

Two More Committees

AS though Government and the Planning Commission were running short of advice, committee reports and high-power bodies, it has been decided to set up two separate committees to advise Government on the fixation of prices of agricultural commodities, agricultural production and allied matters. One of the two committees is to be a permanent official body like the Tariff Commission, while the other will be a non-official farmers' panel. What kind of advice, not already available, will be provided by these two committees is not clear. The non-official farmers' panel is hardly likely to be representative of the farming community. The official body, which is proposed to be modelled on the Tariff Commission, will have entirely non-comparable functions. Inquiries by the Tariff Commission cover a relatively limited field and relate to specific industries and commodities for which fairly satisfactory cost and market data are available. In the case of agriculture, the variety of products is enormous, and little is known about costs. There is not even a minimum agreement about the basis on which costs are to be estimated. The data that have been collected so far from farm management and cost studies can hardly be considered reliable enough for fixing farm prices. The sheer magnitude of the job of this official committee would be far beyond that handled by the Tariff Commission.

A group of officials, consisting of representatives of the Food and Agriculture Ministry, Planning Commission and Reserve Bank, sitting from day to day and having a full-time chairman, can hardly be said to constitute an ideal body for advising Government on price policy as also on matters pertaining to agricultural production. The Tariff Commission does not advise Government on overall tariff and industrial policies. It is concerned only with matters of specific detail. Such policies, being by their very nature a prerogative of Government itself, cannot be left to an official committee and a farmers' advisory panel that would include representatives of various States and 'some intelligent economists' as the Minister for Food and Agriculture is reported to have indicated.

The Gujarat Shuffle

THE budgets of State Governments are generally uninspiring affairs. Large transfers from the Centre to the States for the financing of development schemes have made them even more so. All States are eager to have larger plan allocations and to get Central projects located within their territories, making little effort to maximise their own tax resources. On the contrary, it is not uncommon for State Finance Ministers to re-shuffle the items under capital and revenue budgets to wipe off or reduce their revenue deficits. The latest example comes from the new State of Gujarat. Its Chief Minister, who also holds the Finance portfolio, proposes to reduce the revenue deficit in his 11-month budget for 1960-61 from Rs 1.93 crores to Rs 43 lakhs by abolishing the statutory transfer of the net proceeds from the motor vehicles tax and sales tax on motor spirit to the Road Fund. He does not propose to cover this reduced deficit by any additional taxation or modification of the existing tax structure.

Dr Jivraj Mehta is not to be blamed any more than other Finance Ministers. He at least has the satisfaction of claiming that the Second Plan target of expenditure for his State would be fulfilled more than 99 per cent. The targets for transport and communications would be over-fulfilled by 21 per cent while those for agriculture, community development and housing are expected to be exceeded by six to nine per cent. Whether this order of fulfilment is in financial or real terms is not clear from available reports.

The Third Five Year Plan of Gujarat will concentrate on reducing the State's food deficit of five lakh tons. The largest multi-purpose project in the State would be the Rs 43-crore Narmada project which will serve the purposes of hydel power generation, irrigation, navigation and flood control. Along with the Cambay power project and two relatively smaller multi-purpose projects, the Narmada project is expected to fill the gap of 225 MW in power supply. Plans for industrialisation depend very largely on the commercial possibilities of Cambay and Anleshwar oil, which could pave the way for the development of chemical industries in particular. The Chief Minister has indicated the early establishment of a nitrogenous ferti-

liser factory, raw materials for which would come from the waste products of the proposed oil refineries. These proposed refineries are, however, still to be included in the Third Plan, being actually at the tail end of the queue in the Draft Outline.

Broader View of Company Regulation

THE problems of corporate management and control are now being viewed from a wider social standpoint though the Companies Amendment Bill, on which the Joint Select Committee has reported to Parliament, is still concerned primarily with protecting the interests of shareholders. Evaluation of the Bill would necessarily have to await receipt of its full text. Meanwhile, the Minister for Commerce and Industry has explicitly stated that 'the financial position and the level of management of the companies could influence the economy one way or the other, involving the interests not only of the shareholders but of the people as a whole.' He has also referred to the fact that, unlike in other predominantly capitalistic countries, there are practically no anti-monopoly laws in India. The powers conferred on the Company Law Department may not be liked by some, but certain of the trends in corporate activity necessarily require wider and more purposeful action on the part of the Department. He drew the attention of the Regional Directors and State Registrars of his Department, to the broader issues involved in exercising control over corporate activity. He called upon them to maintain close touch with the establishment of new companies, the expansion of existing concerns, the growth of complex inter-company investments, and trends in stock markets.

The Companies Act and the Department administering it necessarily have their limitations. The Minister called for coordination among various Departments of the Central Government for 'a clear policy and objective in regard to the industrial development and management of companies'. This call may have been made at the wrong place, for decisions about this co-ordination and their implementation rest with the Minister and his colleagues and not with officials, but it is timely nevertheless.