banks to show the average of the market value of Government securities during the latter half of 1951 in brackets, where the value of their investments shown in the outer column of the Balance Sheet was higher than the market value.

The second concession is not as liberal as one might imagine, considering that American banking law and practice allows banks to value their investments at the average of last two years' instead of current market value.

More important, therefore, is the case made out by the Chairman that in the event of bank rate being raised in future, the authorities should consider beforehand the possible effect on the prices of Government securities and make due provision to enable the banks to cope with the situation arising therefrom.

The other points dealt with are more technical and not of much interest to the outside public. This does not apply, however, to the question of remuneration of bank employees now being adjudicated by the Industrial Tribunal. Mr Devkaran Nanji hopes that the Tribunal will be able to deal with the demands of bank employees expeditiously and give an award which will prove fair not only to the bank employees and the banks but also to the clients of banks. It Is hot always remembered, he points out, that banks can meet the demands of then' employees only according to their capacity to pay and if the *new* Award forces the banks to go beyond their capacity, the latter will be compelled to increase their rates charged to the public. The capacity of the clients to pay higher charges is itself limited, especially if the trade recession continues. In this connection he invites attention to the interesting experiment in Finland where commercial banks tie up charges on their deposits and loans to the cost of living index. It the cost of living goes up above a fixed point, the banks make a surcharge of interest rate to borrowers and also giant a compensation to depositors in the form of a higher rate of interest. Altogether a sensible arrangement, if a workable formula can be found out.

Food Prices and Cost of Living

FROM the rise in wholesale foodgrains prices announced by the Government of Bombay, it is not possible to read off straightway the effect on the' Bombay working class cost of living index. However, from the estimate of different, types of cereals consumed by an average working class family, saw in December last (the latest month for which actual figures are available) a rough forecast may be attempted. The average quantity of cereals of all kinds purchased by a working class family in Bombay totalled some 1077 chataks in that month, distributed roughly as follows:—

Rice	'45
Wheat	722
Mile	210
Total	1077

If the cost of living index for January is recalculated on these basis the change made by the increase of prices could be roughly ascertained. At the new retail prices of food grains, the total expenditure on cereals would increase from Rs 28-11-0 to Rs 38-4-0 i.e., by 33 per cent, and the index for the cereal sub-group would go up from 427 to 570, i.e, by 143 points. As the cereals sub-group lias a weightage of 36 per cent, the index for food articles would go up by 51 points, from 394 to 445. and the composite index by 27 points, from 331 to 358. This would represent an increase of 8,2 per cent in the final cost of living index and not by 3 points as stated by Shri C. D. Deshmukh in Parliament.-

The above estimate does not, of course, take into account the decline' in retail prices of other articles which may have taken place since the removal of food subsidy. These articles, however, have smaller weigh rage in the index compared to cereals, and hence, unless their prices *go* down much further than looks probable now, the effect of the removal of food Subsidy would certainly be perceptible if not appreciable in the coining months.

All-India Medical institute

THE foundation stone *of* the proposed All-India Medical Institute was laid last week in the compound of the Irwin Hospital by the Hon'ble Mr J, T. Watts, New Zealand's Minister for Industries and Commerce. This is part of the Rs 160 lakh project for health improvement to be financed by New Zealand under the Colombo Plan.

The establishment of the Institute had been under the consideration of the Government for some time, and its early implementation has been made possible through the generous offer of aid by the New Zealand Government.

The All-India Medical Institute will bring together in one place educational facilities of the highest order for the training of health personnel, will promote advanced research, co-ordinate training and research, provide post-graduate training and above all, will seek to inspire all persons who undergo training with a lofty community outlook.

The present proposals will involve an expenditure of approximately Rs 166.30,000 as non-recurring cost and Rs 29½ lakhs will be the recurring expenses when the Institute is fully developed.

The nucleus of the Institute is a medical college which will provide an atmosphere of teaching and research on modern lines. To provide practical training facilities to the students of the college, the Irwin Hospital will be expanded. The in-patient accommodation will be raised from its present strength of three hundred to seven hundred fifty and there will be improved provision for special services in the out-patient departments. A post-graduate centre and a dental college will be the other two units of the Institute, when completed.

Rural and urban health organisations will be associated with the Institute to provide practical training to students. They will also enable the different departments of the Institute to study community health problems.

The All-India Medical Institute will form the most important link in a chain of institutions which will provide post-graduate training and research facilities. A number of teaching departments in existing medical colleges and certain other institutions are being improved in order to enable them to serve on an all-India basis as centres for the training of teachers and research workers. In addition, certain special institutes, such as the one proposed for leprosy, will also be developed.

Depressed Outlook For Rubber

PROSPECTS for rubber appear to have undergone a sea change last year, judging from the falling trend of prices and the formidable accumulation of unsold stocks. Within the short space of twelve months, prices have fallen steeply from 6s. a lb to 2s. gild., while consumption, already well below current production, continues to fall. A surplus of approximately 250,000 tons is expected this year, unless America resumes stock-piling or allows freer civilian consumption of natural rubber which is now restricted. USA is the alrgest single user of natural rubber, and the rubber market has been supported in the past principally by American stock-piling for defence requirements and commercial consumption.

Since the US controls on civilian use of natural rubber, the latter has been facing a serious threat from synthetic rubber. After the imposition of controls, commercial in-take of natural rubber in the US fell from 720,000 tons in 1950 to 450,000 tons in 1951, while the consumption of synthetic rubber rose from 558,000 tons to 759,000 tons in 1951. (See table on page 387.)

More than the unpredictable changes in the Administrations' purchase of natural rubber for stock-piling,—stocks have already reached the limit of *one* million tons and further purchases are not likely to absorb any substantial part of the present estimated world surplus—more alarming, if only for their long term repercussions, are the developments in synthetic rubber output. While world output of rubber—natural and synthetic—rose from 2,400,000 tons to 2,800,000 tons in 1951, the output of natural rubber practically remained unchanged at around 1,800,000 tons and the whole of the increase was accounted for by the enormous expansion in the production of synthetic rubber that took place during the year. The latter has now reached near the million tons mark. It is not only above the war time record but So per cent higher than the output in 1950. This is a tremendous rate of rise which may go on unchecked now that Germany has also resumed production of synthetic rubber.

Synthetic fibres killed the silk *in*dustry in Japan and China before the war and created adjustmental problems of a serious nature in the economies of these countries. Will bulk production of synthetic rubber effect a similar change in the economics of South-East Asia by striking at the root of their dollar earnings? These possibilities arc hard to reconcile with President Truman's assurance " to sec the sterling area through," which was interpreted at that time to forecast a sensible programme of purchase of raw materials from the sterling are countries to keep up their dollar earnings.

Apart from USA, Britain, as well as the Contient, may further reduce the consumption of natural rubber if the production of motor cars is cut down, as now looks probable, and government as well as industry continue their present policies of running down stocks, and reducing holdings.

The consequences of this shift in demand from natural to synthetic rubber, as also a pronounced decline' in world demand for natural rubber, can be serious for the rubber growers of South-East Asia. The pinch will be felt in the first instance by the, small holder, who produces off-grade rubber, rather than the large plantations which produce top-grade rubber. In view of the present political situation in Malaya and Indonesia, it is imperative that the US Government should revise its policy of control on the use of natural rubber and preference for the domestic synthetic industry. The future of rubber this year will thus depend on how far will the armamnet drive absorb the threatened surplus for strategic stocks, and to what extent will American policy allow civilian consumption of natural rubber.

The statutory prices for Indian rubber, last fixed at Rs 128 per too lbs, is still well below the London prices of as. 9d. per lb.