



THE ECONOMIC TIMES

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More consumer subsidies soon?

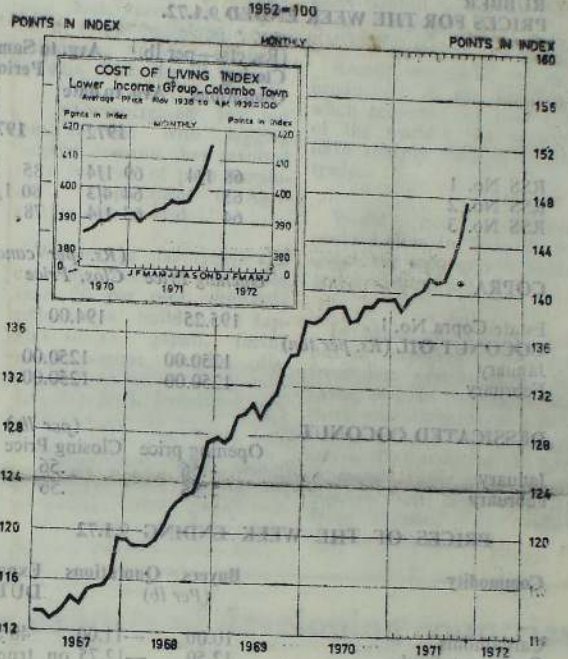
The Ministry of Foreign and Internal Trade is taking steps to sell imported essential items at subsidised rates in an effort to bring down the cost of living that continues to rise rapidly, according to official sources. It is understood that instructions have already been issued to the State Trading Corporation in this connection.

The Ministry of Finance on the other hand is trying its level best to reduce consumer subsidies in an effort to bridge the Budget deficit.

The Ministry of Trade is of the view that the loss on this subsidy could be made good by substantial increases in the price range of luxury goods that have already reached fantastic heights!

PRICE INDEX HITS A NEW HIGH

COLOMBO CONSUMERS PRICE INDEX



The Colombo Consumer's Price Index number for the month of November 1971 stood at 147.6, registering an increase of 3.2 points as against the index figure of 144.4 for the preceding month, according to the latest data released by the Central Bank.

The increase in the all items index was mainly due to the increases in the sub-indices for food and miscellaneous items by 2.9 per cent and 2.0 per cent respectively.

The prices of rationed rice, tea dust, prepared tea with milk, coffee seed, aerated waters, dried chillies, pepper, turmeric, garlic, vinegar, mustard, cummin seed, mathe seed, fruit, leafy and up country vegetables, local jam, beef, mutton, dried fish, coconut, and potatoes, registered noticeable increases, thus offsetting the effect of price declines in the tea B. O. P., limes, yams, coconut oil and fresh fish (paraw, mullet) in the food group.

In the miscellaneous group, while the price of betel and arecanut declined, the prices of tobacco and postage increased. The indices for clothing, fuel and light and rent remained unchanged. On the sectorial classification, the indices for the domestic, import and export groups increased by 2.2 per cent, 2.6 per cent and 0.3 per cent respectively, when compared with the respective indices for the preceding month.

The average Colombo Consumers' Price Index for the first eleven months of 1971 was 2.4 per cent higher than that of the corresponding period of 1970.

The increase in the average index was the result of the rise in the sub-indices; 5.3 per cent in clothing; 3.9 per cent in miscellaneous items, 3.6 per cent in fuel and light, and 1.5

per cent in food. The index for rent remained unchanged. On the sectorial classification the average sub-indices for domestic and export groups increased by 3.9 per cent and 1.1 per cent respectively. While the index for the import groups declined by 0.2 per cent as compared with the respective indices for the corresponding period of 1970.

Business Development: (Exclusive series)

The Economic Times will feature a series of articles drawn up by specialists on subjects that have contributed in major fashion to American business development. These include discussions on innovation and creativity, the technical entrepreneur, the role of management consultant, the contribution of industrial psychologists and the graduate school of business etc. Of perhaps greatest importance will be education's contribution to economic growth.

We believe these articles should be of special interest to our own entrepreneurs in providing the special work climate designed to encourage productivity and creativity in their industrial organisations and thus achieve their business goals.

For the first article in the series see page 6 & 7. Editor.

Industrial Development Supplement

This Supplement will appear in our February issue and not in January as indicated earlier.

Govt. Revenue up

TABLE

Major Items of Government Revenue

Rs. Million

Sources	November 1970	November 1971	Oct. '70 to Nov. '70	Oct. '71 to Nov. '71
1. Customs ...	42.4	42.8	85.5	86.3
(a) Imports duties ...	20.9	18.4	39.1	38.0
(b) Licence fees on imports† ...	0.1	...	0.3	0.1
(c) Export duties (including tea tax) ...	21.3	24.4	46.0	48.1
Tea tax which ...	1.8	2.2	4.9	5.6
(d) Sundries ...	0.1	...	0.2	0.1
2. Receipts from sale of FEECs* ...	40.0	33.4	46.7	88.9
3. Income tax, estate duty etc. of which ...	42.8	55.7	79.2	95.2
(a) Income tax ...	36.9	36.6	68.0	70.3
(c) Estate duty ...	0.9	1.5	1.5	2.6
(c) Stamps ...	2.0	...	4.1	2.2
(d) Wealth tax ...	1.8	1.4	3.3	3.4
4. Profit from sale of Arrack ...	12.5	13.0	25.0	26.0
5. Tobacco tax ...	25.1	25.1	38.6	50.2
6. Turnover tax ...	2.1	11.9	70.7	75.7

† These figures have been revised to take into account the licences fees collected by the Ministry of Industries and Scientific Affairs.

* A revenue head appearing in the Government Accounts which includes in come tax, estate duty stamps, personal tax, rice subsidy tax, wealth tax, gifts tax and collection of arrears from certain taxes which are now abolished.

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Government Revenue for the months of October 1971 and November 1971 showed a considerable overall increase compared with the corresponding months of the previous year. Receipts from the sale of FEECs almost doubled from Rs. 47 million to Rs. 89 million according to latest Central Bank data.

The receipts from Income Tax, estate duty etc. were Rs.95 million as compared with Rs. 79 million collected in the first two months of the previous financial year.

While the revenue from the tobacco tax increased by Rs. 13 million the revenue from the turnover tax showed an increase of Rs. 5 million, when compared with the same period of the previous financial year.

The major items of Government revenue are shown in the Table below, which records about three-fourths of Government revenue.

MARKET PRICES

COLOMBO

CLOSING PRICES 11-1-72

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex, Estates)

	B.O.Ps		B.O.P.Fs	
	Rs. Cts	Rs. Cts	Rs. Cts	Rs. Cts
High Grown:	1.75	3.30	2.05	2.00
1 at 3.50	1 at 3.60	2 at 3.00	1 at 3.05	
Medium-Grown:	1.76	2.00	1.90	2.15
Small Leaf Low-Grown:	1.95	2.00	1.90	1.98
Leafy Low-Grown:	1.98	2.25		
Tea For Price:	1.45	1.65	1.45	1.80
	F.B.O.Ps		F.B.O.P.Fs	
Tippy Teas:	2.00	2.30	2.00	7.90
2 at 2.39		2 at 8.50	1 at 40.00	1 at 66.00

RUBBER PRICES FOR THE WEEK ENDED 9.1.72.

	(Rs. cts.—per lb.)		Avg. to Same Period
	Closing Quotations	Avg. to date	
			1972
RSS No. 1	68 1/4	69 1/4	85
RSS No. 2	65	64 4/3	80 1/4
RSS No. 3	64	63 1/4	78

COPRA *	(Rs. per candy)	
	Opening Price	Clos. Price
Estate Copra No. 1	195.25	194.00
COCONUT OIL (Rs. per ton)		
January	1250.00	1250.00
February	1250.00	1250.00

DESSICATED COCONUT	(per lb.)	
	Opening price	Closing Price
January	.56	.56
February	.56	.56

PRICES OF THE WEEK ENDING 9.1.72

Commodity	Buyers Quotations (Per lb)		Export DUTY
	Buyers	Quotations	
Cardamoms	10.00	11.00	40%e
Cardamom Seeds	12.50	12.75	on true
Cloves	27.00	28.00	F.O.B.
Cloves Stems	4.25	11.50	value
Mace	17.00	18.00	
Nutmeg (Shelled)	4.10	4.50	
Nutmeg (Unshelled)	2.00	2.25	
Pepper (Black)	4.75	5.00	
Papain (White)	21.50	22.00	
Papain (Brown)	17.50	18.50	
Cinnamom H/1	2.75	—	20% on
Cinnamom H/2	2.65	—	true f.o.b
Cinnamom Quilings No. 1	2.40	—	value

Commodity	Per Cwt.		Export Duty
	Buyers	Quot.	
Cocoa	141.00	145.00	40% on
Coffee	300.00	—	true f.o.b
Kapok (Clean)	145.00	—	value
Kapok (Unelan)	50.00	—	
Croton Seeds	100.00	125.00	
Essential Oils	Per oz. 1lb.		
Cinnamom Leaf Oil	16.50	per 25 ozs	
Cinnamom Bark Oil	Per oz. 20.00		
Citronella Oil Estate Quality	Per lb. 7.00		10% on
Citronella Oil Ordinary	Per lb. 6.80		true f.o.b

SUBSIDIARY CROPS WEEKLY PRICE LIST POYA ENDING 9.1.72

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

Cereals	(Per Bag 154/158 lbs)	
	(Per bushel)	
Paddy	13.00	14.00
Other varieties	12.00	—
Rice Per Boiled	80.00	—
Country Rice No. 1	98.00	100.00
Country Rice No. 2	90.00	95.00
Samba Rice	110.00	115.00
Kora	115.00	120.00
Maize	25.00	26.00

TEA REPORT

Auction No. 2 held on 10th and 11th January, 1972.

The total quantity offered was 9,491,714 lbs. comprising 5,107,379 lbs. Leaf Grades, 103,662 lbs. Reprints, 103,662 lbs. Ex Estate. Western quality again showed little improvement and there was only fair demand at lower rates except for a few of the best coloury High Growns which sold at improved prices.

High-Grown Teas: At the opening, there was only hesitant interest shown and except for a few good liquoring coloury Brokens which were firm to sometimes dearer, the plainer light liquoring teas declined irregularly between 20/40 cents per pound for both BOP's and BOPF's. OP's were again easier while Pekoes were irregularly easier in Main Sale Catalogues.

Medium-Grown Teas: These declined irregularly, the better liquoring sorts easing by 5/10 per pound, while the plainer types lost a few cents. BOPF's were up to 10 cents lower, OP's declined further while Pekoes were a few cents easier.

Low-Grown Teas: Small Leaf BOP's and BOPF's met keen interest at the beginning of the Main Sale but black BOP's and OP's came to an easier market, declining by 5/10 cents and 15/25 cents respectively. Pekoes were a few cents easier.

Tippy Teas: Best FBOP's were 5/8 cents and the less showy sorts 10/15 cents easier. Attractive Small Leaf FBOPF's were about 30/40 cents lower while the very showy teas were mainly 50/75 cents easier except for a couple of very tippy teas which obtained enhanced prices, one of which created a

Commodity Commentary

new record of Rs. 66/- per pound.

Off Grades: All Fannings were in strong demand and moved up by 10/20 cents per pound. The liquoring BM's and BP's were about 10 cents dearer, while the corresponding Low Growns were easier by 5/10 cents per pound.

Dusts: There was strong demand shown again for all types, prices generally advancing by 5/10 cents per pound. A few improved quality Westerns showed substantial advances.

RUBBER REPORT

Week-ending 9th January, 1972

RSS NO: 1 opened 1/2 cent easier at 70 cents per lb. but declined gradually thereafter in line with overseas advices to close at 68 1/4 cents per lb.

Approximately 624 Tons of LATEX CREPES were offered at the Two Sales held during the period under review, a slight increase of 19 tons compared to the previous week's total. At the First Sale, best latex crepes were marked down by 1/2 cent per lb. but the FAQ offerings were 1/2 cent per lb. better. Duller and inferior grades too improved by 1 to 2 cents per lb. At the following Sale, all latex crepe grades met with a generally easier market and were consequently quoted 1 to 2 cents per lb. lower.

Lack of overseas buying interest and possibly the increased freight rates brought about by the currency adjust-

jents, were cited as the principal factors for the easier conditions in this market.

Approximately 111 Tons of SCRAP CREPES were offered, a decrease of 21 Tons compared to the previous week's total. At the First Sale, light, dark brown and dark scrap crepes encountered good general demand and were marked up by 1 to 3 cents per lb. Flat Bark, however, declined by 2 cents per lb. At the following Sale, light brown scarp crepes declined by 1/2 cent per lb. but the dark brown sorts improved further by 1 cent per lb. Barker offerings, however, were unchanged to 1 cent per lb. lower. Flat Bark was irregularly dearer.

Approximately 11 Tons of SOLE CREPE were offered during the week under review, a substantial decrease of 8 Tons compared to the previous week's total. Once again demand was centred on the Smooth 3/16" thickness which sold at fully firm to slightly dearer rates. In the absence of FAQ 1/8" and 1/4" offerings, these dimensions were unquoted. Poorer sorts and miscellaneous thicknesses sold at between 80 to 98 cents per lb.

FROTH AND CUTTINGS opened easier at 53 cents per lb. but recovered thereafter to close at 55 cents per lb.

CURLY AND SHELL SCRAP NO: 1 opened about unchanged at 45 and 4 cents per lb. respectively and whilst the Curly grade remained unchanged, Shell Scrap No. 1 improved to close at 44 cents per lb.

Export Duty

The Export Duty for the period 10th/16th January, 1972 will remain unchanged at 3 cents per lb., which is the present flat rate of duty. Cesses also remain unchanged at 19.80 cents per lb.

The improvement in the Cocoa market continued with little more interest and No. 1 quality was quoted at Rs. 141/- to Rs. 145/- per cwt., an increase of Rs. 10/- to Rs. 15/- per cwt. Below best grades were also dearer at Rs. 100/- to Rs. 115/- per cwt., whilst darker and poorer sorts too improved to between Rs. 40/- to Rs. 80/- per cwt.

Coffee: Approximately 36 cwt. of Coffee were on offer with Robusta fetching Rs. 300/- per cwt. and Dealers' quantity being sold between Rs. 210/- to Rs. 225/- per cwt. Two attractive lots of Arabica Coffee were withdrawn due to lack of suitable bids.

