

Weekly Notes

Toddy Tappers Cooperatives

EXCISE shops and gun licences used to be the principal instruments of patronage in the hands of the District Magistrate in the old days. The former conferred economic benefit, though excise shops were supposed to be auctioned and allotted to the highest bidder; the latter conferred social status, as also a certain measure of security. With the gradual extension of prohibition, excise shops have lost their place in the scheme of things and where prohibition has not come, the patronage has moved up in the administrative hierarchy to the ministerial level. In Kerala, however, excise shops have become a matter of high policy. The Toddy Tappers' Co-operatives organised in the Communist regime were a focal point in the political controversy. They were targets of attack in the agitation to throw the Communists out and were held up and are still being held up by the Communists as a model of the pattern of socialist democracy which the Congress swears by but does nothing to bring about. Contractors who lost a lucrative business could not be expected to support the cooperatives and none but the Communists would take the trouble to organise them. How non-political the Adviser would be, placed between the devil and the deep sea?

What is going to happen to the Toddy Tappers Cooperatives now that the Communists are out? The decision whether to continue them or not rests with the Adviser to the Governor. It is usually in the month of December that this policy is decided upon but because of the intense controversy raised over this question, the decision is being put off, although now overdue. Today vending needs a licence and the Excise Department issues it. The business had been entrusted to the cooperatives through negotiations and the licences have now to be renewed or the cooperatives have to be scrapped.

The Toddy Tappers Cooperatives have set out their views in their memorandum to the Government of India as follows:

"There are now twelve Toddy Tappers Cooperative Societies

which have been entrusted with the business during the current year. They have been remitting their monthly *kist* without fail, while many a private contractor has been piling up arrears. There is nothing that can be said against the cooperatives. Even the cry that the State has been losing heavily in its deals with the cooperatives has been proved to be false.

"These cooperatives have been, to the toddy tappers, instruments of emancipation. Previously they were the most exploited downtrodden section. Their lot has changed. No more are they to snivel at the feet of the contractors, abused and suppressed. Economically also they have gained. Of the twelve societies, only three, viz, the Trichur Taluq Chethu Thozhilali Cooperative Society, the Shertalai Taluq Chethu Thozhilali Cooperative Society and the Alleppy Chethu Thozhilali Cooperative Society (the other nine having been commissioned only this year) have been functioning last year. These three societies have increased the emoluments of the toddy tappers considerably.

"For example, the Trichur Taluq Chethu Thozhilali Cooperative Society alone has paid the toddy tappers Rs 5,13,543,19 nP more during the year 1959-60 than the previous year, i.e., 1958-59. This works up to nearly 27% of 1958-59 emoluments. The toddy tappers under these three cooperatives get an annual bonus ranging from Rs 40 to Rs 240, 15 days' leave with wages, 7 festival holidays with pay, allowances for accessories, implements, etc. Most of these benefits are not enjoyed by the tappers engaged by the contractors. As regards bonus tappers under contractors get only Rs 10 to Rs 20 per annum; they get only 5 days' casual leave while paid festival holidays is limited to 3.

"Therefore, if the cooperatives are denied the contract for the coming year, not only will they be deprived of all these benefits but they will also lose a sum of over Rs 10 lakhs invested by workers as initial capital. This sum of Rs 10 lakhs represent the sweat and toil of these hard-working poor people, saved through the most tortuous frugality".

The memorandum was presented jointly by the Kerala State Federation of Trade Unions of Toddy Tappers and the Kerala Chamber of Toddy Tappers. It urged upon the Government of India that it should direct the Kerala government to follow the policy of entrusting the procurement and winding of toddy to these cooperative, and to extend to them the contract for the coming year. To strengthen their case further they have offered to hand over a portion of the profits made by the cooperatives to the State.

Siving over Gas

ALONG the public utilities which are eminently suitable for Municipal operation gas ranks fairly high and in a city like Bombay, where the problem of domestic fuel is an acute one, the need for making it freely available even to the poorest kitchen, should be pretty obvious. Yet there has been such vacillation at the top in coming to a decision on this matter that the Government has in effect been acting as the dog in the manger, wearing out the Gas Company by a process of attrition and driving

Bombay Stock Exchange

ESSAY COMPETITION

UNDER the auspices of the Shantilal J. Smarak Fund and M. C. Baxi Prize Fund, the Exchange invites essays on the following subjects:

- the Origin and Growth of the Stock Market in India—With special reference to the Stock Exchange at Bombay.
- The Future Role of the Stock Market in India.

