

Wheat without Agreement

(From A Delhi Correspondent)

A SOMEWHAT ticklish problem has been posed for the Government of India this week; and it is not the less ticklish or urgent, because the existence of this problem has not been advertised. On Monday this week, seventeen nations accepted the new International Wheat Agreement. Fourteen of them are importers including Western Germany. The three others are exporters—the one significant omission being Australia. The sterling area has as a matter of principle taken up a stand as a bloc opposed to signature as yet—and it is here that India's interest as a member of the Commonwealth and as the third most important importer of wheat under the agreement are relevant.

Fortunately, these interests do not conflict. India like the rest of the sterling area is interested in lower wheat prices all over the world. It is the British Treasury's contention that in the absence of an international wheat agreement, the United States will be forced to reconsider its farm support programme—which is based on a wheat price of 221 cents per bushel at present—which reconsideration can only lead to either of two results, namely.

(i) Whittling down of this programme, which is bound to be reflected in lower prices for internationally traded wheat; or

(ii) Consideration by the United States of support programmes for the other commodities, say rubber and cocoa, as a *quid pro quo* for the acceptance by the sterling area of international agreement prices for wheat. These prices are strongly influenced in the upward direction by the unilateral farm support programme of the United States, which has international implications in the circumstances of the case.

Either of these results, the sterling area will be prepared to welcome, and it has been calculated as a matter of fact that the area will save about 200 million dollars annually in the absence of this wheat agreement.

This is altogether a new angle on the Wheat Agreement. The fact that Conservatives are in power in the United Kingdom probably ex-

plains this new view, because in wheat, as in cotton and metals, the United Kingdom now believes in free markets. It is this new angle which makes it necessary to consider

(i) the chances of the agreement which has been signed by the 17 countries last Monday,

(ii) the interests of the UK against the background of the likely movement in international prices, and

(iii) UK's position within the sterling area, if the agreement is not ratified.

If the local Ministry of Food and Agriculture has bestowed any thought on this problem, it has certainly not advertised its views. The position would, however, seem to be as follows:

Abstention by the United Kingdom will wreck the agreement and India, if she is guided by the UK, will only make this rejection certain (Ceylon has signed among members of the sterling area, but this does not matter seriously).

India will have an interest in enforcing the action proposed by the United Kingdom—if we can be certain that acreage restriction on the one hand or famine conditions on the other will not lead to a runaway increase in world wheat prices. In other words, if we can have the assurance that either because of the world supply position or because of our own ability to tighten our belts, we will be able to stick to the *nou-possimus* attitude proposed at present except on our own or the sterling area's terms.

One circumstance will certainly help inwards promoting this sense of assurance. If Australia promises to develop as a wheat exporting country, there will be some point after all in the whole sterling area declaring its independence of dollar wheat. This is a delicate matter for this country to press it is the sort of thing which cannot presumably be alluded to except in very vague terms.

The ultimate decision which this country will take seems at the moment to be still uncertain. In all probability, our attitude will continue to be one of masterly inactivity. Between the signature of an international agreement and its ratification by the needed majority,

during which no one need be in too much hurry to make up his mind. But the issues arising over this agreement must have made one thing quite clear by now. India is rapidly assuming a position within the councils of the sterling area which makes it necessary for her to think as clearly about purely economic issues, with certain objectives in view, as she has thought about political issues.

Central Excise on Tea Reduced

The Central Excises and Salt (Amendment) Bill, 1953, which was introduced in Parliament this week, proposes the substitution of the following duties of Central Excise for the existing duty of Central Excise on tea at the flat rate of three annas per lb levied at the time of issue of the tea from the producing gardens:

- (1) Tea packed in containers having more than 60 lbs of tea and issued from the producing gardens—One anna per lb.
- (2) 'Package tea', *ie*, tea packed in any kind of container having not more than 60 lbs net
 - (a) If issued from the producing gardens Four annas per lb.
 - (b) If issued from the premises of blenders and packers—Three annas per lb.

The new duties come into effect on and from April 15, 1953.

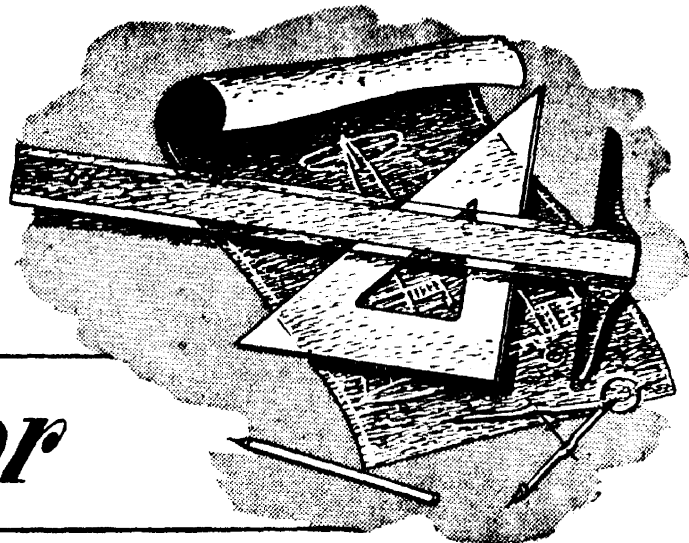
The export duty of four annas per lb will remain unchanged. At the time of export, the difference, if any, between the new excise duty and the export duty will continue to be collected as hitherto.

Export of Mercury

The balance of the export quota for mercury will be reallocated to those shippers who have utilised their earlier licences, according to a press note issued this week. Such shippers will be granted further export allocations equivalent to the quantities actually shipped by them. These licences will be issued valid for shipment upto August 31, 1953.

The Government of India had announced on October 5, 1952 a quota of 10,000 flasks of mercury for export. A portion of the quota has remained unshipped.

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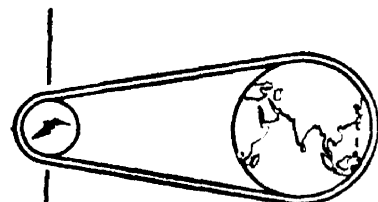
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