

September 19, 1951

profit margin of 8 per cent. for both the mills and the exporters, if Indian textiles are to hold their own in foreign markets. It is learnt that the Government are now examining the problem. While they are anxious to help exporters, it is doubtful if they would revise the export duties for the purpose.

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A statement laid on the table of Parliament last Thursday by the State Minister for Finance. Mr. Mahavir Thyagi shows that income-tax arrears are on the increase. In 1949-50 the arrears stood at Rs. 128.04 crores. For the period July 1, 1950 to June 30, 1951, they rose to Rs. 151.11 crores. Details are as follows:

Amount kept outstanding for set

off against relief from double income-tax—Rs. 39.78 crores; amount due from assesseees who have left India having no assets—Rs. 10.23 crores; amount due from companies in liquidation and insolvents—Rs. 2.91 crores; amount not collected pending disposal of appeals—Rs. 26.40 crores; amount considered irrecoverable—Rs. 16.67 crores; payments deferred by agreement—Rs. 8.91 crores; amount considered doubtful of recovery—Rs. 12.39 crores; net collectable amount Rs. 35.03 crores.

It is high time that the Finance Ministry speeded up arrangements for clearing the arrears. If arrears are allowed to increase year after year, there will be less justification for the new imposts announced in the budget for 1951-52.

in the several jute growing State, in furtherance of their policy to make India self-sufficient in the matter of supply of raw jute. That India should not depend on a foreign country, which is at present not very friendly, for the supply of an essential raw material is readily understandable; and the efforts of the Government of India to grow more jute in India will have universal support. But that this should be achieved *at any cost*, even at the expense of food grains, is not a sound policy.

Last year, in West Bengal alone about a lakh of acres of *aus* land were diverted to jute cultivation; and during the current year the quantity of paddy land that is being diverted to jute has been doubled at the direction of the Ministry of Agriculture. The arrangement—at least on paper—was that the loss in paddy will be made good by the Centre allotting an equal quantity from its own reserve. When there is a large influx of starving refugees into this State from Eastern Bengal and rice is in short supply, surely it is not a wise policy to divert paddy land to jute cultivation, even for the sake of earning dollars.

Mr. Munshi is now talking of an integrated policy of jute, cotton and food production. For the first time he is laying stress on improved methods of cultivation which will increase the yield of jute per acre and thereby increase the overall production of jute in India, in preference to diversion of paddy land to jute cultivation. He has also said that wherever it becomes necessary to divert paddy land to jute, an attempt will be made to extend the acreage of paddy in a corresponding measure in other suitable areas. If this means a real change from last year's policy, it will be welcomed by all. The result of last year's decision is now being acutely felt—particularly in West Bengal. Mr. Munshi has admitted that imports of rice have not been very satisfactory this year, and that although the cut in rations in West Bengal may be restored in September, the extra quota of cereals which will be given will be in wheat and milo, and *not* in rice. That is to say, we in West Bengal will have to subsist on one seer of rice per week i.e. a little, over two chittaks of rice per day. This is not a very bright prospect for Bengalis who subsist on rice and do not take kindly to wheat or milo.

Letter From Calcutta

Jute Export Duty Justified —But Not Diversion of Acreage

G. C. Sen

THERE was an appreciation of the present position regarding jute and jute goods from Mr. Gopala Krishnan in his article "The Indian Jute Trick" in the Independence Number of 15th August. Since then, in spite of the pleadings of Mr. G. W. Tyson on behalf of the Indian Jute Mills Association in his weekly financial review of August 18, 1951 in the *Statesman*, the Government of India has turned down the suggestion that the export duty on hessian and sacking should be substantially lowered. In a Press Note dated 21st August 1951, the Government of India announced that "there are no grounds to make any change in the present rates of export duty on jute goods". The Government of India disagreed with the IJMA's views and held that the prices of Indian jute goods, inclusive of the export duty, still bear an economic proportion to the rates in U.S.A. and other markets. Government's decision is reported to be based on information independently obtained in the last few days from New York and other important foreign centres.

Mr. Gopala Krishnan may be right when he says that "the Government of India have acquired the reputation of never doing the right thing, and not doing it at the right time". But nevertheless, there may be strong financial reasons for not falling in line with the wishes of the IJMA and the influential fraternity

of the jute industry. The danger from cotton bags and other substitutes may have been over-emphasized and the recent drop in prices of 4" 10 oz. hessian from Rs. 103 per 100 yards to Rs. 70 (which is mainly due to the fall in the price of raw jute) may effectively serve to counteract the danger from substitutes, at least for the time being. I do not agree that the Government of India are not fully alive to the situation, and am quite sure that they will not hesitate to take action as soon as conditions have settled down and a downward revision of the rates of export duty becomes manifestly necessary. Mr. Tyson has quoted Dr. John Matthai in his weekly review in support of his thesis that "export duties can only be justified as an emergency measure". The doctrine may be economically sound, but our readers will remember that the stepping up of the export duties on jute goods towards the end of 1950 was intended to meet an emergency and it cannot be said that the conditions which called for such a drastic revision in the rates of duty have completely disappeared.

There is, however, one aspect of the Government of India's jute policy with which I am in complete disagreement. I brought it to your notice sometime back and I make no apology for reverting to it again. It is their ill-conceived decision to divert paddy land to jute cultivation