multi-purpose one, with a target of 400,000 kwts. in the sphere of power generation.

Ten million acres has so far been only a long distance target and though recommended by the Food Grain Committee, the seven year plan of the Government of India presented before the Conference of Ministers limited itself to reclamation of 6.2 million acres.

The case of the Railways, too, is one which needs no very powerful advocacy. That Indian Railways should be able to handle something near between 35 to 50 per cent more freight than they do at present, provided equipment is available and that food, with a very small addition to operating costs, is not too optimistic an assumption, if at the same time the administration as geared up to a higher level of efficiency.

A formal application for a loan from the World Bank is the last stage in the process. Before this is done, the Bank has to be satisfied by the member-country applying for the loan that the project for which money is needed has been properly worked out and that the only factor holding up its implementation is shortage of foreign exchange. After the present fact-finding mission has reported, the Bank may send engineering experts to India to re-examine some aspects in the light of discussions at the Bank's headquarters in Washington. It may take another year or even more before the actual lending can be effected.

To return to Conference again, the Central Advisory Council of Industries, which was constituted on September 2, 1948 in accordance with the announcement in the Government of India Resolution on Industrial Policy (dated the 6th April 1948) is scheduled to meet in New Delhi on the 24th and 25th of this month. It is doubtful if the seventy and odd representatives of Industry, Labour, Commerce and the Governments attending this first meeting of the Council since its inception will achieve much to stimulate production. They will meet on the forenoon of the 24th to hear the Opening address by Dr. Shyama Prasad Mukherjee and for a 'General Discussion' with particular reference to trends of production during 1948 and the effects of recent measures taken to encourage it"; in the afternoon they will review the transport problems and trade policy in so far as they relate to industry. On the 25th the learned conclave will pore over the 'specific' recommendations pf the various Development Committees; then appoint Standing Committees for particular industries and if they still have time, they will outline future procedure—to prolong the life of the Council?

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Market Survey

The Week on the Stock Exchanges

(from inside the ring)

THURSDAY, Morning,

IN the absence of any fresh * stimulating news the stock market started the week on a quietly easy note. But as the week drew to a close, the sharp break in the gilt-edged market and discouraging advices from Calcutta induced a distinctly easier feeling. Prices suffered a further moderate set-back all round. While outside support has been conspicuous by its absence for long, even professional activity declined to a very low ebb this week.

Some encouraging developments during the past few months have raised fresh hopes in certain market circles of an early revival in investment activity. For instance, with the compounding of income-tax cases by the Income-tax Investigation Commission, it may be legitimately expected that crores of hitherto hidden money may flow into the investment market. The recent agreement on evacuee property is also likely to prove helpful in relieving the stringency in stock exchange circles in due course.

Industrial production has also been showing signs of improvement; with the recent concessions to industry and a more helpful official attitude, the improvement may be expected to continue without interruption in the coming months. This, in turn, should reflect itself in a gradual recovery in equity values.

Dr. John Matthai's admission before the Associated Chamber of Commerce, Calcutta, that the high level of direct taxation had contributed towards bringing down the margin of savings in industrial concerns and had thus been impeding activity in the investment market, was an admission that may also warrant optimism. Equally reassuring was his observation that Government policy in regard to nationalisation will be guided by practical rather than ideological considerations. This should serve to allay the exaggerated fears of investors and of the industrialists as well.

' Another development of profound significance is the "cease fire" in Kashmir. While it will relieve the Indian exchequer of a heavy burden, the indirect benefits arising from the restoration of good-will between the two siste, Dominions must indeed be very great. Forgiven a peaceful political background, both the Dominions can devote their energies: to the more constructive problems facing their.

A case can thus be made out for a revival in the investment market. The market behaviour, however, continues to disappoint those who have been expecting an early recovery. May be, the market has not yet assessed fully the implications of the favourable factors recounted to above.

The odds against the investment market, however, are not few either. The crisis in production has not yet been tided over and the impediments in the way of increasing production are real. Owing to lack of new capital equipment, Indian industry has lost its capacity to expand. And prospects of obtaining the badly needed capital goods are not very bright. For one thing, there is an overall shortage of capital goods in the world; for another, our foreign exchange position, none-too-happy as it was, has been further complicated by the deterioration in the food situation in the country. Moreover, even if industrial production can be stepped up moderately, where is the guarantee that industrial profits will be maintained in the face of the steady rise in the cost of manufacturing?

The sea change in the economic climate and the enormous rise in 'he cost of living have had a profound effect on the psychology of the worker who is less and less willing to put in his best effort unless he is assured of a better standard of living. The rapid advance of Communism in China and in South East Asia and its possible repercussions on India is another factor to factor to be reckoned with.

Yet another factor is the significant change in the composition and the economic position of the investors as a class. While the class of big investors composed of the Princes and land-lords has very nearly disappeared, the small investor is also being squeezed out by the enormous rise in the cost of living, for he is nearly always the small man who has not received a commensurate rise in his money income.

Last, but not least in importance, is the question of the rate of interest. The current prices in the gilt edged market seem to indicate that the long-term rate of interest may have to be stabilized at a level slightly higher than 3 per cent. In the circumstances, the investment outlook remains rather obscure. Be that as it may, one thing is fairly certain,—viz. that recovery in the investment market, whenever it comes, must be a very slow and painful process.

A depressed condition of the investment market is always a matter of serious concern in an economy based on private enterprise. While any improvement in equity values is to be welcomed, it is very necessary to ensure that the means adopted to help the revival in the market are such

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