Pepper: 3,157 lbs. of Pepper were on offer and the market was Unquoted due to lack of suitable bids. One lot of very inferior Pepper dust was sold at -/50 cents per lb.

Produce Report

Week-ending 9th January, 1972

Cardamoms: There was no Sale held for the week ending 2nd January, 1972 and with 11,338 lbs. of Cardamoms on offer during the week under review, there was an appreciable increase of 6,269 lbs. compared to the previous Sale. In spite of increased quantity on offer the market however steadied at previous levels and

once again was quoted at Rs. 107/- to Rs. 111/- per lb. Next best grades too remained unchanged at Rs. 7/- to Rs. 9/50 per lb. whilst Off Grades continued to be quoted at Rs. 6/- to Rs. 7/- per lb. Seeds weakened and dropped to between 11-50 to 12-75 per lb.

Cocoa: Approximately 128 cwt. of Cocoa were on offer, a substantial drop of 403 cwt.

	Per Cwt
Pulses	
—Red Gram —Toor Dhat)	40.00 — 45.00
—Black Gram (Undu)	61.00
—Bengal Gram	46.00
—Green Gram	53.50
—Bombay Cowpea	40.00

	Per Bushel
Millet	
—Finger Millet (Kurrakkan)	12.00 — 12.50
—Sorgum	Unquoted (per ton)
—Soya Beans	850.00 (per cwt)

	Per lb.
Spices Condiment	
—Mustard	6.00 — 6.25

	Per Cwt.
Chillies	
—Dried Long	370.00 — 375.00
—Dried Round	Unquoted
—Off Grade	Unquoted
—Goraka	78 — 80.00
—Vanilla	Per lb 95.00
—Tamarind	Per cwt 100.00 — 105.00
—Ground Nuts	Per 80 lb 60.00 — 65.00
—Cashew	Per lb. —

Foreign rubber markets in December 1971

The Malaysian Rubber Board continued in their inquiries for RSS 2, 3, 4 & 5 for first half December delivery, without apparently getting much reaction from sellers. Activity on the whole remained thin with the Indo/Pakistan conflict having no visible effect on the market. Conditions were stalemated primarily following the announcement by the USA of an intention to devalue the Dollar by an unspecified amount. Shippers were, therefore, unwilling to make offers until the actual amount of devaluation was known.

The possibility of a resumption of the Dock Strike in the USA in mid February, when the Taft-Hartly Act cooling off period expires, was another restraining factor. Consequently during mid month Singapore rubber values registered the lowest point for some 22 years of 84.50 cents per kilo or 37 3/8 cents per lb. Trading continued to be hampered by currency adjustments and the closing of foreign exchange markets following the devaluation of the U.S. Dollar by 7.9 per cent on the 19th instant together with the seasonal unwillingness to open new commitments before the New Year.

The feature in the shipments was the continued demand for all SMR's excepting the latex grades, with the bulk of demand emanating from the USA and the shipment periods being apparently designed to beat the possible resumption of the New York dock strike in mid February.

Caution was the key factor in the London rubber market, in view of the currency and political situations and the possible effects on the commodity. At the outset the market was barely maintained with prices skirting around this year's low level of 12.85 Pence per kilo but there after sentiment took a turn for the better, largely as a result of sellers reserve in the face of attempted short covering and selective buying.

The US decision to devalue the dollar has a mixed reception but little apparent effect, although there was a perceptible hardening of values. The GSA announcement regarding the reduction of stockpile releases in the New Year to 4,200 long tons monthly against 6,000 tons previously, seemed to have been mostly discounted. The close was quite possibly due to the

continued Christmas and New Year shut down of factories but values continued to be steadily held.

Quiet and featureless conditions prevailed in the New York rubber market in view of the uncertain International Monetary situation and the Far East political developments. Trading was brought to a virtual standstill during mid month following the announcement to devalue the Dollar by an unspecified amount whilst source offerings were scarce as shippers seemed inclined to hold off on the assumption that some action will be forthcoming in the currency situation. Fairly good demand was reported following the devaluation of the US Dollar by 7.9 per cent on the 19th instant but soon thereafter a pre-holiday atmosphere prevailed and consequently trading became once again extremely light.

Ceylon rubber statistics Jan - Oct 71

RUBBER PRODUCTION in Ceylon during January/October, 1971 picked up to 116,078 tons compared to 125,055 tons during the corresponding period in the previous year although still showing a substantial decrease of 8,977 tons.

CONSUMPTION OF NATURAL RUBBER during January/October, 1971 showed

a further improvement at 4,002 tons compared to 2,940 tons during the corresponding period in the previous year, a substantial increase of 1,062 tons.

ACTUAL EXPORTS OF RUBBER during January/October, 1971 also gained ground to 126,064 tons during the corresponding period in the previous year but still a substantial decrease of 8,994 tons.

PLANTATION INDUSTRY

Trends in world rice production

After four consecutive years of record rice production world output is expected to decline in 1971-72, but rice traders continue to be worried about surpluses and weaker prices.

Also the world price is more than half of Japan's support prices.

Price decline

In discussing the world price situation, the Department of Agriculture official in Washington said world trade prices have declined 30 per cent since 1967 to the low levels that prevailed in the early 1960's.

With lower world prices and heightened competition, exporters have increasingly used subsidies or shipment under special terms to hold or gain markets.

Recent increases in rice production in the far East, which accounts for over half of the world's rice imports have sharply reduced world trade.

World rice production could decline in 1971-72. As usual, the weather will be the major determinant.

In Mainland China, output is expected to be low from last year's record because of less favourable climatic conditions. Japan's 1971 rice crop may fall about 10 per cent as result of the government's programme to cut acreage and production to bring supplies in better balance with demand.

The U.S. Department of Agriculture, analyzing the world rice situation, reported recently that production (including that of Mainland China, the world's largest rice producer) has been climbing since 1966 because many countries are using high-yielding rice varieties and more inputs (fertilizer, for example). Most of the increased production in the past four years has occurred in India Mainland China Indonesia, South Vietnam, Taiwan and Burma.

"The increased rice output, coupled with lagging import demand, has resulted in a buildup of rice surpluses," Department of Agriculture official said.

Within the last year, rice carrying increased by more than 20 per cent, primarily reflecting a buildup in Japan's stocks. Japan, facing a burdensome surplus disposal programme using outlets for feed, industrial use, and exports.

"Japan will have export difficulties since its surplus is mainly short grain rice. Most import markets prefer long or medium grain rice,

Scheme to boost exports of developing countries

From the beginning of 1972 developing countries wishing to trade with Britain can benefit from preferential concessions under which they can export almost all manufactured products to the British market entirely free of duty.

Outside Europe, the concession applies to all the industrialising nations of Africa, Asia and Latin America, other than the Communist countries and Taiwan. It gives effect to a British offer, made generalised tariff preferences to manufacturers from developing countries.

Infant industries to gain

The thought is that this will assist infant industries in those countries to build up their potential by manufacturing for an international market, instead of operating relatively inefficiently to supply a local market under the shelter of high tariff walls.

The trade effected by the British concession should be considerable. If it had been in force in 1967, for example, the scheme would have been given duty free entry to over 670 million dollars' worth of imports into Britain from developing countries who were not members of the Commonwealth. That year over 1,000 million dollars' worth of manufactures entered Britain duty-free from

Commonwealth developing countries under existing preference arrangements.

Britain is offering duty free entry on a range of processed

agricultural goods, such as bone meal, currants, tomatoes and fruit and vegetable juices, confectionery, cocoa powder, biscuits and cakes.

SHARE MARKET REPORT

There was moderate activity in the Share Market, especially in tea, Tea-cum Rubbers and Commercials, according to the Report of the Colombo Brokers' Association for the week ended January 13.

	Previous - Price Rs. cts.	Jan. 13th 1972 Rs. cts.	+ or - Rs. cts.
Teas			
Ceylon Provincials	5.25	3.50	- 1.75
Doomoos	4.50	4.00	- .50
Glasgons	4.25	4.25	
High Forests	6.00	4.00	- 2.00
Lucky Lands	1.90	1.40	- .50
Strathspeys	6.00	1.40	- 1.50
Uva Ketewallas	4.50	5.00	+ .50
Tea-cum Rubbers			
Pelmadulla Valleys	5.00	4.75	- .25
Wellenduras	3.75	3.00	- .75
Neuchatels	3.75	4.00	+ .25
Rubber			
Clunes	11.50	10.50	- 1.00
Commercials			
Ceylon Breweries	12.50	9.50	- 3.00
Ceylon Cold Stores	13.50	10.00	- 3.50
Browns	10.00	9.25	- .75
Ceylon Silks	5.00	6.50	+ 1.50
Rowlands	3.00	3.00	
Wellawatte Mills	5.00	6.50	+ 1.50
Commercial Banks	5.75	5.25	- .50
Cargills	6.00	6.00	

There was no business in Preference Shares and Government Loans.

The following were quoted ex-dividend:- Alliance Finance Co. Ltd., 5% Interim on 31.1.72, Arpico Finance Co. Ltd. 5% Interest on 31.1.72 Welimada Tea Co., of Ceylon Ltd. 3% Interim on 20.1.72.

EXPORT INTELLIGENCE

JETRO TRADE FAIR

The Total Annual Budget allocation for JETRO Trade Fairs for the year 1971-72 (March-April), is Yen 660 million or approximately Rs. 11 million and not Yen 1,000 million as reported in our issue of 2.1.1972.

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 10.

Export Opportunities

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

M/s Dofur Milg & Co.,
86, Bd de Sebastopol,
Paris 3e.

France.
Textile products.

Mrs. Donald Taylor,
Lantone, New York,
N.Y. 15091, U.S.A.

Fabrics, unusual- Hand printed and hand woven.

M/s. T. Blackledge & Sons Ltd.,
Park Mills, Chorley,
Lancashire, England.

Woven cotton fabric, loom-state or bleached.

M/s. Momodu Amedi & Sons
103, Railway line,
Odr-Olowa, Mushia,
Lagos, Nigeria.

Textiles, ready-made garments, wears, head ties.

Company Meeting Reports

Commercial activities retard

The Annual Report and balance sheet of M/s Richard Pieris & Co., Ltd. for the year ended 31st March 1971, was tabled recently.

The Chairman pointed out that severe retardation of the company's commercial activities was reflected during the year.

The Net Profit before Taxation for the year ended 31 March 1971 is Rs. 1,092,843. This cumulative effect is in marked contrast to the results achieved in the two previous trading years and is in fact the lowest profit recorded by the Company during the last decade.

Total turnover declined by Rs. 2,386,421 from the previous year but Employment Costs, Administration and Establishment, Financial and other Overhead Expenses increased by approximately Rs. 800,000. These combined factors perhaps more than any other contributed significantly towards the end result.

Excerpts from the Chairman's statement analysing the activities of the Company on a sectional basis are given below:

Arpico Factory, Nawinna

The factory and its Sales adjunct were called upon to sustain and recompense for the shortfalls that were prevalent elsewhere. They were not equal to an unequal task. However, with the other sole exception of Steel and Aluminium Products all other operations recorded satisfactory increases, the most notable of which were Arpihyde (artificial leathercloth) and Retreading. The decline in the sale of Aluminium Products could be wholly attributed to a recurrent shortage of raw materials during the year. I shall tabulate the detailed sales for comparison and evaluation.

	1970-71	1969-70	increase/ decrease	per cent
Rubber Products	6,099,178	5,620,079	479,099	8.52
Plastics & Rigifoam	1,504,495	1,389,053	115,442	8.31
Arpihyde	1,676,116	1,360,736	295,380	21.39
Steel Furniture	809,454	761,331	48,123	6.32
Steel & Aluminium Products	1,007,080	1,069,437	(62,357)	5.84
Retreading	2,777,956	2,166,122	611,834	28.25
All products & Processes	13,064,825	11,648,078	1,416,747	12.16

The rate of growth in the past two years has been consistent, though not spectacular. Though sales have increased by Rs. 1,416,747 or 12.16 expressed as a percentage, the trading profit from this diversified source has declined by nearly Rs.300,000 due to marked increase in labour and other direct costs. We have already taken meaningful steps to rectify these deficiencies and I am sure that there will be radical improvement in profitability in the year 1971/72

Motor Division

The operation of this sector slumped dismally to a low ebb when compared to the two previous years. Other than an increase in turnover derived from repairs to Motor Vehicles, all other activities recorded downward trends. The sales of Motor Vehicles declined by as much as 46. % while the turnover from Spare

Parts dipped sharply by Rs. 1,426,746 or 23 % when compared to the previous year. The detailed results are as follows:—

	1970-71	1,969-70	increase/ decrease	per cent
Motor Vehicles	1,025,889	1,883,155	(857,266)	(45.53)
Motor Vehicle Spare Parts	432,7814	625,4560	1,426,746	(22.79)
Motor Repairs	951,285	798,055	153,227	19.24
Lubrication Service	280,627	287,040	(6,413)	(2.23)
Total	7,085,912	9,222,810	(2,136,898)	(23.17)

Attendant with the cumulative decline in turnover of corresponding deterioration in profitability, which inevitably left its stamp of adversity on the net profit of the Company as a whole for the year ended 31 March 1971 with consignments of spares now coming in after a long period of time I am hopeful that sales during 1972 will pick up appreciably and that the position will progressively improve. As for motor Vehicles, I see no future for marketing and sales unless the Government changes its fundamental policy in regard to the importation and distribution of this important commodity in whatever form it deems best for the long term economic growth of the country.

Tyre Sales Department

This will perhaps be the last time that I shall be able to outline this sphere of our activity as a separate entity. With the State Trading Corporation being vested with the sole authority for the importation of tyres and tubes, it

was found necessary to integrate the Tyre Sales Department with the Tyre Retreading Department to form a newly constituted Tyre Department as from 1 April 1971. As could reasonably be expected, we achieved a total turnover of Rs. 3,427,700 for the year under review as opposed to Rs. 4,747,264 for the year ended 31st March 1970.

The deficit was nearly 28% approximately Rs. 1,320,000. I expect the sale of new tyres and tubes to further decline to an extent whereby it would have been decidedly uneconomic and non-viable to have retained the status quo as existed hitherto.

