

THE ECONOMIC TIMES

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PUBLIC DEBT UP

The Gross Public Debt in 1969/70 increased by Rs. 985 million to Rs. 7,873 (Rs. 7,933 million, if liability of Govt. departments on Suppliers' credit is added). Of the total Gross Public Debt outstanding Rs. 6,295 million or 80 per cent was accounted for by domestic borrowing while the balance (Rs. 1,578 million or 20 p. c.) comprised the foreign debt. The Net Public Debt

(i.e., less contributions to Rupee Loan Sinking Fund and Sterling Loan Sinking Fund) increased by Rs. 998 million to Rs. 7,237.

INCREASE IN MONEY SUPPLY CHECKED

Demonetisation brings results

In 1970 the money supply increased substantially by Rs. 83 million and was on the average 4 per cent higher than in the previous year. This does not show the rapidity of the increase in the first ten months when it was 9.8 per cent, states the Central Bank Annual Report for 1970.

The monetary expansion in the first ten months of the year under review was not only checked but reversed largely as a result of the demonetisation scheme introduced with the Budget in October 1970. The fall in money supply in November was Rs. 140 million.

The contraction brought about by demonetisation was reversed to some extent in December when the money supply once again expanded by Rs. 39 million or 2.1 per cent.

The monetary expansion in the year resulted mainly from government fiscal operations, while the overall effect of the

currency demonstisation exercise was the major step taken by the Government in its effort to smoke out currency hoarders and tax evaders. In the monetary history of Ceylon the exercise was unique.

The total value of the demonetised notes in circulation on 24th October 1970 was Rs. 792 million, of which Rs. 58 million was held by the Commercial banks. The total value of the demonetised notes exchanged by the public for new notes was Rs. 153 million, while the amount deposited in banks was Rs. 569 million.

The Report adds: "Since demonetisation there has been a sharp decrease in the share

of currency in the money supply. For instance, in 1970 although money supply increased by Rs. 83 million, currency in circulation fell by Rs. 148 million as a result

of demonetisation.... A salutary aspect is that a fair segment of the public have had transactions with banks for the first time and this should undoubtedly help to promote the banking habit, especially in the rural sector."

Public Sector performs better in 1969/70

The performance of Public sector manufacturing enterprises has shown overall improvement in 1969/70, and those that were financially less viable in earlier years have been able to show profits, according to the Central Bank Report for 1970.

The total value of production of the 24 industrial corporations amounted to Rs. 583 million in 1970, as against Rs. 424 million in 1969.

The Table below shows the

profit or loss and the return on Capital investment of the various state manufacturing enterprises. This data shows that, with the exception of a few corporations, the return on investment do not justify the capital outlay.

In view of the important place given to the public sector in the country's economic organisation and the devindling role of the private sector it would not suffice for the state enterprises to be satisfied with marginal profits. The need for greater efficiency cannot be gainsaid.

(See Editorial comment)

STATE INDUSTRIAL CORPORATION - RETURN ON CAPITAL

Corporation	Capital Investment*	(Rs. Thousand)		
		+ Profit	+ Loss	Return on Capital %
	1969/70			
National Milk Board	29,702	—	98	—
Ceylon Oils & Fats	27,615	—	2032	—
Sri Lanka Sugar	87,123	+	11,148	12.79
State Flour Milling	32,942	+	934	2.84
National Salt	15,400	+	2,816	18.29
National Textiles	251,761	+	3,527	1.04
Ceylon Leather Products	10,477	+	221	—
Eastern Paper Mills	43,125	+	4,175	9.68
State Printing	3,600	—	—	—
Ceylon Plywoods	76,912	+	585	0.76
State Timber	n.a.	n.a.	n.a.	—
Paranthan Chemicals	11,802	+	566	7.68
Ceylon Tyre	67,525	+	3,200	4.89
Ceylon Fertilizer	27,623	+	3,711	13.43
Ceylon Ayurvedic Drugs	1,367	+	136	9.95
State Fertilizer M'facturing	—	—	—	—
Ceylon Ceramics	20,030	+	3,483	17.33
Ceylon Cement	186,223	+	27,374	14.69
National Small Industries	24,360	+	1,722	—
Ceylon Mineral Sands	15,930	+	2,179	13.62
Ceylon Steel	117,000	+	2,567	2.19
Ceylon State Hardware	38,040	+	4,782	—
Ceylon Fisheries	84,306	n.a.	n.a.	—
* Cumulative				

Production at a glance

AGRICULTURE SECTOR

:: The output of tea has shown a fairly sharp declining trend; at 468 million pounds in 1970 it is slightly higher than production in 1962 and 16 million pounds or 3.3 per cent lower than in 1969.

:: Rubber production rose from 333 million in 1969 to 351 million pounds in 1970, an increase of 18 million pounds or 5.4 per cent.

:: Coconut production in 1970 is estimated at 2,447

million nuts compared with 2,440 million nuts in 1969—an increase of 0.3 per cent.

:: Paddy Production in 1970 is estimated at 76.8 million bushels an increase of 10.9 million bushels or 16.5 per cent over production in 1969.

MANUFACTURING SECTOR

:: There was a slow down of manufacturing activity in 1970. The value of industrial production increased in 1970 by 8.4 per cent compared with the increase of 16.2 per cent in 1969.

:: Real output in manufacturing including mining and quarrying, electricity, gas etc., increased by 6.6 percent.

Real output increased in both public sector manufacturing corporations and private sector manufacturing firms.

:: Value added in construction increased by 15.1 per cent in real terms in 1970 compared with the increase of 16.5 per cent in 1969.

:: In 1969/70 the total value of output of public sector enterprises in industry increased by 38 percent or by Rs. 159.1 million.

U.S. funds for U.N. programme

The United States has pledged a contribution of over 86 million dollars to support the worldwide economic development efforts of the United Nations Development Program (UNDP) in 1971.

The pledge of 86,268,000 dollars was announced by George Bush, U.S. Ambassador to the United Nations.

The U.S. pledge equals the one made last year. It is the highest single contribution the U.N.'s multilateral aid program has received this year. The Development Program is supported entirely by voluntary contributions, and the United States has always been its top contributor.

The pledge of financial backing was accompanied by a message of strong personal support for U.N. development objectives by Ambassador Bush.

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MARKET PRICES

COLOMBO

CLOSING PRICES 29.3.70

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex-Estat)
BOPS B.O.P.F.s

High Grown	2.00	3.60	2.10	3.25
	2 at 3.70	2 at 3.75	2 at 3.30	3 at 3.40
	1 at 4.20			1 at 3.65

Medium Grown	1.65	3.40	1.65	2.25
Small leaf Low Grown	16.5	1.72	1.65	1.73
Tea for Price	1.50	1.60	1.50	1.70
Leafy B.O.P.	1.05	1.75		

	F. B. O. Ps.		F. B. O. P. Fs	
Tippy Teas	1.65	1.78	1.68	
	1 at 1.81	1 at 8.50	1 at 11.50	

RUBBER

PRICES FOR THE WEEK ENDED 23.3.71

Rs. cts.—per lb.)

	Closing Quotations	Avg. to date 1971	Avg. Sample Period 1970
RSS No. 1	82 3/4	81	100
RSS No. 3	76	76 3/4	95 1/2
RSS No. 3	74 1/2	75	93 1/2

(Rs. per candy)

COPRA Opening Price Clos. Price

Estate copra No. 1	239.00	235.75
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COCONUT OIL (Rs. per ton) Open, Price Clos., Price

April	1,530.00	1,525.00
May	1,530.00	1,525.00

DESSICATED COCONUT (Per lb.)

April and May	35 cts. Closing Price
---------------	-----------------------

PRICES OF THE WEEK ENDING 10.3.71

Commodity	Buyers Quotations	Export
	(Per lb.)	Duty
Cardamoms	20.00—22.75	40% on true
Cardamom Seeds		F.O.B. value
Cloves	25.00	
Clove Stems	3.00—3.25	
Macis	6.50—7.50	
Nutmeg (Shelled)	3.25—3.50	
Nutmeg (Unshelled)	2.00—2.25	
Pepper (Black)	8.75	
Papain (White)	13.00—13.50	
Papain (Brown)	10.50—11.50	
Cinnamon H/1	3.65	20% on true f.o.b.
Cinnamon H/2	3.60	-do
Cinnamon Quilings No. 1	2.50	-do
Cinnamon Quilings No. 2		-do

	per Cwt.	Export
Cocoa	247.00	40% on true f.o.b.
Coffee	215.00	value
Kapok (Clean)	155.00	
Kapok (Unclean)	48.00	
Croton Seeds	100.00	125.00
Essential Oils	Per 25 oz. lb.	Export duty
Cinnamon Leaf Oil	22.00	
Cinnamon Bark Oil	Per oz 24.00	
Citronella Oil Estate Quality	6.90	10% on true f.o.b.
Citronella Oil Ordinary	6.50	

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA
ENDING 25. 3. 71

The undernoted quotations are the Wholesale Buyers Prices paid in Colombo and is maintained only as a guide to the trade. Every effort has been made to be as accurate as possible.

Cereals	(Per Bag 54 58 Lbs)	(Per bushel)
Paddy		
Samba	15.00	
Other varieties	13.00—14.00	
Rice		
Par Boiled	65.00	

TEA REPORT

Auction No. 12 held on 28th and 29th March, 1971

The total quantity offered was 8,103,585 lbs. comprising 3,935,084 lbs. Leaf Grades, 1,014,146 lbs. Dusts, 9,317 lbs. Reprints, 76,594 lbs. Sundry Lots and 3,077,761 lbs. Ex. Estate. Quality showed a falling off from both sides of the Island. There was much less demand except at the "tea for price" end of the Market.

