Grouse Against the Plan

All Industries North of Vindhya!

(*From a Correspondent in the South*)

Though C R 's *call for a merger of the southern. Suites may run hate aroused much enthusiasm, his warning against the danger of the South icing swamped by the bigger States in the North has not gone unheeded.*

The complaint is insistent and universal that the South has had a raw deal, that most of the industries are located north of the Vindhya range and that Delhi's pledge of ensuring parallel progress has not been honoured.

There is little evidence, however, of attempts at remedying; the situation by self-help, through closer cooperation among the States in the South even in the matter of major schemes and projects which are of common concern to all of them.

IN one of his recent public pronouncements, Shri Rajagopalachari had warned against *the* danger of the smaller linguistic States in the South being swamped, both politically and economically, by the bigger States in the North. This was one of his arguments in support of his case for the creation or a large multi-lingual State in the South.

But even those who oppose the Southern State idea, hold that the South has had a raw deal and will continue to be economically backward compared to the States of the North. Their Case is not so much that the allocations for the south in the two Plans have riot been proportional to the size or population of the area as that these allocations have; not been sufficiently weighted to correct the backwardness of the region. They point out that while the Planning Commission and the National Development Council have always promised to see that there is parallel progress in all regions, with none lagging behind, little has been done to honour these pledges. They notice with dismay that practically every major industrial unit, especially all the foreign aided ones, that have come into being in the last two years or are proposed to be set up, are to the north of the Vindhya range. What they want is the location of at least some of the new industries in the South.

Andhra, Madras, Mysore and Kerala, the four new political units that will come into being as a result of the reorganisation of States, will together have a population of about 100 million or one fourth of India's total population concentrated in an area (250,000 sq miles) which is about *one* fifth of India, In an essentially agricultural area, such density of population (which is as much as 1000 per sq mile in some parts) means an adverse man-land ratio. This excessive pressure on land can only be relieved if this surplus man-power is drawn into industries, large and small. But with the exception of Mysore there has been little industrial expansion in the South since 1947.

Lignite Project

True, this has been not due solely to neglect by the Centre. The other contributing factors have been the absence of a private sector capable of entering the industrial held in a big way and lack of coal. access to the coal holds of Bihar being rendered uneconomic by the rail bottleneck at Bezwada. and high shipping freights. As a result, most of the major industrial units in the South are in the public sector and are or pre-indepe.ndence origin; the Hindusthan Ship-yard at Vishakhapatnam and the Iron and Steel works at Bhadravati.

Much hope is now being pinned on the outcome of the pilot project at. Neiveli. If the scheme is successful, the lignite mined there could provide the fuel needed by a whole host of industrial plants. But the Neiveli Project which would cost as much us a new steel mill (Rs 70 croresi is still in the exploratory stage. It has yet to be proved that the difficulty presented by the high pressure artesian springs that occur among the deposits can be overcome, and, that, niter all these operations, the thermal power derived will be economical compared to coal from Bihar,

Steel Plant and Fertiliser Factory

Success at Neiveli would strengthen the case of the South for the location of one of the steel plants in the South (Salem with traces of iron deposits has been suggested as a possible site, off and on There are also arguments for the location of a fertiliser factory nearby and the erection of an electrical plant in Avacli. Other industries suggested with less force have been an aluminium plant, a heavy machinery industry and a chemical industry.

As far as the location of an electrical machinery plant is concerned it can be stated that the South has a special claim. While it leads the rest of the country in hydro-electric development, it is at the same time handicapped in its rural electrification schemes by the lack of such accessories as transformers, for instance. The demand for electrical machinery is bound to grow further with the completion of the giant Tungabhadra and Machkund projects. It is a demand which would not remain static after the completion of these projects, as even then the generating capacity would only be 20 per cent of the region's potential.

The case for the location of a fertiliser factory in the South is just as strong because food production in the area, where land holdings are small compared to the North, can only make further advances through intensive cultivation: the use of scientific methods and above all by wider use of chemical manures which for many reasons is not very popular in the region today.

Inter-State Cooperation

Meanwhile. inter-State cooperation is necessary in order to develop the full irrigation potential of the region which is estimated' at 31 million acres. The inter-State cooperation will be found very fruitful in the matter of the use of waters of the many rivers (the Tungabhadra, the Krishna, the Cauveri and the Peri*yar)* which how through more than one State. In the absence of such cooperation many areas like the West Coast, which are deficit in food, will continue to remain so, especially as most of the water from the Western Ghats drain into the Arabian sea tastefully. This is equally true of electric power production in. the area. Periodical power cuts in one area or the other, consequent on the failure of monsoons, can be obviated by the southern States establishing one big regional grid.

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 fart, 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 atleast 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 or 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 lis 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.