



# THE ECONOMIC TIMES

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Price 50 cts.

## Standards for more products underway

The Bureau of Ceylon standards is due to put out shortly standards for several food and agricultural products.

Canned fruits, condensed milk, pasturised milk, jams and jellies, synthetic syrups, fruit squash and frozen lobster tails are among the several food products for which the Bureau is now working on standardization.

Bureau staff are collecting the necessary technical data on these projects and in some cases, the Drafting Committee have already met to discuss and finalise draft standards.

## TOWARDS MORE REALISTIC ALLOCATIONS

All approved and registered industries have been requested by the Industries Minister to furnish statements of their 1971 requirements of industrial raw materials, components, containers and packaging materials before the end of this month.

Their applications are expected to reach the Regulations Division of the Ministry not later than August 30.

The Regulations Division has also asked industrialists applying for raw materials and components to furnish the following:-

\* Particulars of production upto the first-half of the year

and estimated production for the latter half of the year,

\* Details regarding quantities, CIF values and sources of supply of OGL imports upto date,

\* Manufacturers Turnover Tax payable in respect of 1970 for first and second quarters of the year;

\* Total number of workers employed during 1970.

\* Total F.O.B. value of exports effected;

### Packaging

On packaging materials industrialists are asked to provide

particulars of foreign exchange allocated for the purpose in 1970, the quantities and CIF values of packaging, materials imported during 1970 and imports under OGL.

Regarding their import requirements of raw materials and packaging for 1971, industrialists are asked to furnish details on the total CIF value of items to be imported on import licences.

### FACILITIES FOR SMALL INDUSTRIALISTS

The CISIR is to provide small industrialists with technical advice, laboratory testing facilities, and assistance to ensure high standards of manufacture and quality control for their products.

The Minister of Industries and scientific Affairs Mr. T. B. Subasinghe gave this assurance at a conference with a deputation of small industrialists and key officials of the CISIR and the Ministry.

### Cement Corp. Makes Headway

The Ceylon Cement Corporation has produced 11,156 tons of cement upto the end of June in its new Puttalam factory.

Sales of cement which was started only in mid June 1970, had by the end of June amounted to 1,199 tons.

### PRODUCTION

The Corporation expects an

## Payment of rebates delayed

Say exporters of non-traditional products

Exporters of non-traditional products complain that the payment of Customs duty rebates on imported raw materials used in the manufacture of goods for export is being unduly delayed.

Under the scheme of rebates, exporters are entitled to claim rebates at predetermined scheduled rates. The present rebate payable is 10 per cent of the true FOB value of the article exported.

A leading non-traditional exporter told the 'Economic Times' that although he has effected exports to the value of several lakhs of rupees, he

has not obtained any payment by way of rebates.

He said that according to a Government Gazette notification, it was categorically stated that a further relief will be provided to industrialists in the payment of customs duties on imported raw materials under a guarantee scheme introduced by the IDB. Even these payments have so far not been effected, he added.

Exporters of non-traditional products are now urging Government to set up a separate division within the Ministry of Industries to handle all matters connected with non-traditional exports.

## New Investment Savings Scheme

The People's Bank has introduced a new Savings Scheme styled Investment Savings Accounts (ISA).

This is a contractual form of savings where a depositor undertakes to save a specified sum of money monthly or quarterly over a period of 60 months.

It differs from the usual form of Savings Deposit Account where a depositor is free to deposit sums of money as and when he chooses.

### Special Benefits

It offers a higher rate of interest than is paid on ordinary

savings deposit accounts.

It is linked to a special loan scheme on the principle that a person who observes the discipline of saving according to a definite plan over a period of years may be considered creditworthy.

### I.S.O. APPOINTMENT

The International Organisation for standardisation (I.S.O.) has informed the Bureau of Ceylon Standards that its Director Dr. Ronald T. Wijewaniha has been appointed as a member of the Development Committee.

The Development Committee is an advisory Committee to the ISO for all matters within its competence.

Its membership consists of experts who do not represent the Member Body of the country but instead put their own expert knowledge at the disposal of the Council through the Development Committee.

## Paper Mills Corp. Expands

The Eastern Paper Mills Corporation wants to set up two more paper factories which will use straw as the basic raw material.

They will be sited at Rajangana and Embilipitiya. Blueprints for the two projects are

ready and awaiting approval of the Ministry of Industries.

The Embilipitiya plant is expected to produce 50 tons of writing and printing paper per day while the plant at Rajangana is expected to produce 200 tons of the same paper per day at the start.

### Survey of beedi manufacturers

The Ministry of Industries has sent out a questionnaire with a view to preparing a

list of genuine beedi manufacturers. MPs and DROs will also assist in this survey.

It has been brought to the notice of the ministry that of the 3,000 registered permit holders, many are not genuine producers.

The issue of beedi wrapper leaf for the first half of 1970 was as follows:-

(a) 97 beedi manufacturers	2,062,977 lbs
(b) 353 old permit holders	556,718 lbs
(c) 2891 new permit holders	722,750 lbs
(d) 159 Co-op Societies with a membership of 16,596 at 75 lbs per member	1,244,700 lbs
<b>Total</b>	<b>4,587,145 lbs</b>

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# MARKET PRICES

COLOMBO

CLOSING PRICES 13.8.70

TEA (Rs.) Cts. Per lb.)	BOPS		B. O. P. Fs	
	low	high	low	high
Uva Teas	3-00	12-00	3-00	10-50
	1 at 13-00	1 at 15-00	1 at 12-70	1 at 14-00
	1 at 20-00	1 at 25-50	1 at 16-60	1 at 25-25
S/W High Grown	1-80	3-45	2-00	3-10
3 at 3-50	1 at 3-55		1 at 3-15	1 at 3-20
				1 at 3 25
Medium Grown	1-60	2 20	1-70	2-35
Small leaf Low Grown	1-40	1-65	1-45	1-70
Tea for Price	1-00	1-35	1-05	1-35
Leafy B. O. P.	1-25	1-65		
	F. B. O. Ps.		F. B. O. P. Fs	
Tippy Teas	1-35	1-60	1-38	6-05
	2 at 1-66		1 at 1-07	1 at 18-05

PRICES FOR THE WEEK ENDED

15.8.70

RUBBER (Rs. cts.—per lb.)

The Commissioner of Commodity Purchase paid the following prices to shippers.

Colombo	High	Low
RSS No. 1	85	84
RSS No. 2	80	79
RSS No. 3	78 1/4	77 1/4

COPRA (Rs. per Candy)

Estate Copra	No. 1.	High	Low
		230.00	227.00

COCONUT OIL (Rs. per ton)

	High	Low
August	1425	1400
September	1410	1400

POONAC (Rs. per tone)

	High	Low
	290	290

DESICCATED COCONUT (per lb.)

August and September .60 cts.

Prices for the week ending 8th August 1970

Commodity	Buyers	Quotations	Export
	Per lb.		Duty
Cardamoms .. ..	24/90	28/95	40% on
C'ovom Seeds .. ..	25/35	25/35	true F.O.B.
Cloves .. ..	18/05	18/45	value
Claoe Stems .. ..	4/00	4/25	
Maec .. ..	unquoted :		
Nutmeg (Shelled) ..	4/25	4/75	
Nutmeg (Unshelled) ..	1/75	2/25	
Pepper (Black) .. ..	3/97		
Pepper (White) .. ..	5/50	Nom.	
Papain (White) .. ..	14/50	15/00	20% on
Papain (Brown) .. ..	9/00	9/50	true f.o.b.
Cinnamon H/1 .. ..	3/75		value
Cinnamon H/2 .. ..	3/65		-do- ..
Cinnamon Quillings No.1 ..	3/25		-do-
Cinnamon Quillings No.2 ..	3/00		-do-

Cocoa .. ..	Per Cwt.	Export	Duty
	235/00	40% on true	f.o.b. value

Coffee .. ..	Per Oz. lb.	Export	Duty
Kapok (Clean) .. ..	366/00		
Kapok (Unolean) .. ..	130/00		
Croton Seeds .. ..	37/00		
Essential Oils .. ..	125/00	140/00	
Cinnamon Leaf Oil .. ..	24/25		
Cinnamon Bark Oil .. ..	24/50	per oz.	
Citronella Oil Estate Quality ..	6/50	per lb.	10% on true

Citronella Oil Ordinary .. 6/15 per lb.

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 1/8/70

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

Cereals	(Per Bag 154 to 158 Lbs)	Per bushel
Paddy-		
Samba .. ..	15/00	
Other Varieties .. ..	13/00	
Rice-		
Par Boiled .. ..	70/00	
Country Rice No. 1 .. ..	85/00	
Country Rice No. 2 .. ..	75/00	
Samba Rice .. ..	102/00	
Kora Rice .. ..	110/00	
Maize-		
Pulses .. ..	29/00	
Red Gram (Toor Dhal) .. ..	40/00	45/00

## TEA REPORT

Auction No. 31 was held on Tuesday 11th and Wednesday 12th August, 1970. The total quantity offered was 6,779,757 lbs. comprising 3,586,795 lbs. Leaf Grades, 675,881 lbs. Dusts, 148,616 lbs. Reprints, 125,535 lbs. Sundry Lots and 2,391,546 lbs. Ex. Estate. Quality from both sides of the Island showed an improvement and there were some fine flavoury Uvas on offer. Demand was very irregular for all descriptions except the improved Dimbulas.

**High-Grown Teas**:-Where quality was useful Western Broken grades improved 5/15 cents per pound but there was little inquiry for BOPFannings grades and these declined 20/30 cents per pound. Orange Pekoes and Pekoes were in more demand and appreciated sharply.

**Uva Teas**:-The best available flavoury sorts met a limited demand with prices, compared to last week, most irregular. Below best were in good demand and prices generally showed a further improvement commensurate with quality. Lear Grades met excellent support and were all dearer.

**Medium-Grown Teas**:-There was less demand for all Broken Grades which declined on average 5/10 cents per pound. BOPFannings met even less support and the higher price sorts were often lower by 20/30 cents. Orange Pekoes and Pekoes were all dearer.

**Low-Grown Teas**:-Small Leaf bright liquoring BOPs and BOPFannings declined 5/10 cents per pound but leafy grades suitable for the Persian Gulf met an improved demand

with well made sorts appreciating 10/20 cents per pound.

**Tippy Teas**:-FBOPs were fully firm to dearer. Small Leaf FBOPs and the bes. showy types were barely steady.

**Off Grades**:-Good Mediums and Westerns were fully firm while Uvas were dearer following quality. All others were easier.

**Dusts**:-Powdery sorts were steady while others came to a generally easier market except for the brighter Westerns which were dearer.

## RUBBER REPORT

World Rubber Markets fluctuated this week with an easier undertone. The SINGAPORE MARKET opened lower on disappointing London advices. However, at these lower levels there was evidence of trade short-covering which steadied the market. This initial spurt took the market up fractionally for the August position but eased thereafter on Chinese trade selling and profit-taking to close inactive with many operators on the side line awaiting further developments.

The LONDON MARKET passed a quiet week of trading as values drifted downward reflecting lack of interest apart from a very modest amount of selling and switch activities. Dealers continued to attribute this to a lack of factory off-take during the holidays.

Consumers in the NEW YORK MARKET remained generally withdrawn and according to trade circles the

impending automotive strike next month continues to restrict activity. There was a fair demand for physicals which showed a slightly steady undertone recovery on improved Far East values. On balance Singapore declined by 1/8 dollar cent while London remained unchanged.

RSS 1 opened the week at -/84 1/2 cts. per lb., unchanged on the previous week's closing figure. The market improved fractionally the following day but declined on the next two days before rallying to close on a slightly steadier note at -/84 1/2 cts. per lb. Approximately 118 tons of Sheet Rubber were sold by Members of our Association of which 60A consisted of No. 1 sheet.

