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ECONOMIC SURVEY
 OF
BURMA
 1956

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Presented in Parliament

by

The Hon'ble Minister of Finance and Revenue

August 31, 1956

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ECONOMIC SURVEY

OF

BURMA

1956

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ECONOMIC HIGHLIGHTS OF 1955-56

At the opening of the 1955-56 fiscal year, Burma's economic position, which had been under heavy and increasing strain during the period of falling rice prices, was still strained. During the previous year heavy foreign exchange losses had made it necessary to curtail imports for private use and to reduce capital development expenditures. By the end of September 1955 these measures had not yet become fully effective, and the foreign exchange reserves had fallen to K 51.6 crores—the lowest point in the last four years. The task before Government was therefore to prevent further declines in the reserve, while at the same time continuing necessary progress in the fields of economic development and social welfare.

Foreign Exchange

A review of the economic events of 1955-56 shows how well Government has succeeded in this task. During the year the foreign exchange position was greatly strengthened ; and measures were taken which will strengthen the position still further in future. Although it is still too early to predict precise year-end figures, it now appears that the fiscal year will end with close to K 65 to K 70 crores in the foreign exchange reserves, a rise of some K 15 to K 20 crores for the year. Only K 7 crores of this increase is accounted for by a drawing from the International Monetary Fund. The balance represents a surplus of receipts from abroad (mostly from the sale of rice) over payments.

In addition to the curtailment of non-essential imports and curtailments in the capital development programme, the measures taken to strengthen the foreign exchange position were threefold. First, arrangements were made for additional foreign exchange resources. Second, determined emphasis was given to the export drive in rice, timber and minerals. Third, intensive work to expedite significant foreign exchange-conserving industrial projects brought them near to completion.

Additional Foreign Resources

One of the first measures taken to increase foreign exchange resources was to arrange for a sterling loan from India to be available in case of need. It has not been necessary to draw on that loan ; but the fact that the funds were available in case of emergency provided more freedom of action than would otherwise have been the case. Other arrangements made during the year included a long-term loan of nearly 20 million dollars from the International Bank for Reconstruction and Development (World Bank). This loan will be used for improvement of the Port of Rangoon and for the rehabilitation of the railways.

Also, agreement was reached with the United States to buy 10 crores of surplus agricultural products for kyats under United States Public Law 480, thus reducing future requirements for foreign exchange. By far the largest

item in this transaction was raw cotton which is being processed now in Japan, United Kingdom, India and Western Germany, and which will result soon in large scale imports of cotton textiles. Further, a start was made on the realization of reparations obligations from Japan. Actual realization during the year will be less than had been expected, largely because of the need to work out the many technical problems involved. However, initial implementation difficulties have now been overcome, and a large and continued volume of reparations payments may be counted on in future. Practically all these payments will be used directly to rebuild war-time capital destruction and to establish new capital projects and industries.

Export Drive

Rice marketing during 1955-56 was extremely successful, rising to an estimated total in excess of 1.8 million tons, and being climaxed by a four-year contract with India for cash involving a total of 2 million tons over the period. This increase in rice exports reflects initial successes in improving rice quality, storage facilities, and loading and shipping practices, as well as a pricing policy more closely geared to the realities of world rice markets. There is now a clear prospect for selling abroad all the rice Burma will be able to produce and ship, and for a larger proportion of rice sales in cash markets. By the end of 1955-56, barter credits are expected to be reduced to a level of approximately 6 crores. This will make it easier in future to select sources of supply for consumer and capital goods imports required. While certain restrictions will still be imposed because of remaining barter arrangements and credits, the coming year should see a substantial reduction in these credits. Plans for achieving this have already been made.

During the year a significant upward trend in minerals and timber production and exports also became apparent.

During the year a number of new projects speedily approached completion. These will effect significant reductions in foreign exchange required for imports.

