

taxes laid down in the draft constitution, and now passed by the Constituent Assembly, the unrestricted growth of sales and excise taxes will be checked by April, 1951. Meanwhile, the effects of increased indirect taxation on prices will persist.

On the raw cotton front, the position is less gloomy. It is now accepted that the Government and trade interests were misled by unreliable cotton statistics in the past season. But for the exploitation of meagre and undependable data by gamblers and speculators, raw cotton prices should not have been as high as they were in the past season. In any event, this year's cotton outlook seems quite comfortable. Crop estimates are satisfactory; mill consumption may be less; prospects of imports of cotton from the sterling area are not discouraging. Indeed, the trade is toying with the idea of exporting short staple cotton to hard currency areas in order to earn dollars.

Despite these favourable factors, cotton interests have raised doubts whether cloth prices can be cut by as much as 10 per cent, though New Delhi Conference has recommended a reduction of 4 per cent in ex-mill prices of cloth. Whether cloth prices will ultimately be cut depends upon those who are expected to look after the interests of cotton growers. It is significant that the Central Cotton Committee has passed a resolution that growth of medium and long staple cotton should be encouraged through further price inducements. There is also the problem of acreage of commercial crops, including cotton, in relation to the acreage for food.

There are obstacles. But they can be removed or eliminated through determination and firm action. Under the cotton control measure, the authorities are em-

powered to requisition cotton according to the needs of manufactures. Strict enforcement of these powers should ensure supplies of raw cotton to mills at or around "ceiling" levels; thereby facilitating the enforcement of the contemplated cut in cloth prices. Similarly, provincial recalcitrance, or considerations of the coming elections, should be ruthlessly eliminated in the implementation of price and procure-

ment policy for food. Through planned and decisive action, prices can be cut. But they cannot, will not," be reduced merely by holding conferences, by passing pious resolutions, or by issuing ineffective directives. As the Finance Ministers aware, prices are mainly a problem of administrative checks and controls. And, it is the administration of the Government's price policy which remains lax and defective.

"Air Sickness"

WHEN DOCTORS differ, the harassed patient can at least go to a Vaid. But to which Vaid can one go to get the figures vetted, figures that have been thrown at each other by the Communication Minister, The Hon'ble Mr. Kidwai and that veteran in the field of civil aviation, Mr. J. R. D. Tata, Chairman of Air-India and Air-India International? This is the first time that aviation companies have come out into the open and challenged the indirect subsidies, of which we have ourselves been persistent critics. What has nettled J. R. D. is not only the re-introduction of night-flying which he considers to be a hair-brained scheme, but even more that the contract should go to an obscure and unknown concern, which does not even have experience of day-flying and running a regular route.

The Communication Minister gets much the worst of the argument, though not because he happens to be an amateur while his adversary is himself an ace aviator, who has to his credit not only the honour of flying jet-planes but also of having successfully and efficiently run the star Air Services in India—the Tata Air Lines—for 17 years. This is

quite beside the point and irrelevant for ministers are not supposed to be experts. Modern democratic governments run on the principle that only an amateur can be at the top; but it also makes a further assumption that every department must have experienced civil servants who have the requisite expert knowledge and experience. It is here that Mr. Kidwai gets badly worsted. For his right-hand man, presumably his own choice, happens to be the Ex-Inspector General of Police of his own province, whose only experience of civil aviation up to a year ago "was limited to that of an air passenger". But to repeat, this only obscures the issues; such irrelevancies do not help in the task of clarification.

There is no question that without a night service, the all-up air-mail scheme will not serve the purpose for which it is primarily intended,—speeding up of mails. Unless the Government are able to ensure speedier transit for mails, the increase in postages exacted in the last budget would not only be entirely unjustified; it would amount to a fraud perpetrated on a long suffering public. Equally certain it is that without a substantial reduction in the air fares now charged on the regular

day services, air travel can neither be popularised nor can the routes be made to pay by attracting a greater traffic

From the controversy it is not clear whether air services are now as a matter of fact carrying the full complement of passengers that they have the capacity to carry, and thus deriving the economies that can only come from a full load. If they are not carrying enough passengers, it must be because fares are too high. For there is no reason to suspect that air travel is not otherwise popular; in this respect, the fine record that Indian Civil Aviation can claim is perhaps without a parallel in any other country in the world. The safety they offer to air passengers is near cent per cent and unquestioned. Mr. J. R. D. Tata refutes the argument for reduction of fares by putting up the counter claim that they should be actually raised if companies are to pay their way.

In a hand-out released by the Press Information Bureau of the Government of India in their Independence Anniversary Review, it is categorically stated that "in India air fares vary from As. 3 to As. 5 per mile, whereas, in America it is about 2½ annas"; while Mr. J. R. D. Tata asserts equally categorically that "air fares in India are lower than in Europe or America; that even the fares on American Coach Services . . . are about 35 per cent higher than the fares of 2¼ annas per mile which Mr. Kidwai has insisted on introducing on the night services and would like to see in force on all services."

We mentioned consulting a Vaid when doctors differ. Can a little simple arithmetic help? If fares on American Coach Services are 35 per cent higher than 2¼ annas per mile, they work out to just

over 3 annas. This is not higher than what Air-India have been charging on any of their routes. The Government case that the majority of Air Companies are running at a loss because of their high operation costs and of the unremunerative routes covered by some of them, has not been answered by Mr. J. R. D. Tata. Granted that the rebate given on aviation petrol does not amount to Rs. 45 lakhs, the question whether Indian Companies are run with a reasonable degree of efficiency or whether there is enough scope for cutting down waste and raising efficiency are not answered by bandying such figures.