**Latex Crepe**:-There were 477 tons of Latex Crepe on offer showing a decline of 59 tons on the previous week's figure. At the opening sale Pale Crepes declined somewhat but demand for these improved throughout the sale Duller sorts were easier and Off Grades remained about unchanged. At the subsequent sale a much larger quantity of Latex Crepe was on offer and opening prices for 1Xs and No. 1 crepes eased considerably at the start but thereafter steadied very firmly towards the closing stages. While 1Xs remained unchanged on the previous sale No. 1 crepes declined by 1 to 1 1/2 cents.

**Cocoa**:-There were 13 lots, totalling 76 cwt. of cocoa on offer this week as against the previous quantity of 112 cwt., indicating a decrease of 36 cwt. The market was easier this week with only a line of No. 1 quality selling at Rs. 235/- per cwt., at which price quotation was made. Grades next to best moved down by Rs. 5/- to Rs. 10/- per cwt. to sell at Rs. 190/- to Rs. 200/- per cwt. The darker grades also depreciated by Rs. 15/- to Rs. 20/- per cwt. to trade at Rs. 125/- to Rs. 140/- per cwt. No garblings or shell cocoa were on offer.

**Pepper**:-There were 4 lots, totalling 10,342 pounds of Pepper on offer this week, all of which met with keen and strong demand to be disposed of at Rs. 3/97 per pound at which price quotation was made.

**Coffee**:-Four lots totalling 43 cwt. 03 qrs. 26 lbs. were on offer this week. A line of Robusta Coffee fetched Rs. 366/- per cwt. for quotation to be made at this price.

**Cloves**:-Two lots totalling 1383 pounds of cloves were on offer and were sold at Rs. 18/05 and Rs. 18/40 per pound respectively for quotation to be made at this range of prices.

## Produce Report

We give below the Sundry Produce Market Report week ending 8th August, 1970, as issued by the Colombo Brokers' Association.

**Cardamoms**:-There were 87 lots, totalling 5518 pounds on offer, as against the previous week's quantity of 6540 pounds, indicating a decrease of 1022 pounds. Following better demand, the market

moved up by approximately Rs. 1.00 to Rs. 1.50 per pound or No. 1 quality to be quoted at Rs. 24/90 to Rs. 28/95 per pound. Off Grades, however remained at much the same levels and sold at around Rs. 29/95 per pound with the lowest transaction being made at Rs. 8/- per pound. Seeds met with fair demand and sold at Rs. 25/35 per pound.

	Per Cwt.	Per Bushel
Black Gram (Undu) .. ..	61/00	
Bengal Gram .. ..	46/00	
Green Gram .. ..	53/50	
Bombay Cowpea .. ..	40/00	
Illets		
Finger Millet (Kurakkan) ..	9/25	
Sorgum .. ..	700/00	per ton
Spices/Condiments		
Mustard .. ..	4/75	
Chillies		
Dried Long .. ..	250/00	
Dried Round .. ..	10/00	
Dried Gf Grade .. ..	75/00	
Goraka .. ..	85/00	
Vanilla .. ..	15/00	Per Lb.
Tamarind .. ..	115/00	Per Cwt.
Nuts Cashew .. ..	—	Per Lb.
Groundnuts .. ..	50/00	Per 80 Lbs.



# PLANTATION INDUSTRY

## Mattress Fibre Exports Decline

(By Our Commodity Correspondent)

Despite the fact that supply and demand for mattress fibre were fairly evenly matched, exports declined from 1,280,277 cwts. in 1968 to 1,180,263 cwts. last year.

West Germany surpassed the U.K. as the main buyer of Mattress Fibre in 1969, primarily because trading conditions in the United Kingdom were depressed and bedding and furniture sales were badly affected by the credit squeeze.

The 29.5 per cent drop in consumption in the U.K. was mainly responsible for Ceylon's lower exports last year.

### EAST EUROPEAN DEMAND

Eastern European countries emerged as buyers in 1969 and it is hoped that with the rise in living standards they will use increased quantities of our mattress fibre.

Ceylon continued to satisfy about 80 per cent of world demand in the year under review. Whereas Tanzania

The local market opened on a weak note in January last year at Rs. 18/- per cwt. for FAQ and declined to Rs. 17/- per cwt. by June, when the increase in the FEEC's to 55 percent allowed shippers to enhance their buying prices to Rs. 18/- per cwt.

The imposition of the ad valorem Export Duty from August 3, added a minimum of Rs. 4/64 to the former rate of Rs. 1/-. But because shippers could not absorb this loss, they were forced to pass this additional burden of duty to the millers and reduce their price to Rs. 13/-. With supply exceeding demand depressed trading conditions developed & prices dropped to Rs. 12/12 by October, at which level they continued until December. (See details in Table II).

Table I  
MATTRESS FIBRE EXPORTS

Year	Customs Exports	Customs Valuation	Customs Average Value Per Cwt.
	Cwt.	Rs. cts.	Rs. cts.
1963	.. 1,152,286	18,036,443	15.65
1964	.. 1,444,654	26,329,419	18.23
1965	.. 1,280,561	26,492,029	20.69
1966	.. 1,114,229	20,291,507	18.21
1967	.. 1,064,954	19,428,189	18.24
1968	.. 1,260,277	25,496,189	20.23
1969	.. 1,180,263	25,389,703	21.51

Source : (Ceylon Customs Returns)

has just maintained her position as No. 2 supplier, the Philippines are again making a strenuous effort to encourage their nascent fibre extraction industry.

Because of very depressed prices sisal emerged as a serious threat to local Mattress Fibre as an upholstery material, particularly for higher priced ranges of bedding and furniture. Plastic foam was another serious competitor in 1969 because of its easy use and application in furniture manufacture.

### DOMESTIC MARKET

Except for limited use in local bedding, mattress fibre had no outlet in the domestic market.

### COMPANY MEETING REPORTS

The Annual Report of Ceylon Tobacco Co. Ltd. featured in our issue of 2nd August 1970 was in respect of the year ended 31st March 1969 and not 31st March 1970, as erroneously stated therein.

There was practically no change in the selling price overseas for Mattress fibre. Floor prices also remained unchanged last year and stood at Rs. 10/25 first cost and Rs. 18/80 F.O.B.

Table II

### AVERAGE MONTHLY PRICES

(FAQ Per Cwt. At Buyers' Stores)

	Rs. cts.
January ..	18.94
February ..	17.25
March ..	17.00
April ..	17.25
May ..	17.00
June ..	18.25
July ..	17.87
August ..	13.87
September ..	12.49
October ..	12.12
November ..	12.12
December ..	12.12

Source : (Ceylon Chamber of Commerce).

# RUBBER MARKET REPORT FOR JULY 1970

RSS No. 1 opened 1/4 cent easier at -88 cents per lb. recovered temporarily under fluctuating conditions to touch -88 1/2 cents per lb. on the 13th instant, but declined thereafter in line with overseas advices to close at -84 3/4 cents per lb.

Approximately 2,533 tons of LATEX CREPES were offered at the public auctions held during the month, a substantial increase of 841 tons compared to the previous month's total and also an increase of 597 tons compared to the total in July 1969. Latex Crepe No. 1 opened 2 cents dearer at Rs. 1/11 1/2-13 1/2 cents per lb., continued to improve fairly sharply on strong demand to Rs. 1/17-21 per lb. at the Sale of the 12th instant, but declined gradually thereafter to close at Rs. 109 1/2-11 cents per lb.

## Major Breakthrough in Rubber Research

A dramatic development, said to be the rubber industry's biggest breakthrough in research, was announced last week by Malaysian Minister of Commerce and Industry, Mr. Mohamed Khir Johari at an International Plantation Conference in Kuala Lumpur, last week.

The new development involves the use of a chemical stimulant Ethylene (trade name of a preparation of chloroethyl-

Approximately 653 tons of SCRAP CREPES were offered, an increase of 141 tons compared to the previous month's total, but a slight decrease of 5 tons compared to the total in July 1969. IX Browns opened unchanged at -89 to -92 cents per lb., but declined gradually thereafter with only occasional pauses to

close at -82 to -84 cents per lb.

Approximately 19 tons of SOLE CREPE were auctioned, a slight decrease of 1 ton compared to the previous month's total and also a substantial drop of 23 tons compared to the quantities offered in July 1969.

## Indo-Ceylon Copra Trade

Ceylon has been entertaining hopes of increased trade in copra and coconut oil with the State Trading Corporation of India following the STC's purchases of 640 tons of coconut oil according to a report in the Indian Standard last week.

The Report, however, added that shippers in Colombo were perturbed by an unconfirmed report of a decision by the STC not to make any more

purchases from Ceylon.

Brokers and Shippers said that lack of bulk facilities at Bombay and Calcutta ports had influenced the decision and this has, apparently, also been the reason for the STC not buying the anticipated full 1,000 tons of coconut oil from Ceylon.

They said Ceylon was in a position to meet India's demand for coconut oil and copra for August-September. Shipments have been booked to Russia (3,000 tons), the G.D.R. (3,000 tons) and U.K. (1,000 tons).

Copra dealers were perturbed that India would halt purchases of copra following the S.T.C.'s entry into the oil market.

Commercial circles welcomed the increased oil trade with India primarily because India would prove to be the biggest market by virtue of its proximity to Ceylon and because of high prices oil fetched at Alleppey and Cochin.

## SHARE MARKET REPORT

The Share Market Report for last week has been delayed.

# THE ECONOMIC TIMES

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# Expanding world market for local shoes

(By Our Commerce Reporter)

The market for Ceylon-made footwear, both rubber and leather is unlimited. The world market, for these products is fast expanding and much more foreign exchange could be earned if we are able to produce a shoe to suit the fastidious tastes of the foreigner and match it with a competitive price.

These were the main points which emerged from an exclusive interview we had with the sole exporter of shoes in the private sector—Bata Shoe Company Limited.

Ceylon broke into shoe export business early in 1967 when Bata's secured a contract for the supply of 12,000 pairs of rubber shoes valued at Rs. 18,000 to the Middle East.

A tremendous increase in exports of shoes was witnessed in 1968 with Bata's exporting 195,000 pairs of Shoes to Kuwait, Libya, Saudi Arabia, Malawi Somalia, Bahrain, the United Kingdom, USA, Canada and West Germany.

## EXPORT TARGET EXCEEDED

Last year the Company was able to exceed its export target

of 300,000 pairs when it shipped as many as 322,000 pairs. The total foreign exchange which accrued from these exports was nearly Rs. 1.5 million.

Of the 322,000 pairs of shoes exported by the Company, 114,000 were for leather shoes, while the balance 208,000 were rubber shoes.

Among Ceylon's principal buyers last year were :—W. Germany 148,000 pairs ; U.S.A. 72,000 pairs, Kuwait 36,000 ; Libya 26,000 ; Canada 23,000 and the U.K. 22,000.

A spokesman for Bata's disclosed that this year they hope to export 500,000 pairs of shoes from which they hope to earn Rs. 3 million.

Already the firm has shipped 153,000 pairs, comprising 110,000 pairs of rubber shoes

to Middle Eastern and African countries and 43,000 pairs of leather shoes to Canada and the United States.

The spokesman added that another 100,000 pairs were now ready to be shipped and are due to leave port within the next few weeks.

Commenting on the future potential for Ceylon footwear the spokesman said that every effort is now being made to break into the European market for leather shoes. Attempts are also being made to break into the Australian and New Zealand Markets.

The spokesman also made the point that the overseas shoe market is extremely competitive and unless we are able to keep pace with the changing trends in fashion we might well lose the foothold we now have on the market.

## LACK OF CAPITAL

In an endeavour to further step up exports the Company is now making attempts to obtain an overdraft from the Central Bank as the lack of capital is preventing them from initiating more exports.

Undertaking export orders has resulted in the Company's capital for investment being blocked as money earned from exports takes as long as three to four months to come in. However, the spokesman was confident that once they secure sufficient capital either by way of an overdraft or otherwise, this problem would disappear.

