

The foregoing has been an attempt not so much to highlight the grouses of the South as to examine what the South itself could do to improve its economy. Central aid to establish a steel plant in Salem or a fertiliser factory in Mysore cannot by itself raise the standard of living or relieve the unemployment situation appreciably. As the Second Plan allocations stand, today, Madras is unhappy because her Rs 400 crore plan has been pruned down to a more realistic Rs. 170 crore plan. Similarly, Mysore which has ambitious projects like the Bhadra and the Honnenerudu projects (the latter is expected, when completed, to be one of the largest single hydro-electric

far of only Rs 3 crores forthcoming.

The decision of the Madras State to spend Rs. 35 crores in the first year of the Second Plan, may suggest that the final size of the State's plan can be of the order of Rs. 245 crores (on the basis of the calculation of the Planning Commission that the total outlay should be seven times the expenditure in the first year of the Plan). But the tameness of the budgets produced by the Finance Ministers of the other Southern States belie such expectations. On record is also the fact, for instance, that the funds realised

through additional taxation by these States (hiring the first four years of the First Plan were woefully behind targets: as against an expectation of Rs. 69 crores only Rs 14 crores was raised.

When this is the record the only salvation for the Southern States would seem to lie in getting more out of the Plan with their limited resources by drastically cutting down all non-developmental expenditure, and avoiding overlapping through participating in the Plan as a region. And if the idea of a multi-lingual State is politically found unpalatable by some, there can at least be inter-State co-operation where major schemes and projects are involved.

## Bank of Rajasthan

A SUBSTANTIAL increase of 34.2 per cent in the working funds and a net rise of Rs 64 lakhs in deposits marked the working of the Bank of Rajasthan Limited for the year 1955. The liquid resources of the bank consisting of Cash & Bank Balances, Investments and Bills have been further strengthened from Rs 182.45 lakhs to Rs 248.20 lakhs so that they now form 195.8 per cent of Demand Liabilities and 87.2 per cent of total liabilities as against 168.8 per cent and 86.2 per cent in 1954.

One feature of the bank's working to which the bank has drawn attention in its report suggests an intriguing situation. The average of the bank's advances for the year was only 30.4 per cent of the average deposits "while it should normally be at least 50 per cent". Two reasons are given for this: (a) The losses

suffered by the business community due to the fall in agricultural prices some time after the harvest made them chary of holding stocks and (b) The damage to the cotton and jowar crops, which arrested the growth of advances during the fourth quarter of the year.

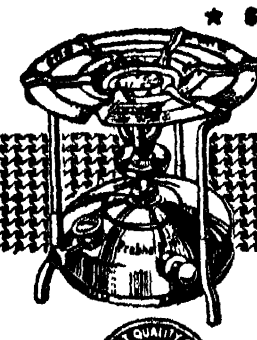
Since such factors frequently affect the working of the bank and since it has substantial liquid resources, the report says 'your Directors are, therefore, thinking at an opportune time to open branches of the bank at big commercial centres of the country where surplus funds may be advantageously utilised, throughout the year". While this may no doubt be desirable from the immediate point of view of the bank, it would bring about a drain of funds from Rajasthan to the big commercial centres which is exactly

what the Rural Credit Survey Committee had suggested should be avoided. Everything should be done to stimulate the utilisation of funds within the region.

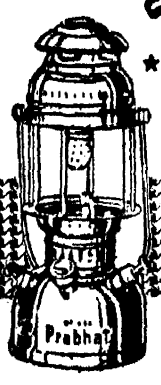
In any case, the low level of advances which form the remunerative class of business was one of the factors responsible for the fall in the net profit of the bank by Rs 13,420. The other factor was the increasing costs arising out of the increase in the average interest paid on deposits from 1.68 per cent to 1.73 per cent and the increase in salary of the staff on account of the Award by 5.02 per cent as compared with the previous year. A provision of nearly Rs 25 thousand has been made for the Reserve Fund to raise it to Rs 3.5 lakhs. Dividend has been maintained at 3½ per cent per annum free of income tax.

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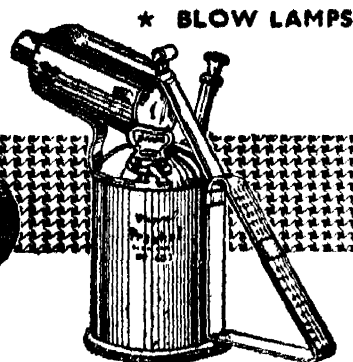
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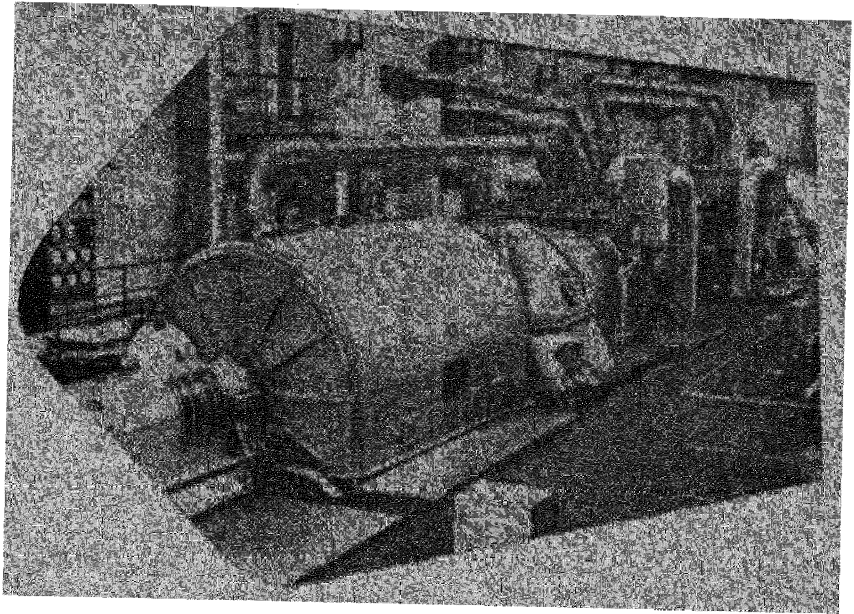




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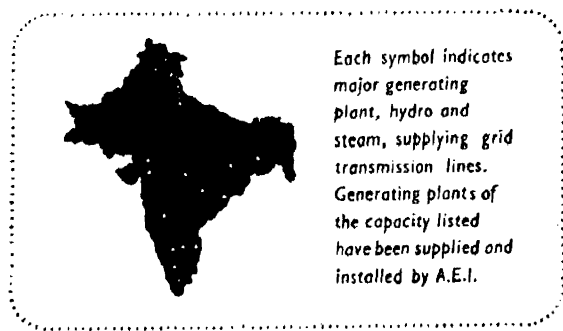
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