Prices

During the year the rapid increase in import prices which took place immediately after the suspension of the Open General Licence was slowed down, but in general, import prices remained much too high. Government planned for an abundant flow of essential imported goods for private use in 1955-56, and for the distribution of many of the most needed items through the Civil Supplies Management Board. Because of the need to utilize restricted sources of foreign exchange for such imports, however, difficulties were encountered in realizing these plans. It was necessary to utilize cotton purchases in the United States to provide a large part of the cotton textiles needed. Delay in concluding arrangements for the purchase and processing of this cotton in third countries resulted in heavy short-falls in arrivals of the planned quantities of cotton textiles. Further, because of the need to utilize barter sources for other classes of goods for private use, it was necessary to

set up new and complicated import licensing procedures, and to allocate foreign exchange available to importers rather rigidly. It was also necessary to expand the staff and facilities of the Civil Supplies Management Board within a short period of time. These necessities created new administrative problems which required time to overcome. These factors aggravated by speculation and hoarding explain in large degree the shortages and continued high prices of imported goods. However, corrective measures have been underway for some time. Delayed cotton textiles will soon arrive in large volume. Import licensing procedures are being streamlined so as to operate more efficiently and speedily. The new fiscal year will see a very large inflow of goods for private use, combining both substantial carry-overs for imports authorized in 1955-56 and a record-breaking scale of such imports authorized for 1956-57. In addition to arrangements for facilitating a larger inflow of such goods, steps are being taken to assure a more effective distribution of landed goods. Controls will be instituted to minimize hoarding, and lower prices for imported goods may be expected.

Physical Output and Progress

In physical terms, 1955-56 was a year of moderate economic progress. Physical output of goods and services increased in almost every sector of the economy. Despite the difficult financial situation, the revised capital budget for the year (excluding defence expenditure) was set at K 52 crores. Final performance against this budget is not yet calculable, but it will probably be somewhat lower than that of 1954-55, when a total of K 45 crores was spent on the government's comparable capital programme.

On the production front, gains were achieved in agricultural, forest and minerals production. Except for cotton, which was subjected to adverse weather conditions, farm output rose in appreciable amounts over the previous year. Teak output was sharply up over 1954-55. Minerals production was up in all categories, and the value of mineral exports during the first half of the present fiscal year exceeded those of the comparable period in 1954-55 by fifty percent.

Transportation agencies carried more freight this year than in the year before. Electricity consumption increased markedly, with a large share of the added consumption in the "power" category, indicating greater commercial and industrial use of electricity.

As regards the capital development programme, effort was concentrated on completing and bringing into production various projects started in earlier years. The pharmaceutical plant, two sugar mills, the tea packing plant and the jute mill were substantially completed, and will make a major contribution to domestic production in the coming year. The steel mill will turn out its first production the next few months, while the tile and brick factory has already begun small scale production.

In agriculture additional credit facilities were made available to cultivators and diversification of new crops was encouraged.

Mechanical extraction of teak logs was undertaken, and sawmill capacity was expanded to meet the needs of the recovering timber industry. New

investments in minerals, by Government directly and through joint-venture undertakings, began to show results during the year, with further increases to be expected.

Government inaugurated a programme to encourage greater private industrial effort by making available machinery and equipment through a "hire-purchase" scheme open to qualified private enterprises.

In the transportation field, major restoration of river fleets and railway rolling stock took place. Installation of new electric power generating equipment brought needed power to several of the larger urban centres of the country. A new network of transmission lines totalling 462 miles links these generators, and some 2,000 miles of additional transmission lines will provide power to localities heretofore deprived of it.

Half of this undertaking is now complete, and more than 250 towns are now serviced by the new network, 84 of them being linked to the system during 1955-56.

In the field of social welfare six new hospitals were finished during the year, and several more were brought near to completion. School buildings and technical education facilities were considerably improved, with school enrolment reaching a new high level.

Outlook for 1956-57

Further and significant gains in agricultural, timber, minerals and industrial production are expected in 1956-57. Particular emphasis will be placed on primary production and a major paddy production expansion programme will be inaugurated to permit continued increases in rice exports after carry-over stocks have been exhausted. The operation of Mawchi Mines will contribute to other factors supporting increased mineral production. The new oil refinery at Syriam will commence operations early in 1957. Reference has already been made to the pharmaceuticals, steel, jute, sugar, tea and tile and brick plants which will commence or expand operations.

