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TIMES OF INDIA 1 JAN 1971

# Cong (O), JS and SSP form united front; Swatantra walks out

"The Times of India" News Service

NEW DELHI, January 3.

**THE Congress (O), the Jana Sangh and the SSP are going ahead with the formation of a front to fight Mrs. Gandhi. In a last minute change, the Swatantra Party decided that it would not go along with them unless they agreed to an electoral alliance on the basis of a common programme.**

**A statement was issued announcing the formation of the three-party front by Mr. Nijalingappa for the Congress (O), Mr. Atal Behari Vajpayee for the Jana Sangh and Mr. Ram Sevak Yadav and Mr. George Fernandes for the SSP.**

The Swatantra Chairman, Mr. M. R. Masani, who quit the alliance leaders' meeting in a huff, expressed to a hurriedly summoned Press conference his "deep disappointment" at this development.

He charged Mr. Nijalingappa and his colleagues with "indecision" and "vacillation" at the last minute, running counter to the clear understanding worked out yesterday for a joint declaration to be issued tonight to seal the alliance.

The change in the Congress (O) posture was attributed by Mr. Masani to the SSP's refusal to co-operate with an alliance formed on the basis of a minimum common programme spelled out in advance. It was prepared only to adjust seats to accomplish the immediate aim of blocking Mrs. Gandhi's return to power.

The SSP's argument, Mr. Masani said, had persuaded the Congress (O) leaders against a "principled" electoral pact.

But Mr. Nijalingappa told correspondents: "We are nearer an agreement than before". He believes that not only the Jana Sangh and the SSP but other parties can also be persuaded to join hands on the basis of adjustments.

Mr. Masani, when told about the Congress (O) President's comment, remarked cryptically: "This is very funny."

The three-party front of the Congress (O), the Sangh and the SSP is to set up a co-ordination committee to select agreed candidates for all constituencies throughout the country. The door has been left open for others to join in this bid "to defeat the present Government which is taking the country in an authoritarian and anti-democratic direction." A special appeal was made by the front leaders to the Swatantra and the BKD.

The joint statement said that "in order to offer the country an alternative which it urgently needs, we have agreed to come together to fight the election. We appeal to other parties, groups and individuals who share these objectives to join us."

These developments brought to a surprising end the discussions that the Swatantra Chairman, Mr. Masani, had been holding for several days with Mr. Nijalingappa and Mr. Vajpayee. Last night they had agreed to a draft of the joint declaration which was to be issued tonight at nine, immediately after Mr. Vajpayee returned to the Capital from a day's trip to Punjab. This declaration was to have said that the three parties accepted the AICC (O) economic programme as spelt out in June.

The declaration had already been signed by Mr. Masani and Mr. Vajpayee. It was decided to postpone an announcement by 24 hours to give Mr. Nijalingappa time to thrash things out with the SSP whose leaders, Mr. Raj Narain, Mr. Madhu Limye and Mr. Rabi Ray had a series of meetings with him today.

Meanwhile the Jana Sangh has made a series of announcements that it would contest 60 seats from U.P. and another 40 from Bihar. Earlier it had announced that it would set up candidates for most Punjab seats.

### IMMEDIATE CAUSE

Although the SSP's obduracy was the immediate cause for the change of mind on the part of the Congress (O), it is clear in retrospect that the leadership had reservations about enunciating a common programme with the Swatantra. Even yesterday Mr. Nijalingappa and Mr. Morarji Desai turned down Mr. Masani's suggestion to drop party manifestoes, and to go to the electorate on the basis solely of the common programme.

Mr. Vajpayee told correspondents tonight that there was no need for a common programme. It was needed "only for an alternative Government. Otherwise, it will remain only on paper."

Both Mr. Vajpayee and other front leaders said they saw no reason to wait until Mr. Masani obtained new directions from his National Executive.