Aluminium Agency Department and Aluminium and Industrial equipment workshop.

From the realization of total sales of just over one million rupees for the year ended 31 March 1970 the combined turnover dropped to Rs. 826,024 for the year under review. The deficit of nearly 22% amounted to Rs. 227,040. This shortfall is primarily attributable to an inadequacy of raw materials particularly aluminium, and it will be difficult for us to arrest this deteriorating situation unless we are provided with the requisite support.

(Contd on page 12)

Shipping & Aviation

MERCHANT MARINE OF CMEA COUNTRIES

The capacity of the merchant marine of CMEA countries is increasing with each passing year. In 1955 its total tonnage was 2.5 million tons of deadweight while in 1970 it reached 17 million tons. This growth was achieved largely through the development of ship building in CMEA nations and mutual deliveries. At present the merchant marine of CMEA countries is the youngest in the world and is up to the key requirements of the scientific and technological revolution. Hence its growing importance in sea navigation.

The shipyards of socialist countries have done much in recent years to standardise the transport, fishing and auxiliary vessels they build. Their number has been cut from 60 to 18. Specialisation in ship building has had the effect of increasing the economic efficiency of the marine. At present work is underway on such problems as increasing the speed of vessels, using economical main power units, automating production processes and applying durable and light materials in ship building.

At the same time the capacity of ports is being increased, and port approaches deepened. New specialised wharves to handle bulk and liquid cargoes have been built in recent years. The technology of loading and

unloading operations is being improved. A synthesis of advanced experience in ship repairs has helped increase the service life of the ships. (APN)

BRITAIN'S AIRCRAFT TECHNOLOGY

Just as the United States dominates the space field so Britain has a "marked lead" in other aerospace activities such as vertical take-off, civil supersonic flight, quieter engine technology and blind landing, says the Society of British Aerospace Companies, in a news report just published in London.

The report, called "A Future Plan for Britain's Aerospace Industry," represents the views of some 400 companies in an industry that employs over 240,000 people, and has an annual turnover of more than £600 million. Half of these sales are to other countries.

The 16-page document, which has been submitted to the Government, makes it clear that Britain must exploit its technological leads. It says the maintenance of a viable aerospace industry enabled the country to preserve a degree of independent defence capability and to further the growth of advanced technology industries on which its economic future must inevitably depend.

World trade

The Society said the UK aircraft industry had increased its share of world trade over

the 1960s. Its share had risen from 10.2 per cent in 1964 to 14.5 per cent in 1969.

Assuming that Britain maintains a 15 per cent penetration of world markets, annual production sales of some £ 860 million by 1980, would not be unreasonable. "From this it does not appear that any further reduction in the UK labour force can be expected if these targets are to be achieved," says the report.

Because of its European lead in technology and productive capacity, Britain should wherever possible, initiate major new projects and draw in partners subsequently. At the same time, the report says, the industry "reaffirms its faith in collaboration in Europe, though it recognises that opportunities for collaboration with US firms will also occur."

The Society says the industry should vigorously pursue three major developments to establish its long-term position in civil aviation. First, it must exploit its supersonic knowledge because the demand for fast long-range air travel will continue to grow. Secondly, it should press ahead with quiet engine technology to meet the demand for much quieter aircraft of all kinds. New types of quiet aircraft should include the medium-capacity four engine long-range aircraft and an economic feeder line aircraft to supersede the large number of propeller-driven airliners now in service throughout the world. Thirdly, there was a big potential for aircraft with a shorter take-off and landing capability in the immediate future and for short and vertical take off planes in the longer term.

"Intercity travel by aircraft of this kind offers the most promising field for the growth of air travel over the next two decades," predicts the report.

TOURISM

FIRST BATCH OF TOURISTS

The New Year began on an optimistic note for Tourism by two of West Germany's leading tour operators—Touropa Scharnow and Trans Europa.

The first batch of tourists to arrive in Ceylon in the New Year, came on a Condor Flight on the 2nd of January. These 125 tourists, booked by Touropa Scharnow and Trans Europa and mainly from West Germany, today the biggest revenue earner for Ceylon from tourism. The local agents for these tour operators gave the first batch of our 1972 tourists a very special welcome with Kandyan dancing and 'Welcome' banners at the Bandaranaike International Airport on Sunday.

The combined efforts of these three tour operators are directed towards bringing in 3,000 tourists to Ceylon during this Winter Season, lasting until the middle of April.

TOURIST ARRIVALS UP

Tourist arrivals in Ceylon which had been on the increase during recent years, rose by a near 118 per cent in 1969-70

This is revealed in the latest Tourist Board Report released recently.

According to the report the country had experienced this since 1967 then on statistics had been 1967—23,666 to tourists 1968 — 28272 and 1969—40,204. In 1969 earning through tourists had totalled 280,000 dollars. This is equivalent to Rs. 17 million in Ceylon currency.

Under the tourist development plan of the Board it is hoped to provide 2,400 additional hotel rooms for tourists. This will be increased to 5,120 rooms in 1976.

BEAUTIES OF THE WORLD IN A NUTSHELL

The 4th year of the International Festival of Tourist Films—Tourifilm — will be held in Spindleruv Mlyn, the famous mountain resort in the Krkonose (Giant Mountains), northeastern Bohemia, from September 13th to 18th, under the slogan "The beauties of all the world in Spindleruv Mlyn."

The event is organised by the Czech Committee for Tourism in co-operation with organisations of tourism from the socialist countries. So far, 14 countries have entered 52 films into the competition.

Japan's textile industry gets special assistance

Tokyo.

Assistance measures for the Japanese textile industry were decided by the cabinet. Coping with changes in the economic environments of the industry resulting from the limiting of textile exports to the U.S., the Japanese Government will implement the following measures to restructure the textile industry:

1. In order to eliminate excessive facility and equipment of the textile industry of Japan, the Government will purchase, from textile business which are bound to close their business in the coming year or two and scrap facilities and equipment such as cotton and staple fibre looms, like and man made fibre looms, woolen and worsted looms, hemp looms, towel looms, ribbon looms, string looms knitting machines, textiles twisting machines, faste textile twisting machines, spinning machines, dyeing equipment, etc. For this purpose, the Government will expend about Y37.7 billion US \$110 million

Care will be taken by the Government to ensure the effectiveness of the purchases.

2. The Government will take measures to obtain necessary operating funds of 65 billion from the Central Bank for commercial and Industrial Cooperatives, the People's Finance Corporation and Small Business Finance Corporation Y10 billion from the Long-Term Trust Bank to be financed to the textile businesses which would be affected by the limiting of textile exports to the U.S. Government will adopt measures to reduce interest burdens on those businesses.

3. In order to ease the guarantee of the liability in regard to the financing described in 2 above, the Government will make additional funds available in the amount of Y900 million to the Textile Industry Rationalization Agency.

4. When Industrial cooperatives and the like organizations may carry out surveys on trends in overseas markets, textile industry policies of foreign countries, on new products and technology necessary to cope with trends and de-

mands of fashion and sophistication, the Government will establish special funds for that purpose in a total amount of Y 1-billion.

5. The Government will adopt a deferred repayment measure in the range of two years in regard to funds for structure-strengthening of the Small Business Promotion Corporation.

DINAR AND INTERNATIONAL PAYMENTS TRAFFIC

Belgrade.

The National Bank of Yugoslavia has taken the first step towards introducing the Yugoslav currency, the dinar into the international payments traffic. This will be gradually accomplished by allowing foreigners to have accounts in dinar in Yugoslav banks, which they will be able to convert under certain conditions, into hard currencies.

The possibility that a foreign partner has his dinar deposit means that he may sell his goods for dinar on the Yugoslav market, to deposit dinar on an account in a Yugoslav



bank that he may buy for them Yugoslav goods for his needs or to convert them into hard currency.

this is one of the ways from stimulating exports and trade in general.

SOVIET VEHICLES FOR SOMALI

Mogadishu

Contracts for the sale of Soviet motor vehicles and spares have been signed. In the course of two years the Soviet Union is to deliver 440 motor vehicles to Somali. The contracts also make provisions for Soviet deliveries of garage equipment without compensation.

An agreement on technical assistance has also been signed. In keeping with it, Soviet specialists are to arrive in Somali to train garage personnel in handling new types of motor vehicles. (TASS).

CHINA'S POWER INDUSTRY TOPS 1971 STATE PLAN

Peking

China's power industry completed the 1971 national state plan 15 days ahead of schedule. The increase output set an all-time record, surpassing that of 1970 by 18 per cent.

The workers, cadres and technicians of the industry achieved this under the guidance of the line of unity for victory of the ninth national congress of the Chinese Communist Party.

The party committees led workers, cadres and technicians in making a serious study of works by Marx, Engels, Lenin, Stalin and Chairman Mao, while carrying out education in ideology and political line.

Many power plants brought the role of veteran workers and technicians into fuller play, who made technical innovation in power-generating equipment in a well-led and planned way. This enabled many plants to increase output. The volume of power obtained this way in 1971 was equal to more than half last year's output of newly commissioned equipment. (Hsinhua)

we make an infernal noise—such is the slogan of many revolutionary-minded individuals who have been caught up in the mealstrom of events and who have neither theoretical principles nor social roots". He emphasized that a genuine revolutionary Party should always warn against adventurism and ruthlessly expose expose illusions, which inevitably end in complete disappointment... we must bear in mind that any popular movement assumes an infinite variety of forms, is constantly developing new forms and discarding the old, and effecting modifications or new combinations of old and new forms".

The experience on non-capitalist development has already revealed several of its specific features and laws, among which the most important law is that the non-capitalist development in Asia and Africa is inevitably proceeding along an ascending curve.

SOME FEATURES OF NON-CAPITALIST DEVELOPMENT

The non-capitalist development is a path of advance of countries and peoples towards socialism, at the foundation of which lies the common ownership of the principal means of production and exchange.

In the economic aspect, socialism is a highly developed society of advanced Science and technology. Naturally, therefore, it is not possible to build a socialist society in the countries of age old backwardness, in a short period of time.

Creation of Pre-requisites

First of all, it is necessary to create the economic, social and cultural prerequisites for building socialism. The creation of such prerequisites is a common law of non-capitalist development of those countries which have already built a socialist society, by-passing the capitalist path of development as well as of those countries which have now taken the path of building socialism. At the same time the paths of development towards socialism have their own specific features.

At the beginning of the twenties, when the Central Asian republics took the non-

capitalist path of development the Soviet Union was the only country which was building socialism. Its socialist economy was just then gaining momentum. It had no experience in socialist construction. The international position of the Soviet state was extraordinarily difficult. It had to build socialism under the conditions of capitalist encirclement. That was why a characteristic feature inherent in the non-capitalist development of the Central Asian Republics, stemmed from those Republics being in a system of a single socialist state which ensured them complete security from foreign invasion and from internal counter-revolution. In these regions, the process of creation of material and political prerequisites for socialist construction, proceeded very rapidly. That was because, the more highly developed Social republics (the Russian Federation, the Ukrainian USSR and others) provided all the necessary economic and financial assistance to these regions for ending their backwardness.

Afro-Asian situation

The Asian and African countries that have chosen

the socialist path are in a different situation. They are not yet de-linked from the international capitalist division of labour, from the world capitalist market. Further more, many of them are still greatly economically dependent upon that market, and linked with it through hundreds of economic ties. This fact, of course, impedes the process of creation of material prerequisites for building socialism, as imperialism sets in motion all means in order to undermine and to overthrow the progressive regimes in Asia and Africa.

By Vasil Solodovnikov
Member of the USSR Academy of Sciences

In the struggle for socialism, there are other difficulties also which are specific for Asian and African countries. For instance, the ideological pressure of imperialism on them. Herein lies the cause of anti-Communist inclinations of some leaders of revolutionary democracy, which is causing a serious damage to socialist orientation, undermining the cause of social progress.

In each Asian and African country non-capitalist development has its specific features which depend upon the level of its economic development, the historical and cultural traditions, etc.

In spite of all historical and national specific features of Asian and African countries, the non-capitalist development in these countries at present, as well as in the Soviet Central Asian republics and Mongolia in their times, has demonstrated the existence of a common law without which it is impossible to successful by proceed to socialism. In the development of the Soviet Central Asian republics took place along the non-capitalist path within

the frame work of a single socialist state, which was an advantage to them, then the Asian and African countries of socialist orientation likewise have a no less important advantage, which is necessary for their successful advance to socialism. That advantage lies in the existence and strengthening of the world socialist system which together with the forces that are fighting against imperialism, determines the main direction of the world social development.

The revolutionary-democratic leaders of Afro-Asian countries of socialist orientation have begun to accomplish the task of complete political and economic liberation of their countries from imperialism. They are achieving the liquidation of the position of imperialist monopolies, the building of an advanced national economy on the basis of the development of anti-capitalist state sector, the overcoming of colonial heritage in the sphere of services and in socio-economic relations, and the solution of the agrarian question in the interests of the peasantry.

Multi-stage process

The advance of Asian and African countries to socialism, by-passing capitalism, is a multi-stage, progressive, revolutionary process of implementation of anti-imperialist and general democratic transformations which step by step takes the country to building socialist society. And this is a specific feature of the revolutionary struggle for socialism in Asia and Africa. Not to take into consideration means to attempt to jump over the intermediary transitional stages and to accomplish socialist transformations at once, without the necessary preparation, and thereby to certainly harm the revolutionary movement.

About such ultra-revolutionaries. Lenin wrote: "At least

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PROBLEMS OF INDUSTRIALISATION

The three basic objectives of industrialization policies in any country are to provide work for the growing population, to raise the standard of living by increasing the per capita income and also to improve the balance of payments situation.

The economic growth of a country as a whole depends on the efficiency and the growth of individual organizations, and it is difficult to discuss these three objectives separately as they are interdependent and depend on the social and economic structure of the country.

Today in Ceylon it has become very necessary and probably fashionable to be greatly concerned with the role of industrial and agricultural organizations for the welfare of the nation. The government has indicated the need for great emphasis on industry in the means to diversify the economy which involves an increase in the output of the products which are already available in the country, also the production of entirely new products. The constraints within which we have to work are: (a) Capital and labour available, and (b) The productivity of the labour. The latter of course can, to a good extent, be influenced by the degree of mechanisation.

