

stead of probing deeper into the matter and putting a curb on the speculative tendency, particularly in the industrial raw material sector.

An improvement in the state of the capital market is often referred to as an explanation for a decline in bank advances to the industrial sector. The phenomenal success of some floatations by well-known houses, however, cannot fully explain the decline in industrial advances. It should, therefore, be regarded more as an expression of the habitual preference of banks to commercial advances as compared with industrial advances. The attitude of banks in this matter thus requires re-orientation, and the study group proposed by the Reserve Bank could be helpful in this direction.

In spite of a large increase in the advances of banks, their earnings during the year recorded but a slight improvement over those of the previous year. Under the income-tax procedures introduced in the 1959-60 budget, the amount of tax retained at the source as interest on Government securities was higher than in the previous year. This partly explains the comparatively small rise in the earnings of banks during the year. As against a rise of Rs 9.8 crores in 1958, 25 large Indian Scheduled Banks, with deposits of Rs 5 crores and over, improved their earnings on account of interest and discount only by Rs 6.4 crores. At the same time, however, their expenses on account of interest on deposits and borrowings increased by Rs 3.8 crores only in the year as compared with Rs 7.5 crores in 1958. This improvement was undoubtedly due to the proper functioning of the Inter-Bank Agreement. Establishment expenses increased by Rs. 2.8 crores as against Rs. 2.9 crores in the previous year. Figures in the report cast doubt on the assertion made by various Chairmen that the banks could not show better results because of rapidly increasing wage bills. It was a decline in income rather than any rise in expenses which kept the net profit down.

The Report contains a valuable summary of the conclusions reached, and suggestions made, at the Seminar on the Financing of Small-Scale Industries in July 1959. The consensus of opinion at the Seminar was that the main emphasis in Government assistance should be on non-official assistance in the form of

technical advice, managerial training, raw material procurement, equity control etc. In so far as financial assistance is concerned, the role of Government should be largely supplementary in nature'. With a view to increasing the advances of commercial banks to small-scale industries, the Seminar recommended a system of guarantees, the guaranteeing authority being the State Government or a central institution linked with, or operated through, the Reserve Bank of India.

The Seventh Report

THE Seventh Evaluation Report of Project Evaluation Organisation, published last week, will probably be known more for the fire it drew at the Srinagar Conference than for its contribution towards a realistic appraisal of the working of community development and allied programmes. In what was clearly an attempt to forestall public criticism, the powers behind the programme sought frantically to malign the Report as the handiwork of a thoroughly prejudiced and extremely incompetent organisation. And having done so, they resorted to the Parkinsonian remedy of appointing a committee to evaluate the Evaluation Organisation, and blissfully proceeded to enjoy the beauties of Kashmir. Unfortunately, the P.E.O. by basing its Report on a sample of 18 of the 3,000 Blocks, selected not on any principles of statistical sampling, but by the dictates of expediency and convenience, has exposed itself to the charge of treating the problem in a slipshod manner. The conclusions of a scientifically designed study with an enlarged coverage may not necessarily have been different; but then, such a study would have had the stamp of authenticity which unfortunately the present Report lacks. Thereby also, the P.E.O. could have protected itself against many of the criticisms levelled against it at Srinagar.

This defect of design and coverage apart, the Seventh Report provides much food for thought to those who are engaged and genuinely interested in the development of our rural areas. True, the general part of the Report does not break any new ground as compared with the earlier Reports. That the tempo of developmental activities in the post-intensive phase is markedly in decline; that the programme has failed in the essential aspect of

rousing popular enthusiasm and inculcating a sense of self-reliance among the rural population; that the arrangements for the distribution of essential agricultural requirements such as improved seeds and implements, fertilisers, insecticides etc, are far from satisfactory; that most of the C.D. Blocks are inadequately staffed and ill-equipped — these and many other such conclusions have long ceased to be revelations. Their reiteration in the Report merely shows that there are as yet *no* signs of a change for the better.

'Case-Studies'

WHAT, however, is really significant is the 'Case-studies' part. The evaluation of the Rabi crop campaign in the Punjab, U.P. and Rajasthan reveals that it has achieved substantial success in organising the necessary supplies. The point is, however, made that if this initial success is to be fully integrated and exploited, the present *ad-hoc* arrangements will have to be converted into permanent features, and that for a rapid increase in agricultural output, greater reliance will have to be placed on institutional agencies for the distribution of improved seeds, fertilisers, implements, finance etc. Though the impact of the campaign was found uneven as between different parts of each State, it has apparently reached all categories of cultivators — an achievement which is indicative more of the receptiveness of farmers to new ideas than of organisational efficiency or of non-official support to the programme.

The case studies of successful Panchayats and co-operatives are even more revealing. The successful working of selected Panchayats has been attributed to their favourable location in respect of communication facilities, their contact with urban centres, the general prosperous condition of the village population and, above all, to a core of helpful leadership. Similarly, the success of selected co-operatives has been ascribed to their location, economic resources and commercial operations. The study also concludes that the co-operative movement would have better chances of success if it was linked up explicitly with the programmes for the overall development of the areas concerned. But there is, in respect of these bodies, an inner conflict.