Exports of rice, minerals, timber and other commodities are expected to register substantial increases, both in quantity and value, in 1956-57.

Imports of goods for private use, as previously indicated, should rise to the highest level on record. With the exception of a few luxury commodities, prices are expected to fall substantially as recent shortages are eliminated, and accumulated stocks are released for distribution.

The economic and social development programme has been held within fiscal limits, and only highly essential projects, and those requiring completion, will go forward. Within a smaller total than the K 52 crores authorized in 1955-56 (exclusive of Defence), larger sums will be provided for agriculture and agricultural marketing. Total allotments for capital development in 1956-57, exclusive of defence, will be reduced to approximately K 46 crores. This will, however, be supplemented by capital loans to the private sector in agriculture, mining and industry.

PART I

ECONOMIC ACTIVITY IN BURMA, 1955-56

A. PRODUCTION OF GOODS AND SERVICES

1. THE GROSS DOMESTIC PRODUCT IN CURRENT PRICES

Gross Domestic Product increased both in real terms and in current prices in 1955-56. In 1954-55, the value of the total output of goods and services, *i.e.*, of the Gross Domestic Product, was K 4,787 millions. This represents a 4 percent increase over 1953-54. In 1955-56 the Gross Domestic Product is estimated to be K 5,010 millions or 5 percent over and above that of last year.

Table 1.—GROSS DOMESTIC PRODUCT

At Current Prices

(In Millions of Kyats)

<i>Industry</i>	50-51	51-52	52-53	53-54	54-55	55-56
					Revised (Estimates)	
GROSS DOMESTIC PRODUCT ...	3690	4084	4620	4593	4789	5010
1. Agriculture and Fisheries ...	1448	1558	1682	1654	1705	1765
2. Forestry ...	265	295	308	340	343	357
3. Mining and Quarrying ...	58	74	63	49	70	80
4. Rice Processing ...	145	150	166	160	167	170
5. State Marketing ...	315	389	610	429	322	270
6. State Transport ...	53	62	71	83	97	92
7. State Banking ...	1	1	1	2	2	2
8. Other Public Utilities ...	19	18	18	30*	32*	41*
9. General Government ...	274	312	380	416	460	473
10. Rental value of Housing ...	157	162	170	177	185	194
11. Other Industries and Services	955	1063	1151	1253	1406	1566
<i>a.</i> Salt and Ngapi ...	43	43	43	43	43	43
<i>b.</i> Construction ...	95	126	132	165	173	168
<i>c.</i> Agricultural Marketing ...	306	322	331	340	350	370
<i>d.</i> Residual ...	511	572	645	705	840	985
1. Industry ...	64	79	96	113	130	123
2. Cottage Industry ...	128	144	165	176	187	195
3. Services ...	18	19	20	22	24	25
4. Miscellaneous ...	46	47	50	53	54	54
5. Trade ...	255	283	314	341	445	588

* Includes, R.E.S.B. which in former years was in Other Industries and Services Sector.

However, it is evident that, there are two elements, *viz.*, the increase in real output, and the windfall profits accruing in the "trade group" of the "Other Industries and Services" sector contributing to the upward change in the Gross Domestic Product as shown in Table 1. The real change in the level and composition of the Gross Domestic Product is better brought out when the price element in the series has been eliminated. Table 2, which shows the Gross Domestic Product in terms of constant 1947-48 prices is therefore presented.