He concluded that by next year Bata's will be exporting rubber sheets and soles as well.

## EXPORT INTELLIGENCE

### MORE FOREIGN EXCHANGE FROM READY-MADE SHIRTS

This year a record foreign exchange earning of about Rs. 6.2 million from exports of ready-made shirts is anticipated by Hentley Garments Limited, the sole exporter of shirts in Ceylon.

A spokesman for the firm disclosing this to the "Economic Times", said that already two shipments valued at Rs. 9 lakhs had been shipped to the U.S.S.R.

The Company has several other export orders in hand—to the U.S.S.R. the United States and Canada all of which are due to be exported before the end of this year.

Hentleys, who commenced exports of Ceylon-made shirts in 1965 have earned Rs. 6.5 million in foreign exchange upto the end of May this year.

The Company has also received encouraging trade enquiries from West Germany after Ceylon's participation in the 'Partners for Progress' Trade Fair where shirts were among the items displayed.

In fact local shirts were one of the few items that was found to be competitively priced and in line quality-wise, with

other international brands of shirts at this Fair.

## ADDED INCENTIVE

Hentleys have now also broken into the Canadian shirt market and should find the reduction in freight rates to that country an added incentive to step up her exports to Canada.

Freight rates on shirts to Canada have been reduced from Rs. 260.70 per 40 cubic feet to Rs. 241.25 per 40 cubic feet.

In an endeavour to meet the increasing demand overseas for ready made shirts, Hentleys recently floated a new company—Apparel (Exports) Limited, to cater exclusively to international markets.

This Company besides producing high-quality shirts will specialise in ladies and boys suits, pyjamas and men's suits.

Its export target in ready-made garments is Rs. 10 million annually. The Company has already received inquiries from France and several Middle Eastern countries for these products.

## Plywood - A new money spinner

The Ceylon Plywoods Corporation exported yet another consignment of commercial grade plywood boards to the United Arab Republic. This is part of the 1000 cubic metre order which the Corporation entered into with the United Arab Republic valued at £59,000 sterling.

Nearly half of this U.A.R. order has now been shipped and the balance is due to be exported before the end of this year.

The Plywoods Corporation has already exported almost their entire range of products which included sawn timber, decorative luxury veneer and commercial grade plywood.

Among the more significant orders executed by the Corporation are : 20 cu. metres of Hulanik and Mahogany sawn timber to West Germany ; 3000 square meters of decorative veneer to Romania, 1000 square meters of luxury veneer to Czechoslovakia ; 595 square metres commercial grade plywood boards to Australia and 5877 sq. metres of plywoods to Qatar.

The total value of foreign exchange earned by the Plywood Corporation from these exports amounts to Rs. 466,285

## MONEY SPINNER

Mr. George Weeraratne, the Corporation's Chairman speaking of the potential of plywood as a Non-traditional money spinner said "Czechoslovakia was so impressed with the initial trial order of decorative veneer that she now wants to enter into barter agreement with the Corporation for the regular supply of veneer in exchange for machinery.

Even chips obtained from available waste in our plywood factory would shortly be exported if current negotiations prove successful, he added.

Referring to the future plans, the Plywood Corporation's Chairman, said that by 1971 we would be exporting finished products like doors and window frames and also complete furniture.

Mr. Weeraratne concluded that plans for the setting up a plywood factory to cater exclusively for the export market was being actively pursued by him in an endeavour to meet overseas demand for plywood products.

## Sophisticated ceramics market

A new batik line of design and of psychedelic colours is one of the new lines of sophisticated products the Ceylon Ceramics Corporation is now working on.

This product, however, is not meant for local consumers. It is essentially for the Australian Crockery Market.

Specific orders for this product have been received by the Ceylon Ceramics Corporation from Australia and inquiries have been received from Malaysia too.

Meanwhile the Corporation's sanitary ware have also found new markets in the Middle East.

The Corporation has also received another large order for saucers from Iraq.

## Export Opportunities

These firms are interested in importing the following products from local exporters :-

### Sarongs :

Abas Mansoor Sanad Bros.,  
P.O. Box 314,  
Manama,  
Bahrain.

### Biscuits :

The Ateshinmarah Stores,  
116, Lewis Street,  
P.O. Box 972,  
Lagos City,  
Nigeria.

### Oil Paintings :

Alberta Marble & Tile Co Ltd.,  
Import Division,  
1510-10th Avenue South  
West,  
Calgary 4,  
Alberta,  
Canada.

### Cane Furniture :

The Counsel General of Iran,  
Basrah,  
Iraq.

### Canned Fruits :

Associated Agencies Ltd.,  
P.O. Box 419, Jedda,  
Saudi Arabia.

### Curios :

Glovecraft Distributors Ltd.  
117, Miranda Avenue,  
Toronto-19,  
Ontario,  
Canada.

### Fa Tegroos,

Resenje 1, 7800,  
Skie,  
Denmark.

Angelo Amoroso,  
Via Luigi Bodio 10,  
Rome.

Mary Tsika  
Philippa, 5,  
Saloniki,  
Greece.

### Bronze Artware :

Eagen Antique Shop,  
612, Amsterdam Avenue,  
New York, N.Y. 10032,  
U.S.A.

Tradeswind International,  
P.O. Box 4441, Milwaukee,  
Wisconsin 53207,  
U.S.A.

Roger E. Goetze,  
Importer, P.O. Box 6587,  
Washington D.C. 20009,  
U.S.A.

### Antiques :

Torotrade Company,  
122, Kendal Avenue  
Toronto-4  
Canada.

Star Mail Order,  
22, Auster Bank Road,  
Tadcaster,  
Yorkshire  
United Kingdom.

Shelly Braverman,  
Athens, New York  
U.S.A.

Tower of London Galleries,  
511, Lake Street, Maywood,  
Illinois, U.S.A.

### Basketware :

Firma Piipumies,  
Helsinki 12,  
Laivurintie, I.B.  
Finland.

Wolin MFG. Co. Incorporated  
486, Derby Avenue,  
West Haven, Conn.  
U.S.A

Ralphs & Bearmore,  
Dura Works, Sutherland  
Road,  
Loughton, Stoke-on-trent  
United Kingdom.

Maison Jeon Alacusos,  
289 Bis  
Rue Solifirino 59 Lille  
(Nord) France.

B. Aurora (overseas) Co.,  
Dura Works, Sutherland  
Road,  
Loughton, Stoke-on-Trent  
United Kingdom.

International Imports,  
1525, East Admiral,  
Tulsa, Oklahoma 74120,  
U.S.A



# MANAGEMENT

## AUTHORITY

The authority principle implies that each man should have only one boss, and the line of authority should run from the company president straight down through the hierarchy to the rank-and-file employee.

This principle is observed when the production worker reports to a single foreman, the foreman to a single production manager, the production manager to one vice president, and the vice president to the president. Henri Fayol called this the principle of 'unity of command' and it is, in many ways, a common-sense proposition. If a man has more than one boss, he may be subjected to conflicting orders and thus become confused.

The fact that a company uses group management at the top, as some companies do, need not prevent observance of the principle so are as most of the members of the organization are concerned. Members of the top group can thrash out differences before they transmit orders or instructions down through the channel, which is often known as the 'chain of command.'

By-passing channels by utilizing Fayol's gangplanks is not a violation of this principle, since the gangplanks are designed for horizontal communication rather than communication up and down the chain of command.

Of course each man has more than one boss in that he is subject to the authority not only of his own immediate superior but of his superior's superior and all the bosses on higher levels. But this need not interfere with true unity of command since the higher bosses are supposed to transmit all their instructions down through the chain, and no one is told what to do by anyone except his immediate superior. Thus the production manager, or even the company president, should not bypass the foreman in issuing orders directly to the worker except in an emergency.

## RESPONSIBILITY

This principle states that responsibility and authority should be commensurate, or as nearly equal as possible. If a man is held responsible for attaining certain objectives, he should be given the authority to do the things necessary to meet the goals.

Conversely, when he has the authority, he should be willing to accept the responsibility that goes with it.

## DELEGATION

The principle of delegation is that authority should be delegated as far down the line as possible. The advantages of practising delegation are that those who are closest to the scene of action may be best able to deal with the problems that arise and time is saved by not sending information up the line and directions down

to offset higher product on costs, or that the sales manager would know what the total effect of a design change would be on production. Therefore, a common superior must make a decision on this point.

2. At what point may the job incumbent be expected to have the incentive to decide solely on the basis of what is best for the entire company?

In the case cited above, the sales manager has no incentive to keep production costs down since he is judged

The first two criteria are easy to apply, but the last one is difficult indeed. The manager may delegate authority and hold responsible the man to whom he delegates, but the manager himself is still responsible to his own boss for the results of delegated decisions. This is as it should be, because the manager has the authority to delegate or not to delegate.

Many managers, however, are much too cautious about delegation because they're afraid that their subordinates will make too many mistakes, and they have not devised the controls that make it possible for them to correct errors before they become serious. Thus many managers say that they could operate more effectively if their superiors would delegate more authority to them, and that they personally are overworked because their own subordinates are incapable of assuming responsibility.

## Techniques of modern management (VI)

again. Perhaps even more important, pushing responsibility down the line is one way of tapping the initiative of everyone in the organization and of keeping people interested in their jobs.

How far down the line is it feasible to push authority to make a given decision? This depends on three things:

1. At what point does the person in the job have access to all the information necessary to make the decision? For example, it isn't expected that the production manager would know whether a change in the design of a product would increase sales sufficiently

on sales volume, while the production manager—who is judged on production costs—has no incentive to make expensive changes simply because they will benefit sales.

3. Is the incumbent personally capable of using good judgement in the case in question?

## SCIENCE AND TECHNOLOGY

### What chemical plants can do

Enzymes, the biochemicals currently used to prolong the life of beer and to improve de-

tergents, may in future play a important part in diagnosis and treatment of diseases.

This glimpse of the research now going on into enzymes was given recently when a £500,000 production plant was opened at Maidstone, in south-east England, by the Whatman Biochemical Company—the only firm in Britain making highly purified enzymes.

Enzymes are proteins that carry out and synchronise the complex network of biochemical reactions that go on in all living cells and upon which life itself depends.

While crude enzymes answer industrial needs, pure enzymes are needed in medicine to provide fast and accurate clinical diagnosis tests.

### Advances in medical research

Mr. Colin Knight, managing director of Whatman Biochemicals, said there were numerous potential uses for enzymes which have yet to be fully developed. Their use as therapeutic drugs for instance, is not yet established.

Current research indicates that in the future enzymes will provide a means of treating a number of diseases. "We expect advances in medical and scientific research to result from the opening of this new plant," he added.

The new Whatman complex will work with British university laboratories to bring research to a commercial level. The plant is said to be the most modern of its type and will supply biochemicals to other countries as well.

## NEW TEA-BASED BEVERAGES

New laboratory processes for the preparation of tea-based beverages have been worked out with a considerable degree of success at the CISIR. Samples of one process—carbonated bottled tea—were prepared for experimental purposes and those with ginger and lemon flavours have already aroused much attention. Among the other processes being tried out are:

\* A tea-based drink on certain techniques used in beer technology;

\* A cold process method based on the preferential solubility of certain constituents of black tea where main constituents responsible for the astringency of tea remain for the mother liquor;

\* A hot process which could be carried out with the black tea residue of the above cold process.

Taking up the challenge of competitive beverages edging out tea in our world markets the CISIR began a search for new tea products recently.

A spokesman for the CISIR commenting on these new developments said "investigations on the preparation of non-alcoholic carbonated tea-based beverages were initiated at the CISIR in November 1968. Initial studies were concerned with the compounds responsible for the formation of insoluble complexes in cold aqueous extracts. It was observed that certain classes of compounds played an important

role in the formation of these complexes.

