

COMMENTARY

*"For Commerce, though the child of Agriculture, fosters its parent
Who else must sweat and toil and gain but scanty fire."*

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AN UNBECOMING REPLY

AT his last monthly Press conference, Mr. Nehru was clearly unjust to the new opposition in the shape of the Swatantra Party. Apparently, he was in the happy position of one called upon to preach to the converted, for the questions to which he had to reply themselves contained much insinuation against the new Party. But this did not satisfy Mr. Nehru, who was angry that editorial opinion in the majority of newspapers in this country was strongly in favour of the Swatantra Party. He declared that he could not understand how any "sensible person" could support the new opposition; he could only conclude that such editorial opinion was "based on personal views and prejudices, and may be financial backing." This is a serious and unfair charge for the Prime Minister to make against the Press of his country, nearly similar to the one he made against the quasi-judicial verdict on the Mundhra episode. By alleging that the editorial opinions are influenced by "financial backing," he is questioning the honesty and integrity of the editors in this country. It is to be hoped that the All-India Editors' Conference, the most representative organisation of editors in this country, will promptly protest against this unbecoming statement of the Prime Minister, if it has not already done so.

in the field of production and distribution except in emergencies. One may or may not agree with these principles. But it would be wrong to mistake them for *laissez faire*, pure and simple.

Secondly, Mr. Nehru argued that he could not understand the opposition to co-operative farming which had been stressed in the past by several committees which had investigated the problem of India's agriculture. A reply to this has come from Rajaji, who has pointed out how "the previous references to co-operation in the Congress election manifestos and resolutions have acquired new meaning after the Avadi and the Nagpur resolutions" and how the "academic hopes built in the old days on co-operation in the agricultural field have been disproved by the experiments hitherto made; when a policy is wrong, it is no good pointing out that it was adumbrated long ago." The boot may well be on the other leg. It is not the Swatantra Party that is a prisoner bound by yesterday's ideas but the Congress. This applies to the attitude of the Congress towards private enterprise also. The Party is steeped in Marxian ideas, which are irrelevant to the modern context in which an enlightened free enterprise, working under the glare of a critical public opinion and an ever-alert legislature, works con-

political parties are anxious to push the Congress to the left, so that they may win indirect political glory through the costly mistakes which the Congress may make, the Swatantra Party stands for a certain order and sobriety in political and economic affairs which, if adopted, will at last not lead the Congress astray. To pose the issue in another form: if the Congress is to be replaced, or at least restrained, in the larger national interests, who should do it—a party of the Swatantra variety, pledged to democracy and personal freedom or an extremist political party, intent upon their destruction? The Congress itself must have known by now from its experience in Kerala that the doctrine of co-existence in the national sphere between two ideologies opposed to each other cannot be easily implemented. But it is not an incorrect assumption that the doctrine could be more easily observed if the other party—that is, a party other than the Congress—were based upon a philosophy that draws its inspiration from the rich liberal traditions of the world's leading democratic countries. Clearly, the Swatantra Party alone could function as a democratic opposition to the Congress, which, in the interests of the future of democracy in India, should welcome the new Party.

ROAD TRANSPORT

IT is symptomatic of the welcome change in

to suggest that all adverse opinion is attributable to "personal views and prejudices, and may be financial backing." One wonders whether he is not rapidly approaching the position of a man who, in a controversy, declares: "There are only two sides to a question—my side and the wrong side." For what he said on the new Party amounted to this. He called it a "legitimate Party, legitimately reactionary, conservative and backward"; it raised "ghosts" of a past century and had nothing to do with the present-day world. If Mr. Nehru wants to hang the dog of the opposition by giving it a bad name, he is welcome to do it. But he should not be surprised if significant sections of opinion differ from him. In any case, it seems odd that a man who has the distinction of heading the world's largest democratic country should resort to some minor "local politicians' tactics of dubbing all opposition parties as reactionary, employed with a view to winning cheap applause. Of a piece with this kind of criticism is his jibe that the Party's leaders had made God their "senior partner"; earlier he said he had protested against his being deified by some institution in the Bombay State. One would wish the Prime Minister of a country with India's philosophic and spiritual traditions to recognise that faith in God is the strongest antidote to all the subtle variations of personality cult which, we hope, he sincerely detests.

