Weekly Notes

Steel Imports congest Bombay port

THAT steel imports should be responsible for the serious congestion in the Bombay docks last week, though these are still relatively small in quantity they are expected to reach a level of 2000 tons per day within the next few months is disconcerting, for the heavy programme of steel imports has been anticipated for some time now. Newspaper reports add that while the Port is itself increasing its capacity to deal with larger steel consignments, these are piling up in the docks because of the inability of the railways to clear them rapidly, A shortage of the special wagons required to transport long steel tubes, it is added, is at fault but even if this is solved, the general inadequacy of carrying capacity will still be there. Doubling of lines on various sectors of the Western Railway and other steps of the kind to increase the carrying capacity of the routes concerned are already included within the Second Plan. It is doubtful, however, whether an approach along these lines will prove adequate to solve the problem.

More careful thought needs to be given to the question of transport from the view point of ensuring the maximum utilisation of all the transport resources of the country. Expansion of capacity of the railway lines leading from Bombay to the consuming centres is the obv.-ous line of thought, but. perhaps northern India could be better served by using Kandla port as the centre for receiving imports to a greater extent. Expediting its programme of development might give quicker results under certain circumstances.

Better utilisation of some of the smaller ports is also possible and is likely to help. It was reported recently that port authorities in Saurashtra and the Bhavnagar Chamber of Commerce had launched a campaign for attracting industrialists and businessmen in Gujerat to channel their imports through Bhavnagar, The Ahmedabad textile mills, which Import about three lakh bales of foreign cotton through Bombay, were the, target of the campaign. Bhavnagar is only 160 miles from Ahmedabad while Bombay is 310 miles and the difference in railway freight alone amounted to Rs 5-14 per candy. The overall difference worked out to over Rs 9 per candy. While these facts should operate as a powerful argument with the private sector, they highlight the fact that available transport facilities are not being satisfactorily utilised due to an orthodox approach to the problem. The Gujerat Chamber of Commerce had suggested that the Saurashtra ports could easily handle about one million tons per annum and had suggested a broad gauge rail link between Bhavnagar and Tarapur near Ahmedabad to enable fuller utilisation of these ports. Whatever the merits of this scheme, there could be no doubt that a more intensive utilisation of the Saurashtra ports would repay effort, and the same could probably be said of other ports elsewhere.

A more intensive utilisation of road and inland water transport and of sailing vessels as during the war is also feasible and in fact essential. It is clear that a thorough survey of transport facilities in India and their present utilisation and potentialities for the future is called for in the interest of the successful implementation of the Second Plan. An American technical team is touring the country, looking into our railways. A sea-rail transport co-ordination committee has been working fitfully for some time. A survey of the minor ports has already been carried out. To piece together the findings of alt these and to knit, them together would call for hard, sustained work. Though there are welcome signs of a. change in the attitude to transport problems in the direction of better utilisation of capacity, occurrences like the present congestion in the Bombay Port are rude reminders that action resulting from this change is stilt far away.

Tax Concession on Motor Cars

AMONG the minor changes in income tax effected by the Finance Bill this year, the provision of a car allowance for salaried employees would be of considerable interest to the car-owning middle class families. The provision has been made for an allowance in the case of salaried persons in respect of the maintainence and normal wear and tear of conveyance used for the purpose of their employment. This would confer a much needed relief to the salaried person who in the matter of tax incidence is at a considerable disadvantage as compared to the business man. The proviso to this amendment, however, restricts the benefit only to persons who are not receiving a conveyance allowance. It will perhaps work a hardship in the case of persons who receive a conveyance allowance which is so nominal that they could have possibly been better off had they never received it. Such cases may not be inconsiderable and therefore necessitate a revision of this proviso so as to allow the benefit to a salaried person in respect of expenses on conveyance to the extent to which he may be entitled.

Mention may also be made here of another proposal which will deny henceforth the benefit of initial depreciation on machinery and plant which is not. entitled to development rebate introduced by the Finance Act of 1955. It will not be possible for the business man to change cars as frequently as before with an eye on substantial gain from income tax in the bargain.

Meeting Expanding Demand

DUNLOPS have not done so badly, in spite of the cut in tyre prices, effected on the recommendation of the Tariff Commission. True, the working results for the year 1955 reflect only very partially the effect of price reduction. More important perhaps was the rise in the controlled price of crude rubber which was increased from Rs 138 last year, to Rs 150 per 100 lbs. in February, and again to Rs 155-12 in September if only because it. affected the results over a much longer period than did the reduction in tyre prices.

The total sales of the company's products were 10 per cent higher in value than in 1954 but the net profit remained more or less unchanged at Rs 97 lakhs, while the ratio of profits, before tax, to turnover declined from 7 per cent to 6.4 per cent. A number of records in the company's history were set up during the year one was in the consumption of crude rubber which was nearly 10 per cent higher than in 1954, which itself was a record being 18 per cent above 1953. Despite substantial increase in production and sales, the company bad difficulty In meeting the demand for Its products, which Indicates not only a continued expansion of the economy but also the growing Importance of rubber tyres and other products in the expanding economy.

