Weekly Notes

Copper Sulphate Industry

THE copper sulphate industry, whose case for protection has been taken up by the Tariff Board, is mainly used for spraying coffee, rubber, tea, arecanut and other agricultural crops. On account of its value to agriculture, the Government of India had granted as from November 1948 a refund of duty levied on copper sulphate imported for agricultural purposes.

Though the indigenous production is at times as much as 98 to 99 per cent in purity as the imported one, still it is not always uniformly good in quality. Before the war, the bulk of India's requirements was met by imports, mainly from the UK. Though there are at present half a dozen units engaged in the production of this chemical, still imports are necessary. Hence the case for protection.

Of the two important raw materials, sulphuric acid and copper scrap, the requirements of the former are wholly met from indigenous production and the latter from imports, mainly from the USA. With the mounting stock-piling pro- ^ranrmu, imports of copper scrap are becoming increasingly difficult. Even for the manufacture of sulphuric acid, the country is dependent on imported sulphur.

The manufacturers have asked for the imposition of a protective duty at 35 per cent on c.i.f. value and for the payment of the duty so realised as subsidy-to the Indian producer at the rate of Rs. 100 per ton for every 300 tons produced.

Whither GATT?

THE third round of the post-war tariff negotiations which opened at Torquay in September last has at last ended. The first was held at Geneva in 1947 and the second at Annecy in 1949. Thirty-eight countries participated in the Torquay Conference.

The negotiations succeeded' in achieving a substantial list of concessions which will be applied over a very extensive area of world trade before the end of 1951. Hundred and fifty separate tariff negotiations have been concluded. The concessions agreed to at Geneva and Annecy have been renewed and those tariff concessions have been prolonged for three years. The Conference also provides for the accession of a further group of countries to the General Agreement. When they have acceded, the countries adhering to the General Agreement will account for a trade of over 80 per cent of world imports and over 85 per cent of world exports.

But the Torquay conference has not been an unqualified success. Some major difficulties had to be encountered. Firstly, no new tariff agreements were concluded between the United States on one side and the United Kingdom and the Dominions on the other. Secondly, the International Trade Organisation mooted at Havana died a " formal " death on account of the refusal of US Administration to ratify the charter.

The dollar countries backed by the International Monetary Fund had made demands on the United Kingdom and certain other countries to relax their import restrictions on account of the adequacy of the currency reserves of the countries concerned. But these demands were rejected. Free convertibility of currencies is still a distant hope. Many of the countries had to a large extent used up their bargaining power in 1947 and 1949 and were not in a position at Torquay to reduce their tariffs much further. Besides, with the steady increase in the volume of trade which has been freed from quotas during 1950, tariffs are reverting to their traditional role as instruments of protection.

Indian Wool in Liverpool

THE third of this year's Liverpool auctions of Indian and Pakistan wool, which took place from April 17 to 19, concluded with only moderate business. In fact " clean whites" and "yellows" closed 15 to 20 per cent below March price; " wasty " and " burry " were 25 per cent lower, while " greys" were as much as 30 to 35 per cent lower. " Joria white " fetched the best price at 145/2 d. per lb. and " good yellow" came second with 118 d. Of the total quantity of 11,262 bales —6,275 Indian, 4,955 Pakistani and 32 Burmese-.....offered during the season, 5,327 bales were sold and 5,935 withdrawn.

is in sharp contrast to the Australian auctions where the first half of 1950-51 wool-selling season saw very high rise in the price of wool. Receipts for the six months ended December 1950 were £270.8 m. almost ninety-five per cent of full twelve months' cheque of £286m. in the previous year. There are even indications that receipts from sales in the second half of this season, which has opened with prices 15-20 per cent above December levels, will exceed those of the first six months by a large amount. Last year's average price was 63.35 d. per lb. for greasy wool. Since then prices have risen very much higher and they stood at 141.65 d. in December 1950. The only setback in the market occurred in September during the course of US-UK-Dominions Conferences on the possibility of suspending auctions and pre-empting certain quantities of wool for defence stock-piling. But once fears of suspending auctions were set at rest, prices again went up. The increase during the period December 1949-December 1950 was as much as 27 per cent in 56's good.

