

And as far as the cow was concerned, the sentiments of so many people were involved that a strictly logical approach was of no use. He was against the slaughter of uneconomic cows and wanted that "steps should be devised for their utilisation". But why cow slaughter, even with regard to modern methods of animal husbandry like cross breeding and sterilisation to improve the quality of cattle, Shastri pleaded that neither the Gosamvardhan Council nor the Government should be "adamant". "I would like to tell Mr Subramaniam", he said, "that we could accept to the extent the Gosamvardhan organisation could go in these matters after which we can discuss, persuade and convince them. *It does not matter if we proceed gradually*" (italics added).

Unfortunately there happens to be no "gradualness" in the growth of our cattle population. The increase was 10 per cent in the Second Plan period. And about 40 per cent of this growing population are uneconomic and useless and are just a burden on available cattlefeed. Is it any wonder then that the average milk yield per lactation period in India is 400 lbs against 8,000 lbs in the developed countries? This inescapable logic has no "middle way" and ironically the tradition-bound villager, is the first to admit it. He weeds out excess cattle by starvation and neglect because his society denies him a more humane and economical solution.

One recalls in this connection the furore over the proposal to set up a modern abattoir in Bombay some two years ago. It was then pointed out: editorially in this paper how in our approach to a question like daughter of animals we "ignore that there are slaughter houses, that the vast majority of Indian people are not vegetarians, that the quality of meat which is sold in the market is far below the standard desirable and that a poor country, particularly one which is bent upon economic development, cannot afford the continued wastage of valuable animal products". Prejudice against cow slaughter is, of course, deep-rooted in the Hindu mind, but that does not mean that cows are not slaughtered; what happens to unwanted cattle everyone knows, though no one would perhaps care to admit it. They are either starved to death or disposed of to agents to find their way eventually into a slaughter house. As we commented in the editorial referred to above, "by a curious twist of the Hindu mind, the idea of sin

is dissociated and passed on from the principal to the agent—it is the Kaseem Alis who do the actual act of slaughtering!" It is the same curious twist of the Hindu mind that wants "measures to be devised for using unwanted cattle", when by definition they cannot be used, except after they have been slaughtered. The state of our leather industry is a measure of the price we pay. Carcasses of poor quality cattle cannot yield good hides and so, in spite of the largest cattle population in the world, we import a crore of rupees worth of hides.

After what he had to say at the Gosamvardhan Sammelan, Shastri can congratulate the State Governments. They have certainly followed his advice in implementing animal husbandry programmes. Out of an allocation of Rs 78 crores for these programmes in the first two Plans, only Rs 49 crores were spent and in the Third Plan even 40 per cent of the outlay of Rs 90 crores had not been spent in the first three years. The scheme to install 3 abattoirs, not surprisingly, remains on paper. According to preliminary estimates, the Fourth Plan is expected to provide Rs 157 crores for animal husbandry schemes. But what do these increasing financial allocations amount to when the Prime Minister counsels "gradualness" in the adoption of policies which are the pre-conditions for the success of any animal husbandry programme?

Tax on Unaccounted Income

A Correspondent writes:

WHAT is the effective rate of tax on unaccounted income under the scheme for disclosure of such income? Is the tax payable on the amount *disclosed* or on the total *unaccounted* income, whether held in one form of assets or another or spent.

To illustrate the point, if a person had an income of Rs ten lakhs over the last five years but did not declare it to the Income Tax Officer, his total *unaccounted* income is Rs 10 lakhs. But of this income, he has now left with him only Rs 5 lakhs. He discloses this latter sum to the Income Tax Officer, What is his tax liability—60 per cent of Rs 10 lakhs or of Rs 5 lakhs? If the latter, the effective rate of tax on *income earned but concealed* works out to only 30 per cent.

This question is not of academic interest only. It has been argued that the tax under the disclosure scheme is payable on the amounts disclosed.