Mr Cecil Stack, Chairman of the Dunlop Rubber Company (India) Ltd., was therefore on unassailable ground when he forecasted the neceHsfty of a considerable expansion In output, if the demand for rubber products In the Second Five Year Plan period were to be met adequately. Naturally his company hopes to play its full part in meeting the needs of the expanding economy. In order to enable it to do so, however, the company would need the assistance of the Government in two directions, in the matter of transport and adequate supply of its principal raw material viz. crude rubber. Regarding the first Mr Stack was by no means sanguine, Referring to the unsatisfactory conditions of transport and the shortage of railway wagons, he ventured the opinion which is being increasingly voiced by all the industrialists in the country that "this problem will become more acute in years to come and that. it calls for the most serious attention by the Government of India."

As regards crude rubber Mr Cecil Stack sums up the situation as follows: "Against the total consumption of rubber by manufacturers In 1955 of 27,543 tons, India produced only 22,481 tons which means that, there was a deficit over 5,000 tons. In such circumstances, larger manufacturers have to import a portion of their requirements, especially when the world market price is higher than the controlled price." Dun lops, in fact, imported 2,368 tons of rubber last year. But if the above figures are correct and the Indian Central Rubber Committee has not challenged these figures, it is difficult to understand why the tyre companies have to experience difficulty in getting import licences from Govern ment. Mr Stack complains of such difficulty and the resulting decline in stocks which at times sank to a dangerously low level.

More significant than all these, however, are Mr Stack's observations about the developing demand for different varieties of rubber products, and of the difficulty which Dunlops experience, and others also, presumably, in coping with this demand. The situation may be gauged from the fact that despite increased production, the company ended the year with lowetstocks. This was due partly to brisk sales of some categories of finished goods and partly to the difficulties of importing crude rubber.

Of the different varieties of products, the demand for bicycle tyres increased so enormously that, the company was unable to keep its cycle tyre manufacturing capacity abrest of demand, although it hopes to remedy t.his before long. Short ages continued throughout the year. In fact the situation got so bad that the company itself suggested to the Government that import of cycle tyres should be permitted and the Government acted upon this suggestion.

The company's products other than tyres are proving increasingly popular. indeed so much so that increased manufacturing capacity Is now required in a number of lines. One such is Dunlopillo Latex Form Cushioning which has now become a standard equipment for cinemas, hospitals, hotels and transport services and is being increasingly used for domestic purposes and by car manufacturers as well.

Another is rubber ply transmission belting, the sales of which in creased by over 60 per cent compared with the previous year.

There way a similar increase in the popularity of such highly specialised products as anti-corrosive and abrasive linings.

The company's progress and the expansion of the company's activities have been made possible, needless to say. by the development work and research of the world wide Dunlop organisation, which is constantly on the look out for improved production methods, equipment and materials and is constantly turning out new products.

Does Advertising Raise Prices ?

DOES advertisement raise the price which consumers have to pay? It is a misconception that it does, said Shri Dharamsey M. Khatau. incoming Chairman of the Indian society of Advertisers, addressing the fourth annual meeting of the Society in Bombay this week. It is a misconception, however, that is still widely prevalent in this country, it arises, he said, from sentimental attachment to rural ways and values, and unfamiliarity with the real character and modus operandi of a modern, industrial economy. If it is admitted that there is economy in large-scale production, then it cannot be disputed that there is economy in advertisement. Efficient and advanced methods of production call for similar methods of marketing; if machinery and power make for cheaper production, advertising makes tor cheaper distribution. What is more, by helping to expand markets, advertising brings technological advances within the realm of practical possibility.

Pleading for a wider recognition of the role of advertising in building up a diversified economy in the country, the new President entered a caveat against the reported intention of the Government to bring in some kind of control on the advertisement budgets of industries.

It is not that the Government does not recognise the value of advertising. The sustained campaigns it is conducting for encouraging the use of handloom cloth and other handicraft products show that it does Shri Khatau pointed out that the Tariff Commission in its report on the bicycle industry felt it necessary to provide for a larger expenditure on advertising on the ground that "advertising on a more intensive scale is necessary to popularise this handy and cheap means of transport." Too often, whenever there is a check on costs, or control on prices, the axe falls heavily on advertising. Shri Khatau, unfortunately, has yet to persuade his fellow industrialists to take advertising more seriously, to apply scientific publicity techniques to their distribution and help the formation of advertising skill of which there is no glut in the country today.

Who Fathers the Plan ?

A SPECIAL correspondent from Delhi writes;

During the last five years, the Planning Commission has steadily lost authority. Now it is on the brink of losing the Second Five Year Plan. Recent pronouncements of the Ministers of Finance and of Com merce and Industry have reduced the blue-prints to nonsense. This has happened even before the final drafts have seen the light of the day. In a sense, the Second Plan will be stillborn.

Everyone in the Planning Commission knows that the Plan is neither a true estimate of expenditure nor of the time required to raise the resources or to spend them. Shri Chintaman Deshmukh admitted as