The panel of Judges consists of Shri A. D. Shroff, Director of Tata Sons, Ltd., Dr. B. L. Madan, Executive Director of the Reserve Bank of India, and Shri H. T. Parekh, General Manager of the Industrial Credit and Investment Corporation of India, Ltd.

There are three prizes as under:

- Shantilal J. Smarak Prize Rs 2,500
- M. C. Baxi Prize „ 1,500
- Third Prize „ 1,000

Additional prizes may be awarded on the recommendation of the Judges.

The last date for submission of essays is the 31st of July, 1960.

Copies of the Rules and Regulations for the Essay Competition can be had from the Exchange on request

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While the Government vacillates, the gas generated by the Corporation from refuse in the pumping stations largely goes waste. The Corporation cannot very well lay the pipes and build up an independent distribution system nor can it arrange for large scale storage or distribution through cylinders. No satisfactory price formula has yet been worked out which could enable the Corporation to sell its gas and pump it into the Company's distribution system. This wholly irrational arrangement will be ended some day and good sense will prevail. Until then, waste will continue, to get a new connection will be a rare privilege and even those who have got gas will have no assurance that the pressure will always be maintained. From what perspective New Delhi has delegated municipal takeover of Bombay's gas supply to the Third Plan may not be known even to the Perspective Division of the Planning Commission. But that is where it rests somewhere in the Third Plan period but not at any fixed point of time in these five years.

Iscon Has Come Up

WITH the commissioning of the first blast furnace at Durgapur. the third steel plant in the public sector goes into production. The British Consortium—the Indian Steelwork-Construction Company Ltd (ISCON)—has done a very fine job, indeed, despite its reverses. When the difficulties inherent in coordinating the work of so many different commercial firms is considered, and firms all of whom did not have the same amount of Indian experience and to it is added the fruitful opportunities of friction with the Government office in charge of the Administration of the area and of the Ministry now formed into a Government company operating from Delhi, the wonder is that it has come up so well and that there has not been many more interruptions or reverses. For not only the members of the Consortium had to work in the closest co-operation as one team, the Consortium itself had to work with a host of local contractors, some big and some small, not all of whom were used to working according to one uniform system.

It is, of course for Hindusthan Steel Company which has got the necessary data, experience and also, let us hope, the insights, to say how

the ominous contract system through a Consortium compares with the other method of execution through individual tenders but the ISCON may claim some credit for pioneering a form of construction of, which we may see more and more after the successful contract obtained by a group of American firms — 40 Companies in all -for construction of a \$ 30 million textile plant in Soviet Russia. The ISCON, it may be recalled, was the first private British venture backed up by the British Government by credits from British banks in so socialistic an undertaking as construction of a steel mill in the public-sector. The Americans have not come to it yet but may, in the near future, now that US business has shed its inhibition to the extent of "undertaking a contract in Soviet Russia though strictly on cash payment.

While inaugurating the blast furnace in Durgapur. President Rajendra Prasad expressed some relief that even when the construction was over, the labour employed was not likely to be "reduced to any considerable extent". The labour employed being only 35,000 hands this is in itself not a significant contribution of Durgapur in the solution of the country's unemployment problem. That solution, if at all, lies in the development initiated at Durgapur spreading in ever extending circles and covering the entire Ruhr of India and let us hope, spilling over further beyond. For this is where Durgapur stores over the other steel plants set up in the public sector.

Durgapur is no sylvan retreat the beauty of which is going to be spoiled by the erection of chimneys-belching smoke. It has already been growing into a centre of considerable activity with the constitution of the big barrage across the Damodar and its proximity to the coal fields and a conglomeration of industries and industrial centres. Rourkela and Bhilai have to overcome a great deal of inertia and spread their influences far, before they, too, develop into centres from which industrialisation can spread in ever widening circles.

Compared to Rajendra Prasad's arithmetic and J R D's earlier lament against the fatal fascination for steel. Jehangir Ghandy's more sophisticated cent approach, with its slant on steel sing industries seems to go to the heart of the problem.

Durgapur Steel Plant

A Correspondent writes:

THE first battery of Simon Carves coke ovens was ceremonially lit up at Durgapur at the end of last August. The first tapping of pig iron from the first blast furnace commenced this week, on the 29th. Simon-Carves have a wide and varied contribution like their direct responsibility for twenty five per cent of the value of the entire turnkey contract for the steelworks and their plants and equipments. The open hearth steel melting furnaces, the blast furnaces, the soaking pits and the lime and dolomite plants are also being erected by them, as sub-contractors to the ISCON.

