

Price Support

TRUE enough, there is no point in extending an open invitation to speculators to help themselves. But Dr Punjabrao Deshmukh's categorical statement at a public meeting held under the auspices of the Dharwar Congress Committee to the effect that the Government of India would *not* undertake any price support policy to check the falling prices of foodgrains, as reported in the daily press, is liable to serious misunderstanding. For one thing, it contradicts flatly the Food and Agriculture Minister, Shri Ajit Prasad Jain's statement in Bombay in the previous week that "Government would step in wherever prices fell to an unremunerative level and would deal with the situation". This is taken from the official version of Shri Jain's speech published in the latest issue of the *Food Bulletin*, and the authenticity of the text is not therefore open to doubt. True, Shri Jain took care to add that the "adoption of a general price stabilisation policy by Government was different".

This is not a matter of quibbling. Without committing itself to a general policy of price support, the Government may yet come to the rescue of distressed farmers and extend effective support in pockets of very low prices. The Minister for Food and Agriculture himself made a clear case for just this kind of selective discriminating support. The peasant, he said, was devoid of retentive power. When the State Bank, which is to be formed by the amalgamation of the Imperial Bank with some State-associated banks, sets up a network of branches for financing rural credit, it will also sponsor the erection of godowns. When the credit system is strengthened on these lines, the peasant's retentive power will improve, so a sharp fall in prices immediately after the harvest will be avoided and the grower will get a better price. All this is still in womb of the future.

Without waiting for it, the Bombay Government has announced its decision to open grain banks in 12 districts, to begin with. It was "very seriously" watching the fall in prices and it intended to purchase at reasonable prices cereals in areas which were economically backward.

So, whether there is formal commitment or not, Government has acted more sensibly than its profes-

sions would lead one to expect. A case in point is the recent fixation of a minimum price for jowar, bajra and maize. The Government of UP has also been known to have extended support to wheat at a minimum price of Rs 10 and surely, it could not have acted thus without consultation with the Centre,

In the case of commercial crops, there is even clearer evidence of extension of price support in the indirect form of liberalisation of export quotas and reduction of export duties. The export duty on castor oil has been reduced with immediate effect from Rs 200 to Rs 125 per ton. Export of castor oil is now being liberalised freely and in the case of groundnut oil, following the reduction in duty earlier, fresh export quota for 40,000 tons has been announced in addition to 26,000 tons announced earlier. This makes up a total of 66,000 tons compared to only 37,000 tons last year, in keeping with the improved supply position. Black pepper is another export produce on which the export duty has been reduced, from 30 to 15 percent *ad valorem*. It is only in the case of groundnuts HPS that the export duty has been raised but a further quantity has been released for export. Even in the case of *gur*, while imports of sugar keep mounting export is now being permitted, following the cry of distress raised from Andhra.

The trend is dear. Why did then Dr Deshmukh sound a discordant note to raise unfounded doubts?

New and Old in Airlines

NO face-saving formula could be found by which the old standing Indo-US Air Agreement, which is due to terminate on the 14th could be continued while India's demands could be met by voluntary reduction of services by the American Airlines operating in this country. The compromise discussed in these columns last week did not eventually come through. Hence the agreement which has long outlived its usefulness will lapse on that date. Pending the signing of a fresh agreement, the Government of India is issuing temporary permits to Pan American and Trans World Airlines to operate two instead of three round trips weekly for the time being.

India is not the only country by any means, even among the underdeveloped countries, which is hav-

ing an international air service of her own. Indonesia has one, so has Thailand and so have others. Pakistan is one of the latest to join this company, and it gets off to a flying start with its Pakistan International Airlines, formed as a new corporation as a result of the amalgamation of the Orient and Pakistan Airlines. Its first Super Constellation will take off for London on February 1; this service will operate once a week for the present but the frequency may be increased later when traffic develops. The other foreign service of the PIS which was inaugurated on the 16th of the last month, is that between Bombay and Karachi. It is operated with Convair planes and runs three times a week.

Pakistan has a wide scope for internal air traffic as this is virtually the only practicable means of travel between its two far flung wings. Therefore stepping up the frequency of the services from Karachi to Lahore, introduction of Super Constellation services via Lahore and Dacca and what is more, the extension of tourist fares to internal flights are among the immediate objectives of the newly formed Corporation. The two Pakistan air services, from which the Corporation takes over, had the advantage of adequate traffic right from their inception. Pakistan did not have to face the problem of too many air carriers and too low paying routes. The new corporation therefore starts under very favourable auspices and should have a bright future before it.

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