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New allocations for raw material

New foreign exchange allocations for importing industrial raw materials will be given shortly. This has been made possible by the increased aid pledges given by the Aid Consortium countries.

According to reports reaching the Government foreign aid to the extent of about 60-65 million U.S. dollars has been pledged following the recent Aid Club meeting in Paris.

The issue of import licences for industrial raw materials was suspended by the Government at the beginning of this year in view of the critical foreign exchange situation. Industrialists were given only 25 per cent of the total annual allocation for raw materials this year. Import licences in respect of this allocation were issued during the end of 1972.

INCREASE IN GOVERNMENT REVENUE

In the period October 1971 to December 1972 revenue from income tax amounted to Rs 524 million. On a pro-rata basis for 12 months it would amount to Rs 459 million as compared with Rs 446 million received in the financial year 1970/71, according to Central Bank data.

Turnover tax collections were Rs 494 million, which, on a pro-rata basis, amounts to Rs. 395 million representing an increase of Rs. 69 million over the figure for 1970/71. When compared on a pro-rata basis the receipts from tobacco tax at Rs. 381 million and tea tax at Rs. 55 million registered increases of Rs. 55 million and Rs. 7 million respectively over the receipts in the previous financial year. The increase in respect of Tobacco tax receipts was mainly due to the increase in rates of tax which were effected in November 1971.

In the financial year 1971/72, import duty collections were Rs. 325 million; on a pro-rata basis it amounts to Rs. 260 million as against Rs. 280 million in 1970/71. The export duty collection of Rs. 292 million, when compared on a pro-rata basis with the previous financial year, recorded a decrease of 29 million.

FEECs receipts up

Receipts from the sale of FEECs were Rs. 635 million. On a pro-rata basis it amounts to Rs. 508 million showing an increase of Rs. 116 million over the figure for 1970/71.

This remarkable increase was mainly on account of deferred payments, in receipt of past imports, which were effected particularly by the Food Commissioner, in 1972.

The profit from sale of arrack amounted to Rs. 250 million, showing an increase of Rs. 51 million when compared on a pro-rata basis with the previous financial year. Meanwhile, slight decreases were recorded in the revenue from estate duty and wealth tax.

Sources	Dec 1971	Dec 1972	1970/71	12 months	15 months
1. Taxes on Corporate and non-Corporate Income					
Income Tax	36.1	34.5	446.1	458.8	573.5
2. Taxes on Production and Expenditure					
(i) Turnover Tax	3.4	2.7	325.7	394.8	493.5
(ii) Selectives Sales Tax					
(a) Tobacco Tax	27.2	19.4	249.7	305.2	381.4
(b) Tea Tax	3.0	2.0	37.1	44.0	55.0
(Import duties of which	24.2	20.0	279.9	259.8	324.7
Licence fees on imports	0.1	0.1	1.2	1.0	1.3
(iv) Export duties (excluding Tea Tax)	16.9	19.6	262.8	233.7	292.1
(v) Receipts from the sale of FEECs	52.0	42.8	391.5	508.2	635.3
(vi) Stamps	4.3	0.8	28.9	30.8	38.4
(vii) Profit from sale of Arrack	13.0	31.0	149.0	200.0	250.0
3. Capital Transfers from Domestic Sector					
(a) Estate Duty	1.5	0.8	13.9	12.7	15.8
(b) Wealth Tax	1.3	1.4	19.7	16.2	20.2

† On a pro-rata basis

The major items which record about three-fourths of Government revenue are shown in the above Table.

Industrial exports up

Industrial export earnings during the period January-September, 1972, at Rs. 36.1 million were higher by Rs. 9.8 million over earnings for the same period of 1971.

Industrial Exports

On the basis of Customs data, earnings from industrial exports during September 1972 amounted to Rs. 3.3 million. This was lower by Rs. 0.4 million compared with what of the preceding month and the corresponding month of the previous year and comprised nearly 2.3 percent of the value of total exports.

A rise in export earnings had been witnessed under Fatty Acids, Glycerine, Bakery products, and Frozen Fish while earnings from prepared animal fodder tanned leather and shirts and garments had shown a fall.

Table below gives a breakdown of the value of industrial exports for Sep-

tember, 1972, and for the period January-September 1972, with comparative data for the corresponding month and period in 1971.

	September 1971	September 1972	January-September 1971	January-September 1972
Fatty Acids	—	1.2	4.0	3.7
Glycerine	0.3	0.6	1.3	1.8
Bakery products .. .. .	...	0.1	0.3	0.4
Fruits, tinned or bottled in syrup	...	...	0.1	0.4
Prepared animal fodder (inclusive of wheat bran)	0.8	0.2	4.6	3.2
Naptha	—	—	5.3	5.9
Motor spirits .. .. .	—	...	...	...
Kerosene and white spirits	—	...	0.1	...
Diesel oil	—	—	...	1.3
Residual fuel oil	—	—	1.4	5.2
Lubricating oils	—	—	—	—
Rubber Tyres and Tubes	—	...	...	0.2
Other articles of rubber	...	...	...	0.3
Leather Tanned	0.7	0.3	3.2	3.0
Cotton Batik cloth .. .. .	...	...	0.1	0.2
Shirts and other garments	0.7	0.4	3.0	3.0
Footwear of Rubber and plastic materials	0.1	0.1	0.7	1.0
Footwear leather	—	—	0.1	0.3
Frozen fish inclusive of aquarium fish and lobsters	0.3	0.4	2.1	6.2
Total	2.9	3.3	26.3	26.1

FERTILIZER GIFTS FROM W. GERMANY

Large shipments of fertiliser, and 686 800 kilogrammes of super phosphates will arrive in the Caribia on March 18. The Republic of Germany will arrive in Colombo harbour this month.

The fertiliser, valued at US \$2000, has been gifted within the framework of the FAO project "Fertilisers and Equipment for Pasture Improvement".

A million kilogrammes of Urea 46 per cent N are due on March 10 in the Sibonga,

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LARGEST SELLING FORTNIGHTLY FINANCIAL JOURNAL

Gem Industry strides ahead

The Gem Corporation was set up on November 1st 1971. Its main objectives were the gem industry and the prevention of large scale smuggling.

With the commencement of the activities of the Corporation, it took over the issue of permits for gemming from Government Agents who had handled this earlier. The entire procedure of the issue of gemming licences has been streamlined and delays in the issue of permits have been reduced to encourage more and more people to obtain permits. A better and a systematic control has been exercised through Enforcement Officers of the Corporation who have been posted to various gemming areas. The total number of permits issued monthly showed a progressive increase from 83 in January to 183 in December 1972.

Land leasing

The Corporation also had a very successful year in leasing out State Lands for gemming. It is difficult in gemming areas to prevent illicit gemming. Most of the State lands are jungles and are difficult to reach. It is seldom that raids are successful.

In illicit gemming, the lands are devastated and there is no possibility of having a control over the activities of illicit gemmers. The best course in the circumstances is to lease out these lands to

gemmers who are interested in them and thereby obtain additional revenue. Apart from the revenue it also enabled the Corporation to have control over the gemmers. In 1972, the Corporation earned Rs. 738,273.00 by leasing State lands at public auctions. In January this year the auctioning of gemming lands in Ratnapura brought in Rs. 521,455.00.

A systematic control over the gem trade has been attempted by the Corporation through a team of Enforcement Officers posted to demarcated areas. All traders and lapidarists have now to be registered with the Corporation. Periodical returns have to be sent by miners, traders and lapidarists regarding their stocks of gems. Mines are inspected by our officers. Those in the gem trade have been advised to maintain records of the accounts and stocks and these are examined periodically. The main task of the Enforcement Officers is to check on corrupt practises in the gem trade and to see that the gems found are exported through legitimate channels.

The Corporation commenced its commercial activities in July 1972 with the opening of a showroom at Macan Markar Building, Colombo 1. As at end of December 1972 the Corporation purchased gems

to the value of Rs. 11,333,500.26.

Exports

The first export parcel was despatched in August and by December, the Corporation had exported gems to the value of Rs. 4.1 million (without FEECS). In January this year alone the Corporation exports amounted to Rs. 2,241,371.38. This is a significant achievement when we consider the fact that exports for the whole of 1971 amounted to only Rs. 3.4 million. The Corporation alone during a period of 5 months from August to December 1972 has exceeded this figure. The total exports in 1972 amounted to Rs. 15.4 million (without FEECS). This is more than a four fold increase on the earlier figures. In January this year the private exports amounted to Rs. 3,129,783.19. If it is possible to maintain this trend in exports, it would be possible to increase the gem exports to nearly Rs. 30 million in 1973. The target set by the Five Year Plan for gem exports is Rs. 50 million by 1976. If the progress presently maintained could be continued, we should reach this figure by 1974.

Simplified Procedure

Since August 1972, export procedures have been simplified to assist the gem ex-

porters. The gem exporter now has only to complete the necessary documents and hand them over to the gem Corporation with the parcel and the gem Corporation thereafter obtains for the exporter, the necessary clearances from the Exchange Control Department, Import and Export Controller and the Customs. It even handles the transport of the parcels to the Airport or to the Post Office.

New Lapidary

A modern well equipped lapidary is to be set up soon. This will open up a new avenue of exports by enabling the Corporation to export semi-precious stones cut to calibrated sizes. At present a major part of revenue from gem exports is received from precious stones. The carving industry will also be developed to utilise the quartz that is found in abundance in Ceylon. With a modern lapidary the cutting of stones should improve, thus enhancing our foreign exchange earnings.

It is the endeavour of the Corporation to direct to legitimate channels the income from gems which is presently estimated to be in the region of Rs. 290 to Rs. 300 million per year. (Courtesy Nation)

The dry answer...

