

ducts but not for jute goods. The suggested conclusion would be that for the former, the price field was not so important as others. Nor does the summary say anything about export research and the need to ginger up our Trade Commissions abroad or the need to explore new markets for our goods overseas.

True, marketing problems, differ according to the type of goods; for primary products naturally price is the decisive factor and transport. But for more finished goods, and specialised products like artistic handicrafts, the scope for such exploration must be pretty wide indeed. Some

time ago, Mr. K. C. Neogy was very keen on developing an export market for our cottage industries, but lately the Government have soft-pedalled on this theme. A great deal of effort would naturally be necessary if we have to do something in these hitherto untapped fields, but the attempt is eminently worthwhile. A proper dissemination of trade information is another prime need. Would it not be a better division of labour if the problem of price reduction were left to the Cabinet to tackle, while the more specific problems of export promotion were adequately investigated by special bodies appointed for the purpose?

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there is an influential group of international financiers who are convinced that the final and last spurt in gold has yet to occur.

Even so, it is doubtful whether even the ultimate devaluation of the dollar will lead to such a spurt in the world price for gold as to justify the prevailing Bombay quotations. That being so, it is not arguable that the financial authorities are being hasty in their decision to commence sales of gold. Long before the expected devaluation of the dollar, Bombay quotations may break if South Africa's efforts to sell sovereigns and newly-mined gold at "free" market prices succeed.

Our Delhi Letter

## Prices, Food And Trade

Thursday

FOR nearly six months now the general price level in India has been rising again and has been a source of grave anxiety to the Government of India. The Economic Advisers Index of Wholesale Prices in India had stood at 382.0 during the week before the announcement of anti-inflationary measures by the Government of India in October 1948; it had touched a peak level of 392.2 during the period of decontrol. On September 10, 1949, this level was crossed and the index established a new peak at 392.5. Steep rises have been recorded in the 'Food' and Industrial Raw Materials' groups.

In Government-circles, food prices are the villain of the piece. The view has been frequently expressed that underlying the whole structure of high costs and high prices in general are the scarcity

and high prices of food which force up the cost of living. The argument runs along the following lines: expenditure on food represents roughly 60 per cent of the working class cost of living; therefore, an increase in the prices of food articles (particularly foodgrains) will cause an increase in the cost of living

index, and this will induce workers to demand an increase in wages (*i.e.*, dearness allowance).

This is what presumably the Finance Minister had in mind when addressing the two-day conference of the provincial and state Food Ministers; he said that the high prices of foodgrains were at the root of every other problem

(In million tons)

Foodgrain	Target for the Crop Season	Actual Procurement*
Rice	3.17	2.58
Wheat	0.49	0.46
Gram	0.28	0.21
Millets	0.46	0.44
Barley	0.16	0.09
<b>Total</b>	<b>4.57</b>	<b>3.78</b>

\* From beginning of crop year to the third week of August generally.

that was causing anxiety in the country. Unless a beginning was made by reducing the prices of foodgrains, he added, it would be impossible to break the vicious circle of high prices. Nature has been kinder this year than in the last three years and a good harvest is expected. Dr. Matthai expressed the hope that conditions for lower prices were now, therefore, more propitious than before.

The Food Ministers' Conference summoned by the Centre to consider its proposal for 10 per cent reduction in the prices of foodgrains, dispersed, however, without coming to any definite decision. The Conference's original specific programme, namely, fixation of the procurement and selling prices of the new crop, in accordance with the Centre's proposal, had to be postponed in view of the opposition of majority of provinces and states on the ground that scaling down of the selling prices of the cultivator should be preceded, among others, by reduction in his high cost of production.

The Food Minister had earlier asked the Conference to consider the question reducing the issue prices of food grains by making a reduction in the distribution charges or by reducing the prices of procurement or by a combination of both. He added that steps had to be taken simultaneously to reduce the prices of those commodities which entered into the cost of production of the cultivator and to make them available in adequate quantities.

Mr. Jairamdas also emphasized that there was considerable room for maximizing internal availabilities. This had to be done by stepping up procurement.

According to the latest figures available in the Food Ministry, the latest procurement position is given in a table overleaf.

The table shows that out of 4.6 million tons aimed at, neatly 3.8 million tons or 83 per cent have already been procured; Bombay, Orissa and Greater Rajasthan are even said to have exceeded the targets fixed for them. The percentages of principal foodgrains actually procured to the targets fixed for them work out to be 81 for rice, 93 for wheat, 96 for millets and 75 for gram. Ironically enough, the poorest performance is that of the Central Provinces, the home province of India's 'warring' Food Commissioner; the Province has been able to procure only 40,000 tons out of a target of 1,10,000 tons.

Sometime next week, between the 20th of October and the 27th, to be more precise, a Trade Delegation is expected in New-Delhi from Ceylon. The Delegation will be led by the Ceylonese Minister of Commerce and Trade and will include the permanent Secretary of the Ministry as well. The purpose of their visit, 'as far as I have been able to gather from official quarters here in New Delhi, appears to be to negotiate a Commodities Agreement with India. The need for such an agreement has arisen, firstly, because the two countries have now attained Dominion status; secondly, and perhaps more importantly;

#### India's Exports to and Imports from Ceylon (In lakhs of rupees)

	1938-39	1947-48	1948-49
Exports (including re-exports)	5,36	11,96	12,31
Imports	1,29	2,82	2,61
Balance (Visible)		+ 9,14	+ 9,70

Procurement operations are now said to be slowing down due to seasonal factors.

At the same time imported foodgrains have been arriving in the country almost to the schedule. Thus, for the first eight months of the calendar year, 1949, the latest period for which a consolidated picture is available, imports have already amounted to 3.05 million tons. Out of this 1,230 thousand tons have come from the Dollar Areas, and 924 thousand tons from the Sterling Area; the rest originated from the other soft currency areas. Grain-wise the distribution is as follows:

	Arrivals (Jan.-Aug.) (in million tons)	Full Year Target
Wheat & Wheat flour	1.66	2.11
Rice	0.67	0.80
Coarse Grains	0.72	1.30

the trade balance between the two countries being very much in favour of India, the Ceylon Government may be anxious to explore possibilities of remedying this position.

Ceylon is reported to be anxious to sell off to India her surplus stocks of copra, cocoanut oil and rubber and obtain in exchange jute manufactures, coal, bone-meal manure, cotton yarn and certain subsidiary foodstuffs.

The Commerce Ministry in their memorandum to the Government of Ceylon are said to have expressed a desire for a comprehensive Trade Treaty between the two Dominions. Instead. Such a treaty should comprise such items as commodities' exchange, payments agreement, insurance, tariffs, inter-Dominion collaboration in matters of common interest like the tea auctions, and more than anything else, the status of the Indian trading interests in Ceylon.