

from past practice. The ceiling prices for fertilisers supplied to plantations are on the whole slightly higher than for those supplied to cultivators. This is understandable. But why charge different prices for the same type of fertiliser supplied to cultivators in different States? Thus, for example, a tonne of ammonium sulphate will be sold to farmers at Rs 380 in U P, Rs 385.14 in Madras, Rs 384.50 in Orissa and Rs 374.50 in the other States. In the absence of any official explanation, one is left guessing. Is it the intention to encourage the use of particular fertilisers in particular soil zones through a scheme of price differentials? This, however, is not a very satisfying explanation, since distinctions in price have been made only for three States — U P, Orissa and Madras — and uniform prices have been prescribed for all the other States.

Warehouses for Efficient Distribution

THE Fertiliser Distribution Enquiry Committee had also recommended the replacement of the fertiliser pool with a central marketing corporation. At present, the distribution of nitrogenous fertilisers, both imported and home-produced, is made by the Government of India from the central fertiliser pool. On the basis of the estimates of demand submitted by the States, quarterly allocations are made by the Centre to each State, indicating the quantity to be supplied and the source from which the supply is to be made. On the authority of the allocations made by the Government of India, the State Governments issue despatch instructions to the factories allotted to them. The responsibility for distribution to the cultivators rests with the State Governments. The main channels utilised by the State Governments for distribution are Government departments, co-operative societies and private dealers.

The Government, it is now known is proposing to set up a central organisation for the marketing of fertilisers, as recommended by the Committee. It is not, however, clear yet whether the corporation will merely replace the central pool or also take on the responsibility for distribution in the States. There appears, however, to be a case, for a broad definition of the functions

of the proposed corporation since the present arrangement for distribution in the States has "not worked satisfactorily even for the limited quantity of fertiliser that has been available to be distributed so far. A major defect in the present arrangement appears to be the multiplicity of agencies to supply fertiliser to the farmer and the lack of co-ordination among them.

The lack of warehouses has also hampered efficient and timely distribution of fertilisers. The demand for fertilisers is at a maximum during the months from April to June. To meet this seasonal demand, stocks have to be built up over the year. It has, therefore, been suggested that centrally-administered godowns should be started, conveniently situated in the different States, where fertilisers can be received and stored for supply to the consuming centres. The need for warehouses would become increasingly pressing as consumption of fertilisers is stepped up. The Third Plan aims at a five-fold increase in consumption of nitrogenous fertilisers from 2,30,000 tonnes (in terms of IV) to one million tonnes and a six-fold increase in that of phosphatic fertilisers from 70,000 tonnes (in terms of P₂O₅) to 4,00,000 tonnes. It would appear, therefore, that an important function of the proposed fertiliser marketing corporation would be to set up and administer a string of warehouses all over the country.

Refrigerators, Small Scale

ONE sometimes comes across startling things while casually looking at the list of licences issued to large-scale industries, and that of small-scale industries which the small entrepreneurs are invited to develop. A recent case in point is that of small-sized absorption type of refrigerators. Voltas, one of the leading engineering firms in the country, have just announced that they are going to market shortly a small popular 'Janata' refrigerator to suit the needs of the low-income groups. They are going to get the know-how, drawings and specifications from a German firm and the terms of agreement allow Voltas to export these refrigerators to West Asian and South-East Asian countries. Janata refrigerators will have a capacity of 1.8 cubic feet and will be priced Rs 600, ex-factory.:

At about the same time, the Central Small Industries Organisation, Government of India, has included in its selected list of industries which it considers suitable for the small-scale sector, the same type of refrigerators with a slightly smaller capacity, 1.6 cubic feet. This too, according to this Government organisation, will not cost more than Rs 600 and it will involve a total capital investment of Rs 4 lakhs, of which Re 1-45 lakhs would be the cost of machinery. This will enable, so it is stated, a production of 300 such refrigerators per month. Voltas are planning a capacity of 10,000 in the first year, which is to be progressively raised later. And Voltas are not the only manufacturers in this field. Another brand of absorption type refrigerators, Himalex, is already being produced in Calcutta on a scale which is small, because the demand so far does not warrant a large volume of production.

Can small-scale manufacture of refrigerators of the same type be a sensible proposition when a highly organised concern, leading in modern technology, undertakes to produce them in bulk and sell them at the same price? It is conceivable that there may be room for both small-scale and large-scale production of the same type of products, if some special factors favour the one as against the other, to offset the cost difference or if the two turn out to be non-competitive, one produces, for the home market and the other mainly or exclusively for exports.