(Contd from page 5)

ven by a diesel motor and blowing a stream of warm air through the grain. Though the principle was a simple one, the difficulty arose in making the airflow dry the rice very evenly. Otherwise the rice might not dry at all in some places and the whole stock would be spoiled.

The original TPI device was a thin bed drier, blowing air through about a foot (30cm) of rice, usually arranged in sacks. When the fan raised the air pressure the air could escape only by passing through the surrounding 'walls' of rice. But when the engineers looked at the shape of the ferro-concrete bunker used in Thailand they decided to make a thick bed drier—one able to blow the air through about five feet (1.52m) of rice. They envisaged a current of air coming in somewhere at the bottom of the bunker and finally escaping through the hole used for loading at the top.

Efficient

They thought at first that the shape of this particular

bunker would not allow the air to circulate very effectively. But when they had actually built a Fan and a system of ducting to carry the air into the rice, its efficiency surprised them all.

The fan is driven by a 4 1/2 horsepower diesel engine. The fan itself is 24 inches in diameter (61 cm) and runs at about 1800 revolutions a minute. In this way it passes about 2000 cubic feet (57 m³) of warm air a minute through the grain in the bunker.

The air is guided so as to pick up heat from the engine itself and pressurised air produces a 6°C rise in temperature as it passes through the grain. The amount has been calculated exactly, taking into account the fact that rice will spoil if it is dried with too sudden a heat.

Possibly the most difficult task was designing the part which leads the air into the grain. About four feet (1.2m) of ducting carries the air from the fan to the bunker through a hole about a third of the way up from the bottom. Inside a chute carries

it at a slightly downwards angle through the grain.

Confidence In System

Forced into the grain under pressure from the fan it escapes round the edges of the chute and finds its way out upwards. The ducting is fastened to the bunker with an easily removed clip. In this way storage bunkers are quickly transformed into rice driers and the grower becomes independent of weather conditions.

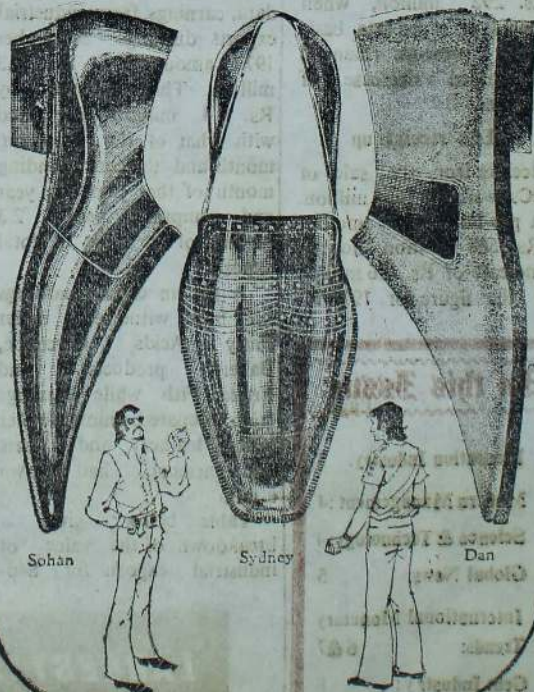
But a further step remained to make sure that the grain drier which worked well with barley in England could work just as well with rice in Thailand. For this on-the-spot trial of the system a TPI engineer, Mr. G. S. Pinson, made the journey to Bangkok, along with the new rice drier. The early tests were extremely promising. One further test must await the new harvest.

If it fulfils the hopes of the team, the usefulness of the Thai storage bunkers will be greatly increased. It seems likely that this very flexible method of drying and storing rice will also spread to other Asian countries.

(London Press Service)

Take it in your stride

Bata



Local herbs earn foreign exchange

The second consignment of Sri Lanka's famed herbs will be shipped this month to Pakistan by the Ayurvedic Drugs Corporation.

A spokesman for the Corporation disclosed that 50 tons of Arulu valued at Rs. 65,000 (inclusive of FEECs) will be exported to Pakistan. The next consignment of 55 tons of Arulu which will earn foreign exchange to the tune of Rs.

70,000 approximately will be shipped next month to Pakistan.

The Corporation has also clinched a firm order for 100 tons of Vinka Rosia to W. Germany.

Firm enquiries have been received from many European countries for Sri Lanka's sincona bark, and the Corporation is now organising supplies prior to commencement of shipments.

The spokesman further said that trade enquiries have been received for a number of other herbs from European countries, Canada and even Japan for G—Kola, fresh ginger, bamboo sticks, cinnamon leaves and broom sticks etc.

The Corporation entered the export market late last year with an order for 35 tons of Arulu and Bulu to Pakistan. This initial order realised Rs. 36,000 in foreign exchange.

Assistance to exporters

Besides, its own efforts in the export field, the Corporation is now going all out to assist exporters of herbs in the private sector. The spokesman added that the private sector has also exported a consignment of Arulu and Bulu to Pakistan.

Sri Lanka's herbs have a variety of uses chief among them being their medicinal value.

The Corporation spokesman concluded that by the end of this year, he envisaged the earning of approximately Rs. 4 lakhs in foreign exchange from these exports.

EXPORT INTELLIGENCE

Business opportunities

The following German Firms seek business connections in Sri Lanka:

Hermann Wolf GmbH
56, Wuppertal-Elberfeld
Kieler Strasse 33-45
West Germany

Photo-Copying Apparatus

Mannesmann-Meer AG
405 Moenchengladbach
Postfach 365
West Germany

Tube Manufacturing Machinery

Willelm Fette GmbH
2053 Schwarzenbek
Postfach 1180
West Germany

Tabletting - Machines Tabletting - Presses

Winkler & Duennebier
5450 Neuwied am Rhein
Postfach 2340
West Germany

Machinery for the Manufacture of Envelopes, Bags, Photo albums etc.

Juergen Crampe KG
5 Koeln 60
Postfach 68 02 89
West Germany

Steel Products

Farbenkrauth & Co
Krautol-Weike
6102 Pfungstrdt
West Germany

"Krautoxin". Liquid Plastics for the Building and other Industries

Maschinenfabrik Seydelmann KC

7 Stuttgart 1
Hoelderlinstr. 7-9
West Germany

Meat Processing Machinery

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India earns Rs.65m. from lac exports

India earned Rs 65,915,000 from its export of lac during 1971-72 which was the highest amount for the last ten years

About 100 countries buy lac from India which enjoys the mere monopoly in its export trade. The main importing countries are U.S.A, U.K, U.S.S.R, West Germany and the Latin American countries. The only other country which produces lac is Thailand. While India mainly exports seedlac hand made and machine-made lac Thailand is exporting only raw lac that is sticklac and seedlac,

Lac produced in India is believed to be of a superior quality.

The country's earnings during the previous year have been Rs. 49,965,000 in 1971 Rs 47,778,000 in 1969-70 Rs. 50,296,000 in 1968-69 and Rs. 41,505,000 in 1967-68.

Lac is now cultivated in Bihar, Madhya, Pradesh West Bengal Maharashtra Uttar Pradesh Orissa and Gujarat. The quantity produced has been 27,211 tonnes in 1971-72 and 24,559 in the previous year. About three million people are estimated to be employed in this field,

PLANTATION INDUSTRY

C'nut oil - New Regulations now in force

Millers have been notified that all Coconut Oil milled by them will have to be sold to the Coconut Marketing Board as from 19th February, 1973 at Rs. 1500/- per ton, this system to be in operation until further notice.

Millers are permitted to sell oil locally for the domestic market at Rs.1750/- per ton but the difference of Rs. 250/- per ton has to be paid to the Coconut Marketing Board so that in effect the market will be at Rs. 1500/- per ton.

With the new regulations in force, the Coconut Oil market was at Rs. 1500/- per ton last week.

The Desiccated Coconut market was quiet last week few transactions taking place at -/85 to -/90 cents per lb., the market closing at -/85 cents nominal per lb with buyers at this price and no sellers.

Price of Fresh Coconuts remained with Coconut from Marawila, Negombo, Nattandiya, and Giriulla at around Rs. 190/- to Rs.210/- per 1000, with those in the Chilaw area at between

Rs. 220/- to Rs. 240/- per 1000, whilst those from Kurunegala district were around Rs. 190/- to Rs 200/- per 1000.

National rubber usage

"Tyres and Natural Rubber" is the subject of a paper to be delivered by Mr J. E. Diamond, of Dunlop Ltd. at the third Rubber in Engineering Conference organised by the Natural Rubber Producer's Research Association at Imperial College, London, on 29 and 30 March.

It will be attended by senior engineers and advisers and the speakers will be from Britain, Holland, Sweden and the United States.

Aspects of latest developments of rubber in engineering to be covered include: design creep and stress relaxation measuring dynamic properties; new rubbers for engineers; spring insulated buildings; marine and dockside applications; helicopter bearings; low temperature performance; specifications; tyre performance tests, and special winter tyres.

International Cocoa Agreement

The International Cocoa Agreement signed in New York recently is the product of an International Cocoa Conference in which 55 nations participated.

It will be open for accession until the end of April and will enter into force either on that date or as soon as countries representing 80 per cent of cocoa exports or 70 per cent of total imports have deposited their instruments of ratification.

The main purpose of the agreement is the creation of order and stability in the international cocoa market. Previously, prices production and the export earnings of the developing countries that produce this commodity were all subject to wide fluctuations. By the establishment of a "buffer" stock and an export quota mechanism, the agreement will work to keep the price range for cocoa between 23 and 32 cents a pound (U.S) This stability will also assist cocoa purchasers in countries such as Canada with longrange planning.

The main cocoa producers are Ghana, Nigeria, Ivory Coast, Brazil and Cameroon.

SHARE MARKET REPORT

There was fair activity in the Share Market during the week, specially in Teas, Tea-cum Rubbers and Commercials, according to the Report of the Colombo Brokers' Association for the week ended Feb, 23, 1973.

