pressures. It may be true that we ourselves are quite aware of the lack of any such connection and that if we have accepted the euphemistically termed 'stabilisation programme' it is not out of any faith in the merits of the programme but because the high priests of the IMF would insist on nothing less before approving stand-by credits. Yet Jet us not kid ourselves that the price we are paying is negligible or small. The possibility of a further tightening of credit in the slack season has been held out by the Reserve Bank Governor even though the severe import restrictions and the credit squeeze have already begun to tell on industry and, besides hampering growth, have substantially raised unutilised capacity. During the worst years of agricultural stagnation in the Third Plan, industrial expansion maintained a steady rate, but this may not now continue.

All this needs pointing out, and particularly now when the Finance Ministry is frantically seeking a way out of the exchange crisis. For, even the economic experts in the Ministry have apparently ceased to be 'growth, men' and become 'stabilisers'. The danger of this change in attitudes is that we may lose growth in the long run without in the short run achieving stabilisation. The experience of so many countries which have undertaken stabilisation programmes at the behest of the Fund is ominious enough for India.

Weekly Notes

Spinning Out the Soul of India

"DOTH Government and industry seem to be getting down to brass tacks in tackling the problems of cotton mills and cloth export. The Indian Cotton Mills Federation has earmarked Rs 15 lakhs for a project to improve cotton farming practices. This is a small beginning for an industry established more than a hundred years ago but it is, nevertheless, a worthwhile direct effort. So far the industry was content to pay an annual cess levied for the benefit of the Indian Central COTTON Committee, the , continued existence of which as a separate entity is doubtful. The Committee did useful work but in a very limited field, namely the introduction of new varieties and longer staples; it did not or could not pay much attention to improvement of crop yields or the large-scale adoption of better practices. Such mundane activities have passed under the all-embracing umbrella of community development and national extension but no tangible results have emerged. In the meanwhile, raw cotton remains scarce and costs 20 to 40 per cent more than in other countries; the advantage which our industry had in international markets has been lost. Consequently, there is an annual foreign exchange drain of Rs 60 crores for raw cotton imports, which has turned the industry into a net spender of foreign exchange.

There is a strong case for improving the materials and equipment base of the industry, a relatively small investment which can earn high and quick returns. The plea made by Ramnath Podar, Chairman of the Federation, for better maintenance of machinery and training of supervisors is unexceptionable, though similar pleas have been made sporadically at annual gatherings since the twenties. What one does not appreciate equally is Podar's placement of the industrial soul of India in cotton and jute textiles, just as the industrial souls of USA, Switzerland, Germany and Japan are to be found, in his opinion, in automobiles, watches, steel and chemicals, and electronics, respectively. This metaphysics is not really necessary in the course of arguing for tax concessions on a high priority basis. As running and well established concerns, cotton mills get the maximum benefit from exsting tax concessions while new enterprises in new industries do not make sufficient profits to avail themselves fully of them.

The domestic manufacturers of textile machinery, some of whom belong to groups which themselves have a large interest in cotton mills, are presenting mills with leaves out of their own book. Machinery is defective (for which allowance can be made up to a point); models are out of date, after-sales service is inadequate and "the scant respect paid to grievances gives rise to a feeling of despair rather than anger", mainly because order books are full for the next two years. In a slightly different context, one hears rather similar complaints about the quality of cloth sold by many of our mills. If the soul itself is weak, how can one blame the flesh?

From the Government, there is another useful Joshi report, which unreservedly accepts the need for modernisation (which was quite unthinkable ten years back) and goes further to stress the need for training workers to handle modern equipment (and, inevitably, setting up training institutes). The Committee has found that at present only 48 mills are equipped to produce quality goods for export but another 108 out of the total of 287 corn-posite units could be added to this number. There is unfulfilled demand abroad for poplins, shirtings, dress materials in piece-lengths longer than normally supplied by mills, widths of over 60 inches, and pre-shrunk cloth for ready-made garments. To meet this demand at competitive prices, the Committee feels that there should be a few mills with completely modern equipment from blow-room to finishing and devoting most of their output to exports. This idea was put forward earlier in embryo form- for mills of a relatively small size—in the first Joshi report on modernisation in 1958, The economics of such mills (leave aside Bombay Dyeing, the giant established way back in the 1870's, which exports nearly 70 per cent: of its output) has never been fully investigated, let alone established. If that had been done, one would have expected the Industrial Finance Corporation to have sanctioned some assistance for a project of this nature; one doubts if it has received any such proposal. The investment in fixed assets and in creating a new sales organisation abroad involved in a new enterprise will be enormous. Only the existing mills can undertake a task of this magnitude and that, too, over a period of time. It is better to concentrate on the installation of wider-width automatic looms (which have to be imported), standardisation of export qualities, manufacture of longer pieces and cloth pre-shrunk by native processes which are being widely adopted, as the 'sanforized' trade mark regis registration is about to expire.

Oil Imports and Exchange Waste

AN excellent case for replacing imports of petroleum products through the Western oil companies with imports from the rupee payment area—mainly the Soviet Union —existed long before the present foreign ex-