

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 had 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

alleged, directly follow from it. Yet middle class budgets have attracted so little attention from Government and statistician and the economic condition of this class has been so little studied, Politics is only part of the answer. The landless agricultural labourers may become a menace and his case at least merits an expensive enquiry. The necessity of fixing a basis for dearness allowance led the Labour Ministry to study working class budgets and now such budgets are available for all industrial centres.

Calcutta alone has a cost of living index for the lower middle class for the same reason, viz, the necessity for determining dearness allowance for clerks and other lower grade office workers. But it was not under Government auspices. The index is compiled by Capital on behalf of the Bengal Chamber of Commerce, who holds the copyright for it. It is based on a study of 400 family budgets in August 1939 and March 1940; six income groups were covered in the income range Rs 30 to Rs 150 and the results of the investigation have been kept confidential. In short, it is not of much use in understanding the plight of the middle class.

The Bombay branch of the Indian Statistical Institute carried out a limited enquiry on the subject some years ago with the help of a grant from the Reserve Bank (vide Report of the Diet and Health Survey of the Middle Class Families in Bombay, reviewed in this paper, Oct. 29, 1949). The result of a subsequent enquiry, fuller and more comprehensive, however, never saw the light of day.

The Government of India's enquiry into the family budgets of its employees started in 1944 and reported in 1949 has therefore held the field so far, as the only comprehensive study available on the subject. It was an all-India enquiry of the families of Government of India employees, drawing a salary between Rs 30 to Rs 500 per month. It is, unfortunately, not fully representative of the middle class as a whole. The problem of definition is one of great difficulty since the middle class cannot be separated from the working class merely on the basis of income, particularly in the lower ranges. Studies of specialised groups, eg, Government employees or clerical staff avoid this difficulty but at the cost of representativeness.

### MIDDLE CLASS BUDGETS IN MADRAS

The enquiry conducted by the Economic Adviser to the Government of Madras in January and February 1952 into middle class families in Madras City assessed to profession tax by the Madras Corporation, with a view to constructing a cost of living index number for the middle class, therefore, merit wide attention. The monthly income range of the families studied is from Rs 100 to Rs 600, as compared with Rs 30 to Rs 500 in the Government of India Middle Class Employees Enquiry in 1945-46, but the questionnaire is more or less the same. Out of 39,600 families, nearly 1,500 budgets were collected, the sample strength was, therefore, 1 in 30.

The more important findings are as follows;

The percentage of natural families was 62 and joint families 38.

Percentage of natural families in the lowest income group was the highest (74). It, was the lowest in the highest income group.

The size of the average family was 5.84. The higher the income, the larger the size of the family. Sex composition of the families was more or less balanced.

Woman members of the family supplemented income to a greater extent in the lower income groups than in the others.

Number of earners per family 1.5, average income Rs 281-0 and average expenditure Rs 289-7.

Families with an income of Rs 100 to Rs 400 per month had on an average deficit budgets. The higher income families on an average showed surplus budgets but were not free from indebtedness. The Government of India Enquiry had shown that most budgets were deficit.

### PERCENTAGE OF EXPENDITURE

Percentage expenditure on food diminishes as income rises while that on clothing and furniture increases with higher incomes. In the food group, percentage of expenditure on cereals and pulses decreases as income rises and that on protective food and miscellaneous items increases.

Expenditure on education varies from Rs 3-5 to Rs 24-6 per month while that on insurance rises from Rs 1-14 to Rs 29 as incomes go up. Expenditure on Debt service ranges between Rs 5-14 in the lowest income group and Rs 9 in the income group Rs 500 to Rs 599. In the income group of Rs 600 and above,

the average expenditure Debt service comes to Rs a-2-11

### CHANGING PATTERN OF CONSUMPTION

The Government of India Enquiry of 1945-46 had shown that expenditure on food in the Madras City was higher than that in Bombay, Calcutta and Delhi. The present investigation shows an even higher percentage of expenditure (45.8) than that in the Government of India Enquiry (41.2). The weight assigned to rice in the present investigation is less than that in the 1945-46 Enquiry while expenditure on wheat and animal food is now higher. Expenditure on milk is less while that on condiments and spices has risen.

The change in the pattern of Expenditure reveals a declining standard of living. It also shows that the period selected is not quite normal.

It should be noted that no income range is free from indebtedness and that families in the highest income range, ie, between Rs 600 and over should also be indebted.



*"Wise venturing is the most commendable part of human prudence."*

Lord Halifax

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