Dual Economy - Its Importance

Statistical figures of the percentage of agricultural and non agricultural population for ad-

vanced and developing countries show that wealthier countries, have only a smaller proportion of their working population in agriculture when compared with the developing countries. Labour productivity and hence the advantage level of wealth tends to increase in proportion to the degree to which mechanisation could be applied to production. The prospects of application of advanced production techniques generally tend to be greater in non-agricultural than in agricultural countries. Thus in all economies the manufacturing section tends to be the most dynamic element. The developing countries have realised this and have come to believe that agricultural development alone is not enough to ensure an adequate growth of their economies.

Economic Environment

Government policies have an important bearing on the problems of industrialization. Government can only create an environment conducive to development e.g. by suitable import and exchange controls, tax concessions, preferential tax treatment of reinvested profits and flexible depreciation rates. The Government Control usually depends on the internal economic and financial situation and on value judgements as represented by the declared policy of the political party in power and amended by the way this policy is actually carried out in practice.

by
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Until recently industrial development has only played a relatively minor role in Ceylon's programmes for various reasons. The Government has now created the economic environment for development of industrial projects in both the private and the public sector, as this is the best way we could solve many problems existing in the country, by utilizing indigenous talent, know-how and equipment.

Industrial Engineering

The business of producing the right article and selling it to the customer at the right place, at the right time and at the right price, consists much more than transforming of raw materials into final products.

It involves the consideration and study of a wide spectrum of interlinked and interdependent parameters like cultural, political, social background, together with man, machine, material, money and method, the 5 Ms as a production engineer would call. Expansion of trade under conditions of competition is possible only if the quality of production offered, meets a fixed

set of normative requirements and the control system adopted ensure constant quality of production.

Standardisation, a specialised branch of production engineering, is the process of defining and applying the conditions necessary to ensure that a given range of requirements can normally be met with a minimum of variety and in the basis of the best current techniques. It is felt that

IN A DEVELOPING ECONOMY

developing countries should take advantage of the principles of standardisation from the earliest stages of planning, designing and establishing of industries. When the necessary research and feasibility studies have been prepared and the entire production set to a standardisation procedure, it is feasible and profitable to introduce the elements of standardisation in the industrial and business administration and in similar management control procedures. Standardisation has proved very useful in all these fields too.

It has also been found that standardisation also reveals indigenous resources to help the country's industrial programme. It also helps towards import substitution for imported machinery, equipment and parts. Standardisation also could contribute directly as

well as indirectly to the solution of many problems in maintenance engineering. Standardisation of vegetable and allied food items should enable the housewives to select food items of desired quality which is very important to a developing country, improving the nutritional status of the country.

The above few points give the importance of a standardisation which could prove as

State Industrial Corporation and Productivity

The State Industrial Corporations are an important sector of the national economy. They were initiated and developed to provide the most basic needs of energy, products and services.

The economic values of investment in the public sector cannot always be measured in terms of financial returns. Many investments also produce a balance of social costs and benefits which taken into account, provide a good economic justification for them. Thus state corporations are theoretically designed to meet the demand for their products

an effective lever in the industrial development and economic upliftment of a developing country like Ceylon.

and services in the most efficient way and to channel finances, so that over a period they at least break even. This simply means is a for higher productivity raise output while saving hours, material, machine, pace in manufacturing, merce, transport and admision. This calls for industrial engineering affords all forms of production techniques (e.g. metal removal, forming and casing processes rolling wire and tube drawing, and friction welding, braiding and soldering, polymer

assembly processes, work study techniques, engineering, improved planning scheduling and control factory design, enlightenment maintenance policies and material handling and improved human relations.

The above mentioned processes and techniques embrace most aspects of production engineering which again short embraces the three basic elements - design, production organisation.

It is at this stage that should ask ourselves, 'have we reached the technological maturity to apply these modern techniques or investigate if the necessity or even the possibility of applying these modern techniques? If so, why some of our State Industrial Corporations so inefficiently planned badly, need always consultant from abroad, n

The Management of Professional Work (Part 1)

There are certain clear trends in American industry today. Authorities point in turn to fundamental changes in product and process technology, to greater size and scope of commercial enterprises, to planned elimination of routine, repetitive jobs and similar phenomena. These have indeed had, and will continue to have, significant effects on the objectives and output of our business institutions. But one trend—the improving level of education in our work force with a concurrent increase in the numbers of professional workers—has supplied the impetus for dramatic changes in management methods.

In earlier years there was a tendency to put the few "true" professionals into a separate engineering organization or laboratory and provide them with a special work climate designed to encourage productivity and creativity. This climate usually permitted considerable freedom from factory rules and discipline, and encouraged individual exploration of interest and work experimentation. Professionals were not subjected to the standard personal practices which guided managerial relations with other employees. As a result, the professional's working life was much envied by those who could not share it because they did not possess academic credentials.

Today's situation does not permit such differentiation. Many of our nation's products and projects are highly complicated and require employment of large numbers of scientists and engineers as well as lawyers, economists, psychologists and the like. Their talents can no longer be isolated, because they are required in all functions and at all levels of a business. Psychologists, for example, working on proper positioning of instruments for easy viewing by aircraft pilots, may

be found in design or in manufacturing engineering. Scientists engaged in process industries are quite likely to be a part of the production organization. Engineers may be found in quality control. Moreover, we consider management itself to be a profession and, as organizations have grown in size, it is common to find common layers of management so that all individuals reporting directly to one manager may be managers themselves.

Nor is professional work limited to the college graduate. The tool designer who completed high school may struggle with new concepts as part of his job, in solving his particular problem, may push back knowledge frontiers. Indeed, if we examine the work of the technician, the inspector, the secretary, the maintenance man, or almost any job within the industrial set-up, we can identify parts of it which are clearly professional. They deal with new information or new relationships between previously known facts. They involve ingenious problem solution by the worker who must decide for himself when the result achieves what he is trying to

do. This possibility of innovation of self-imposed standards to meet work needs is very desirable for the growth of a business as well as for the growth of the individual. But it clearly prevents relegation of professionals to a single organization with an environment especially created for them. It makes it necessary to manage in a way which encourages professionalism among all workers rather than among a few who are selected.

INDIVIDUAL VS CORPORATION

There are two dilemmas in this, however. Professionalism implies complex subject matter and personal determination to push back knowledge frontiers with respect to it. It also implies the ability to set sound standards for one's work and to make objective, unrelenting measurements of accomplishment against these personal standards. This is not to say that either the desire to add to knowledge or the level of the standard is derived in a vacuum. Quite the contrary; information contributing to both comes from many sources—parents, professors, distinguished performers in a variety of fields, associates, managers and many others. Once accepted and integrated within the individual and formulated however, they become a highly personal statement of one's self. It is this sensitive identity with work which needs recognition, understanding and nurture in order to give the professional full expression

within the industrial framework.

By



Marion S. Kellogg

Miss Marion S. Kellogg is a consultant in marketing management development at the General Electric Company's New York City headquarters. She was formerly an instructor in physics at Brown University. She has been with G. E. since 1944 in various supervisory capacities. A former mathematics and physics major at Manhattanville College, she has an M. S. degree in physics from Brown University and has taken specialized psychology courses at Union College. Miss Kellogg is author of four books. "What to Do About Performance Appraisal" and "Closing the Performance Gap" were published by the American Management Association. "Putting Management Theories to Work" and "When Man and Manager Talk" were published by the Gulf Publishing Company.

But an organization cannot live with totally disparate individual goals. There must be a wholeness, a unanimity of direction if corporate objectives are to be reached.

This, then, is the first dilemma, ably predicted by the social scientists of our 20th century: how to integrate personal professional commitments with those of a business organization without critical sacrifice on their side.

And the second follows the first. Innovation involves both risk of failure and a time investment. For its financial health, a profit-motivated business enterprise depends on a continuing array of goods and services which are efficiently produced. This means that not all work can be new. In every job there must exist, along with the professional content then, a body of repetitive work which is associated with high productivity. How to balance the two efforts appropriately? How to provide a climate which encourages personal creativity without sacrifice of the needed productivity?

No single management tool or process supplies a perfect answer. But prominent theorists and social scientists have been giving us important insights into ways of accomplishing the desired result. One recommended method is a system of delegation which is usually called "Management By Objectives." It reinforces so well our American concept of the

free enterprise system that it has been widely accepted and applied. And initial results are really exciting!

"We'll first review the process briefly and then describe some of the necessary managerial skills and attitudes which make it effective.

PREREQUISITES

First of all, there are certain prerequisites if Management By Objectives will work. The first essential is that the individual striving towards objectives is on a reasonably well-defined job which matches his ability, his training and experience, his interest, and his level of maturity. Without this, the problem becomes one of structuring the job properly or retraining the man or searching for another man rather than human motivation alone.

The second essential is that the firm has corporate objectives and a business plan for moving toward them. Such a plan entails not only the goal to be achieved by respective businesses, but the strategy decided upon for reaching the identified goals. Without this unifying force, delegation becomes a managerial whim or preference.

The third essential is that the objectives, goals and strategy have been communicated at least on a need-to-know basis throughout an organization. Obviously, if adequate communication is missing, alignment of personal goals with those of the organization is out of the question.

(Contd. on page 13)

services is the most efficient way and to channel their resources, so that over a period, they at least break even. All simply means is asking higher productivity - to get output with saving man-hours, material, machine, time, in manufacturing, commerce, transport and administration. This calls for improved industrial engineering techniques and equipment affecting forms of production, metal removal, forging, casting processes, rolling, press and tube drawing, prestressing, friction welding, brazing, soldering, polymer engi-

liquidating, run at very slow capacity, in some cases as low as 1/6th. In addition to this, our Prime Minister while addressing a management colloquium at the Auditorium of the Central Bank recently, specifically pointed out that "in many cases, the sorry state of affairs in Corporations is due to corruption". The author's industrial experience and experience in productivity studies show that similar errors also exist in small, medium and large industries in advanced countries. However, it must be pointed out that the problems and errors pertaining to

process within it is regarded as a 'System' and these various systems are analysed separately. This analysis of a system is becoming a specialised subject in itself in advanced economies under the name of Operational Research, Management Information Theory, or System Analysis, which warrants sophisticated data processing and computation depending of course on the size of the organisation and feasibility of such studies.

In a country like ours where the industries are in their infancy and evaluating these problems we are facing and fighting against are inevitable. This does not in any way mean that we should lag behind in applying wherever possible the techniques which are at our disposal developed and implemented successfully in advanced countries.

Costly experience of industrialization during the past few years calls for more realistic and practical solutions at both top management and on the shop floor level. Communication from the shop floor to the top management and mutual trust is very necessary together with discipline among all ranks including those at top management level. The experience and mistakes of the past which has resulted in labour unrest, unnecessary strikes and in restrictive practices will mean nothing unless lessons for the future, are learned.

With democratic socialism, we need self reliance on ourselves. At this stage we must also realise that our economy is not yet fully in our hands. In recent years many countries other than Britain, have tended to increase their control in our economy.

Unemployment has now created an enormous problem. Solving this problem would give the country's youth more hope for the future. A full employment programme would possibly involve sacrifice, especially channelling public funds to creating jobs. This can only be done at the expense of private and public spending. The more the people are prepared to accept increased taxes or reduced subsidies, the greater the number of jobs that can be created. In addition to this:

- (1) We must take advantage of the highest possible utilisation of Ceylonese experts which will effect in a gradual replacement of foreign experts.
- (2) Massive policies of development in agriculture should of increasing productivity as well as providing employment opportunities, by expanding the public industrial sector can so that the public sector serve as an axis for the industrial development process in the country.

The rate of economic growth would thus depend mainly on the ability and the speed at

which we can absorb and adapt modern technical and managerial know-how.

Can we be Optimistic?

It is very clear that economic progress will greatly depend on the inflow of technical know-how and equipment together with international aid both in the form of financial and technical assistance.

The massive British investment all over the world in the 19th century proved that the private investor could play an important part in the transformation of a developing nation. The advanced countries besides their commercial interest should be happy to see the poorer countries prosper by giving massive loans on moral or political grounds.

The World Bank provides long-term loans either to government or to private business which are able to obtain a government guarantee. The World Bank also has considerable amount of technical expertise and will examine and comment on any capital plan it may be asked to finance. This is a very valuable service to an under developed country with very few local experts.

It is an accepted fact that we lack the necessary technical know-how, competent personnel, training facilities and resources and that the implementation of industrial and management engineering techniques is difficult in practice, no matter how diligently and sincerely

the implementation is attempted. The problems may be more basic, difficult and perhaps without answers within our social environment. The progress in managerial sophistication can be slow, but will result in success with persistence and continuing effort.

One of our environmental obstacles to be overcome is the slackness in work. This atmosphere engenders an easy going attitude which avoids working too hard and opposes attempts on the part of management, to increase efficiency and hence productivity. In effect, current attitudes to as the industrial atmosphere is gradually being substituted for the more traditional subsistence, rural way of living. To handle this the management has to become aware of the need for constant change and should think in terms of new techniques, which will result in improvements in efficiency.

In conclusion, in spite of all these problems we can say that the Industrialization of Ceylon, has been very encouraging. We have gone to the extent of exploring export possibilities within a few years of industrialization with success - very encouraging indeed. The general picture is then of confidence and enthusiasm, with the prospect of more and more inflow of technical know-how equipment, better industrial and management engineering techniques, international aid both in the form of financial and technical, foreign investment - with the intention of increasing productivity, prosperity, and most of all stabilizing our economy.

(The views expressed in this article are the personal views of the author and has no relevance to his official position)

ECONOMY

etc.) processes study techniques, value engineering, improved planning and control, design, enlightened finance practices and managing improved relations

above mentioned production techniques embrace aspects of production engineering which again embraces the three basic - design, production, and

at this stage that we ask ourselves, 'have we the technological maturity to apply these modern techniques or investigate into feasibility or even the possibility of applying these modern techniques? If so, why are our State Industrial Institutions so inefficient, badly, need always a grant from abroad, need

enterprise system that have been widely accepted. And initial results are promising!

first review the problem and then describe the necessary management and attitudes which are effective.

REQUISITES

All, there are certain requisites if Management techniques will work. The initial is that the individual towards objectives reasonably well-defined matches his ability, training and experience, and his level of motivation. Without this, the becomes one of structural job properly or re-organizing rather than motivation alone.