It is not denied that the all-up air mail scheme has brought more business to the Air Lines. The Tatas themselves have benefited in that they have been carrying more mail now than they did before the new arrangements were introduced. They are getting more money also. But this again does not answer the question whether they really benefited or not. That would depend on whether they are able to carry this additional mail without a corresponding addition to costs, and also on the displacement it causes to the passenger or freight that could otherwise have been carried. Established services naturally resent being baulked of so much mail which now goes to the company operating night services but would have otherwise been given to them. The public, however, has no cause to share their chagrin.

The Communication Ministry have listed often enough what they are doing to assist civil aviation. This includes training of pilots, equipping and extending aerodrome facilities, raising the permissible load for aircrafts, etc., etc. The Air Lines complain that the subsidy is not enough, but before going into this question,

the Government, have yet to answer another question. If air services are to be run and civil aviation is to be expanded, why do they not take it up themselves instead of leaving it to subsidised companies? This especial concern for private enterprise in the field of aviation, when in every other field of transport they are consistently extending nationalisation, poses an obvious question 'which stares one in the face and demands an answer. Government have not yet given it.

Mr. Kidwai's inept handling of the problem—the sorry failure of the first venture in night service, and its resumption in the teeth of determined opposition from vested interests, has invested the whole affair with a whiff of something underhand. But for all one knows, the Department of Civil Aviation itself might well have doubts on the same lines as those expressed by Mr. Kidwai's known opponents. It need not be a question of an attempt by private bodies to influence public policy in their own interest. The arguments against night services are formidable. Aerodromes are not yet properly equipped for the purpose, and on the routes in question there are no facilities for emergency night landings., Again, the hills around Bombay lack proper light signals; and so on.

These are questions for experts to decide, but in the meantime the layman can at least take note that during the five months that the night service operated previously, its flying record was unexceptionable, and its suspension was due to financial difficulties encountered by Indian Overseas Airlines not technical hazards. Perhaps Himalayan Aviation Ltd., rushing in where Tatas fear to tread, will come to grief in the same way. But in neither case is there any question of a private

purse benefiting from public funds, On the contrary. This, in fact, is one of those rare occasions when the most suspicious can suspect nothing. No heads can wag to that tune.

Whatever J. R. D. may say about the unremunerative nature

of the night service the fact remains that two companies have thought it worth tackling. If they are taking a risk, we must wish them well—always provided that it is not a risk to the lives and limbs of members of the public, but is confined to their own poc-

ket. Did we not applaud the Tatas for their enterprise when they themselves took a similar risk, not so very long ago? And what is private enterprise for, unless in its search for profit it is prepared to risk loss?

Weekly

A Corporation for Trading

STATE TRADING has been in the air for some time. It was mentioned that a committee would be formed to advise the Government in the matter and to recommend the constitution of a corporation for the purpose with Dr. Punjab Rao Deshmukh as the likely chairman. This was in the beginning of May, but it had to be dropped, because of its possible "adverse effect on the morale of the business community". Misled by newspaper reports, we stated in these columns—wrongly, it appears, in retrospect, as was pointed out at the time by the very vigilant economic section of the A.I.C.C.—that such a committee had actually been formed and subsequently dissolved. It was only in the air.

However, the subject has now been revived and Dr. Punjab Rao has been selected the Chairman of the Committee to recommend what sort of Corporation should be set up and what should be the constitution of the Corporation. The Committee is expected to submit its report before the end of November. This sudden urgency, after State trading had hung fire for so long, followed the Government decision to take over coal exports to Pakistan. The question of setting up a State-owned or State-sponsored organisation for handling trade could not be put off any longer. But since bulk purchase has also

been canvassed for long, it was high time, in any case, that something should be done, in this direction also. There are several other things that such a Corporation can conveniently take over.

The Export Promotion Committee recommended that issue of export licenses should be centralised. This is a welcome suggestion. In those cases where the issue of an export license amounts to conferring a favour—the money measure for which can easily be found in the premium currently offered for such licenses—the proposed organisation may conveniently be asked to handle the exports in question, so that benefits may accrue to the treasury instead of being dissipated in graft or nepotism. The same considerations apply to licenses for imports for goods that are in short supply, to ensure either that the consumers get their supplies at a reasonable margin over landed costs or that the treasury benefits, if the goods in question are eventually to go to the highest bidder. This opens up a much wider field of activity for the proposed organisation than is being currently visualised. Nevertheless, these avenues are worth exploring. The right personnel is in this case, as in many others, the principal bottleneck. But it would help public morale if a determined attempt were made to face and overcome administrative difficulties, at least in those fields which

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promise such ready rewards.

Break In Food Prices

WHILE the country is still ruefully contemplating the next winter's food prospects, statistical experts of the Government of India have already brought about a sharp break of 23 points in the official index of food prices in India. During the week ended 10th September, 1949 the Economic Adviser's Index of Wholesale Prices of Food Articles in India stood at 415.2; by the end of the next week the index had been brought down to 392.6. A week after that, it had fallen again to 390.2 only to rise again during the week ended October 1, to 399.5.

The sharp break between September 10 and 17 has not been accounted for in any of the Press Notes issued from week to week. The explanation, however, is not so perplexing. The index for cereals and pulses is based primarily on quotations from Hapur, which was declared a "controlled area" on the 15th September, 1949. The substitution of the Government control rates for the open market rates quoted previously depressed the wheat index and the index for pulses by 21 and 41 points respectively. A similar substitution in the case of sugar brought the sugar index down by as many as 83 points in the course of one week. Prices in India are still rising; only a