2. GROSS DOMESTIC PRODUCT IN CONSTANT PRICES

Table 2.—GROSS DOMESTIC PRODUCT IN 1947-48 PRICES

Industry	(In Millions of Kyats)											
	38-39	46-47	47-48	48-49	49-50	50-51	51-52	52-53	53-54	54-55	55-56	Re- (Esti- vised mates)
1. Agriculture and Fisheries ...	1907	1147	1451	1366	1220	1351	1440	1537	1525	1571	1603	
2. Forestry ...	360	298	273	202	191	238	266	276	305	306	315	
3. Mining and Quarrying ...	273	12	29	14	21	30	34	36	49	60	67	
4. Rice Processing ...	182	90	125	119	106	112	119	129	125	131	133	
5. State Marketing ...	633	227	286	248	236	288	248	258	278	357	440	
6. State Transport ...	117	47	62	19	24	43	48	56	69	78	79	
7. State Banking ...	...	...	1	1	1	1	1	1	1	1	1	
8. Other Public Utilities.	31	8	13	9	9	11	10	11	21	23	24	
9. General Government.	153	216	230	218	243	279	314	376	412	440	460	
10. Rental Value of Housing ...	165	149	151	153	153	157	162	170	177	185	193	
11. Other Industries and Services ...	1124	828	936	851	834	921	994	1049	1117	1150	1110	
12. GROSS DOMESTIC PRODUCT—												
a. Million Kyats	4945	3022	3557	3200	3038	3431	3636	3899	4079	4302	4425	
b. Index (1938-39=100) ...	100	61	72	65	61	69	74	79	83	87	89	

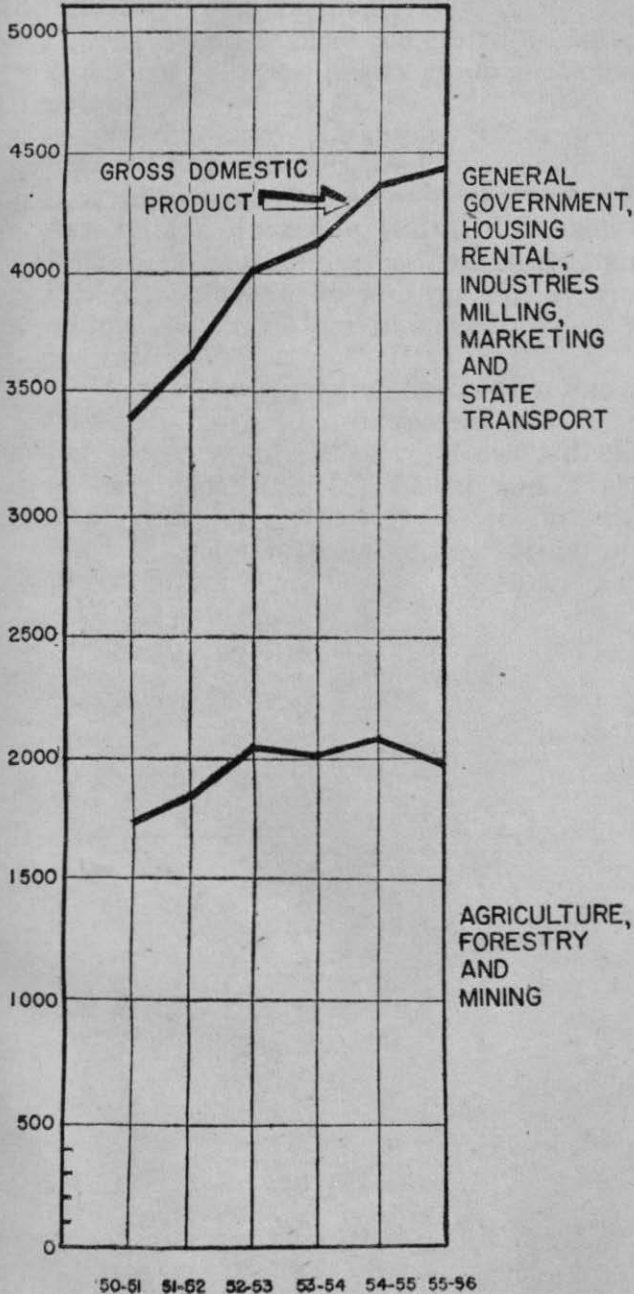
The Gross Domestic Product in 1955-56 in constant prices is estimated to be about K 4,425 millions, or 89 percent of 1938-39. The important point to notice, however, is that the Gross Domestic Product, between 1954-55 and 1955-56 has increased at a slower rate than the annual rates that prevailed