### NEW PROCESSES

Based on the research carried out during 1969, some laboratory process for the preparation of tea-based beverages have been worked out with a considerable measure of success.

A method based on the preferential solubility of certain constituents of black tea is now being worked out in a pilot plant scale. This is a cold process where the main constituents responsible for the astringency of tea remain in the mother liquor. A hot process which could be carried out with the black tea residue of the above cold process is also under investigation.

A method based on certain techniques used in beer technology has also been tried out on a laboratory scale. The product so obtained appears to be of a better quality than that of the other two processes. Another process with much promise is one based on the use of proteolytic enzymes.

Samples of carbonated bottled tea have been prepared for experimental purposes. Those with the ginger and lemon flavours have been favourably received.

Sedimentation problems have been encountered in the preparation of these carbonated tea beverages. These problems have to be overcome before commercial production can be undertaken.

### Protein from crude oil

"Very encouraging" results are stated to have been achieved at the Gujarat Refinery in Baroda last week for producing protein from crude oil in a pilot plant. Tests and research are being carried out to make it fit for human consumption.

According to refinery sources, the product has more than 70 per cent protein value. Further tests and processing would be carried out till such time it contained 100 per cent protein value and becomes fit for human use.

At present the protein product is being fed to animals. The petroprotein concentrate produced in the pilot plant is tasteless and colourless and is in a fine powder form, resembling wheat powder.

It was recently reported that Pakistani scientists had found a method of preparing 'milk' from high concentrates of fish protein and guar protein flour. In industrial exploitation of this milk proved successful, it would help to close some of the protein gap in Pakistan.

### NEXT—THE TEXTILE CIGARETTE

You may have heard about smoking old socks; well how about this one: two British chemical manufacturers recently started making cigarettes—but not with tobacco. They are using man-made cellulose fibres, the sort your suit might be made of!

The idea is that the textile cigarette will be much safer to smoke, and also the manufacturers hope to avoid the heavy taxes which governments levy on tobacco.

Much more important, he says was the progress towards making cellulose-based artificial meat. British firms are working on this too. Making meat from trees represents a

much better economic gain than making artificial cigarettes! (B.I.S.)

### EUCALYPTUS FOR PAPER PULP

Nearly 6,000 acres of Highland in the Nuwara-Eliya District will be planted with a special variety of eucalyptus to obtain pulp for the manufacture of paper and cardboard by the Eastern Paper Mills Corporation.

The Forest Department which has carried out successful experiments on this plant is now working on this project.



# THE NEW AGRICULTURAL R

For those whose thinking of Asia is conditioned by the food crises of 1965 and 1966, the news of an agricultural revolution may come as a surprise. But the change and ferment now evident in the Asian countryside stretching from Turkey to the Philippines, and including the pivotal countries of India and Pakistan, cannot be described as anything less. This rural revolution, largely obscured in its early years by two consecutive failures of the monsoon, is further advanced in some countries—Pakistan, the Philippines and India—than in others, but there is little prospect that it will abort, so powerful and pervasive are the forces behind it.

That the agricultural revolution of the less developed world began in Asia is fortunate, since it is both densely populated and has a rapid rate of population growth. Historically, as Asia's population increased, it was supported by traditional agriculture on an ever-expanding area of cropland. As the postwar population explosion gained momentum in the late 1950's and early 1960's the supply of new land was used up but the productivity of land under cultivation increased little.

The result was a slowdown in the rate of gain in food production and a growing concern that population growth and food production were on a collision course. The gravity of the situation came into focus as the Indian monsoon failed two years running, in 1965 and 1966. The United States responded by shipping the equivalent of nearly one-fifth of its wheat harvest, feeding 60 million Indians for nearly two years and staving off famine.

## Startling Improvements

As of mid 1968, both the food situation and food production prospects in Asia have changed almost beyond belief. The Philippines is self-sufficient in its staple food, rice, for the first time since 1903.

It is generally agreed that civilizations were born of and grow on food and other natural resource surpluses. When, through mismanagement, the soil or what is left of it is incapable of producing adequately the food and other requirements of the population and its natural increase, then civilisation begins to decline—unless new land in the vicinity is available for cultivation or the nation is powerful enough to conquer its neighbour or weak enough to be conquered by the latter.

This is the story that has been repeated over and over again in history from the time of early civilized man and has been so whether the civilization has developed under a system of rainfed or of irrigated agriculture. In the former case, soil denudation or nutrient deficiencies, and in the latter, limiting factors such as waterlogging, salinity, and alkalinity have been responsible for poor crop productivities and hence low 'human' feeding capacities.

## Decline of Civilisations

Historians attribute the decline of civilizations to several other causes besides soil infertility. They are: wars or invasions, moral decay, political corruption, economic maladjustments, deterioration of

Iran is actually an exporter of wheat for the first time. Ceylon's rice harvest climbed 13 per cent above the previous record as it both expanded the area under cultivation and raised yields.

Pakistan's 1968 wheat crop, harvested in April and May, was estimated to be 30 per cent above the previous record. So is India's. The total Indian foodgrain crop, officially estimated at 100 million tons, is up 32 per cent from 1967's drought depressed levels and, more importantly, up 12 per cent from the previous record. Good weather helped boost the harvest on the Indian subcontinent in 1968, but increases above the previous record are largely the results of solid technological progress—more efficient varieties, more fertilizer and better farm practices.

What has caused this remarkable turnaround? One factor is new political commitments at the top in several countries. Short changing agriculture is no longer either feasible or fashionable. The effect of this new political climate can be seen in firm allocations of budgetary and foreign exchange resources. India, for example, increased its budget for agricultural development by one third in 1966/67; it

is now using the equivalent of nearly one fifth of its foreign exchange earnings to import fertilizer and raw materials for manufacturing fertilizer.

Turkey's imports of fertilizer may make up the largest single item in overall imports this year, exceeding for the first time petroleum and petroleum products. The availability of fertilizer in Pakistan doubled between 1966 and 1968; it is expected at least to double again by 1970.

Many governments which heretofore neglected agriculture have been encouraged to give agriculture a higher priority by the "shorttether" policy of the United States, whereby food aid agreements are of short duration and renewal depends on local effort and performance. The overall scarcity of foodgrains, particularly rice, in many Asian countries increased prices to the point where it suddenly became very profitable for large numbers of farmers to use fertilizer and other modern inputs.

While some factors contributing to the takeoff in agriculture are of recent origin, others have been long in the making. The agricultural infrastructure in a number of developing countries is capable of supporting current advances because of several years of investment by the U.S. Agency for International Development (AID) in farm-to-market roads, irrigation projects and agricultural research and training. The training

of some 4,000 Asian agriculturists over the past decade—sponsored jointly by AID, the U.S. Department of Agriculture, and U.S. Land Grant universities—contributes to a corps of trained professionals capable of adapting and disseminating new technology.

The availability of fertilizer has increased severalfold over the past decade, partly as a result of expanding indigenous production and partly because of steadily rising imports. The financing of fertilizer imports is now a major AID activity. Investment by fertilizer manufacturers and other supporting industries has helped.

Countries in which U.S. firms have built or are building fertilizer plants include South Korea, the Philippines, Taiwan, India, Iran and Malaysia. Fertilizer produced in these plants could increase the region's annual food-producing capability by an estimated 25 million tons of grain. Other activities in the important complex now called "agribusiness"—for example, the manufacture of pesticides and farm equipment—are also contributing to the rapid growth in food production.

Perhaps the most exciting development is the rapid spread of new, high-yielding varieties of cereals. The Mexican wheats now proving so adaptable throughout Asia are the product of more than 20 years of work by the Rockefeller Foundation. Efficient new rice varieties are coming prin-

cipally from the International Rice Research Institute in the Philippines, an institution founded jointly by the Rockefeller and Ford Foundations in 1962.

Work on high-yielding varieties of corn, sorghum and millet is concentrated in India, where the Rockefeller Foundation is providing leadership. Areas planted to the new varieties went from a few hundred acres in 1964-65 to about 23,000 acres in 1965-66, nearly four million acres in 1966-67

seeds has enabled many Asian countries to shorten materially the agricultural development process. Once it was demonstrated that a given high-yielding variety was adapted to local growing conditions, large ton-

By

Dr. Lester R. Brown.

nages of seed were imported, thus eliminating the several

In the race between food and population, developing nations have a new weapon: high-yield varieties of cereals now being produced in Mexico and the Philippines. Lester R. Brown describes the impact of the new seeds on agricultural productivity in a number of Asian countries where the food problem has been acute; and he predicts their wider use in Africa and Latin America as well.

Formerly head of the International Development Service in the U.S. Department of Agriculture, Dr. Brown recently joined the Overseas Development Council which conducts research related to problems of developing countries. He is the author of *Man Land and Food and Increasing World Food Output*. Abridged by special permission from the July 1968 issue of *Foreign Affairs*. Copyright 1968 by the Council on Foreign Relations Inc., New York.

and over 20 million acres during 1967-68. Plans indicated a further expansion of up to 40 million acres in 1968-69.

The new varieties often double yields of traditional varieties; their superiority is so obvious that farmers are quickly persuaded of their merits. There are reports of farmers attaining higher yields under field conditions with large acreages than researchers did on experimental plots.

The availability of these new

years required to accumulate sufficient supplies of seed locally.

Pakistan imported 42,000 tons of seed wheat from Mexico during 1967, enough to plant 1.5 million acres. As a result, Pakistan now has enough seed to plant its entire wheat acreage to Mexican wheats. India imported 18,000 tons of Mexican wheats in 1966. This, coupled with indigenous multiplication of seed from the initial introduction of the same

race, disease, etc., but the fundamental causes attributed for the decline in most instances were the deterioration of the natural resource base on which the civilisation rested and the resulting over population consequent on this depletion.

## Irrigated Areas

A typical case in point of failure of a civilization based on irrigated agriculture is that of Babylon, centred in the valleys of the Euphrates and Tigris i.e. in Mesopotamia (now Iraq), which dates back to 5000 B.C. This civilization flourished for many centuries because of its efficient system of irrigated agriculture and fertile soil, but declined as a result of the silting of the channels through the destruction of the forests in the adjacent highlands and overgrazing, and consequent soil erosion. Labour to maintain and clear these channels was also in short supply owing to wars with neighbouring states like the Sumerians, who ultimately conquered the Babylonians. The soils, therefore, became waterlogged and thereafter developed salinity and alkalinity.

It is reported that the high salt content of 5% was found in the soil of an area where

the ancient city of Babylon was sited. In this section of the Middle East, known as 'The Fertile Crescent' and covering parts of Iraq, Jordan Syria and Egypt, no fewer than 11 Empires are known to have ruled over the destinies of millions of civilized man

about 4500 B.C. in the Nile Valley, with a similar arid climate. Here, as a result of the regular annual deposition of valuable silt material through flood waters carried down from the highlands of Ethiopia the land was irrigated in large basins. A canal sys-

tem was later developed. Though problems of salt are not altogether absent,

By

Dr. A. W. R. JOACHIM  
President, Soil Science Society  
of Ceylon

Egyptian agriculture persists even to this day in the same fields through 60 centuries, though its civilisation suffered at the hands of the invader as with the other ancient nations. With the recent construction of the Aswan Dam it is recorded that alkalinity has already developed to a fairly appreciable degree.

Another example of a country with a recorded history going back at least to 4500 B.C. is China. F. J. King's book 'Farmers of Forty Cen-

tention.

The land use policies of Emperor Shen nung enunciated in 2700 B.C. in his wise sayings: "Mountains exhausted of forests are washed bare by torrents" and "To rule the mountain is to rule the river," are worthy of emulation by our agriculturists, administrators and politicians in this present era, and are reminiscent of our Parakrama the Great who in the 12th century A.D. ordained thus: "let not even a small quantity of water obtained by rain go to the sea without benefitting man."

