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Weekly Notes

Cloth Prices Enquiry

AFTER being shuttled back and forth between the Ministry of Commerce and Industry and the Millowners' Federation, the question of cloth prices is going to rest for a while with the Tariff Commission. The terms of reference for the Commission's enquiry relate to the cost of producing different types of cloth and yarn and a fair ex-mill price for them based on a reasonable return on investment, keeping in view the need of rehabilitation and modernisation in the industry.

An enquiry by the Tariff Commission into the prices of cotton textiles was long overdue. The last enquiry was held as far back as in 1948. Since then labour costs have gone up considerably, patterns of production have changed and the post-loom processing of cloth has become much more significant. The proportion of domestic cotton in the totality of consumption has steadily risen from 70 per cent in 1949 to 91 per cent in 1959. Reversal of this trend in the current year is wholly attributable to the severe shortfall in the domestic cotton crop. At the same time, however, domestic cotton has ceased to be the cheapest in the world and some varieties are actually sold at rates above world prices. A few relatively prosperous mills have, in addition to modernising their equipment, diversified their activities by installing plants for the manufacture of rayon and chemical and engineering products. Most of the mills, however, still have to modernise their equipment and improve the quality of their management. Even before the War there was wide disparity in the size, equipment and production patterns of mills located at various centres. This disparity has widened now.

The task of the Tariff Commission will not, therefore, be easy. Unlike other industries like steel, cement, paper and sugar, which it has enquired into, the cotton textile industry produces a bewildering variety of products, which reach the consumer through much longer and more complicated channels. The 1948 enquiry was conducted with a view to fixing fair controlled prices on a cost-plus basis for mill pro-

ducts at a time when most consumer goods were rationed and were even more scarce than they are today. It did not, among other things, have to contend with the hothouse growth of handlooms and powerlooms that has taken place since then.

The suggestion to refer the matter to the Tariff Commission came from the industry this time after the mills had tried unsuccessfully to supply cloth to consumers at 'stamped' prices. The stamped prices were linked to the prices at which raw cotton deliveries were effected in August last year. Apart from the fact that there was no way of ensuing supply of cloth to the final buyer at stamped prices, these prices have themselves become untenable. Since stamping became effective, the prices of raw cotton have tended to decline, partly owing to larger imports and partly to the arrival of the new cotton crop. Cloth prices should therefore have come down in the normal course. But in fact they continue at or above, the stamped levels. What all this boils down to is that in an industry, so liable to market and raw material fluctuations, any formula for price fixation in terms of raw-material costs in a past period is likely to prove awkward in practice — especially when there is no enforcement agency behind it.

It is the onerous task of the Tariff Commission to find a weighted formula which will adequately take into account all these factors and fix the prices of different varieties of cloth at levels which will be fair both to the industry and the consumer. That however, is not the end of the matter. After such a formula has been devised and prices fixed accordingly, there will still remain the problem of ensuring that these prices are observed in practice. Who will undertake to do this? The Millowners' Federation? Not likely. The Federation would probably be neither willing nor able to undertake the task. After the recent announcement of voluntary price control by the Federation, when the question of observing and enforcing voluntary price restraint came up, the Chairman of the Federation, Shri M K D Thackersey, passed the baby back to the Government, saying that 'statutory price

control should be introduced by Government so that the benefit of the cut in prices could be passed on to the consumer to the fullest extent." If Government is earnest about reducing or stabilising cloth prices it will, therefore, have to give serious thought to measures necessary to ensure that the prices recommended by the Tariff Commission will in fact be the ones ruling in the market.

Bluster In Bastar

THE MadhyaPradesh Government has not enhanced its prestige by the way it has handled or failed to handle Shri Pravinchandra Bhanjdeo, the former ruler of Bastar State. The young ex-ruler, who appears to exercise considerable influence over the Adivasis, has been accused by the Chief Minister of 'extremely objectionable and irresponsible activities' among his followers. Operating through the Adivasi Seva Dal, a tribal organisation, he is reported to have been campaigning for the separation of Bastar from Madhya Pradesh on the ground that the State Government was acting in a manner inimical to the interests of the Adivasis. But the chief motive force for the agitation seems to proceed from a sense of personal grievance, nursed particularly over declining financial resources.

Following merger of his State, the ex-ruler had joined the Congress and was a member of the State Assembly until sometime ago. His quarrel with the Congress and the State Government started when his personal estates were put under a Court of Wards. He has been complaining since that his estates are being mismanaged. He has other complaints too: cancellation of his annual privy purse of Rs 2.1 lakhs, "personal persecution" and "harassment" of his followers by the police and Congressmen. As a cover for these personal grievances, he has brought in the issue of the Adivasis as a whole who are supposed to be facing oppression at the hands of the authorities. The point of the matter is not whether there is any substance in these grouses or not but that he happens to be in a position to use them skilfully to rouse, his followers against the State