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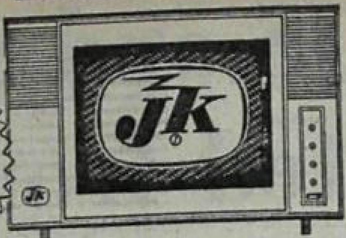


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PROGRAMME FOR THE ISSUE OF MONTHLY TICKETS FOR THE MONTH OF JANUARY 1971 :

Timings : Morning : 10.00 to 13.00 hrs.
Evening : 14.00 to 16.00 hrs.

| PLACE : | TIMINGS : | DATE : |
|---|---|---|
| 1. Central Sectt. | Full day | 4-1-71 |
| 2. Central Sectt. | Full day | 5-1-71 |
| 3. H. C. Butler H.S. School. | Full day | 6-1-71 |
| 4. Teachers Training Institute, Daryaganj. | Full day | 7-1-71 |
| 5. I.T.I. Malviya Nagar. | Full day | 9-1-71 |
| 6. I.T.I. Curzon Road. | Full day | 11-1-71 |
| 7. I.T.I. Arab-ki-Sarai. | Full day | 12-1-71 |
| 8. Kalindi College X Shivaji College X | Full day | 14-1-71 |
| 9. Janki Devi College. | Full day | 15-1-71 |
| 10. Indraprastha College. | Full day | 16-1-71 |
| 11. Lady Sri Ram College. | Full day | 18-1-71 |
| 12. Women's College. | Full day | 19-1-71 |
| 13. S.P. Mukherjee College X Rajdhani College. X | Full day | 20-1-71 |
| 14. Women's Polytechnic. | Full day | 22-1-71 |
| 15. Modern College. | Full day | 23-1-71 |
| 16. Mata Sundri College. | Full day | 24-1-71 |
| 17. I.T.I. Pusa. | Full day | 27-1-71 |
| 18. Maulana Azad Medical College. | Morning. | 28-1-71 |

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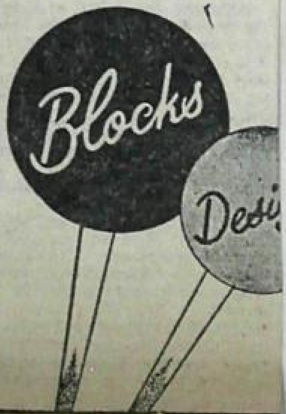


PROCESS DEPARTME

# Cong (O), JS and SSP accord

**Continued from page 1, column 3**

Mr. Raj Narain announced that he was meeting Mr. Charan Singh tomorrow to persuade him to join hands.

As Mr. Vajpayee explained, "the need of the hour is to form a broad-based front covering all nationalist and democratic parties so that the objective of defeating the ruling party is achieved.

"Did we not after the 1967 elections, when the Congress Party was defeated in several States, come together to chalk out our common programmes and form Governments?"

Congress (O) leaders backed out of an alliance of the Swatantra's conception because they are perturbed by the adverse reactions of their Gujarat unit. Mr. Desai rushed to his home State this morning to pacify the party unit and persuade it to allocate seven or eight Lok Sabha seats to the Swatantra out of a total of 23, as demanded by Mr. Masani. The Swatantra Chairman had let it be known that the alliance would collapse if his minimum demand was not conceded.

It is possible that Mr. Desai encountered such strong resistance from party men in Ahmedabad today that his colleagues here were forced to do some rethinking. It is also possible that Congress (O) leaders are still hoping for an understanding with the BKD in U.P. which may agree to adjustments but is averse to a formal association with the Jana Sangh.

Mr. Nijalingappa has been making persistent efforts to bring in as many parties as possible to fight Mrs. Gandhi together. He and his colleagues are particularly keen to avoid strengthening the suspicion that the Congress (O) is interested only in a consolidation of the Rightist forces. The stance adopted by the SSP leaders in today's discussions forced Mr. Nijalingappa to weigh the situation afresh.