Teas	Previous Price Rs. cts.	Price at 23.2.73 Rs. Cts.	+ or - Rs. Cts.
Ceylon Provincials	2.00	2.00	
Great Westrens	4.50	4.00 ††	-.50
Maha Uvas	3.00	3.25	+.25
Mayens	1.25	1.25	
Opalgallas	1.40	2.25	+.85
Pitakandes	2.00	1.25	-.75
Roeberrys	3.00	2.00	
Strathedens	3.50	3.00	-.50
Strathspeys	2.25	1.75**	-.50
Uplands	3.00	3.00	
Tea-cum Rubbers			
Hunuwellas	3.75	3.50	-.25
Opatas	2.00	2.25	+.25
Wellanduras	3.50	2.50	-1.00
Rubbers			
Kalutara Rubbers	7.75	3.75	-4.00
Commercials			
Ceylon Breweries	6.75	6.75	
Ceylon Cold Stores	8.25	8.25	
Ceylon Tobacco	9.50	6.00	-3.50
Associated Motorways	6.50	5.50	-1.00
Ceylon Silks	5.00	4.00 ††	-1.00
Chemical Industries	10.50	10.00	-.50
Glaxo Allenburys	10.25	9.25	-1.00
Rowlands	3.75	3.75	
Wellawatte Mills	3.25	3.00	-.25
Mercantile Credits	9.50	9.00	-.50
Commercial Banks	5.00	4.00	-1.00
E. B. Creasys	7.25	6.00	-1.25

There was no business in Preference shares and Government loans.

When flames just sigh and stop!

It is speed that fights fires. Speed to sense the first acrid smell, the first bright spark, the first glow of heat—so much so that much of the effort of the First Research Station, at Borehamwood, just north of London, is concentrated into making devices that will start fighting a fire long before anyone knows it is there.

The stakes are high: a thousand lives and £120 million lost every year in Britain alone.

To the fire scientist, each one is a different problem. Houses, factories, garages, aircraft, ships, trains, motor vehicles: in forests, sometimes and often in scrubland—all the fire risks which are familiar to everyone, tend to need different treatment. Water is dangerous on electrical or chemical fires. Throw water into burning kerosene and you will spread the fire over the whole room as the liquid splashes around.

Magical

Dry chemical powders, some fired from a pistol held in the hand of others dispensed from larger, factory-seized containers, can be used on

smouldering insulation and burning fuel. No one is electrocuted because someone forgot to turn off the current at the mains and no fire is splashed around. The flames just sigh and stop as though by magic.

Carpets of chemical foam, looping very like soap suds, are put down on a runway where an aircraft is to crash land. Throughout the world many thousands of lives are saved by this method every year—and it is perhaps the best example of a fire before it has happened.

Gases that can kill fires are often used in buildings and enclosed spaces. Unfortunately, there was a time

when these gases would also put out human life if the operator was not very careful.

Now, a new Kidde Halon Fire Suppression System not only works better but is quite safe to use.

It automatically detects the start of fire by sensing heat, smoke or the first light of flame. Then it releases the gas Halon 1301, which is classed as "non-toxic" and can be used before staff have been evacuated. This sort of installation can be made to deal with every sort of fire risk and sensing devices react within milliseconds. That is as fast as a man can think and very much faster than he can move.

Bees - the winged pharmacists

Today many doctors and scientists quite correctly consider that a well organised apiary is a natural clinic because it yields a whole number of products which possess highly curative and prophylactic properties—honey, beeswax, bee glue, pollen and bee venom.

One of the articles published by a recent issue of the English language weekly

'Moscow News' deals with the medical aspects of beekeeping.

Observations conducted in many thorapeutical clinics in the USSR have revealed that honey cures gastritic ulcers of the stomach and the duodenum and that regular consumption of honey regulates the functioning of the intestines. Honey is likewise good for the liver. (APN)

SCIENCE AND TECHNOLOGY

Air - cushion system for heavy loads

An air-cushion system which enabled a man to move a one-ton lathe with one hand provided an act with a difference at the world famous Drury Lane Theatre in London recently.

This was the first demonstration of an air cushion system called "pneu-move," based on development work at the National Engineering Laboratory at East Kilbride, in Scotland. The system has now been marketed by Airmatic Limited of Leicester.

Its heart is a load-moving platform which has porous stainless steel discs on its bottom surface. Air is pumped into chambers in the platform, and in escaping through the holes produces a hovercraft-like surface effect, raising the platform and the load supported on it. Now held up by the air cushion the load can be moved with little effort.

A clearance of 1,000th of an inch is all that is required. Friction is practically non-existent and the air pressure needed can be provided

by the ordinary workshop air line of 80-100 lb. per square inch.

Rough surfaces

To eliminate trouble from rough surfaces, a thin sheet of plastic is laid over a factory floor where machine tools are to be moved. This sheet can be taken up from the back and relaid at the front, forming a smooth track for the moving air pads. No damage is caused to the floor.

The firm, which is marketing the device under licence from the National Research Development Corporation, sees the main applications for the system in moving loads such as machinery, containers and cars in confined spaces.

Loads of up to 100 tons have been manoeuvred by using the pads, which can be supplied in various sizes for the different loads. These loads are securely parked simply by turning off the air supply.

Airmatic also sees a potential future in moving heavy loads along a production line. Minimal friction means that a powered drive for the line would be unnecessary.

MANAGEMENT

The changing role of the office manager (1)

When first I went into business in the late 1920's the role of the office manager seemed clear-cut, and every one knew what he did. In a small business he supervised the clerks. Their functions were to:

Receive mail, type letters, and send out mail;

Receive orders, cost products, send out invoices, and get in the money;

Check suppliers' invoices and draw cheques for payment;

Control attendance of employees, prepare the payroll, and pay the wages; and

Do all the book-keeping that led to the profit and loss account and balance sheet.

The standing of the office manager was not high, and he was quite generally spoken of as a 'mere pen-pusher'. He was called often 'secretary' or 'accountant' to give him status, but usually he was not qualified.

In large companies offices managers were usually a technical-functional departments: sales, purchasing, accounts, share registry and so on.

They did for the departmental managers in a small business did for his managing director. Even the secretary and accountant often had their own office supervisors.

Office managers in large business had even less standing than those in small ones. The same applied in the Civil Service, where there was a complete bar to promotion of office managers in the executive grade to administrators in the administrative grade: office work and administration were quite distinct.

Socially the office manager might be held in greater respect than the engineer, sales manager, or buyer, but he was paid on a lower salary scale. He was 'respectable', a tradition which had survived from medieval times when a 'clerk' was a 'clerk in holy orders'. In the Middle Ages the clerk did the office work because only he had received sufficient education to do so. He could rise to high rank, as is indicated by the term 'Clerk to the Court' which survives from these times. The Industrial Revolution removed some of the glamour,

This article which deals with the basic and often unchanging principles on which office management is based is by:

T. Raymond Thompson

MA (Cantab) BSc (Lond) FCIS, FIOM

(Courtesy Journal of the Institute of Office Management)

but the awe and respect in some degree survived.

A new view

During the 1920's and 1930's new concepts of office management began to emerge. This was part and parcel of the general revolution in management which began about a century ago. After the First World War, management associations began to form in Britain with a membership made up of works managers, sales managers, purchasing managers, personnel managers and so on. They were the forerunners of the present management associations, and from early days collaborated in the discussion of management problems. During the 1930's they had regular annual conferences, usually held in an Oxford college.

The first association of office managers was formed only to consider office machinery, and was actually called the Office Management Association, later to become The

Institute of Office Management. The origins of the Institute are indicative of the originally limited concepts of the role of the office manager: the need for association arose because of the new means that were becoming available for carrying out routine office operations.

After the First World War, large businesses began to recruit graduates to train for management, and some were put in offices. This was on only a very limited scale, and up to 1929 when I started work, there had been perhaps no more than twenty such office management trainees. One of these, who began work in 1923, was Mr. J. R. M. Simmons who later became Chairman of Council and President of the Institute for many years. When I joined him in J. Lyons and Co. Ltd. in 1931, he was in charge of an office of about 350 people concerned with stock control and cost accounting. The Lyons management of those days were very progressive people and recognised the value of information in managing. From this demand for information arose a new concept of an office as a provider of information. The same development took place in a few other large businesses in Britain and the United States. The office managers in these businesses saw the role of an

office as something more than to carry out administrative procedures; they felt that it had business objectives to fulfil. These ideas were vigorously promulgated in the Office Management Association during the 1930's.

The Second World War curtailed the development of these ideas, but their value was in many ways confirmed by the contribution that enlightened office management was often able to make during the war. As a result there was a wider recognition of the new role of the office manager, and this has progressively advanced over the last 25 years. Many of the old traditions still survive, of course but there is now a ready acceptance of office work as a productive element in business. The 'Office manager' is becoming the 'information manager.' In this function he is now allied to new specialists in the information field. Whereas previously there was an alliance only with the secretary and accountant, and later the cost and works accountant, his work is now linked also with that of the statistician, the economist and the operational researcher. There is on the one hand a greater degree of specialisations and on the other a closer integration of the whole administrative machine.

(To be continued)

Bank of Ceylon makes good progress

The Annual Report and Accounts of the Bank of Ceylon for the year ended 31st December 1971, was tabled recently. During the year under review significant progress has been recorded in all spheres of activity, making a net profit of Rs. 19.8 million—the highest profit made during the 33 years of the bank's existence.

Except of the Directors, Report are given below:

Liquid Assets

As at 31st December 1971 Cash Bullion, Loans at call and Treasury Bills amounted to Rs. 360 million. The total liquid assets including Bills discounted amounted to Rs. 386 million. The ratio of liquid assets to total deposits was 32% as compared with 31% as at 31st December 1970.