Second essential is that the business plan for the organization. Such a plan not only the goals to be achieved by respective departments, but the strategy for reaching the goals. Without this force, delegation becomes managerial whim or

Third essential is that the organization has been communicated on a need-to-know basis to an organization. If adequate communication is missing, alignment of personal goals with the organization is a question.

a highly industrial country cannot be compared with that existing in a developing economy.

Management System Analysis

Any industrial or managerial organisation is a mixture of administrative, technological social and psychological processes. These parameters are so interwoven that the process overlie and interpenetrate each other in complex ways and situation is difficult both to understand and control. But the situation can be analysed; understood and hence control of it is made if easier each

Commodities in a floating world

WHY EXCHANGE RISKS ARE GREATER FOR PRIMARY PRODUCERS THAN THEIR CUSTOMERS

The floating of the world's leading currencies has increased both the costs and risks of trading in primary commodities and on balance this works more heavily against producers than consumers. This article seeks to explain why. It concentrates on the mechanics of trading in metals, by way of illustration, but the principles and mechanics apply more or less to trade in all commodities

There are important implications for primary producers here, quite aside from the large threat of the payments crisis to the world economy and the economics of developing countries in particular.

In the first place, it has now become far more difficult to find some unit in which to quote world commodity prices. Quotation in terms of a fixed dollar, or gold, or even some unit of account, provided a reasonable safeguard so long as exchange risks were confined mainly to isolated currencies. protection available when nearly all major currencies are fluctuating widely, and although this theoretically puts producers and consumers at equal risk, in practice it has so far worked against the producers. Even before the currencies crisis came to a head, a gold guarantee on price was incorporated in many agreements. But in the event, the dollar (and hence monetary gold) have depreciated against the weighted average of world currencies.

Secondly, the more common and wider fluctuation of currencies has made it more necessary to cover exchange risks; and because floating has tended to produce larger forward spreads as well as bigger dealing margins on the exchanges, it has tended to push up the

cost of covering exchange risks. But here again, producers are penalised relatively more than consumers, because producers selling in many markets often need to cover exchange risks in a larger number of currencies than purchasers. Moreover, primary producers tend to have rather less expert representation in the world's main financial centres and this adds further to their difficulties in a newly complicated world.

Now, for some more detailed explanations, contributed by an international trader in New York.

London quotations

The international trade in copper, tin, lead, zinc and silver is centred in London, and the London quotations rule the prices of these metals for practically the whole world, except the US. This is because, with the exception of silver, these metals were opened to international business on the London Metal Exchange shortly after the war and were kept internationally free, even at the time when severe restrictions were imposed on sterling and on the foreign trade of the U.K.

The LME quotations are sterling quotations and, for the purpose of international trade, they are converted into local currencies as needed. In the US, the necessity of converting these sterling values into dollars, became more pronounced as local American markets followed the lead of the LME. They developed their own large operations and arbitrage became a daily and voluminous activity.

It was not immediately understood by metal traders that currencies are a com-

modity as much as metals and that this currency commodity has to measure the value of the metal commodities. For this reason, the translation of LME quotations into currencies other than sterling was originally taken rather lightly. It took some time for the average metal trader to realize that he needs two rather than one market protections for his metal. The weakness of sterling against the dollar and latter against some other European currencies during most of the 1960s forced the recognition of the basic fact that the metal values were at the mercy of the currency fluctuations as well as the metal fluctuations. It is thus that first the large operations in metals, and soon thereafter the medium-size ones, started taking an interest in foreign exchange rates not only for the international business in metal but also for hedge and arbitrage requirements in the absence of actual foreign transactions. Position-taking in a metal required an actual or a paper position-taking in sterling when ever the trading firm was located outside of the sterling area. As time went on, some metal firms became quite sophisticated in foreign exchange operations and recognized that they were dealing in other than metal commodities, in addition to the metal trade.

Over the years, some metal firms acquired specialists or even opened special currency departments which went beyond the hedge requirements in currencies which were needed for their normal operations. The field extended to clearing currencies which eventually enabled trading firms to realize metal operations that would have seemed impossible otherwise. Through some clearing operations (settlements under bilateral payment agreements)

one should buy, for example, copper at a local price which would normally translate \$1 and sell it for \$0.98 on another market, while still making a profit on the operation through currency arbitrage.

Currency arbitrage

An interesting aspect of the more orthodox currency arbitrage appeared with the bullion brokers' silver quotations, as price were announced for spot, three months' six months and 12 months. Arbitrage was possible for the same or even longer periods on the Commodity Exchange (Comex) in New York, so that an arbitrage in silver could be calculated in two ways, one as a metal arbitrage and the other as a sterling - dollar arbitrage. This was mostly of interest when future sterling was at a substantial discount against the dollar.

To take a specific example. On a given day, the bullion brokers may have been quoting 170d for spot silver and 182d for 12-months delivery. Sterling may have been \$2,3950 for spot and \$2,3600 for 12 months. The corresponding values in \$ would have been, therefore, \$-1,6965 for spot Silver and \$ 1,7897 for 12 months silver. In other words, the future premium on silver was expressed in sterling as 7.1 per cent, while the same premium expressed in dollars a troy ounce was 5.5 per cent.

In New York, the equivalent prices on the Comex were \$ 1,6950 for spot and \$1,8560 for 12 - months delivery, meaning that the futures were at a premium of 9.5 per cent a year over spot.

The silver arbitrage consisted in buying 12 -months silver in London, purchasing the necessary sterling at \$2,3600, selling the silver in New York for 12 - months delivery and, to establish a proper 4 corner arbitrage, buying spot silver in London, immediately converting the proceeds from the London spot sale into dollars

at \$2,3950 for sterling. As can be seen, this operation yielded the arbitrageur 4 per cent.

A different approach would have been to buy the 12 - months silver in London at 182d without purchasing the resulting sterling ahead, and selling 12 - months silver in New York at 1.8560. By leaving these two operations until their respective liquidation 12 - months hence, the arbitrageur was going short of sterling at a premium of about 2 percent over the dollar. In effect, he was going short 12 - months sterling at \$2,447 such short sites sterling via silver were often done at times when there was the expectation of a devaluation of sterling against the dollar.

What new protection?

Regardless of the future readjustment of world currencies, the international buyer or seller of metals will have to find new protection in his contracts against possible further fluctuations of exchange rates. This will be a task which will complicate the metals business substantially and it will take a long time to get the metal industries to agree on protective clauses that would remedy some of the risks and satisfy both parties to contracts. The problem is that there is no longer a currency which can be used as a standard against which to measure the others. A gold clause which will base the currencies on the free gold price might be one possibility.

(Courtesy National and Grindlays Review)

Opportunities for Small Industrialists

The amount of rubber absorbed by the fabric is governed by the concentration of latex compound, the speed at which the fabric passes through the bath and the pressure exerted by squeezing rolls on the fabric. Highly deputed compounds satisfy most requirements.

Coating of fabric is different to that impregnating or clothing in that the compound does not reach the bath of the fabric although even coating may result in some degree of penetration. The same principle in the preparation of fabrics for impregnation applies to coating with latex. Coating unlike impregnation calls for latices of the highest possible concentration and high viscosity, which is often raised by addition of thickening agent or large amounts of fillers.

Latex Compound preparation

The dry powders of B (See formula guide) are wetted with the water plus dispersal LN solution. This paste is slowly stirred into A. The mix is then brought to the required viscosity by addition of the vulcastab TM solution C. The quantity depends upon the amount of natural stabiliser in the latex and upon ultimate viscosity required and must be determined by small scale experiment. Care should be taken during thickening operation to avoid introduction of air bubbles.

There are two reasons which make high viscosity desirable in coating:

1. High viscosity prevents deep penetration of compound into the fabric.

2. A few treatments of possibly single treatment is sufficient to apply the desired weight of coating material.

To ensure good adhesion to the fabric by coating operation when both sides of the fabric are coated, coating can be preceded by impregnation with a diluted compound.

The coating itself can be carried out in a spreading machine and better with a floating blade or brushes or rolls. The vulcanisation is similar to the operation with impregnated cloth or solution.

Spreading, Drying and Vulcanising

The thick mix is spread on cloth under doctor blade using the spreading machine and dried out slowly to prevent formation of pin holes.

Building up of the desired thickness may require the application of several separate coats, each being dried, but not vulcanised before application of the next. To obtain good adhesion of the coating, the first layer should have a relatively low solids content of about 50%. Pigment may be included in the compound for only the last coating.

Drying of each coat is effected by passing the cloth over a steam chest or steam drum. The cure is carried out by festooning the spread cloth in an oven in an atmosphere of steam or hot air. The cured spreading is usually dusted with talc or starch.

Doubling
Doubling is combined coating and bounding process. In the wet process a single fabric is coated on one side only and while still in the wet state joined to an uncoated fabric by pressing. In the dry process two fabrics each of them coated on one side are joined by being passed through doubling rolls but not until they have been dried. Doubled fabrics are waterproof. They

are used for rain wear, etc. After doubling materials have been dried at 60-70°C they are cured in hot air at 100°C for 30 minutes.

Rubberised fabrics are frequently after treated by being exposed to approximately 2% chlorine solution; bromine in carbon tetrachloride or to chlorine water. Within few minutes these solutions must be washed away with water as ageing properties may be impaired. The cured sheet usually dusted with talc or starch.

Formulae Guides

Solution compound for Supported Sheets

	Supported Sheets	Unsupported Sheets
Smoked sheet	100	100
White factice	10	10
Antioxidant ZnO	1	1
Stearic acid	5	5
Colour	0.25	0.25
Titanium Dioxide	25	25
Precipitated whiting	—	75
Soft clay	100	25
Paraffin wax	2.5	2.5
Light mineral oil	8	6
Butyl eight	4	3
MBTS	—	1
Sulphur	1.5	1.5
	258.25	256.25

Vulcanising 12 hours at room temperature
Vulcanising 30' at 270°C in auto-clave

Latex Compound for Supported Sheets (coated)

	Wet	Dry
A. 60% DRC concentrated latex	167	100
50% Sulphur dispersion	4	2
5% Dispersal LN	15	0.75
B. ZDC	1	1
Zinc oxide	10	10
China clay	100	100
Nonox NS	1	1
Pigment	0.5	0.5
1% Dispersal LN	75	0.75
C. 10% Vulcastab TM as required	—	—
	261.	216

Drying: 60-70°C Cure 30 at 100°C in hot air

Latex Compound for Impregnation

	Wet	Dry
60% DRC concentrated latex	167	100
10% Stabiliser (Vulcastab LS)	5	0.5
50% ZnO	10	5
50% ZDC	3	1.5
50% Sulphur	4	2
25% Antioxidant 425	4	1
50% China clay	20	10
	213	120

RUBBERISED FABRICS (II)

Defects that may arise in the manufacturing Process. Possible Causes and Remedy

Defect	Possible Causes	Remedy
1. Porosity	a. Too rapid drying of surface b. Too heavy a coat. c. Too fast and spreading cycle	Avoid any fillers containing moisture. Use some CaO to mop up moisture.
2. Plough marks or grooves	a. Caused by grit filler agglomerates; under mastication of rubber; loose fibres.	After each coating clean the doctor blade thoroughly.
3. Back marking, i.e. impression of cloth on the rubber surface	a. High tension of cloth b. Over mastication of rubber c. If cloth is not completely cold during take up	Heat cloth prior to spreading. Adjust viscosity of dough
4. Lamination	a. Due to curing of rubber under the steam chest.	Adjust blade. Change fabric or change formulation to give better adhesion. Change sides during repeated coating
5. Poor adhesion between cloth and rubber	a. Due to damp cloth b. Due to stiff dough not penetrating sufficiently into weave. c. Insufficient pressure from blade d. Due to nature of fabric.	Heat cloth prior to spreading. Adjust viscosity of dough
6. Uneven Coating	a. Worn doctor blade. b. Uneven tension of cloth passing under blade.	Change fabric or change formulation to give better adhesion. Change sides during repeated coating

Latex Compound for Doubling

	Wet	Dry
60— DRC concentrated latex	167	100
50— ZnO	4	2
50— Sulphur	3	1.5
5— Vulcafor) DDCN)	20	1
25— Agerite white	4	1
67— Lithopone	60	40
10— (VulcastabC)10	1	1
	268	146.5

Drying 60-70°C Cure 30' 100 einhot air

PROFITABILITY STATEMENT

66,500 yds. rubberised hospital sheeting @ Rs. 6/50 per yard (after allowing 5% for damages)	Rs. 432,250
Variable Costs	
Raw material	Rs. 140,000
70,000 yds. of fabric — Rs. 2/- per yd.	140,000
70,000 lbs. of rubber compound @ Rs. 1/- per lb.	70,000
105,000 lbs. of petroleum rubber solvent SPBR @ -/48 cts. a lb.	50,400
Packing material	
Talc	Rs. 400
Other	200
Wages per schedule	15,600
E. P. F.	1,400
Electricity - Production at Rs. 300/- per month	3,600
Oil — Rs. 100/- per month	1,200
B. T. T. 5—	2160
	304,410
Contribution :	127,840
Fixed Costs	
Salaries 2,425 x 12)	29,100
E. P. F. 9%	2,620
Electricity (general lighting)	240
Rates, taxes and insurances	2,200
Repair and maintenance	5,200
General expenses	3,000
Depreciation :	
Building — 2 1/2%	1,200
Machinery — 10%	13,500
Furniture and Equipment at 20—	600
	15,300
Net profit before tax :	Rs. 70,380

NOTE : It must be noted that the formulations given here are purely for guidance and actual experimentation have to be done before a particular formula is used in production.

Rubber Research Institute of Ceylon is in a position to offer preliminary training for persons interested in the manufacture of rubber products.

Tests

(a) To test the thickness: weigh the role of cloth before and after coating. From the S.G. thickness can be calculated.

(b) Evenness: Cut 6" squares and measure thickness both across and along the fabric.

EMPLOYMENT

	Rs.	Rs.
1 Manager	750	
1 Rubber Technician	600	
1 Assistant	500	
1 Clerk	400	
1 Watcher	175	2,425
6 Skilled workers @ % Rs. 8/- per day	960	
4 Unskilled workers @ Rs. 4/- per day	320	1,280
15	Rs.	3,705

SPECIAL CONSIDERATIONS

Manufacture of hospital sheeting locally would mean a further processing of locally available materials. Although the chemicals needed for this industry are to be imported, the foreign exchange allocated for this purpose is considered to be negligible when compared to the net foreign exchange saving that would be earned by the production of these materials locally. It should also be noted that the product for import substitution and this project would be economically viable only if the imports of these items are restricted with the development of the local industry. Production for the export market too would be possible if the output is of a high quality.