In passing it may be noted that Voltas mention exports to West and South-East Asian countries and not to other markets where India's export potential is developing and which still remain to be exploited. The Delhi despatch in the current issue points to one such field of exploration and the product mentioned 'happens to be India-made refrigerators! The despatch mentions that the East European countries with which India has rupee payment agreements showed an interest in India-made refrigerators, but found that the prices were twice as high as those prevailing in western countries. The reference here is presumably to the compressor type refrigerators and not the absorption

type. But, nevertheless it illustrates a point.

It is conceivable, but scarcely apparent at first sight, that there is the same scope for refrigerators in the small-scale and large-scale sectors of the industry. And in the absence of convincing explanation, one is bound to be left with the impression that either the small industries department of the Government do not know what the Development Wing has been doing or that the promoters of small scale industry in the Government do not apply any rational criterion in their choice of industries which are suited for developing on a small-scale.

Up the Garden Path?

Do small industries differ in kind from the medium or large ones? Some do not. It is not that all big industries start big: they may, and do, grow from small beginnings, sometimes very small beginnings. Small industries are often the embryonic form and however high may be the rate of infant mortality among them, some of them some day will grow big: others will wither and die. If that is the view one takes, it would be difficult to find any rational policy in regard to them except that of betting on the strong. That is to say, if all of them have potential for growth but not the same chance of survival, the right course would be to pick out the ones which show the best promise and give them every possible assistance to nurture their growth. If such selective preference is not considered feasible or acceptable on other grounds, administrative or political, the fields in which such industries have a useful role to play and best chance of survival have to be clearly demarcated.

Whatever the difficulties of classification, technological factors alone should help to mark out some industries which are specially suitable for developing on a small scale. In fact, the small-scale industries departments of the Government, of which there are many, are supposed to be actually doing it. They publish from time to time a list of industries which they consider to be suitable to be developed on a small scale. By selecting such industries and inviting small entrepreneurs to take them up and sink their capital

in them the departments certainly assume a considerable measure of responsibility. If the industries thus selected and advertised cannot, be economically developed on a small scale and especially, if there are

Letter to Editor

Meaning of Aligarh

THIS has reference to your note "Meaning of Aligarh" in *The Economic Weekly* of October 14, 1961 (p 1586). Your esteemed Journal has been known for its progressive outlook on economic, social and political problems. The note on Aligarh is hardly in keeping with this reputation. It is a strange amalgam of erroneous facts and curious logic. Your assertion, for example, that ".....the Aligarh University is a communal institution with an overwhelming majority of Muslim students on its rolls" is really astounding. By this standard none of the Indian universities will escape the charge of communalism as almost all of them have an overwhelming majority of student-belonging to one particular community.

You also say that "it has not cleared itself of frequent charges of communal bias in recruiting staff and admitting students", and that ".....the last enquiry, conducted only a few months ago, was confined only to administrative matters." Both these statements are based on complete ignorance of facts. It seems you are not aware of either the terms of reference or the findings of the A M U inquiry Committee which consisted of eminent men of the country. Its terms of reference were :

- 1 To go into the charges of financial irregularities and mismanagement of public funds by the University.
- 2 To go into the problem of admission of students and appointment and promotion of the staff.
- 3 To suggest ways and means to tone up the general functioning of the University.

It is obvious from the above that the Enquiry Committee did not confine itself to administrative matter; nor did it, anywhere in its report, accuse the University of "communal bias in recruiting staff and admitting students," I am sure,

other units in the country which are engaged in producing the same product on a large and more economical scale, the small producers drawn into them are in the danger of being led up the garden path.

you would agree that such baseless statements are not conducive to the cause of national integration.

We in Aligarh share the sense of grief with the rest of the nation at the recent unfortunate happenings here and elsewhere. But we resent the way this opportunity has been seized by the reactionary forces to unleash a tirade of half-truths, false accusations and gross exaggerations against our University. Let there be a thorough probe into the recent disturbances, and we will gladly suffer the nation's wrath, should we be found guilty.

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October 20.

[The composition of university students is expected to bear some relation to the proportion between the communities in the population of the country. That is why it has often been the subject of criticism that Muslims far outnumber Hindus in the Aligarh University. Again, if the Aligarh University Enquiry Committee did, in fact, exonerate the University, why did the University authorities refuse to accept the Committee's report? It was not the intention to single out the Aligarh Muslim University for criticism. The burden of the comment in the note in question was that denominational institutions are inconsistent with national integration. Editor.]

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