



THE ECONOMIC TIMES

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New guidelines for industries

A new set of guidelines have been designed by Government in regard to future policy in respect of local industries. The following criteria will apply to the approval of new industries, the granting of exchange allocations and other governmental assistance:-

- * Industries producing essential consumer items by harnessing a larger percentage of local raw materials.
- * Export oriented industries.
- * Small industries located in rural areas.
- * Small industries capable of devising new techniques.
- * Industries that would either produce industrial equipment or help in the repair and maintenance of existing plants.

NEW PLAN GIVES NEW HOPES

The medium term economic development plan (1972-76) of the United Front Government prepared by the Ministry Planning and Employment is expected to lay emphasis on increased productivity in both the industrial and agricultural sectors. The economic growth rate which on the average for the last ten years has been less than 5 per cent is expected to increase to about 6.5 per cent during the plan period, according to official sources.

The plan also envisages a drastic reduction in food imports which now exceeds 50 per cent of the country's total import bill. By the end of the plan period Ceylon should be 90 per cent self sufficient in rice and achieve almost self-sufficiency in subsidiary food crops such as potatoes, chillies, onions etc.

The major constraints within which the plan has been worked out are availability of foreign exchange, domestic financing and unemployment. The success of the plan is dependent largely on the achievements of the District Development Councils which number about 580.

The other salient points are:-

- * giving an emphasis to non-traditional exports, especially since projections indicate a possible drop in earnings from tea and rubber—around 2 per cent—whereas coconut prices are expected to remain stable.

- * public and private sector investment to total around Rs. 14,000 million over the five-year period. Of this Rs. 2,000 million or more to come from foreign sources. Rs. 11,000 million to be found

locally with the private sector contributing 45 per cent.

- * reduce dependence on foreign aid. The net flow of aid to be cut down from Rs. 500 million a year to Rs. 300 million a year.

- * achieving an increase in output of about 8 per cent in public sector industries.

- * encouraging local industries such as handlooms. The handloom industry is not only labour intensive but will also provide a substantial part of the local textile requirements. An area of operation will be reserved for it.

Earnings from tea and rubber decline

Foreign exchange earnings from tea and rubber, two of Ceylon's major money spinners recorded a sharp decline in foreign exchange earnings during the first six months of this year.

Earnings from tea which stood at Rs. 572.9 million in the January-June 1970 period dropped to Rs. 532.9 million in the corresponding period this year.

Rubber on the other hand which had been accounting for increased earnings in the

first three months of the year declined sharply in the following three months to record a drop in earnings for the first half of 1971. From as much as Rs. 228 million in January-June 1970, export earnings dipped downwards sharply to Rs. 178 million—a drop of Rs. 50 million.

Customs computations reveal that desiccated coconut export receipts increased from Rs. 40.1 million to Rs. 44.9 million in January-June 1970 compared with January-June 1971.

Earnings from copra and coconut oil almost doubled during the first half of this year compared with the corresponding period last year.

The value of these exports rose from Rs. 4.6 million to Rs. 8.4 million and from Rs. 52.1 million to Rs. 81.2 million respectively during the period under review.

The total quantity of D.C. exported during January-June this year also moved up from 391,162 cwt to 427,249 cwt.

The quantity-wise increases recorded by Copra and coconut oil were 3,059 cwt to 5,302 cwt and 506,950 cwt to 722,152 cwt respectively in the first half of this year compared with the same period

CEYLON — HUNGARIAN AGREEMENT

An Economic Co-operation Agreement between the Government of the Hungarian People's Republic and the Government of Ceylon is expected to be signed early next year.

This was disclosed to the 'Economic Times' by Mr. S. Marjay (M.S.C.) Trade Representative of the Hungarian Trade Centre in Ceylon.

The total value of assistance pledged by the Hungarian Government is £ 4 million spread over a period of ten years at three per cent interest per annum.

Negotiations at Government to Government level are now in progress to determine the items which will be included in the Agreement.

Mr. Marjay said that the long term credit will be used

mainly for the importation of capital goods including complete plants and equipment to be mutually agreed upon.

Main Items

The broad group of items which will be covered by the agreement are : telecommunication equipment; machinery for the railway diesel program; refrigeration plants; ice factories etc.

An official Ministerial delegation from Hungary is expected to arrive in Ceylon to sign the proposed agreement.

Mr. Marjay further said that a cultural co-operation Agreement is also due to be signed at the same time between the two Governments.

This will mainly be for the exchange of ideas and experience in the field of literature, science, radio broadcasting, public health, etc.

NON-TRADITIONAL EXPORT EARNINGS DROP

Despite efforts made by Government to boost non-traditional export products in the face of depressed prices for our traditional export commodities, there has been a decline in foreign exchange receipts from these exports.

Latest statistics released by the Ministry of Planning and Employment reveal that these earnings have moved down from Rs. 102 million in the first half of last year to Rs. 97 million in the same period this year.

Ceylon's import bill soars

Ceylon's import bill which had been steadily mounting in recent years had reached a peak figure of Rs. 1492.7 million in the first half of this year, according to latest statistics released by the Ministry of Planning and Employment.

Of this amount the largest slice was on food imports which topped Rs. 373.5 million.

Imports made by the Co-operative Wholesale Establishment (mainly in the food group) totalled Rs. 183,028 million.

Imports of other foodstuffs on the other hand amounted to Rs. 24,587 million.

The next biggest allocation of exchange was for imports of State Corporations (manufacturing and non-manufacturing). Rs. 200 million, fertilisers Rs. 36,407 and Government departments Rs. 92,919 million.

Raw materials for private sector industrialists in the first six months totalled Rs. 265,789 million while imports of drugs by the private sector amounted to Rs. 23,445 million.

The Economic Times will publish a Special Supplement in the first December issue on Industrial Development, sponsored by the Association of Small Industrialists of Ceylon.

Make sure of this bumper issue.

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MARKET PRICES

COLOMBO

CLOSING PRICES 12-10-71

TEA (Rs. Cts Per lb.)

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

| | B. O. Ps | | B. O. P. F.s |
|------------------------|-----------------|------------|-----------------|
| High Grown : | Rs. 1.80 — 3.80 | Rs. 1.80 | — 3.30 |
| Uva Teas : | 1 at 4.10 | | |
| Medium-Grown : | Rs. 1.70 — 1.95 | Rs. 1.70 | — 1.85 |
| Small Leaf Low-Grown : | Rs. 2.05 — 2.35 | Rs. 1.68 | — 1.85 |
| Leafy Low-Grown : | Rs. 2.20 — 2.50 | | |
| Tea For Price : | Rs. 1.45 — 1.65 | Rs. 1.45 | — 1.60 |
| | F. B. O. Ps | | F. B. O. P. F.s |
| Tippy Teas : | Rs. 2.35 — 2.60 | Rs. 2.25 | — 7.10 |
| | | 1 at 7.50 | 1 at 8.50 |
| | | 1 at 10.00 | |

RUBBER

PRICES FOR THE WEEK ENDED 10.10.71

| | (Rs. cts.—per lb.) | Avg. to Same Period |
|--------------------|--------------------|---------------------|
| Closing Quotations | Avg. to date | 1971 1970 |
| RSS No. 1 | 78 1/4 | 81 1/4 92 |
| RSS No. 2 | 67 1/2 | 73 87 1/2 |
| RSS No. 3 | 62 1/2 | 71 85 1/2 |

COPRA

Estate copra No 1

COCONUT OIL (Rs per ton)

| | Opening Price | Closing Price |
|----------|---------------|---------------|
| October | 1,375/- | 1,375/- |
| November | 1,375/- | 1,375/- |

DESSICATED COCONUT

| | Opening price | Closing Price |
|----------|---------------|---------------|
| October | .58 | .57 |
| November | .58 | .57 |

PRICES OF THE WEEK ENDING 10.10.71

| Commodity | Buyers Quotations (Per lb) | Export DUTY |
|-------------------------------|----------------------------|-------------|
| Cardamoms | 10.85/- — 13.45 | 40% |
| Cardamom Seeds | 110.00 | on true |
| Cloves | 45.00 — 48.00 | F.O.B. |
| Cloves Stems | 5.00 — 6.00 | value |
| Mace | 11.00 — 12.00 | |
| Nutmeg (Shelled) | 5.00 — 5.25 | |
| Nutmeg (Unshelled) | 2.50 — 3.00 | |
| Pepper (Black) | 5.25 | |
| Papain (White) | 19.00 — 20.00 | |
| Papain (Brown) | 17.00 — 18.00 | |
| Cinnamom H/1 | 3.05 | 40% on |
| Cinnamom H/2 | 2.80 — 2.90 | true f.o.b. |
| Cinnamom Quilings No 1 | 2.50 | value |
| | Per Cwt. | Export Duty |
| Cocoa | Unquoted | 40% on |
| Coffee | 375.00—400.00 | true f.o.b |
| Kapok (Clean) | 145.00 | value |
| Kapok (Unclean) | 45.00 | |
| Croton Seeds | 100.00 — 125.00 | |
| Essential Oils | Per 25 . op./bl. | |
| Cinnamom Leaf Oil | 17.50 per 25 ozs | |
| Cinnamom Bark Oil | Per oz 22.00 per oz. | |
| Citronella Oil Estate Quality | Per lb. 7.00 per lb. | 10% on |
| Citronella Oil Ordinary | Per lb 6.35 | true f.o.b. |

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 10.10.71

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

| Cereals | (Per Bag 154/158 lbs) |
|-----------------|-----------------------|
| Paddy | (Per bushel) |
| | 13.00—14.00 |
| Other varieties | 12.00— |
| Rice Per Boiled | 68.00— |

TEA REPORT

Auction No. 37, held on 11th and 12th October, 1971.

The total quantity offered was 7,596,716 lbs. comprising 3,760,623 lbs. Leaf Grades, 760,000 lbs. Dusts, 14,787 lbs. Reprints, 57,694 lbs. Sundry Lots and 2,987,799 lbs. Ex-Estate. Western quality was barely equal and most Uva teas were rather plain. There was, quite a good demand particularly at the bottom of the market.

High-Grown Teas: There was less demand for High Grown Broken's and BOPF's. Prices for the better teas often declined 20/50 cents per lb. Below best were irregular with the lighter liquoring and poor leaf kinds 5/15 cents lower. Pekoes were dearer and OP's firm.

Medium-Grown Teas: Good colour Broken's were 5/10 cents and plainer kinds 3/5 cents easier. BOPF's showed a similar trend but to a lesser extent. Leaf Grades were about firm.

Low-Grown Teas: There was better demand for most Low Grown teas with BOPF's advancing 10/15 cents in the lower price range whilst the best remained firm. Small leaf BOP's were about 10/15 cents dearer and the only grade from the Low Country districts that were easier was BOPF's which dropped 3/5 cents. OP's continued to attract a good demand and could be quoted firm to slightly dearer. Pekoes remained steady.

