

Weekly Notes

Coalition Move in Orissa

THE arguments advanced by Dr Harekrushna Malitab, Chief Minister of Orissa, in support of his move for a coalition of the Congress Party and the Ganatantra Parishad reflect little credit on the state of the Congress in that State. Addressing the Executive Committee of the Utkal Pradesh Congress on May 5, he frankly stated, "If the Party goes on as it is, there is no doubt that it is likely to be entirely crushed at the next general election." Whether by going in for a marriage of convenience with the Ganatantra Parishad, which it has fought bitterly in the past, there can be any improvement in Congress prospects, is a question that baffles not only outsiders, but quite a few Congressmen in Orissa itself. Dr Mahtab on his part, however, seems to have persuaded himself into the belief that by seeking an alliance with the Ganatantra Parishad, the Congress would not only strengthen itself, but also be in a position to extend its influence to all parts of Orissa. That the Ganatantra Parishad on its part might be hugging a similar hope for itself and that indeed it might be in a better position to exploit its alliance with the ruling party for advancing its interests, does not seem to bother Dr Mahtab though it does disturb some of his own followers.

The Orissa Chief Minister sounded almost naive when, referring to members of the Ganatantra Parishad, he said, "Those who offer to work out the policy and programme of the Congress should be considered recruits and efforts should be made to make them full-fledged Congressmen." What ground he has for thinking that the Parishad men would be ready to shed their separate identity and merge themselves in the Congress is not known. Indeed, present circumstances seem to point to the contrary. Anyway, when a report stating that the proposed coalition Government would be bound by the directives of the Congress Central Parliamentary Board was published in certain Orissa papers, Ganatantra spokesmen were at pains to make it clear that no such understanding had been reached between the two parties. As the coalition had to work on the basis

of a common programme, the question of directives did not arise, it was pointed out. But if at any stage it did arise, the Parishad Ministers would obey the dictates of their own Parliamentary Board and not of any other party, the spokesmen stated bluntly.

Against this background, it is a little far-fetched at least at this point of time to think of Parishad men as willing recruits only too eager to be schooled into the Congress way of thought and action. Dr Mahtab is obviously obsessed with the plan of coalition he has hit upon to save the Congress from the 'fruitless task' of sitting in Opposition. And being deeply in love with the idea, he might well be expected to lay stress only on such circumstances as seem to be in favour of his move. But that does not mean that the other circumstances will cease to exist or necessarily lose their severity with the formation of a coalition. Dr Mahtab, in his enthusiasm for a coalition Government, has tried to make out that it is the only alternative thinkable in the prevailing circumstances. If that be so, the least that can be said is that the party invited to help the Congress to remain in power cannot be expected to be unaware of the bargaining power that inevitably goes with the position it has been accorded.

State Trading Proves Profitable

THE activities of the State Trading Corporation may not evoke enthusiasm in the private sector, but they are definitely proving profitable to Government. Apart from earning a surplus of more than Rs 9 crores in the two years since its inception in July 1956 from its cement monopoly, the proceeds of which are not included in its accounts, the Corporation has so far netted profits of Rs 1.38 crores after tax. Government has earned Rs 13 lakhs in the shape of dividend. Rs 1.72 crores from income tax and Rs 1.75 crores from customs duty. The country, has, therefore, gained not merely by the opening up of new channels of trade but also by the mobilisation of resources, which would otherwise have been dispersed over a large number of persons, giving rise to the usual difficulties in the matter of realising taxes.

In order to diversify the pattern and direction of foreign trade, the Corporation is establishing business contacts with countries which believe in bilateral balancing and practise State trading. Contracts of the value of more than Rs 10 crores have so far been concluded with various Communist countries to reduce our payments deficit with them. These include overdraft facilities intended to maintain a steady flow of Indian goods, which the Communist countries had so long found difficult to purchase owing, among other reasons, to shortage of rupee finance and absence of trade contacts. The export list comprises a variety of items such as oils, spices, hides and skins, mica, tea, coffee and some light engineering goods. A beginning was also made during the year ended June 30, 1958 with 'compensation' transactions: the import of rice from North Vietnam was compensated by the export of gunnies, sugar, hemp and cotton waste. The new bilateral agreements recently concluded with Communist countries, which provide for the mutual balancing of trade and settlement of outstanding balances in inconvertible rupees, will give a further fillip to the Corporation's activities.

Mineral ores constitute the core of the Corporation's export business. Since July 1957, the Corporation has been enjoying a monopoly in the export of iron ore. Despite a slump in the steel industry abroad, contracts for the sale of 2.2 million tons were secured in the year under review, of which 1.9 million tons were shipped. Bulk contracts facilitated 'renovation of the trading mechanism' and extension of purchases to new areas where transport was easily available. Export of low-grade ores through minor ports was specially organised. Bulk handling made it possible to achieve significant economies in transportation and loading. The regional office at Madras, for instance, was able to achieve a record loading of 5,800 tons of ore in a day without any mechanical facilities. How long this record performance was maintained is not mentioned in the Corporation's report. Delivery schedules have been well maintained, and adequate measures for quality control have been taken. The

possibility of organising bulk shipments from the West Coast to West European countries is now being explored.

The Corporation has, however, not met with any notable success in the field of manganese export. Recession in the U S, greater competition from new producers and lack of experience in the trading of a commodity subject to wide price fluctuations are responsible for this. During the year, the Corporation exported 4.41 lakh tons of manganese ore out of the country's total of 13 lakh tons. The Corporation has been compelled to carry forward into the current year purchase commitments of the order of 100,000 tons undertaken in a period of relatively high prices. This quantity is proposed to be marketed as and when price and demand conditions improve.

Promotional Activities

PROMOTIONAL activities have been undertaken in developing oversea markets for woollen fabrics, handicrafts, shoes, lemongrass oil, cashewnuts, sports goods and turmeric. Exports in other fields have proved unrewarding so far. Business techniques for expanding foreign markets are under study. A sum of Rs 15 lakhs has been set aside in a special trade development fund for investment in trade promotional ventures.

The Corporation has a monopoly in the import of important industrial items like caustic soda, soda ash and raw silk in addition to some fertilisers. During the year, it fulfilled special import contracts totalling Rs 10 crores to relieve shortages and service essential requirements. These included tractors,

printing machinery, newsprint and machine tools. The distribution and sale of nitrates were supervised in an effort to assess their value and utility for specialised uses in stimulating agricultural production. An endeavour, not entirely successful, was also made to ensure sales at fixed prices. With the experience now gained, the Corporation should be able to control physical stocks with dealers more effectively.

The Corporation's total assets, as on June 30, 1958, amounted to Rs 9 crores, of which cash alone accounted for Rs 1.4 crores. Its sales turnover during the year was Rs 28.58 crores against Rs 9.19 crores in the previous year, but profit before tax as a proportion of sales turnover declined from 9.6 per cent to 7.9 per cent. Profits before tax rose from Rs 89 lakhs to Rs 226 lakhs, but taxation took away Rs 121 lakhs



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