In regard to riverine civilisations generally, Thorne and Peterson in their book "Irrigated Soils" state that "The great problems of historical interest in relation to irrigation are: (1) the need for a

strong central government or co operative society to construct and maintain extensive irrigation systems, and (ii) the careful control of irrigation practices so that the persistent problems of erosion, water logging, salt accumulation, soil permeability and aeration, and soil depletion can be controlled." These are the lessons that the great irrigation failures of the past teach us. Of course, these relate primarily to irrigation in arid regions, but many of the principles apply equally well to supplementary irrigation in humid regions.

## Local Irrigation Projects

I shall now briefly refer to a few related problems in our own country. I shall firstly consider the questions of waterlogging and of alkalinity and salinity in our large irrigated schemes. It is my opinion that as we are blessed with good N.E. Monsoon rains all over the island, there will not be any danger of a large scale occurrence of salinity and alkalinity unless the drainage of any area is badly neglected and the soil is intrinsically likely to induce alkaline conditions.

(Contd. on Page 11)

## Some observations on soil use and misuse



# RURAL REVOLUTION

has enabled many Asian countries to shorten materially agricultural development. Once it was demonstrated that a given high-yielding variety was adapted to local growing conditions, large ton-

By

Lester R. Brown.

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population, developing new varieties of cereals in the Philippines. Lester Brown, new seeds on agricultural countries where the food is their wider use in Af-

onal Development Service, Dr. Brown recently visited the Philippines. He is a member of the Council which conducts agricultural development in the Philippines. He is also a member of the World Bank and the Inter-American Development Bank. His work is published in the July 1968 issue of the New York.

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an imported 42,000 tons of wheat from Mexico in 1967, enough to plant 100,000 acres. As a result, Pakistan now has enough wheat to plant its entire wheat area. In 1966, Pakistan imported 18,000 tons of wheat. This, with indigenous multi-plied seed from the introduction of the same

central government or private society to conduct and maintain extensive irrigation systems, and (ii) the control of irrigation systems so that the problems of erosion, salinization, salt accumulation, permeability and soil depletion are controlled. These are the great failures of the past. Of course, these are primarily to irrigation systems, but many of the principles apply equally to supplementary irrigation in humid regions.

## Irrigation Projects

I now briefly refer to related problems in our country. I shall firstly refer to the questions of water and of alkalinity in our large irrigation systems. It is my opinion that as we are blessed with N.E. Monsoon rains in the Island, there will be no danger of a large accumulation of salinity unless the drainage area is badly neglected. The soil is intrinsically saline to induce alkaline

ond. on Page 11)

varieties, enabled Indian farmers to plant eight million acres in 1968, more than double the target of 3.5 million acres. Turkey, starting later than India of Pakistan but determined to catch up, imported 21,000 tons of high-yielding wheat, for use on a much smaller acreage.

## Double and Triple Cropping

The new varieties possess several distinctive characteristics. They are almost without



lodging (becoming top heavy and falling down); they are much more responsive to fertilizer at all levels of application. A given amount of fertilizer produces a much greater increase in yield than with the older varieties of grain. And unlike high yielding varieties of cereals developed in the United States or Japan for rather specific growing conditions, these varieties are adapted to a much broader range of latitudes.

The new varieties of rice are early maturing, ripening in 120 to 125 days compared with 150 to 180 days for the older varieties. They are also rather insensitive to the length of daylight and thus can be planted at any time of the year if the temperature and water supply permit. With adequate water, some farmers in the Philippines and India are harvesting two or even three crops each year.

Where water supplies are not sufficient to grow rice during the dry season, farmers grow high yielding hybrid grain sorghum or hybrid corn. Triple cropping of rice, or rice in combination with sorghum or corn, is resulting in yields as high as eight tons of grain per acre per calendar year, under field conditions. This contrasts with average yearly rice yields in Japan of just over two tons per acre and wheat yields in Europe of less than two tons per acre. The introduction of the early maturing Mexican wheats in northern India and Pakistan is permitting the double cropping of wheats and corn, with wheat grown during the winter season and corn during the summer season.

## Fertilizers and Irrigation

Introduction of the new varieties is changing not only

the technology of production but also the economics. The potentially far reaching economic implications of the agricultural revolution are only now becoming clear. Projected demand for agricultural inputs such as fertilizer, pesticides, water and irrigation equipment must be recalculated. For example, in the short run, the profitability of using fertilizer will increase demand above what it would otherwise have been. Over the longer run, however, the demand for fertilizer may be lower than would otherwise be the case since a smaller amount of fertilizer will be required on the more responsive varieties.

High rates of return on investments in production inputs, reflecting better prices for farm products and more efficient new technologies, are mobilizing rural savings not previously available for production purposes. Investment is on the rise not only in those things which increase output in the short run such as fertilizer, but also in those which boost food producing capability over the long run, such as tubewells and irrigation pumps.

Over the course of five years, Pakistani farmers in the cotton and rice growing areas of the former Punjab, where the water table is quite near the surface, have installed some 32,000 private tubewells costing from \$1,000 to \$2,500 each. The value of the supplementary irrigation made possible by these wells is such that farmers characteristically have paid for them in two years. A large proportion were installed without subsidy of any kind.

The number of low lift pumps installed in East Pakistan, totalling 2,200 in 1965, is expected to increase to 14,000 by 1969, greatly increasing the potential for double-cropping rice during the dry season. Similar high rates of return on small scale irrigation investments are reported in India, where the number of wells is also climbing at an astronomical rate.

Early-maturing varieties of rice which ripen during the monsoon require mechanical drying before storage, since the time-honoured method of spreading rice on the roadside to dry is not feasible. The demand for grain-drying equipment is now climbing rapidly. Similarly, the use of pesticides, often uneconomic when average rice yields were 1,000 to 1,500 pounds of milled rice per acre, is suddenly very profitable on the new varieties, averaging 3,000 to 4,000 pounds.

## Machines and Labour

The new varieties, with their potential for multiple-cropping, place a premium on fast preparation of the seedbed. Farmers

may no longer have several weeks to prepare the ground with bullocks or water buffalo; they may have to use power-driven farm equipment. Even in some countries where new varieties are not yet widely spread, the profitability of farm mechanization is being increasingly recognized. In Thailand, farmers are discovering that it is more economical to hire someone with a tractor to plow the rice fields for a few dollars per acre than to feed and care for a team of water buffalo all year just to use them during a few weeks at plowing time. Some 20,000 to 25,000 imported tractors plowed an estimated one-fourth of the rice acreage this past year, mostly on a custom-hire basis—not unlike the way in which wheat is harvested in the Great Plains of the United States.

The more intensive farming methods require more farm labour. The new varieties will not respond to the traditional practice of planting the crop and then virtually forgetting it until harvest time. Labor must be invested in applying fertilizer, weeding and the like. Expansion of the area that can be multiple-cropped is also resulting in a more effective use of the rural labour supply particularly during the dry season. In Asia, where underemployed labor constitutes one of the world's largest underutilized resources, there is now the possibility of significant labor scarcities in localized rural areas.

Changes associated with the new farm technology also have a social impact. The exciting new cereal varieties are so superior to the traditional varieties and so dramatic in their impact that they are becoming "engines of change" wherever used. They may be to the agricultural revolution in Asia what the steam engine was to the Industrial Revolution in Europe. The seasonal rhythm of rural activity, once determined largely by the monsoon, is changing as farmers begin to double crop. Farmers taking advantage of the new technology must enter the market; they cannot remain subsistence farmers.

Rural Asians will change and innovate—when it is to their advantage to do so. Significantly, there may be some spin off from this breakthrough in agriculture. As farmers learn that they can indeed influence their destiny, they may become more susceptible to family planning and other equally "radical" departures.

## Problems of Change.

Not all changes wrought by the new technology are desirable. In some areas, tenants are being reduced to farm laborers as landowners discover the profitability of the new technology. Dissidents among the landless group in some states in India now form the nucleus of the opposition parties. Among those

who own land, the income gap between those owning fertile, well watered land and those with marginal land is also likely to widen. While many of the former may easily triple or quadruple output, the latter may not be able to employ the new technology at all.

Those who can, and are thus permitted to enter the market, are likely to become more vocal in influencing the economic policies affecting their fortunes. Political activation of rural populations is an expected concomitant of the agricultural revolution now under way.

The leadership in most Asian countries is not unaware of the political implications of recent changes in rural areas. Prime Minister Demirel of Turkey felt strongly about the crash program in wheat production, initiated at his behest in 1967. President Marcos of the Philippines has brought his country to self-sufficiency in rice by emphasizing rural development. The Prime Minister of Afghanistan was so impressed with the production potential of the Mexican wheats and with the urgent need to arrest Afghanistan's growing dependence on imported wheat that he assessed each of the Ministries 2.5 percent of its current year's development budget to create a fund to launch an accelerated wheat production program. Two years later, the Afghans appear to be progressing toward their goal of self-sufficiency in wheat. The President of Pakistan showed a deep personal interest in the agricultural programs underway in his country and followed their progress on an almost daily basis. India's Food and Agriculture Minister took advantage of the food crisis in 1966 to mobilize support for and launch the accelerated food production effort responsible for much of India's gains.

But recent agricultural progress should not give cause for complacency. Many difficult problems lie ahead.

Purchases of farm inputs are often concentrated initially among the larger farmers who are able to finance their own purchases. The rate at which small farmers adopt new techniques is frequently determined by the availability of farm credit on reasonable terms. If, like the great majority of Asian farmers, they are dependent on the local money lender for credit, often at interest rates ranging from 20 to 100 per cent per year, they may not find it profitable to use modern inputs such as fertilizer.

Intensive cultivation of the new high-yielding grain varieties requires, in addition to an adequate supply of water, a far more sophisticated system of water control. At present, not more than one-third

of Asia's rice land is considered suitable for the new, short-stemmed rice varieties. Excessive and erratic flooding during the rainy season is not conducive to the intensive cultivation of rice, which requires hardweeding and the use of fertilizer and pesticides.

Associated with the massive introduction of new grain varieties from the outside is the risk that some local insect or disease could suddenly wipe out large acreages. This threat may diminish, however, as the number of new varieties increases.

Rice production during the dry season is now limited by a lack of water. This can be remedied either by developing underground water resources, which are quite abundant in some areas, or by using pumps to lift water from the numerous rivers and canals that flow through many of the rice-growing areas during the dry season.

Few, if any, developing countries are endowed with all the raw materials needed for manufacture of chemical fertilizers—phosphate rock, potash, sulphur, natural gas and naphtha. As the use of fertilizer expands, many countries are hard pressed to find enough hard currency for the required imports.

## Needed: Better Marketing System

Frustrating though these problems may be, the dominant constraints on agricultural growth are likely to be inadequate marketing systems and an overall lack of market. Over the past decade, many of Asia's large coastal cities—Karachi, Bombay, Madras, Calcutta, Colombo and Dhaka—have become increasingly dependent on imported foodgrains. To become self-sufficient requires not only producing a surplus in the countryside sufficient to feed these cities but also having a marketing system capable of moving rural surpluses to the cities when needed. This means farm-to-market roads, storage facilities and a market intelligence system to rationalize the movement of commodities.

Several Asian countries, such as Pakistan, the Philippines and Turkey, could produce exportable surpluses of grain within the next few years, joining Thailand and Burma. If they do, they must develop the transport and storage facilities needed. If exportable surpluses develop, there will be mounting pressure on Japan and the European Economic Community countries—where cereal production is often subsidized at prices double the world market price—to reduce subsidies and permit imports.



## Peterson Report - IV

# BILATERAL DEVELOPMENT LENDING

The Task Force sees a new role and a new organization for U.S. bilateral lending. If the international agencies are to carry expanded responsibilities for development, the U.S. program must assume a supporting role and not become involved in the entire range of country development policies and programs.