Commodity Commentary

Tippy Teas: FBOP's remained firm. Small leaf factory fannings were substantially easier often declining 40/50 cents per lb. The most attractive Leafy Fannings were a little easier but below best remained fully firm.

Off Grades: There was a strong, general demand with all teas 3/5 cents dearer.

Dust: The better made grainy Dusts were in less demand with the Westerns 10/15 cents and Mediums and Uvas 3/5 cents easier. Secondary powdery sorts and Low Growns were fully firm.

RUBBER REPORT

Week-ending 10th October 1972

RSS NO: 1 opened unchanged at 76 3/4 cents per lb. improved to 77 1/4 cents per lb. the following day, declined temporarily to 76 3/4 cents per lb. during mid week but recovered once again thereafter in line with overseas advances to close at 78 1/4 cents per lb.

Approximately 703 Tons of LATEX CREPES were offered at the Two Sales held during the period under review, a substantial increase of 146 tons compared to the previous week's total. At the First Sale, best latex and F.A.Q. Offerings were once again marked down by 1 to 2 cents per lb. whilst the duller sorts also declined by 1 to 2 cents per lb. Inferior grades how-

ever were 1 cent per lb. better. At the following Sale, best latex crepes showed a further sharp drop of 4 to 4 1/2 cents per lb. whilst the F.A.Q. Offerings too fell by 5 to 4 cents per lb. Duller sorts also were 1 to 5 cents per lb. lower but the inferior grades remained unchanged.

Approximately 149 Tons of SCRAP CREPES were offered, an increase of 24 tons compared to the previous week's total. At the First Sale, light brown scrap crepes declined by 1 cent per lb. whilst the dark brown sorts remained unchanged. Darker offerings were unchanged to 1 cent per lb. lower Flat Bark was irregular. At the following Sale, light brown scrap crepes recovered by 1 to 1 1/2 cents per lb. but the dark brown and darker sorts declined by 1 cent per lb. Flat Bark however improved by 1 cent per lb.

Approximately 16 Tons of SOLE CREPE were offered during the week under review, a substantial decrease of 10 tons compared to the previous week's total. The recent covering demand appeared to be satisfied, except for some selective interest for the Smooth FAQ 3/16" Offerings at around last rates. Prices for other thicknesses consequently were marked down fairly sharply in the absence of any noteworthy interest from overseas consumers. Poorer sorts and miscellaneous thicknesses sold at between Rs. 1/20 to Rs. 1/40 per lb.

Produce Report

Week-ending 10/10/71

Cardamoms: There were 95 lots totalling 9,011 lbs. on offer at the sale this week, showing an increase of 1,059 lbs. on the previous week's figure. Contrary to the anticipated decrease for all grades, the lower limit increased by 35 cents to Rs. 10/-5 and the upper limit by Rs. 1/95 to

Rs. 13/45, when quotation for No. 1 quality was made at Rs. 10/85 to Rs. 13/45 per lb. The market improved due to the fact that a new buyer was operating at the auctions. Grades next to best improved Rs. 10/- to Rs. 11/25 per lb., while off-grades also moved up to Rs. 4/25 to Rs. 7/- from Rs. 3/50 to Rs. 6/50 per lb. Seeds, however, were slightly

easier when these moved down by 80 cts. to be transacted at Rs. 11/- per lb. The highest price obtained for 7 lbs. of superior quality cardamoms was Rs. 22/- and the lowest sale was done at Rs. 4/25 per lb. The London futures price remained unchanged at 72 pence per lb.

Cocoa: There were 16 lots totalling 105 cwt. on offer this week showing an increase of 25 cwt. Only 1 lot of No. 1 quality was on offer and this realised Rs. 191/- per cwt. for quotation to be made at this price. Grades next to best sold at Rs. 165/- To Rs. 180/- per cwt., while darker and poorer quality fetched Rs. 100/- to Rs. 165/- per cwt. There were no Garblings or shell cocoa on offer. At the close of the week the London futures price was quoted at £205/- Sterling per ton and Ghana at £205.00 Sterling per 1,000 kilos.

Pepper: 2 lots totalling 3758 lbs. were on offer, both of which were withdrawn for lack of suitable bids.

Coffee: 2 lots totalling 7 cwt. 1 qr. 10 lbs. were on offer, when 7 lbs. which was the better of these lots sold at Rs. 430/- per cwt. Off grades or dealers quality were transacted at Rs. 275/- per cwt. No quotation was made for No. 1.

| | |
|----------------------|---------------------|
| Coutry Rice No. 1 | 75.00—80.00 |
| —Cotuntry Rice No. 2 | 70.00—71.00 |
| —Samba Rice | 95.00—98.00 |
| —Kora Rice | 100.00—110.00 |
| —Maize | Per Cwt 31.00—32.50 |

Pulses

| | Per Cwt | |
|-----------------------|---------|-------|
| —Red Gram (Toor Dhal) | 40.00 | 45.00 |
| —Black Gram (Undu) | 61.00 | |
| —Bengal Gram | 46.00 | |
| —Green Gram | 53.50 | |
| —Bombay Cowpea | 40.00 | |

Illets

| | Per Bushel | |
|---------------------------|------------------|-----------|
| —Finger Millet (Kurakkan) | 11.00— | 12.50 |
| —Sorgum | Unquoted | (per ton) |
| —Soya Beans | 850.00 | (per cwt) |
| | Per lb. | |
| —Mustard | 9.00—9.50 | |
| | Per Cwt | |
| —Chillies | | |
| —Dired Long | 340.00— | 350.00 |
| —Dired Round | Unquoted | |
| —Off Grade | | |
| —Goraka | 80/- | 85/- |
| —Vinilla | Per lb. | |
| —Tamarind | Per cwt 120.00— | 125.00 |
| —Ground Nuts | Per 80 lb 67.00— | 70.00 |
| —Cashew | Per lb. | |

COFFEE: INDIA'S BIG EXCHANGE EARNER

Indian Coffee, exports accounted for Rs. 22.41 crores in foreign exchange in 1970-71 and Rs. 19.61 crores in the previous year.

The total area under Coffee in the country is 1,28,475 hectares which is divided between Arabica Coffee and Robusta Coffee. The Arabica Coffee occupies the major portion and accounts for 76,739 hectares, as against 51,736 hectares under the Robusta Coffee.

The South Indian States are the traditional Coffee-growing tracts. Mysore State, having 60% of the total area under Coffee in the country, comes first, followed by Kerala having 21%. Of the 47,882 Coffee Estates in the country 46,382 Estates are small holdings having an area of 10 hec-

tares and below, and the remaining 1,500 are large holdings, above 10 hectares in area.

The production of Coffee in India has considerably gone up. The receipts into the Coffee pool during 1970-71 were 1,08,000 tonnes comprising of 58,000 tonnes of Arabica and 50,000 tonnes of Robusta Coffee, as against a total of 49,506 tonnes received into the pool in 1959-60.

Indian Coffee is exported to West Germany, Belgium, Netherlands, France, United Kingdom, Sweden, Norway, East Germany, Yugoslavia, USSR, Poland and Hungary.

During 1959-60, 18,180, tonnes of Coffee was exported bringing Rs. 6.47 crores in

foreign exchange. During 1969-70, the country earned foreign exchange worth Rs. 19.61 crores exporting 32,383 tonnes of Coffee. Last year, the foreign exchange earning of the country through the sale of Coffee in foreign markets amounted to Rs. 22.41 crores.

CHINA HAS GOOD TEA HARVEST

For the ninth year running, China reports a good tea harvest.

The Chinese minister of commerce announced that the state bought 2 per cent more tea in the first half of this year than in the same period of 1970. The biggest increases were in the major tea-growing provinces of Chekiang, Anhwei, Hunan, Hupeh, Szechuan and Kwangtung.

China has long grown tea and has vast areas suitable for it. There is a great variety of famous teas. Lungchin or "dragon well" (a green tea from Chekiang, Keemun black tea and tunlu (a green tea) from Anhwei, Wuyi Fokien, and Yunnan black tea are the most popular.

PLANTATION INDUSTRY

Ceylon rubber statistics January-July 1971

Rubber production in Ceylon during January/July 1971 totalled 79,953 tons compared to 90,626 tons during the corresponding period in the previous year, a substantial decrease of 10,673 tons.

Consumption of Natural Rubber during January/July, 1971 was 2,630 tons compared to 1,899 tons during the corresponding period in the previous year, an increase of 731 tons.

Tea-gardens throughout China now cover an acreage 40 per cent more than in 1965. In the past few years the cadres and commune members of such a commune have terraced barren hill slopes and opened up 126 hectares for growing tea. This is double the acreage in 1958. Twelve thousand new tea-gardens have been set up by communes and production brigades in Hunan province in recent years.

Actual Exports of Rubber during January/July 1971 was 84,693 tons compared to 92,116 tons during the corresponding period in the previous year, a decrease of 7,423 tons.

TEA AND COCONUT PRODUCTION

Production of tea showed a marked drop in the first half of the year as against the previous year while coconut production which has been on the downward trend showed an upward trend, according to the latest statistical data released by the Ministry of Planning and Employment.

Production of tea moved down from 255,348 million pounds in the first six months of 1970 to 252,134 pounds in the corresponding period this year.

Coconut production on the other hand showed a welcome rise moving up from 356,067 million nuts in the first half of 1970 to 459,393 million nuts, an increase of 103,326 million nuts.

EXPORT INTELLIGENCE

Duty quota for handicrafts into the E.E.C.

Following the negotiations between Ceylon's High Commissioner in London and the European Economic Community, Ceylon obtained a nil duty tariff quota for certain items of Handicrafts details of which are specified below:

| Description | T. Hd. of products |
|--|--------------------|
| 42.02 Travel goods (for example, trunks, suit-cases, hat boxes, travelling bags, rucksacks), shopping bags, handbags, satchels, brief-cases, wallets, purses, toilet cases, tool-cases, tobacco pouches, | |

sheaths, cases, boxes (for examples, for arms, musical instruments, binoculars, jewellery, bottles, collars, footwear, brushes) and similar containers, of leather or of composition leather, of vulcanised fibre, of artificial plastic shooting, of paper board or of textile fabric:

ex B. Of materials other than artificial plastic materials.

ex 42.03 Articles of apparel, clothing and accessories of leather or of composition leather:

ex C. Other clothing accessories.

ex 44.24 Household utensils of wood

ex 44.27 Standard lamps table lamps and other lighting fittings of wood; articles of furniture of wood not falling within Chapter 94; caskets, cigarette boxes, trays, fruit bowls, ornaments and other fancy articles, of wood; cases for cutlery, for drawing instruments or for violins, and similar receptacles, of wood; articles of wood for personal use or adornment, of a kind normally carried in the pocket, in the handbag or on the person; parts of the foregoing articles, of woods.

4.21 Other articles of paper pulp, paper, paperboard or cellulose waddings:

ex B. Other

59.02 Felt and articles of felt, whether or not impregnated or coated:

ex B. Other: Carpets, rugs

The Share Market Report has been delayed.

ex 61.06 Shawls, scarves, mufflers, mantillas, veils and the like

ex 64.05 Parts of footwear (including uppers, in-soles and screw-on heels) of any material except metal

ex 66.02 Walking sticks (including climbing-sticks and seat-sticks), canes, whips, riding-crops and the like.