### SUBHAG SINGH'S ROLE

Dr. Ram Subhag Singh, Congress (O) leader of the Opposition, may have played a key part in today's developments. His stiff opposition to a common front of these parties in Parliament led to the abandonment of this idea sponsored by Mr. Morarji Desai last June. Dr. Singh was away in Bihar, and came to the Capital only yesterday.

It is believed that the SSP leaders asked in their talks today for additions to be made to the common programme of the alliance to make it acceptable to them. This was not considered feasible, and hence the SSP insistence on dropping the programme altogether.

Mr. Masani told newsmen that he had no authority from his party to agree to adjustments alone. The Swatantra Party believes, it is understood, that the average voter cannot be persuaded to vote for the proposed alliance unless he is clearly told what it stands for. But Mr. Masani added that he would take the idea of adjustments to his National Executive, meeting in Madras on January 13, and abide by its decision.

The front arrangements evolved tonight were described as "a political gain" by a Congress (O) spokesman. The coming in of the SSP showed clearly that it would not be a Rightist combination. In any case, Mr. Nijalingappa had been authorised by the Lucknow AICC only to negotiate "adjustments," the spokesman explained.

P.M.'s election meeting

previous week's closing of Rs. 34.07 and after touching the highest the same day at Rs. 33.92, gur Fagun declined in successive sessions to touch the lowest on Wednesday at Rs. 33.04 but rallied to close the week at Rs. 33.58 on Hapur purchases.

## Calcutta money market

a year ago.—PTI.

Cakes were unchanged.

# High inventory-sales ratio of Government companies

NEW DELHI, January 3: As against the private sector companies, the inventory-sales ratio of the public sector companies is very much higher, according to the Economic and Scientific Research Foundation.

In its latest business survey, the fourth in the series, the Foundation has ranked companies according to the magnitude of their sales in 1967-68 and studied in depth the inventory holding, financing of inventory and profitability. The coverage extends to 300 of the country's top ranking companies in the private sector and 28 Government companies whose 1967-68 sales exceeded those of the 300th private sector company with the cut-off point at Rs. 3[illegible] lakhs.

The survey shows that the inventory-sales ratio for the private sector over the period 1963-64 to 1967-6[illegible] was 28.70 per cent., while the Government companies' ratio for the corresponding period averaged 47.65 per cent.

The ratio of Hindustan Steel, which ranks second—next to the Indian O[il] Corporation—with sales larger than the top most private sector company (Rs. 251.77 crores) averaged 59.0[illegible] per cent. as against Tata Iron and Steel's (sales Rs. 132.19 crores) 32.1 per cent.

"Large inventories cut into profits, the carrying cost being as high as 15 to 20 per cent," the survey notes.

Comprising the inventory-output ratios of manufacturing establishments in India, Japan, France and Israel, the survey points out that inventory holdings are relatively lower in Indian industries like sugar, vegetable oils, grain mill products etc., while Indian ratios are inordinately high in chemicals, engineering, paper etc. "This", it argues, "is attributable to the import control in force."

On profitability, the survey says that the gross profit-capital employed ratio of the top 300 companies of the private sector came down over the period, from 12.18 per cent. to 8.39 per cent., the gross profit-sales ratio from 9.24 to 6.2[illegible] per cent. and the dividends-paid-up capital ratio from 10.91 per cent to 10.38 per cent.

As against 23 companies in 1963-64 which could not make any profit, there were 45 in 1967-68. Generally, the longer-established industries like textiles and the more capital-intensive ones like basic industrial chemicals and basic metal industries had been under strain. "The difficulties faced by capital-intensive industries are seen at their worst in Government companies, in whose case the gross profit-capital employed ratio is 0.22 over the five-year period, as against the 10.87 per cent of the top 300 companies of the private sector."

While the debt-equity ratio of the top 300 companies showed an increase of 38 per cent. over the five year period from 0.69 to 0.96, th[illegible]