

this aspect of the public sector's working. There is no recognition of the fact that in addition to imposing an avoidable heavy financial strain on the public undertakings themselves, the excessive stocks of raw materials, stores and spares represent waste of scarce resources which could have been put to productive use elsewhere.

In fact, the facts about their ridiculously large inventories tell more about the quality of management of public undertakings than profit and loss statistics. They draw pointed attention to the Government's complete failure to develop a cadre of trained managers for these enterprises and rely on the practice of deputing officers from the administrative services for short periods of a few years. As long as this system continues it is futile to expect that public enterprises will ever be run on sound business lines. While, therefore, focussing attention on particular instances of lapse from economy and efficiency in public undertakings, Parliament should go back to the first causes and press upon the Government the need to develop a management service for these enterprises. The parliamentary committee on public enterprises especially must turn its attention to this problem immediately.

### Fertilisers and Irrigation

A Correspondent writes:

THE Indian Council of Agricultural Research might have invited controversy by suggesting that irrigation projects should not be undertaken without ensuring a simultaneous increase in the supply of fertilisers and pesticides; but the Irrigation and Power Ministry's reply to it reads like a swotted answer poured out in response to the wrong question in an examination. The Council's main point seems to be the not unfamiliar one that under very general circumstances water and nitrogen are joint inputs in plant production; if irrigation provides enough water, nitrogen must be the limiting factor, and crop yields can be increased far more by increasing inputs of water and nitrogen together than of water alone. This much is well-established; the Council has extended the argument to say that if the water input is increased, the nutrient intake of plants will rise, the stock of nutrients in the soil will be depleted and yields will be reduced. This is questionable; introduction of irrigation will be accompanied by a new cropping cycle and hence a new nutrient cycle in the soil, and whether

this will be more productive or less is a matter of circumstances. It is however, likely that in conditions of short and uncertain monsoon, the very regularity of water supply assured by irrigation will lead to an appreciable increase in yields, quite apart from the possibility of raising a second crop.

These issues are apparently quite beyond the Irrigation and Power Ministry. It asserts that "from time immemorial" the Indian farmer has been supplying his crops with nutrients from farm yard manure. This is a *non-sequitur*; the question to ask is not whether he uses manure or not but whether the quantity of manure he uses goes up with irrigation. It is possible that with irrigation the farmer gets larger yields of fodder, keeps more livestock and gets more manure for his field; what is more likely, however, is that he uses his livestock more intensively and there is no great increase in the manure he gets. Any way, no one knows what happens, least of all, the Ministry.

To argue, as the Ministry does, that irrigation does not affect fertility because it is not applied constantly amounts to admitting that the more intensive the irrigation the more deleterious it will be to soil fertility; and the Ministry does not seem to know much about benefit-cost ratios, for it will simply not do if, as it states, schemes are undertaken provided the total benefit to the community exceeds the cost. What it ought to do is to compare benefit-cost ratios of similar projects and devote the limited resources to projects with the highest ratios. Then perhaps it will understand ICAR's point that benefit-cost ratios can be increased greatly by spending on irrigation and fertilisers together rather than on either alone.

### A Minister's Statistics

IN his anxiety to smother the opposition in the debate on the Budget in the Rajya Sabha, the Minister of State for Finance quoted facts and figures in a manner which did little credit to him and his Ministry. He has gone on record saying that the targeted increase of 25 per cent in national income during the Third Plan would be almost reached as he expects that the actual increase would come to about 24 per cent. Also, he tried to meet the opposition criticism of high taxation by pointing out that the additional tax revenue had gone to finance investment in industry and elsewhere.

Now, to start with, the target of growth of income in the Third Plan is not 25 per cent but 31 per cent if the 'financial' plan is considered and about 34 per cent if we consider the 'physical' plan. As against this, the realised growth in the first three years of the Plan is hardly 10 per cent and even assuming that the most optimistic expectations are fulfilled in the last two years the aggregate increase during the five years would hardly exceed 22 per cent.

The Minister's other contention—that the additional revenues have financed developmental expenditure—is also refuted by available evidence. The Planning Commission's Mid-Term Appraisal gives figures of current account surpluses and additional taxation in the first three years of the Third Plan. These show that the current surpluses aggregated Rs 279 crores compared to additional taxation of Rs 931 crores. It is clear, then, that a good part of the proceeds of additional taxation has been diverted into current non-investment expenditure. Many explanations may be advanced to account for such diversion—e.g., the sharp increase in defence expenditure, the need for which cannot be questioned—but the fact remains a part of the proceeds of additional taxation has gone to meet current expenditure. Nor does the Minister's argument that current expenditure includes some amount of investment cut much ice, for the figures quoted above from the Mid-term Appraisal are exclusive of the investment component of current expenditure.

What emboldened the Minister to be so careless with his statistics? Was it the confidence, having regard to the normal quality of vigilance of the opposition, that he would not be found out?

### Voluntary Ceiling on Profits

IT costs politicians nothing to propound high-sounding principles which they know cannot possibly be adopted. The Prime Minister's *oka* to businessmen, while inaugurating a seminar in Delhi on the "social responsibilities of business," that they should voluntarily accept a ceiling on profits and dividends is a case in point.

The Prime Minister bolstered up his exhortation by referring to the "essence of our heritage" which, according to him, should be blended with modern science and technology. But what is the essence of this heritage? Does not it—either to it, essence