

what the public wants is supply of reasonably accurate data, speedily and continuously avoiding duplication and confusion. The administration deserves consistent and expert advice. Currently a rural

survey is being conducted both by the Reserve Bank and the Labour Ministry. This is wasteful as well as confusing.

It is hardly necessary to mention what a fruitful source of confusion

are the several statistical publications. So long as this state of affairs continue, one can hardly feel assured that the administration is actually getting the expert advice it needs.

## Weekly Notes

### The Raisman Award

WHILE the Finance Commission in India declined the responsibility of making any interim recommendation for the very good reason that it was still struggling with procedural details, and advised the Government of India to continue the Deshmukh Award for 1952-53, Sir Jeremy Raisman who was appointed by the Government of Pakistan about the same time to accomplish a parallel task has already completed his assignment. The expediency with which Sir Jeremy Raisman has accomplished this delicate job must rouse the envy of our Finance Commission who have to work in an entirely different climate so far as relations between the Centre and the federating units are concerned.

According to the Raisman Award, 50 per cent of the net proceeds of the taxes on income except in so far as these proceeds are attributable to the capital of the Federation or to the Federal emoluments, should be allocated to the Provinces as follows:

East Bengal	..	45	per cent
Punjab	..	27	"
Sind		12	"
NWFP		8	" "
Bahawalpur		4	"
Others	..	4	"

In principle, this amounts to a return to the *status quo ante* partition. The Central Government of Pakistan soon after assuming the reigns of office had absorbed the provincial share of income-tax into its own revenues as an emergency measure, because according to the then Finance Minister, the yield from this source was much too limited to be shared with the Provinces.

A further inroad was made by the Centre when it levied sales tax and retained 50 per cent of proceeds in its own coffers. The Raisman Award seeks to continue this arrangement on a more durable basis, though as between the provinces it shows a greater bias in favour of provinces in West Pakistan. Punjab will henceforth get 54 per cent of

the provincial moiety instead of 50 as at present; NWFP 10 per cent instead of 7.5; Baluchistan 2 instead of 1.5; Sind will have the same rate of 16 per cent as also Bahawalpur which has 4 per cent at present. The seemingly ridiculous figure of 14 per cent for East Bengal is a measure of the economic backwardness of this province, as Sir Jeremy Raisman appears to have made these allocations primarily on the basis of collections.

East Bengal, however, stands to gain slightly in the new arrangements for the sharing of the jute duty. Under the existing arrangements, East Bengal receives 62½ per cent of the basic jute duty of Rs 3 per maund subject to a maximum of Rs 3.50 crores a year and the whole of the additional duty of Re 1 per maund. In the Raisman Award, the additional duty of Re 1 per maund on raw jute will be amalgamated with the basic duty of Rs 3 per maund and the sum of the two together will be taken as the basic export duty. Of this 62½ per cent will go to East Bengal, and the maximum limit of 3½ crores will no longer apply. Ten per cent of the additional duties such as Rs 3 per maund being levied from November 1, last year will also go to East Bengal.

The Award also lays down that a sum equal to one-half of the net proceeds of the Federal duties of excise on tobacco, betelnuts, and tea should be paid out of the revenues of the Federation to the units, the percentage of distribution being as in the case of income-tax.

The allocation of revenues in Pakistan being still governed very largely by the old Government of India Act, the terms of the Award need little comment; they have necessarily to be accepted by the parties concerned. The estimates of the total transfer of revenues from the Centre to the Provinces for the initial year 1952-53, however, are a little intriguing. The official *communiqué* issued from Karachi places the amount at Rs 6.77 crores. Under existing arrangements on the

other hand Provinces were expected to receive Rs 11.34 crores in the revised budget estimates for 1950-51 as their share of sales tax, duty on motor spirit and jute duty (in the case of East Bengal), alone, and Rs 10.8 crores in the budget estimates of the current financial year.

Does a lower provincial moiety under the Raisman Award during 1952-53 in the face of a sharing of more heads of revenue suggest a sharp decline in the next year's revenues of the Centre?

### Princes and the Elections

AN interesting sidelight to the general elections is the part played by the princes in it and the most eloquent commentary on Pandit Nehru's reaction to it which is "both favourable and unfavourable" is the list of princes who have been contesting the elections on a Congress ticket:

Raja of Daspalla,  
Raja of Hindol and his brother,  
Dowager Maharani of Ranpur  
(of Bajelget massacre notoriety),  
Raja of Parlakimidi, well-known  
on the race courses.  
Rani of Manipur,  
Dowager Maharani of Tehri-Garwal,  
Etc., etc.