The chief cause of the rise in wool prices is the world shortage in relation to demand with keen competitive buying for defence stock-piling as well as civilian requirements. In Australia, specially, there has been special interest in good style coarser wools and in pieces, necks and shirtings, which have brought proportionately greater price increases than the finer wools. It was in order to offset the inflationary effects of the wool cheque that the Government after obtaining the agreement of growers, announced the freezing of $33^1/2$ per cent of this year's wool realisations,

Bombay Customs Delays

THE Ministry of Commerce and Industry have announced that in order to meet the country's urgent requirements of diesel engines for increasing agricultural production, it has been decided to issue import licences for them on a liberal basis. In pursuance of this decision blanket licences will be issued to established importers on the approved after sales service list, in respect of diesel engines of o to 10 H.P., permitting import of these engines without limit, provided shipment is made on or before the 31st December 1951. In the case of other established importers their January-June 1951 licences are to be doubled.

Likewise licences granted to all categories of established importers, for the January-June 1951 period, in respect of diesel engines of 11 to 20 H.P., are to be trebled in value. Diesel engines of more than 20 H.P. are being freely licensed already.

On the other hand, a reader has drawn pointed attention to the arbitrary mode of interpretation given by Bombay Customs Authorities in classifying Diesel Engines in different categories of horsepower which naturally raises doubt in the minds of many importers about their present and future trade. There are instances where the authorities have passed for clearance " National " OB and OB(SE) Engines imported by Manufacturers' Agents, on licences for importation of diesel engines above 20 horsepower whereas similar engines imported by others in the trade are detained for reasons best known to the Customs authorities. Then he goes on to say:

I would therefore invite, through your valued columns, the special and personal attention of the present Customs Chief at Bombay who has already acquired a reputation elsewhere, for spring cleaning and efficiency drive, to specially divert his personal attention to this aspect of import Traders' difficulties and win the goodwill of all.

Kindly allow me to draw the attention of the authorities concerned to the extra-ordinary delays that occur in passing documents in the Customs which are now becoming a normal affair in the Customs Organisation at Bombay. These delays are particularly marked and noticeable in respect of Machinery in general and Diesel Engines and Pumps in particular. The invariable experience of the Trade in this respect has been to always incur avoidable demurrage charges on account of abnormal delay by the Customs staff. Even where the documents are clean, they are in a majority of cases, not passed for clearance within the days of free allowance; nor are any certificates for the delay forthcoming easily even where the delay has been definitely due to the Customs staff, with the result that the Importers are in almost all cases penalised with avoidable demurrage for no fault of theirs.

The Ministry concerned may be earnest enough to help the trade and through it, the agriculturists. But should they not also ensure that good intentions are foiled in the process of execution?

Food Subsidy and Bonus

THE key stone of our food administration is the responsibility of the Centre to feed the States, or rather maintain agreed supplies to the State Governments from food imports and from such supplies as it can get the surplus States to procure for it. Since the Centre grows no grains, in the hope of reducing the demands of the States on it and encouraging the States to increase their supplies to it, the Centre has evolved a complex system of what may be called rewards and penalties, Thus, States which give food grains to the Centre get a bonus if they can fulfil even 50 to 75 per cent of their quota. The rates of bonus paid per maund of food grains are graded and goes up as supplies from a State approach or exceed the quota fixed for it. Again, bonus is paid if the imports by a State do not exceed more than 25 per cent of the quota. And the rates of bonus go up as imports go down.

The Food Minister did not explain the logic of the arrangements, but supplied to the Parliament last week the details of their working.

There must be some empirical basis lor these arrangements, presumably, since they have been continued for years. And it would be interesting to note if such mild incentives actually egg on the States to greater effort in supplying more grains to the Centre or induce them to cut short their demand since, on commonsense grounds, both appear to be highly improbable.

Keeping Down* Cost of *Living

THE subsidies on imports the payment of which had also been the responsibility of the Centre hitherto and which has been restricted since the beginning of this year, appear to be more sensible in that it has a tangible objective of keeping food prices reasonably low. Greater volume on imports and the consequent increase in the amount of the subsidy have forced the Centre to restrict it to such imported food grains as are supplied to selected industrial and urban areas. While the objective here is more-understandable, it would be difficult to defend it except on the ground of expediency that unless food prices are kept low in industrial centres, dearness allowances would have to be raised, and the vicious circle of higher wage demands, higher costs and higher prices will start all over again.

While maintaining these subsidies, though in a restricted manner, the Centra has not been equally adamant or even consistent in trying to keep other prices in check. Concessions here and obtuse resistance; there have produced a situation which is so lull of contradictions that it is not easy to accept the Finance Minister's contention that what is undermining , the structure of prices today is the inflationary pressure from abroad.

Some of the more obvious anomalies such as disparity of different agricultural prices, especially the wide and widening disparity between prices of food grains and cash crops threaten today to disrupt even further what remains of the structure of prices that the Government had been trying to maintain so far.