High-Grown Teas: The few quality invoices of Dimbula BOPs and BOP Fannings sold well at almost firm rates but all others, and to a larger extent the BOP grades, declined between 30 and 60 cents a pound. Where quality showed a marked drop prices fell away even further.

Medium-Grown Teas: The best of the strong coloury Medium and Uva Brokeners met a fair demand but were 20/30 cents lower. Plain kinds declined by a full 30/50 cents a pound. There was comparatively better demand for BOP Fannings which although declining considerably fell less than their respective Brokeners. Pekoes were also lower with OP's about steady.

Low-Grown Teas: There was a good demand for all Low-Grown teas with the exception of the bright liquoring Clonal types which declined in sympathy with Medium Grown teas. Persian Gulf sorts were generally 2/5 cents dearer.

Dusts: Except for secondary powdery Mediums, Uvas and Low-Growns which were firm, all others were generally easier.

Off Grades: High-Grown Western Fannings declined with quality, although the best continued to command a premium. Mediums were irregularly easier, whilst Low-Growns gained up to 5 cents. All Brokeners were a strong feature and were up to 10 per cents dearer.

Country Rice No. 1	85.00—	88.00
—Country Rice No. 2	80.00	72.00
—Samba Rice	95.00	98.00
—Kora Rice	100.00—	105.00
	Per Cwt.	
—Maize	29.00	
—Red Gram (Toor Dhal)	40.00	45.00
—Black Gram (Undu)	61.00	
—Bengal Gram	46.00	
—Green Gram	53.50	
—Bombay Cowpea	40.00	
Millets	Per Bushel	
—Finger Millet (Kurakkan)	8.50	
—Sorgum	440.00	(per ton)
—Soya Beans	80.00	(per cwt)
Spices Condiments	Per Lb.	
—Mustard	5.50	
Chillies	Per Cwt.	
—Dried Long	Unquoted	
—Dried Round	"	
Off Grade	"	
—Goraka	160.00	
—Vaniha	"	
—Tamarind	Per Cwt.	110.00 — 115.00
—Nut Cashew	"	
—Ground Nut	Per 50 Lb.	50.00

Commodity Commentary

RUBBER REPORT

WEEK - ENDING 28th, MARCH, 1971.

RSS. No. 1 opened 1 1/4 cts. dearer at - 85 - cents per lb. despite the increase in duty by 1 cent per lb. but declined gradually thereafter in line with overseas advices to close at - 82 - cents per lb.

Approximately 445 Tons of LATEX CREPES were offered at the Two Sales held during the period under review, a substantial increase of 148 tons compared to the previous week's total. At the First Sale, best latex and F.A.Q. offerings were marked up by 1 to 3 cents per lb. but the duller and inferior sorts were 1 to 4 cents per lb. easier. At the following Sale, best latex and F.A.Q. types declined by 1 1/2 per lb. whilst the duller sorts too showed a further drop of 2 cents per lb. Inferior types, however, recovered by 2 to 3 cents per lb.

Approximately 156 Tons of SCRAP CREPES were offered, a slight increase of 12 tons compared to the previous week's total. At the First Sale, light brown scrap crepes were 1 to 2 cents per lb. dearer whilst the dark brown sorts remained unchanged. Darker offerings, however, were 1 cent per lb. easier. Flat Bank too was quoted 1 cent per lb. lower. At the following Sale, all scrap crepe grades were marked down by 1 to 2 cents per lb.

Approximately 28 Tons of SOLE CREPE were offered during the week under review, an increase of 11 tons compared to the previous week total. On poor demand values remained about unchanged for Fair Average Quality and standard thicknesses but off grades and miscellaneous thicknesses were heavily discounted.

Tea Prices Drop Again

Last week's Auction showed a surprising and unexpected decline. Although lower prices were anticipated with the declining quality, a drop of 30/50 cents for Medium and Uva types was unusual and this could be only attributed to the fact that foreign Buyers had not left covering orders with their Colombo offices. The strength of the Market at the bottom in the price range 1.50/1.60 was most noticeable and this level is not likely to decline much further in the rush months ahead.

With a gap in tea sales between the 4th and 18th April and the 4th and 18th May due to Easter and Sinhala & Tamil New Year, Prophet Mohammed's Birthday and Wesak, forthcoming Sales are likely to

be over nine million pounds per week. The Sale of the 18th April has already closed at 10.1 million with the Ex. Estate catalogue having closed seven days early. (The Ex. Estate catalogue of the 26th closed yesterday eight days before the due date.) Crops are reported to be coming in well from all parts of the Island and large Sales are expected to continue until the end of June or early July.

Rebate Scheme

The lower price limit applicable to the Tea Export Duty Rebate Scheme has been raised to Rs. 1.10 This will take effect from the Sale of the 4th April, 1971. The various rates of Duty Rebate are given below:—

Price fetched per lb. at Colombo Auctions	Rate of Rebate Low & Medium Grown
---	-----------------------------------

Rs. cts.	Rs. cts.	cts.
1.10 to 1.19		-19
1.20 to 1.29		-18
1.30 to 1.39		-17
1.40 to 1.49		-16
1.50 to 1.54		-15
1.55 to 1.59		-14
1.60 to 1.64		-13
1.65 to 1.69		-12
1.70 to 1.74		-11
1.75 to 1.79		-10
1.80 to 1.84		-09
1.85 to 1.89		-08
1.90 to 1.94		-07
1.95 to 1.99		-06
2.00 & over		-05

The Rate of Rebate for high grown is -05 cts for all prices ranging from Rs. 1.10 to Rs. 2.00 and over.

MINOR CROPS FULL EXPORT POTENTIAL NOT REALIZED

Though exports of Ceylon's minor agricultural commodities have shown an upward trend recently, the full export potential has not been realized yet.

In this connection it would be relevant to note the growth in world spice trade based on a recent market research study made by the International Trade Centre, Geneva.

The report reveals that the imports of ten leading spice importing countries in the world increased from 131,440 metric tons in 1964 to 178,569 metric tons in 1968 or an increase of 36% in five years. The leading spice importing

countries are the U.S.A., Canada, Federal Republic of Germany, France, Italy, Netherlands, Belgium, U.K., Switzerland and Japan.

Rising trend

A striking feature that can be observed in all these markets is the constant rising trend. Also it is observed in terms of relative importance of individual spices pepper shows the most significant growth rate. In all the important spice importing countries advertising plays a vital role. Rigid quality control too is necessary.

If Ceylon is to progress in export of spices, the new department set up under the Ministry of Plantation Industry must make an all out effort to capture a share of this rapidly expanding market.

This publication in an earlier edition highlighted the excellent demand for products like cashew, pineapple and passion fruits in affluent countries based on authoritative findings of the International Trade Centre.

BUSINESS OPPORTUNITIES

The following German firms seek business connections in Ceylon. Their export products are indicated below:-

Gebr. Dohle
518 Eschweiler
Postfach 150
West Germany
Special Industrial Sewing Machines

STAHLEX
4 Duesseldorf
Postfach 7708
West Germany
Machinery for the Textile Cosmetic, Plastic, Food, and Aerosol Industry

COMPANY MEETING REPORTS

The Economic Times regularly features Company Meeting Reports.

Annual Reports of Companies may be addressed to:

Editor, (Company News)
C/o. The Economic Times
(1st Floor.) 157,
Jayantha Weerasekera
Mawatha,
Colombo

K. Ch. Schlenker KG
7220 Schwenningen
Dickenhardstr. 57
West Germany.

Mini Bandsaw Range for the Do-it-yourself Clockmaker

Josef Uhlmann KG
7958 Laupheim
Postfach 380
West Germany

Packing Machines for the Pharmaceutical Industry

Star-Minen Schreibgeraete
775 Konstanz
Postfach 721
West Germany

Ballpoint Refills

Adolf Bockemuehl
5283 Bergneustadt
Postfach 95
West Germany

Special Accessories for Spinning Machines

W. Ferd. Klingelberg Soehne
2 Hamburg 1
Steindamm 91
West Germany

Machines for Gear Production Gear Cutting Tools Gear Testing Equipment

Deutsche Industrieanlagen
1 Berlin 48
Fritz-Werner-Str.
West Germany.
Plant for the Extraction of Fibre from Banana Stems

Export Opportunities

The following firms are interested in importing from Ceylon the products indicated below:-

Kasho Co. Ltd.,
4th Floor, Chunkei Bldg.,
24/1, Chome Hijal—Cho,
Nakamura—Ku,
Nagoya, Japan.

Timber—Gr. I: Satin, Jak,
Palm, Rani, Suriyamaru
Gr II: Dun, Alubo, Liyan, Hora

Import Manager,
Nanamy Trading Co.,
4th Floor, J wato Bldg.,
No. 3, 1—Chome,
Hakataki Minami,
Fukunaka City, Japan.

Frozen Tuna fish

M/s Clayton Dewandre Co. Ltd
P.O. Box 9, Titanic works,
Lincoln, England.

Round braid cotton spirit wicking.

Mr. A. P. Boylan,
100, Wheel Rose, Porthlennis,
Helston, Cornwall.

Preserved crustacean of all kinds, preferably for maldaye dried.

PLANTATION INDUSTRY

Scientists urge emphasis on all crops

At a recent seminar in India, South-East Asian agricultural scientists have expressed the opinion that the green revolution, now confined to wheat crop only, could "act as a catalyst to transform the entire agricultural economy of the country."

