activities. No amount of tall talk about State enterprise can alter the fact that major industrial development must inevitably'take place through private enterprise, which has the advantage of experience and familiarity with the process of industry'. At best, the State may .supplement private efforts in some specialised fields. No realistic appraisal can escape the conclusion that unless private enterprise is ever on the offensive in capturing new industrial fields and continuously takes new risks with its resources, neither the larger interests of the corporation itself nor of the nation can He served. Modern industrial corporations have now to take a broader view of their responsibility as in the West and set a new pace to country's industrialisation. That alone will be able to justify their continued existence in modern times.

World Food And Agricultural Organization Reports on Jute

THAT the continuing world scarcity and high prices of jute are stimulating the use of substitutes is the principal finding of the FAO Commodity report on jute which has been recently issued. Paper has already made serious inroads into the jute markets in the USA and Canada; its competition is being felt in other countries. Experiments are being carried on with long vegetable fibres on a wide-scale for use as substitute for jute.

The world jute crop in 1949- 50 shrunk to four-fifths of the 1934-38 average. The chief causes of the fall in production were the shortage of food and high prices of rice which induced Pakistan farmers to plant less than the allotted jute acreage, Excessive rains also lowered the yield.

Pakistan's; jute acreage limit for 1950-51 is one-third less than the area cultivated during the previous season. But it is hoped that planting may be stimulated by Government's price support measures and less favourable rice prices. India's target for 1950-51 envisages an increase of 60 per cent, on the estimated production in 1949-50. But even if the targets set up by India and Pakistan are reached, the world output will still fall short of the 1984-88 average.

Similarly, even if recent improvements in baling press and port facilities enable Pakistan to increase its overseas jute shipments to more than twice the 1949 rate, the total inter-continental trade in jute in 1950-51 will still remain much below pre-war.

Due to shortage of raw material, the manufacturing industry in India had to reduce its scale of operation-, in 1949. Consequently the output of jute goods fell by 10 per cent.-to about three-quarters of that of 1938, with the result that an acute shortage of jute goods was felt in many countries.

The bulk of world exports of jute comes from Pakistan which has no mills of its own. This fibre accounted for 60 per cent, of the country's foreign trade in 1948-49. Till late 1949 the Indian Union's manufacturing industry which accounts for 60 per cent, of the world jute loomage, absorbed the major share of Pakistan jute exports. Even before the trade deadlock between India and Pakistan, the overseas shipments of jute fibre from the Indian sub-continent had already gone down much below the pre-war level. As against, an Indo-Pakistan raw jute production level at 73 per cent, pre-war, aggregate exports from Calcutta and Chittagong during 1948-49 reached only 63 per cent, of the 1934-38 average. India reduced its shipments of raw jute in order to maintain its mill activity. The reduction of raw jute supplies in the world market was acutely felt by European industries. Supplies to 'Europe were further reduced by the export control system in India and Pakistan which gave preference to shipments against payments in hard currencies.

jute prices are much higher than those of most other textile fibres. Despite a .reduction of output by more than one-quarter, prices of hessian manufactures fell by 17 per cent, from January to june-1949 as compared with an 8 per cent. decline in raw jute prices during the same period. After the September devaluations, prices in Pakistan broke sharply. The floor prices fixed by Pakistan were at about 25 per cent, below the mid-September levels. Still the cost of Pakistani jute landed in Calcutta was well above Indian official ceilings. Though top qualities have commanded some premium, prices of medium and low quality fibre have generally been near the fixed minimum rates. Raw jute prices in New York in April 1950 were more than 90 per cent, of the pre-devaluation level.

In India official ceilings for raw jute were established in September, ceilings were also fixed for export prices of jute goods and for shippers' commissions on such sales. Exports to hard currency countries were made subject to licensing and the export duty on hessian was increased by 337.5 per cent.

The Indian jute industry supplies more than nine-tenths of world exports of jute manufactures. in the fiscal year 1948-49, jute manufactures accounted for more than one-third of the total Indian export values and over half of the total exports to hard currency areas. Of the total exports of jute manufactures, USA, United Kingdom, Australia, Argentina, Canada and Cuba between them took nearly three-quarters. USA took 35 per cent., UK 11 per cent, and Australia 11 per cent.

Early in 1949 hessian demand and prices dropped sharply owing to a contraction in United States purchases, whereas raw material costs did not decline proportionately. In May, 12½ per cent, of the hessian looms were sealed, but output of sacking was increased. In July the Indian Mills Association instituted a reduced work schedule under which mills were closed for one week a month. In December 1949 the work schedule was amended to provide for a full month's operation at 42½ hours a week.

