face value, would certainly suggest that this gigantic organisation has progressed well under the stewardship of Shri P A Gopalakrishnan, and that the L I C has not lacked administrative ability and drive.

Having achieved new business of Rs 608 crores in 1961, the L I C may also appear to he well set on its way to the target of Rs 1,000 crores for 1965, the last year of the Third Plan. If the rate of increase is projected into the future the achievement of the target looks like a certainty. The retiring Chairman is "not unhopeful of reaching the target, but "with home difficulty". Does he suspect some slowing down in the rate of growth in the coming years?

There are two factors favouring the maintenance of the present rate of growth. First, the average sum assured per policy has shown a definite tendency to rise over the last few years. The number of new policies that have to be issued in order to achieve a given volume of business is thus tending to be smaller. This is likely to continue as incomes rise even though insurance is confined to the same class from which the bulk of the business has derived so far,

The other factor which favours a higher growth rate is the proportion of policies issued to those who had not taken out an insurance before. A certain proportion of policies is normally issued to newcomers, but that this proportion shows a significant rise may suggest a welcome spread in the insurance habit to "new classes of people. In view of the increase of income in the class canvassed so far and also the growth of members of this class, it is not possible to say yet to what extent the L I C has been breaking new ground. The growth potential, needless to say, in the sectors hitherto untapped or not tapped to any appreciable extent, must be relatively higher.

Breaking into Rural Sector?

IN this connection one naturally thinks of possibilities of introducing an expanding insurance in the rural sector. It will -he recalled that one of the objectives — perhaps the only one which stood up against an criticism — in favour of nationalisation of insurance companies was the scope which nationalisation would create for a break-through Into the rural areas. To what extent this has been achieved is not yet clear from the data provided by the L I C . True, one occasionally comes across some highly significant detail such as the success of the L I C agents in a village in Amravati district, where all the families have been persuaded to tuke out life insurance. We know only the name of the village, that it is Talni Purtia and can also guess that it must be in the cotton-growing tract, for there is a mention in the circular issued by the L I C that this signal and outstanding achievement of the insurance agents was not accounted for, to any significant extent, by the prosperity of the cotton-growers, for the year in which all this business was underwritten. 1961, was actually a bad year for cotton. All the 81 families in this village have agreed to take out life insurance and 77 of the proposals were completed in ten days and only four were awaiting completion. The highest sum assured was Rs 20,000 which suggests that Talni Purna is not a poor village and the average sum assured per policy, viz Rs 2,730 confirms it. We have also been told that all the policies except five are on yearly payments which suggests the obvious, viz the families are agricultural and rereive their money income in bulk at one time in the year when they sell their crop. But we have not been told anything; about the economic and social conditions of this village; so one would not know whether this burst of insurance consciousness could only be an exceptional phenomenon or whether it could spread to other villages also, given sustained and imaginative effort.

The organisational effort needed to push up business at the same rates as achieved in the last few years will undoubtedly be great While the Corporation appears to have achieved a certain level of efficiency as a result of various measures implemented during the last four years the tasks ahead might call for efficiency of a different order of magnitude. In fact, they might need an organisational set-up basically different from that which the Corporation now has. It is indeed encouraging that much thought is being devoted to these organisational problems. Shri B K Kaul, the new Chairman, certainly has a challenging task ahead of him.

Cooperative 'Supermarket' for Delhi

Our Delhi Correspondent writes :

ACCORDING to a survey made by the Indian Cooperative Union "there are about 170 co-operative stores registered in Delhi, most of which (nearly 100) are reported to be in a moribund state. The working of the active ones is also generally indifferent and ineffective". The survey also noted that co-operative stores "are poorly financed and are unable to provide reasonable credit facilities even to regular customers. In complete contrast, the private merchants invariably afford credit facilities". For the success of consumers' co-operatives, the study points out. "it is essential that the small co-operaive stores are backed up by an efficient, well-stocked and adequately-financed wholesale service. Most of the co-operative stores at present do their buying individually from the private wholesale traders'".

The ICU has proposed a wholesale co-operative service, called a "co-operative supermarket" as an important link between producers' and consumers" co-operatives. The ICU's scheme is at present under consideration by the Planning Commission. The 'supermarket' is proposed to be set up under the auspices of a bodv consisting of representatives of primary consumer stores and the ICU. The Cover nment will also be represented on its management. The "supermarket" will make bulk purchases directly from the producers and will make supplies on wholesale basis to the co-operative stores, providing them credit facilities. It will ensure adequate supplies of goods of quality at reasonable prices to the member stores and will assist them in train, ing, management, publicity and also in other ways to improve efficiency.

