

export. A competitive price for the exportable percentage should be fixed. The loss so incurred by the manufacturer should be spread over the goods released in the internal market. There is confidence that family budgets in upper income groups, which are interested in the kind of goods that find export markets, can take the shock.

Another 'export' lobby is also taking shape in the capital. It argues that with the present industrial set-up there is no future at all for Indian exports, that Government must now apply its energy to organising an industrial sector solely geared to exports. Whether it is going to be possible to do this in the present crisis period is a moot point, but the protagonists of this point of view claim that even the United Kingdom and members of the European community would be willing to invest in export industries based on India which open the doors to Asian markets.

Even as these topics are hotly discussed, with expertise and without, students of economic affairs are taking serious note of the unused foreign aid that is piling up, particularly from the Communist countries. All are agreed that there has been a marked deterioration in the efficient execution of projects. Whether the joint committee of the two Houses of Parliament to be set-up to examine the functioning of public undertakings will consider these related aspects or not, is at the moment only a subject of specu-

lation. At the moment, the members of the Lok Sabha and the Rajya Sabha are battling for vantage position on the committee.

Elite's Own Panchayat

Punctuating the discussions on the economic crisis, is the gossip about how defeated ministers and deputy ministers are found comfortable jobs, how members of the I C S are also developing an appetite for patronage appointments, and how those who fail to come through the scramble manage to get their honorary services accepted in return for a house, a telephone, chaprasis and a car — all Income-tax free.

Defeated minister Keskar took over the National Book Trust, During his regime in the Information and Broadcasting Ministry, he saw to it that the Trust published only through the Publications Division. This amounted to a death sentence for the Book Trust. Now he is busy persuading the members of the Trust to allow him 'freedom of action' — and we are back at the beginning. Former Deputy Minister Satish Chandra has quietly taken over the Chairmanship of the British India Corporation, once part of the Mundhra empire. The allegation is that he was able to do this only by using the proxies made available to him by the GOI and the LIC. Tyabjee, a Secretary in the External Affairs Ministry, has been chosen for the controversial Vice-Chancellorship of Aligarh University. Educationists are wondering whether this extraordinary appoint-

ment marks the ICS 'break-through' into another field of employment! Officers in the armed forces are also encouraged by these developments. After all, aren't they trained organisers. And so it goes on, the ruling elite maturing its own system of panchayati raj. As for the technically qualified, they watch and wait, frustrated, embittered.

Who is going to call a halt to these and other goings on? Something drastic must be done; the bye Election results from Madras and Andhra are a pointed reminder. The Prime Minister, busy with preparations for his London visit next week, has asked four of his senior colleagues — Morarji Desai, Lal Bahadur Shastri, T T Krishnamachari and Gulzarilal Nanda — to offer agreed suggestions on the Cabinet reshuffle and the reorganisation of ministries. The meetings of this tormented committee have so far proved 'inconclusive', to use the vocabulary of diplomacy. Four men in a fix! One can almost see the future. The Prime Minister, we are 'reassured', will resolve the tangle when he returns from London via Africa,

And, finally, we have been warned that over the week-end the Capital will be blacked out. All power will be cut because the engineers of the Delhi Electric Supply Undertaking need 24 hours to instal a new Japanese transformer. How are these jobs done in Tokyo, London and New York? Apparently, nobody knows!

Our Calcutta Letter

Shortage of Raw Rubber to Continue

CURRENT efforts to diversify India's exports have led to attention being focussed on the contribution that may be expected from the rubber manufacturing industry. Last week the Ministry of Commerce and Industry confirmed its earlier decision to revise the target for automobile tyres and tubes from 3.7m each to 5.14m, linking it with an obligation to export a part of the additional production. The practical implications of the decision are that some of the 14 applications pending with the Ministry for

expansion or for new units will now be approved.

It is learnt that the units that will be permitted to expand are: Dunlop's Sahaganj plant near Calcutta and the Ambattur plant near Madras, Firestone in Bombay, Premier Tyres in Ernakulam, General Tyres near Calcutta, and the Madras Rubber Factory. Four out of these six are likely to add to their capacity by 60,000 tyres while Firestone will go up by 3,25,000 and General Tyres by 1,25,000. Two new units, Southern Tyres of Madras and Podar Mills of Bombay are to be

licensed each for 3,00,000 tyres and tubes. This takes care of almost the entire additional capacity to be licensed, and one wonders, therefore, what is to happen to Good-year's plans, already announced, to double the capacity of their plant at Ballabgarh near Delhi.

The implications of this increase in tyre capacity on the raw materials situation need to be understood. From close to self-sufficiency in raw rubber in 1951 when the output of Kerala plantations, met over 90 per cent of the country's

requirements, the gap between demand and indigenous supply that imports have to fill has widened to over 50 per cent. Total rubber consumption in 1961 was estimated at 63,848 tons while output was no more than 27,000 tons. Consumption in the current year is estimated at 72,000 tons which may require over 40,000 tons of imports, costing something like Rs 16 crores in foreign exchange.