The scientists, felt that if the emphasis could shift from wheat to other crops, more employment potential would be created. They said adequate quality food could be made available to the people and the country could quickly do away with food imports and instead start exporting foodgrains in the future.

The scientists agreed on the need for a strong national research programme in each country. Besides developing new varieties and cultural practices, the agrarian economies of the region should experiment with alternative crop rotations and systems of farming and conduct micro and macro-economic studies useful in agricultural planning.

The scientists shared the view that to bring about a fresh breakthrough, the national and regional research organisations, the agricultural universities and private sector research organisations should increasingly collaborate for better co-ordination and pass the results achieved in laboratories quickly to the fields.

SHARE MARKET REPORT

There was a little more activity on the Share Market as a result of sellers reducing their selling limits, according to the Report issued by the Colombo Brokers Association.

	Previous		23rd March	
	Rs.	cts.	Rs.	cts.
Teas				
Mayens ..	3.25	3.25		
Nahavillas ..	3.50	3.50		
Poonagallas ..	5.00	5.50	+	.50
Wanarajahs ..	5.75	5.50	-	.25
Welimadas ..	5.00	5.00		
Tea-cum-Rubbers				
Kuttapitiyas ..	3.25	3.00	-	.25
LLP's ..	3.00	3.00*		
Neuchatels ..	4.25	4.00*	-	.25
Commercials				
Cey. Brewery ..	18.25	17.75	-	.50
Cold Stores ..	9.75	9.75		
Ceylon Tobaccos ..	17.00	17.00		
Acme Aluminiums ..	33.00	14.00	-	19.00
Browns ..	9.00	9.00		
Rowlands ..	5.00	4.75	-	.25
Wellawatte Mills ..	5.50	5.50		
Lambrettas ..	6.00	5.00	-	.50
Hunters ..	1.00	1.00		
Hotel International ..	30.00	30.00		
Ceylon Theatres ..	13.50	8.50*	-	5.00
Shaw Wallace ..	12.50	11.00	-	1.50
Investment Trusts				
Ceylon Investments ..	7.50	5.50	-	2.00

There was no business in Rubbers and Coconuts. There was also no business in Preference Shares and Government loans were dull. Application list for Rs. 50 million Ceylon Government 9% Loan 1981/83E opened on 16th March.

Ceylon Govt. Loans: 3 1/2% Loan 1976/80 B Rs. 64.60*, 3 1/2% Loan 1976/80 D Rs. 64.90, 3 1/2% Loan 1979/83 Rs. 57.10, 3 1/2% Loan 1980/84 B Rs. 54.60, 4 1/4% Loan 1981/85 B Rs. 58.30.

The following were quoted ex-dividend—St. James (Uva) Tea Co. Ltd.—25% First and Final to be notified; Mahagama Rubber Co. Ltd.—15% Final on 19.3.71; Pimbura Rubber Co. Ltd.—12 1/2% First and Final on 23.3.71, Labugama Rubber Estates Ltd.—7 1/2% First and Final on 6.4.71.



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FROM THE CHAMBERS

Import of raw materials— No change in procedure

The Ceylon Association of Manufacturers, in a recent Memorandum to the Chairman, Sri Lanka Trading Corporation, outlined the difficulties and problems encountered by industrialists in conforming to Governmental requirements in regard to the import of raw materials by the State Trading Corporation.

Consequent to these representations it is understood that the import of raw materials will be dealt with by the Director, Regulations, Ministry of Industries and Scientific Affairs without a change for the time being, and it would not be necessary for judgments to be forwarded to the Sri Lanka Trading Corporation.

Excerpts of the Memorandum are given below:—

"Whilst few problems may be experienced by certain industrialists who import a limited range of raw materials and components amounting to less than 20 from one or two suppliers, other industrialists require a range of materials and components running into thousands which are imported from over 150 different suppliers.

* It is practically impossible to furnish all the particulars called for and present them in the desired manner within this period of time allowed.

* Market prices fluctuate and time is necessary to search different suppliers in various countries to obtain the products at economical prices.

* The Industrialists have to negotiate with their Sup-

pliers regarding specifications quantity, prices, etc.

* In keeping with the Government's policy, if credit terms are to be negotiated, further time will be required.

It is impracticable to give the full year's requirements due to:—

(a) Variations in market demand which would determine the pattern of production and therefore the quantities of each item of raw materials required. Generally 60% of demand is reckoned as basic and 40% is variable.

(b) In certain industries the raw materials are ordered to meet specific customer demands e.g. Government tenders or special Manufactures.

(c) The manufacturer may be called upon to change raw materials used to adjust himself to improvement in techniques of production"

Declining trend in population growth in Ceylon

The declining trend in population growth continued in 1970. Ceylon's experts in demography are however sceptical about the impact of this decline on overall economic development. They maintain that the rate of decline recorded in successive years is insignificant.

According to the Annual Reports of the Central Bank the rate of population growth has declined as follows:—

1966	2.5	per cent
1967	2.4	" "
1968	2.3	" "
1969	2.2	" "
1970	2.1	" "

THE ECONOMIC TIMES

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SOVIET - INDIAN CO - OPERATION

Moscow

The Soviet Union and India, this year, began realization of a new five-year trade agreement. Trade exchanges are expected to grow considerably by 1975, according to a Tass report.

The optimistic forecasts are based on past experience. According to India's estimates trade turnover grew from 13 million rupees in 1953 that is from the time since the first trade agreement was concluded by the two countries, to Rs. 3,330 million in 1970.

India now holds second place (after Egypt) in Soviet foreign trade with the developing countries.

First in Soviet exports come machines and equipment including complete plans. Soviet technical aid is given to India metal-working, machine building, oil producing and refining as well as the petrol chemical and fertilizers industries.

Soviet participation in advancing Indian agriculture is seen in the increases of sales of tractors, combines, equipment, and mechanisms for farms.

There will be a greater share of industrial equipment in Soviet imports from India over the five years (1971-1975). The Soviet Union intends to

buy more items of the electrical engineering and machine-building industries, including electric motors and excavators.

INDIA'S EXPORTS: ALL TIME HIGH

New Delhi

India's exports soared to an all-time record of Rs. 151.27 crores in December 1970.

This means that exports grew at the rate of 5.2 per cent, in April-December 1970. As a result of this impressive performance, the Foreign Trade Ministry is now confident of exceeding the export growth target of 7 per cent, in the current financial year. This is in stark contrast with the general pessimism prevailing in the Ministry only three months ago. At that time, largely because of the Calcutta dock strike, it seemed that exports would fall rather than grow by 7 per cent. In the first six months of the financial year, the fall in exports was 3.2 per cent.

However, a dramatic change took place in the third quarter of the year. Exports rose to Rs. 129.5 crores in October, rose again to Rs. 138.4 crores in November, and broke all records at Rs. 151.27 crores in December.

While exports have skyrocketed in the last three months,

imports have continued at a muted rate. In December, imports came to only Rs. 132.26 crores, thus leaving the country with a record trade surplus of Rs. 19.01 crores for the month.

The cumulative figure for exports and imports in the period April-December are Rs. 1097.38 crores and Rs. 1214.74 crores respectively, leaving a trade gap of Rs. 117.36 crores. This is an improvement on the position for the corresponding period of the previous year, when the trade gap stood at Rs. 129.47 crores.

BOOM TIME FOR ROMANIAN READYMADES

Budapest

Romania's ready-made garment industry which accounts for an important share in her light industrial sector, last year showed a 11 per cent increase in output while exports rose 13 per cent compared with 1969.

A great variety of models satisfying the most exigent buyers are now being produced for export by specialised Romanian enterprise.

The goods which enjoyed wide popularity last year were those made of mixed polyester and cotton or staple fibre, including waterproofs men's shirts women's and girls dresses, pyjamas and men's noncrease trousers.

Romanian readymades were last year exported to over 35 countries chief among them being Britain, France, Canada

world's largest tanker, the 372 400-DWT "Nisseki Maru" for the Tokyo Tanker Co. Ltd. (Nihon Sekiyu Group) got under way at the No 1 Works of IHI Kure Shipyard recently.

After completion, the tanker will be engaged in transport of crude oil between the Nihon sekiryu groups CTS (petroleum storage base) at Kiire Town in Kynshu's

The tanker will be Japan's first ocean-going ship to have women crew members among the complement on board. Boarding the taker will be a four-woman team consisting of one nurse and three members who will be in charge of meals, etc. This team will be replaced by another similar team in a comparatively short period.

Meanwhile, IHI received an order from the Globtik Tankers Limited of England in April last year for a 477, 00-DWT tanker far exceeding the "Nisseki Maru" in size.

Work on the tanker is scheduled to begin at Kure Shipyard's No.1 Works in February 1972, and is to be completed in February, 1973. Following completion, the tanker will be chartered by the Tokyo Co.



the Federal Republic of Germany, Libya, the U. S. A. and the USSR.

MOBILE FARM LABOUR PLAN SUGGESTED

New Delhi

The Director of the Indian Agricultural Research Institute, has suggested that the income of landless labour can be increased by moving them in an organised way to irrigated areas during the harvesting seasons.

In these areas, the multiple cropping programme is now being popularised which he claims will more than double the labour intake capacity of agriculture.

An organised seasonal labour deployment to irrigated areas has to be effected pending the spread of new technology of dry land farming which is now underway.

The employment problem was usually discussed mainly in relation to the educated youth but the Director stressed that the more serious problem would be the employment of the semiliterate and the literate. During 1971-81 nearly 60 million additional jobs would be needed for the work force out of which over 40 million

would be in the agricultural sector, he estimated.

The organised movement he proposed would not only help reduce the problem of unemployment but also expose the labour force to recent advances in crop cultivation.

