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## EDITORIALS

- Crisis of Coordination 897  
Forward Markets and Exports

## WEEKLY NOTES

- Foreign Exchange for Railways —  
Popping up Prize Bonds —  
Venezuela Tides over Crisis —  
Rumblings in Turkey 901

## CAPITAL VIEW

- Integration Council: Banality  
Unlimited  
— Romesh Thapar 899

## FROM THE LONDON END

- Stock Exchange Jitters 905

## LETTER FROM JAPAN

- The Turning Point?  
— Shigeto Tsuru 909

## LETTER FROM MADRAS

- Priorities in Education 908

## OFFICIAL PAPER

- Little Light 903

## BOOK REVIEW

- The Right Export Strategy  
— Savya Sachi 911

## SPECIAL ARTICLES

- Behind Wall Street Crash  
— Ajit Hutheesing 906

- Taxation of Capital Gains :  
New Measure May Prove  
Difficult to Administer  
— Mahesh Bhatt 913

- Job Mobility in Japanese Society :  
A Note  
— William H Newell 915

- Economic Development of Goa :  
Problems and Prospects  
— suhas Chandra Talukdar 917

## FROM THE CHAIR

- Jyoti Limited 921

## AROUND BOMBAY MARKETS

- Dalal Street at Year's Low 923

## COMPANY NOTES

- Bombay State Financial Corpora-  
tion — Indian Reinsurance Cor-  
poration — Escorts — Gokak Milla 924

- CURRENT STATISTICS 925

## Crisis of Coordination

AFTER the foreign reserves held by the Reserve Bank dipped below the Rs 100 crore mark, it is only to be expected that the foreign exchange situation should appear as a crisis. It is an absurdly low figure for reserves in all conscience for a country of India's magnitude, and it definitely shows that our annual budgeting of foreign exchange has not been as close or as tight as it should be. And since that budgeting can be done only upon certain definite assumptions in regard to the year by year performance under various heads of the Plan, either the annual planning or its execution or both have been faulty.

There is no reason, however, to connect in any way the current state of the foreign balances with the prospects of foreign aid on which the Plan is based, prospects which had been regarded as reasonably certain until recently and which, it is now suspected, may not be so certain after all. And whether Senators like Krishna Menon less than they did before, or Kennedy's hold on Congress is slipping or not, and Bonn sneezes or grumbles, all this has nothing to do with the particular figure to which the published balances have sunk, and it does not help much to mystify people by hinting about hidden resources and means of replenishing reserves. Yes, there is a second line of defence in our borrowing limit from the Fund. But in so far as the foreign balances have some psychological effect — and it would be idle to deny that they have — it is unwise to let them appear to have crossed the danger limit.

It is tempting to fall for facile prescriptions in such a situation mid, flesh being weak, what could be taore tempting than to call upon the country to cast itself overnight in a heroic, austere mould ? Drastic cuts are going to be popular but any investigation of the effects of such cuts and how they spread over the economy, it is not unlikely, would be frowned upon, among other reasons, of course, because the type of planning of which Sarvodaya is the etad point cannot sink so low as to look into these things! That, incidentally; there is no means of doing so in the present planning set up is another story and it does not matter.

Whenever a Plan target fails disastrously; the explanation for it is to be sought in the interacting factors which must follow a certain fairly precipe time sequence in order to arrive at the end point which is that target. Foreign exchange balance is the resultant of all the targets taken together. No projects have been taken up without adequate provision for the foreign exchange, either committed or expected to arise from the Plan performance in the various sectors. Failure on this front is the end point of a chain reaction. The Planning Commission cannot coordinate, it does not even try. The Ministries go their own way. and collective Cabinet responsibility is only polite constitutional fiction: so why speak of coordination by the Cabinet ? Yet it must be pretty obvious that all the problems of Plan execution can be summed up in one word ' coordination'. If at last the Government has come to recognise it to be of sufficient importance to appoint a Cabinet Minister of the stature of T T Krishnamachari exclusively for this task, one need not take a grim view of the present so-called foreign exchange crisis. Much good may come from it yet.

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