Export Finance

In respect of traditional exports the value of bills purchased and collected was Rs. 455 million as against Rs. 496 million in 1970. The value of export bills purchased and collected in respect of non traditional exports was Rs.

55 million as against Rs. 37 million in 1970.

Investments

The cost of the Bank's investments excluding investments in subsidiaries as at 31st December 1971 was:

Government Securities Rs. 282,090,536

Development Finance Corporation of Ceylon 1,564,000

Ceylon Hotels Corporation Rs. 2,265,785

Kandy Textile Industries Ltd. 1,917,900

The total market value of these investments as at the same date was Rs. 294,579,013.

The total cost of these investments, as at 31st December 1970, was Rs. 289,676,305, with a market value of Rs. 297,798,781 as at that date.

Advances

The Bank's total advances including Bills discounted, increased by Rs. 88 million to Rs. 601 million. Purposewise, advances for industry remained unchanged at Rs. 126 million. Advance for agriculture increased by Rs. 3 million to Rs. 51 million. These advances

for industry and agriculture constituted 58% and 22% respectively of the total advances for industry and agriculture made by the entire Commercial Banking System. The corresponding figures for the previous year were 30% and 23% respectively. Advances for consumption were Rs. 23 million higher than in 1970.

Of the total advances by all Commercial Banks in Ceylon, this Bank's share was 33%.

BANKING NEWS

Total deposits at Rs. 1220 million were Rs. 110 million higher than in 1970. The Bank continued to maintain its predominant position, holding almost 48% of all deposits of the Commercial Banking System. The Bank was able to maintain this position largely due to increased mobilisation of deposits through the Kachcheri Branches opened.

Reserves

Reserves have continued to grow with Other Free General Reserves reaching

(a) because it leads to an inflation of international liquidity, and (b) because it increases the vulnerability of the international monetary system. A foreign central bank that diversifies out of dollars into DMarks maintains its volume of reserves unchanged; however, in the process, it sells dollars against DMarks, and these dollars end up, ceteris paribus, with the Deutsche Bundesbank in the form of increased dollar reserves with us. In Germany, this inflow of foreign reserve holdings is a potentially inflationary factor. Internationally, the expansion of reserves held in various national currencies increases the possibility and magnitude of disruptive money flows from one currency to another, depending on the ups and downs of confidence in one or the other such currency, or on varying interest rate spreads.

Q: The reserves of the Federal Republic amount to nearly 80 billion DMarks and are therefore the highest in the world. Are these reserves really needed and how could they be reduced?

A: Our official reserves are at present 77 billion DMarks, which corresponds to about 2 billion dollars. Since the beginning of 1970 up till the end of last September, we had a reserve inflow from abroad which totalled 55 billion DMarks. Nearly the whole of this reserve inflow was due to the fact that during this period

a figure of Rs. 39 million, bringing the total capital and published reserves to Rs. 49.9 million in 1971. The Bank's free Inner Reserves were more than adequate to cover all contingencies including Bad and Doubtful Debts.

Profits

Gross earnings in 1971 were Rs. 49.7 million. This was Rs. 4 million higher than in 1970. After transfer to Inner Reserves and provision for depreciation, profits were Rs. 19.8 million. This was Rs. 4.6 million higher than in 1970. In fact the profits for 1971 were the highest recorded in the 33 years of the Bank's existence.

An interim dividend of 7 1/2% less tax together with a Final Dividend of 15% less tax on Ordinary Shares and 6% Dividend less tax on all Preference Shares were paid to the Government. The total Gross Dividends paid to the Government during 1971 amounted to Rs. 765,000 as compared with Rs. 690,000 in 1970.

Besides the Bank's contribution to Government Revenue in the form of dividends and taxes a further special contribution of Rs. 740,000 was paid to the Government as required by the Finance Minister in his Budget Speech of 1971.

SUBSIDIARIES

Hotels Colombo (1963) Limited

The cost of the Bank's investments in this Company

our economy, including our banks, became heavily indebted abroad. Thus, nearly two thirds of our present official reserves represent in reality "borrowed reserves". A large part of this foreign indebtedness of our economy is in short-term or other liquid form. So we have to keep a major part of our reserves as a counterpart to our foreign indebtedness in case of a reversal in these capitals flows. The rest is relatively small in proportion to our trade and payments.

German Controls on Capital Movements

Q: Has the set of controls on capital movements decided upon by the Federal Government in July 1972 proven to be effective?

A: Yes, even beyond our expectations. This is especially true of the regulation which has made the sale of domestic bonds to foreigners subject to licence. In the six months from January through June 1972, no less than 6.2 billion DMarks flowed in from the Euromarket through such "bond sales" (which circumvented both the "Bardepor" regulation and the

Highlights of 1971

● Deposits 48% of total commercial bank deposits

● Advances 33% of total commercial bank advances.

● Profits: Rs. 19.8 million

PARTICIPATION IN ECONOMIC DEVELOPMENT

● Advances to industry 28% of all Commercial Banks.

● Advances to agriculture 22% of all Commercial Banks.

● Finance for non-traditional exports up Rs. 18 million.

was Rs. 736,690. The final accounts of this company in respect of the year ended 31st December 1971, recorded a loss of Rs. 150,182 as compared with a net profit of 675,319 in respect of the year ended 31st December 1970. This sharp drop in the profit was a direct result of a fall in the inflow of tourists due to the insurgent activities in April 1971, coupled with the termination of a contract with the UTA French Airlines and the austerity measures introduced by the Government.

Contd on Page 10

Monetary reform..

movements towards better harmonisation of price and balance-of-payments development has to come about by patient work in the actual policies of EEC countries. The implementation of the recent decisions of the EEC Finance Ministers on the "Fight against Inflation" will be a good test of whether we have made progress in this field. Of course, present developments in Great Britain do not augur too well for effective economic unification in the near future.

Gold Discussion

Q: The IMF discussion concerning gold circles around the question whether the official price of 38 US-Dollar per fine ounce should be maintained or increased without a compromise within reach. What is your opinion on the suggestion to abolish in future the official gold price?

A: There is at least a possibility that over the longer run—not in the next few years—gold will gradually be phased out of our monetary system. One suggestion to this effect has been to allow central banks to sell gold to the private market at their discretion. Whether then an official gold price would still be maintained, e.g. for gold transactions with the IMF, remains to be seen.

Q: SDRs are to be made more attractive. Do you believe that

by doing this they will replace to a larger extent than up to now the "traditional" reserve assets?

A: No, not necessarily. It will not be possible to make SDRs fully competitive with foreign exchange reserves in terms of interest rates. Why should countries with payments surpluses then not continue to pile up reserves in the form of dollars, or sfrs or DMarks, when these are convertible into SDRs and yield high interest rates? Rather, it would be necessary to lay down general rules which would limit the amount of reserves that may be held in national currencies, e.g. to the level of working balances. Unfortunately, at the IMF Annual Meeting the Americans (and others) came out against this idea.

Diversification of Currency Reserves

Q: The trend towards diversification of currency reserves has continued during the last year. Within the context the DMark is increasingly being held as a reserve currency. How do you view this development with regard to the functioning of the international monetary system and to the interests of Germany?

A: The diversification of currency reserves into other national currencies is unwelcome

INTERNATIONAL MONETARY TRENDS

Q: Dr. Emminger, according to the IMF balance of payment disequilibria should in future be corrected at an early stage. Which indicators are in your opinion suited as objective criteria for identifying such imbalances?

A: It has long been accepted by virtually everybody that disequilibria should in future be adjusted more promptly, i.e. before they lead to disruptive crises in the international economy and to distortions in the countries affected by them. There are several more or less reliable indicators for identifying an imbalance that calls for correction: foremost, of course, the trends in the balance of payments itself, whether in its most general form as the balance of reserve movements, or in its more significant constituents, such as the current and the basic account. The main problem is how to distinguish between temporary imbalances that correct themselves over time, and more permanent ones that call for action. Temporary cyclical factors at home or

abroad can have a great influence: therefore the concept of "cyclically adjusted" balances on current account, as developed by Working Party Three of the OECD, is of great significance in this context. One has also to look at relative price and cost trends at home and abroad, and at possible structural trends in foreign trade, in order to form a reliable judgement.

Application of Objective Criteria.

Q: Almost all IMF members seem to reject the application of objective indicators. How could effective rules of conduct nevertheless be established?

A: I don't think anybody can reject "objective indicators" as such; especially if they are not used onesidedly. What is often objected to is the idea that a simple indicator like the increase or decrease of exchange reserves beyond a certain point should be taken as a more or less automatic trigger-point for action, e.g. on the exchange rate parity, and that this would in case of need be enforced

by international sanctions. This is the controversial idea which the American Secretary of the Treasury put forward at the last Annual Meeting of the IMF. Reserve movements are, of course, often influenced by very temporary and volatile factors and they can also be temporarily manipulated. Moreover in cases where a country visibly moved towards any such trigger-points, be they defined by reserve movements or other indicators, there could be enormous reactions in the foreign exchange markets which would force the issue. Nevertheless I believe that a set of rules, on the responsibilities for correcting imbalances could be set up; and once imbalances of a certain kind (or amount) are identified, countries should be obliged to consult with the Fund (or its Managing Director), even on such sensitive matters as their exchange rate.

Demand for Parity Changes

Q: The demand for more frequent parity changes appears to be in contradiction to the aim of the EEC countries to

In the following interview Dr. Otmar Emminger, Deputy Governor of the Deutsche Bundesbank, Frankfurt, gives his opinion on the IMF meeting, the EEC Paris Summit and the monetary situation in the Federal Republic of Germany.

create a currency bloc with fixed parities. How can this conflict be solved?

