

Government. The ignorance that he can exploit can be highlighted by the single instance of his advising the Advasis so late in the day to fight for their cause with "bows and arrows". And from the admittedly delicate situation prevailing in the State, with the ex-ruler shutting himself up and refusing to see reason, it is evident that he has had considerable success with his followers.

The first step taken in the matter was about two years ago when the Chief Minister, Dr Katju, requested the ex-ruler to leave Bastar in the interest of safeguarding law and order. It is a request that is yet to be honoured. About a month back the Chief Minister sent a directive through the District Magistrate of Bastar which was held in certain quarters to amount to an order of ex-emption. But Dr Katju has since tried to scout the suggestion by saying, "I had merely sent him a message conveying my personal advice that it will be better for the Maharaja and the Advasis and in the larger interests of the State if he left the district for some time." Whether it was an order or just a 'message' of 'personal advice', the ex-ruler succeeded in exposing Authority to further ridicule by refusing to oblige. When asked to meet the Chief Minister at Bhopal for discussions, he demanded that he should be assured safe conduct back to Bastar and that the Court of Wards, managing his estates, should sanction the huge sum of Rs. 26,000 for the journey.

### **Megalomaniac in the Making**

It is obvious that the sense of delicacy felt by the State Government in dealing with tribal emotions, liable to flare up and create an ugly situation, is being exploited with cool audacity by the ex-ruler. That the fractious young bachelor of Bastar has to be handled with care is conceded particularly when certain political groups are just waiting to butt in and turn the consequences of any rash official action to partisan advantage. But there is a point beyond which Authority cannot be cautious, prudent, and tactful without stultifying itself and earning contempt all round. An instance is the gratuitous homage paid to the self-condemned pedlar of mischief by the Governor of the State. Shri H V Pataskar, who flew to Bastar presumably to get first-hand know-

ledge of the state of affairs there but to inferentially meet the ex-ruler. That the latter designed to meet the Governor at the landing place and allowed himself to be advised to live peacefully is the only saving grace of an odyssey in political finesse which is becoming a little too tiresome to watch.

Could it by any chance be that all this daintiness proceeds not so much from dedication to superlative statecraft as from some crippling awareness of the case against the ex-ruler being not strong enough or of clumsiness or lack of fairness in official dealings so far? If the latter Government would do well to end the present tragi-comedy of stupefied power and masterly inaction by making a timely gesture, to the Maharaja to win him over to sanity and incidentally also to help him out of his adolescence. But if the authorities are really assured of the soundness of their case against the ex-ruler, it would be wiser to stop his bluff and bluster immediately than let him do more harm to himself and his followers through further tantrums. Indeed, it would be an act of kindness to a megalomaniac in the making.

### **Increase in Preference Dividends**

HOLDERS of preference shares can derive little comfort from the change effected by the Select Committee in the bill to regulate dividends on preference shares. Their plea for more equitable treatment, consequent on withdrawal of the grossing-up facility, has been partially met by increasing the tax-free dividend by 30 per cent and taxable preference dividend by 11 per cent against 25 and 7 per cent respectively, proposed in the original Bill. In the case of both tax-free and taxable dividends, it is estimated that the loss to preference shareholders, as compared with their earnings prior to the abolition of grossing-up, will be about 11 per cent. The plight of these shareholders is not at all enviable. While equity shareholders have benefited immensely from the recent appreciation on capital values, preference shareholders have been left in the cold. Their loss in dividend earnings has been accompanied by a decline in the value and transferability of investment.

Regulation of preference dividends through special legislation became necessary since many com-

panies pleaded their inability to maintain previous *net* dividends on the ground that payment of a larger preference dividend by them would necessitate a revision of their Articles of Association. The attempt of the Life Insurance Corporation, which is easily the biggest single holder of preference shares, to persuade recalcitrant company managements to accept the Finance Ministers and its own interpretation of the implications of the new scheme of company and dividend taxation was frustrated in a test case. In keeping with the promise given earlier by the Finance Minister, therefore, Government decided to compel a more uniform and more equitable distribution to preference shareholders.

The fate of preference shareholders raises a question of a fundamental nature. Do preference shares serve any useful purpose either in respect of companies or investors? Preference capital will now become more expensive for companies and even less attractive for investors. Since preference shares do not hold out any prospect of capital appreciation, they are worthwhile only for those investors like insurers and banks who deal in other people's money, not their own. From the angle of company managements, preference capital is merely a cheap device for securing more share capital without diluting the voting power since preference shares have no voting rights. It would, perhaps, be worthwhile to investigate whether substitution of non-voting equity shares for preference shares would better serve the interests of investors.

### **Lohia is Willin' . . .**

DR. Ram Manohar Lohia, who broke away from the Praja-Socialist Party to found a Socialist Party of his own conception, has now offered to take the parent body too along with him provided it accents his terms. That in essence is what a recent declaration made by him at Kanpur amounts to. He said that a merger between his own Socialist Party and the Praja-Socialist Party was not impossible if the latter accepted the principles and details of programme of the former. Why the Praja-Socialist Party should at all feel called upon at this stage to combine with his party to the point of losing almost all its