On two specific issues, Mr. Nehru's opposition was unconvincing. In the first place, he took exception to the alleged adherence of the Swatantra Party to *laissez faire*; he advised the Party's leaders to go on a world tour to find out where the theory stood. Here, he was fighting a non-existent ghost. The new Party's leaders have declared that they do not visualise the withering away of the State; they do admit that there is, and will always be, a sphere or spheres in which the State should legitimately function. At a Press conference in New Delhi, Mr. K. M. Munshi, speaking on behalf of the Swatantra Party, denied that his Party was in favour of *laissez faire*. He said that the main pillars of the Party were: Gandhian democracy, the Constitution of 1950 as a "firm legal order," minimum State control, encouragement of family farming, the fostering of the private sector within well-defined limits of social justice, fulfilment of the basic needs of the people, safeguards for labour, and freedom

usually for the welfare of the community.

These, however, are details of differences between one party and another which are an inevitable part of political life in a democracy. A more immediate and also a more fundamental issue is whether a new party, opposed to the Congress, should be consciously encouraged by India's public opinion and, if it deserves to be encouraged, for what principles it should stand. After all, a democratic form of Government implies the existence of at least two parties with well-defined political and economic objectives. At present, the Congress is opposed by parties from which it seems to differ less and less. The choice before the electorate is thus limited. Would it not have a wider choice if a party, based on principles for which the Swatantra Party stands, were to come into existence? Again, the leaders of the Congress will do well to realise that the Swatantra Party is different from the other parties which are opposed to the Congress. Whereas extremist

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Sabha, with almost one voice, demanded the early implementation of the recommendations of the Masani Committee (Road Transport Reorganisation Committee). In the course of the debate on the report of the Committee, held this week, member after member in the Lok Sabha insisted that road transport should come into its own. It is noteworthy that, on behalf of the Government, both Mr. S. K. Patil, the Union Minister for Transport and Communications, and Mr. Raj Bahadur, the Union Minister of State for Shipping, agreed with the House on the issue of providing maximum impetus to road transport. Although they did not commit themselves on the question of taxation, it is known that the Union Transport Ministry is clearly opposed to the continuance of the present high burden of taxes on road transport. All those who are interested in the future of road transport in the country would like to see that the Government's genuine interest in it is reflected in some concrete measures designed to ease the present burden of taxation.

As was only to be expected, the scope of the Neogy Committee's work came up for discussion. It will be recalled that the Committee, the personnel of which was announced early this month, will go into the question of railroad co-ordination and development of transport. Mr. M. R. Masani made the point that, inasmuch as the Committee had been asked to suggest measures for avoiding duplication in transport, the railways had won the battle against road transport. It was also suggested, in effect, that the Neogy Committee might reduce the emphasis which had been laid on encouragement to road transport by the Masani Committee. Mr. Patil, however, gave the assurance to the House that the Neogy Committee did not conflict with the purpose or objectives of the Masani Committee; the former was not intended to supervise, or as a "check-up" on the latter. The Neogy Committee, he said, had been entrusted with the task of examining how, during the next eight or ten years, the limited resources could be allotted for the various forms of transport and how duplication could be avoided. He further assured the House that his Ministry would do its best to ensure that the interests of road transport did not suffer. This assurance will be widely welcomed, for, in many quarters, there is a fear that even the modest impetus which road transport has received in recent months might be lost through

the railways' insistence on a much larger share in the overall traffic than it has the ability to carry at competitive rates.

The Neogy Committee has certainly some important tasks ahead of it. For one thing, it is not easy to assess the growth in traffic in the next eight or ten years, considering that estimates of traffic even for the next two years differ widely from one another. Secondly, it cannot possibly be an easy task for the Committee to allocate the available resources among the different modes of transport, in view of the fact that firm estimates of the quantum of available resources have not been presented; not even the size of the third Plan has been finalised. All that the Committee might reasonably be expected to do is to indicate the broad lines of development of the different modes of transport. But even this task is one of great complexity. It is, therefore, surprising that the Government should have chosen as personnel of the Committee overworked civilians and administrators. The least that the Government should do is to enlarge the Committee by the addition of new members with adequate knowledge of transport or to see that the personnel are relieved of nearly all their normal official duties, so that they can give their undivided attention to their work as members of the Committee.