The estimated total output of Indian Jute Mills in 1949 was 10 per cent, lower than in 1948 and one-quarter less than in 1938. Exports were maintained at four-fifths of the 1938 rate. In November, the

Government began to requisition supplies to send jute manufactures to Argentine in return for wheat. The Government also established priorities for deliveries against North American orders with the result that other countries like the United Kingdom suffered. Recently the Government has directed the mills to switch back from sacking to hessian.

The establishment of a jute manufacturing industry large enough to meet the domestic demand for jute goods has been engaging the attention of the Pakistan Government. In December last it was announced that three jute mills would shortly be constructed. But as it will take some time for these mills to go into production, the Government of Pakistan is trying to have raw jute processed on Pakistan account in other countries. It is reported that such a processing agreement has been recently concluded with Italy.

The greatest threat to jute trade lies in the development of substitutes. The competition from paper may become keener as supplies of pulp become more plentiful. Brazil has plans for increased production of indigenous fibres which can be substituted for jute. Many of the Caribbean countries are expanding the cultivation of kenaf, another long fibre. Belgian Congo is fostering the cultivation of a vegetable fibre, commonly called Congo jute, which is being tried out in other African countries as well. India has lost a great market in South Africa, which is now manufacturing bags from home-grown fibres. Experimental cultivation of substitute fibres is also being carried on in Australia and the Philippines. It is not that the output of the other fibre crops is large or even considerable. It is the development programmes for their cultivation which constitute the threat to jute.

Limitation of Expenses in Life Insurance

Provakar Mitra

LIFE Insurance is a business which is carried on upon certain assumptions which are expected to be realised in course of time. Its premium rates represent the discounted value of what a Life Insurance Company wants to spend on running its business and what it wants to provide for the insured. These rates are based upon certain assumptions with regard to mortality, interest earned on investment and expenses incurred. Needless to say, expenses are an important factor in life insurance business, When a Life Office commences new assurance, the expenses included in the computation of premia contains a considerable element of estimation and judgment. When the contracts have been in force for some years, it is unlikely that the expenses allowed for while computing the rates of premium will be exactly borne out by experience. Expenses are a continually changing factor. The "bonus loading" in premiums of " with profit" policies not only provides for bonus, it also absorbs the initial shock of high expenses during the early years of the insurer's operations and in a well-managed company it is ultimately adjusted against the cost of life insurance.

To limit expenses by law, however, is a formidable task. Any rigid fixation of expenses by law would be difficult to enforce in practice unless the rates are so high as to lead to extravagance.

"The fixing of suitable limits," stated Mr. R. W. Sturgeon, F.I.A., Chairman, Special India Committee, British India Association, in a representation to the Government of India on the subject, "presents a difficult problem. In order to provide a criterion which could be relied upon as a test of soundness and good administration in every case, it would be necessary to set the limits at a level which would result in the majority of insurers appearing at once as transgressors." It was appreciated by the Government of India that there was no scientific basis for fixing the ceiling of expenses in view of the wide differences in the insurance companies. Accordingly, under Sec. 40-B (2) of the Insurance Act, 1938, as amended by the Insurance (Amendment) Act, 1950, it has been laid down that in prescribing the limits of expenses, regard shall be had to the size and age of the insurer and the provision generally made for expenses of management in the premium rates of the insurers. In pursuance thereof, Draft Amendments to the Insurance Rules prescribing the limits of expenses of management have been published in the Extraordinary issue of the Gazette of India, dated June 9, 1950. Any objection or suggestion from the affected persons with regard to the Amended Rules will he considered by the Central Government when the Rules will be taken into consideration by them on or after July, 15, 1950.

Leaving aside the Indian life insurers who have not yet completed ten years, only the case of those who have passed that age will he examined from the particulars of their working given in the 1949 Year Book, to ascertain how far they would be in a position to satisfy the legal requirements with regard to expenses. It has been provided in the Rules that after December 31, 1950, no insurer shall, in respect of life insurance business transacted by him in India, spend as expenses of management in any calendar year an amount exceeding

TABLE A

After the tenth year, if the insurer's business in force	Percentage of premiums (less re-insurance) received during the year: of first year's premium	of renewal premiums
(a) is less than Rs. 2 crores	90	17
(b) is less than Rs. 5 crores but not less than Rs. 2 crores	90	16
(c) is not less than Rs. 5 crores	90	15