A: During the transition period that is to say until 1980, the EEC countries will, as they have reconfirmed at their recent Summit Conference, maintain between their currencies. This Fixed but adjustable parities will probably rule out the isolated floating of an individual member currency in relation to the others. But it does not rule out occasional changes in parities inside the EEC currency bloc. Thus there is no inevitable conflict, at least in theory. In practice, things may perhaps turn out differently, as there will be pressure inside the EEC not to change parities too often or in smaller steps.

As is well known, some experts are pinning their hopes

on other possible solutions, namely that the EEC bloc of countries would jointly adjust its parities more promptly vis-a-vis the dollar (and other outside currencies) or would carry out a common float vis-a-vis the dollar. In practice, however this is a very remote possibility. Any such decision—whether a common parity adjustment or a common European floating would require unanimity. It is very unlikely that all the EEC countries, or even only the major ones, would feel at any time to be in such a similar position concerning fundamental imbalances or disruptive money inflows that they would unanimously agree on joint exchange rate action vis-a-vis the dollar (or that a common float would yield reasonable results). This unlikely eventuality could only arise in the event that the dollar itself were hit by some catastrophic development which would affect all the EEC countries alike.

Decisions of the Paris Summit

Q: Do you believe that the decisions taken during the Paris Summit to establish the Monetary Fund in 1973 and to let the second phase of the economic and monetary union start in

1974 could contribute towards a permanent solution of the international monetary problems?

A: No, at least not directly. The mere establishment of the European Monetary Fund and the transition to the second phase will not, by themselves, alter the problems and difficulties of international monetary reform to any substantial degree.

Q: Is it not dangerous for the EEC to continue to approach monetary union, while the economic union is still in a state as far as the fixing of common economic aims, the order of economic priorities and concrete measures for their realisation—catching "stability"—are concerned?

A: I do not believe that economic unification will be much promoted by the mere "fixing of common economic aims and economic priorities". We have had unanimous agreement on goals, priorities, and what not already for two or three years on paper, namely in the EEC Committee on Medium-Term Economic Policy. Such decisions and agreements on paper do not greatly change actual policies and events. T

(Contd. on Page 9)

Canada's economy in 1972 and prospects ahead

The Canadian economy moved up strongly in 1972, and for the first time, Canada's gross national product surpassed the \$100-billion level. Output in real terms increased by about 5.5 per cent, a rise well in line with the country's longer-term potential. It is encouraging as well that the first quarter witnessed a particularly strong upturn in economic activity in Canada following a temporary setback in the third quarter.

The number of new job opportunities greatly improved and employment advanced about 3 per cent from 1971 to 1972. At the same time, the labour force has continued to increase rapidly, giving Canada the highest growth in this area among the economically more advanced countries of the world. Under these circumstances, unemployment has persisted, even in the face of strong measures to provide jobs for all who are willing to work. The rate of unemployment for the full year has shown little change from the rate of 6.3 per cent in 1971.

Despite improvement in productivity, recent gains in the economic tempo have been accompanied by some acceleration in the upward course of prices after inflationary pressures had eased during 1970 and 1971. A substantial upswing in food costs following a year of near stability has played a major role in the

continuing price rise. Over the past four years, Canada's prices performance has been better than that of our principle trading partners. Even in 1972 only the United States, which has maintained some degree of wage and price control during the year, appears to have had a smaller price rise.

Trade

On the external side, the trend of Canada's merchandise exports strengthened in 1972, though it has been subject to more than usual monthly variations, partly a result of distortions in shipment caused by strikes of dock-workers in Canada and also abroad. The export total advanced by around 13 per cent, compared with its level in 1971, a rate more than twice as fast as in the preceding year.

A notable upsurge in exports to the United States, reflecting the strength of American economic recovery, accounted for most of the absolute rise in Canadian exports. Overseas sales have begun to improve in recent months after a period of slack in the economies of several industrial countries during 1971. For the full year there were sizable increases in exports to Japan, Latin America and to state-trading countries. Trends in exports to Britain and other Commonwealth countries, and to the European Community, have

strengthened recently after remaining comparatively sluggish for much of the past two years.

Merchandise imports in 1972, however, were up even more sharply than exports, the rise continuing to accelerate as Canada's economy pursued a more rapid pace of expansion. As a result of this divergence, the merchandise-trade surplus declined substantially for the second successive year, from level of over \$2 billion in 1971 to a figure approximately half as large in 1972. The decline in the merchandise trade surplus was reflected in a deterioration in the current-account balance, which moved from a surplus about \$1 billion in 1970 to a deficit of nearly the same proportion in 1972.

Despite these trends, the underlying external environment has been more favourable than in 1971. The realignment of currencies in December 1971, by improving the competitive balance among trading nations, has reduced international monetary uncertainties has contributed to a strengthening of business confidence in Canada.

Industry

Industrial production has grown more rapidly as market demands have continued to strengthen, with a rise of close to 6 per cent in 1972, compared to 4.5 per cent in 1971. Production increases over a broadening range of manufacturing

industries have played an important role. Several industries which lagged at an earlier stage of the recovery have shown increasing vigour, among them the pulp and paper industries. Great buoyancy was also experienced in wood-product industries, led by a further impressive rise in lumber output and export sales. The auto industry has surpassed the previous record output of 1.4 million vehicles reached in 1971.

Prospects for 1973

Continuing improvement in economic performance provides solid ground for optimism about economic prospects in the year ahead. After two years in which Canada has been moving up towards a more rapid tempo of business activity, the scene now appears set for a substantial advance in 1973. Market forces favourable to growth in 1972 remain strong and are expected to contribute to further expansion. Other important market influences which have been gaining momentum recently are likely to supply a significantly larger stimulus than they did earlier in the business recovery. On the international front, the crisis atmosphere has eased to a considerable extent as a result of adjustments that have taken place in response to the major currency realignments of a year ago.

In business investment the picture has strengthened moderately, and the recovery is expected to gain in momentum during the year. In an expansive climate for sales, the requirements for additional capacity will increasingly be felt. The result of a field survey carried out late in 1972 with respect to the capital-spending intentions of major companies in Canada showed that they intend to raise capital outlays nearly 10 per cent in 1973.

Encouraging outlook

In summary terms, present indications point both to a higher rate of advance in Canadian merchandise exports in 1973 and to a more balanced growth both in geographic and commodity terms. At the same time, however, there should be some deceleration in Canadian imports from the unusually high rate attained in 1972. The continuing recovery in economic activity in several industrial nations should materially ease the necessity to stress export-led growth and emphasize the domestic markets. At the same time, the recent easing of Canadian exchange-rates relative to a number of major currencies should also assist in Canada's trade performance.

What this picture suggests is that the major reduction in Canada's trade balance which occurred in 1972, when imports rose faster than exports, will not be repeated in 1973. Canadian exports and import growth are likely to be more in balance, which will, in turn, give re-

We continue the series on how the economic giants fare in 1972. Here we feature the Canadian economy based on excerpts from a recent address by Mr. Alastair Gillespie, Minister of Industry Trade and Commerce.

newed support to activity in Canada. It is important to stress, however, that this improvement will not come about automatically and continuing improvements in our productivity and in our cost-price performance are needed in Canadian goods are to remain competitive both domestically and internationally.

Agriculture in 1973

The agricultural outlook for the coming year calls for generally higher prices for wheat, feed grains and oilseeds, and general stability for other commodities, according to paper prepared by economists of the Outlook Section of Agriculture Canada's Economic Branch.

For wheat, a high level of export sales is already assured to Canada, and Canadian prices continue to rise in keeping with world price rises. Canada will likely maintain high level of barely exports, although lower production during 1972 with normal carry-over supplies will necessarily result in lower export movements.

FUNDAMENTALS IN MANAGEMENT ACCOUNTING

The main thesis of this paper is that there is much that is wrong with financial accounting theory and practice, that it is vitally important for improvements to be made with all deliberate speed and that it is essential for management accountants to take an active and leading part in securing the necessary changes.

Let me define first, in general terms, what I think is wrong with the current state of financial accounting theory and practice. The main deficiencies can be summarised:

Multiplicity of methods and bases: Chambers, Spacek, I, and many others, have spelt out the problem and the existence of the Accounting Standards Steering Committee is sufficient evidence that the profession in Britain recognise the existence of the problem and is determined to deal with it.

Irrationality and lack of logical structure: One has only to consider the irrationality of the lower of cost and market rule, or to reflect upon the unresolved conflict between the 'principle' of conservatism (or the newly baptised 'prudence concept') and the matching 'principle' as exemplified in the treatment of deferred charges such as R and D expenditure, to appreciate the existence of the problem. The difficulties which accountants have in distinguishing between principles, concepts, rules, methods, doctrines, etc., are evidence of the inchoate state of financial accounting theory.

The result is that choices between alternatives methods and bases of valuation are frequently arbitrary and the variations do not arise from the type of business carried on or from the size of the firm. This was well brought out in research study published by the Scottish Institute, two years ago.

No general theory of accounting

The accounting profession insist that the responsibility for published financial account rests with the directors who produce them. The function of the auditor is to make whatever examination he feels necessary to express his independent and expert professional opinion of the truth and fairness of the accounts. An auditor has no right to change accounts even though he may believe they contain errors; if he cannot persuade the directors to change them, all he can do is to qualify his report.

It is clear that the active role in the development of new accounting bases and methods and forms of disclosure

is that of the manager and director. It is difficult to see how it could be otherwise in a free enterprise system. The role of the auditor, and of the professional institutes which stand behind him is the more passive one of vetting and consolidating what has been sanctioned by practice. When the active and innovative elements in the evolutionary process of developing accounting principles and practice are spread throughout the economy it is not surprising that an all-embracing theory has been slow to develop.

Until we do have such a general theory of income and value, I see little chance of the profession solving its problems satisfactorily. At the moment, we not only have no such theory, we do not have even satisfactory definitions of concepts such as income, value assets, etc. You can look in vain through the pronouncements of the professional institutes for such definitions.