68.02 Worked monumental or building stone, and articles thereof (including mosaic cubes), other than goods falling within heading No. 65.01 or within Chapter 69:

A. Worked monumental or building stone ex IV. Carved

ex 74.18 Other articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts thereof, of copper.

ex 83.06 Statuettes and other ornaments of a kind used indoors, of base metal.

83.07 Lamps and lighting fittings, of base metal, and parts thereof, of base metal (excluding switches, electric lamp holders, electric lamps for vehicles, electric battery or magneto lamps, and other articles falling within Chapter 85 except heading No. 85.22):

ex B. Other

ex 83.10 Beads and spangles, of base metal

ex 83.11 Bells and gongs, non-electric, of base metal, and parts thereof of base metal.

ex 94.03 Other furniture and parts thereof.

95.01 Worked tortoise-shell and articles of tortoise-shell

ex B. Other

95.02 Worked mother of pearl and articles of mother of pearl:

ex. B. Other

95.3 Worked ivory and articles of ivory:

ex B. Other

95.4 Worked bone (excluding whalebone) and articles of bone (excluding whalebone):

ex B. Other

95.5 Worked horn, coral (natural or agglomerated) and other animal carving material, and articles of horn, coral (natural or agglomerated) or of other animal carving material:

C. Other worked animal carving material, and articles thereof:

ex II. Other

95.06 Worked vegetable carving material (for example, corozo) and articles of vegetable carving material:

B. Other

95.07 Worked jet (and mineral substitutes for jet) amber, meerschaum, agglomerated amber and agglomerated meerschaum, and articles of those substances:

ex B. Other

97.02 Dolls:

ex A. Dolls (dressed or undressed)

Decorative dolls dressed in folkloric costume characteristic of the country of origin.

97.03 Other toys: working models of a kind used for recreational purposes:

Business Opportunities

The following German firms seek business connections in Ceylon the goods offered for export are indicated below:-

Werner Kemmann
498- Buende/Westf.
Postfach 487
West Germany

Automatic Screen Printing Machines for bottles containers etc. and flat printing.

Neuberger Messinstrumente K.G.
8 Muenchen 25
Postfach 408
West Germany
Switchboard Instruments, Transformers, Electrical Measuring and Testing Instruments.

Heyco-Werk
Heynen & Co.
563 Remscheid
Postfach 1501 39.
West Germany.

Automotive Hand Tools

Rovema
63 Giessen 2
Postfach 29 20
West Germany
Automatic Packing Machinery

Scobalitwerk
Postfach 500
West Germany
Transparent Building Sheets
Glassfiber Bands

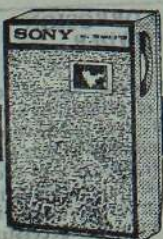
Th. Jaeger
Feinpappenfabrik
-672 Selb
West Germany
Dry Flongs-Mats for printing,

ex. A. Of wood.

The maximum amount for a single item mentioned above should not exceed 500,000 units and the item should conform to the technical conditions laid down by the EEC.

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MANAGEMENT

Job Enrichment [II]

Job enrichment is a diffuse open-ended kind of concept, more an attitude or a strategy than a definable entity. In fact there is no one term for it that is accepted by all the experts. But there are certain elements that appear characteristically wherever job enrichment is going on. Central, of course, is the basic idea of giving the worker more of a say about what he or she is doing, including more responsibility for deciding how to proceed, more in appropriate kinds of plants, allowing the worker to carry assembly through several stages sometimes even to completion and preliminary testing, rather than doing just one small operation endlessly. Automobile assembly jobs offer dreary repetitive work, and it is this uninspiring monotony that managers seeking to enrich jobs strive to avoid.

Giving the worker more responsibility necessarily requires willingness on the part of management to delegate its authority and to accept decisions made by the workers. Diffusing authority does not mean managerial abdication; it simply means that decisions

can be made by the persons most involved and thus best qualified. Supervisors are spared the need to relay routine questions up to management and decisions back down procedures has often got snarled, resulting in misunderstandings. A worker says of this, "We can move around now and get information on a project without having to go through anyone or clear it with anyone. This saves time and means the information is firsthand. It saves mistakes to get it direct." Managers then have more time to manage rather than consuming their time with low-level problem solving.

Another concept fundamental to job enrichment is that of organizing the workers, into teams, or groups. Individuals involved in small working units become concerned with helping their teammates and achieving common goals just as members of a sports team do. It is hard for the most willing employee to feel directly concerned with production when he is just one cog in a 1,500 man work force scattered throughout an automobile plant. But working

jointly on a project with six other persons who count on you to be there, and will help you if you fall behind, can be highly rewarding, even stimulating. A bench worker at the Texas Instruments plant in Attleboro, Massachusetts, who does delicate welding, says of her job: "There is this team feeling, people seem to help each other. I feel as if, when I am out, they miss me."

One of the root causes of worker discontent is the annoying gap in status and in perquisites between factory and office workers. Texas Instruments, with 58,974 employees, 1969 sales of US\$ 831,822,000, and 36 plants in 20 countries, makes continuous efforts to narrow the gap by consciously stamping out as many as possible of the visible distinctions between the different categories of employees. The company has created a genuinely democratic atmosphere. There are no special dining rooms, or parking spaces designated by name, for executives. Shirt sleeves and first names seem universal. Offices are studiedly and uniformly Spartan at all levels of plant management.

Other firms have taken other tactics; some ban the terms "blue-collar" or "hourly," some have removed time clocks and some have eliminated hourly pay and put everyone on salary, with workers paid for time absent just as office employees are.

Although workers respond

well to being members of a team and feeling they "belong," they also think it important to be able to move up, to improve their job status. One of the frustrations most often cited by Detroit auto workers was the oppressive feeling of being boxed in, of going nowhere. Therefore most companies trying to increase worker satisfaction put careful emphasis on promoting from within, and they make sure the employees know it. Notices of available jobs are posted on bulletin boards at strategic locations, and the companies pledge not to fill the jobs with recruits from outside the company until after a period of one week even longer, so that employees have a good shot at them.

JAZZING UP JOBS

While huge firms are involved to varying extents in job enrichment, the actual mechanics of how it works in practice, and the flavor, are easier to grasp in smaller organizations. A prototypical company that has realized remarkable results from work improvement is Donnelly Mirrors, Inc. (US\$ 13,800,000 sales in 1969), illustrates several basic tactics used in jazzing up jobs. Its president, John F. Donnelly, 58, took over the company, 1632 after his father's death with a creed centered around a strong belief in the worth and dignity of the common man, a idea derived from his reading, Gilbert Chesterton.

Job enrichment means giving workers more of a say about what they're doing, more responsibility for setting goals more responsibility for the excellence of the completed product.

(Courtesy "Horizon.")

His common touch was rewarded—not many company presidents get communique from their truck drivers—when a Donnelly truck driver back from delivering a load of mirrors reported "something great" was going on at the customer firm. The "something great" turned out to be the Scanlon plan for sharing increased earnings from higher productivity with the workers. Donnelly put a form of the Scanlon plan into effect and gradually developed the concept. After an unsuccessful union attempt to organize the company in 1960, employees' (with Donnelly's approval) set up an employees' committee to handle grievances, wages, and labor relations. The company was growing rapidly by this time, and in 1967 all salaried employees attended a managerial grid course at which supervisors learned to balance concern for production with concern for the workers. The company's 300 production workers are now organized in 70 "work teams," groups that naturally take shape as a result of work assignments.

(To be Continued)

When they slowed down the computer

Industries set up the pace for the new decade in 1970 with promise of many improvements. Technology made machines go still faster with less supervision, the world was further shrunk by developments in communications and transport, while millions of pounds worth of research was dedicated to new comforts and conveniences.

Probably the biggest advances of the year were in developing the potential of the computer, finding ways of coping with the treat of demand for communications outpacing the ability to handle them, and in new forms of transport on land, sea and in the air.

With computer getting both bigger and smaller to meet the contrasting record keeping needs of armies, governments and shopkeepers, the main effort is now to find new jobs for these complex machines to take over.

Britain's National Research Development Corporation (NRDC), for instance, backed industry ventures aimed at improving the accuracy and speed with which information can be fed into a computer and giving it the ability to assess pictures as well as digest words and symbols.

The Corporation, strangely enough, sought to slow down the computer but only as a teaching aid so that the questioner could see in details how the machine solved the problem.

The ability of the computer to produce vast amounts of information at high speed is threatening to pose a communications problem. Britain's

Post Office accepted the challenge of finding new faster means of transmission and is developing a waveguide system. A copper-lined hollow tube along which conversations and other messages can be transmitted by radiowave, the wave guide has already demonstrated that it can carry more than 300,000 two-way telephone conversations 200 TV circuits—or masses of that computer data.

The "see-the-caller" public telephone took a step nearer reality with the development in Britain of a tiny half a millimetre long solid-state laser that overcomes the outstanding problems of transmitting light for a public video phone system. Lasers also began to make impact in another branch of industry—new machine tools using lasers, which are now under development at Birmingham University in the English Midlands, promise to have "a profound effect" on the engineering world.

In the workshop, a new machine was able to offer 100 per cent success in welding different materials such as stainless steel, aluminium and ceramics. Britain's revolutionary float glass process took another step forward by producing its thinnest glass yet—two millimetre glass for laminated windscreens. Even more futuristic, scientists produced what was claimed to be the first reported multi-colour

changes from a material that changes both colour and appearance when a voltage is applied to it. This latter development could lead to television screens thin enough to hang on a wall and camera shutters with no moving parts.

Other predicted changes in the home are the disappearance of the traditional medical thermometer—in the future a patient will simply have a small temperature reading device taped to his skin and the disappearance of conventional heating equipment such as boilers, radiators and stoves. The house of the future is likely to have walls that absorb and store cheap off-peak electrical heat and then radiate it to keep rooms warm night and day.

1970 gave a glimpse of new materials—plastic that is quarter the weight of normal tissue; a new fibre which will make lightweight colts warmer; a mass manufactured plastics "sandwich" that could rival metal in the car industry; and carbon fibres, the material that is much lighter yet stronger than high tensile steel. The latter is now beginning to appear in aircraft construction, space vehicles, the building of engineering machines and golf clubs.

SCIENCE AND TECHNOLOGY

Weapon against insect pests

What could turn out to be a major weapon against insect pests is being investigated at the Commonwealth Forestry Institute at Oxford, southern England. The idea is to use viruses to kill them.

But so far large-scale production of insect viruses has been impossible. Now a three-year programme on the ground work of developing culture methods for producing large amounts of selective viruses, has begun at the institute. The work is being supported by the National Research Development Corporation, whose annual report has just been published.

The work has meant the development of techniques for establishing and maintaining large animals absolutely free from infection from birth.