EEC MEDIUM-TERM CREDIT SCHEME TO TO BEGIN NEXT YEAR

Brussels

The common Market's new \$ 2,000 m. medium-term credit system adopted by the six Governments as part of their first step towards economic and monetary union is to become operative from January 1972.

The Scheme designed to provide financial assistance for member states in balance of payments difficulties will initially run for four years, after which it will be automatically renewable every five years. The new arrangement complements the short-term monetary system for which the first \$ 2,000 m. was made available adopted by the six last year.

The maximum quotas that the individual States can be called on to provide are identical under both systems. They are shared out as follows: France and Germany \$600m, each Italy \$ 400m, Netherlands \$200m, Belgium and Luxembourg \$ 200m.

Once the new Scheme is effective member countries in balance of payments difficulties will have to consult their partners before seeking medium-term loans outside the community. The Six's Monetary Committee will then look into the possibility of implementing the Community Aid System and examine the need for Co-operation with the I.M.F.

\$1 MILLION ORDERS FOR TRISLANDER

Only six months after the maiden flight, Britten-Norman has just announced the first orders, worth more than £1 million for its new three-engined Trislander aircraft.

Altogether 11 firm orders have been received. The list includes customers in North, Central and South America and in the Caribbean, and the company says it is currently negotiating 14 more sales.

The Trislander is a "stretched" version of the highly successful twin-engined Islander, and has a third piston engine built into the top of the aircraft's strengthened tail fin and an extra 90 inches of fuselage.

Shipping & Aviation

BRITISH SHIP FOR MALDIVES WILL CALL AT COLOMBO

With a grant of £214,000 provided from British aid funds in support of their development, the Republic of the Maldives has purchased from Ellerman Lines the cargo ship "S. S. Castilian". This ship of 5,400 tons deadweight and 377 feet overall length, was built at Glasgow by Alexander Stephens in 1955.

It will be re-named "Maldivian Freedom" and, as part of

a planned replacement programme, will take its place in the tramp service already operated by the Republic between the Maldivian Islands, Ceylon, India Pakistan, the Persian Gulf and the Red Sea. This operation provides the Maldivians with essential foreign exchange savings and employment for several hundred Maldivian seamen.

WORK ON THE WORLD'S LARGEST TANKER BEGUN

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CEYLON'S EXPERIMENT WITH IMPORT SUBSTITUTION

The advice given by pessimists was to turn inward and develop import-substitution industries. The ECAFE representative at the 1960 IEA conference in Japan spelled this out, saying:

"... all unnecessary imports, including luxury goods, (must) be cut out and goods imported (must) be replaced, if possible, by domestic production. The import substitution becomes necessary if a drastic reduction in consumption is to be avoided, but this is under the present conditions possible only with a certain degree of government encouragement and protection.... The government intervention in trade flows constitutes, therefore, one of the indispensable instruments for the policy of resource allocation."

This same analyst held up Ceylon as an example of a country that was planning its development properly. The Ceylonese had worked out a ten-year plan. One of its features was that it allocated 26% of total investment to the development of industry and power and only 9% to the main export crops.

Some thought that it was economically unwise to divert resources away from those areas of production in which the country enjoyed a relatively high degree of efficiency. But those who were convinced that the time had passed when countries could enjoy an adequate rate of growth by heeding comparative advantage argued that Ceylon, and other similar countries, were headed for trouble if something drastic was not done to change the pattern of exports and production. They argued that only by following a policy of import substitution of manufactured consumer goods and food could these countries develop at a reasonably rapid rate and narrow the income gap between themselves and the developed countries. The expectation was that the decision to invest in what appeared to be uneconomic industries would be validated over time because of the indirect as well as the direct benefits that would ensue and because of changes in supply and demand for various goods over the longer run.

What the proponents of this policy failed to consider adequately was the impact of the policy they advocated on export capabilities. They envisaged import substitution running in tandem with export expansion. They thought exports would grow at about the same rate as in the past, or a little faster, even though the major part of investment was being concentrated on industries

that admittedly had no prospect of contributing to the export growth. Ceylon was held up as an example of a country that was going to prove the wisdom of this policy in 1960. Ceylonese experience, however, has proved its folly.

Ceylon was not one of the more dynamic exporting countries in the 1950's. In that decade her exports grew by only 1.6% a year. It was certainly desirable that something be done to speed up growth in the future. However, the policy prescriptions that have been followed, contrary to expectations, have moved Ceylon's export trends in the opposite direction. Ceylon's exports have declined by more than 11% since 1960. Since the import-substitution industries depend heavily on imported supplies, the failure of export earnings to expand caused serious problems for these industries. A 1968 survey showed that over half of the value of manufacturing production in Ceylon consisted of the value of the raw material inputs, and two thirds of the raw material had to be imported. In basic metals over two-thirds of the value of the output consisted of imported materials utilized by the industry.

The Central Bank of Ceylon has provided a candid statement of the dilemma that Ceylon found itself in, saying:

A larger volume of imports of intermediate and investment goods was required to sustain the program of import substitution in particular and economic development in general. But the exchange reserve position especially in 1964 and 1965 did not permit of even a moderately liberal importation of these goods thus causing a further fall in domestic production.

The bank went on to say that one of the principal factors that had inhibited growth in the manufacturing sector prior to 1968 had been the inadequacy of raw materials due to import restrictions. It noted that because of this, many establishments had been working well below full capacity.

Ceylon has been temporarily rescued from this dilemma by the infusion of a substantial amount of foreign aid, permitting some liberalization of imports in 1968. However, there is no sign of progress toward a fundamental solution of the problem created by the over-concentration of resources in industries which push up import demand while neglecting the development of the efficient sectors which might earn foreign exchange.

In contrast with the countries that have done well, such as Korea, Taiwan and Thailand, Ceylon is just as dependent on three export items today as it was ten years ago. Tea, rubber and coconut products accounted for nearly 90% of export earnings in 1968, about the same ratios as in 1958. Far from solving the problem of slow export growth, import substitution has made it worse.

By

REED J. IRVINE

(Adviser in the Division of International Finance and Chief of the Asia, Africa and Latin America section of the Board of Governors of the Federal Reserve System).

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WHITE ELEPHANTS ARE HARD TO KILL

This is a common problem for countries that have gone in heavily for import-substitution policies. Those who advocated these policies ten years ago were not entirely unaware of the danger. The ECAFE representative at the

IEA meeting in 1960 noted that in some cases indiscriminate and excessive protection would shelter and promote inefficiency. His advice was for governments to avoid this by being "flexible and adaptable to changing conditions."

This is not very specific advice. Few countries have been able to show flexibility and adaptability once they have invested large sums in inefficient, uncompetitive industries that employ large numbers of people and are highly visible. For example, Ceylon has two sugar mills, both owned by the government, which have from their establishment several years ago operated well below capacity because they lack an adequate and regular supply of cane for crushing. The government-owned textile corporation's mills have operated well below capacity since its establishment in 1958. In the last four years its earnings on investment, even with protection, have ranged from 1.3% to 3% a year, not a princely return. Adaptability and flexibility would probably mean abandoning the sugar mills and drastically shaking up the textile operations, if not liquidating them. But his is easier said than done.

One of the most important lessons to be learned from the experience of the last decade

is that import substitution policies are not the remedy for slow export expansion that many believed them to be. On the contrary, they may, as in the case of Ceylon, worsen the export performance and seriously reduce productivity in the economy.

A second lesson is that it is easier to avoid creating inefficient industries than it is to get rid of them once they are created. This is especially true when the industries are publicly owned and operated.

These are lessons that have cost countries like Ceylon a heavy price. Unfortunately it is the peasants and the workers that will have to pay this price, as Milovan Djilas pointed out in his perceptive book, *The New Class*, published in 1957. He said:

Planning takes very little account of the needs of world markets or the production of other countries. Partly as a result of this... governments take too little account of natural conditions affecting production. They often construct industrial plants without having sufficient raw materials available for them and almost never pay attention to the level of prices and production. They produce some products at several times the pro-

duction cost in other countries. At the same time, in above average production neglected. Entire countries are being developed, though world market is feited with the it will produce. The people will have to all this....

THE DECLINE OF CENTRAL PLANNING

Djilas, while not a professional economist, is a perceptive observer of the consequences of import substitution policies, which an important ingredient of central planning. Unfortunately, his other writings were not heeded. Planning became a compulsory for the country wanted to obtain aid in the early 1960's. saw a lot of the kind of planning that Djilas described. took little account of and supply in world that did not give attention to the obtaining needed materials supplies from abroad gave little weight to costs and efficiency. India was the example to hold up for others to follow. India was going to show the less developed world "take off."

DEMOGRAPHIC REVOLUTION IN CEYLON (Part I)

In the case of education, savings take a little longer to build up because of the delay before the decline in fertility affects the number of school entrants. But subsequently the benefits of a decline in fertility build up rapidly. The results of the Jones-Kayani study indicate that by 1988 primary school enrolments would have to be 70 percent higher if fertility stays constant than if it falls rapidly; total costs of primary and secondary education would be approximately 50 percent higher. Over the 30 year period from 1968 to 1998, the educational status quo can be maintained at a saving of Rs. 6,239 million if fertility falls rapidly or almost 16 times the entire expenditure on education in 1969. During the first 10 years savings would approximately equal the total 1968 expenditure. (Jones and Kayani, August, 1970).

