotton mills producing 18,222,408 lbs. of cotton and 16,782,858 lbs. of yarn.
- HAS** an annual production of 11,63,077 tons of coal.
- HAS** a production of 15,908 tons of sugar.
- HAS** a production of 61,941 cwt. of paper.
- HAS** a production of 1,23,697 tons of cement.
- HAS** a production of 3,22,060 gallons of power alcohol.
- HAS** a production of 14,221 tons of glass.
- HAS** a production of 8,572,750,000 cigarettes.
- HAS** mica mines producing 29 cwts. of finished mica and graphite mines yielding about 85 tons of crude graphite annually.
- HAS** a production of 89,926,161 units of electric power.
- HAS** electricity supplied to 10 cities and towns and 17,298 consumers of power and lighting.
- HAS** 205 joint-stock companies with authorised capital of O.S. Rs. 41,17,28,160 issued capital of O.S. Rs. 20,32,58,545 and paid-up capital of O.S. Rs. 12,12,25,006.

Industries : Small-scale and Cottage

- HAS** Cottage Industries of Yarn Spinning, Cloth Weaving, Paithan Industry of Gold Embroidery, Aurangabad Himru, Mashru, and Kamkhab, Blanket Making, Nawar Making, Cloth Dyeing and Printing, Silk Weaving, Wool Carpet, and Durry Making, Bidriware, Silver Filigree Work, Nirmal Toys Works, Hand-made Paper, Metal Industry, Tunning, Sword Stick, Button Industry, Toy Making, Beedi Making, Soap Making, Cane Work, Brush Work, Mat Making, Tusser Work, Clay Works, Brass Industry, Brick and Tile Making, Carpentry, Smithy, Rattan Work, Biscuit Making, Fruit and Vegetable Processing, Furniture Works, Bangle Making, Masalah (Parfumery), Hosiery.

Trade

- HAS** an ascertained value of rail-borne goods amounting to Rs. 68 crores or 86 per cent. of the total trade, while the value of goods passing through the Frontier was Rs. 11.6 crores. The total value of imports and exports in 1956 F. amounted to Rs. 79.1 crores.

Currency

- HAS** the Hyderabad rupee as the standard coin equivalent to 3.2826 grams of fine gold and 25.86 U.S. cents.
- HAS** about Rs. 600,000,000 (including notes and subsidiary coins) in circulation.

Government Finance

- HAS** an annual revenue of about Rs. 2399.71 lakhs.
- HAS** about Rs. 1,100,000,000 in different Reserves.

(THE HYDERABAD STATE)

Communications

HAS 1,691 Hyderabad Post Offices (16 Head-Offices, 862 Sub-Offices and 1,313 Branch Offices) and 16 Indian Union Post Offices, 15 Indian Union Combined Post and Telegraph Offices, 130 Indian Union Post boxes in post offices and outside and 1 Indian Union departmental Telegraph Office.
HAS 1,734 Telephone installations excluding extensions.
HAS its own Broadcasting Stations at Hyderabad City and Aurangabad City.

Transport

HAS a total length of 6,632.39 miles of roads including 4,946 miles of metalled roads.

HAS 1,605 miles of railways as follows :—

- i. 1,308 miles within the State, owned and worked by the Hyderabad State Government.
- ii. 80 miles outside the State, owned and worked by the Hyderabad State Government.
- iii. 36 miles within the State, owned by the Hyderabad State Government and worked by the Barsi Light Railway Company.
- iv. 58 miles outside the State, owned by the Government of India and worked by the Hyderabad State Railway.
- v. 173 miles within the State, owned and worked by Foreign Railways.

HAS an import railway trade of 4,85,100 tons and an export trade of 1,000,100 tons.

Note.—This excludes the traffic imported and exported to and from stations on the foreign railways lying within the State and also all through traffic passing over the Hyderabad State Railway System.

HAS one Co-operative Credit Society serving the staff of the Railway and allied services with 11,880 members and I.G. Rs. 1,87,140 as paid-up capital.

HAS one General Hospital with 120 beds and 9 dispensaries in the districts and one dispensary at Secunderabad, to cater for the staff of the Railway and allied services.

HAS 11 primary and 2 middle schools to provide for educational facilities to the children of employees of Railway and allied services.

HAS 5,068 route miles of the Road Transport Services.

HAS a Company named Deccan Airways Limited with an air mileage of 2,430.

HAS an aero club entirely subsidised by Government for training pupils.

HAS 9 aerodromes in the State.

Social Services

HAS 167 medical institutions, with 2,708 beds available.

HAS 16,470 Co-operative Societies with 1,30,360 members and Rs. 1,81,62,090 as paid-up share capital.

HAS 8,889 educational institutions, with 18 Colleges, with 111 High Schools, 189 Middle Schools, 7,677 Upper and Lower Primary Schools, and 412 Special Schools.

HAS 5,79,058 Scholars Studying.

For the Tourist

HAS the Ajanta and Ellora caves famous for their paintings all over the world (with the State Railway Hotel at Aurangabad nearby).

HAS the Bhadrachallam temple of Ramdas fame.

HAS the Pakal lake which has never known drought.

HAS the Darga of Khaja Bande Nawaz of All-India fame at Gulbarga.

HAS the reputed shrine of Thulja Bhavani at Thuljapur.

HAS the Holy Gurudwara of Guru Govind at Nanded.

HAS Kishkindha (a venue of Ramayana) in Anegondi bordering on the river Tungabhadra.

HAS ruins of the capital of the famous Hindu King Nala at Naldurg.

HAS the great fort and other ruins of the Kakatiyas at Warangal.

