

portance in the aggregate is much greater than that, of those served by the scheduled banks. But he also sees that the smaller banks are helping the small man and does not dismiss the possibility off hand that in course of time, they may be able to provide the necessary services for which he holds a brief, but is the bill market really a thing of the past? Cash credit is so much more convenient for parties who have a standing and the necessary collateral. Is the future trend altogether away from the bill market? Recent reports raise a doubt. Commercial bills are reviving in the London market. The latest Report of the National Bank of Belgium states that the Hank has been favouring the development of discount and re-discount business with the result that the proportion of commercial bills to the total of bank credits to the Belgian economy has jumped from 12 per cent at the end

of 1944 to 58 per cent at the end of 1952. Similar development is reported from Switzerland where the bill portfolio of commercial banks had fallen to one-quarter of its volume in the crisis of the thirties but is fast regaining after World War YH. So it is by no means certain that by cultivating the bill as an instrument of financing trade, the Reserve Hank is only trying to revive an obsolete practice, discarded long ago. That it could also be a basis for its regulation of credit, particularly seasonal, needs no reiteration. Why not, then, make it a straightforward affair rather than seek the same end through artificial means? The usance bill is an ersatz product. It is no more a genuine trade bill than a jackdaw is a peacock.

In this crusade Parekh has a brother-in arms in Wilson, whom he quotes approvingly in his concluding chapter:

"The link between the central money market and the indigenous markets is provided by the Multani shroff who usually endorses the Hundi. The link is, indeed, tenuous and it is here that the lack of integration which is the chief characteristic of money markets in India is most in evidence".

One final word, if one may be permitted to put in one. The Planning Commission, painfully aware of the many gaps in our knowledge which hinder effective action and intelligent formulation of policy, in their wisdom, recommended a token grant for research work outside the established institutions. How much more illumination we could have expected from a practical man of affairs with sound academic background, if a good fairy had placed at the disposal of the author a couple of research assistants and better still, also a comptometer.

Weekly Notes

Foreign Pockets

WHEN Britain emitted India, it was commonly assumed that Portugal and France would abandon their Colonial "Possessions" in no time. From the moment India emerged as a free nation, the status of these "possessions" became anathalous. As they were, and are, of no great political or economic importance to the metropolitan powers concerned, it was thought that their transfer to the Indian Union would raise no difficulties. Soon after independence. New Delhi found that both Portugal and France were determined to cling to these remnants of their empires.

India, committed to a peaceful settlement of disputes, expressed her desire to negotiate with both the powers. She has repeatedly assured both Portugal and France that once the principle of re-union of these "possessions" with India, is accepted without reservation, it should not be difficult to arrange their incorporation by friendly consultations. France accepted the principle that, the future of her "settlements" should be decided by the people of these areas. But she shows no intention of implementing her pledges. Portugal is less diplomatic, more crude, in her policy to her "possessions". From the beginning Portugal showed no inclination to accept India's request for

a mediated settlement.

Colonialism is on the retreat. But even retreating colonialism does not lack ingenuity. Lisbon apes Paris in trotting out the grotesque argument that Goa, Damon, and Diu are not colonial "possessions" but that these areas form "an integral part" of Portugal as her overseas provinces. France at least claims that by offering her colonial dependancies the status of Associated States within the French Union she has evolved a political formula which is in no way inferior to the Commonwealth concept. Recent developments in all the three *nationalist* states of Indo-China underline how absurd this claim is. Lisbon lacks even such political ingenuity in her unashamed claims over her possessions as a colonial power.

Lisbon lacks Paris's diplomatic sophistication, but Portugal has been prompt in taking another cue from France. Even as France has succeeded in cajoling her NATO partners to acquiesce in her self-appointed mission in Indo-China as a saviour of south-east Asia against Communism, Portugal, also a NATO Power, makes no secret of impressing on her NATO partners the importance of Goa as a strategic port which can be used as a naval and military base against Communism. India's Prime Minister has more

than once warned the Western Powers against the menace of colonialism. Some months ago he had an occasion to remind the NATO Powers of the disturbing consequences of their support to metropolitan Powers in strengthening their home on colonial possessions,

There has recently been a shift in emphasis in India's attitude to the foreign "pockets". During the debate in Parliament last year on the President's Address, the Prime Minister made an emphatic declaration that New Delhi would not tolerate foreign "pockets" in India. Withdrawal of the Indian Legation from Lisbon emphasises New Delhi's determination to eliminate the last vestiges of colonialism from this country. India's refusal to have "customs agreement" with the French "settlements" is a stern reminder to the colonial powers that she has weapons in her armoury to ensure her legitimate rights, and that if necessary she would employ all means short of war to achieve her aspirations.

Middle Class Budgets

IT is the middle class that has been worst hit by inflation. It is also perhaps the same class that is the first to bear the brunt of unemployment, as the economy swings on to recession. Many of our economic ills, such as the drying up