The effect of varying rates of population growth on the costs of public transport in Ceylon has been the subject of a recent study by Jones and Selvaratnam. (Jones and Selvaratnam, October 1970) This study shows that the size of the annual deficits would increase very rapidly

such that by 1978 receipts cover only between 76 and 80 percent of the costs and by 1988 only between 61 and 64 percent of costs. However, trends in population growth do not make a great deal of difference to the gap between costs and revenues, particularly during the first ten years. Since trends after that period are so uncertain, and since a fare increase will almost certainly have to be introduced by that time, it would be unwise to make very much out of the differences between the high and low projections after 1978.

The Selvaratnam-Jones study on the impact of alternative population growth rates on the food subsidy programme shows that the cost of the food subsidy would increase much more rapidly if fertility remains constant at the 1968 level. The total savings resulting from a decline in fertility would amount to some Rs. 2,700 million or slightly more than the savings resulting in the health field if the health status quo is maintained.

Disturbing aspects

The general message of these studies is very clear but dis-

turbing. If the current high rates of population growth were to continue, we will be compelled to spend an ever-growing larger share of our potential income just to maintain the existing levels of social services, and there will be hardly any resources available for our programme of economic development which is pointedly begging more serious attention. The rapid expansion in population which

There will also be an increase in our demand for aid and trade concessions. More will perhaps be needed to maintain the present rate of development. the future prospects of population appear ominous, foreshadowing economic deterioration or collapse.

I do not, however, want to sound a pessimist and alarmist. I must say that I still hope for our economic salvation, for improving present low levels of living and, for leading our people towards plenty and prosperity.

If we can see disturbing trends squarely, if we can identify the problems, if we are willing to take effective measures to overcome them, we can surely prevent the haunting presentiments from becoming realities. The several diseases to which we are referred earlier and which have warned us of the dangers of high rates of population growth

By

S. SELVARATNAM

Dy. Director, Respective Planning Division, Ministry of Planning and Employment

we are likely to experience in the future will not only tend to reduce the flow of investment funds; it will also mean that the capital available for investment in industry and agriculture will have to be spread thinly over the labour force. In other words, each pair of working hands will be backed only by a few rupees of capital, with the result that productivity will suffer and living standards will go down instead of going up.

STITUTION

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CLINE OF CENT- L PLANNING

while not a profes- nomist, had been ve observer of the es of import-sub- olitics, which were ant ingredient of lanning. Unfortun- other, similar warn- not heeded. Central became almost ob- the countries that obtain American early 1960's, and we f the kind of plan- Djilas described— or production that account of demand in world markets, ot give adequate to the problem of eeded materials and om abroad, that weight to prices, efficiency. In example that was others to follow. oing to show the ed world how to

Not everyone was enthusias- tic about the Indian model. P.T. Bauer published a criti- que of our aid to India in 1960 in which he made the following criticisms of the Indian Third Five-Year Plan:

1. Provides for excessive expenditure on heavy industry regardless of cost and prospective.
2. Provides for too little expenditure on agriculture in the face of the manifestly urgent need to increase agricul- tural productivity.
3. Imposes severe restric- tions or complete bans on the supply of imported and even domestic consumer goods in the face of an urgent need to raise living standards and provide an incentive for agricul- tural production.
4. Restricts expansion of efficient industrial capacity and subsidizes inefficient produc- tion and distribution.
5. Excludes private Indian and foreign investment from a wide range of industrial and commercial activity despite an urgent need to encourage such activity in the most efficient way.

Contd on page 8

Part IV)

so be an increase and for aid and sions. More aid be needed just the present slow elopment. Thus, prospects of our appear ominous, g economic de- r collapse.

however, want to essinist and an must say there is r our economic r improving our evels of living e our people y and prosperity. e disturbing facts e can identify f we are wil- ffective measures hem, we can e haunting rom becoming e several stu- h, referred to hich have war- e dangers of high population growth

have also given us hope for optimism. They have shown us a way out of these difficul- ties by pinpointing the ad- vantages of a slower rate of population growth.

•A more slowly growing po- pulation would have an im- portant and favourable effect on the age-structure by lower- ing the proportion of depen- dent children. With the size of the potential labour force remaining unaffected in the short-run, total output would be at least as high as it would be if there has been no reduc- tion in the rate of growth of the population. But as the given total output would be distributed among a smaller number of persons, income per head will rise relative to what it would be had no decline in growth rate taken place. Be- cause personal incomes would be higher, a higher proportion might be expected to be saved. A slower rate of population growth will enable a larger proportion of the income be- ing released for investment in industrial development and agricultural expansion and thus help to accelerate the pace of economic development.

Contd on page 8

What ails the youth of today? My answer is: The fact of being young. It would be a calamity if in our dealings with or even in our thoughts about the young we missed the fact of their being young.

There have been times, when 'to be young was every heav- en.' However, there are times when it may be nothing short of 'very hell.' The young, at least some of them, would not only not shirk but accept a hellish human situation if only to turn in it into 'very heaven.'

Those born in the atomic age have not had the impact on them of the Second World War, nor that of the cold war. They find themselves in a world which lives under the constant threat of self-annihilation. The unprecedented technologi- cal advancement, even the landing of man on the moon, leaves them, so to say, cold, for they see that man is as far as ever from mastering the difficult art of coming closer to other fellowmen. They feel that millennium is round the corner, if only those who are at the helm of public affairs knew how to put tech- nology to the service of man. They find the channels of love getting choked, if not dried up. They feel frustrated and aliena- ted: they feel robbed of the significance of life. They wonder, whose creation this hell is.

It is a healthy sign that youth, the world over, has, for the past three years has reacted instinctively to the contemporary human situation. It is an assertion of the life- spirit. However, this exist- ential phenomenon displays on examination a crisis of the spirit. In spite of some ap- parently crude features that go with the stir of the spirit of youth, there is something far more finely human in it than in war-time and cold war social philosophies. Above all there is a genuine, unadulterated, craving for justice, a reaching out for a juster world, which the ideologi- es and socio-political sys- tems, developed hitherto, have failed to deliver.

It seems a new ethos is emerg- ing. What are the contours of this ethos?

Firstly, there is a spirit of irreverence, utter distrust for the establishment, an urge for social non-conformity. Bob- Dylan, one of America's gui- tar-slinging prophets puts it forthrightly:

Come Mothers and Fathers throughout the land And don't criticize what you don't understand Your sons and daughters are beyond your command.

This predilection is manifest in the out-of-the-way cos- tumes, in mini- (and now maxi-)

skirts of girls, in the boys wearing long, if not floating hair. This summer, in two far-eastern countries, hundreds of youths were forcibly given a close crop by the police and their parents were made to pay four times the charge for it. In eastern India the statues of respected leaders are being torn down of late. It is not a case of absent-mindedness such as that of the Oxford students of the 20's. John Betjeman laconically says:

And then we smashed up every- thing and what was the fun- niest party, We smashed some rather rot- ten odd pictures Which were priceless works of Art.

Youth: Its emerging ethos

Indian youth breaks the statues studiously. He per- haps wants to show his dis- pleasure more against the hy- pocrisy of those who swear by the great leaders of the past than against those leaders themselves; in short he means to hurl the insult at the living rather than the dead.

Natural Corollary

Defiance flows as a natural corollary from irreverence. The French student leader, Danby Cohn-Bendit, interviewed Jean-Paul Sartre, in the sum- mer of 1968, made a very pre- gnanant observation: "This is what matters, that the largest possible number of students say, 'So what?'" Evidently they have a different reference- frame.

The defiant students protest, in America for example, against racial discrimination i.e. civic rights, Vietnam war, povrty. They seem to say: so long as you discriminate the black from the white, fight a war in Vietnam and Cambodia, do precious little to eradicate po- verty, you have no claim to our respect. If elders, oblivious of the presence of these things, raise an alarm about the crumbling of other values, the young people's natural rejoinder is 'So what.'

Defiance does not stop at mute question-marks, or ver- bal protests. Youth, the stu- dents, take to action. Acti- vism, the dynamic of action, is more often than not fraught with violence. Youth evinces even an appetite for violence. In an American film *Incident*, a delinquent youth on being asked by his associate why he took the life of the victim by protracted stabbing rather than with one stab, said: "I like it thus."

A rebel differs from a de- linquent inasmuch as he acts under the inspiration of a

Student unrest is not peculiar to America, India or Cey- lon—it is almost universal. Youth, the world over, is in re- volt today: what provokes them? what are their motives or what makes them so impatient?

The author analyses these problems objectively and dis- passionately. And this analysis should provide politicians and those at the helm of affairs much food for thought. (Editor)

'noble' cause. Prof. John Searle, who has acted as a special assistant to the Chan- cellor for Student Affairs at the University of California, says that the students, after successfully forcing the au- thorities to call the police on

the campus, experience an euphoria and adds, "In Berk- ley the student health service reported in 1964 a sharp de- cline in the number of students seeking psychological and psy- chiatric help."

There is all the difference between the spontaneous out- burst of student revolt like the one at Sorbonne and an engineered 'cultural revolu- tion.' As John Gardner has warned, "What corrodes a society even more deeply than violence itself is the accep- tance of violence."

By

UMASHANKAR JOSHI

(From the address delivered at the Eighth Convocation of the Jodhpur University).

Surveying the campus crisis in India, Edward Shills ob- serves that the youth "attacks all sorts of secondary authori- ties—Vice-chancellors, collec- tors, police officers and their quarters, bus-drivers, post offi- ces and railway stations." Even the Naxalite guerillas engage themselves in sporadic acts of violence against "se- condary authorities" which betrays a sense of desperate- ness and ineffectiveness. Per- haps Che Guevara was right in suggesting that guerilla ac- tivity could not continue un- less supported by the rural peasantry. The rural mas- ses in India being the least likely to be used as a violent force, terrorism would only peter out.