The controversy over the relative merits of road and rail transport again figured in the debate. Although Mr. Pail was at some pains to convince the House that there was no difference of opinion over the issue between his Ministry and the Railway Ministry, he did not seem to carry conviction to the members. In this controversy, it is the Transport Ministry that carries the House with it. For the House is overwhelmingly in favour of road transport. It is true that everybody recognises that the railways are the single largest national enterprise and their case for carrying an adequate share of the country's traffic should not go by default. But, as Dr. A. Krishnaswamy ably argued, a nationalised undertaking is not *per se* superior in terms of social purpose, the mere fact that parts of road transport are privately owned does not detract from its usefulness. Once this is granted, it will be easy to see the

away from the heat of Delhi constituted the right climate for a careful consideration of the views voiced by non-official co-operators and some State Ministers.

The Conference was significant for more than one reason. One major recommendation of the Conference, the value of which might not be fully apparent at first sight, is that, for some time to come, the primary task of village societies would be to equip themselves to discharge their service functions efficiently and to extend their membership to all rural families. This, however, should not be confused with Mr. V. T. Krishnamachari's pet thesis reiterated, once again, in his address at the National Conference of Community Development held earlier at the same place. His thesis is that "the primary co-operative can be a living force only if it becomes the agent for carrying out the community development activities in its area, especially the agricultural production programmes." The realistic nature of the recommendation of the Conference would be clear from an examination of what Mr. Krishnamachari calls village production programme, and the role he gives to the village co-operative in the formulation and execution of this programme. A village programme, according to him, consists of two parts. In the first part are those block programmes which come under the jurisdiction of the village programme for which funds are allocated. This is not so unworkable as the second part, with which the village level worker, the village co-operative and the *panchayat* are all concerned. Under this part, first, there are certain programmes the execution of which depends on the enforcement of customary obligations. Such programmes include digging field channels for utilising irrigation potential built up to the outer limits of the village and maintenance of bunds and field channels, etc. Secondly, arrangements for the multiplication of improved seed for the village, production of organic and green manures, and distribution of these and fertilisers to the smaller landholders and tenants also come under this part.

It is not the purpose of this article to show how far the unfortunate village level worker, usually a young matriculate, with a few months'

additional finance. This outcome evidently means that the idea of linking credit to the production programmes has, more or less, died a natural death. This is hardly surprising, considering the apathy, even active hostility, that is reported to have been shown by certain States to the proposal of pilot projects. The representatives of the Reserve Bank are said to have explained at length the practical difficulties in implementing the scheme. It has been pointed out, for example, that the primary societies, the central banks and the apex banks have been having a large portion of the credit limits sanctioned to them unutilised. It is said, again, that supplementary finance would introduce double standards, and also increase the dependence of the societies on such funds. It has also been emphasised that, in the absence of proper production plans, adequate supervision and arrangements for linking credit with marketing, the overdues position of the societies would worsen, thereby leading to a further reduction in the borrowing power of the societies and the banks. Further, in the absence of Government's guarantees against losses arising from loans provided to non-creditworthy borrowers, the scheme would give rise to enormous losses to the societies and the banks. A notable contribution to the discussion was made, in this connection, by the Governor of the Reserve Bank, Mr. H. V. R. Iengar, who attended the Conference. He is reported to have drawn the attention of the Conference particularly to the harmful effects on the economy of providing large amounts of loans to cultivators without, at the same time, making adequate arrangements to ensure that the amounts lent are spent properly and paid back promptly.

The question of providing adequate finance for agricultural operations, however, needs urgent attention. The Conference has, therefore, recommended the constitution of an Expert Committee to examine the question. Since the method of linking credit with the production programmes is ruled out, the Committee has a Hobson's choice, namely, State participation in the capital structure of the co-operatives. That the large co-operatives established under the second Plan so far with State financial participation have been able to provide increasing amounts of credit is proved by the data avail-

correct perspective. It must be remembered that, in point of investment, roads are not inferior to the railways; in 1955-56, investment in roads aggregated Rs. 1,400 crores, as against Rs. 975 crores in railways. Again, the return to the Exchequer from roads is of the order of 8 per cent. on investment on roads, as against a mere 4 per cent. from the railways. Above all, road transport employs some 2.6 million, as compared with 1.1 million by the railways. Clearly, road transport, by reason of its quick and efficient service, has given genuine satisfaction to the consumer. This is true not only of India's road transport system but that of other countries too, for, all the world over, automobile vehicles are playing an increasingly important role in the carriage of goods. Road transport, if it is properly encouraged, could perform a similar service to India's economic development. Nor need there be any fear that it will inhibit the growth of the railways, for, as is well known, the increase in traffic in years to come is bound to be sufficiently large to permit both the modes of transport to keep themselves busily engaged.