Irrelevance of conventional information: People read financial accounts because they wish to use them to nides preuadl decisions. All such decisions are future oriented yet the conventional set of published financial accounts is past oriented, since conventional financial accounting is based on historical cost and the realisation principle.

When managers need to make financial decisions, they expect their management accounting reports to contain the relevant data and much of this data is, therefore, expressed in opportunity costs and not in historical costs.

One of the most curious features of our profession is the schizophrenic manner in which the accounts employed by an enterprise will present relevant information to the readers of internal accounting reports and quite irrelevant information to the readers of external accounting reports.

Contemporary financial accounting principles are outdated: Part of the difficulty arises from the fact that financial accountants still operate with a quiverful of outdated concepts. They are armed with bows and arrows in the age of the megaton H-bomb.

The doctrine of conservatism and the realisation principle are well-suited to the days of the small family company, when owners and managers all came from the same small group and when the major outside interest was that of the creditor. Such ideas are not relevant to the needs of the

owners of the modern industrial corporation in which management and ownership are almost entirely divorced from each other.

Managements accountants have kept us with these changes and have adapted to them; financial accountants, unfortunately, have not.

Lack of comparability of data: This problem has been well-rehearsed, in the last couple of years or so; I am not an advocate of uniformity of rule of method; I want to

see uniformity of objectives and concepts.

Managements accountants have developed already a fairly consistent set of economic concepts. They have adapted them to their needs in such a way that internal accounting comparability (between divisions or departments and between affiliates in a group) is regarded legitimately as an objective even if it is not always attained. The same cannot be said of financial accountants.

Failure to recognise the objectives and purpose of accounts: Any manager, or managements accountants, worth his salt is aware of the primary need to establish objectives and then to develop plans to reach those objectives. It is another curious feature of contemporary accounting practice that while the importance of setting objectives is well-recognised by management accountants it seems to have been almost entirely overlooked by financial accountants.

Presentation of spurious impression of accuracy: If an engineer state that the diameter of a rod is 2.743 cms, he means that it has been measured to an accuracy of 0.001cm and the diameter is between 2.7425 and 2.7435cms. Similarly, statisticians are accustomed to specifying the precision and reliability of their estimates.

Financial accounts give an impression of great precision when they report their measurements and published accounts frequently express measurements in the millions which are apparently accurate to the nearest £10 or £100. The basis of measurement is given sometimes but the reader is seldom warned that alternative bases are available and might have been equally acceptable.

Such impression of accuracy are false. It is unwise of ac-

countants to go on pretending that their measurements are more accurate than they know they are and then to except the laymen to accept as an excuse, when things go wrong, the so-called limitations and uncertainties of financial accounts.

If we expect people to excuse our errors we must be prepared to admit, in advance, the likelihood—indeed, the certainty—of their existence. We must also reveal, in advance, that there are other bases of measurement available which might be equally acceptable in the circumstances.

much to learn from the management accountant. Management accountants are accustomed to presenting relevant information in a timely manner, with a clear indication of the various assumptions on which the measurements and estimates have been made, and the likely margins of error.

More thought needs to be given to why management accountancy seems to be so much better at serving the needs of its users than is financial accountancy.

Differences in attitude: Part of the answer is that

The role of Management Accountants (Part 1)

By
Professor E. STAMP
(Head of Department of Accounting and Business Method, Edinburgh University.)

Management accountants are accustomed to dealing with this problem and present in their reports an array of alternative figures based on a variety of reasonable, yet different, assumptions. They are accustomed also to report the likely margin of error in the figures drawn up in accordance with any given assumption and the whole technique of sensitivity analysis is designed to ensure that managers are not deluded into thinking that accounting reports are repositories of a kind of magical accuracy.

The gap between management accounting practice and financial accounting practice is so wide that I have been unable to convince any of the members of the Accounting Standards Steering Committee that the publication of measurement error estimates, with the presentation of several different measures based on different relevant underlying assumptions, would add rather than detract from the value of financial accounts.

Delay in production of financial accounts: It is not uncommon for shareholders to receive their annual accounts six months or more after the end of the company year. Accounts so outdated are almost useless for decision-making and their inutility is compounded when one considers that the information they contain is not only outdated but largely irrelevant to the purposes of the shareholder-user. The tardiness and the irrelevance are reinforced by the fact that most of the figures in the accounts are subject to wide, but entirely unspecified, margins of error.

Again, it seems clear that the financial accountant has

management accountancy is not concerned with gaining general acceptance within the community of the accounting principles which it employs. Each Company is free to prepare its internal management accounting reports in whatever way it sees fit and the object of the management accountant is to develop techniques of measuring and reporting which are useful and acceptable to the management. The management accountant is strongly user-oriented because the user is his boss.

The financial accountant employed in industry tends to be less user-oriented because the users are a nebulous group of outsiders and the reports which the financial accountant is responsible for preparing are reports by management (the boss) to the outsiders. The financial accountant in any particular company is intimately involved with the problem of presenting management's case to the shareholders and he is frequently an active agent in extending the boundaries of generally accepted financial accounting practice.

In management accounting reports, the user, his needs and the acceptability of the techniques employed to meet his needs are readily identifiable. The problem is very much more difficult in the case of the financial accountant and as a Company employee, he is much more likely to be producer-oriented rather than user-oriented in assessing the value of his reports.

This is one example of the very real conflict between the practices and principles and objectives of management accounting and those of financial accounting. Before we explore the reasons why management accountants can and should co-operate to improve the quality of financial accounting principles, we should examine first some other conflicts between the two branches of the profession.

(TO BE CONTINUED)

MARKET PRICES

COLOMBO

TEA (Rs. Cts. Per lb.)

CLOSING PRICES 27-2-73

Approximate range of prices (including teas sold Ex Estates)

	B.O.Ps		B.O.P.Fs	
	Rs. Cts	Rs. Cts	Rs. Cts	Rs. Cts
High Grown:	2.70	6.40	2.60	5.5
1 at	6.70	1 at 7.00	1 at 5.70	1 at 6.00
Medium-Grown:	2.05	3.60	1.91	2.20
Small Leaf Low-Grown:	1 at 3.90			
Tea For Price:	1.75	2.00	1.65	1.85
Leafy Low-Grown:	1.40	1.70	1.40	1.70
	1.75	1.95		
F.B.O.Ps F.B.O.P.Fs.				
Tippy Teas:	1.75	2.20	1.75	8.10
		1 at 8.30	1 at 9.90	

RUBBER

PRICES FOR THE WEEK ENDED 24.2.73.

	Rs. cts.—per lb.		Avg. to Same Period	
	Closing	Quotations	Avg. to date	
			1973	1972
RSS No. 1	99 1/4		1.01	72 1/2
RSS No. 2	96		96 1/2	68 1/2
RSS No. 3	9 5		95 1/2	67 1/2
(Rs. per candy)				
COPRA	Opening Price	Clos. Price		
Estate Copra No. 1	278.25	278.25		
COCONUT OIL (Rs. per ton)				
February	1,500.00	1,500.00		
March	1,500.00	1,500.00		

DESSICATED COCONUT

	(per lb.)	
	Opening price	Closing Price
February	.85 .90	.85
March	.85 .90	.85

PRICES OF THE WEEK ENDING 25.2.72

Commodity	Buyers (Per lb.)	Quotations	Export DUTY
Cardamoms	30.50	— 33.60	40%
Cardamom Seeds	13.95	—	on truc
Cloves	14.55	—	F.O.B.
Cloves Stems	2.25	— 2.50	value.
Mace	8.00	— 9.00	
Nutmeg (Shelled)	5.50	— 5.75	
Nutmeg (Unshelled)	2.50	— 3.00	
Pepper (Black)	3.70	— 3.80	
Papain (White)	34.50	— 36.00	
Papain (Brown)	28.00	— 29.00	
Cinnamon H/1	3.40	—	20% on
Cinnamon H/2	3.35	—	true f ob
Cinnamon Quilings No. 1	3.00	—	value
—do— No. 2	2.60	2.75	

	Per Cwt.		Export Duty
	Buyers	Quot.	
Cocoa	Unquoted	—	40% on
Coffee (Arabica)	350.00	—375.00	true f.o.b
Kapok (Clean)	154.00	—	value
Kapok (Unclean)	46.00	—	
Croton Seeds	unquoted	—	
Essential Oils	Per oz. lb.		
Cinnamon Leaf Oil	19.75 per 25 ozs	Nominal	
Cinnamon Bark Oil	Per oz.	21.00	
Citronella Oil Estate Quality	Per lb.	13.25	10% on
Citronella Oil Ordinary	Per lb.	13.00	true f.o.b

SUBSIDIARY CROPS .. WEEKLY PRICE LIST WEEK ENDING 25.2.73

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	8 lbs)	
	(Per Bag 154/15)	(Per bushel)
—Paddy	Unquoted	
—Other varieties	"	
—Rice Per Boiled	"	
—Country Rice No. 1	"	
—Country Rice No. 2	"	
—Samba Rice	"	
—Kora	"	
Maize	Per Cwt.	33.0 34.00

Commodity Commentary

TEA REPORT

Auction No 9 held on 26th and 27th February 1973.

The total quantity offered was 7,607,945 lbs. comprising 4,172,202 lbs. Leaf Gards, 957,567 lbs. Dusts 257,513 lbs Reprints, 80,876 lbs. Sundry Lots and 2,397,300 lbs. Ex Estate. This was the first of the smaller Sales which are likely to continue, with quantities on offer dropping by close on 2 million pounds. Although Western quality was not as pronounced,

there were very useful invoices on offer. Demand was strong, although slightly less general than last week.

High Grown Teas: There was a certain amount of reaction against the very strong and general bidding on good Westerns, which was seen last week. With quality generally inferior for the best, price were easier. However, the quite large weight of good liquoring Western Broken were Firm to dearer and the lower end of our quotations

was raised by 20 cents. Fannings were rather irregular in price and there was less demand for most BOPFs although the best were dearer.