BENEFITS

The output of units would supply the entire local demand for rubberised waterproof material and also provide a gross foreign exchange saving of at least two lakhs of rupees annually. Further, it will also create employment opportunities for at least 45-60 persons immediately.

(AN IDB STUDY (Concluded))

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INDIA'S FOREIGN TRADE: A REVIEW

India's total exports (including re-exports) during the year 1970-71 amounted to Rs. 15307 million as against Rs. 14132 million during 1969-70, indicating an increase of Rs. 1175 million. The total import stood at Rs. 16282 million as against Rs. 15827 million in 1969-70 representing an absolute increase of Rs. 455 million or in percentage terms about 2.9 per cent. The advance data available for April-May, 1971 show the total exports during these two months at Rs. 2593 million and the total imports at Rs. 3035 million.

Table indicates the overall position of India's foreign trade during the years 1967-68 to 1970-71 and the two months April-May, 1971

Export Trade

After a sizeable decline, Indian exports began to pick up after July 1970 and during the months of August and September, 1970, there was some increase in exports. This trend of increase in exports continued in the ensuing months and exports during October, November and December, were substantially higher than those of the same months of the preceding years. In fact, during October, 1970 exports from India reached an all-time high figure of Rs. 1560 million. During the month of January, 1971 there was a slight fall in exports to the extent of Rs. 13 million which may be due to the strike in the jute industry

Year	Imports	Exports (including re-exports)	Bs. Million	Balance of Trade
1967-68	20070	111987	8089	
1968-69	19086	13579	5507	
1969-70	15827	14132	1695	
1970-71	16282	15307	975	
April-May 1971	3035	2593	442	
April-May 1970	2644	2461	183	

in December 1970- Exports began to show signs of recovery during the months of February-March, 1971. Thus, though there was some fluctuation in the exports during the year, the overall performance has been quite satisfactory in that the country was able to achieve a growth rate of exports to the extent of 8.3 per cent against the fourth

Plan annual target of 7 per cent. Advance information available shows that there was a decline of 6.1 million in exports during April, 1971 while during May 1971, the exports increased by Rs. 138 million over May 1970.

The growth rate of exports achieved during 1970-71 was quite satisfactory. However this performance did not compare well with the increase of 13.3 per cent achieved in 1968-69 over 1967-68. Apart from the dock strike at Calcutta, strained labour-management relations, revival of home demand, shortage of certain essential raw materials like steel, aluminium and other non-ferrous metals, oil seeds and raw cotton and difficult trading conditions faced by two of our most important exchange earners viz., tea and jute manufactures are responsible for this performance in the export field being limited to the present achievement.

Import Trade

During April-December 1970, India's imports amounted to Rs. 11,840 million as against Rs. 11,720 million in April-December, 1969 representing an increase of 1 per cent. According to broad economic classification of items entering India's import trade, the bulk of imports were made for maintenance of the economy, the maintenance imports

accounted for 68 per cent of total imports during April-December 1970 as compared to 64 per cent during April-December 1969. Among maintenance imports, raw materials and intermediate goods (including metals) claimed the major share (56 per cent of total imports) as against a lower percentage (49 per cent) in April-December, 1969

while imports of components and spares were 12 per cent during April-December 1970 as against 15 per cent during April-December 1969. Imports of complete machinery and equipment which are made for development of the economy, work out to 12 per cent during April-December, 1970 as against 19 per cent during April-December 1969.

by

P. L. SETHI

Asst. Director

Directorate of Research and Statistics, Office of the Chief Controller of Imports & Exports.

Direction of Trade

As for direction of exports during April-December 1970, India's exports to the North American Region and E.C.M. declined whereas to all other regions higher exports were registered. There was a sharp decline of Rs. 330 million in India's exports to U.S.A. actual exports being Rs. 1510 million during April-December 1970, as compared to Rs. 1840 million during April-December, 1969. This was mainly due to lesser offtake of carpet backing cloth by the U.S.A. The exports to the E.C.M. were slightly lower by Rs. 20 million. The largest increase in exports has taken place to the ECAFE countries to the extent of Rs. 440 million (from Rs. 2660 million to Rs. 3100 million). Most of this increase was absorbed by Japan, exports to which increased by Rs. 330 million (from 1220 million to Rs. 1550 million), owing to higher shipments of iron ores, oil cakes etc. Next to the ECAFE countries, the East European countries and African countries have each secured an increase in exports to the extent of Rs. 390 million. In the case of East European countries exports increased from Rs. 2280 million to Rs. 2670 million. Much of this increase was accounted for by the U.S.S.R., exports to that country having gone up from Rs. 1310 million to Rs. 1580 million. In the case of African countries, exports to the U.A.R. increased from Rs. 250 million to Rs. 401 million indicating

a rise of Rs. 160 million. The other African country which was able to absorb Indian exports to a large extent is Sudan. Exports to this country increased from Rs. 120 million to Rs. 260 million. Exports to the U.K. were higher by Rs. 110 million, the actual exports being Rs. 1380 million during April-December 1970, as against Rs. 1270 million during April-December 1969.

As for the source of imports there was significant increase in India's imports from North America, the African countries and the Federal Republic of Germany while decline in imports was considerable from ECAFE and East European countries. The largest increase of Rs. 380 million was registered in respect of Canada imports having increased from Rs. 570 million to Rs. 950 million during April-December 1970, from that country. Imports from the U.S.A. were almost the same, the actual figures of imports being Rs. 3441 million during April-December 1970, as compared to Rs. 3449 million during April-December, 1969. The imports from African countries increased from Rs. 980 million to Rs. 1230 million—a rise of Rs. 250 million. Most of the increase in imports from this region has taken place from U.A.R. import from which country increased from Rs. 210 million to Rs. 340 million on account of higher imports of raw cotton etc. Though there was not much of increase in imports from the E.C.M. countries as a group, imports from the Federal Republic of Germany increased by Rs. 180 million from Rs. 600 million in April-December, 1969 to Rs. 780 million during April-December, 1970, implying thereby that the imports from some of the E.C.M. countries declined. India's imports from the East European countries showed a decline of Rs. 390 million from Rs. 2060 million to 1970 million. Most of the decline in imports from this group of countries is traceable to the fall in imports from the U.S.S.R. Imports from the U.S.S.R. fell from Rs. 1240 million in April-December 1969 to Rs. 780

million during April-December 1970. There was a sharp fall of Rs. 210 million in the imports from ECAFE. Imports from this region declined from Rs. 2020 million to Rs. 1810 million) mainly from Burma, Thailand, Malaysia and Afghanistan.)

Impact of Britain's ECM Entry

Some significant developments are expected in India's trade with U.K. and the E.C.M. The U.K. Government have decided to impose 15 per cent duty on imports of cotton textiles from India. Further, British entry into the E. C.M. will adversely affect India's export trade as well.

The Commonwealth preferences will peter out and E.C.M. external tariff will be imposed on a number of traditional items. However, exports of our non-traditional items like engineering goods may go up as demand of Western European countries for labour intensive items like components of cars of other equipment from India and other countries is likely to grow. Under the Generalised system of Preferences, a wide range of manufactured and semi-manufactured Indian goods have been allowed to enter the European Common Market countries at reduced rates of duty with effect from 1st July, 1971. The duty reductions are substantial in respect of engineering goods and since India is now in a position to meet sizeable requirements of developed countries for a number of items, there is a good scope for India to step up its exports to the E.C.M. Other countries like Japan, U.S.A., U.K. are expected to implement the scheme during this year or next year.

Estimates for 1971-72 :

It has been estimated that during 1971-72 India's exports would go upto Rs. 16,700 million while imports are expected to rise to Rs. 17,100 million. It will thus be seen that while imports may increase by 5 per cent, exports are expected to rise by 9 per cent which may be regarded as an encouraging trend. Accordingly adverse balance of trade is expected to be only Rs. 400 million during 1971-72 as against Rs. 980 million in 1970-71

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The essence of India's economic progress is reflected in the transition that its production and trading patterns have undergone over the past 24 years. The overall trade of the country went up from Rs. 8644 million in the year of Independence to Rs. 31,588.2 millions last year. In 1950-51, the last of the pre plan period India's total trade was of the order of Rs. 12508.5 million, including imports amounting to Rs. 6502.1 million and exports of Rs. 6002.4 million. Started in the Korean boom year amidst an inflationary trend, the First Five Year Plan ended in 1955-56, with the country chalking up an average overall foreign trade figure of Rs. 13,192.6 million. The average

for the Second Plan period between 1956 and 1961 was Rs. 15,817 million and for the third plan period (1961-66) Rs. 20,063.2 million.

The statistics also indicate how during the second and third plan periods India steadily built up her imports, in the course of securing the capital goods essential for increasing production which would in turn lead to surpluses for export. The adverse balance which was of the order of Rs. 1175.4 million increased to Rs. 6,028.9 million in 1965-66 and during the current Fourth Plan period dropped to Rs. 975.2 million in 1970-71.

QUALITATIVE EXPANSION

Figures aside, much more has been done to change both the volume and quality of India's foreign trade. From the position of the country exporting mainly primary goods, like tea, are manufacturing cotton textiles and raw cotton which accounted for 60 % of the exports with many manufactured items on the list as also sophisticated engineering goods. Thus in 1969-70 the traditional items constituted a much smaller portion of

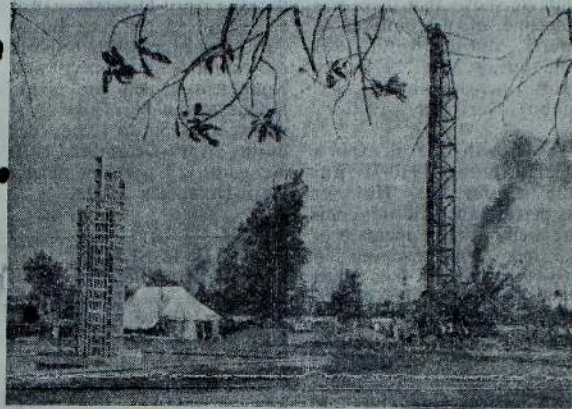
India's exports. This is turn has brought about a change in the direction of Indian exports. Instead of being dependent mainly on Britain, India today exports to many countries on both sides of the Atlantic and as many on Africa and Asia.

The range of exports includes durable consumer goods, plant and machinery, trans-

port equipment, heavy electric transmission lines and towers, railway track material and so on. Indian buses are, for example, sold in Aden, Malaysia, Somalia and Thailand. Indian machine tools are marketed in West Germany, Czechoslovakia and the United States. India-made railway equipment is bought by the UK, Hungary, Malaysia and the US. Belgium imports heavy water from this country while the Soviet telephone system depends on Indian supplies.

Resolution. The preamble to the Resolution said: "Government is of the view that expansion of export earnings is as crucial for financing the Plan as the mobilisation of domestic resources. To achieve national self-reliance, export earnings need to be expanded at a high rate." The resolution envisaged for the public sector industries a progressively expanding role in this direction.

It is equally significant that the Resolution framed after careful consideration of the entire gamut of the countries economic relations with the rest of the world and based on its own experience as a nation struggling for economic recovery, should have paid special attention to the international scene. Thus it called for early implementation of the scheme of the generalised system of non reciprocal and non discriminatory preferences in favour of developing nations by the developed countries of the world and for the removal of artificial trade and economic barriers placed before the developing countries. Similarly the resolution emphasised "the importance of international co-operation for exports."



Picture shows the 140 acre site of the Third Asian International Trade Fair

WINDOW ON DEVELOPMENT

Canada imports surgical equipment while Indian sugar and textile machinery is paying an important role in the economic production of less developed countries like Uganda, Kenya, Ethiopia and Nigeria. Indian iron ore is sold on a long term basis in bulk to Japan.

It is against this background that India's efforts to increase her export potential and the successes achieved in this direction have to be assessed. For, exports are an essential avenue for raising resources national development, not only for India but for the other developing nations of the world. In this effect India has fully recognised the role of co-operation among the developing nations. Fairs, like the Asian International Trade Fairs, provide a window on the development achieved by other countries and a useful forum for planning future cooperation.

EXPORT POLICY RESOLUTION

Today again as a result of planning, the Indian exports & imports are efficiently planned. In 1970 a further important steps was taken when Parliament adopted the export Poli-

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ENGINEERING INDUSTRY IN INDIA

India is today manufacturing a vast array of industrial goods. The country has attained self-sufficiency in making a number of engineering goods from pins to giant machinery, not only to meet the home demand but for export as well. This has enabled her industrial enterprises to offer goods at competitive prices conforming to international standards and specifications.

From simple consumer goods, export trade in engineering items has been gradually diversified to include industrial plants and machinery, heavy transport equipment, heavy and light electrical goods, heavy and light structural fabrication, machine tools turn-key projects and other high added value sophisticated items. Directionwise Indian engineering goods are now being exported to almost all parts of the world. Both

with regard to quality and price the engineering goods manufactured in India are increasingly becoming competitive in the world market.

Among the products, that have lately gained firm foothold in international markets are railway wagons and coaches, electric wires and cables, steel pipes, tubes and fittings, hand tools and small tools, diesel engines and parts, iron and steel castings, industrial machinery including jute, textile and knitting machinery, transmission line towers and poles, wire ropes, telephone equipment, electric fans and sewing machines, steel furniture, agricultural machinery and agricultural implements, railway tracks materials, steel bars, rods, etc.

There is now compulsory enforcement of quality standards and pre shipment inspection of export products.

More than 85 per cent of India's exports are covered by quality control and pre-shipment inspection schemes.

by
Mr. Raunaq Singh,
Chairman, Engineering Export Promotion Council, Calcutta

Indian engineers are now designing, engineering and building an array of sophisticated plants which are winning recognition abroad. Indian technologists are also prepar-

Selection Headstocks Centre and Turret Lathes, Hydraulically Controlled Chukers, All Electric Milling Machine and special purpose Machines and Transfer lines, Drilling and Boring Machines. With the expertise knowledge gained in design technical know-how, the industry is in a position to manufacture machine tool, as per the customer's requirement.