Durgapur is pulsating with a new life, and stimulating the economy of West Bengal. D V C will supply power to the steel plant and purchase the surplus coke oven gas and the coke middlings from the steel plant for their thermal power-station. The Central Mechanical Engineering Institute will start very soon. The Optical Glass Plant and the Mining Machinery Plant are also coming up fast. The West Bengal Government Coke Oven has just gone into production. The West Bengal Government, it is reliably learnt, has requested the President to issue an Ordinance for taking over the Oriental Gas Co. in accordance with Art. 31(a) of the Constitution, so that the plan for laying gas pipelines from Durgapur to Calcutta may be accelerated. So Durgapur has already become an important centre in the State's economy.

There are considerable variations in the capital cost and the foreign exchange component of the cost for the three steel plants in the public sector. The capacity for pig iron for plants at Rourkela, Bhilai and Durgapur are 1-1, 1-1 and 1-2 million tons respectively. And the capacity for finished steel also is almost the same, 7.2 lakh tons in Rourkela, 7.7 lakh tons in Bhilai and 7.9 lakh tons in Durgapur. If the capital costs are compared, it will be found that the estimated cost for Bhilai is 8 per cent higher and that of Rourkela 28 per cent higher than the cost of Durgapur. The foreign exchange cost up to the present day is Rs. 135.85 crores in Rourkela but Rs. 94.55 crores in Bhilai and Rs. 94.87 crores in Durgapur. While there is no great difference in the foreign exchange

cost at Durgapur and Bhilai, that of Rourkela is approximately 40 per cent higher than either Bhilai or Durgapur. There are also marked differences in the value of annual output. The approximate value of annual output is estimated at Rs. 42 crores for Rourkela, Rs. 49 crores for Bhilai and Rs. 51 crores for Durgapur.

The capital-output ratios may therefore be taken as 5.9 in Rourkela, 3.7 in Bhilai and 3.2 in Durgapur, and the average capital-output ratio of the three plants taken together is 4.26.

The foreign-exchange output ratio works out to 3.1 in the case of Rourkela, 1.9 in Bhilai and 1.8 in Durgapur and the average for all three is 2.1.

The import component of the cost of the plants is approximately 72 per cent in Rourkela, 60 per cent in Bhilai and 67 per cent in Durgapur. The variation in the import content of these three units is not therefore inconsiderable. The import-content of the investment in the steel industry is of course appreciably higher than that of the other projects in the Plan. For example, the import-content is 56.8 per cent for Nangal Fertiliser Project, 58.4 per cent for Hindustan Shipyard expansion, and 63 per cent for South Arcot Lignite Project. The import content is no doubt, given due consideration for allocation of resources among a set of alternatives. However, the foreign-exchange is needed mainly for two types of industries—those for import-replacement and export promotion. Iron and steel, though placed to-day in the import-replacement bracket, may go over to the latter, but much more important is the momentum which steel using industries will gain when the production of steel comes up in a really big way.

New Currency for Kuwait

THE Shaikdom of Kuwait, it is reported, is going to have its own currency soon. Hitherto Indian rupees were circulating in Kuwait and provided a loophole for smuggling gold into India. To prevent this, the Reserve Bank issued last June special rupee notes for circulation in the Persian Gulf territories, including Kuwait.

* When arrangements for the new currency in Kuwait are finished

the Indian special rupee notes would obviously be withdrawn from circulation and handed back to the Reserve Bank against sterling. What would be the possible drain on India's foreign exchange reserves as a result of this move? There is no official information regarding the amount of the specie rupee notes exchanged against the Indian rupee notes in Kuwait. However, it is reported that the magnitude of the special rupee notes exchanged against rupee notes in the Persian Gulf territories was of the order of Rs 60 crores. One does not know what proportion of this went to Kuwait. But as a rough guess, the special rupee notes circulating in Kuwait may be put at Rs 10 to 20 crores. If this guess is not wide of the mark, India will have to part with about Rs 10 to 20 crores of foreign exchange when Kuwait introduces its own currency.

And probably the other Persian Gulf territories may also follow suit. In that case, during the Third Plan period, the drain on India's foreign exchange reserves may be of the order of Rs 60 crores on account of the return of Indian special rupee notes from the Persian Gulf Territories.

This would be, of course, a once and for all drain. And if gold smuggling into India declines here after as a result, there may be a net gain from the point of view of foreign exchange. For, gold smuggling lately, it is believed, has been of the order of Rs 10 crores per year.