They have no antibodies in their blood. From these, when they are infected with a particular virus, absolutely pure antibodies can be obtained. These react with that virus and no other. "Production on a commercial scale is a major advance," says the NRDC.

For the first time, the Corporation has topped the £6 million mark in supporting promising developments. It has more than 400 projects under way and well over 5,000 schemes under examination.

At Hammersmith Hospital two patients suffering from leukaemia have been kept free from infection—in isolation tents—so that drugs have the best chance of working. These tents cost only about £50 instead of the thousands for

an isolation ward and the NRDC is assisting the development of a range of cheap, disposable isolation equipment.

The NRDC also reports several projects for putting waste materials to use. For example, rags are being turned into hard carbon grains a product that could have a big market for the treatment of polluted water. The fine sludge from papermaking, a serious river pollutant, is being turned into board.

ANTI-CORROSION POWDER

Corrosion decay is one of the causes of premature wear and tear of steel cables used in many industrial branches.

The existing method of protecting cables by introducing an aluminium protector in them is not quite successful. The aluminium wire, woven in the outer layers of the cable gets worn out and crushed during operation. And the protective properties of aluminium threads are reduced.

Some staff members of the Tskukidze Institute of Mining Mechanics, Working of Deposits and Blast Physics in Tbilisi have proposed (to boost the efficacy of anti-corrosion protection for steel cables) to increase the strength and reliability of the contact between the protector and the cable wire. This is being done by coating the core of the cable with aluminium powder and by introducing the protection in the process of twisting.

Foreign investments decline in India

New Delhi

Foreign private investments in India have declined and were hardly Rs. 10 crores to Rs. 12 crores a year in the last two years as against the Fourth Plan assumption of Rs. 60 crores on an average.

The Chairman of the Indian Investment Centre, Mr. G. L. Mehta said that although there had been a decline in the quantum of foreign investment, the centre had received "more serious enquiries" during the last 12 months from prospective investors in the U.S. and West Germany.

Mr. Mehta added that foreign investors had been reassured about political stability in India following the last elections to Parliament but they had certain views and complaints about Government's policies and procedures. Government itself had a very selective approach towards foreign investment and the emphasis was on technical rather than financial collaboration. It was for Government to consider how far to accommodate the viewpoint of the prospective foreign investors within their broad policy framework in the field of foreign collaboration.

Mr. Mehta said the country was going through industrial stagnation and inflationary tendencies side by side. "I think Government itself is now concerned about the stagnation and is considering how best to revive the industrial climate."

Mr. Mehta said as Chairman of ICICI and I.I.C., he had conveyed to the Government from time to time the views and reactions of investors both here and abroad to particular policies and measures. It was for the Government to see whether in the light of these criticisms, it would like to modify the policies in any way.

IMF LOAN OF \$83.5 M FOR YUGOSLAVIA

Belgrade

The National Bank of Yugoslavia announced that the International Monetary Fund had granted a loan to support the Yugoslav balance of payment.

It was stated that in May of this year a mission from the International Monetary Fund visited Yugoslavia with the aim of organizing regular annual consultations and of preparing all the necessary

preconditions for Yugoslavia to receive from the International Monetary Fund the necessary means for establishing her stabilization programme.

The report submitted by the mission was examined by a Committee of executive directors of the International Monetary Fund. The Committee approved the efforts made by Yugoslavia to stabilize her economy and agreed that she might utilize a loan of 83.5 million dollars, from the International Monetary Fund, in order to promote the Yugoslav balance of payment in carrying out its stabilization programme.

USSR TRADE WITH LATIN AMERICAN COUNTRIES

Moscow

Talks on expanding trade exchanges between the Soviet Union and Costa Rica are underway. A Costa Rican delegation, led by Foreign Minister Gonzalo Fasio arrived in Moscow towards the end of last week.

Soviet-Costa Rican trade relations are regulated by an inter-governmental trade agreement that was signed in the



summer of 1970. Last year the Soviet Union imported from Costa Rica 6000 tons of coffee. In its turn the Costa Rican side is showing interest in importing industrial equipment from the USSR.

The circle of the Soviet Union's trading partners among Latin American countries is widening every year. In September Moscow was visited by a delegation from the Andes Development Corporation which included representatives of business circles in Chile, Peru, Colombia and Ecuador. A trade delegation from Guatemala also completed a visit to the USSR in the same month.

Soviet foreign trade organisations and Brazilian firms are beginning the fulfilment of considerable contracts. Soviet-Colombian trade turnover has grown in the past year by over 50 per cent. The biggest trading partner of the USSR in Latin America is Cuba, with mutual goods deliveries running last year at more than 100 million roubles.

SAVINGS ACCOUNTS RISE IN CHINA

Peking

Savings accounts in China have risen month by month this year, expansion of industry and agriculture and gradual improvement of the standard of living. The amount in bank savings by the end of August was 12.2 per cent higher than the beginning of the year.

The market is thriving and prices are stable. The renminbi, one of the few stable currencies in the world.

GOVT. UNITS TO BE PUT ON SOUND FOOTING

Madras

Mr. Mohan Kumaramangalam Union Minister of Steel, said that the Government wanted to ensure the profitable working of the public sector undertaking before it launched upon any large scale nationalisation of industries.

Unless these undertakings were put on a sound footing and made to deliver the goods the people would have no confidence in the Government's policy to undertake large scale nationalisation of industries, he added.

He, therefore, appealed to workers in the public sector units to work hard and make them yield profit. Once these units were put in good shape Government could go ahead with its nationalisation programme essential for establishing a socialistic society.

He said Government would not go back on the election pledge it gave the people to establish socialism. It had already paved the way for fulfilling this promise in the last session of Parliament. In the coming session in November the Government would enact some far reaching legislation to implement its promise to the people.

PIPELINE PROTECTION FOR PAKISTAN

London

Thermoglas protective outer wrapping for 162 miles of steel high-pressure gas pipeline in Pakistan is to be supplied by a British firm.

The order, valued at over £65,000, is from Sui Northern Gas Pipelines Ltd, Lahore, a subsidiary of Burmah Oil Trading Ltd. The main contractor is Mothercat Ltd.

The pipelines, which cross both land and water, are in three sections, with diameters of 10.8 and 6 inches respectively.

This order follows a previous one obtained from the Pakistani company in 1970 for an 88-mile pipeline.

The thermoglas included in this order is a glass-fibre tissue base with a plasticised coal-tar impregnant, for pipeline protection against corrosion and mechanical damage in laying and subsequent soil movement.

Deliveries will be completed by the end of November this year.

OUTFLOW OF LABOUR FROM YUGOSLAVIA

After the publication of data from the latest population census, which was carried out three and a half months ago, the discussion in Yugoslavia does not abate concerning the causes and consequences of the fairly large flow of labour power abroad.

It has been noted that about 250,000 Yugoslavs have gone abroad temporarily to work through the employment office, although it is estimated that the figure is really twice as large. Sociologists, economists, politicians and trade union officials advance arguments for and against the findings and facts. The discussion ranges between the emotional exaltation of some and the dry facts of the others. But the fact that the entire Yugoslav community is confronted with a major emigration problem is the reason for the significant phase of analyses that has now been broached.

Freer Exchange

The most competent quarters emphasise that the going of Yugoslav workers abroad is the logical consequence of an entire series of trends in Yugoslavia and in the world in general. Yugoslavia's openness its incorporation in the world market and the free exchange of goods and capital have been the condition also for the freer exchange of labour power. Therefore, in order to plan a realistic and long-term policy of training and distributing cadres, it is important to regard migration as something inevitable not only in Yugoslavia but in the whole present-day world.

In Yugoslavia the enforcement of the measures of the economic and social reforms begun in 1965 coincided with

the attainment of an exceptionally great number of the young generation to "labour maturity." The generations born since the war have sought

By — Dejan Djordjevic

work in an industry already saturated with labour power and comparatively old technology. Technically regarded, these two factors are responsible also for the explosion of departure to work abroad.

World Process

Even much more advanced industries are permanently confronted with the problem of the brain drain. According to OECD data, for instance about forty two percent of all newly graduated engineers and technicians have been leaving Great Britain for overseas countries during the past few years, while the rate of loss of scientific personnel during the period 1961—1966 came to about twenty three percent. These facts and figures reveal that migration is a world process, while the evaluation as to whether it is "normal" or "abnormal" can be given for each country only by a pertinent analysis.

In order to analyze the actual human potential of Yugoslavia, figures must again be summoned to assistance. They reveal a relation of "one half of a half", or about a half the population is economically active, while a half is maintained. Nearly half the economically active population is rural population. It follows that it may be taken that the earning part of Yugoslavia is not counting the rural population/num-

ber just over five million persons. At the same time about 250,000 are on the lists of the employment offices. But, among the unemployed 66.3 per cent are unskilled labour. A much smaller percentage of the employed have high superior or secondary education/13.3 per cent/ among them less than one percent having university training.

The analyses stress that it has been scientifically proved that there is a close connection between the amount of the national income and the possibilities of employment. Namely it is taken that the national income of 1000 dollars per inhabitant is the critical point at which the economy of a country can absorb the entire population fit to work and beyond this point is the migrational field of labour power. This has induced the prominent Belgrade review "Ekonomska Politika" to conclude that the accrual of the labour quota, the degree of development of technology and continuous education are links in the same chain intertwined and of decisive influence on each other. Because the average net accrual of the labour quota for employment in Yugoslavia is about 105 000 annually. But industry requires that the experts coming from the school forms should be prepared to come to grips immediately with the problem of competition in the world economic arena. Because of this special attention is being given in Yugoslavia to the integration of science and industry which opens the process of continuous education.

The
Economic Times

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on Page 9

Economic policy in India:

The Government's economic policies and the pronouncements of men in authority seem to be more than ever confusing, at a time when clarity, consistency and courage are called for.

The economic situation in the country is indeed serious. Thanks to the mistaken policy of a Plan holiday, political confusion in the country, weakening of the authority of the central Government and a slowing down of the inflow of foreign aid, the rate of growth of the economy has been disappointing. On the top of this we are now facing the prospect of serious inflationary pressures.

The economic and monetary indicators are such as to cause serious concern. Investment in the economy has slowed down considerably, this being to an important extent due to the shifts in economic and financial policies in recent years, which however justified from the angle of broad social control of industry, have acted as a disincentive to private investment effort. Nor has the public sector investment expanded to a level as to make up for the sluggishness in the private sector investment.

The strategy of the Government in recent years has been that of a person who thought

he could run an automobile mainly by using the brake rather than the accelerator. Press reports indicate that the Government has been worried over the slow pace of economic growth on the one hand and of the development of inflationary pressures on the other and that economic policies are being reviewed. It is a great pity that after 20 years experience in economic planning and with a galaxy of economic and financial experts in the Government there should be this mess. Our trouble is that in the economic sphere, as in the political sphere, we display a one-track mind, pursuing blindly some policy objective to the utter neglect of other matters and the impact of policies on the economy as a whole, not only in the short but in the long run. The result is that the substantial potential for economic growth that existed as a result of ambitiously conceived economic plans is destroyed by economic policies and pronouncements that have neither consistency nor pragmatism.