So Pandit Nehru's broadside against princes for using the elections to revive communal politics and encourage feudalism against the spirit of the Constitution could not have been directed against the princes as such, but only against princes of the wrong sort.

There is no disability attached to the princes in the Indian electoral law except that under the provisions of the Representation of the People's Act, the contesting princes will lose their immunity from the ordinary law of the land during the period of elections. These immunities are the diplomatic privileges such as not being liable to be sued in a Court of Law except with the sanction of the President.

About 40 princes, including 'wo Ranees, many of them petty ones, are contesting the elections, a

quarter of whom have been adopted as candidates for the Congress Party. There are about 10 princes contesting from Rajasthan and 10 from Orissa.

The States Ministry has not placed any obstacle to the princes contesting the elections; but it has given them a friendly warning not to get mixed up with "anti-social elements operating as political parties and seeking to exploit their wealth for political objectives."

The Congress Government's attitude to the princes, can be further judged from the appointments of so many of them to high offices of the State. The Jam Saheb of Nawalnagar is now India's delegate to the United Nations. The Maharaja of Bhavnagar is the Governor of Madras. The Prince of Phalton is Bombay's Labour Minister. Prince Duleepsinghji is the High Commissioner for India in Australia. The Raja of Mandi has just been appointed India's Envoy to Brazil. It will be recalled that he was spirited away to Brazil after he had entered the list (or election contest against Rajkumari Amrit Kaur. The appointment drew some pointed comments from the press at the time it was announced. The latest is the appointment of Nawab Yar Jung

Bahadur of Hyderabad as India's Ambassador to Argentine.

### Indonesia

THE Republic of Indonesia entered her third year of independence on December 27 last. The teething troubles of the infant State were political instability and inflation. Rebellions, disorder, civil strife and sporadic strikes were inevitable after four years of Japanese occupation and another four years of war against the Dutch. The extent of political consolidation attained during the last two years and the growing signs of stability in recent months are a pleasant contrast to conditions in the rest of South-East Asia.

On the economic side, however, the recovery has been less marked. Despite the monetary reforms of March 1950 deficit financing of government expenditure has continued and this has fed inflation. Although the compulsory public loan which played an important part in the scheme of demonetisation carried out in 1950 provided 1,500 million rupiahs and the foreign exchange certificates system introduced in March 1950 another 1,500 million rupiahs to the exchequer, yet there was a deficit of 1,627 million rupiahs in the 1950

budget, financed through borrowing from the Java Bank. The volume of money in circulation regained the pre-demonetisation level of 4,000 million rupiahs only, a few months after the currency reforms, and has lately been far in excess of this figure. The extent of increase in prices may be judged from the fact that the index number of free market prices for food at Djakarta (Base: July 1938 — 100) which averaged 1263 in 1949 and 1482 in 1930 had increased to 5220 by July 1951. As pointed out by the President of the Java Bank recently "prolonged inflation" was bound to threaten the maintenance' of the improved balance of payments secured during 1950. "Indonesia," it was suggested by the same authority "may prevent the calamity of increasing inflation by consistently adopting a policy, mainly in the budgetary sphere, of diminishing the creation of money, coupled with a policy of increasing production, for which there are ample possibilities". One of the offshoots of inflation is the virtual stoppage of trade with this country which has reduced the Indo-Indonesian Trade Agreement practically into a dead letter.

Much remains to be done on the production front to revive exports

## For the attention of Far-sighted Industrialists

### PAYMENT BY RESULTS IN INDIA

You have realised that the design of payment by result schemes in India offers problems which are now seldom met with in western countries. Here we have an under-industrialised country, with more men than jobs, and the fear of the worker that by doing more work he will leave fewer jobs for his relations and friends. Also you may hold the general impression that as long as a worker has enough for his immediate needs, he will not make the extra effort necessary to earn production bonuses. There is a further point of difference between India and western countries, technical rather than

psychological, and that is the very wide disparities found here in the same plant; the productivity of the best groups usually being three times that of the worst. None of the standard western methods of incentive payment are applicable where, on daily wages, you are paying your best groups only one third as much per work unit as you are paying your worst groups. While you admit that there is no speedy solution to such problems, you feel nevertheless that there must be ways and means of establishing the principle of payment by results among your workers, and in this you are correct.



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