

tracts. How wrong, is now being gradually revealed in the course of Parliamentary discussions on the demand for defence grants. Parliament has shown some spirit in withholding the major demand for Rs. 128 crores under the head, "Defence Services, Effective Army," until the Defence Minister clears up the scandal about the contract for 2,000 jeeps placed with a foreign firm with a capital of £600 only! The order was for a sum of £500,000 of which £172,000 had been paid in advance before the first consignment of 105 jeeps—second-hand ones—were received, and were found unserviceable. Further deliveries were cancelled after an inspection of these jeeps. An agreement was entered later with the manufacturers themselves for supply of new jeeps at a price much lower than that in the above contract.

And it was not only for jeeps that orders had been placed with what looked at sight firms of doubtful standing. Pandit Kunzru, the reputed critic of defence budget who belongs to that very rare species in India, inside or outside Parliament—an expert on defence problems—made some other equally startling disclosures, such as contracts for rifles and ammunition had been placed with a concern associated with the ill-famed jeep suppliers who had a capital of £100 and obtained an order for £200,000! There appears to be a chain of such associated firms, with only nominal capital, who, nevertheless, managed to get big contracts, not only for rifles and ammunition but also for steel plates. The terms of such contracts are so fantastic that even when the firm is unable to fulfil them, as in the case of rifles, the Defence Ministry cannot cancel the contract without paying heavy compensation. Like wheels within wheels, it goes on and on.

The above disclosures, it will be noticed, relate to orders placed through High Commissioner's Office in London. Orders which are placed locally may not prove such superlative shockers and are likely to excite little attention. But they, too, it is feared, may reveal another cess-pool, if closely looked into and equally need cleaning up. An army is supposed to fight on its stomach; supplies are the sinews of war. If the present arrangement for the purchase of defence stores are as full of holes as they have been shown to be, the Government cannot blame them if the public feel

uneasy on this score.

But far from trying to seal such loop holes, members of the Estimates Committee gave it out that the Defence Ministry officials did not like others to probe into them, not even members of Parliament. "The obstinacy and arrogance displayed by some representatives of the Defence Ministry" whose administration was questioned by the members of the Estimates Committee, was mentioned in the course of the debate. One does not know what sort of questions the Estimates Committee put to the Defence Ministry and if they were such as to infuriate honest people who are sincerely trying to do a job of work. The replies however, did not soothe the ruffled temper of the Estimates Committee nor mollify its *amour propre*.

#### **Protection to Soda Ash**

THE Tariff Board has been conducting an inquiry into the scheme of protective duty-cum-subsidy granted to the Indian Soda Ash Industry as a result of its earlier recommendation. The Board must lead an active life, and this

#### Our Delhi Letter

## Burial For the Industries Bill

ABOUT two years ago, a dry and very severely legal but also very brief memorandum was circulated to the States Governments on the subject of the Industries Development and Control Bill. This paper which mainly referred to the lacunae in the Government of India Act 1935, proceeded to argue the case for enabling powers being conferred on the Centre in order to create a *locus standi* for the Government of India in relation to certain industries. The States Governments were asked to report their reactions in a hurry. This Bill which has prompted the organised Right in India to crusade for freedom and democracy, recalling Hayek's *Road to Serfdom*, is being radically modified by the Planning Commission this week.

The changes proposed are few and simple. The authority of the Tariff Commission is not to be undermined by the establishment of a parallel body entitled the Central Industries Board. Advisory Councils for the scheduled industries are to be set up. Cesses can be levied on the industries in order to finance

key industry is expected to show progress if given a chance,

Assistance has been given to the industry officially from 22nd February 1950 (upto 31st December 1952) but the question of the fair selling price, which is the basis of the subsidy, was not finally clarified and could not be put into operation until June last. The industry may, therefore, have some justification for feeling that this inquiry is a little premature, although it was originally contemplated that the question of the continuance of the scheme of protective duty-cum-subsidy should be reviewed towards the end of 1950 in the light of changes that might take place in regard to production, demand and imports.