Roilwaymen's Demands

THE demand of the railway employees, if it is persisted in, with determination and energy, will reopen and bring to the surface what had hitherto remained inactive and latent—the need for levelling up or levelling down and restoration of a parity of prices. This is because so long the Government fixed on some selected items of prices and tried to keep them in check, the demand for an upward adjustment could be resisted with some show of reason, even in hard cases such as those of railway employees. Rut in this attempt, they have slackened and often slid back. It is rather late in the day now to retrace the steps and make a fresh beginning. The Government will find less support for it, if they were to launch upon it today, for holding prices in check the real situation about which is not correctly reflected in the present price index.

Decontrol of Cement

SINCE the sudden emergence of export demands has been given out as the reason for revoking an earlier decision to decontrol cement, it is pertinent to note that though the export of cement was allowed on a much larger scale last year than in previous years, according to the report of the Ministry of Industry and Supply for 1950-51, only 40,300 tons of cement was exported in 1950, as against 66,000 and 56,000 tons in the two preceding years. This was inclusive of 30 thousand tons released for export to Pakistan under the Trade Agreement. The other countries to which cement was exported were foreign possessions in India, Ceylon and the Middle East.

It is only from April last that cement is being separately classified in the list of exports in the monthly Accounts Relating to Sea-borne Trade, The last issue of this publication shows a nominal export of 941 tons in December, and none for the earlier months of the. year.

Since production of cement is currently running at a monthly rate of 250 thousand tons or more and may well reach 3 million tons for the whole year, the published figures of exports do not adequately explain why control cannot be removed. The situation remains substantially unaffected after allowance is made for the export of cement for Pakistan, provided for in the new agreement, which is only 25 thousand tons up to June end this year, and another 75 thousand tons in the following 12 months. The quantities provided-for in other trade agreements, e.g., Indonesia, are quite insignificant.

Under these circumstances, if the gap between supply and demand had been narrowing since the latter half of 1949, as stated in the annual report of the Ministry of Industry and Supply, it must have been completely closed by now, since not only is production going on at a high rate, but new schemes arc awaiting completion, and in the first hall of this year, an additional production capacity of 360 thousand tons, is expected while in the second half, the increase will be 600,000 tons.

Unless the. Ministry of Industry and Commerce have export commitments about which the public has not been taken into confidence, it would be difficult to be convinced that emergence of export demand can really be the reason for revoking the decision for decontrol which Shri Hare Krushna Mahatab had announced earlier.

The belief persists in market circles that it is the higher price allowed to the three new entrants in the field, viz.. the Digvijay Cement Company of Jamnagar, Indian Cements, Mathura, and the Andhra Cement Company, which is the real obstacle to removal of control. The control price remains unchanged at Rs. 82-8 per ton f.o.r. destination inrespectofoldunits,andRs.90 per ton in the case of the three new units. Is it the pressure put up by the new units that is holding up the possibility of semoving control over distribution which had been considered feasible as early as last year? The market would need more convincing proof than it has received so far that it is not.

Tariff Commission Bill

PARLIAMENT had shown commendable concern about its responsibilities in refusing to relegate to the executives its right to sanction protective duties. So violently has the tide turned against tariff protection! And it succeeded in wresting from the Commerce Ministry an assurance in the end that even if an emergency arises when;, such duties have to be imposed by notification, the approval of Parliament would be sought within a fortnight when it is in session, or within a fortnight after it meets.

Will Parliament be equally mindful of its responsibilities and put its foot, down if the Commerce Ministry try to rush through the Tariff Commission Bill, because technically the life of the present Tariff Board is due to expire on May 2? It is to be hoped that Parliament shows an equal concern when something far more important is at issue than the imposition of duties in a handful of cases. The Bill which has been introduced, we had occasion to mention before, bears evidence of hasty drafting. Moreover, the circumstances under which a statutory body can function to better advantage have not arrived yet. And if the statutory commission is to discharge the same functions as are now being discharged by the present Tariff Board and as adequately as is possible with the resources commanded by it, there is little sense in being in such a hurry. The Prime Minister has held out the hope that the Planning Commission would be submitting its report next month. Why not wait till then? The picture will be clearer then, and the Government will have a fresh opportunity of enunciating its policy with regard to the whole problem of development of industries in clearer outline, and with sharper details than are visible at present. There is little point in rushing with this Bill and having a statutory Tariff Commission without knowing what it can do and how it will fit in the post-planning set up.