Modes of behaviour

It is interesting to note that the present world situation

provokes youth into two op- posite modes of behaviour, that of the hippy and that of the radical. The radical wants to change from the outside. He does not want merely a patch work, he is prepared even to destroy in order to rebuild. The hippy is rather an introvert. He perhaps pro- poses to change from within and has the slogan, 'make love, not war.' The radicals also, though not votaries of Gandhian non-violence, are firmly set against warfare. Pa- radoxically enough, there is a kind of finer adherence to non-violence and a more deep- rooted aversion to all kinds of violence in human beha- viour in the new generation. Never was violence more dis- credited in the human family as today.

The sporadic and episodic activism of youth tends to highlight their primary urge, the urge for change in favour of social justice. Cohn-Ben- dit told Sartre, "We have des- troyed the first barrier: the myth that 'nothing can be done about the regime.'" He then adds that the young peo- ple know that it is "an experi- ment that will not last, but which allows a glimpse of a possibility: something which is revealed for a moment and then vanishes. But this is enough to prove that this some- thing could exist."

It is possible to see in the world of today the rise of youth power, student power. With the right to vote being given at 18, it will be a stupen- dous power. Never was youth so impatient as today to par- ticipate in decision making at all levels. A sort of an allergy against gerontocracy is fast developing.

The government by the peo- ple of the people for the people is viewed—and who can say not rightly?—as 'government, by old people.'

DEMOGRAPHIC REVOLUTION...

(Contd. from Page 6)

While emphasising the importance of the population problem, it is not my intention to suggest that the comparatively low standards of living of our people has been caused chiefly by population increase and that by merely controlling the growth in numbers, we will be able to achieve a higher living standard. The experience of the West, since the Industrial Revolution, has shown that the economic progress of mankind is dependent, mainly on improved methods and on an increase in the supply of bigger and better equipment for the people who work on farms and in factories. Perhaps given the improvement in techniques and rapid accumulation of capital, Ceylon may be in a position to support at a higher standard of living, a population much larger than at present.

Import Substitution...

(Contd. from Page 7)

Subsequent developments have proven the validity of Bauer's criticisms. While India's exports have not fared as badly as Ceylon's, the country encountered very similar problems because of the overly ambitious investment program of the Third Five-Year Plan, which contributed little to export expansion. The neglect of agriculture proved to be disastrous. Grain production fell in 1963 and 1964, and food shortages caused critical problems. Large food imports became necessary. The industrial plants, like those in Ceylon, found themselves short of supplies and also short of demand for their products in many cases. They had to operate at far below capacity. Shocking discoveries were made with respect to the inefficiency of the public enterprises, which had absorbed so much of the investment. An inquiry ordered by the Ministry of Finance into the operations of the public sector industries reportedly found only one being run efficiently and making a profit. The enterprises run by the states were said to be in even worse condition. One of the worst was a bicycle plant run by the Mysore Government which in a three-year period managed to turn out only 322 bicycles, 2% of its installed capacity. The cost per bicycle was \$460.

The high hopes that were placed on Indian-style economic planning were badly disappointed. Another valuable lesson of the past decade is that it is not true that only planned economic development can hope to achieve a rate of growth that is politically acceptable and capable of commanding popular enthusiasm and support.

But a more moderate population growth would give us sufficient time and opportunity to develop our economy and maintain the larger numbers at rising levels of living.

There is still truth in the old adage that "with every mouth, there is also a pair of hands." But the fact, however, remains that empty hands can achieve very little and that these hands have to be provided with tools and machines if they are to produce the requirements of present day living. The more mouths there are, the less resources there will be available for producing our requirements or providing the instruments and machines.

It is essentially because a slower rate of population growth would permit a faster improvement in living conditions, that we in Ceylon should

It is respectable today to encourage the developing countries to learn from the examples of countries like Japan, Taiwan, Korea, Hong Kong, Thailand and even Pakistan. We cannot say that these countries have in all cases been rigid followers of the policies that derive from the law of comparative advantage. Except for Hong Kong, none of them have followed a policy of free trade. But at least they have avoided stacking the deck against the most productive and efficient sectors of their economies. They have given the export sector a chance to thrive. They did not determine in advance, by some recondite formula, what ought to be produced over the next five or ten years and force investment into a rigid pattern. They did not cut themselves off from world markets, and they did not ignore supply and demand, prices and costs. Perhaps the most important lesson of the development decade is that the law of comparative advantage was not repealed after all. The road to economic growth lies in increasing productivity. It is impossible in a complex and rapidly changing world for the economist to advise a government precisely how all the resources available in even as simple an economy as that of Ceylon can be most efficiently allocated. It is even greater folly to presume that we can foresee what the most efficient allocation overall will be far in the future.

One of the lessons of the 1960's was perhaps that Winston Churchill was right when he said, "It is a mistake to look too far ahead." Only one link in the chain of destiny can be handled at a time."

adopt a policy of population control. Such a policy should not be considered a substitute for, but as a supplement to, vigorous efforts towards economic and social development. Therefore the objective of moderating the rate of population growth over a reasonable period must be regarded as an essential element in our strategy for development.

There are only three possible ways in which we can deliberately plan to bring about a reduction in the rate of growth of our population to a level consistent with the requirements of our economy. These are to step up the migration rate, to increase the death rate or to reduce the birth rate. The first choice is wholly inadequate since migration on a scale significant enough to be decisive is not practicable. To-day international migration has virtually been halted because countries concerned with their own future crowding are understandably reluctant to complicate the situation by accepting more than a very limited number of foreigners. The few Ceylonese who succeed in obtaining citizenship of other countries are invariably those who have acquired specialised skills and training and whose services are urgently needed in our own country. The second alternative of attempting to limit population growth through planned increase in mortality must be ruled out on ethical, social and political grounds. Hence the only course appears to be a humane and rational reduction of the birth rate. In the same way that we have reduced the impact of nature's destructive forces through control of diseases etc, we should apply some check upon nature's productive forces.

Temporary phenomenon

It is true that during the past few years our birth rates have shown a tendency to decline, but this decline has been very very slow. In fact, as I observed earlier, some scholars have expressed the view that the recent decline in birth rate may only be a temporary phenomenon and that there is a likelihood of this rate returning to its original high levels. Even if the present slow trend were to continue, it will not be sufficient to reduce the rate of growth of the population to the extent desired within a reasonably short period. What we need is a very drastic reduction in the birth rate comparable to the reduction in the death rate that occurred after 1946. In other words, we should have another demographic revolution—I mean a

revolutionary decline in the birth rate.

Is it possible to bring about a substantial reduction in our birth rates within a few years? In most countries of the world, the decline in fertility has been achieved rather slowly as the social and economic level of the population improved and the population itself was sufficiently motivated to take action to control its fertility. In the Western World, birth rates actually began to decline even before scientific birth control techniques were brought into use.

The vast social changes that took place as a result of industrialisation, increase in the standards of living, urbanisation and spread of education were responsible for changing the attitudes of people towards family size. The introduction of "new techniques" only helped to accelerate the pace of fertility decline. Ceylon in its present position cannot afford to wait till economic advancement by itself would accomplish a substantial reduction in the birth rate in any feasible time-frame of the future. The gravity of the problem demands a more direct and conscious approach by the adoption of a comprehensive national family planning programme as an integral part of the development plan.

This does not mean that no attempt has so far been made to preach the gospel and spread the practice of family planning in our country. Pioneer work in this field was started by the Family Planning Association of Ceylon as far back as 1953, and thanks to the efforts of this Association, in Ceylon, family planning is no longer a subject discussed in private and practised by only a few. In 1965, the Government openly stepped in to support the family planning programme and to-day family planning work covering the entire population is a routine activity of the Ministry of Health and is integrated into its maternity and child health programme.

Studies carried out in various parts of the country indicate that a majority of the people are now aware of the need for family planning and norm of a small family of 2 or 3 children is finding acceptance everyday. But what has so far been done by way of family planning appears to be insignificant in relation to the magnitude of the problem. The evaluation studies undertaken so far show that during the first four years of launching a modest programme the performance has lagged behind targets. We have therefore to enlarge the scope

of the programme and step up considerably the pace of its implementation if we have to succeed in bringing about a remarkable reduction in the present levels of fertility.

The task before us is a challenging one. It requires the highest priority in official planning and it needs the fullest support of non-governmental and voluntary organisations. Numerous traditional, political and social factors will, however, continue to act as inhibitions and obstacles in the path of progress in family planning. The government alone cannot therefore sustain an effective programme or even formulate a bold policy. Enlightened public opinion in support of official policies is therefore an essential concomitant for success.

In conclusion, I wish to say that the total expenditure on family planning in Ceylon at the moment including foreign contribution is only Rs. 4.5 million a year and the local contribution constitutes only 0.1 percent of the Government budget. Recently Jones and Selvaratnam have estimated that the cost of a substantially expanded family planning programme would amount to approximately Rs. 506 million over the 30-year period 1968 to 1998. This cost will be less than one percent of the Ceylon's government current account budget for social services.

The Jones-Selvaratnam study has clearly shown that a family planning programme substantially more expensive would be justified in terms of the savings that would result in expenditures on education, health and food subsidies. "These savings, of course, do not exhaust the range economic benefits of such a programme, nor do the economic benefits of the programme exhaust the complete range benefits. Family planning programmes can be, and often are, justified without any reference to their economic benefits, but instead by reference to their contribution to the health and welfare of mothers and children, and their contribution to freedom of choice, particularly of women. There appears to be every reason why Ceylon should determine to build its national family planning programme over the next few years into one of the strongest in Asia. It is most unlikely that the relatively modest funds required would yield greater benefits in any alternative use." (Jones and Selvaratnam, November 1970).