Rise in Paper Prices

While on the one hand the Cabinet has been giving the most serious consideration to reorientation of economic policies for achieving the twin objectives of economic growth and economic stability, indi-

dual ministers and civil servants keep on talking of the dire consequences to the private sector in regard to price increases to commodities for which the producer or even the trader is least to blame. In

the case of paper, for example, prices have risen reflecting mainly the inaccurate growth of output against a consistently rising demand.

Controls over the prices of paper were kept in operation till long after the controls over the prices of many other commodities were removed. This depressed the profitability of the industry and affected adversely the expansion of output by the existing units or the establishment of new units. The Government reviewed the matter most carefully and decided a year or a year and a half ago to remove the controls. Paper prices were put up in the first instance largely to make up for the cost increases that had occurred over a period of 6-7 years when the prices had been practically frozen. More recently the prices have been put up partly to compensate for new cost increases and partly to take advantage of the increase in

demand. It should have been obvious to the Government that before long a serious shortage in supplies of paper would develop.

Unwise and Dangerous

There is no use in blaming the paper producers for putting up the prices. If the prices are openly put up the

ago when paper prices were depressed, with slack demand? It is unwise and dangerous to ignore simple laws of economics.

The same thing is true of the threats of taking over the distribution of essential commodities, because the prices are rising. This is like find-

deficits in recent months. It is no doubt largely accounted for by the expenditure on the relief of refugees from Bangladesh and other items connected therewith.

A brief reference to monetary and budgetary statistics will be helpful. In the year ended September 3, 1971, mon-

Confusion instead of clarity and con

earnings and profits of a company reflect this and the Government can also get its share of profits by way of income-tax and labour can also get a share of the larger earnings, besides a better return to the share-holders of the paper companies who have had to wait for long years for a reasonable return. If the prices are kept unchanged nominally the result will be substantial black market profits to the traders rather than any relief to consumers. A reimposition of control on paper prices would be self-defeating as it has been in the past. Surely in a context where costs are rising and there is serious imbalance between supply and demand, talk of reimposition of price controls is not calculated to lead to expansion or new production capacity. If paper manufacturers and merchants could conspire to rig up prices, why could they not have done this some years

ing fault with the nurse who is recording the temperature. If the temperature is high it is neither her fault nor that of the thermometer. There must

By S. L. N. Simha

be something wrong with the health of the person whose temperature is being recorded. The fact is that serious inflationary pressures are emerging, mainly as a result of Government budgetary deficits. In India, as in many other countries, we have a cyclical pattern of large budgetary deficits and substantial expansion of bank credit to the private sector following each other. Sometimes of course we have the phenomenon of marked expansion of bank credit to both the Government and the private sector. The marked increase in budgetary

money supply with the public comprising currency and demand deposits, recorded an expansion of as much as 1 per cent. The conservative economists also take into account the changes in time deposits of banks since they constitute near-money. On this basis the expansion of money supply was even larger at 15 1/2 per cent. The principal factor in the expansion of money supply is the budgetary deficit of the Government or what is technically known as 'Bank credit to Government.' Bank credit to Government in the year ended September 3, 1971, recorded an expansion of almost 20 per cent or in absolute terms Rs. 942 crores, from Rs. 48 crores to Rs. 5763 crores. Bank credit to the private sector has also risen significantly, by over 13 per cent. Bank deposits recorded an increase of almost 20 per cent during the above-mentioned

PROMECOTHECA CUMINGII: Its control and eradication

It now seems evident that the lack of 'UP-TO-DATE' knowledge of Pests and Diseases of the Coconut Industry has stirred the anxiety and enthusiasm of many who are keenly interested in the Coconut Industry and the economy of the country.

To solve the destruction caused by the new pest "CUMINGII" has become more than a problem and these problems can only be solved if fundamental and vital research work was undertaken—not during or after the epidemic but long before. Now we must prepare ourselves for the "ATTACK". This will be the first line of "DEFENCE" in the "STRATEGY".

We must expect new Pests and diseases resulting in Exotic Plants coming in. Extensive opening up of new lands, underplanting, replanting and diversifying and intercropping, will upset the Biological equilibrium in the process and create fresh problems for the future.

The "SYSTEMIC METHOD" is well tried out with great success with my experience on Horticulture and Floriculture for the last four or five years using this method for Pests and diseases. I am very confident that we can CONTROL and ERADICATE the "CUMINGII" invasion within a short period of six months or much less. The method MUST be tried out both by the Private Sector and the various Organisations handling the Industry.

A very destructive Pest much like the "Mantis" or "Locust" known as "STICK INSECT" live entirely on the leaves of both young and old coco-

nut palm. They were found to thrive only on the young and matured leaves of the palm and not even on the leaves of palms having the same characteristics or on leaves of any other tree.

This PEST invaded an Island in the South Pacific and the extensive damage done is said to be much worse than the new Pest "CUMINGII" is now doing to our country and the Coconut Plantations.

The "STICK INSECT" is green in colour. Live well camouflaged at all stages of its life. Breed on the ground and climb the Palm to live under the coconut leaves. Eat, both the tender and matured leaves by night and take good cover from its enemies under the leaflets, by day. They are not noticed by anyone. When the Chlorophyll part of the leaves are eaten up the palm ultimately dies within a very short period and nothing can be done to resuscitate it.

Most successful Method

Many methods were tried by Experts, knowledgeable Scientists and Research Institutions etc., but they all came to one agreed conclusion that the "SYSTEMIC METHOD" was the most RAPID ECONOMIC, PRACTICAL, SPECIFIC and SUCCESSFUL to CONTROL and ERADICATE the "CUMINGII" invasion. The "CUMINGII" is that live on the juice or the leaf itself and destroy the tree at the end. The other methods were somewhat successful, but the success of one was at the disastrous loss of another.

The "METHODS" perhaps after much thought and try-outs suggested are (1) Cutting of all the matured fronds and

burning (2) Biological Control by Parasites (3) Chemical Control by Spraying (4) Simultaneous Spraying and Biological Control introduction. These various "METHODS" may have had their share of effectiveness or limited success. But were they economical, practical, dangerous and slow in action in controlling the accelerated spread? They certainly have their respective disadvantages at the expense of comparatively negligible advantages. At the end the cure will be far worse than the disease.

Let me take the suggested methods one by one. Cutting of fronds was adopted as a precautionary method to control the spread. Some burnt fronds, but, most did not. Those heaped up on the Highways of Colombo 7, to be collected later by the scavenging lorries to be dumped elsewhere or find their way to the Fefuse Destructor, escaped the destruction at their journey's end and instead had 'joy-rides' and were let free to spread the epidemic still further. The street urchins exchanged their collection for ten cents a piece and the village 'tree climber' took away his own collection for spreading it in his own area to make the 'fast buck' by charging Rs. 5/- per tree to cut the fronds or spray the chemicals. I myself collected ten of the best of about 25 that settled on me but my 'enemies' were confined to 'bar-racks' in a 'cell of formalin' and kept under tight security. The Butt ends of the fronds left behind on the palms are now rotting and offer a good breeding ground for beetles and other insects-known and unknown. With one problem already in our hands we are creating another. So the Pre-

cautionary method of cutting and Burning has done more harm than good.

The Biological Control Method from all what I have been told, read and gathered is safe and good. It will be a long term effort. The propagation of the 'Parasite' and setting them free in the 'infected' area, to locate the 'enemy' hiding between the leaflets will take time for any

By F. O. M. de Silva (Proprietary Planter)

beneficial results. It can be uneconomical. Flying them out from other countries. Getting a small percentage of five ones on arrival and breeding them can be costly. Finally Biological Control will not serve the purpose when the political control makes demands for the eradication of his constituency first though the urgency may not be so much as his neighbours. The rivals will be fighting for their 'vote catching' rights and the poor man with about three or four Coconut trees will suffer.

Chemical Control by Spraying (poisonous chemicals) is the "CONTACT METHOD". All the insects and pests, the wanted and the unwanted are 'killed' on contact with such chemicals. The spraying cannot be successfully done by 'Knapsack' sprayers by a man up a tree or slow and low flying Helicopters. The spraying is on top when the insect instinctively protects himself from his 'attacker' living between the leaflets and no spraying will penetrate the

glanced surface unless the chemical has SYSTEMIC and RESIDUAL CONTACT properties which, if present, will get absorbed by the leaf and a bite or suck of the leaf will kill the insect. The Soap-Water spraying under the fronds to get at their hiding or breeding place between the leaflets will be more effective than DDT. My experiments resulted in killing an adult "CUMINGII" in 30 secs with soap water when DDT-75% took nearly 3 mins to daze and 'murder' him finally with a 'chopper'. This method of spraying either by 'man-up-a-tree' or Helicopter is uneconomical and ineffective. Manual operation of such spraying will be in the neighbourhood of Rs. 80/- for a density of 64 trees per acre. The Helicopter Service for aerial spraying though covering a greater area in a shorter period is not done gratis by the R.Cy.A.F. This operation cost Rs. 750/- per hour Flying Time alone. Apart from the ineffective spraying will the insect be on 'contact' for sufficient period of time to be effective. Hence this METHOD too must be ruled out when it has to be tried out on our new 'enemy'. The only effective and perhaps much cheaper will be from under the tree with a Mechanical Pressure Spray Pump. We are doing this method of spraying even on 60ft trees successfully to destroy and keep under Control another destructive Pest known as 'SCALES' (Aspidiotus Destructor). Nature (rains helps us to eradicate this pest during the raining seasons and the Soap-water emulsion spraying during the dry months to control. Another disadvantage is that we have no positive proof that the insects did

come 'on contact' and die. Our Control is imaginary and would be living in a 'fool's Paradise'.

The fourth Method of simultaneous Spraying and Biological Control introduction may function like the Ack-Ack guns or the modern S.L.R. Sterling when one fails to get him with the other. This Method too has its own disadvantages. The 'Parasites' that have come to our assistance may suffer the same fate as the other insects and pests that come in contact with the poisonous 'warfare' or die eating the 'enemy' who has come in contact. Therefore this Method will not serve the useful purpose for which we have been anxiously waiting for all these months.

Under the aforesaid circumstances, very strongly feel that the 'SYSTEMIC METHOD' is the only remedy and our salvation, if we want to control eradicate and exterminate the 'INVADER AIR MARSHAL CUMINGII' and his airborne Commandos. "SYSTEMIC METHOD" is the introduction of the Poisonous Chemicals into the Vascular system of the tree or spraying the leaves to absorb the poison to circulate within the structure of the tree in the shortest possible time. 'Injecting' the chemical is preferable to allowing the leaves to absorb. The Chemicals used, its application and the cost is most economical. It is 'A-Do-It-Yourself' method safe and sure. If the Up-take of Nutrients by the Vascular System of a plant or tree, then the Chemicals will be conveyed in the same manner to the very tips of the leaves, flowers, fruits and roots. All the leaves of every frond

one-year period, this reflecting partly the expansion of banking offices and the banking habit and partly the result of large budgetary deficits and credit creation for the private sector.