U.S. lending under such a system would be concentrated in selected countries, in selected programs—particularly in agriculture and education—and in multinational projects where long-term development is of special interest to the United States. This U.S. lending, however, would be made on the basis of development criteria. A bilateral lending program would put the United States in a better position to encourage countries demonstrating the ability to move rapidly toward self-reliance. It also would enable the United States to continue to take up its share, with other nations, of programs in India, Pakistan, Indonesia, and selected African countries and to support Latin American development,

which is of special concern to the United States.

Whenever it is feasible, U.S. lending should support cooperative programs worked out by the developing countries and the international agencies. Current U.S. participation in World Bank consortia and consultative groups for India, Ghana, Indonesia, and Colombia are cases in point. The proposal in the Rockefeller Report to have the OAS Inter-American Committee for the Alliance for Progress assume larger responsibility for formulating programs and coordinating development assistance in Latin America is another example.

### Method of Operations

The United States should manage its lending programs as a bank would, although the scope of lending necessarily would include all aspects of development.

Effective assistance for development requires that capital and related technical services be provided together. The

U.S. lending agency should be able to finance preinvestment and feasibility studies. It also should finance training and expert advisors to strengthen the managerial and technical competence of the borrowing institutions. For example, a program for efficient water utilization might include funds for the purchase of equipment, for training workers, and for outside experts. A loan to finance fertilizer, seed, and pesticides could well include the provision of advice on agricultural marketing and distribution. In providing technical services related to its lending program, the lending agency would draw on its own staff or arrange for such services from outside sources.

In making loans for development purposes, the United States should recognize that development is more than an economic process. It should take into account not only the extent to which a loan will contribute to economic growth but also the extent to which it will encourage social and

civic development and will result in a wide dispersion of benefits.

The U.S. program should emphasize loans in support of the local private sector and promote broad popular participation in development. It could include program loans, loans to development banks and regional private investment companies, and loans for infrastructure and other projects. The United States could also finance training institutes, such as vocational schools and scientific centers.

The United States should be able to provide a range of development lending facilities, with the terms of specific loans adjusted to individual country circumstances. Terms should range from the most concessional interest rates and repayment terms to near-market rates. The latter would be appropriate for countries that no longer need concessional lending but that do not yet have independent access to private capital markets. For these countries, the United States could provide, or join in providing, guaranty facilities that would enable them to borrow on international capital markets.

### Financing

Funds for bilateral lending should be available on an assured basis and in ways that permit flexible use, and the characteristics of the sources funds should correspond to the financing terms appropriate for each borrower. The Task Force recommends the following:

Appropriations should cover loans requiring the most concessional terms.

Borrowing from the public should be authorized for loans made on intermediate concessional terms. The rate at which these funds are loaned would be lower than the rate at which they are borrowed.

Interest payments and repayments of principal on outstanding loans of AID and predecessor agencies should be available automatically to cover the interest differential on loans made at intermediate terms or for relending on the most concessional terms.

Guaranty of foreign official borrowing on international capital markets should be authorized as a transitional device to help countries become independent of U.S. concessional lending.

The Bank should have assured sources of financing. The Task Force recommends an initial capitalization of

\$2 billion through appropriations and authority to borrow \$2 billion from the public and when needed. In addition, the Bank should have available payments of interest and principal on existing loans. These payments are estimated at \$200 million for 1970 and at about \$300 million by 1975. As in the case of the Export-Import Bank, resources authorized should be available for the life of the Development Bank. This would relieve the pressure to make loans under fiscal-year limitations and thus encourage sound operations. The Bank should be in a position to go back to the Congress for additional resources when needed.

The level of Bank lending will depend on the rate at which the international institutions expand their programs and on a continuing assessment of the needs and performance of individual countries. In 1969, the U.S. bilateral lending program amounted to about \$700 million.

### Organization

The Task Force recommends the creation of a U.S. International Development Bank to carry out the bilateral lending program. The Bank should be an independent government corporation, with a full-time president serving also as chairman of a board of directors, which would be composed of government officials and private members. The Secretaries of State and Treasury should be *ex-officio* members of the board.

With independent status and a new mission, the Bank could attract a highly qualified professional staff and operate with a minimum of filed representatives.

U.S. bilateral loans should be made under the broad foreign policy guidance of the Secretary of State, but independently of short-term foreign policy considerations.

The recommendation to establish a U.S. International Development Bank is based on an evaluation of strengths and weaknesses of the existing and predecessor U.S. development agencies. One of the major issues involved is whether it is wise to separate the administration of capital assistance and of technical assistance. This is not an all-or-nothing proposition. Where the two are necessarily related, they would be provided together by a U.S. International Development Bank. There is a wide range of technical assistance activities however, which require separate professional and managerial attention and which should not be submerged in a capital lending agency.

## An Economic Tour Through N. East U. S. A.

The American Economy looks a great deal different from the front seat of an automobile on a lengthy drive through the Northeastern States than it does through the charts, graphs and analyses one studies every day in Washington.

Worries about percentage rates of real growth in the gross national product seem irrelevant as one tours on vacation along the interstate highways past new industrial parks (aptly named, for new factories seem to resemble modern universities set in beautifully landscaped surroundings).

"Investment in new Plant and Equipment," a favourite indicator of Economic Activity may be tapering off in official statistics but one sees countless new factories being built and expanded.

Professional Economists can "prove" that "demand" is slowing down, but one would never know it from the number of housewives in the gigantic new shopping centers surrounding the cities and towns.

### Biggest News

It is so easy now to pack the children and the luggage in the car; get on the highway system which bypasses the cities and towns; travel just about as fast as the Railroad and spend the night in New Motels, invariably with swimming pools and some with surprisingly good food.

In the town of Hamden, Connecticut, the biggest economic news in the local newspapers was not the balance of payments deficit or inflation, but whether the city council would permit a 32-million-dollar shipping center to be built.

Those for it pointed to the new business it would attract; new jobs and increased tax revenue. Their opponents, while admitting the benefits, were against it because they felt much of the rural small town charm would be lost.

By

Gerard A. Donohue  
IPS Columnist

The measure was defeated in the town council by one vote.

A businessman in Massachusetts whose company makes and installs air conditioning equipment for subway trains was frantic because he could not get delivery of new machinery from France. He said he was on the telephone daily; first to San Francisco, where a new subway system is being built, urging patience; then on the telephone to Paris, demanding immediate Air Ship ment.

A drive through the river valleys of new Hampshire tells more about the rise of the industrial revolution and the dispersal of industrial plants around the nation and around the world than any Economic History book.

The old textile mills stretching along the river banks dependent for power on water have long been closed down as the factories moved to the South. The villages are almost deserted and the railroad stations have been boarded up for years.

Even in New Haven, Connecticut, where Eli Whitney developed the idea of interchangeable parts that made modern industry and the assembly line possible, the arms manufacturers that have built guns for the American Army since before the Civil War are thinking of moving out to the Southwestern part of the United States.

### Air-conditioned factories

It is, of course, depressing to see some of the Historic old Cities in the oldest part of the United States decaying, but the feeling of nostalgia is overcome by the realization that the new air-conditioned factories in the countryside are a lot more pleasant places to work. And the houses of the workers, miles from the old city centers, are certainly more attractive than the crowded houses and apartments of old.

There is grumbling about high costs of food, clothing and entertainment, but apparently the prices aren't high enough to discourage people from buying.

All in all, the debates one hears in Washington as to whether the United States is, or was, in a recession seem a little meaningless.



# RISE IN BRITAIN'S RESERVES

London

Britain's official reserves of gold, foreign currency and special drawing rights (SDR) rose by £2,000,000 during July to stand at £1,165,000,000 at the end of the month.

This is a satisfactory outcome of a month which saw a number of highly unfavourable factors—the pull of high interest rates in other countries and the depressing effect on sentiment of the publication of the erratically high visible trade deficit in June, which was followed by the dock strike.

The large return of money to London allowed Britain to clear off more than £190,000,000 of foreign indebtedness between April and June alone, has now come to an end.

As the Chancellor of the Exchequer himself said last month, it would not be surprising if the official reserves actually fell in individual

months between now and December.

Nevertheless, despite all these adverse factors the reserves have shown a small rise in July. The authorities seem to have been able to contain much of the pressure by allowing a modest fall in the spot rate for sterling which was still above par when dealings closed at the end of June.

At the close of dealings in July the spot rate stood at 2.3914 dollars. Even so, it is encouraging to note that the decline over the month was not continuous.

There was a drop in the first party of July when there was a wide gap between sterling short-term interest rates and those ruling abroad, especially in Federal Germany and on the Eurodollar market. But the subsequent depressing effect of the trade figures and the dock strike was mitigated by a reduction in the German

bank rate and a general easing of competitive interest pressures on sterling.

Although for a time sterling did slide a little further, this fall was fully made good in the latter part of the month

## EUROPEAN WAGES COMPARISON

Brussels

The highest industrial pay rates within the European Economic Community (EEC or Common Market) are in general those in the Federal Republic of Germany. So reports the Community's Office of Statistics in Brussels.

As of April 1969 (latest figures available) these average hourly rates (expressed in DM) applied: West Germany 5.22, the Netherlands 4.73, Belgium 4.71, Italy 3.18 For France, figures as of September 1968



are at hand: 4.37 compared with 4.99 at that time in the Federal Republic. Only Luxembourg, with a special situation because of concentration in a few heavy industries, show a higher average wage rate.

## JOINT VENTURES

Cairo

The joint working group on industrial co-operation—representing India, the UAR and Yugoslavia—has recommended the setting up of joint ventures in respect of four industrial projects.

The clearance for these projects for the manufacture of scooters, wheeled tractors, television, glass bulbs and television picture tubes came at the end of two weeks of detailed discussions by the group.

The recommendations of the group will be placed before the tripartite ministerial meeting scheduled in Belgrade in the first week of October.

The joint working group has been set up in pursuance of the co-operation agreement between the three countries for the setting up of joint industrial ventures.

The agreement was described at the closing session of the group as a "significant and concrete step" towards industrial co-operation among the three countries by Mr. Balachandran, additional secretary in the Ministry of Industrial Development and convener of the Indian group.

## EAST-WEST CONTACTS AT FAIR IN POLAND

Bonn

West Germany industry's growing co-operation with Poland is apparent from new contacts made at the June fair in Posen.

The Institute of German Industry reports that participants in the Polish fair from the Federal Republic of Germany received many more orders than they had expected.

"Poland's aim," says the Institute, "is, with West German and other Western economic co-operation, to increase its share of the international market, not only within Eastern Europe's COMECON bloc, but worldwide."

## FOREIGN INVESTMENT OPPOSED

New Delhi

A consensus in favour of outright purchase of foreign technology, as far as possible, and greater encouragement to

## SHEEP FOR FIVE CENTS

Cleve (South Australia),

Sheep are being sold in this drought-stricken country town north-west of Adelaide for five cents (six pence sterling) each—the same price they were going for during the great depression of the 1890s.

At least 10,000 sheep were reported to have been sold in the past three weeks at rock-bottom prices and farmers said they may have to slaughter thousands of other sheep or leave them to die of thirst and starvation unless rain falls soon —(ptc Reuter).

research and development within the country emerged at a symposium on 'foreign investment' organised by the Forum of Financial Writers here.

A spokesman of the Ministry of Industrial Development Mr. V. Venkataraman, said that in allowing foreign investments, the Government was no longer looking upon them as a source of supplementing domestic resources. The approvals of foreign collaboration proposals were on a selective basis, the main consideration being filling in of vital production gaps and import of modern technology and sophisticated equipment.

Initiating the discussion, Mr. Kuldip Narang, an industrialist, pleaded for less reliance on foreign private investment and called for a full study of the cost in terms of the outflow of foreign exchange involved in the various types of collaboration permitted so far.

