

ut to advance rates by Bank; the strength of ind shortage of funds d the banks to raise ES quite substantially in last. It is only in the Id of special accounts ig banks are particularly canvass that concerted not been possible. But so large and so import-call for an agreement to interests of the compet- One can understand of the bankers to keep of borrowing; could it to their individual judg-just their lending rates owing rates?

Import-Saving

al report of Sen-Raleigh les throws interesting e transition through of our import-saving in-passing and also their Despite substantial iriles, the net profit before the year has declined e Chairman ascribes this i profits to a number of ch may be summed up ver to indigenous sup-taw material^ and coin-in the case of materials ed, change-over from the s of supply in Europe or imports from D L F i one of the Communist The switch-over to dolies is the beginning of process: Domestic suppliers to meet commitments ances stocks and in turn higher inventories with higher financing charges; terial utilisation as a ting materials obtained wn and untested sources; nation costs where non-materials had to be used; result of all this, increase costs as overheads have ributed on a turnover than planned, rman however, is quite rod about it. The solute problems, he is con-uly a matter of time and nt to changing patterns In fact, he notes that improvement has taken ly, that both in respect and in honouring com-

mitments indigenous suppliers, in general, have improved remarkably. The suppliers of indigenous materials were themselves experiencing the same difficulties as the manufacturers in that in many cases they had very little notice to effect the changeover and had often to meet demands far beyond their capability. He also reports a welcome change in the attitude of the operational staff who are getting used to indigenous materials and are thus paving the way for smoother operations in the future. The situation is now fairly predictable: the ceiling for imports will gradually come down from one licensing period to another and along with it- the sources from which the limited imports come would change too, and all production planning has to start from these premises.

While all this the Sen-Raleigh Chairman accepts, he is unable to appreciate why even this ceiling for imports should be linked with export performance or, in other words, why should manufacturers of bicycles be singled out for this distinction? This point he does not elaborate which is a pity, for it would have been interesting to know how the manufacturers of a leading brand of bicycles view export prospects and the means adopted or under consideration for promotion of their exports.

An interesting side issue is that of production of components and accessories. In the past the complaint has not been infrequent that manufacturers, instead of sub-contracting as many of the components and accessories as possible, wanted to keep all of them in their own hands. At least Sen-Raleigh do not want to do that far from it. An increase in components sales does not mean any financial advantage to the company when it is at the cost of completed bicycles. This year's increase in sales which brought down profits was largely of components and accessories and not of completed bicycles. In short, the company does not want to *no* in for production of components in preference to making more bievels. The release of materials however, is often earmarked for specific components and this is a field in which little freedom seems to have been left to the company. Though the

Chairman accepts the situation with resignation, taking it for granted that in the larger interests of a planned economy, operational decisions cannot always be taken on the basis of profitability alone, it does not seem to make sense. For, as far as is known, it is the professed policy of the Development Wing to encourage dispersal of components and accessories.

External Economy in Automobile Manufacture

MODERN industry is largely assembling and the difficulties experienced by bicycle manufacturers and the lines along which solutions are sought are not basically different from those facing, say, the manufacturers of automobiles. Manufacturers haw sometimes in the past been suspected of being too grasping or rather, of trying to do too much, instead of sub-contracting parts of the production which could be passed on to others. This could be described as the situation in the beginning or the early days of production programmes, as in the automobile industry. Subsequently, however, a conscious attempt has been made at dispersal and the manufacturing programme of Ashok Leyland, for example., and even more that of Mahindra.s jeeps, has followed the latter pattern. The development in the manufacture of Comet commercial vehicles reported by Sir Ramaswamy Mudaliar year by year in his speeches at the annual general meetings of the company enable one to follow this very clearly.

Incidentally, it also brings out the interrelation- between the development of components manufacture and the associated services such as castings, principally, for example, arid adds a new meaning to the concept of capacity of production. For (Comets at the commencement of the phased manufacturing programme in 1950. out put of 1,000 vehicles per annum seemed an optimistic estimate. Selling. it was thought, would be the problem, but when it became clear that demand was far outstripping supply, it was derided to introduce double shift working to raise production to 2,000 vehicles. This Has no expansion project but just double shift working. The factory was actually able to produce 2,400 vehicles in 1961