A wide range of hand tools are manufactured and the quality hand tools manufactured is comparable to the hand tools manufactured in Europe. The industry uses expensive drop stamp hammers and the

Along the progress of the machine tools, the cutting tool manufacturing industry also developed. Today there are twenty nine plants in the organised sector besides numerous units in the small-scale sector manufacturing cutting tools. The total capacity of twist drill production is 10 million nos. per year. The capacity for all types of cutting tools is Rs. 15 million and for the Bandsaw and Hacksaw Blades 50 million. Twist and other types of drills can be produced upto a diameter of 100 mm. In addition to milling cutters the cutters with form relief or special cutting geometry are also manufactured.

Threaded tools in cut and ground thread varieties both in Carbon Steel and High speed Steel are made as per the British, American and German specifications.

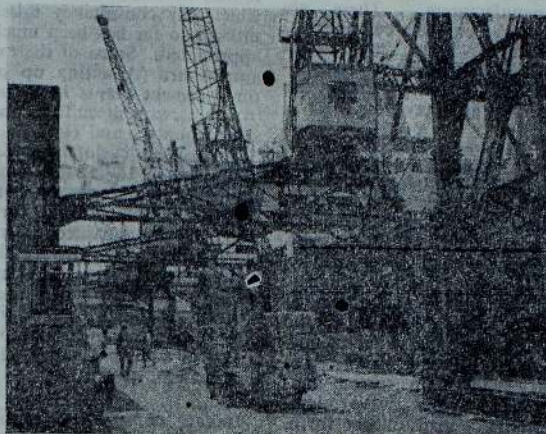
Ferrous Castings

The foundry industry in India developed during post-independence era and more so during successive Plan periods. At present there are nearly 4,200 grey iron and 60 steel and malleable foundries in India. The capacity of the grey iron foundries exceeds one million tonnes and that of steel foundries is around 2, 50,000 tonnes.

A new field of manufacturing alloy steel castings is recovering greater attention from the industry with the result that austenitic manganese, chrome manganese carbon chrome and nickel chrome steel castings are manufactured in increasing quantities.

A huge steel foundry, which is a part of the Heavy Engineering Corporation's complex of industrial units, has a steel foundry of the capacity 45,000 tonnes a year and the maximum weight of industrial casting it can make, will be 90 tonnes.

(Contd. on page 12)



Picture shows Jute exports from Calcutta Port

ing feasibility studies or projects reports for giant steel works in Ceylon, Singapore, East Africa and Latin America. They are advising the United Nations for a ferre-alloy facility in Iran as well as offering projects studies and engineering designs to a number of European enterprises.

Indian industries are executing large-value contracts for industrial plants and machinery structural fabrication, power station equipment and lately Indian consultants have entered into agreements, with overseas parties to assist in planning a capital equipment industry connected with chemical petro chemicals, building materials and refractory industries.

Machine Tools

The production of machine tools has risen from 4.7 million in 1951 to Rs. 258 million which is more than fifty fold rise in period of just less than twenty years. Indian machine tool industry during the first Five-Year Plan (1951-1955) was in its infant stage with hardly three major units making machines to accepted standards of accuracy. An appreciable progress was recorded during the Second and Third Five-Year Plan and the subsequent years 1966-67, 1967-68 1968-69. From a production of hardly Rs 10. 78 million in 1956 the output rose to Rs. 285 million during 1966.

The machine tool industry is capable of evolving its own designs of general purpose machine tools. More advanced types of designs have also been manufactured successfully. To name a few of them: Pre-

manufacturers have specialised and sophisticated plant and machinery. The tools are carefully hardened and tempered in automatic furnaces.

Hand tools from India are exported to over thirty countries of the world including sophisticated and quality conscious markets like the U.S.A., Australia, Canada and Czechoslovakia.

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Engineering Industry in India

(Contd from Page 11)

Mechanite Foundries

The Mechanite foundries in India coupled with their past experience in the foundry field have found access to international markets, depending on their individual capacity and effort to meet the need of the hour. The success achieved by the heavy engineering enterprises like the Hindustan Machine Tools Ltd., Bangalore, Cooper Engineering Ltd., Poona and M/s Central Iron Works, Kolhapur, are equally inspiring as manufacturers have entered into a new drive of exporting mechanite castings to the developed countries.

Automobile Engineering

There are seven large-scale plants manufacturing cars, jeeps and commercial vehicles—light, medium and heavy types. Eight other plants make scooters, motor cycles, three wheelers and mopeds. Besides, there are more than 200 manufacturing units in the organised sector which manufacture components for the assembly of complete vehicles as well as replacement of components for servicing the vehicles. These constitute a vast but an integrated industrial complex for the manufacture of motor vehicles and parts.

The Automobile manufacturers are making a wide range of items such as shock absorbers, pistons, rear-axle shafts, diesel fuel-injection equipment radiators, engine valves, valve guides and inserts, flywheels, brake drums, leaf springs, dynamos, voltage regulators, hydraulic and mechanical jacks, technometers, dash-board instruments, steel forgings, grey iron forgings, sparking plugs etc.

Electronics

Telecommunication and electronic equipment manufacturing industry in India has

made a promising beginning. The total production of electronics equipment and components during 1969-70 was about Rs. 1,100 million and Rs. 280 million respectively. It is expected to rise to Rs. 2,000 million for the equipment and Rs. 840 million for components by 1975.

Various types of domestic radios, including multiband (medium wave and short wave portable transistorised radios, radio receivers, record players and radiograms are processed by a large number of manufacturers. These are made from the components/materials which are almost wholly indigenous. Telephone and teleprinter industry are making good progress.

Electronic Components

Electronic components industry in India covers a large field of composition; cracked carbon and wires resistors, paper, ceramic, electrolytic, polystyrene polycarbonate film and ganged air-capacitors, micro switches, piano and wafer type switches, microphones, loudspeakers, rotary switches, instrument knobs, valve holders, wave guides, volume controls and so forth. These are produced by a large number of firms. Radio receiving valves, small signal, large signal and power-transistors, zener and other diodes, varistors and thermistors are manufactured. A good number of these components are of the professional grade and increasingly used in the manufacture of professional equipment.

Engineering Know-How and Consultancy Services

A large number of Indian enterprises are now equipped to render consultancy servi-

ces in many engineering fields demanding complicated know-how, sophisticated plants, and equipment indigenous design and engineering.

Indian consultancy services have also been aiding the engineering industry to attain self-sufficiency not only in designing engineering projects, but also in indigenous manufacturers of various auxiliary equipment which were used to be imported.

India has already won substantial industrial contracts in which her consultancy talent utilised so far has been much appreciated. Some of the examples are (i) setting up of three cement plants in Syria, (ii) one newsprint mill in the same country, and (iii) general industrial development work in Iran by India's National Industrial Development Corporation. Some of the turn key projects, entrusted to Indian firms which invariably include consultancy services, are (i) construction of power transmission lines in Kuwait, Nigeria and Sudan (ii) complete sugar mill in Uganda (iii) textile mills in U.A.R.

Indian consultancy services have now been recognised in overseas markets with competency to offer consultancy services in the following specialised fields.

Thermal Power Plants, Nuclear Power Plants, Hydro-electric Power Plants, Electrical Transmission and Distribution System, Iron and Steel Plants, Fertilizer Plants, Cement Plants, Pulp and Paper Plants, Water Works, Ports, Harbour, Ware houses, Dams Bridges, Roads and Buildings, Architecture & Town Planning, Mining and Mine Beneficiation Plant, Material handling Plant Non-ferrous Metallurgical Plant, Refinery & Petroleum Plants, Irrigation and Flood Control Projects and Light & Heavy Engineering Projects.

Steel Pipes and Tubes

India has some of the most sophisticated pipe manufacturing plants. Some of the tube-mills have world famous collaborators. The tube mills are located near the main markets in India and a few of them are cast based. The industry is capable of covering a wide range of specifications of the end uses ranging from cycle tubes to high pressure boilers and linepipe tubes.

Indian tube industry has already established its competitiveness and quality in foreign markets. Steel pipes and tubes are exported to the U.S.A the U.K. and other countries in Middle East, Africa, Australia and South East Asia.

Electrical Equipment

A large scale power development programme is a prerequisite for rapid industrialisation. Accordingly the development of the installed power generation capacity has been rapid since independence.

The installed capacity of electric power supply which was 2.3 million kilowatts at the beginning of the First Plan rose to 3.4 million kilowatts, 5.6 million kilowatts and 10 million kilowatts respectively at the end of the Second and Third Plan periods. It is proposed to increase the installed capacity to 47 million kilowatts by the end of the Sixth plan.

Electrical equipment manufacturing units located in private and public sector enterprises are making: Electric Motors, High Voltage Power Transformers Generators and Turbines, Power Boilers, Distributions Transformers, Motor Controlgears, Circuit Breakers, Capacitors & Condensers' Instrument Panels, Turbine Generators and various other equipment for power transmission and distribution.

Besides attaining self-sufficiency in manufacturing power equipment we are exporting electrical equipments to various countries of the world as per the international specifications or custom built to individual specifications.

The export performance of engineering goods has been showing steady increase during the last few years: in 1967-68 the export value was

Rs. 415 million; 1968-69 Rs. 850 million; 1969-70 Rs. 4064 Rs. million and in 1970-71 1152 million.

There have been interesting changes in the region-wise picture of engineering goods exports. The South East Asian Markets imported engineering products worth Rs. 18.3 million during 1956-57 and gradually improved their intake to Rs. 44.4 million 1960-61, Rs. 98.2 million in 1965-66 and Rs. 259.5 million in 1970-71. The West Asian markets which absorbed Rs. 20.4 million worth of these products also improved the value of their purchases to Rs. 28.9 million Rs. 72 million and Rs. 253.5 million in the respective years. Likewise the African markets too improved their purchases from a value of Rs. 12.4 million to Rs. 20 million, Rs. 57.6 million and Rs. 52.6 million respectively. While there was no purchase of engineering products from India by the East European countries in 1956-57, today they buy a value of Rs. 123 million. Interestingly the West European economies which were the least important markets for India's engineering items, a decade back, bought as much as Rs. 102 million worth of engineering products in 1970-71. The improvement is in view of their growing realisation of India's comparative costs benefits in a variety of labour intensive lines of production.

Company Report...

(Contd from page 4)

Radio-Necchi-refrigeration Department

The activities of this relatively small section are worthy of mention not because of the magnitude or spectacularity of its performance but by the undeniable fact that it recorded increases in turnover and trading profitability during the year ended 31 March 1971 as compared to the previous year.

Exports

Our effort in this vital sphere have been minimal and disappointing in the sense that we have not made any appreciable headway in our export drive which was launched in early 1970. The first realization on exports for the year underreview is Rs. 112,851 and shows little improvement on the figure attained in the previous year.

Being painfully aware of our singular lack of success in this field, we sent our Export Promotion and Merchandising Manager on a 6 week fact finding tour in August of this year. He covered some of the more prospective markets in the Gulf States, Middle East countries and Kenya in East Africa. The initial response has been most encouraging and we gradually expect to convert the several inquiries that we have received for our manufactures into irrevocable orders of supply. It would unquestionably be premature and imprudent for us to assume that we have captured these markets in our

first assault but we, nevertheless, share qualified optimism that we have indeed the products and some of the resources that will assist us to effectively counter competition from other parts of the world in international trade.

The path of success is long and tortuous but if we persevere in our endeavours and if the Government will support us to the hilt, I see no logical reason as to why we should not succeed in the long term.

Industrial relations

Recently concluded Collective Agreements with Trade Unions representative of the manual labour categories have boosted the salaries and Wages bill to a sizeable commitment. The enhanced Salaries and Provident Fund Benefits stretched back to 1 September 1970 making further inroads into the considerably reduced levels of profitability that prevailed during the year under review.

The total cost to the Company in accountable monetary terms in implementing these Collective Agreements, is in the region of Rs. 423,000 and the major share of this has been apportioned to the year ended 31 March 1971. I earnestly hope that productivity will improve to a level that is commensurate with the substantial benefits that the greater numbers of our work force enjoy under the terms and conditions of the Collective Agreements.

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NEW ENZYMES GIVE RUBBER MORE BOUNCE

Pure natural rubber would be an almost perfectly elastic material; you could keep it stretched or squashed for 10,000 years and afterwards it would spring back almost exactly to its original shape.

Real rubber doesn't quite live up to this ideal, but the ideal should come a good deal closer with a new kind of rubber, which has its impurities washed out with enzymes. The enzymes are exactly the same as those added to some washing powders. They are extracted from bacteria, and have the ability to break down protein and make it soluble in water.

The latex that comes from rubber trees contains small amounts of protein, and if the protein is removed before the latex is made into rubber the finished rubber has much better mechanical properties—or, roughly speaking, more bounce.

Impurities

This isn't quite the whole story. Removing the protein from the latex isn't much use if other, man-made impurities which affect rubber in the same way are going to be added later. The main culprits in this respect have been the chemicals added in order to speed up the process of vulcanisation, the treatment which turns rub-

ber from a yielding, shapeless mass into a firm, elastic material.

Better chemicals for this purpose have been developed by the same organisation which devised the enzyme treatment—the Natural Rubber Producers' Research Association, with laboratories north of London, in Welwyn Garden City, Hertfordshire.

The conventional chemicals tend to form tiny crystals in the rubber which make its behaviour uneven and unreliable; the new chemicals, however, stay uniformly distributed through the rubber.

Both these developments are part of an effort to encourage engineers and designers to use natural rubber where they might have used other materials such as synthetic rubber or even steel. Predictability is one thing engineers demand, and it's hoped that the new rubber will have properties almost as unvarying as those of steel.

Another feature of the new rubber is that it has a much smaller tendency to slowly change its shape under steady stress. So underground pipes sealed with it won't start to leak after a few years; and

should be safe to use in other structures that have to last for many years; for example, it could be used structurally in buildings designed to resist earthquakes.

New device to cool cutting tools

A new device helping to remove the heat appearing in the operation of cutting tools has been named "heat tube".

Overheating has a bad effect on the durability of the cutter and the precision of the processing of parts. That is why researchers are constantly looking for some rational methods to cool the cutting tool.

