

II. Production and Supplies

7. *Agricultural Production:* The general index of agricultural production showed an increase of 8.1 per cent in 1960-61 as compared to the slight decline which had occurred in 1959-60. Foodgrains production went up from 74.7 million tons in 1959-60 to 79.3 million tons in 1960-61. Among major commercial crops, there was a record output of raw cotton as also of sugarcane. On the other hand, production of groundnuts which recovered from the low level of 1959-60, was still smaller than in 1958-59

and the output of raw jute in 1960-61 declined for the second year in succession. The major trends in agricultural production during the last three years are summarised in the following table:—

Agricultural Production

		1958-59*	1959-60*	1960-61†	Per cent change in 1960-61 over 1959-60
Foodgrains	million tons	75.5	74.7	79.3	+6.1
Raw Cotton	million bales	4.7	3.7	5.4	+46.5
Raw Jute	„ „	5.2	4.6	4.0	-12.6
Sugarcane	million tons of gur	7.1	7.7	8.7	+13.3
Groundnuts	million tons	4.8	3.9	4.3	+10.4
Index Number of agricul- tural production	(1949-50=100)	132.0	128.7	139.1	+8.1

*Partially Revised Estimates

†Final Estimates

8. While the output of foodgrains increased by about 4.6 million tons in 1960-61, imports during 1961 amounted to 3.4 million tons, that is, about 1½ million tons less than in 1960. At the same time, Government stocks of foodgrains which had increased by 1.4 million tons in the previous year were drawn upon to a small extent in 1961 so that the contribution of imports and changes in Government stocks in augmenting available supplies of foodgrains was the same during the two years. Altogether, there was a marked increase in *per capita* availability of foodgrains during 1961. (cf. Table 1.5 in the Appendix).

9. Domestic production of raw cotton in the 1960-61 season (September-August) was 5.4 million bales, as compared to 3.7 million bales in 1959-60 when output had come down sharply from the previous year's level of 4.7 million bales. In addition, imports of cotton mainly under the P.L. 480 programme amounted to 10.8 lakh bales during the 1960-61 season, as compared to 9.7 lakh bales in 1959-60. The larger supplies of domestic and imported cotton enabled the cotton textile mills to meet their requirements and to increase their stocks of raw cotton by 4 lakh bales to 1.8 million bales by the end of the 1960-61 season.

10. During the earlier part of the year, raw jute supplies were scarce and the Indian Jute Mills Association had to take recourse to an orderly curtailment of output. There has been a marked improvement in raw jute supplies in the current season, however, and raw jute prices have eased considerably since July 1961. On present estimates, the output of raw jute (including mesta) in the current year should exceed the previous peak of 6.65 million bales in 1958-59.

11. *Industrial Production:* During 1961 there was a further increase in industrial production, although the rate of increase was somewhat smaller than in the preceding two years. The index of industrial production had risen by 1.7 per cent in 1958, 8.7 per cent in 1959 and 12.1 per cent in

1960. On present estimates, the increase in 1961 is likely to be of the order of 7 to 8 per cent.

12. As may be expected, the divergent trends in agricultural production and supplies had a direct bearing on the output of several industries. Thus, with the improvement in the supply of raw cotton, there was a significant increase in cloth production especially in the decentralised sector, and the production of sugar reached the record level of 3 million tonnes in 1961. Among other items which recorded marked progress during the year were export products like tea and coffee. On the other hand, the output of jute manufactures during 1961 was as much as 11 per cent below the level in 1960 and there was little change in the output of vanaspati.

Production in Agriculture-based Industries

Unit	1959	1960	1961*	Percentage change in	
				1960 over 1959	1961 over 1960
Cotton cloth (Mill) . . . million metres	4504	4616	4699	+2.5	+1.8
Decentralised Sector. . . , ,	2076	2004	2300†	-3.5	+14.8
Jute Textiles . . . '000 metric tons . .	1068	1085	970	+1.6	-10.6
Sugar‡ . . . million metric tons . .	2.0	2.5	3.0	+25.0	+20.0
Tea . . . million kgs. . .	324	314	350	-3.1	+11.5
Coffee . . . '000 metric tons . .	45.6	51.5	65.7	+12.9	+27.6
Vanaspati . . . , ,	322	338	338	+5.0	No change

*Provisional

†Estimated from production during January-September

‡Relates to the year ending October

13. Though the rate of increase in industrial production as a whole was not as high as in 1960, the growth of output in some of the newer mechanical and electrical engineering industries was appreciably faster than in 1960. In the public sector, the three main steel plants made further progress and their combined output of steel ingots increased from 6 lakh tonnes in 1960 to 14 lakh tonnes in 1961. Altogether, the home production of ingot steel went up from 32 lakh tonnes in 1960 (equivalent to 22 lakh tonnes of finished steel) to about 40 lakh tonnes (or, 29 lakh tonnes of finished steel) in 1961, while imports continued at about the same level as in 1960. The improvement in steel supplies, together with the slight liberalisation in the imports of raw materials and components during the year, helped sustain the growing tempo of production in a number of engineering industries. The manufacture of power transformers, power driven pumps, electric motors, machine tools, sugar mill machinery, tea processing machinery and industrial boilers are instances in point. There was also significant increase in the production of sulphuric acid, caustic soda, soda ash and chemical fertilizers.

Output in Basic Industries

Unit	1959	1960	1961*	Percentage change in	
				1960 over 1959	1961 over 1960
Coal million metric tons .	47.8	52.6	56.1	+10.0	+6.7
Finished Steel , , ,	1.8	2.2	2.9†	+22.2	+31.8
Cement , , ,	6.9	7.8	8.2	+13.0	+5.1
Electricity billion kwh . . .	14.6	16.4	19.0†	+12.3	+15.9
<i>Fertilizers</i>					
Ammonium Sulphate '000 metric tons .	385	388	395	+0.8	+1.8
Superphosphate , , ,	252	322	367	+27.8	+14.0

*Provisional

†Estimated from production during January-November

14. Among other investment goods, cement registered an increase in output from 7.8 million tonnes in 1960 to 8.2 million tonnes in 1961. There was also a slight decline in stocks of cement with producers in contrast to accumulation of stocks during the previous year and exports were marginally smaller so that the total availability of cement during the year was larger by about 6 per cent.

15. During the first three months of 1961 coal output was running at the rate of over 60 million tonnes per annum. This rate of growth, however, could not be sustained in the latter part of the year and total coal production in 1961 amounted to 56.1 million tonnes as against 52.6 million tonnes in 1960.

16. The amount of electricity generated in the country during 1961 was 16 per cent larger than in 1960. Various programmes for the development of power were carried forward as arrangements for external finance for the purpose were completed. Similarly, the development of railway transport, in keeping with the requirements of the plan, has been taken in hand in right earnest and the provision made for the purpose in the first year of the plan represents a sizable portion of the total outlay initially provided for the plan period as a whole. Nevertheless, shortages of power and transport continued to be felt during the year so that it has become necessary to accelerate further the programmes of development in these fields.

17. Altogether, there was a significant increase in domestic supplies of agricultural and industrial goods in the first year of the third five year plan. National income as a whole which had increased by 7 per cent in the last year of the second plan is expected to increase further by about 4.5 per cent (at constant prices) in the first year of the third plan. This rate of progress will, of course, have to be accelerated in the coming years if the target of a 30 per cent increase in national income over the third plan period is to be attained.