At the time of the first inquiry in July 1949, the indigenous industry had no alternative but to close down the two factories due to excessive imports of soda ash, which was then under Open General Licence. Subsequently, import control has led to a sustained improvement in its position, and stocks with producers have come down to reasonable, levels.

the activities of these Advisory Councils. In due time statutory authority may be devolved on them—but by and large, the private sector will be regarded as the predominant partner, and the State will take on a subsidiary role.

It is not difficult to realise that in the shape which is now being given to it, the Industries Envelopment and Control Bill—even the very name used to offend—is inspired by that obscure Act which was placed on the Statute book in Britain in 1947, entitled the Industrial Development Act. Arguing on the basis of this precedent, the Planning Commission has apparently written endless memoranda, and their after thoughts on this Bill may enable the Government of India to climb down, since a face-savine device has been found. In the circumstances, perhaps this is the best way of disposal of a bill which, unlike the Estates Duty Bill, has become an issue of prestige. But what will the Advisory Boards do? What have they done in the United Kingdom anyway and what have the Working Parties done in India

The grand vision of democratic planning, if it ever existed, will vanish with these amendments, for this is as frank an admission as any that can be had, that the pace of industrial progress in India will be decreed only by the managing agency houses. There is only one consolation, however. Perhaps the official side, there never was such a Vision, for the memorandum referred to at the beginning of this letter was an exceptionally uninspiring document.

**Hartal Over Sales Tax**

Delhi is on *hartal* today against the proposed sales tax. At a prospective rate of six pies in the rupee, levied at a single point, the tax will convert the Delhi Administration's budget into an appreciable surplus, but it is opposed for the reason that the incidence may be on the merchants, who are assumed to deserve a great deal of consideration, especially if they are refugees. That the incidence will be on the consumers is quite easily forgotten, but it is usual for *vyaparis* to agitate whenever a sales tax is proposed—in the hope that relief will be available by way of an increase in exemption limits, relaxation of powers of search, and perhaps, commutation into lump sum payments. There would be little point in parting from the Punjab General Sales Tax as in force in the East Punjab, in respect of any of these matters, for in view of the taxation which is proposed in the Central budget this year, this would be very much like straining at a gnat after having swallowed a camel. The Finance Ministry is not expected to yield.

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THE recent reference in Parliament, to the strictures passed by the Calcutta High Court about the conduct of Mr. Walker, ex-Chairman of the Indian Jute Mills Association who was also till very recently Jute Controller seemed to be casual and pontifical and as Mr Mahtab pointed out, the issue involved is at this stage the post-mortem examination of an altogether exceptional period in the history of the jute industry. A point of principle rather than the merits of an individual action is, however, involved. This point of principle has been raised incidentally by the Estimates Committee in its third report on the Ministry of Cam-lawte and the Committee holds the view has a person occupying the post of Jute Controller should was

have been one connected with the trade.

This line of reasoning is unexceptionable in principle. But then, there is no inexorable reason why a system of administration through a Jute Controller or Jute Adviser should not work. That it worked admirably in the past, processing raw jute for the Supply Department and the Government of India at the exceedingly reasonable cost, of costs plus 7 1/2 per cent, should be obvious from the following extract from a report of the Public Accounts Committee published in 1944:

" . . . These investigations have shown that the purchases of Government requirements through the Jute Adviser have been made at prices well below the current market prices and have resulted in profits to the industry of considerable smaller dimensions on the average, than have been obtained from its gene-

ral trade: further, that the profits obtained from the general trade have themselves on the average not been exorbitant. In view of this, it appeared to the Government that there were solid advantages in continuing the system of purchasing by negotiation with the Indian Jute Mills Association and by allocation to all the member-mills of the Association through the Jute Adviser, rather than by the placing of independent orders through the open tender system which would, it is certain, result in higher prices, being paid."

The Estimates Committee's observations, in circumstances which are broadly identical with those which prevailed in the war illustrate the deterioration in public standards. All those who believe in the increasing regulation of industry by Government should study these trends in a well-knit and regulated industry with some concern.

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