This can be true only in the sense that since the declarant still conceals a part of the income that actually accrued to him during a certain period, he manages to get away by paying 30 per cent tax and is enabled thereby to introduce the balance of 20 per cent of his total unaccounted income into his regular ('white') accounts. But he has obviously achieved this result by concealing a part of his income. Therefore, the immunity that the new scheme gives to the declarant cannot be taken to apply to this undeclared part of the past unaccounted income.

Or is it that under the above scheme, the declarations of unaccounted income are to be accepted at their face value and that the tax authorities are precluded from checking the veracity of the sums declared? If so, the effective rate of tax on unaccounted income could be even lower than 30 per cent, depending on what proportion of the total unaccounted income a declarant actually discloses under the scheme.

Good Chits and Bad

"THE evils of ultra-nationalism" is not ordinarily a likely theme for a bank chairman's annual statement to his shareholders, but then the Chartered Bank is no ordinary bank. With offices in almost a score of countries and with operations spanning continents, it is perforce acutely sensitive to changes in political climates. And in some of the countries of its operation such changes have been mercurial in recent years. In 1964, for instance, the Bank had to countenance the involuntary winding up of its activities in Iraq, Indonesia, Burma and Cambodia. It pains the Chairman of the Bank, Vincent Alpe Grantham, that it should meet with such fate in countries where it had been operating "for over hundred years, through good times and bad", whose wealth it had helped to open and build up and in whose overseas trade and local investment it was still paying an important part. But is this really surprising? Is it not the very importance of the Chartered Bank, and of institutions like it, which makes them the immediate subject of attention when there are political upheavals?

Grantham's succinct and penetrating survey of political and economic developments in the countries where his bank operates follows a pattern: stability is applauded, sudden changes are viewed with caution and leftward

political swings are decried. No doubt, a certain political philosophy colours these judgments, but not all the way. If leftist politicians and policies are viewed with disfavour, it is because they spell nationalisation, restriction of private enterprise and political tension arising from conflict with entrenched interests. Ultimately, these may threaten the Chartered Bank's own operations and even its existence. But economics, not politics, dominates Grantham's judgment. His comments on China are proof of this. Here we have a sober, shrewd assessment of the Chinese economy. There is enthusiasm at China's vast trade potential and satisfaction that the break with the Soviet Union has diverted some two-thirds of her total trade to the West. The U K's trade with China, which has been growing at the rate of about 50 per cent per year, is regarded as still low and capable of much expansion. Evidently, the Chartered Bank's role in China's trade is neither inconsiderable nor unprofitable, though we are told nothing more than that the Bank's Shanghai branch "has had a satisfactory year and is well situated to assist in any increase in trade".

Grantham's view of India is cautious, but some of the Government's policies come in for severe criticism. These include allegedly undue emphasis on industry to the neglect of agriculture, restrictive regulations which impede the inflow of foreign private capital, high taxation which stifles investment and enterprise, tight credit which denies finance for legitimate business and contributes to the stagnation in the capital market and Government's failure to "confront" left-wing trade unionists.

Some of Grantham's facts can certainly be challenged — eg, his assertion that the returns on foreign investment in India are "small" — but, his overall view of the Indian economy is one with which an influential section of Indian opinion will enthusiastically agree. Of course, others may find his confident expectation that the Fourth Plan "will be trimmed to a more realistic basis than its fore-runners and with perhaps a more significant role assigned to private enterprise" rather disconcerting.

Corrections

IN the article "Agricultural Extension, Inputs and Community Development" by J P Bhattacharjee in our Annual Number, in the table on page 293, the figure in row 4 column 4 should read—1.5 instead of +1.5 and


that in row 5 column 4 should read +1.5 instead of —1.5.

In the article "Irrigation Rates versus Betterment Levy" by Nasim Ansari, also in the Annual Number, in Table I on page 299, the irrigation rate in Bombay for sugarcane should be Rs 80.00 to 120.00 instead of Rs 80.00 to 12.00. In Table 3 on page

303, "Upper Bari Donald Canal" should read "Upper Bari Doab Canal". In the same table, in foot-note (**) line 4, "more than 100 per cent on the intensity of cropping" should read "more than 100 per cent depending on the intensity of cropping".

The errors are regretted.

—Ed.



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