MYSORE CONFERENCE ON CO-OPERATION

THAT the authorities at New Delhi should show their readiness to make major changes in the "new co-operative policy" adopted by the National Development Council last November is an indication of the measure of their statesmanship. There could be little objection to the advocacy of an approach which one passionately thought to be right. But such an attitude would be nothing short of irresponsibility, if it is adhered to despite the knowledge, acquired as a result of a closer and more dispassionate examination, that it is not entirely correct. It is precisely this scrutiny that took place recently at Mysore at the conference of the State Ministers of Co-operation. The storm of protests that the dramatic changes in the co-operative policy gave rise to since November impelled the authorities to have a closer look at their policy. The resentment felt by the non-official body of co-operators and the States for not having been consulted before the changes were effected seem to have been regarded by the Government of India as genuine. Consequently, the calm that prevailed at Mysore

the right person to play the vital role of, what Mr. Krishnamachari calls, "the common agent of all development departments at the village level" and "friend, philosopher and guide" of the villagers, and to what extent the "failure" of the community development projects can be attributed to the weakness of this agency. Nor is it proposed to show why the policy of leaving the digging of field channels to the villagers themselves, when from the stage of constructing the dam to that of digging the canals upto the limits of the villages is done by Government agencies, is wholly shortsighted. Our main concern here is with the role that the co-operatives can play in the scheme for rural development. The question whether a co-operative should be a business unit or should undertake other extra-business functions has been the subject of debate for a long time now. It has been realised that it would be unwise to burden the co-operatives with any other functions until they have been found to be efficient in performing their most important traditional functions. In saying, therefore, that the village co-operatives, besides providing credit, should concern itself with the supply of improved seed, fertilisers and manures, and not with their production or the marketing of the members' produce, the Conference has agreed with the oft-repeated view that the village co-operative should not function as an agent of the community development programme. This view of the Conference is realistic and inevitable in the present circumstances. In executing the so-called "integrated" plan of the families, the role of the primary co-operative is limited to the extent of providing only the basic necessities of agriculture. When the primary task of the society is thus clearly defined, the further question arises, namely, whether the size of the society should be governed by the need for fulfilling the functions allowed to it adequately and efficiently, or by its having to play the role of an agent of community development. The latter having been ruled out, the fact remains that the size of the society should be determined not by doctrinaire considerations but by economic viability alone.

Another major outcome of the Conference is that the proposed pilot project scheme to provide supplementary line of credit in about 4,000 villages has been dropped. This is the result of a fuller appreciation of the practical difficulties that are likely to arise in providing such

ade. In fact, several Ministers present at the Conference are reported to have expressed gratification at the progress that has been made by the large co-operatives. One would hardly be surprised, therefore, if this Expert Committee strongly recommends State financial participation in the societies. What with the double need for providing increased finance for agriculture and for strengthening the capital base of the societies, State financial participation seems to be inevitable, though it is not strictly in keeping with the principles of co-operation.

The functions of the primary societies having been appropriately defined by the Conference, the question of the size of the society also should not be any more a matter for debate. The size of the society should be such as to make its working a success. Those who favour small societies seek to solve the problem of resources by suggesting that their borrowing capacity should be raised through liberalisation of credit limits. This suggestion is not convincing. For one thing, it looks a little odd that the credit limits of the societies should be increased when the societies, by and large, are unable to avail themselves in full of even the limits allowed to them now. Secondly, when the overdues position of the societies is bad, liberalisation of credit limits is economically unsound. And, thirdly, enhancement of credit limits is no more indicative of 'self-help' than State-partnership. Indeed, the advantage with the latter is that 'self-help' among the members increases in the process of retiring the State's share. State participation has several other advantages, too. It will impart strength to the society, thereby helping it to attract deposits and increase its borrowing capacity, and facilitate prompt implementation of the policy lending to tenants and enlisting landless members, assuming that the State nominees will be effective and honest. The one great risk involved in the State participating on a large scale in the capital and management of co-operatives all over the country is political. The co-operatives may be used by politicians to entrench themselves in power, as was sought to be done by the Communists in Kerala. It is, therefore, necessary to evolve suitable safeguards for preventing such misuse of the societies.