nes of steel structurals required, 7,000 tonnes have been received at site and 2,100 tonnes erected. Of 53,000 tonnes of equipment including refractories to be imported from Czechoslovakia, nearly 49,000 tonnes have been received, However, only 13 per cent of the grey iron foundry installation is complete. Total production during 1963-64 was 300 tonnes. Delays in completion apart, the plant is caught. in a vicious circle. It does not get adequate orders and is unable to secure enough materials, particularly non-ferrous metals, to fulfil the orders received.

The heavy machine tools project, also being put up with Czech collaboration, is the farthest behind. Rough levelling and grading of plant site was completed in May 1964. Civil work has been taken up recently and about one-half of the materials and equipment to be imported from Czechoslovakia has been received. Production is expected to commence next year.

The coal-mining-machinery project with Russian collaboration at Durga-'pur commenced production of conveyor belts and pumping sets in November 1963. It will also design and produce coal-washery equipment. Civil work has been completed and the greater part of equipment to be imported has arrived and has been installed.

The number of foreign experts is 180 at the foundry forge, 167 at the heavy machine building project, 6 at the heavy machine tools plant and 138 at the coal-mining machinery project. The Russian and Czech credits for these plants were extended in 1958 and enlarged further in I960, when it was decided that their capacities should be substantially larger and when it was also found that their foreign exchange component was bigger than the credits, especially in the case of the Czech-aided plants. The main causes of the delay, however, have been three: indecision about the precise pattern of production, administrative bungling, and inadequate development of designing facilities. The completion of these projects on schedule would have substantially eased the pressure on foreign exchange resources, besides inspiring confidence in the attempt to achieve technological self-sufficiency.

Don't Axe Export Credit

THE provocation to return in these columns to the harmful effects of bad foreign exchange budgeting and reporting is provided by reports appearing in the financial press of moves to insist on prompt realisation of export proceeds. At present exporters are allowed six months to bring in the proceeds to India. Recent delays in receiving export receipts could be ascribed to various causes: the possibility of profitable investment abroad and—does one dare mention it?—speculative action against the possibility of a rupee devaluation. Apart from such special factors, the lengthening of the date of payment is a feature which has marked international trade with a reversion to buyers[1] market conditions.

It is in the light of this development that we in India have been taking steps, especially in the new markets and for the new products, to enable our exporters to match the attractive credit terms offered by competitors. Several committees and working groups have stressed the importance of offering competitive credit terms as a factor in international trade and the need for us to do more in this direction. The E C G C's recently expanded role is a step in this direction. That is also why the R B I's eligibility rules permit an 180-day bill being offered as collateral. It is interesting to note that even as newspaper reports indicate so much concern in New Delhi over the consequences of allowing credit facilities to Indian exporters for the pace of repatriation of export proceeds, the Industrial Development Bank has relaxed the provisions of its scheme for refinancing of medium-term export credits. A press note just received from the IDB says:

> "With a view to extending the benefits of the scheme for refinancing of medium-term export credits to exporters who ship goods against contracts for amounts less than Rs 1 lakh, the Industrial Development Bank of India has decided to remove (he present restriction in the scheme that such export contracts should be for a minimum amount of Rs 1 lakh. This relaxation, it is hoped, would help small exporters to offer competitive terms to their customers abroad..".

Clearly, there is a case for larger and cheaper export finance which would enable the exporter in turn to offer better credit terms. Panicky action to curb such credit extension taken to meet a short-term crisis can only upset the good work done to broaden the credit facilities our exporters can offer foreign buyers.

EEC and Developing Countries

ATTENTION has been focussed on the European Comon Market's relations with developing countries by certain events of the last few days. The EEC Council of Ministers has decided to permit its Executive Commission to re-open negotiations with Nigeria on new and more hopeful terms. The Commission has also begun a specific study of India's trading problems with the ECM; the recently published annual report of the ECM for the first time makes more than a passing reference to India.

The ECM is the largest single customer for the developing countries as a group. Its imports are 10 times as large as those of the Soviet Union, twice as large as those of the U K, and considerably larger than those of the U S A. Though the developing countries are not satisfied with the record of the ECM, yet its imports from that group increased from $6,800 million in 1958 to 59,800 million in 1963. The ECM has in fact been running an increasing trade deficit with the group of developing countries.

Hitherto France has exhibited a relative lack of concern for the trading problems of developing countries, excepting the former French colonies. She has not yet signed the new chapter of the GATT which lays down that the developed countries should no longer insist on reciprocity in their trade relations with the under-developed countries. Since last year Nigeria has been negotiating with the EEC for associate-member status. Almost a month ago the negotiations reached a deadlock because the French demanded greater reciprocity from Nigeria than the latter thought was justified in the light of the new chapter of the GATT. Perhaps the real reason for the French opposition was the desire to have the former French territories of Morocco and Tunisia admitted before Nigeria. However, the other EEC countries seem seriously concerned about the criticism that they might be helping to perpetuate the old colonial divisions of Africa. Though the EEC Excutive Commission has been given a *new* mandate, the final success of the negotiations with Nigeria is not certain yet, especially because so far official talks with Morocco and Tunisia have not been authorised.