Whatever the critics might say, the Quantity Theory of Money seems to work rather

Consistency

effectively, at least in developing economies like ours. Since the rate of growth of agricultural and industrial production has been modest, the increased monetary expansion can only result in price increases, whether politicians and civil servants like this or not. It is not at all a matter of surprise that the index number of wholesale prices recorded a rise of a little over 5 per cent, from 183.2 (1961-62=100) to 192.7 over the year. Thus in less than ten years the value of the rupee within the country has come down by about 50 per cent.

Investment vs. Expenditure

Urgent attention should therefore be given to restraining inflation and accelerating the tempo of the economic growth. Increased investment is an important prerequisite to economic growth and employment creation. What is

needed is a massive effort. This requires a tremendous increase in the rate of saving of the community or a reduction in the ratio of the nation's income used for consumption. Unfortunately tremendous expenditure is called for the relief of refugees and perhaps for larger defence effort. There is thus the dilemma of investment versus current expenditure. To the extent that substantial expenditure has to be incurred on refugee relief, economies should be made elsewhere. There is no doubt that there is tremendous scope for economies in

non-development expenditure but the Governmental organisation and political factors being what they are, it is doubtful whether a substantial reduction in such expenditure can be effected; vigorous efforts in this direction should however be launched.

The two other courses open are to cut down investment expenditure in the private and public sectors or to raise additional resources, especially through taxation. It would be preferable to postpone additional taxation since the last Budget was presented

only some months back. If on the other hand the information which the Government has is such as to indicate a very high deficit in the rest of the current financial year, it is better that new taxation is resorted to as early as possible rather than its being unduly severe in February 1972. If taxation is resorted to, it must be of a character not to act as a disincentive to private capital formation and investment. Further, a part of the burden of raising additional resources must be placed on the shoulders of the State Governments, which

in general do not seem to have shown much discipline in managing their finances. Some reduction in the resources transferred from the Centre to the States may also have to be considered on a selective basis.

Under-utilisation of capacity

Even with the best of will, some reduction in investment expenditure as compared to present targets may be inevitable. This need not however affect industrial growth if the

(Contd. on Page 9)

LONDON IS MORE THAN THE 'CITY'

All over the world, London is justly known as one of the greatest international financial centres. What is less well-known is that the Greater London area is a major centre of industry and one of the world's most important producing areas for many types of sophisticated goods.

The banking, insurance, shipping and commodity market interests for which the British capital is so famous are mostly centred in the old city area which effectively marked the boundaries of London until the end of the

18th century. Here, in an area of a little over a square mile, is a highly organised centre which provides both Britain and the rest of the world with almost every conceivable financial and business service.

The "City," as it is called provides headquarters for all Britain's major commercial and merchant banks, investment trusts and other financial institutions. In addition, the vast majority of foreign banks maintain offices in the City of London. This huge concentration of banking talent means that any kind of financial transaction however large or difficult, can be arranged, often within a matter of hours.

London is also by far the world's biggest single centre for insurance and reinsurance. It is the home of Lloyds, where individual underwriting syndicates—each liable for their debts down to their last personal possessions—transact insurance business worth well over £600 million a year, of which more than £400 million is on behalf of overseas clients. Apart from Lloyds, London houses many of the companies of the British Insurance Association, who do world-wide business worth around £2000 million a year.

Commodity Markets And Broking Facilities

The City also houses one of the world's most important stock exchanges, with an associated and highly expert network of brokers well accustomed to handling international business in large quantity. Other major international services provided include terminal markets for commodities like metals, sugar and a great variety of other agricultural crops. London also provides world-wide shipping and freight booking facilities.

Around all these important markets and facilities are grouped highly expert bro-

king and merchanting companies, with access to London's unrivalled financial services so that any kind of transaction or project can be progressed as the result of a telephone call or telex to London from anywhere in the world.

By
FRANK BROADWAY

A London Economic Journalist

Despite the world-wide importance of London as a financial centre, only a small proportion of the population of Greater London actually works in the City. The great majority find employment in the administrative, commercial, and industrial activities for which London is a centre. Naturally enough, most of Britain's big industrial companies locate their head offices in the capital, while many more companies, both British and overseas, make sure they have sales offices in the London area.

In addition, the Greater London area has steadily grown in importance as an industrial region in its own right, to the extent that it now produces approaching 20% by value of Britain's total manufacturing output. In particular, the area is an important centre for light engineering manufacture, often for products of a highly sophisticated nature. It forms one of the centres of computer, electronics and aerospace manufacturing in Britain.

Development of Light Engineering

The growth of light engineering industry around London has been a major development during the 20th century. Whereas Britain's development in heavy industry naturally took place in the North, where direct access to coal and other supplies could be achieved

ed, London's excellent communications, access to markets and the availability of a wide range of technical skills spurred on the development of light engineering.

One historic line of development around London was the growth of the aircraft industry, where famous names like de Havilland, Hawker and Vickers flourished on the outskirts of the capital. The proximity of important aircraft manufacturers has spurred on the development of manufacturers of airborne electronics, so that the factories of world-famous companies like Decca Elliott Automation, Solatron and the like can all be found in the London area.

Like many other advanced technologies, electronics generally flourishes in the area and Greater London is also the centre of much of Britain's development in computers and automation. Among other things, London provides the headquarters for International Computers Limited and houses several of the group's major manufacturing units. In addition, London is by far Europe's most important centre for "software" development and houses large numbers of computer consultants and systems designers as well as major offices for almost every international computer manufacturer.

These are, perhaps, among London's more glamorous industrial activities. In addition, of course, London houses tens of thousands of industrial companies whose activities are more prosaic, but, who, nevertheless, play an important part in the industrial life of the country and often of overseas nations as well.

of the Coconut Palm will receive a sufficient dose to 'KILL' the insect or 'PEST' who live on the 'generosity' of the 'host.' They must eat to live. If they do not eat they will die so let them eat and die.

The APPLICATION would be about two to three teaspoonfuls of highly diluted Poisonous Chemicals injected or poured in the trunk of the Palm. The simple operation of making a cavity of about 4 to 5 ins deep at 50° to 60° downwards slant at four or five feet high from the ground with an augur or a similar tool can be done by anybody. Pour the diluted chemical into the cavity and plug it with rolled fibre or cotton-wool. Air-tight plugging is preferable as the full dose of the chemical will be sucked up. The thus injected chemical is rapidly carried and the up-take is about 50% within the first 24 hours and nearly 65% in about 72 hours. The balance approximately 30% will remain as a residual deposit to find its way slowly but surely at later stages. The injected chemical is active up to about two weeks and can safely be repeated again and again. The interval of a week or so would do. Go into action if the 'invasion' is indicated or imminent.

A 'Broad Spectrum' Pesticide containing both "SYSTEMIC and RESIDUAL CONTACT" properties is readily available in Ceylon. It is quite safe and has no effect on man whatsoever if the instructions by the suppliers are carried out carefully. There is absolutely no 'SET-BACK' on the growth or the structure of the Palm and the nuts picked after say 16 days of the last injection are safe and altogether free from any con-

tamination. Any doubt and our Coconut Research Institution will search for traces of any harmful residue. They will, I am sure, examine any specimen from the Primordium to the matured nut or the cured Copra. Some of the old methods of our forefathers are still good and useful. In addition to the "SYSTEMIC METHOD" I strongly suggest the "NIGHT-FIRES" to attract the insects and get themselves burnt. Sulphur fumes with the Night-fires will do more good than harm and must be tried out.

If the "SYSTEMIC METHOD" is used for the eradication of the "RED-WEEVIL" (Rhynchophorus Ferrugineus) on most Coconut Plantations and if it was the most successful and effective METHOD for the eradication of the "STICK INSECT" in the Island of South Pacific then it must be equally effective on our now 'ENEMY' — PRO-MECOTHECA CUMINGII and immediately launched on this campaign either by law or forceful organisations and administrations.

The cost of the diluted chemical and its application will be under half a cent if it is done by yourself and perhaps about -/05 cents if outside labour is called to do such a simple job of making a cavity with an 1/2" augur and pouring the dose of two teaspoonful of the chemical.

I have met many coconut estate owners and self-assessed "experienced practical planters" who are more critical than correct and who are 'institutions' to themselves and who feel it is below their status to fall in line with the findings of our Research Institutions. These Planters whose knowledge is on par with that

of their K.G.s are arm-chair critics. No profitable or constructive suggestions are made. They do not co-operate with the institution that function for the benefit of the Coconut Industry. They ridicule the research done and are a menace. Everyone is a Planter and if account is taken there will be more Planters than Coconut

Palms in this country. As a coconut estate owner I welcome the Coconut Authority Bill setting up a Development Board and shall be pleased to place before this Board vital information that would help to get rid of the "Planter Pest" sooner than the "CUMINGII" Pest or both with the "SYSTEMIC METHOD."

Prospects for Small Industrialists

Dipping Tanks

Ideal tanks are made out of stainless steel. However, tanks could be made out of only materials that doesn't contain copper or manganese. It is necessary to provide in the tank a stirring device whereby Latex Compound can be kept in motion and circulated from top to bottom. This is necessary to prevent skinning, creaming and sedimentation. A means of screening or filtering is also necessary to retain any air bubbles—grit. A water jacket would maintain proper temperatures.

Preparations of vulcanized latex

The particles of rubber in vulcanized latex are already vulcanized.

After coagulation and drying, a fully vulcanized film is obtained.

In order to prepare vulcanized latex, the fluid mix is heated for 2-2½ hrs. at 80°C. The optimum is determined by withdrawing a small volume of compound evaporating to form a film and testing for elasticity.

Straight dipping

To the vulcanized latex, a dispersion of fillers pigments may be added if necessary. The formers are held in a rack and are lowered either by hand or mechanically into the latex bath. It is important for the first contact between the former and the surface of the fluid to be made slowly to avoid air trapping.

The formers are now withdrawn from the latex. The speed of withdrawal must be controlled, so that it doesn't greatly exceed the rate which excess of latex drains from the surface of the former back into the latex tank. The deposit is allowed to dry and dipping repeated. Inversion and rotation as soon as the formers are withdrawn from each dip serves to eliminate the drop of latex which ends to collect at the lowest point of the former.

Coagulant Dipping

The formers are lowered in the coagulant bath first and then into latex. The greater the number of dipping cycles, thicker will be the article. The rate of withdrawal from either bath should be such as to allow adequate drainage of fluid from formers. The drop of latex that tends to collect at the tip of the former will not be so obvious in the case of coagulant dipping and in many cases it is even not necessary to distribute the final drop.

The time of immersion in latex does not exceed 30 seconds and it is necessary to ensure that the coagulant solution wets the former properly and the solvent allowed to evaporate before dipping into latex again.

