

World Bank Loan to Indian Iron

THE World Bank's \$20 mn loan to the Indian Iron and Steel Co Ltd announced last week is the Bank's second loan to this Company—the first of \$31.5 mn was made in December 1952—and together with the \$75 mn loan made to Tatas in June 1956, the Bank's total loans, the whole of it to the private sector, for development of iron and steel production in India, amounts to the equivalent of \$126.5 mn. These loans will enable the two Companies to produce their quota of 2.3 mn tons of finished steel per annum of the total target of 5.5 mn tons by 1961, the balance of 2.2 mn tons being the share of the public sector.

The Bank's first loan to Indian Iron was to help the Company to increase its production of iron from 640,000 tons to 1.4 mn tons per annum and to double its output of finished and semi-finished steel from about 350,000 tons to 700,000 tons. With the expansion planned, Indian Iron is fast reaching a position where it will be able to expand production of semi-finished and finished steel products to 800,000 tons annually and leave 280,000 tons of iron for foundry requirements. But such expansion will require additional rolling mill capacity. The \$20 mn loan is to finance additions to billet and structural mills and the construction of a new bar mill to increase rolling capacity at the Burnpur plant. The project includes addition of 20,000 kilowatts of generating capacity. The expansion programme will run concurrently, the first being completed by November 1958 and the latter by December 1959.

The New Language of Planning

PROF. MURANJAN'S presidential address at the Thirty-ninth Annual Conference of the Indian Economic Association was in a sense a continuation of his earlier 'Reflections on Economic Growth and Progress' at Poona. Both these lectures reveal the keen interest which Prof. Muranjan is taking in the problems of economic development.

It is a tribute to his industry that after 30 years of his academic career, he has been able to unlearn the old language and pick up, however inadequately, the new one. (Whether this attempt was wise or not is quite another question). However, this transition is still not completed and therefore, one finds

in his lectures a strange admixture of the two languages resulting in such juxtaposition of words as follows:—

"...the natural course of Investment-Income ratio is to start high in the first stages of development. ..."

"What is stated to be the natural course of the ratio appears to proceed from an assumption that in the early stages of development, consumer goods industries must always predominate".

"The consumer goods industries are less capital intensive".

On questions of facts also, there are difficult hurdles, e g "These like housing, transport, education, etc are likely to be low investment-output ratio industries." In housing and transport, particularly railway transport, the invest-output ratio are about the highest!

Probably because of this admixture of languages, his meaning is not always clear. Prof. Muranjan takes as his subject of discourse the Tools of Planning. Now what are these tools of planning? Several ratios is his answer. What is the function of these ratios? Proper allocation under planning of investment resources to the different sectors of the economy, is his answer again.

Prof. Muranjan here mixes up two problems. The first is that of deciding the objectives of planning. Surely this cannot be done on the basis of his ratios. And once the objectives are decided upon, comes the problem of internal consistency in the plan. For solving this second problem, various technical input-output ratios have to be used, but these are not the aggregate ratios which Prof. Muranjan mentions.

One would agree with Prof. Muranjan when he says that "The economic literature of recent years is an index to our mental growth" and again, that "The elections to the Presidentship of our annual conference are an index to our academic integrity and national character". The Indian Economic Association seems to be following a sound policy in the matter of rewards. Why spoil a man when he is growing by conferring on him the high distinction of the presidentship. This honour should be reserved for persons who have become proof against any possible deleterious effect of such rewards.

Uneasy Indonesia

IN many Asian countries, the form of government and administration has been a problem since independence. Under foreign rule, all these countries had a unitary type of government. With independence, there have been demands for a federal type of government. To maintain cohesion and integrity, the parties in power in these countries—the parties who had fought for and won independence—have shown a preference for a unitary type of government. This has created disension and, in some of these countries, it has been aggravated through participation and collaboration by discontented army leaders. In independent Burma and Indonesia, this problem has been more acute. Burma seems to have overcome the threats of an armed rebellion. But the problem continues to be a menace to stability in Indonesia.

There have been frequent military troubles in Indonesia since independence. Djakarta had overcome these threats before. This time, also, Djakarta has regained control over North Sumatra. But the army

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The next Annual Number of The Economic Weekly will be issued on January 26, 1957 and will contain a minimum of 120 pages bound neatly in art cover. It will be priced at Rs 2-8-0 per copy.

The central theme of this Number will be the foreign exchange orientation of the Second Plan. There will also be special articles of topical interest on current economic and political affairs.

Policy in regard to agriculture, large and small scale industries and many other issues will be adequately covered.

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Business Manager