The "heat tube" proposed by V.N. Yurin, staff member of the Moscow Aircraft Engineering Institute, is of simple design. One of its tips faces the cutting surface of the cutter's refractory alloy plate, and the other a cooling condenser. There is no air in the tube, but porous material saturated with some volatile liquid.

SCIENCE AND TECHNOLOGY

A modern electric fishing machine

Pink prawns which are in great demand all over the world will in the future also be caught in daylight. This has been made possible by a research collective from the Baltic Sea island of Usedom which developed a plant that uses modern methods of electric fishing for catching this kind of crayfish which up till now could be found only at night.

The new plant which is easy to operate even without special knowledge was developed by GDR experts for the Cuban fishery. First tests in the Caribbean Sea brought results that

As soon as the liquid heats in the tube, its fumes begin moving to the cooling zone—the condenser. Over there they surrender their heat and turn to liquid again which immediately runs in the capillaries of the porous material to the cutter's hot zone. This is a continuous process.

(APN)

were twice as high as those reached with the traditional methods.

"ECHO II"

Polish experts have made a new model of the radio-telephone, called "Echo II" which is helpful in maintaining communication within a range of three kilometres.

The device is of a simple design and is easy to operate. It can be used on a wide scale, chiefly for communication in large industrial enterprises on building sites, by service and sanitary aircraft as well as during sporting, tourist and youth events of different kinds.

The device is fed by eight small 1.5 volt batteries or ten miniature accumulators ensuring operation for 10 hours.

Management of professional work

Contd from Page 6

In a given organizational unit, the first step in the process is for a man and his manager to develop a set of standards which represent the acceptable level of performance *this year* for key areas of the man's continuing responsibilities. These standards need not be all-inclusive but should focus effort and attention on the more important duties of the position which will be done year in, year out, regardless of the business plan being followed. In the case of an engineer such items as technical reports, product tests, specifications and similar items might be included. In the case of a salesman, customer calls, extension of customer credit and orders received might be examples. A foreman might be asked not to exceed certain waste and spoilage limits, to meet cost reductions bogeys and the like. The setting of standards is a holding action designed to prevent slippage in less glamorous but important areas of work where efficiency is critical.

When these have been formulated and agreed to, the second step is to develop goals which the man is expected to achieve within a reasonable time period. The goals represent his innovative contribution to the desired organization results based on current business plans. In the case of a professional, neither the standard nor the goal setting can be unilateral. Instead, each party brings important, though different, information to the planning decisions. In the manager's case, he is more likely to be aware of business plans or changes in them, and of competitive moves or customer needs which affect the

desired course of action. He is also likely to know of already established priorities and of resource availability as well as schedule advances or lags in other parts of the organization which relate to the man's work program.

The man, on the other hand, may be far more familiar with the technology in which he deals, with problems or barriers he is facing or anticipates, as well as possible breakthroughs. So the conclusions reached should result from a pooling of both parties' information.

For a truly joint decision—one which weighs all available inputs—certain implications are obvious. The manager needs to be interested in the employee's information and in where things actually stand. The closed-minded manager who comes to a planning session with all the decisions made may knowingly or unknowingly block upward communication. He may never ask for it or, if it's given to him he may not hear except through his personal, powerful filters, or his reception of it may be so negative that the employee is disinclined to argue his points or to attempt to present further information on other occasions.

A manager, therefore, needs to develop certain skills. He must learn to interview, to listen and to interpret what he hears. He must learn how to make it easy for an employee to give him unfavorable information or report a lack of progress. If, on hearing such news, he then loses his temper, he defeats his purpose, of course.

He must learn to negotiate with an employee who reports to him just as he would with

an associate at his own level in the organization of views (often involving a trade-off, a concession on both sides), a better, more realistic plan of action will emerge and both parties will feel completely committed to its accomplishment.

GOALS ARE NOT FIXED

Once standards and goals have been agreed to, the man chooses how he will reach them within the resource and time restrictions which prevail. Inevitably some of the assumptions and predictions made for planning purposes are proven wrong. Perhaps there is a change in the economy or a market shift which was not anticipated. Perhaps some work is behind schedule; some has not even been started because emergencies occurred. Perhaps technical progress has been hampered because of slow delivery of needed equipment.

For reasons such as these, plans cannot be considered fixed for any long period of time. They must be reviewed and recycled at rather frequent intervals. Most companies find a quarterly review to be about the right time period. It is long enough to permit the man some freedom of choice, yet short enough that major events requiring replanning can be taken into account quickly.

The review and recycle time is *not* a performance appraisal for the man. In fact, it is likely that the manager who takes this approach will lose the constructive thinking of the employee at the time he most needs it. The most successful managers ask, instead, for the man to brief them on where work stands against planned accomplishments and then

quickly turn the discussion into an information exchange and a "where do we go from here?" session. In this way, the emphasis is on the future and the options available to them in order to reach organization goals.

BENEFITS TO THE MANAGER

What has the manager to gain from this process which in many ways is less efficient than more traditional management methods? He gains, first of all, systematic access to the information the employee possesses. In these days of specialization this is much needed. The employee quite probably possesses better knowledge of the professional content of his work than the manager.

In addition, he comes to an perception of his work and his personal interests with respect to it. Since these matters affect the man's motivation seriously, they are critical to a successful working relationship between them.

The frequent recycling operates as an early warning system so that the manager is in a position to evaluate the action he must take to ensure success.

Misunderstanding of what is needed are gradually eliminated. Difficulty or ease of accomplishment become more obvious so that the risk involved in the innovative part of the work is controlled. The balance between standards and goals helps prevent achievement of one at the expense of the other.

BENEFITS TO THE PROFESSIONAL

Nor are the benefits all one-sided. The professional himself has much to gain. The negotiated plan gives him a voice in

his goals—indeed, provides a way for him to influence the goals of the organization of which he is member. In this way, alignment of his personal goals with the organization goals is more likely.

The professional becomes "visible" in the sense that his role is clearly delineated and he is identified with his plans and accomplishments. His performance is less subject to speculation and inference. It becomes very clear what he has and has not done.

When evidence is needed on which to base monetary rewards or other forms of recognition, it is available—and in terms both the man and the manager understand and accept.

When new jobs open, their requirements can be compared with a man's known accomplishments in an effort to determine his competitive position with respect to qualifications.

Perhaps the important thing from the professional's viewpoint is that he agrees to do certain things and he is measured on whether or not he does them.

NEED FOR MANAGERIAL JUDGEMENT

Does this mean that the manager is no longer required to use judgement in measuring the success of a given individual? Of course not. But the focus for judgement shifts. He must now weigh such factors as:

1. Did the plan, to which both agreed represent considerable innovation? Or was it a pedestrian plan, requiring little ingenuity?
2. Did the man face helpful—or difficult—conditions in attempting to carry it out?
3. Did the plan as conceived reach the intended result for the business?

(TO BE CONTINUED)

THE ECONOMIC TIMES

Editorial Department
Sunday 16th January, 1972

(1st Floor), 157, Jayantha
Weerasekera Mawatha
COLOMBO.10.

ECHO II

AID TALKS

The Aid Consortium Meeting to be held in Paris has once again come round the corner, and Ceylon awaits it anxiously or rather feverishly. Mr. Robert S. Mc Namara, President of the World Bank will create an unprecedented visit to Ceylon to obtain first hand information about the economic and political climate in Ceylon before the world Bank could put across Ceylon's case for increased aid to the Aid Club countries.

In spite of all the talk about self-reliance and less dependence on foreign aid it cannot be disputed that Ceylon must rely on aid and more aid for many more years to come. In this context it would seem heartening that the World Bank chief would apparently be assured of this fact. In the light of falling export earnings, a worsening of the terms of trade and a declining import capacity pressures for maintaining minimum living standards have increased, thus compelling the country to live beyond its means through the goodwill of the creditor nations.

One of the main problems facing the Government is to find external resources to finance the Five Year Plan, and in this respect foreign assistance will necessarily have to play a crucial role.

There is already a backlog of aid amounting to about Rs. 500 million and about Rs. 766 million or one third of the country's total export earnings for the year has to be reserved for debt servicing. It has been pointed out recently that Ceylon's balance of payments position is so weak that we only qualify for soft-term loans from the World Bank Group. But as World Bank assistance comprise a blend of both soft and hard term loans, our aid negotiators will have to make a strong case for a larger slice of soft-term assistance.

Ceylon might in all probability have to convince the Aid Club that its economic policy is based on sound principles and that the successful implementation of such policy would enable the country to repay the loan obligations. In other words, like any other money lender, the Group must be satisfied with our credit worthiness. For this the public sector must be geared to meet its rapidly increasing responsibilities. We can no longer permit valuable foreign assistance to be frittered away in uneconomic public sector ventures—wastage must be reduced to a minimum and the Government must ensure optimum utilisation of all available resources. The twin problem of bribery and corruption which is still rampant must also be eliminated if the economy is to progress at a faster rate.

Efficient utilisation of foreign aid is therefore of paramount importance, but though this fact has been realized it has yet to be practiced effectively—this should be assured before we could think of advancing the day when the country would be freed from foreign assistance which is the dream of all politicians.

Minimising imported raw materials— More research work by CISIR

The Ceylon Institute of Scientific and Industrial Research (CISIR) is being geared to play a major role in the country's industrialisation process, according to a report just released.

The Institute will carry out research to maximise the use of local raw materials for manufacturing purposes, thus reducing the heavy dependence on imported materials.

Processes have been developed for improving the characteristics of locally available timber and for the separation of high quality oil and protein from coconut. Work is now in progress in the preparation of activated carbon from coconut shells and in establishing uses for chlorinated rubber.

Action has also been taken for the production of substitutes for imported wood pulp stamping ink, wire drawing lubricants and foam producing components for fire extinguishers.

A team of Soviet Scientists was invited by the Government to examine the structure and work programme of the CISIR and to make recommendations.

Steps are now being taken to implement these recommendations, the principle features of which are:-

- (i) The setting up of a Research and Planning Council to advise the Governing Board

on the Research Programme of the Institute:

- (ii) Re-organisation of the Research Divisions of the Institute with corresponding increases in staff and equipment;
- (iii) The setting of an Engineering Division and
- (iv) The establishment of a Techno-Economic Evaluation unit.

Britain's biggest trade surplus

Britain's external trade surplus in 1971 was far and away the biggest she has ever had.

Provisional seasonally adjusted figures published last week put last month's surplus on visible trade at £36 million bringing the total British trade surplus for 1971 to a prodigious £295 million.

In most years Britain runs a deficit on mercantile trade which is offset by a surplus

on the sale of services and other 'invisible' receipts such as earnings from overseas investment. Only four times in the last quarter of a century has she been in annual surplus on trade in goods.

Last year Britain earned such a surplus for the second year in succession and in a measure which easily topped her previous peak visible trade surplus of £53 million, earned in 1956.

In addition Britain's normal large surplus on 'invisibles' is estimated to have totalled well over £600 million last year. This means that she achieved a surplus on the current account on her balance of payments, which covers all transactions except capital movements, in excess of 900 million.

Britain's remarkable trade performance last year reflected a five per cent rise in the volume of British exports compared with 1970. Higher British export prices increased the effect of this on the balance of payments.

At the same time there was a rather smaller rise in the volume of imports into Britain and an appreciably smaller rise in import prices.

£4 M. CREDIT FROM HUNGARY

An agreement was signed between the Government of Ceylon and the Government of the Hungarian People's Republic providing for a line of credit in a sum of 4 Million pounds sterling. The Agreement was signed by Professor H.A. de S. Gunasekera, Permanent Secretary, Ministry of Planning and employment for the Government of Ceylon and Dr. Karoly Garamvolgyi, First Deputy Minister of Finance, on behalf of the Government of the Hungarian People's Republic.

The loan is repayable in 10 years and is subject to interest at 3%. The indicative list of items eligible for financing under the credit includes Complete Plant and Equipment for Telephone Exchanges, Machinery for Chemical Industry, Electrical power sub-stations, Refrigeration Plants, Ships and Fishing Boats.

LONDON SPICE CONFERENCE

Ceylon India and Pakistan are among the 30 countries expected to be represented at a five-day conference on spices to be held in London in April.

The conference is being organised by the Tropical Products Institute (TPI), which is part of Britain's Overseas Development Administration, and countries which either produce or use spices will be sending delegates.

Besides the formal papers and discussions at the conference, visits are being arranged to organisations concerned with spices and related subjects.

These will include several commercial firms, the Royal Botanical Gardens at Kew and the Industrial Development Department of the TPI at Culham.

Four main sections

Although the programme details are not yet completed it is intended that the conference should be divided into four main sections. In the first section dealings with traditional spices and vanilla there will be a paper by Mr. F. Rosengarten Jr. (author of 'The Book of Spices') on the history of spices followed by a lecture by Mr. H. B. Heath, of Bush Boake Allen Ltd., on the present pattern of use. Dr. R. Hardman, of Bath Technological University, will talk on the spice and herbs used in pharmacy. Aspects of the preparation, analysis and use of vanilla will be discussed by other speakers.

The second section on agricultural aspects generally will include specific lectures on the introduction of spice crops to certain areas, and the cultivation of pepper. Section three will deal with spice processing, flavour testing and the bacterial contamination of spices. Production and quality control of oleoresins (a natural mixture of the volatile oil and resin) are other topics to be included.

The fourth section will cover various aspects of marketing and the views of the both a major user country in western Europe and a producing country will be presented.

(NOTE: Further applications to attend the conference will be welcomed by: The Scientific Secretariat (C), Tropical Products Institute, 56, Gray's Inn Road, London WC1X 8LU)

HONOURED

Thomas J. Bata, Chief Executive of the Bata Shoe Organisation, has been named a Companion of the Order of Canada, the highest civilian honour available to a citizen of Canada.

The order was created in 1967 by the Honourable Lester B. Pearson, and consists of three awards; in order of their descending importance:

- (1) Companion of the Order of Canada
- (2) The Medal of Courage
- (3) The Medal of Service

The total number of living Companions of the Order of Canada must not exceed 150. The Order was conceived to fill the need for a distinctly Canadian system of honors and awards to be used as a means of recognising outstanding merit, gallantry or distinguished public service in all fields of endeavour. The Motto of the Order is 'They desire a better country.' Awards are made solely on the basis of merit. If conformity with its distinctly Canadian character, the Order includes no titles and confers no special privileges, hereditary or otherwise.