Coagulant

To ensure transparency a first and final dip are given together with one or more intermediate coagulant dips. Thorough washing of the deposit to remove coagulant from film is required prefer-

ably prior to vulcanization traces of coagulant retard cure and would cause ageing.

Process Selection

The thickness of deposit produced by a straight dip depends on many factors such as the viscosity and solids content of the latex, the surface of the former, speed of withdrawal, the temperature latex and former, the humidity of the surrounding etc.

The use of straight dipping process should be confined to the manufacture of simple shaped articles such as Contraceptives, Balloons and Finger Cots etc.

The use of unvulcanized or prevulcanized latex is a matter of choice depending upon the required ageing characteristics. Articles produced from prevulcanized latex possess excellent physical proportions and age well. Articles made out of unvulcanized latex have resistance to the action of solvents, oils and fats.

For surgeons gloves, finger cots, etc., that need good ageing properties, prevulcanized latex is preferred.

Drying and Beading

The latex deposited formers (either process) are now partially dried.

Dipped rubber products are usually required with a rim or bead around the open end. This is made at this stage—when the deposit is still partially wet by rolling the edge

of the deposit back upon itself until adequate bead is formed. The deposits are now allowed to dry further.

Leaching

The last drying operation can be made effective in the process of leaching. Leaching in water is normally necessary in order to remove water soluble material to prevent ageing—stickiness and to im-

The danger in hot air vulcanization is surface oxidation unless the temperature rise is gradual (dried at low temperature 60–70°C.) and provision is made for positive air movement.

Vulcanization in open steam is also very satisfactory and rapid processing at high temperature is possible without danger of oxidation or residual moisture—which causes

in the manufacture of the dipped goods. During the rainy season as a shortage of concentrated latex is conspicuous, it's advisable to preserve an adequate stock. This should normally be stored at least one month after preparation before use.

The market considered here is the domestic market. However, inquiries from markets abroad particularly Europe—North America to the State Institutions and existing Rubber goods manufacturers clearly reveal a very favourable export demand which could be explored.

NOTE: The Rubber Research Institute will be able to offer preliminary training to persons interested in the manufacture of latex products.

1. Once the local production of these goods commences, there will be a foreign exchange saving of Rs. 0.2 m—0.3 m (the value of present imports) approximately.

2. The present retail prices of these products are relatively high. The envisaged plant would supply the product to the consumer at a very low price.

(INDUSTRY PROSPECT REPORT AN IDB STUDY)

Rubber Dipped Goods (Part II)

prove the fuel. The formers intact of the deposit are immersed in a tank of hot water maintained at a temperature of 60–80°C. for 1/2–1 hour. Water also helps stripping of the deposit from formers. Usually an overflow is arranged so that the water is continually being removed from the bottom of the tank where concentration of soluble materials is greatest.

Dusting

During with talc or zinc stearate can also help stripping and keep the article from sticking to itself.

Vulcanization of article made from unvulcanized latex

Unless prevulcanized latex is used dipped articles must be vulcanized before being stripped from formers. Hot air vulcanization is very popular owing to its simplicity, relatively low cost of equipment and the ease with which it can be adopted for continuous processing. Hot temperatures can be used for rapid vulcanization and a gradual temperature rise can be arranged to remove any traces of moisture. Normally 30 minutes 100°C in air is sufficient for vulcanization.

FORMULAE GUIDES

Based upon unvulcanised latex—Straight dipping

| | Surgical Gloves | | Condoms | | Finger Cots of high quality household gloves | |
|--|-----------------|------|---------|------|--|------|
| | Dry | Wet | Dry | Wet | Dry | Wet |
| Natural rubber 60% ammonin | 100 | 167 | 100 | 167 | 100 | 167 |
| Preserved concentrated L.A. Type Vulcanisab LW 20% | 0.05 | 0.25 | 0.05 | 0.25 | 0.05 | 0.25 |
| Potassium Hydroxide 10% | .5 | 5.0 | .25 | 2.5 | 0.1 | 1.0 |
| Sulphur 50% | .25 | 0.5 | 2.5 | 5.0 | 2.0 | 4.0 |
| ZDC 50% | — | — | 1.0 | 2.0 | 1.0 | 2.0 |
| TMDD 50% | 2.0 | 4.0 | — | — | — | — |
| Zinc Oxide 50% | 2.0 | 4.0 | 0.5 | 1.0 | 1.5 | 3.0 |
| Nonox CI 25% | .5 | 2.0 | — | — | — | — |
| Nonox WSL 40% liquid | — | — | 1.2 | 3.0 | .8 | 2.0 |
| Mineral oil 50% | 3.0 | 6.0 | — | — | 5.0 | 10.0 |

Based upon vulcanized latex—Coagulant Dipping

| | Teats, Valves and Soothers (Transparent) | |
|-----------------------|--|-----|
| | Wet | Dry |
| 60% N.R. Latex | 167 | 100 |
| 20% Dispersol LN | 2.5 | 0.5 |
| 33-1/3% ZBUD emulsion | 3 | 1 |
| 50% Sulphur | 2 | 1 |

Vulcanization 20 mins. rise to 75°C, followed by 90 mins. at 75°C.

NOTE:

ZBUD extra is added to latex as 33-1/3% emulsion in the following recipe:

| | | |
|--------------------|-------|-----|
| ZBUD (Robac extra) | 33.3 |) |
| Liquid paraffin | 16.7 |) A |
| Oleic acid | 1.25 |) |
| 2% Ammonia water | 48.75 | B |

A, is thoroughly mixed and the ammonia water subsequently added with high speed stirring.

Coagulant 35%—Cyclohexylamine acetate solution in Methylated spirit.

porosity. This process is suitable only for batch handling vulcanizing in hot water offers many advantages. The exclusion of air prevents oxidation and intimate contact with the heating mediums produces uniform results. By making a provision for continuous change of water extraction of water soluble materials and vulcanization can be carried out at the same time. The temperature of vulcanizing bath is maintained at about 80–85°C.

SPECIAL CONSIDERATION

The concentrated latex is a major raw material compo-

EMPLOYMENT

| | | Rs. | |
|-------------------------------|-----|----------------|--|
| (i) Manager | 750 | per month | |
| (ii) Chemist | 600 | " " | |
| (iii) Technical Assistant | 300 | " " | |
| (iv) Clerk I (Accounts) | 250 | " " | |
| (v) Typist cum Clerk | 250 | " " | |
| (vi) Store-keeper | 250 | " " | |
| (vii) 2 Watchers | 175 | each per month | |
| (viii) (Killed) Labourers 5 | 175 | each per month | |
| (ix) (Unskilled) Labourers 10 | 5 | each per day | |

PROFITABILITY STATEMENT

| | Rs. | Rs. | Rs. |
|-------------------------|-----|--------|---------|
| Sales | ... | ... | 215,000 |
| Less: B.T.T. 5% | ... | ... | 10,750 |
| Variable Costs | ... | ... | |
| Raw Materials | ... | 45,200 | |
| Packing materials | ... | 8,200 | |
| Wages & E.P.F. | ... | 26,520 | |
| Power & Fuel | ... | 2,400 | 82,320 |
| Contribution C/o | ... | ... | 121,930 |
| Fixed Costs | ... | ... | |
| Salaries & EPF | ... | 34,420 | |
| Transport | ... | 1,000 | |
| Depreciation | ... | ... | |
| Buildings 2 1/2% | ... | 1,500 | |
| Plant & Machinery 10% | ... | 7,710 | |
| Equipment 20% | ... | 1,580 | 4,790 |
| Rates & Taxes | ... | ... | 1,200 |
| Insurance | ... | ... | 1,500 |
| Repairs and Maintenance | ... | ... | 1,500 |
| General Expenses | ... | ... | 3,600 |
| Waste allowance | ... | ... | 2,500 |
| Testing charges | ... | ... | 5,000 |
| Net Profit before Tax | ... | ... | 66,420 |

EVALUATION

| | |
|---|-------------|
| 1. Return on capital | 58% |
| 2. Payback period of fixed assets and working capital | 2 years |
| 3. Breakeven point | Rs. 100,000 |
| 4. P/V Ratio | .56 |
| 5. Net Profit expressed as a percentage of sales | .3% |

The distribution of production capacity of the plant, the cost, ex-factory prices, and the present retail prices of the products are:

| | Percentage | Numbers | Cost per Unit | Ex-factory | Present Retail Price |
|--------------------------|------------|---------|---------------|------------|----------------------|
| Teat and Valve | 40% | 200,000 | .20 | .30 | 1.25 |
| Soother | 30% | 150,000 | .20 | .30 | 1.25 |
| Surgical gloves | 10% | 50,000 | 1.00 | 1.50 | 4.00 |
| Contraceptives (Condoms) | 20% | 100,000 | .25 | .35 | 6.00 |

BUSINESS NEWS

GROWING CONFIDENCE IN BUSINESS

Optimism among British firms has risen sharply since the beginning of this year. Growing confidence in the business outlook is shown in the latest (September) survey of industrial trends conducted by the Confederation of British Industry and published yesterday.

The survey is based on questions to firms employing some three million people and providing about 45 per cent of Britain's manufactured exports.

Commenting on the findings the CBI says that the upswing of business confidence since June, when the previous survey was carried out, was the biggest for some years. This, it adds, was presumably due to the inflationary "package" measures introduced by the British Government last July.

The survey, reflecting answers completed by 22 September, does not yet show any rise in business activity as a result of Mr. Barber's measures. In fact the number of firms working below capacity would appear to have gone up since June. And the CBI is cautious in attempting to forecast the rate and timing of economic expansion.

Just beginning

Economic indicators published earlier this week suggest that the turn-round may be just beginning, with an upswing in retail sales during July and August combined with a 25 per cent increase in the number of new car registrations.

Figures from the construction industry also show that private housebuilding starts reached their best level for two years during those months.

Another fact brought out by the survey is that British firms are now less pessimistic about export prospects—more now believe they will be able to match their overseas competitors on price. This follows from a more encouraging view of the trend of domestic price levels.

Political/economic conditions abroad, however, remain a major worry to an increasing number of exporting firms. An unusually large proportion fear a trade recession in overseas markets and almost a third of the firms questioned cited the United States import surcharge as a factor limiting export expansion.

BRITISH CAR MAKERS HEAD FOR RECORD EXPORT YEAR

Britain's motor industry sold vehicles and parts worth a record £911 million to other countries in the first eight months of this year.

The Society of Motor Manufacturers and Traders (SMMT) announces that direct car exports earned £262 million of the total, with commercial vehicles accounting for £154 million and tractors £86 million. This represented increases over the same period of last year of 16, 29 and 14 per cent respectively.

SMMT said manufacturers had set records in every branch of the industry. They ranged from sales of equipment for foreign vehicles to components used for the local assembly of British cars in other countries.

Mr. Kenneth Corley, president of the SMMT, told a London press conference that production of British cars for export this year was expected to top the 750,000 mark—an increase of at least 27,000 over 1970.