Though energetic leadership forms, the basis of success for these insti-

tutions, there is also the danger of such leadership stifling popular initiative and effort. A sort of inverse relationship is thus revealed between the leadership and members; the stronger the leadership, the weaker tends to be the sense of responsibility among the members. The success of the co-operatives, in other words, does not necessarily mean that the idea of co-operation has taken firm root.

Finally, the P E O's analysis of some aspects of rural unemployment would make uncomfortable reading to complacent panacea-peddlars. Here again, technical defects mar the reliability of the Report's quantitative estimates. Even so, there is enough material in the Report to warrant, if not prove, the statement that 'chronic or perennial unemployment is twice as large in magnitude as the extra seasonal unemployment among cultivators and agricultural labourers and three times or so among artisans'. Quite obviously, encouragement and revival of village arts and crafts is no remedy at all to the problem of rural unemployment. True enough, the dignitaries who conferred in Srinagar were not dealing with this question explicitly. But that does not mean that they can afford to ignore it and still expect the community development programme to revolutionise rural India.

Gas for Bombay City

REGULATION of public utilities ought, ideally, to serve the purpose of preventing the abuses of private monopoly powers and ensuring to the private operator a reasonable return, with the help of which he ran expand production and satisfy an increase in demand. When either of these purposes is not served, it is the consumers who suffer, as demonstrated by the Chairman of the Bombay Gas Company in his address to shareholders, published elsewhere in this issue. The privileged few in the city, who have gas laid on for domestic or industrial use, continue to benefit 'from the pegging of the selling price of gas at a rate lower than that of 1926. Though increase in the scale of operations since then has tended to bring down overhead and distribution costs, the consistent increases in labour and raw material costs have more than offset this advantage. In consequence the Bombay Gas Company has been unable to satisfy the increasing demand for cheap fuel gas in the rapidly-

expanding metropolis. Even though gas production in 1959 was 57 per cent higher than in 1946, thanks to the installation of additional equipment in 1955, only 2,364 new gas connections could be given in 1959.

Sewage gas, produced by the Municipality, does not suffice even to meet its own needs. The bulk of the city's population depends upon kerosene while 33,000 prosperous consumers have turned to oil refinery gas which costs twice as much as coal gas. Both these, being oil products, make a draft on foreign exchange and accentuate the imbalance between the production and demand patterns of petroleum products. The pegging of gas prices can, moreover, hardly be justified on the ground of controlling the cost of living of low-income groups. They just do not consume gas and will not be able to do so as long as the Bombay Gas Company is obliged to supply cheap gas in limited quantities. Four successive Gas Advisory Committees have reported on the problem but failed to appreciate that pegging of the selling price while the costs are -rising has not merely affected the financial position of the Company but also imposed an unnecessary burden on fuel consumers—as well as on foreign exchange resources. A reasonable adjustment in gas prices may make the privileged few grumble, but it will be a small price to pay for the benefits that they, along with new consumers, will be able to derive from the facility.

Letter to the Editor

Assam's State Language A REPLY

SHRI S R Tikckar's criticism (in the issue of May 21) of my article *The State Language of Assam* is beside the point and, therefore, unfair. I expressed no opinion regarding Assamese language and literature. I agree that Assamese is a sweet language and Assamese literature is a fairly well-developed one. I also agree that if English, Hindi, Bengali or any other language is used as a second language for administration and education in Assam, the Assamese language cannot flourish. I expressed the opinion clearly that if the Ahamiyas insist that without Ahamiya as the language of the Government, they cannot develop themselves, they are certainly entitled to have it. These, therefore, are not the points of controversy.

The issue is different. If Ahamiya becomes the exclusive State language, what will the non-Ahamiyas of Assam do? The non-Ahamiyas of Assam are not birds of passage. They have not migrated and settled in historical times in Assam like "the Bengali-speaking minorities in Bihar, in Orissa and even in some of the bigger cities of U P". I fail to understand how a people, who constitute a little more than one third of the population in a State, living in six districts out of eleven, can claim to have *their* language as the State language without doing injustice to the other linguistic groups who form a little less than two thirds of the population living in five districts out of eleven.

Not to speak of the Bengalis of Cachar and Goalpara, there are the hill tribes like the Khasis, Garos, etc. Are they like the Bengali-speaking minorities of Bihar, Orissa or cities of UP? Will it be wise to brush aside their sentiments? If a linguistic group is allowed to form a separate State of its own, with its language as the State language, the Ahamiyas of Assam are certainly entitled to it. But in that case, are not the non-Ahamiyas equally entitled to have the State and the language of their choice? This is the problem which has to be faced and there is no escape from it.

Lastly, I did not try "to prop up an already weak case". I wanted to support the bold and statesman-like stand taken by Shri B P Chaliha, the Chief Minister. His contention is that unless the non-Ahamiyas demand to have Assamese as the State language, for benefits which the non-Ahamiyas expect to enjoy by making Assamese the State language, the adoption of Assamese will be unwise.

K C CHAKRAVARTI

Gurucharan College,
Silchar.
June 3.

Errata

Inequality of Indian incomes
IN the above article by H F Lydall which appeared in the Special Number, a few mistakes crept in inadvertently. The figures in the last paragraph on page 873, instead of being Rs 990 and Rs 1,000 crores (in the first sentence) and Rs 980 crores (in; the second sentence) should be Rs 9,900 and Rs 10,000 crores and Rs 9,800 crores respectively — *Ed.*