Raw Rubber Target Revised

The Third Plan had assumed that raw rubber requirements would go up to about 1,00,000 tons. This was to be met by (a) raising natural rubber production by 70 per cent from 27,000 tons to 45,000 tons, (b) setting up synthetic rubber plants to produce 50,000 tons, and (c) setting up rubber reclaiming units to reclaim 15,000 tons. This target has to be revised now because it is clear that raw rubber requirements will be of the order of 1,40,000 tons and not 1,00,000. The revision of targets of tyres and tubes announced last week will make sense only if action is simultaneously to increase production of raw rubber.

We should begin by making a realistic assessment of the production potential of the plantations in South India. Over the last ten years, the increase in production has been no more than 55 per cent, achieved partly by higher yields and partly by extension of the acreage from 171,911 acres in 1951 to 3,48,121 acres in 1961. While the increase in acreage may appear very large, as much as 47 per cent of the acreage was not under tapping, the plants being young and immature. Five years ago, the corresponding figure was 20 per cent. Most of the untapped areas are those planted in recent years with high yielding varieties. According to one report, smallholdings of 50 acres and below, which account for 50 per cent of the total area have replanted more clonal than the estates in recent years. Today, over 30 per cent of the area under small holdings is planted with high-yielding saplings while, this figure for estates is about 45 per cent. In 1965, the tappable area under high yielding plants will increase to 92,000 acres, from which an average yield of 600 to 800 lb per acre is reasonable to expect. On

some estates, yields of 1,400 lb per acre have been achieved. Even areas under unselected seedlings could be made to yield 400 to 500 lb per acre (as Dr Rama Varma, the Rubber Board Chairman, said in a recent newspaper article) by better manuring, plant protection and wider application of yield stimulation. Even on a conservative estimate, the Rubber Board feels sure that the target of 45,000 tons can be fulfilled. More likely, it will be bettered. According to Dr Varma, production should be around 70,000 tons by 1970 and 1,00,000 tons by 1975, even without taking into account any new planting during the next three years.

Natural vs Synthetic Rubber

The Rubber Board is, of course, an interested party in the controversy over the shares of natural and synthetic rubbers in the future pattern of supplies of raw rubber. Independent corroboration of its optimistic estimates of future production comes from the Economist Intelligence Unit (EIU) which published a special report on the Indian rubber manufacturing industry in June. According to this report, developments indicate that India may be on the threshold of a major breakthrough in domestic rubber production. These are, first, the high and increasing proportion that the area under high-yielding varieties bears to the total area and second, the increase in total planted area under both small holdings and estates. EIU concludes that it is not too optimistic to assume that by 1966 average yields will be up to 350 lb per acre (against the 1961 average of 324 lb). If so, production by 1965-66 might increase by some 15,000 tons. An even larger increase should be possible after 1965-66 when more of the recent plantings mature. The current replanting programme in Kerala will not, of course, be reflected in yields until the late sixties.

It is safe to assume that natural rubber supplies should be close to 50,000 tons by 1965-66, or shortly thereafter. Even then, there will be a gap of 90,000 tons to be met by the production of synthetic and reclaimed rubber, as far as possible, and from imports. There is so far only one synthetic rubber unit in view—the Bareilly plant with a capacity of 30,000 tons which

should be in production before the year is out. Another synthetic plant is likely to come up in Assam, to produce 20,000 tons of poly-isoprene types of rubber, utilising natural gas as its raw material. This proposal, in the air for some months, does not appear to have made much headway and an alternative idea of setting up two units at Bombay linked to the oil refineries is now being canvassed. According to one report, the licensing of these units is being actively considered but the grant of permission is dependant upon the setting up of naphtha-steam cracking units to provide the basic raw material.

Imports will Continue

In the mean time, four companies have been licensed to produce reclaimed rubber with capacity ranging from 600 to 5,400 tons a year. It is confidently expected that the target of 20,000 tons will be fulfilled. Reclaimed rubber has several technical advantages, e.g. easier mixing. Its use in India has grown from 2,500 tons in 1955 to 7,200 tons in 1961. The establishment of indigenous reclaiming units will help to recover rubber worth many crores of rupees now being wasted as scrap.

Unless the proposed synthetic rubber units are quickly established, there is little hope of any substantial reduction in import. In fact, we may well find ourselves in a situation where an expanded tyre industry has to keep a considerable part of its capacity sealed because of shortage of raw rubber. Today imported materials account for as much as 75 per cent of the value of an Indian tyre, because not only rubber but also bead wire, rubber chemicals, carbon black and rayon cord need to be imported. Domestic manufacture of rayon cord has just commenced, while that of bead wire (6,000 tons covering both automobile and cycle tyres) is being set up in Maharashtra. A carbon black plant at Durgapur is almost complete while a rubber chemicals plant is coming up near Calcutta. The manufacture of automobile tyre valves has also been taken in hand. But even with full import substitution in these directions, it will be clearly impossible for the tyre industry to achieve viability unless domestic supply of the basic raw material is assured.