Essay in Painless Extraction

THE full text of the Tyagi Committee's Report has not yet been released to the public. Instead, the Government has issued a summary of its conclusions and recommendations. This is rather curious, considering that the report was submitted quite some time ago. The reluctance to publish the full text or even inordinate delay in publication not unnaturally gives rise to the suspicion that the report may contain something which the Government does not want the public to know. If it is informed criticism that the Government wants, is it not self-defeating that the public should be asked to form its opinion on the basis of a press summary of an important report or worse still, on that of the conclusions and recommendations?

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nor tax avoidance are new or peculiar to India. Whoever suggested that they were? Though it rejects the estimates of tax evasion made by Kaldor, it has not cared to tell us what is the extent of evasion according to its own findings. Moreover, though the Committee holds the high rates of taxes to be one of the causes of evasion, it does not suggest a rationalisation of the rate structure nor does it offer an explanation why there is evasion in the case of the expenditure and the gift tax or in estate duty, though the rates in these cases are admittedly low. Nor has the Committee anything useful to say in respect of the existing loopholes in the direct taxes Acts which facilitate evasion and avoidance.

The adoption of a comprehensive tax return accompanied by a system of 'codes' for the tax-payers did not find favour with the Committee. This is the one measure which could make internal checks possible. Therefore its rejection on the ground that it would throw an undue volume of work on the taxpayer and that it would be unworkable is par-

ticularly unfortunate, considering that the need for internal checks is all the more urgent when several new taxes have been imposed. Nor has the Committee suggested any tightening of the existing provisions of deductions which, apart from being very liberal, encourage tax avoidance. Nor has the Committee anything to say about the existing division of assessees into categories like Hindu undivided family, etc, which probably also causes evasion.

These serious omissions notwithstanding, the measures suggested in respect of blank transfers, benami transactions etc, would be welcome. Also welcome would be the various deterrent measures which the Committee has been bold enough to suggest. The suggestion that evasion could be checked effectively if the Government prints annually a book-let giving the names, addresses and declared income, wealth, expenditure etc, of either all assesseees or those above a certain limit, however, would appear to be of doubtful value. Any further intrusion into the little privacy that the tax-payers have would be severely resented.

Europe in the 1960's

1960's will probably be regarded as a period of reconstruction and the end of the "post-war boom". It draws to a close, with new competition in the world and hence in influence and the emergence of the great new fact that the United States alone can no longer fashion the designs of the West for the world at large. All the countries of West Europe have removed, at least physically, the scars of the last war; economies have been rebuilt and in its train, there has evolved a new constellation of economic power. The "Communist danger" which was built up as threatening the institutions of capitalism in the West and which, with the Korean war, had provided the rationale for the cold war and a united West front appears at the end of 1959 to have lost its impetus and its cohesive quality. It appears to have been replaced by new preoccupations which are partly the consequence of reconstruction and partly of the realization that the centre of things is no longer Europe.

The consequences of West Europe's reconstruction are probably

the clearest of these new preoccupations. The economic revival following the massive dollar subsidies under Marshall Aid and other U S commitments, instead of solidifying the Western front, has opened up a new era of mutual suspicion and antagonism. What is now a possible prospect is that the United States may be seriously weakened as an economic factor in the West. Under the schemes for integration, West Germany and France have evolved an "understanding" that appears to be firm and durable. These two countries have combined to provide the Common Market with the power and the influence to fashion the lives of 160 million Europeans and so to create an economic force rivalling that of the United States and dwarfing that of Britain and the sterling area. Hence West Europe's reconstruction has given birth to new contradictions; the solidity of the Western front has been impaired and if any one in the British Government is asked today what is likely to be Britain's greatest problem in the 1960's, he will certainly, not mention the problem of "living with the Soviet block." More

likely than not, he will answer "living with the the Common Market" or with the emergent nations of Africa and Asia. The contradictions are clearly visible. A struggle for export markets supported by self-interested schemes for regional integration, export credits and loans, tariff preference and trade discrimination, assertion of currency and foreign exchange strength and status are all on the cards for 1960.

These trends in the economic field have already had their impact on political relations. France, for one, now no longer conceives of her security in terms of the continued stationing of American forces in Europe or of the American nuclear powered Strategic Air Command. Britain believes that a negotiated settlement with the Soviet Union is necessary and in her heart of hearts believes that military disengagement is the only way to contain the military revival of Germany. In the United States also, a shift in policy is perceivable in that U S is now eager to secure some understanding with the Soviet Union on the status quo in Europe in order to enable it