CONCLUDED

Ceylon's Agriculture Development Plan(1971-'77)

The optimum yield from a coconut palm depends primarily on three factors—(1) the number of clusters produced per year, (2) the number of nuts per cluster, and (3) the weight of kernel per nut. If each of these components could be increased, very high yields could be obtained. There are however biological limits to these factors because they are largely controlled by genetic constitution and the environment. If there are methods of vegetative propagation as in tea, rubber and other crops, high-yielding clones could be established from the material that is available today. But, unfortunately coconuts can be multiplied only by seed at present and this entails a number of difficulties.

A significant advance in the use of high quality seed material by the Coconut Research Institute was made in 1964 when the Institute produced the entire requirement of seed nuts from mother palms. This meant an improvement in crop of around 12-15 per cent. High-yielding palms with desirable ag-

ronomic characteristics are selected and seed nuts collected from these palms are planted in a nursery and selected seedlings issued for planting.

A further advance has been in the use of hand-pollinated coconut seedlings. It is expected that such seedlings would generally give an increased crop of 25-30 per cent. However the operation of this controlled pollination is undertaken by manual labour and it is not possible at present to supply more than about 35,000 hand-pollinated seedlings per annum to the Industry. A pollen bank has been established in the Coconut Research Institute where pollen from pre-potent palms and dwarf palms are used. It has clearly been established that the palms produced from hand-pollinated seedlings, more specifically the "tall x dwarf" and "dwarf x tall" seedlings go into early bearing and are high-yielding — giving more kernel. Thus the distribution of better quality seedlings by the Coconut Research Institute is limited to the issue of (a) around 1.5 million seedlings from mother palms described

above, and (d) about 35,000 hand-pollinated seedlings.

The Coconut Research Institute has programmed for the issue of about 300,000 seedlings each year. These seedlings will have the same high-yielding properties as the limited quantity of hand-pollinated seedlings presently issued. This has been rendered possible through the Isolated Seed Garden Project which has been established for the mass production of quality seed and elite seedlings of high-yielding capacity. The project consists of a block of cleared jungle land surrounded through out by a 40 chain 'isolation barrier' of forest vegetation which provides adequate spatial isolation and prevents contamination of the palms within the garden with pollen from village gardens outside. It has been assumed that the progenies raised from artificial pollination would be high-yielding. It is expected that by 1976 the Coconut Research Institute would be able to complete the following programme in the Isolated Seed Garden at Ambakelle:—

- (1) Planting of about 150 acres exclusively with Tall x Tall hand-pollinated seedlings.
- (2) Removal and replacement of all sub-standard palms and maintaining a stand with good vegetative (phenotypic) characters.
- (3) Identification of a sufficient number of pre-potent palms within the Seed Garden to serve as pollen parents for the natural pollination of the selected palms within the garden.
- (4) Mass emasculation of palms other than the pre-potents.
- (5) Issue to the Industry of high-quality seedlings resulting from the natural inter-crossing of the selected female parents and the proved (genotypically superior) male palms.

Control of Pests and Diseases

Reliable data on the loss of crop due to pests and diseases of coconut in Ceylon are not available. Ceylon is fortunate in that the loss of crop due to pests and diseases has not been a serious problem. However, Red Weevil attack presents a serious pest problem in Ceylon, causing a decrease in yield. The section on research outlines the projects to be undertaken in the field of pest and disease control during 1970-77 by the Coconut Research Institute. It is proposed to intensify the education of coconut growers, particularly owners of small-holdings, in the preventive

aspects of Red Weevil attack. As for other pests and diseases, it is proposed to intensify the education programme for growers through the Advisory and Extension Service on early detection and treatment.

The Coconut Research Institute recommends the maintenance of a coconut stand of 64 trees per acre. It is observed that the majority of coconut small-holdings in Ceylon have on an average of 75 to 80 trees per acre. It would be unrealistic to insist on small-holders thinning down their stands to the recommended 64 trees, due to their obvious reluctance to lose income from their land. The act of cutting down a coconut palm on the ground of its being uneconomical something alien to the villager who has a traditional reverence to the coconut palm as a multi-purpose provider of benefits. However, a beginning must be made in this direction and it is expected that the Advisory and Extension Division of the Coconut Research Institute would encourage selective thinning of the poorer palms. A large percentage of the total crop of a block is generally derived from a relatively few palms, the variation in yield between palms being considerable. It has been reported that on a few estates the yield per acre has been increased up to 4,500-5,000 nuts/acre/year by a progressive system of selective thinning.

Improved Management and Cultural Practices

Another important factor in improving yields is management. Some estates have adopted improved management practices such as moisture and soil conservation, which have a decisive effect on yields. Even on undulating land it has been found that coconut does better when soil moisture is conserved by opening drains and burying coconut husks, either in trenches or in pits. It is difficult to assess the acreage which would require soil and moisture conservation drains, since these depend on rainfall, terrain and soil type. Soil and moisture conservation drains are necessary in heavy rainfall areas, mainly to prevent soil erosion, and in low rainfall areas, to conserve moisture in the soil. One can broadly assume that in the higher elevations about 80 per cent. of the lands require soil and moisture conservation drains, while in the lower elevations this extent would be around 70 per cent. The balance percentage of lands would not require soil conservation drains, either because they are low-lying and

We conclude the section of the Agriculture Plan dealing with the Coconut Industry. In our next issue we publish the development proposals relating to perennial crops.

or because on such lands adequate soil and moisture conservation measures would already have been adopted. Those estates which are at present not carrying out the practice of cutting moisture-cum-soil conservation drains should be encouraged to do so under the intensified programmes of the Advisory and Extension Division of the Coconut Research Institute. Husk-burying too will have to be encouraged.

Associated Crops on Coconut Lands

The problems so far discussed have been directed towards increasing productivity of the existing coconut lands. However, there is a further problem with regard to coconut lands, which can be considered in two ways. The first is that of associated cropping and livestock development on the land available under coconut. The need for such intensive forms of agriculture on coconut lands has been the subject of discussion in Ceylon for a long time. From a technical point of view, environmental factors such as water and sunshine are resources which must be exploited to the fullest advantage of agriculture. In the case of coconut, it is a relevant question whether in the conditions prevailing or can be secured, there is in fact the fullest exploitation of sunshine in relation to available water supply. Associated cropping is one of the obvious ways in which these natural resources can be harnessed for a system of intensive and diversified agriculture. Furthermore, considerations of national policy now demand that every part of the 1.15 million acres under coconut which can be brought under associated crops and livestock projects should be so used.

Associated cropping also recommends itself on the ground that it can improve income from coconut lands. This is vital in the case of small-holder who would otherwise have to depend on the restricted income generated by coconut itself. The last Agricultural Proposals when dealing with milk production proposed to intensify dairy farming on coconut estates in the Colombo, Puttalam and Kurunegala districts. This proposal however did not receive implementation. Nevertheless, from time to time, the prospects for growing paddy, vegetables and

Contd on page 11



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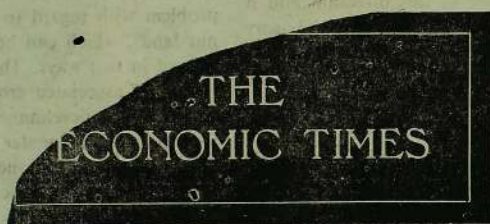
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Ministries and Government departments and State Corporations for the co-operation so readily extended to us in every sphere of our activity - whether in the news or advertising spheres.

Last, but by no means the least, we must thank the foreign Embassies in Ceylon for the unstinted co-operation extended to us at all times.

We look forward to receiving the same encouragement from all these sources in the years to come.

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AGRICULTURE PLAN...

(Contd from Page 9)

several other crops have been discussed. Efforts of an experimental nature have also been made in growing some of these crops under coconut. The prospects for pasture and dairy cattle and the rearing of sheep under coconut has also been receiving some attention.

The case for associated systems of agriculture on coconut lands is obviously a sound one. Inter-cropping on coconut land frequently results in an increase of production from the coconut palms themselves, as a result of better cultivation of the land, better weed control and the benefits from the additional dosages of fertilizer so essential for inter-cropping. It is also a recognised way of utilizing under-utilized resources of land and labour that are often available in the coconut growing areas. Where coconut is the only source of cash income, successful inter-cropping can reduce the adverse effects of natural calamities such as cyclones, and pest and disease attacks which do not usually affect all the crops at the same time and to the same extent.

Even though these general advantages have been realized for a long time, the extent of inter-cropping on coconut lands has so far been restricted. The cultivation of pineapple under coconut has now become an established system of inter-cropping in certain areas of the Island. In 1963 a loan scheme was introduced by Government for the cultivation of pineapple under coconut. This scheme was originally restricted to a few areas close to Colombo, where pineapple cultivation on coconut lands had already been established over the years. It is now proposed to extend the pineapple credit scheme to certain new areas at an enhanced rate of Rs. 950 per acre for new cultivation where a plant density of 10,000 is to be achieved. In addition, a loan scheme of Rs. 380 per acre is being made available for the maintenance of old pineapple cultivations under coconut.

A substantial programme for the cultivation of pasture under coconut has been proposed in the chapter on animal husbandry in this Plan. This programme is to be undertaken through the joint efforts of the Department of Agriculture, the estate-owners, the National Milk Board, the co-operative sector, the Coconut Research Institute and the Department of Coconut and Cocoa Rehabilitation.

