Voluntary Price Control

THE INDIAN COTTON MILLS FEDERATION has now agreed to the reduction of cloth and yarn prices to a level acceptable to Government. If has called upon the mills not to charge more than the following percentages over the contract prices of mill-made cloth current in August last year: coarse 25; lower medium 22; higher medium 18; fine 11 1/2; and superfine 9. Where present contract prices are lower, these are not to be raised. The revised prices will come into force immediately regardless of existing contracts. Prices of yarn have also been revised pro rata.

Now comes the question of enforcement. It is not enough for mills to sell at reduced prices; there must be assurance that the benefit of reduction is passed on to the consumer and that the trade or retailers do not misbehave. The magnitude of the problem and its intricacies were apt to be overlooked as long as attention was focused on the actual extent of the cut on which controversy had centred hitherto. What about the next step and what are the chances that retail prices would be according to the schedule now announced, with only 15 per cent added on as the trader's margin?

The first task, of course, is to make the mills toe the line. What control has the federation got over the mills? The Federation is a new body only recently set up and being a Federation, its membership is confined to millowners' associations except South India, the South Indian Millowners' Association having kept out. It has been past experience that trade associations in this country without a single exception command willing or even enthusiastic support of their members when they try to win some concessions for the trade or agitate against some Government measure which is resented by the members. Such associations have hardly ever proved effective when called upon to enforce some measure of discipline on their members or to restrain their activities even when such activities, though immediately remunerative to some of the members, were clearly harmful for the trade as a whole.

Maybe, times are changing and some day the buccaneering spirit of the trader will give place to the disciplined behaviour of modern organised business, scrupulously respecting its own business codes, a moderate degree of price restraint and enforcement of administered prices, exercised by the trade itself, are part of these codes. To make the individual mills conform, the Federation has called upon its affiliated members, the several millowners' associations in the country, to obtain an assurance from their member-mills in writing within a week that they will abide by the Federation's decisions regarding the latest revised prices. The names of the mills which fail to send such written assurances are to be communicated to the Federation. It would be churlish at this stage to ask what the Federation would do if some of the mills refused to cooperate. But, that, however, is merely a question of good form. Past experience has also shown, time and again, how difficult it is to grapple with the substance rather than the shadow, to ensure that while receipts are passed at the schedule price, there are no 'on' payments going unrecorded.

The next hurdle to be negotiated—in fact, there is not one but five, six or seven—are the links in the long chain connecting the retailer with...