Medium - Grown Teas: There was excellent inquiry for bright liquoring Western Mediums and Uvas. The best were fully firm to dearer although some of the brighter Uvas did drop slightly in price and this also applied to some of the Western Mediums in the middle price range. The poorest of the Mediums gained about 15 cents BOPFs sold well and were mostly 5 to 15 cents dearer.

Low-Grown Teas: There was a good general demand Small leaf BOPs, BOPFs and the better BOPI were fully firm to dearer. Best Orange Pekoes and Pekoes gained 5-8 cents while others remained firm: stalky teas were often 5 cents easier.

Tippy Teas: FBOPs dropped a few cents, but small leaf flowery fannings and the more leafy attractive invoices were firm.

RUBBER REPORT

For the week ending 25th February, 1973

Mainly on account of the increase in duty by 3 cents per lb. RS: No. 1 opened 2 cents easier at 99 3/4 cents per lb. declined the following day to 96 3/4 cents per lb but recovered thereafter in line with overseas advices to close at 99 1/4 cents per lb.

Approximately 378 Tons of LATEX CREPES were offered at the Two Sales held during the week under review a decrease of 134 tons compared to the previous week's total. At the First Sale best latex crepes improved further by 4 1/2 cents Per lb. whilst FAQ offerings were marked up by 5 1/2 cents per lb. The duller types were dearer bp 1 to 2 1/2 cents per lb. whilst the inferior grades improved by 1 to 3 cents per lb. At the subsequent Sale, best latex crepes were marked up further by 3 1/2 cents per lb, whilst FAQ offering improved by 3 to 4 cents per lb. The duller types wer 4 to 5 cents dearer whilst the inferior grades were better by 2 to 4 centt per lb.

At the subsequent Sale light brown scrap crepes improved further by 2 to 4 1/2 cents per lb: whilst the dark brown types were dearer by 2 1/2 cents per lb.

Approximately 18 Tons of SOLPE CREE were offered at the Two Sales held during the week under review a decrease of 24 tons compared to the previous week's total.

Produce Report

Week ending 25th February 1973

Cardamoms: 4,480 lbs. of Cardamoms were on offer, indicating a decrease of 1,109 lbs. compared to the previous week's total. The market followed the previous week's pattern with No. 1 quality slightly easier whilst other grades were firmer. No. 1. quality Cardamoms was quoted at Rs. 30/50 to Rs. 33/60 per lb. a drop of -/35 cents on the lower limit and -/40 cents per lb. on the upper limit. Next best grades were firmer at Rs. 28/- to Rs. 31/- per lb., whilst No. 2 quality improved to close at Rs. 27 to Rs. 28/25 per lb. with off grades too improving to close at Rs. 25/- to Rs. 27/50 per lb. and Inferior grades fluctuating between Rs. 17/- to Rs. 5/- per lb. Seeds were around previous levels and were transacted at Rs. 13/95 per lb.

Cocoa: Approximately 49 cwt. of Cocoa were on offer, a decrease of 53 cwt. Conditions in the Cocoa market were more or less

unchanged with very little interest. No. 1 grades eventually being withdrawn due to lack of suitable bids. Next best grades however fluctuated at Rs. 285/- to Rs. 295/- per cwt., whilst No. 2 quality closed at Rs. 245/- to 270/- per cwt. **Pepper:** 7,703 lbs; of Pepper were on offer. The market for all grades were slightly dearer following better demand. No 1 quality being quoted at Rs 3/70 to Rs. 3/80 per lb.

Coffee: Approximately 53 Cwts. of both Arabica and Robusta Coffee were on offer but No. 1 quality however remained Unquoted, as there were no transactions. Fair average quality Arabica fetched Rs. 297/- and FAQ Robusta fetched Rs. 290/- per cwt.

Cloves: 2 lots comprising 139 lbs. of Cloves were on offer of which one lot of attractive quality Cloves fetched Rs. 14/55 per lb.

Cloves Stems: 12,614 lbs. of Clove Stems which were on offer were withdrawn due to lack of suitable bids.

Pulses	Per Cwt
—Red Gram —Toor Dhal)	40.00 — 45.0
—Black Gram (Undu)	61.00
—Bengal Gram	46.00
—Green Gram	53.50
—Bombay Cowpea	40.00

Millets	Per Bushel
—Finger Millet (Kurakkan)	12.00—13.00
—Sorghum	Unquoted (per ton)
—Soya Beans	850.00 (per cwt)

Spices Condiment	Per lb.
—Mustard	2.20 — 2.25

Chillies	Per Cwt
—Dried Long	unquoted —
—Dried Round	" —
—Off Grade	" —
—Goraka	65.00 — 68.00
—Vanilla	Per lb
—Tamarind	Per cwt
—Ground Nuts	Per 80 lb
—Cashew	Per lb.

World Bank's confidence in Malaysia's economy

Bangkok

The World Bank plans to provide Malaysia with loans totalling more than \$1680 million over the next five years, according to a Bernama report from Bangkok. This will be almost double the amount the Bank has lent to Malaysia so far.

Up to the end of last year, Malaysia had received World Bank loans amounting to about \$952 million largely for power and land development projects. Mr. Manfred G. Blobel, Head of the Bank's Regional Mission in Bangkok, said recently that future loans would also be for highways, education, water supply, sewage, urban projects and family planning.

But a substantial proportion would still go towards development. Mr. Blobel said that the Bank was negotiating a third and final loan for the Jengka Triangle scheme in Pahang. It would also look into the financing of the Johore Tenggara project.

Describing the Johore Tenggara project's development strategy as "a new and challenging approach to development," Mr. Blobel said it would be the first time such a scheme was examined by the Bank. The Bank would itself learn to tackle such schemes to ensure that all advantages of regional projects were realised.

He said Malaysia's regional development projects

were on "a more comprehensive basis" where, in addition to land development, efforts were also made to develop tourism, rural industry and the like.

JAPAN'S CONTRIBUTION TO C-PLAN

Tokyo

Japan donated 13.7 million dollars worth of training facilities, student places, equipment and experts under the Colombo Plan technical cooperation programmes during 1971. Sri Lanka received 652,600 dollars worth of assistance from Japan under these programmes.

Out of 289,000 dollars worth of equipment received by Sri Lanka during the year, 277,300 dollars worth of equipment came from Japan. Japan's total contribution in equipment was 4.5 million dollars.

According to the report of the Colombo Plan Technical Cooperation activities for 1971, Japan maintained the role of principal expert donor country, supplying nearly 50 per cent of the new experts this year. During the last year Japan provided 1208 places for trainees and students from the recipient countries. Fifty-six trainees and students from Sri Lanka went to Japan during the last year under this

programme to get trained in various fields.

CZECHOSLOVAK SYNTHETIC DIAMONDS

Prague

After the Soviet Union, the United States, Japan, Sweden and Great Britain, Czechoslovakia is the sixth country in the world to master the production of synthetic diamonds.

The Czechoslovak variety of synthetic diamonds, called Urdiamant, was born six years ago, and is now produced in Sumperk (northern Moravia). In quality they are comparable with the best synthetic diamonds in the world.

WORLD'S LARGEST SHIP BUILDING ORDER

London

A £150 million order for 20 merchant ships, announced last week by the Swan Hunter Group, of north-east England, may prove to be part of the world's largest order in the history of shipbuilding.

The ships, which include 26,000 ton supertankers (and huge oil-bulkore ships), will be built for a new British company called Swan Maritime Ltd, which has been jointly formed by the Swan Hunter Group and Maritime Financial Services SA.

The new company brings together both shipbuilding and



operating expertise. Swan Hunter is the largest shipbuilding group in Britain, employing some 25,000 people in a series of shipbuilding and repairing yards on the north-east coast of England and in Scotland. Maritime Financial Services SA is a subsidiary of Maritime Fruit Carriers Co Ltd, a multinational publicly-owned company whose shares are traded in the United States.

Maritime Fruit Carriers already owns a fleet of 46 modern ships and has a further 23 on order from shipyards throughout the world. The Group's assets are said to be worth over £300 million.

Swan Maritime Ltd, which will have its headquarters in London, plans to offer ship financing, leasing and trading. It describes the 20-ship order as an initial one and says it plans to order further tankers and gas carriers from Swan Hunter. The whole project is likely to involve between 40 and 50 new ships worth a total of more than £500 million.

USSR-TUNISIA TRADE RELATIONS

Moscow:

Talks on trade exchange between the USSR and Tunisia are in progress. The two sides are to discuss questions linked with reciprocal commodity deliveries over a long period.

Tunisia buys in the Soviet Union mainly wood, machinery and equipment, ships, anthracite, some consumer goods. Olive oil is prevalent in Soviet imports from Tunisia. The Soviet Union also buys in Tunisia almonds, cork-oak bark, hides.

A Tunisian trade and economic delegation, which arrived in Moscow last week is led by Ali Hedda, Director of the International Cooperation Department of Tunisia's Foreign Ministry, a Soviet delegation is led by Alexei Manzhulo, Deputy Foreign Trade Minister of the USSR.

The Tunisian delegation also intends to discuss at the State Committee of the USSR

Council of Ministers for foreign economic relations questions of economic and technical cooperation with the Soviet Union. (APN)

HOW AN EAST CHINA COUNTY ACHIEVES BUMPER HARVESTS

Nanking,

Improved farming conditions enabled Chitung county in the east China province of Kiangsu to get rich harvests despite excessive rain, boll weevils and other problems in 1972. The yield averaged about one ton of ginned cotton or eight tons of grain per hectare.

Good harvests every year since 1964 made it possible for the county to supply the state with 343,000 tons of commodity grain and 314,500 tons of ginned cotton in the past eight years.