A variety of other field crops dealt with elsewhere in this Plan can be grown in some areas under coconut. The Coconut Research Institute in association with the Department of Agriculture will be required to foster such a programme in selected coconut lands during the period of the present Plan.

A Programme for Coconut

A phased programme for coconut for the period 1971 to 1977 is given below:—

1. Fertilizer under the Coconut Scheme:

	Fertilizer	Subsidy
	Tonnage	
1971	..	62,000
1972	..	65,000
1973	..	68,000
1974	..	71,000
1975	..	75,000
1976	..	80,000
1977	..	85,000

The above estimates of fertilizer to be issued under the subsidy scheme do not include issues that will be made under the Citronella into Coconut Scheme. In fact, this latter scheme is likely to be wound-up in the very near future.

In the review section it was pointed out that fertilizer use had never reached the anticipated consumption during the

2. Issue of High Quality Seedlings by the Coconut Research Institute:

Issue of seedlings from mother palms	Issue of hand-pollinated seedlings	Issue of elite seedlings that would be available from the Isolated Seed Garden Project
1971	..	1.5 million
1972	..	1.5 "
1973	..	1.5 "
1974	..	1.5 "
1975	..	1.5 "
1976	..	1.25 "
1977	..	1.2 "
		35,000
		40,000
		45,000
		50,000
		55,000
		55,000
		250,000
		300,000

period 1964 to 1969. As such, the above estimates have been framed in the light of the experience obtained earlier. It will be noticed that the annual increases have been placed at low levels for the first few years and at higher levels during the subsequent years. This has been done on the basis that the proposals made in this Plan for increasing fertilizer use will take the first few years to mature and that an enhanced consumption of fertilizer could be expected in the last few years of the Plan.

3. Stores Construction (1,000 ton units):

1971 Polgahawela & Chilaw
1972 Nattandiya & Galle
1973 Matara & Puttalam.

Estimates of Production

The estimated production of coconuts for each year of the Plan period is given below:—

Year	(Nuts in million)
1971	.. 2,843
1972	.. 2,914
1973	.. 2,987
1974	.. 3,062
1975	.. 3,139
1976	.. 3,217
1977	.. 3,297

These estimates are based on an annual increase in production of 2.5 per cent which is the average annual increase during the period 1964 to 1967.

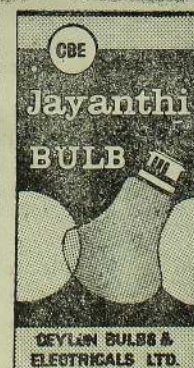
If the estimated quantities of fertilizer are used during the period of the Plan, the increased use of fertilizer combined with other factors such as intensive extension proposed during the Plan period should enable a somewhat higher production from about 1974.

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THE ECONOMIC TIMES

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PUBLIC SECTOR APATHY

"The public sector has now been given an important place in the country's economic organisation and enterprises in this sector are expected to operate as efficient and viable units; with increasing state control and intervention in production, import and the wholesale trade, the economic functions of the private sector are likely to dwindle over a period of time."

Central Bank Annual Report 1970.

The socialist economic policy to which the government is pledged must necessarily result in the key sectors of the economy coming under state control. Therefore, as far as economic development is concerned the task of the public sector will become larger and larger; and it will finally become the responsibility of this sector to "deliver the goods". But while there has been some perceptible improvement in the overall performance of public sector enterprises, the position is far from satisfactory.

With regard to financial viability a few Corporations, such as Petroleum, Cement, C.W.E. and Insurance were able to earn relatively higher profits, whereas several others just managed to keep themselves going by earning marginal profits, and still others incurred losses. Hence, there is an urgent need to streamline most public sector organisations: To minimise expenditure by cutting down costs by introducing extensive economies in overheads and administration. Above all these enterprises must be geared to increasing productivity. This in turn calls for greater efficiency and dedication to duty on the part of the workforce. In this regard government should pay heed to the Central Bank advice that future wage increases could take the form of incentive payments which would contribute to greater efficiency and productivity.

The seriousness of the situation is revealed in the Central Bank Report which states that of a total capital investment of Rs. 4,215 million in the public sector as at the end of 1969/70, the estimated net profit earned by the public sector as a whole was Rs. 16.9 million. As a return on the total capital outlay this works out to only 0.4 per cent, which is of course less than half per cent! These figures speak louder than words and hardly need any comment.

Government departments are equally to blame. Inefficiency and lethargy on the part of public servants, (resulting perhaps from indifference), are as common as bribery and corruption which still looms large in various government departments. In the recent past much lip service has been paid to the question of eliminating the twin problem of bribery and corruption, but so little seems to have been achieved. The government should take meaningful steps to clamp down on these anti-social practices which act as a fetter on the development process itself. Until such time as these objectives are achieved and a sense of patriotism is infused into the workers it would be hard to expect the public sector to make much headway. And the economy as a whole will be the poorer for it.

Ceylon Savings Bank attracts more deposits

The Ceylon Savings Bank has attracted more depositors after the increase in the interest rates on savings announced in the Budget Speech.

Within the space of 3 months 32,000 new depositors have made deposits at the Bank bringing the total number of depositor to 2 lakhs. The money deposited in the past couple of months was over 20 million rupees, states the Chairman of the Ceylon Savings Bank Mr. M. Shanmuganathan.

The Savings Bank paid the highest interest among all banking institutions in the country. There were besides a number of other benefits to those who deposited at the bank.

Tax Free

The first 15,000 rupees de-

posited was tax-free. In the case of a husband who deposited 15,000 rupees, the wife could deposit upto another 15,000 rupees which too would be tax-free.

The difficulties faced in withdrawing money by the wife or other dependants of the depositors after his death were not found at the Savings Bank as a depositor could nominate the person to whom the Bank should pay up after his death.

Loans

The Savings Bank also gives out loans repayable over a period of 20 years at the rate of 10 per cent interest for housing.

The maximum amount given for housing loans was Rs. 75,000 at the rate of 25,000 per unit.

Most of the money of th

Bank spent on development processes was in housing. Already 20 million rupees had been given out as loans for housing.

Insurance Corp. shows profits

The Ceylon Insurance Corporation made a profit of Rs. 24.4 million last year, showing an increase of Rs. 9.3 million over in previous years.

There was a marked increase in profits in all aspects of insurance. Losses on motor business were reduced from Rs. 9.7 million to Rs. 6 million. Life assurance business increased from Rs. 127.8 million. Life assurance business increased from Rs. 127.8 million at the end of 1969 to Rs. 168.7 million at the end of December 1970.

New C'wealth Fund

A Commonwealth fund for technical co-operation was established from 1 April.

Under the new fund, the Commonwealth Programme for Technical Co-operation will become truly multilateral, with contributions from both developed and developing members of the Commonwealth. The new arrangements, a Commonwealth Secretariat statement said, represent a move towards partnership and a blurring of the distinction between 'donors' and 'recipients.'

The programme, which has been in operation for three years, has previously been financed largely on a bilateral basis by developed Commonwealth members.

Thus, for example, the statement said, Canada has financed a statistician from Ceylon to work in Cyprus and Britain has financed an expert from Ceylon to work in Cyprus and Britain has financed an expert from Ghana for a mission in Botswana.

The new financial arrangements will make it easier in administrative terms to tap the pool of experts available in the developing countries, and will also make it possible for the first time to utilise training opportunities in the educational institutions of developing countries for the benefit of those from other low-income member states.

Contributions to the fund, the statement continued, will be on a voluntary basis. Most contributions are in convertible currencies, although contributions in non-convertible currencies and the provision of facilities and resources which could be used to achieve the purpose for the programme, can also be accepted.

WORLD OIL PRICES LIKELY TO STAY HIGH — Barclays Survey

World prices of edible vegetable oils, already one-third higher than a year ago, are likely to stay high this year as supplies are not expected to be sufficient to meet demand, according to a market survey issued in London last week.

The survey, produced by Barclays DCO Bank, which operates in many of oilseed producing countries, is compiled from official statistics.

"Already this year the very short supply position has caused

prices of groundnut oil to go from strength to strength and those of sunflowerseed oil, cottonseed oil and soyabean oil to move well ahead of last year's prices," it says.

Production of all edible vegetable oils is expected to rise to a record 20,800,000 tons this year (1,140,000 tons more than last year) but a shortage of supplies is still forecast.

In a breakdown of the various types of vegetable oils, the survey has made these points:

Soyabeans: only a slight improvement is expected in production to meet a much heavier demand. Most of the increased production is expected to come from Brazil.

Groundnut Oil: Supplies from the major exporters—Nigeria, Senegal and the Niger—may be 100,000 tons lower than last year which was itself a low year.

Cottonseed: The Soviet Union expects a record crop.

Sunflowerseed oil: Although the Soviet Union may be able to release more supplies on the world market and a good crop is expected in the Argentine, supplies generally are expected to be unchanged from last year while East European crops, reported to be very poor, are likely to produce less.

Groundnut oil: Britain refiners, anticipating a shortfall in West African supplies, are now buying at £227 a ton compared with £188 last year, while some sellers have been asking for £230.

EASY-TERM LOAN TO INDIA

Japan is considering softening terms of aid loans to be given to India, and Pakistan in line with those recently given to Ceylon.

The Ministry was commenting on a local Press report published by the Nihon Keizai Shimbun a Japanese economic journal, that the Government had decided to ease the loan terms for the two Asian nations.

Japan has so far extended \$5,490,000 yen credits to India and \$255,000 to Pakistan. Those carried an interest of 5.25 per cent annum.

Ceylon received a Yen loan of \$5,000,000 to be redeemable over a 20-year period, including a seven-year grace period, with interest of 5 per cent annum.