## POLAND'S ECONOMIC PROGRESS

Warsaw

Unemployment has been eliminated entirely and the principle of full employment is a characteristic feature of the economic policy of People's Poland. Anyone who wants to work gets a job easily.

In per capita national income, Poland has advanced to the group of better-off countries. Before 1939 she was in the group of countries with a national income of about 200 dollars. Now she belongs to the group with a per capita national income ranging between 600 and 1000 dollars per annum.

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Independent India's industrial policy, envisaging a mixed economy, was first announced in 1948. A fresh statement of the industrial policy, necessitated by the acceptance of a socialist pattern of society as the national objective, was announced on April 30, 1956. Under this, industries specified in Schedule A will be the exclusive responsibility of the State, while Schedule B industries will be progressively State-owned, but private enterprise will be expected to supplement the efforts of the State in these fields. (The two Schedules are enumerated below.)

Future development of industries falling outside these Schedules will, in general, be left to private enterprise. Notwithstanding this demarcation, it will always be open to the State to undertake any type of industrial production.

#### Schedule A Industries

Arms and ammunition and allied items of defence equipment; atomic energy, iron and steel; heavy castings and forgings of iron and steel; heavy plant and machinery required for iron and steel production,

for mining, for machine tool manufacture and for such other basic industries as may be specified by the Central Government; heavy electrical plant including large hydraulic and steam turbines; coal and lignite; mineral oils; mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamonds; mining and processing of copper, lead, zinc, tin, molybdenum and wolfram; minerals specified in the schedule to the Atomic Energy (Control of Production and Use) Order, 1953; air-

minium and other non-ferrous metals not included in Schedule A; machine tools; ferro-alloys and tool steels; basic and intermediate products required by chemical industries such as the manufacture of drugs, dyestuffs and plastics; antibiotics and other essential drugs; fertilisers; synthetic rubber; carbonisation of coal; chemical pulp; road transport and sea transport.

#### REGULATION OF INDUSTRY

Consistent with the policy

## INDUSTRIAL POLICY IN INDIA

craft; air transport; railway transport; shipbuilding; telephones and telephone cables; telegraph and wireless apparatus (excluding radio receiving sets); generation and distribution of electricity.

#### Schedule B Industries

All other minerals except "minor minerals" as defined in Section 3 of the Minerals Concession Rules, 1949; au-

first announced in 1948, the Constitution was amended and the Industries (Development and Regulation) Act, 1951, was enacted. Under the Act, the industries listed in the first Schedule to the Act are required to be licensed by the Government. The Act authorises Government to examine the working of any such industrial undertaking and to

build Concorde 002's speed up to 1 1/2 times the speed of sound. The aircraft reached a maximum altitude of 35,000 ft.

In the next series of flights the aircraft is scheduled to build up speeds to twice the speed of sound — 1,400 miles an hour — along an 800-mile corridor skirting Britain's west coast. These test flights are expected to start in about six weeks.

#### BOAC-ICL COMPUTER 'KNOW-HOW'

British Overseas Airways Corporation is to join forces with International Computers Limited (ICL) to offer world airlines machines and 'know-how' that are working towards the complete automation of passenger handling.

BOAC has wide knowledge of the part computers can play in improving airline operations. It has nearly 40 computers in a £4,000,000 complex which is code named BOADICEA.

This system controls not only passenger departures but also flight plans according to the weather, checks aircraft payload and performance and keeps many records.

BOADICEA, which links BOAC offices with 200 cities round the world, has given the airline's computer experts experience that has been sought by many other airlines, including KLM, South African Airways, QANTAS, East African Airways and Air New Zealand. The four latter airlines are now linked to the British system in order to use its computerised reservation facilities.

#### Twice the speed of sound

This was the first flight in a series which will gradually

## INDIA INDEPENDENCE DAY

15th August 1970

issue such directions as they consider necessary. If the undertaking continues to be mismanaged, the Government are empowered to take over its management or control.

The Act also empowers Government to secure equitable distribution and fair prices of any article produced by the scheduled industries. By exercising these powers, the Government aim at securing a proper utilisation of the country's resources, a balanced development of large and small industries and a proper regional distribution of the industries.

Under the provisions of the Act, a Central Advisory Council of Industries has been constituted to advise Government on development and regulation of the scheduled industries. Development councils have also been set up for various industries. At present, 11 councils are functioning, covering

the following industries: (i) paper, pulp and allied industries, (ii) drugs and pharmaceuticals, (iii) automobiles, automobile ancillary, transport vehicle and tractor and earth moving equipment and internal combustion engine industries, (iv) heavy electrical industry, (v) leather and leather goods, (vi) textile machinery, (vii) manmade textiles, (viii) food processing, (ix) oil, detergent and paints, (x) organic chemicals and, (xi) machine tools.

To facilitate creation of additional capacity to meet the rising internal demand and increase export potential, some industries e.g., iron and steel castings and forgings, pulp, power alcohol, cement, plywood, tea machinery and paper for packaging, were exempted from the licensing provisions of the Act during 1966 and wheeled agricultural tractors and power tillers, steel ingots/billets by concast plant, all barium salts and compounds and vanaspati (subject to certain conditions) in 1968. Regulations about diversification of production and increase up to 25 per cent have also been relaxed.

#### INVENTIONS PROMOTION

An Inventions Promotion Board was established in 1960 to grant financial and technical assistance for development of inventions and to award prizes to the deserving inventors.

beginning of the tourist season — in the first three months the foreign exchange receipts from foreign tourists have amounted to 50 million dollars.

The Adriatic Coast swarmed with foreign tourists from Great Britain and West Germany who came among the first guests to the Monte-negro Littoral through the PUTNIK's and ATIAS' travel arrangements. April, one of the months with the finest weather on the Adriatic attracted new thousands of early bathers. Budva, Ulcinj, Sutomore and Sveti Stefan became a unique international beach where almost all the languages of the northern countries could be heard.

No one dares to officially prognose this year's foreign exchange receipts. Prices have more or less remained on the last year's level but, judging by all, this year's reservations have been made by "richer" clients whose pockets are "deeper" so that an amount of 400 million dollars Yugoslavia should earn this year through tourism is, according to estimates, quite a realistic one.

## Shipping & Aviation

#### SZCZECIN-LARGEST PORT ON BALTIC SEA

As early as the 8th or 9th century, Szczecin was a Slavonic fishing and artisan settlement. The town's whole history is bound up with the sea and with overseas trade. Shipbuilding has always come next to navigation as the main occupation of its inhabitants.

In the first half of the 13th century Szczecin received its charter and at the end of the century was admitted into the Hanseatic League along with other trading cities of Northern Europe. The same period saw the beginning of colonization of Szczecin by the Germans.

Lively trade relations with Poland began to develop from the 15th century, the city played the chief role in the struggles of Western Pomerania against the Duchy of Brandenburg.

Until 1637 and Western Pomerania remained under the rule of the Szczecin House of Piasts; then later it fell under the successive domination of Sweden, Brandenburg and Prussia.

In 1945, Szczecin returned to Poland, depopulated and one-third in ruins. The harbour was practically non-existent; reconstruction was impossible and an entirely new harbour had to be built.

Today Szczecin is the largest port on the Baltic Sea, loading and unloading about 10 million tons of cargo a year. It is also important as a transshipment

port. Cargo is brought along the Odra from Czechoslovakia, Hungary and the German Democratic Republic. A modern harbour for the handling of bulk cargo (mainly of coal) has arisen on what was once marshland.

Szczecin's shipbuilding industry also carries on its old traditions. Various types of ships are built here for home and foreign needs. It is expected that shortly the productive potential of the shipyards will reach 145,000 deadweight tons annually, with an employment force of 8,500.

#### CONCORDE 002 BREAKS SOUND BARRIER

Britain's prototype Concorde jetline, 002, went supersonic last week in the first of its crucial series of test flight since the aircraft was last airborne in April this year.

The airliner reached 1.15 times the speed of sound — about 700 miles an hour — during a 17-minute spell on the other side of the sound barrier over western England.

Chief Test Pilot Brian Trubshaw found the flight going so well that he pushed it through the sound barrier during the 87-minute flight — the first since the Concorde was fitted with four new and more powerful Rolls-Royce Olympus engines.

#### Twice the speed of sound

This was the first flight in a series which will gradually

## TOURISM

#### NEW LUXURY HOTELS

Colombo will soon have two new hotels — the five-star luxury Hotel Renuka now coming up at Kollupitiya, and Hotel Alhambra to be erected behind the Galle Face Flats.

Hotel Renuka will be fully air-conditioned and will have 45 luxury suites with 90 beds housed on three floors. Each room will have its own telephone and radio facilities. It is expected to be ready for occupation by early next year.

The Alhambra Hotel — Alhambra meaning 'Heaven' in Arabic is the brain child of Jabir A. Cader, former Mayor of Colombo. The Rs. 6.5 million hotel contract has been awarded to Messrs Walker Sons & Co. Ltd. The Hotel is expected to be ready for occupation by 1972.

This seven-storey 120 bed fully air-conditioned hotel will have hot and cold water, radio and telephone facilities in every room. It will also have banquet rooms, halls for receptions, several restaurants catering to various tastes, gift shops, beauty parlours and a swimming pool.

Hotel Alhambra will also have a sound-proof ballroom to accommodate 1,000 persons besides a sprawling beer garden.

#### THE LONG, HOT SUMMER HAS BEGUN

We may freely say that Yugoslav tourism has achieved good results already at the



# Industrial development in Pakistan

The story of planned economic development in Pakistan begins in 1951 when a Six-year Plan of development was adopted. In 1947, the number of the industrial units in the country was 1,406 but by 1953, within two years of the launching of the Plan, the number of industries doubled. Many of the industries like textiles, jute, paper, which did not at all exist at the time of Independence, were established for the first time in Pakistan.

More scientific planning, however, began with the First Five-Year Plan (1955-60), though its execution was seriously affected until 1957 owing to the political situation then prevailing in the country. It was in the Second Plan period (1960-65) and then in the Third Plan period (1965-70) that a greater fillip was given to the overall economic development of the country.

Now, the Fourth Plan (1970-75) Rs. 75,000 million, much bigger than the Third Plan, (Rs. 52,000 million) has been launched from July this year and with much greater experience of the execution of de-

velopment plans, the nation enters with optimism upon another era of progress.

On Independence, Pakistan received no industrial heritage worth mentioning. It was even poor in known resources of mineral wealth. The capacity for power production, a must for industry, was wholly insufficient. Now the position is altogether changed. Substantial gains have been made as a result of planned economy whose beneficial results have been felt everywhere: in the domestic availability of goods formerly imported from abroad; in increasing employment opportunities; in skills; in the enlargement of the export trade; in the enhanced size of national income and increase in per capita income, and so on.

## Cotton Textiles

This is the foremost industry in the country today. The 140 mills at present employ over 200,000 persons, produce 771 million yards of cloth and 662 million lbs. of yarn and earn 51.3 million dollars of foreign exchange through export of cotton yarn and

fabrics per year. The installed capacity of the industry has gone up to 3 million spindles and 40,000 looms, as compared to 177,000 spindles and 4,800 looms at the birth of Pakistan.

## Jute Industry

Jute is now the second biggest industry of Pakistan. In over 40 jute mills, mostly located in East Pakistan, which is the major producer of the world's jute, more than 100,000 persons are employed. These mills, with a total installed capacity of 21,000 looms, produce 500,000 tons of jute goods annually. Pakistan exported abroad jute goods worth \$152.2 million in 1969-70 (July to May).

## Leather

This is the third biggest industry of the country. There are now over a hundred large and medium size tanneries and thousands of small hand-cottaged scale tanning units. The annual capacity is over 74 million sq. feet of chrome tanned and 71.45 million pounds of vegetable tanned including soleleather, as compared to one million and one

was after the irrigation structures had been damaged and the drainage system had failed for other causes.