It is believed that Kenya, Uganda and Tunisia are also eager to obtain a special trade or an associate-member relationship with the ECM. If Nigeria and these counties do succeed in their efforts, India's trade with them will suffer. This possibility adds further urgency to India's own negotiations with the ECM. Since the collapse of Britain's EEC entry nego tiations, India has submitted five notes requesting the EEC to consider her specific problems. Now at last there is some hope that such attention may be forthcoming. However, though the EEC Commission seems to have been impressed by India's problems and the proposals India has made to tackle them, there are indications that it would like to delay action till some global solution for the developing countries as a group can be devised.

Dastur Restored?

A Correspondent writes:

THE Union Cabinet, on the recommendation of the Cabinet Secretary who was asked to look into the matter, has decided that Daslur and Co will be "associated" with the construction of the Bokaro steel plant as far as possible and that it would remain a private firm without Government participation. The precise extent and terms of association have not been spelt out but. Dastur might be offered such of the engineering and designing work as would not require Soviet expertise. This, if interpreted in the right spirit, is what should have been made explicit at the time of signing the agreement with USSR. There was no question ever of Dastur designing the equipment to be supplied from abroad because it is always the supplier who undertakes the design and supply of equipment and the responsibility for its performance. The buyer chooses his own consultants to advise him and coordinate the project, which in the case of Bokaro involves a fairly large amount of work since 35 per cent of the equipment, apart from civil construction and procurement, would be domestic. Surely, it was not. the Steel Minister's intention that the domestic part of the construction should also be handled by Soviet experts? What is required now is not: just a vague association of Dastur with Bokaro but a clear spelling out of its responsibilities as Government consultants.

Part of the damage has already been clone since Dastur has retrenched about 400 of its 900 engineers—and many of the rest have accepted cuts of up to 75 per cent in their emoluments which is a tribute to the team spirit that has been built up in this firm. But it has the Durgapur alloy and steel plant to its credit and also a contract for a steel mill in Pakistan. The dangers to which Dastur has been exposed bring out the difficulties of a single major consultancy firm which has to maintain a large staff on its payroll. In other countries, consultancy firms enjoy the advantage of division of labour through farming out sub-contracts and casual employment of specialised personnel. This activity has hardly developed here, largely because foreign collaborators are given or take turn-key jobs, not all of which have turned out to be satisfactory, to put it in mild terms. Dastur and the Designs Organisation of Hindustan Steel are the swallows which definitely do not make the summer. Now that Dastur has been restored to its rightful place (so one hopes), Government and private entrepreneurs must look about to encourage promising consultancy and design teams in or her industries.

New Thinking on Corruption

SOME recent developments, if pursued, hold out hope that something may yet be done to fight corruption both at the political and administrative levels. The current *impasse*, especially with regard to political corruption, cannot be allowed to continue. A variety of ad hoc expedients have been devised in the past to look into cases of corruption at the ministerial level. This was unavoidable in the absence of an independent high-powered machinery to look into them. It was, therefore, gratifying to hear the Home Minister tell the last session of Parliament that: the Government's experience of handling the corruption charges against the Orissa leaders, Biju Patnaik and Biren Mitra, "called for rethinking" about the procedure for enquiring into allegations of corruption against political leaders. While Nanda maintained that in the Orissa affair no independent body could have come to a conclusion different from that of the Cabinet Sub-Committee, he con ceded that the Sub-Committee could not be considered an independent agency. Hence, according to him, the Prime Minister was thinking in terms of a new approach.

The Home Minister's statement gave a fillip to the demand for an ombudsman which has found support among leading jurists and men in public life. The Chief Justice of the Supreme Court has generally welcomed the idea as has the former Attorney General, M C Setalvad. The Committee on Administrative Reforms appointed by the Rajasthan Government has recommended an ombudsman for the State. The subject has also come up in Parliament mare than once. During the last session, the Minister of State for Home Affairs, Jaisukhlal Hathi, announced that a consultative group of Members of Parliament drawn from all parties would consider the setting up of a suitable machinery for redressal of public grievances. This was in the course of the debate on a non official resolution calling for the setting up of an ombudsman. Hathi reverted to this subject on Wednesday this week to disclose that the report of the Parliamentary study group on ombudsman would be ready in about two months.

With regard to corruption at the administrative level, the Central Vigilance Commission and its counterparts in many States have completed a year of quiet existence. Nittoor Srinivas Rau, the Central Vigilance Commissioner, revealed at the end of a three-day Conference of Vigilance Commissioners at Bangalore last week that neither at the Centre nor in the States had theire been a single case where the advice of the Vigilance Commission had been rejected by the Governments. All the same, he pressed for an independent and statutory basis for the Commissions. As he put it: "To assist the Government in the maintenance of discipline of services, it is essential to establish proper coventions and traditions which, while enabling the commissions to function with independence and detatchment, will ensure harmony and understanding between the Commissions and the administrative machinery and also help strengthen public eon fide nee in the vigilance organisation all over the country". This advice, based on a year's experience of handling corruption cases, cannot be lightly brushed aside. If it is conceded, a very important step will have been taken in the fight against corruption.

Local Finances

IN a developing economy with decentralisation of power, local bodies must necessarily shoulder more and more responsibility. On how adequately such bodies in India are equipped to perform their functions, we have had hitherto, very little in-