

FROM 50 YEARS AGO

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### Up the Garden Path

(Editorials)

There is a story going round in the corridors of the North Block that when the present Finance Minister took over, he called the Secretary in charge of foreign exchange and asked him what checks the Finance Ministry had over the foreign exchange spending of the other Ministries. To this question, so runs the story, the official replied in the correct manner, by scratching his head and mumbling something. He had yet to size up his new boss and was naturally cautious. But the reply, whatever it was, did not satisfy the Finance Minister who snapped back at him rather sharply and said, whatever the rules were, they must be pretty slack for he knew for certain that the Ministry of Commerce and Industry was

squandering a lot of foreign exchange. Since the Finance Minister had himself been handling that other portfolio, there was no reason to doubt that he knew what he was talking about. The story is apocryphal, but it may well be true. And the truth of the story has been blazoned forth, week by week, for a whole year through the weekly returns of the Reserve Bank.

However much self-deprecatory the Finance Minister may have been, it would not be fair to say that the Ministry of Commerce and Industry had been squandering foreign exchange. That it had never done. True, there were some imports we could have done without. But whatever one may think of the logic of token imports for raising the standard of internal production or for providing incentives to greater effort, such as nylons or haberdashery, too much can be made of these minor things or of occasional slips, if they were slips. Broadly, the import policy has been unexceptionable, for it has been a policy of fostering industrialisation. If luxury cars got through or domestic production was stepped up, with imported raw material, of non-essential but highly profitable consumer goods, well, the fault was not of import control. Cars were not allowed to be imported at all,

only the parts, and in completely knocked down condition; if rayons and such things got through, it was only because they were raw materials of industry. Imports were mainly of capital goods and raw materials; even for these, the licensing was on the recommendation of the various Development Councils or of the Development Wing of the Ministry. There was no lack of scrutiny.

Today the then Commerce Minister is a Member of the Planning Commission but how can he disown his own baby? He has to take care of it and nurse it, however exasperating the demands it may make on the country's resources. How extravagant these demands are can be easily gauged from the present state of our foreign balances and the value of import licences that are outstanding. The figure which has been given out of the liability on account of import licences issued but not yet utilised is only that of projected imports of the private sector. It is subject to some, perhaps minor, modification, because imports on Government account are sometimes indented through private importers and vice versa. But the figure by itself, compared to that of the remaining sterling balances, would be an adequate commentary on the foreign exchange situation.