Mr. R. L. Brohier, in a recently published article on "ancient Irrigation Works in Ceylon" aptly sums up his findings on this question as follows:

"Very possibly, then, it was the devastation and disorganisation engendered by WAR, a rapidly deteriorating climate carrying with it PESTILENCE, and the absence of co operative manpower to conserve and control the waters which were shown to be the very life blood of the Raja Rata, and thus spelt FAMINE, which con-

**INDEPENDENCE DAY OF PAKISTAN**  
**23rd Anniversary: 14.8.70**

and a half million respectively in 1947-48. The export of leather and leather goods, including footwear, has reached \$ 46 million per year as compared to nil in 1947-48.

## Cement

Pakistan started with a capacity of 300,000 tons in 1947-48 but now in the 10 cement factories of the country 72 million tons of fine cement is being produced.

## Sugar

As against only 7 ill-equipped sugar factories in 1947, the country now has 33 sugar mills. The annual production of sugar has gone up to 500,000 tons as compared to only 30,000 tons in the early years of independence.

## Shipbuilding and Engineering

There was not a single industry at the coming of independence. The first industry, Karachi Shipyard and Engineering Works, was set up 14 years ago. It now builds ships upto the range of 12,000

tons and undertakes any type of floating and underwater repairs of any vessels likely to enter the port of Karachi, including oil tankers. In East Pakistan where inland water transport is the single major means of communication, the role of shipyard and dockyard is of crucial importance. As a result, one dockyard was built in East Pakistan at Narayanganj, one dry dock at Chittagong and one shipyard at Khulna.

## Heavy Industries

The iron and steel mill at Chittagong went into production in 1967. It has an initial production capacity of 150,000 tons of steel ingots per year, which can be expanded upto 250,000 tons. Another steel mill is being set up at Karachi. The Soviet government has recently agreed to give economic and technical assistance in the construction of this metallurgical plant that will have the capacity of about one million tons a year.

come impossible to effectively soil conserve the area.

There is no reason why the Soil Conservation Division of the Department of Agriculture should not be asked to collaborate with the Revenue Officers in working out the details of projects of this type. While on this question of soil erosion, I should refer to the serious situation in regard to erosion in the cigarette tobacco areas of Hanguranketa and other parts of the Nuwara Eliya District. A Land and Water Resources Survey carried out by the Water Resources Board recently in the Hanguranketa area covering an extent of 5120 acres, showed that about 1093 acres were cultivated with cigarette tobacco. Of this extent no less than 74 per cent, was severely or very severely eroded. If this situation goes on for a few years longer, there will be little soil left on lands suited for the cultivation of this crop in the area.

Considering that the small cigarette tobacco industry of 17,000 acres gave Government a direct tax revenue of over Rs. 220 million in 1969, it would be in the interests of both Government and the cultivators to devote a small portion of this revenue towards saving for posterity some of the best cigarette tobacco lands of the Island. Other potent causes of erosion are ill planned road tracings, badly located building sites on steep land, etc. Co-ordinated effort can effectively reduce the damage from these sources.

## SOIL USE...

(Contd from Page 6)

Water logging, to any degree, will be inimical to the successful cultivation of the high value economic crops it is proposed to grow on soils suited for them in the Uda Walawe and Mahaweli Schemes. As paddy will be grown in the lower levels of the same catchment and will be supplied with continuously flowing water, it is vital that the irrigation systems for the dual type of cultivation in the same area should be carefully studied and planned, if the venture is to give the large returns anticipated.

While on this subject of irrigation and the failure of past civilizations in other parts of the world, some of you may pose the question whether the stagnant position of our national development since the beginning of the 13th century was due in any way to the development of salinity or alkalinity in our paddy soils, or to the failure or neglect of the irrigation system as a result of diseases like malaria, war or other reasons. Several students of the social and medical sciences in Ceylon have expressed views on this question, but on the specific one of salinity I make bold to state that, if at all salinity or alkalinity contributed in any degree to this decline, it

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## Soil Erosion

The third point I should refer to is the question of soil erosion. With the alienation of large acreages of land for colonization, village settlement and other purposes, the problem of soil erosion has become more acute. Little or no planning has been done in the past when settlements for landless people were established, with the result that it has be



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

## Quotas & Consumer Exploitation

The Government decision to go back to controls has brought about the need for a revised scheme in respect of issuing import quotas to the import trader as well as the industrialist. Hence, the Ministry of Industries is now busy with the task of working out a rational and realistic scheme of foreign exchange allocations.

It need hardly be stated that the basis of past imports on which import licences and foreign exchange allocations are issued at present is fraught with defects and inconsistencies. For instance, importers who had established specialised business in items which were banned, such as wrist watches, certain variety of textiles and fruits like apples and grapes do not get any sort of allocation under the existing basis of allocation and are consequently deprived of their business.

Similarly, traders who were unable to import during the base years sufficiently large quantities of items that came under control, for financial reasons or otherwise, are placed at a severe disadvantage now.

As for its inherent defects, the basis of the scheme does not place emphasis on two of the basic problems facing the country viz., the high cost of living and unemployment.

Several essential consumer items that go into the cost of living are imported by the private sector. Most of these items are retailed at exorbitant prices in the black market and invariably there are severe periodic scarcities created artificially. Theoretically the remedy lies in price control, but practically it is difficult to administer this remedy. Besides, the goods go underground.

The root cause of the problem is that almost all essential imported items are controlled by a few traders who are invariably registered citizens. Some of them do not have either a wholesale or retail business organization. They operate from a small office equipped with only a telephone and do not even provide employment to Ceylonese—except to one or two registered citizens. Their modus operandi is to sell the entire quantity of goods imported to a "broker" who in turn makes unconscionable profits by diverting the consignment en bloc to the black market. And the consumer has to bear this burden.

In order to overcome this sort of exploitation trade quotas should more appropriately be given to importers who have an established business organization—both wholesale and retail and who also have a sufficient number of employees in keeping with the extent of import quotas released to them. It could thus be ensured that employment is provided to the increasing workforce, while eliminating the systematic consumer exploitation that is going on at present.

Steps should also be taken towards Ceylonization of trade, this will help to break the stranglehold that non-Ceylonese have over the economy.

In regard to import quotas granted to manufacturers and industrialists Government should ensure that the goods imported are actually utilized by the applicants themselves for the legitimate purpose for which the import quotas were released. At present there is much trafficking of import licences etc., and invariably the goods imported are utilized by a third party while the importer makes his super profits without any exertion on his part. Hence, the bona fides of the industrialists must be ascertained.

In this context it would appear to be necessary to insist on the manufacturer or industrialist furnishing either quarterly or bi-annual statements of production so that there may be a tab on the extent of the import quotas utilized. In this way mushroom industrialists whose sole aim is to make a fast buck would be eliminated and ultimately the consumer would benefit from the lower prices that would prevail.

## Ceylon's share in Britain's aid programme

Britain disbursed \$211,000,000 in aid to some 120 developing countries in 1969, according to figures published by the Ministry of Overseas Development in London. Of this gross total, \$179,000,000 was country-to-country aid, of which Ceylon received \$4,500,000.

Multi-lateral aid given through international agencies amounted to £31,800,000. The next total was £178,700,000—slightly up on the 1968 figure.

### COMMONWEALTH COUNTRIES

The share of Britain's bi-lateral aid going to Commonwealth countries amounted to £157,000,000 last year, with the remaining £22,000,000 going to non-Commonwealth countries. Commonwealth

countries in South and South-East Asia received £59,000,000, and £56,000,000 of aid went to Commonwealth African countries.

Of the total bilateral aid, £43,000,000 was financial grants, £44,000,000 was project loans, £49,000,000 was non-project loans and £44,000,000 technical assistance, which includes the provision of experts to the developing countries, the training of men and women from those countries, research and surveys.

Arising from aid programme loans, the developing countries paid Britain £31,000,000 amortization and £24,000,000 interest in 1969. The total outstanding at the end of the year was £1,273,000,000, of which £1,149,000,000 was due from Commonwealth countries, £811,000,000 amorti-

zation, and £338,000,000 interest.

Since Britain introduced a new policy of interest-free loans in 1965 to help lighten the continuing burden of indebtedness of developing countries most new loans have been on interest-free terms.

### Foreign exchange allocations

Industrialists in the private sector have been issued import licences for raw materials and spares to a total value of Rs. 163.931 million during the first five months of the year.

Only Rs. 18.332 million of these imports were allowed to the private sector in category 'A' and without FEECs. 'B' category imports where FEECs had to be paid totalled Rs. 145.599 million.

'A' Category imports were raw materials Rs. 15.262 million and machinery and spares Rs. 3.070 million. In Category 'B' raw material imports were Rs. 99.178 million and machinery and spares Rs. 46.421 million.

Imports of State sponsored Corporations on the other hand totalled Rs. 128.006 million.

### NEW HOUSING LOANS SCHEME

The People's Bank now issues loans for the construction of houses. The maximum loan is Rs. 25,000/-.

The loans will be secured by the mortgage of land and buildings (if any), and will not exceed 60 per cent of the value of such property. Where the house is to be constructed on the land offered as security, valuation will include the value of the land and the value of the building to be constructed. Title should be acceptable to the Bank.

Approved loans will be released in stages after inspections of the work done. Amounts released will not exceed 60 per cent of the value of the land and the work already completed.

Loan applications will be entertained only from applicants who subscribe to the Investment Savings Scheme of the Bank (See page 1). A depositor qualifies to apply for a housing loan after he has made these deposits according to the contract for a minimum period of 18 months.

### REPAYMENT PERIOD

The maximum repayment period is 15 years, but the actual repayment period allowed will be related to the duration of the Investment Savings Account.

## TEA AND COCONUT EXPORTS DECLINE

Ceylon exported less tea in the first five months of this year, according to Customs data.

Only 188.0 million pounds valued at Rs. 457.6 million was shipped in January-May this year. The volume of tea exported in the same period in 1969, however, amounted to 193.0 million pounds valued at Rs. 473.7 million.

### COCONUT PRODUCTS

Exports of Ceylon's major coconut products, except for coconut oil, also showed a marked decline both in quantity and value.

Only 288,819 cwt. of Dessi-

cated Coconut was shipped in January-May 1970 valued at Rs. 30.3 million, while 342,903 cwt. valued at Rs. 34.4 was exported in the same period last year.

Exports of copra also fell from 3,838 tons valued at Rs. 6.0 million to 2,425 tons valued at Rs. 3.8 million.

Coconut oil exports on the other hand moved up from 247,914 cwt. valued at Rs. 26.0 million to 423,054 cwt. valued at Rs. 43.4 million.

Total export earnings from all local products in this period in 1970 amounted to Rs. 810.9 million.

## High priority for export sector in India

The Indian Government has firmly committed itself to meet the needs of the export sector on a "very high priority" basis and gear up its industrial policy to generate expanding surpluses for overseas sales.

This is the first time a resolution on export policy to realise the "national goal" of seven per cent increase in exports every year in the Fourth Plan, has been framed.

### RESTRAINTS

The resolution seeks to confer on the Government the right to clamp down temporary restraints on home consumption whenever there was a shortfall in production or indigenous production on an adequate scale was yet to be developed.

"The question of restraint will be decided in consultation with the Ministries and keeping in view the essentiality of the product."

Envisaging a substantial role for the public sector in foreign

trade, the resolution trusts that the export effort will be viewed as one of the highest national commitments and will receive the whole-hearted co-operation from the people.

The resolution pledged assistance to all export-oriented units both in the public and private sector to expand their production and offer their goods to overseas buyers at competitive prices. The resolution was recently approved by the Union Cabinet.

According to the document, the Government would adopt appropriate procedure for foreign investment, creation or expansion of industrial capacity, licensing of import of capital goods, etc., to meet the needs of the export sector.

The resolution spells out that the role of public sector in the development and expansion of foreign trade would be expanded "progressively and substantially."