Under the 'supermarket" will he a network of 50 consumer co-operative stores spread over urban and rural areas of Delhi. A 'model retail store' will also be set up under the direct control of the ICU. This store, says the lCU's memorandum to the Planning Commission, is intended to be developed as a prestige retail outlet which will establish respect and confidence in the eyes of the general public as an efficient and reliable enterprise managed by co-operatives'". The 'model store" will also serve us training centre for the personnel of the consumers' stores. Roughly half the business handled by these stores, it is expect, ed, would consist of items of food and clothing.

The 'supermarket, it is estimated, will need a working capital of Rs 7.5 lakhs and another Rs 7.5 lakhs will be required for the 'model store". Besides working capital, the programme requires fixed capital of about Rs 15 lakhs, of which Rs 5 lakhs will be needed to construct godown space of 50,000 square feet and Rs 10 lakhs for the building of the 'model store'. The Indian Co-operative Union expects that the venture will be a profitable one. It is proposed that initially the member co-operative stores and the ICU would raise share capital of Rs 1 lakh and the Government would be requested to make a matching contribution. The Government will also be requested to give long-term loans for construction of buildings for the wholesale and retail stores.

Resides consumers' co-operaive stores, the ICU will select model private retailers in each locality who have a reputation for fair dealing. It will give publicity to them and ensure that they maintain high standards.

The Planning Commission is understood to be in favour of the proposal in principle. It has asked the ICU to undertake a survey of retail trade in Delhi and seek the services of a consultant from Scandinavia. USA or Japan with experience of running "and organising a co-operative supermarket. Delhi is regarded as a good place to give a trial to the 'co-operative supermarket" scheme. The ICU has experi. ence of running the Cottage Industries Emporium in the Capital and also of marketing agricultural products. A pilot project scheme is expected to be launched in the next few months. It is proposed to set up 50 supermarkets with 2,200 pri. mary co-operative stores throughout the country during the Third Plan.

Letter from Calcutta

The Railway Viewpoint

FROM every business platform criticism of the railways for their failure to move all the traffic-offering has become something of all obligatory ritual. At times the Railways feel sufficiently provoked to join issue but more often prefer to meet criticism with silence.

Many industrialists have stressed the need to plan transportation ahead of new industrial capacity. A leading light actually suggested building raw material and transport facilities at the level of 10 million tons of crude steel output during the Third Plan while restricting physical expansion of plant capacity to 8 million tons. This would have involved creating physical assets for additional transportation of 12 million tons of freight, because each ton of steel requires roughly 6 million tons of movement. Figures quoted by the Director of Planning of Railway Board, although in a different context, show that an investment of Rs 5 crores would be needed on a complement of 1,500 wagon*) and 20 locomotives to move just one additional million ton of coal from the Bengal-Bihar field. To addition, further investment of the order of Rs 15 to 20 crores would be needed on increasing line capacity because most existing lines in the coal-steel belt are already saturated or would become so by the end of the Third Plan. From these figures, one can readily judge the magnitude of investment which would have been needed if the proposal for advance capacity advanced by the steel industry were to be accepted.

Surplus Capacity for Steel

The allocation made for Railways in the Third Plan amounts to Rs 1,275 crores, 12 per cent of the total outlay which is about the same proportion as in the Second. Despite the considerably larger actual expenditure envisaged, the Railways are expected to move only 59 per cent more originating freight against the 69 per cent increase estimated to have been achieved in the Second Plan. This may perhaps be a pointer to the rising marginal costs of expansion, in view of which deliberate planning for surplus capacity becomes all the more difficult to accept.

Another aspect should also be noted—75 per cent of the additional transport capacity to be developed during the Third Plan will be taken up by steel, cement and ore export, leaving only 18 per cent available for "other goods" and the balance to meet the Railways' own requirements for the movement of coal and stores. This has understandably led to protests. The Indian Chamber of Commerce, Calcutta, in a letter to the Planning Commission describes, the 18 per cent increase as a grave under-estimate. Among "other goods", foodgrains production is to rise during the Plan period by 32 per cent, cotton by 37 per cent, nitrogenous fertilisers by 62 per cent, sulphuric acid by 313 per cent, caustic soda by 210 per cent paper and paper boards by 100 per cent. Judging by these production targets, the Chamber concludes that the additional traffic capacity being provided for "other goods" will not "be commensurate with actual needs". In a situation where the Railways have been obliged to cut down transport availability to others, it will be appreciated that the demand for surplus capacity for just one industry is a little unfair.

Hindustan Steel Disorganised

Undoubtedly, the steel industry's requirements are important enough to warrant high priority. Hut all too often, the industry has by its own lack of planning, disorganised the transport system causing shortages all round. Take for example, the Rourkela plant which is planned to draw ore from the Barsua mine, connected to the steel works by a new line of 42 miles specially built for the purpose. As long as the line was incomplete, it was easy enough for Rourkela management to blame the Railways for having to draw supplies from more distant sources