

Weekly Notes

Resources for I M F

EVEN the modest proposals for adding to the resources of the International Monetary Fund presented to the Board of Governors of the Fund by Dr Per Jacobsson did not exactly find ready acceptance at Vienna. Opposition came mainly from the countries of Western Europe, led by France. These are the countries which would be called upon to make their currencies automatically available to the Fund when needed by it and had, therefore, a greater right than others to scrutinise the proposals a little more critically. In spite of the strong backing from the U S delegation, therefore, Dr Jacobsson's proposals received only qualified support from the meeting.

The French delegation had made it clear even before the Vienna meeting began that they would extend support to the proposal only if the use of the borrowed currencies under the scheme was restricted to protecting the major reserve currencies. The delegation was opposed in particular to the Fund making the borrowed currencies available to the developing countries, which might tend to be less careful in husbanding their own resources if this sort of assistance was available to them.

The broad support for the official proposals— though subject to Home qualifications — does mean that the Fund can now proceed to set up the necessary arrangements for automatic credit arrangements with the major industrial countries. Even if these arrangements cannot be used directly for providing assistance to the developing countries in terms of the French objections to the original proposals, the underdeveloped countries have undoubtedly much to gain from the stability which the scheme will ensure in the positions of the major reserve currencies.

Without denying the usefulness of the new scheme, however, it could be argued that the limitations imposed on the relatively conservative proposals put forward by the officials of the Fund at the Vienna meeting reflect the extent to which orthodoxy in the international monetary field still prevails throughout

the world. It is certain that the more radical proposals put forward by Triffin, Stamp and others would have been summarily rejected by the Board of Governors if any attempt had been made by the officials to present it at the Vienna meeting. The opposition to Dr Jacobsson's proposals does not, however, reflect merely monetary orthodoxy. It also reflects the growth of regional feelings. One of the important reasons for the French opposition to an increase in the powers of the Fund is reported to be connected with American domination of that organisation. France was strongly in favour of solving the currency problems of the major industrial countries through various organisations of Western European nations rather than through the International Monetary Fund. It is to be greatly regretted that this attitude towards one of the most important international institutions should have begun to find support in other European countries as well.

Export of Marine Products

IT might be questioned whether the various export promotion councils that have been set up in the last few years have functioned in a really effective manner. There can be little doubt, however, about the usefulness of these councils in principle. Concentrating on the scope for increasing the exports of commodities in particular groups each of these councils could certainly do a very useful job in building up the export market for Indian products. In principle, therefore, the formation of the Marine Products Export Promotion Council must certainly be welcomed. With a vast coastline and innumerable internal waterways, the potential production of marine products of all kinds is immense. The existence of a large and expanding domestic market for these products provides the basis for the expansion of the marine products industry and it is in this light that the Plan considers programmes for this sector.

The Marine Products Export Promotion Council was inaugurated at Ernakulam by the Union Minister for Commerce and Industry, Shri K C Reddy, who expressed the Gov-

ernment's intention to double the earnings from the exports of marine products by the end of the Third Plan. With the present level of exports of these products at Rs 6 crores per annum, this implies a target of Rs 12 crores per annum by 1965-66. This should not be difficult to achieve; the demand for sea foods in the advanced countries is expanding rapidly as the affluent consumers in these countries look around for more delicacies to consume. India is in fact finding that there is a demand for items which have been completely neglected as a source of food in the past. An interesting example of this is provided by the demand for frogs legs, which are considered a luxury food in the West,

This example is particularly useful because it draws attention to the danger of unplanned exploitation of the existing resources of certain marine products. The demand for frogs legs has, for instance resulted in a steadily expanding each of frogs from the marshes of Kerala, which is lending to disturb the normal life cycle of the frog population and is depleting many areas of frogs altogether. If the country is to maintain its level of exports of frog's legs, it will be necessary to set up frog farms as has been done in the United States. Efforts will have also to be made to ensure that proper methods are developed for the utilisation of bye-products and waste is reduced to the minimum.

The Third Plan has made provision for new freezing and cold storage facilities which are essential for most marine products. Shri Reddy pointed out that extensive research programmes in exploratory fishing and processing techniques are to be undertaken. He also spoke of various schemes, like mechanised fishing vessels, which were being undertaken to expand the output of marine products. If the Export Promotion Council that has now been set up undertakes market research, and carries on sustained publicity in foreign countries in addition to taking steps for the development of domestic production and the maintenance of quality standards, it will undoubtedly be able to succeed in the task which it has been set