Mr. Corley, who was announcing final details of this week's London International Motor Show, which begins tomorrow, said although 40 new cars and estate cars would be making their first appearance at the Show, 1971 was not a year of "change for the sake of change."

He continued: "New in 1971 most often signifies improved comfort, reliability, performance and safety factors which may not make the headlines but which are easily appreciated on the road and over years of ownership."

The London Show will feature products of more than 200 British companies, which together make up Britain's largest export industry.

More than 350 cars from over 60 world manufacturers will be on show from 20 to 30 October.

Economic policy in India...

(Contd from Page 7)

new investment is much more carefully planned than at present. There is substantial under-utilisation of capacity in Indian industry in general and attention should be directed to remedying this situation rather than concentrating on fresh investment only. Further, there is much scope for raising productivity of labour.

What is called for is a substantial measure of discipline and very careful planning at all levels—the Government, banks and other financial institutions and industrial units. Although much is talked about credit and investment planning, it would seem that we have witnessed only the bare beginnings of such planning. In particular the private sector industrial and commercial units must improve their financial management a great deal; they cannot afford to be complacent any more with regard to the availability of fixed capital or working capital. They must resort to self-financing in a large way and for this purpose sacrifices are called for from the shareholders and labour. Some kind of what has been known as 'income policy' has to be put into effect in the larger interest of the economy.

Such discipline has to be matched by a corresponding discipline on the part of the Government, which seems to follow the line of least resistance, by turning to the Reserve Bank for accommodation all too freely. Unfortunately there are no statutory safeguards against excessive lending by the Reserve Bank to the Government. Our cons-

titutional and financial experts should be able to devise some formula in this behalf.

In addition, the Government must also impose on itself the discipline of not trying to change economic policies too frequently, in the name of anti-monopoly, social justice, etc. These objectives can be accomplished quietly without creating much unbusiness. Policies once announced must be followed with consistency and courage. There is no use in announcing some measure to-day, say removal of some price control, and holding out threats to-morrow of its reimposition. This would be like a groom, who in the midst of the marriage ceremony, issues a threat to the bride that he would not hesitate to seek a divorce if she does not behave well!

COMPANY MEETING REPORTS

The Economic Times

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THE ECONOMIC TIMES

Editorial Department

Saturday 16th October, 1971

(1st Floor), 157, Jayantha Weerasekera Mawatha
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IDEALISM OR REALITY?

THE OFT REPEATED PHRASE IS THAT THE AIM OF THE GOVERNMENT IS THE SETTING UP OF A SOCIALIST DEMOCRATIC STATE WITH THE GOAL OF ACHIEVING THE GREATEST GOOD FOR THE GREATEST NUMBER. BUT THERE YET SEEMS TO BE A BIG GAP BETWEEN IDEALISM AND REALITY.

CEYLON'S POLITICAL AND ECONOMIC POLICY IS VERY MUCH AKIN TO THAT OF OUR GREAT NEIGHBOUR INDIA. IT IS THEREFORE NOT STRANGE THAT THE ECONOMIC PROBLEMS THAT BESET INDIA RIGHT NOW (SEE FEATURE ON PAGES 6-7) ARE THE IDENTICAL PROBLEMS THAT ARE WORRYING OUR OWN POLICY MAKERS AND PLANNERS, VIZ. INFLATIONARY PRESSURES RESULTING FROM SUCCESSIVE DEFICIT BUDGETS, THE RISING COST OF LIVING, UNEMPLOYMENT, BALANCE OF PAYMENTS DIFFICULTIES AND THE LACK OF INVESTMENT EXPENDITURE ETC. WHILE BOTH GOVERNMENTS SEEK TO DELIVER THE GOODS AS SPEEDILY AS POSSIBLE THE RESPECTIVE ECONOMIES ARE STILL IN THE DOLDRUMS AND ECONOMIC PROSPERITY A LONG WAY OFF. THIS NEEDS SERIOUS THOUGHT.

THE ECONOMIC AND MONETARY INDICATORS ARE SUCH AS TO CAUSE SERIOUS CONCERN. OUR MINISTRY OF PLANNING & EMPLOYMENT HAS POINTED OUT THAT AS A RESULT OF THE SHIFT IN GOVERNMENT ECONOMIC AND FINANCIAL POLICIES PRIVATE SECTOR INVESTMENT COULD FALL SHORT OF THE ESTIMATED TARGET, AND THEREFORE, PUBLIC SECTOR INVESTMENT MUST BE EXPANDED TO A LEVEL AS TO MAKE UP FOR THE SLUGGISHNESS IN PRIVATE SECTOR INVESTMENT. BUT THERE ARE YET NO SIGNS OF INCREASED INVESTMENT WHICH IS A PRE-REQUISITE TO ECONOMIC GROWTH AND EMPLOYMENT CREATION.

THE SITUATION IN INDIA HAS BEEN SUMMED UP THUS BY THE INDIAN ECONOMIC CORRESPONDENT IN THE ARTICLE REFERRED TO:

"IT IS A GREAT PITY THAT AFTER 20 YEARS OF EXPERIENCE IN ECONOMIC PLANNING AND WITH A GALAXY OF ECONOMIC AND FINANCIAL EXPERTS IN THE GOVERNMENT THERE SHOULD BE THIS MESS. OUR TROUBLE IS THAT IN THE ECONOMIC SPHERE, AS IN THE POLITICAL SPHERE WE DISPLAY A ONE TRACK MIND, PURSUING BLINDLY SOME POLICY OBJECTIVE TO THE UTTER NEGLECT OF OTHER MATTERS AND THE IMPACT OF POLICIES ON THE ECONOMY AS A WHOLE, NOT IN THE SHORT-RUN BUT IN THE LONG-RUN."

THIS CONCEPT SHOULD BE ANALYSED BY OUR OWN PLANNERS AND POLICY MAKERS TO ASCERTAIN TO WHAT DEGREE, IF ANY, IT APPLIES TO THE LOCAL SITUATION OBTAINING TODAY.

IT IS HOPED THAT THE FORTHCOMING FIVE YEAR PLAN WHICH WILL BE INCORPORATED IN THE BUDGET FOR 1972 WILL REMEDY THE EXISTING DEFECTS AND INCONSISTENCIES AND ENSURE THAT THE ACCELERATOR WOULD BE USED TO RUN THE AUTOMOBILE AND NOT THE BRAKE.

Local travel Agents to form new Consortium?

Leading travel and transport agents have agreed "in principle" to form a consortium to own and operate a pool of transport coaches for the tourist industry.

This was decided on at an informal meeting of the Ceylon Association for the Promotion of Tourism. Those present at the meeting included Messrs Travel Services (Ceylon) Ltd., Messrs Ebert Silva Touring Company; Messrs Ceylon Carriers Ltd.; Messrs Ceylon Tours Ltd.; Messrs Mackinnon Travel Services Ltd.; Messrs City Motor Transit Co. Ltd. and Messrs Senerath Tours.

Mr. V. E. H. de Mel Chairman of the Association who presided at the meeting said that in March last year the Association met the Minister of Shipping and Tourism and emphasised the inadequacy of transport facilities especially to cater to the charter groups, due to the heavy expenditure involved in importing tourist coaches.

Mr. De Mel added that "Individual tour operators have found it difficult to finance the purchase of such vehicles. To tide over this difficulty the Tourist Board has suggested that tour operators form a consortium which may have better financial ability to purchase coaches."

Main decisions

After a discussion which ensued the firms present also agreed on the following:

* The Hotels Corporation to be invited to join the Consortium;

* The existing coaches to be transferred to the proposed consortium at a valuation to form the initial share capital of the constituent Companies along with any other subscribed capital;

* Foreign participation to be invited by Charter Groups and others in the travel business;

* Mortgage such coaches along with new coaches to obtain finance for new coaches to be allocated by the Tourist Board;

* An assurance to be obtained from Government that the consortium will not be taken over by the State under the Business Acquisition Bill or any similar powers;

* An assurance that exchange will be available for the import of air-conditioned and non air-conditioned coaches;

* Government to allow the consortium to obtain foreign principals prepayments against the hire of vehicles.

Note: The *Economic Times* reliably understands that the Hotels Corporation has declined participation in the proposed consortium.

Indian Commercial Banks Requested to Conserve Resources

On a review of the current banking trends and in the light of the anticipated demand for credit that banks would have to face in the next busy season, the Reserve Bank of India considers it desirable that banks should make a further effort towards conserving the resources arising out of the current deposit accretion for use in the coming busy season. Such conservation, it is felt, could take the form, where appropriate, of repayment of borrowings from the Reserving Bank and/or stepping up of investments in Government and other approved securities.

In a circular issued to the scheduled commercial banks, the Governor of the Reserve Bank, Mr. S. Jagannathan, has emphasised that banks should continue with their available resources to extend credit to those sectors of the national economy which would be requiring credit for increase in production now and in the immediate future.

According to the Governor, finance for exports, agricultural operations, small-scale industries, urgent working capital needs of industry and for the seasonal requirements of jute and tea should continue to be given the fullest attention that is possible.

New law planned for agr. co-operation in S. E. Asia

The Japanese Government has been prompted to pay greater attention to agricultural co-operation.

Expansion

It is felt that China might expand her influence further to Southeast Asia through participation in the program of agricultural assistance to the developing countries by despatching there great numbers of agricultural technicians and leaders at the same time she would be admitted into the United Nations.

Response

Quick to make counter-response, a committee for overseas economic co-operation of the Liberal Democratic Party of Japan under the chairmanship of Yoshiteru Kogane, which functions as the centre, has been making prompt preparation for drafting the tentatively named "Basic Law for Overseas Agricultural Co-operation."

Bill's Theme

Integrating the opinions of members of the sponsoring group of the law bill, Minis-

try of Agriculture and Forestry as well as Overseas Technical Cooperation Agency (OTCA) the main theme of the bill consists of the following points:

* Though technical co-operation to developing countries is not restricted to the field of agriculture, it is correct that the growth rate of agriculture and a stable increase in farm produce do play a decisive role in promoting their economy and public welfare.

* As development of agriculture must be performed on a long-term basis, agricultural co-operation should be fundamentally carried out on government-to-government level.

* From now on, the system for agricultural co-operation based on comprehensive regional development program should be arranged and accomplished perfectly.

That means, the great importance is for the promotion of the self-reliance efforts of the indigenous agricultural

workers and farmers to increase yield and produce.

* The system of farmers' co-operatives or associations must be established on the spot for leveling up rural economy.

For this matter, it is essential and urgent to set up the policy on manpower as a national policy from both viewpoints of national education and national finance.

NEW BILATERAL AIR AGREEMENT

A bilateral air agreement between the German Democratic Republic and Ceylon was signed in Colombo.

Dr. Volkmar Winkler, Deputy Minister of Communications signed the agreement on behalf of the G.D.R. and Mr. Leslie Gunawardena on behalf of the Government of Ceylon.

Under this agreement the National airline of the G.D.R. will be given traffic right to use Ceylon's airports thus giving a further boost to tourist traffic from the G.D.R. to Ceylon.