The people in this low lying county at the mouth of the Yangtze river began large scale water control works after liberation. Water logging had been frequent before. Grain yield was one-tenth and cotton about one-fifth the present figure before 1949.

The seven communes beside the Yangtze have relied on their collective strength to collect 800,000 tons of rocks to build a 100-kilometre-long dyke and other projects to protect the farmland.

Communes lying near the Yellow sea pooled efforts to dig two canals across the county to local water from higher up the yangtze to irrigate their low-lying fields, the two canals are 50 to 60 metres wide and have a total length of 100 kilometers. During low water seasons in the past, tidal sea water in the estuary made such irrigation impossible. All farmland in the county is now watered by the Yangtze.

The experience of the Talsing people's commune in raising its fields with the earth from drainage ditches dug on all sides has been popularized throughout the county. (Hsinhua)

The dry answer that means more rice

The expansion of agriculture sometimes leads to special problems—which modern technology is overcoming in ingenious ways. One instance of this is the adaptation of Thailand's new rice storage bunkers for use as rice driers.

When Thailand began to meet the pressures of rising population by producing extra rice it was an obvious advantage to grow two crops a year. The traditional one crop a year harvested in the dry season could be dried in the sun before storage. But if there is a second crop it must be harvested in the wet season and some system of artificial drying becomes necessary.

When this problem confronted the Applied Scientific Research Corporation of Thailand in the autumn of 1971 the solution seemed to lie in making some altera-

tion to the ferro-concrete bunkers which the corporation itself had developed for storing rice.

These bunkers, eight feet (2.44m) in diameter at base, five feet (1.52m) high and conical in shape, can each store about three tons, a convenient amount. Employing the same technology that has been used for making concrete boats and barges, they are light and strong and have proved a great success.

Thailand's experts hoped that the bunkers could be fitted with some sort of drying system which would not require big alterations or cost a lot of money. This was the idea they put to Dr R. B. L. Smith, a visiting expert sent to Thailand by Britain's Overseas Development Administration (ODA).

Tested with Barley

Dr Smith returned to Britain and near the English village

Asian countries could reap important benefits from a flexible new system devised by Britain's tropical Products Institute for adapting rice storage bunkers for use as rice driers as the Thai example shows.

of Culham on a disused airfield where the Tropical Products Institute (TPI)—one of ODA's scientific units—has some laboratories a small team of engineers went to work. That was in January, 1972.

By May they had modified a rice drier which they now wanted to try overseas because up to this time they had been able to test it only with barley, as rice does not grow naturally in England.

The original rice drier consisted of a small fan drier (Contd on page 8)

THE ECONOMIC TIMES

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PRICE HIKES AND PRODUCTIVITY

It has become necessary for the Government to impose price increases recently in respect of a number of items that may be classified as essential items particularly rice and subsidiary food products like dried chillies, red onions, petrol and petroleum products, kerosine oil etc., etc., due to various reasons some of which are of course external factors beyond the control of any Government.

On examining the pros and cons of this action one could conclude that it is in fact a blessing in disguise. Price increases no doubt creates hardships particularly among the middle and lower income groups. But it must be borne in mind that we are a nation that is heavily subsidised by the State. The broad mass of the population are accustomed to an 'easy life' — hardly any extra effort is made to gain self-sufficiency in the food products that presently drain out our valuable foreign exchange. In short, we lack what is known as self-reliance.

In this context the social obligations of the Five Year Plan is to provide employment and to bridge the existing disparities in incomes and living standards. The re-distribution of income and employment creation must necessarily increase consumption among the lower income group (while of course reducing conspicuous consumption among a privileged few). The direct outcome of this development strategy is that:

(i) Government is left in a quandary as to how to meet in the short-run the new demand that is created.

(ii) The prices of food items in particular will continue to rise on account of import substitution strategy and consumption pattern of the lower income group. The problem then is to dampen or arrest the inflationary rise in prices.

GOVERNMENT FINANCIAL STRATEGY IS THEREFORE QUITE APPARENTLY AIMED AT ARRESTING ANY NEW DEMAND THAT CANNOT POSSIBLY BE MET IN THE SHORT-RUN. IT DISCOURAGES AVOIDABLE CONSUMPTION AS EXPENDABLE REAL INCOME IN THE HANDS OF THE CONSUMER WILL TEND TO BE REDUCED.

Over 50 per cent of the country's total import bill is in respect of food items. Therefore, the increased prices will spur the cultivator to increase production so as to increase his income. The consumer too would endeavour to produce his own requirements as far as possible to circumvent paying "exorbitant" prices. This will provide the necessary filip to stimulate production.

THE TEMPORARY HARDSHIPS THAT THE PEOPLE NOW HAVE TO UNDERGO COULD WELL RESULT IN ECONOMIC PROSPERITY IN THE LONG-RUN.

Incentive for foreign exchange earnings New Convertible Rupee Accounts Scheme

In July 1972 the Government decided to make available to exporters of gems at their option 25% of their net (f.o.b.) foreign exchange earnings from the export of gems, for use for imports, travel abroad and other payments which are not of a capital nature. The Government has since decided that this scheme should be extended with effect from January 1973 to cover all earnings in convertible currencies only, in respect of—

(a) merchandise exports, excluding black tea in bulk, crepe, sheet and scrap rubber, coconut oil, desiccated coconut, copra, fresh coconuts and coconut fibre;

(b) earnings from tourism

(c) export of original paintings, sculpture and other works of art of an original and independent nature;

(d) earnings from publication abroad of scientific and literary works of an original and independent nature; and

(e) earnings from professional and consultative services rendered as follows:

(i) 2% of the f.o.b. Ceylon rupee value, inclusive of FEECs, of the net

export proceeds of all merchandise exports except those specifically excluded at (a) above;

(ii) 2% of the gross foreign earnings from tourism

(iii) 25% of the f.o.b. Ceylon rupee value, inclusive of FEECs, of the net export proceeds of original paintings, sculpture and other works of art of an original and independent nature;

(iv) 25% of the gross foreign exchange earnings from publication abroad of scientific and literary works of an original and independent nature; and

(v) 25% of the foreign exchange earnings from professional and consultative services rendered.

The items for which exchange will be considered under the scheme are—

(1) Imports;
(a) passenger vehicles subject to the ceiling values presently approved by the Controller of Exchange;

(b) capital goods, subject to the prior approval of the Ministry of Industries & Scientific Affairs;

(c) all imports now allowed under Trade Quotas Actual User items and industrial raw materials and

(d) Any other imports (excluding imports of such products in commercial quantities as may adversely compete with locally manufactured articles) at the discretion of the Controller of Imports & Exports.

(2) Travel.

(3) Education, training

(4) Other purposes as may be approved by the Controller of Exchange.

Bank of Ceylon...

(Contd from page 9)

The Industrial & Financial Consultants (Ceylon) Limited

The liquidation of this Company commenced in April 1971. This decision was taken in view of recurring losses in 1969 and 1970 which were Rs. 89,609 and Rs. 323,790 respectively

The loss in 1971 was Rs. 279,845.

During the year under review 23 branches were established resulting in the Bank having as at 31st December 1971 a total of 83 branches. This includes a Bureau de Change for the convenience of foreign tourists and 19 branches at the Kachcheries. This was a significant development.

The 1970 report made reference to measures taken to liberalise credit. Relaxation of title requirements of immovable property operated during the year under review. All requirements as to title are proposed to be replaced in 1972 by Title Insurance Scheme in association with the Insurance Corporation of Ceylon. This will facilitate the granting of advances against immovable property as security.

A scheme of supervised credit for the development of paddy lands over 10 acres in extent under signal ownership which do not qualify for credit under the Agricultural Credit Scheme administered by the People's Bank referred to in the report of 1970 has been in operation with the active assistance and co-operation of the Department of Agrarian Services and of Co-operative Societies.

A scheme devised by a group of senior officers to assist small industrial projects situated in rural areas was introduced. This was administered through a new section assisted by a special officer employed for this purpose.

India's 1973-74 Budget proposals

India's Finance Minister, Y B. Chavan, announced a partial integration of agricultural income with the non-agricultural income for tax purposes while presenting the Budget proposals for 1973-74 in the Lok Sabha, last week.

Mr. Chavan raised the exemption limit of qualified saving from Rs. 1,000 to Rs. 2,000. The balance would be taxable as usual.

He also announced extension of preferential tax treatment to industries set up in the backward areas after March 31, 1970.

The total additional revenue from measures to increase direct taxation would be Rs. 310 million in a full year and Rs. 186 million in 1973-74.

Mr. Chavan announced preferential tax treatment in respect of industries set up in the backward areas. A deduction equal to 20 per cent of the profits will be allowed for such industries. There would be fiscal incentives to promote research and development in industry.

The Finance Minister stated that his Budget

proposals would not put undue burden on the common man. Those going for small savings would in fact be benefitted.

His proposals are intended to reduce disparity and promote self-reliance economy.

Following is the Budget at a glance. (Figures are given in millions of Rupees)

The 1972-73 Budget revenue receipts 44,670; Revenue expenditure 41,240; Plus 3430

The 1972-73 revised Budget revenue receipts 46,280; Revenue expenditure 45,910; Plus 370.

The 1973-74 Budget revenue receipts 48,310; Plus 2500. Revenue expenditure 47,520; plus 79; plus 2500

The 1972-73 Budget capital receipts 20,950; Capital expenditure 26,890; Minus 5940; The overall deficit minus 2510.

The 1972-73 revised Budget capital receipts 26,520; Capital expenditure 32,390; Minus 5870; The overall deficit minus 5500.

The 1973-74 Budget capital receipts 24,600; Budget capital expenditure 28,740; Minus 4140; The overall deficit minus 3350; Plus 2500.

Uncovered deficit 850.