CHART NO. 1
**GROSS DOMESTIC PRODUCT
 BY MAJOR SECTORS**

AT 1947-48 PRICES

AT CURRENT PRICES

K MILLIONS



INDEX OF DOMESTIC PRODUCTS

BY MAJOR SECTORS



MINING
AND
FORESTRY



AGRICULTURE

U.S. DEPARTMENT OF COMMERCE

BUREAU OF ECONOMIC RESEARCH

between any two consecutive years since 1950-51. The sector-contributing to this decline in the rate of growth is the "Other Industries and Services" Sector, covering trade, manufacturing, cottage industry and construction. Large scale industry mainly sponsored by Government is going through a period of re-adjustment and rationalisation. The output in trade and construction sectors also declined.

On the other hand the growth in agricultural—or local based—marketing group and cottage industry group are actively contributing to the growth of output.

In the State Marketing Sector too there is a significant difference between output as measured in constant prices and in current prices. There is a 10 percent increase in the volume of rice exported by the State Agricultural Marketing Board, the main figure in this sector. Output in 1955-56 in constant prices therefore increases by about 10 percent over 1954-55. But the decline in prices more than offsets this increase in volume—hence output in current prices declines by K 52 millions or 16 percent.

In the Transportation Sector the ton-miles of load and the number of passengers carried has increased. But due to increased cost, particularly of fuel, output in current prices shows a decline.

A comparison of Tables 1 and 2 shows that except for the sectors mentioned above, the increase in output in each of the other sectors in constant prices is more or less proportional to the increase in output in current prices.

B. THE USE OF RESOURCES

Between 1954-55 and 1955-56, the amount of resources available for use in Burma has increased proportionately less than the increase in Gross Domestic Product, on account of a larger foreign trade surplus. This larger foreign trade surplus was brought about despite a slight decline in export earnings by a reduction in imports of goods and government's expenditures abroad.

Between the two years, however, there is hardly any difference in the way output has been used. Consumption (public and private) has remained at about 78 percent of the Gross Domestic Product in both years, and current savings by firms, individuals and the government (equal to capital formation plus the foreign trade surplus) also remains at about 22 percent of output. The only difference between the two periods is in the actual use of the savings out of current output. Investment has declined by 1 percentage point in 1955-56 enabling an accumulation of a foreign trade surplus.

This increased accumulation abroad means that out of the total Gross Domestic Product of K 5,010 millions only K 4,930 millions or 98.4 percent is being used for consumption and investment.

Table 3.—THE USE OF RESOURCES

A. Data in Millions of Kyats

	50-51	51-52	52-53	53-54	54-55	55-56 (Estimates)
<i>Available for Use in Burma</i>						
Gross Domestic Product ...	3690	4084	4620	4593	4789	5010
Less: Foreign Trade Surplus	228	222	288	-102	32	125
Goods and Services used in Burma ...	3462	3862	4332	4695	4757	4885
<i>Expenditure in Burma</i>						
Current Government Expenditure	318	395	525	698	686	725
Capital Formation (Public and Private) ...	476	743	876	1011	1014	965
Consumer Expenditures ...	2668	2724	2931	2986	3057	3195
Total in Burma ...	3462	3862	4332	4695	4757	4885

B. Data as Percent of Gross Domestic Product

	50-51	51-52	52-53	53-54	54-55	55-56 (Estimates)
<i>Available for Use in Burma</i>						
Gross Domestic Product ...	100.0	100.0	100.0	100.0	100.0	100.0
Less: Foreign Trade Surplus	6.2	5.4	6.2	-2.2	0.7	2.5
Goods and Services used in Burma ...	93.8	94.6	93.8	102.2	99.3	97.5
<i>Expenditure in Burma</i>						
Current Government Expenditure	8.6	9.7	11.4	15.2	14.3	14.5
Capital Formation (Public and Private) ...	12.9	18.2	19.0	22.0	21.2	19.3
Consumer Expenditures ...	72.3	66.7	63.4	65.0	63.8	63.7
Total in Burma ...	93.8	94.6	93.8	102.2	99.3	97.5

CHART NO. 2

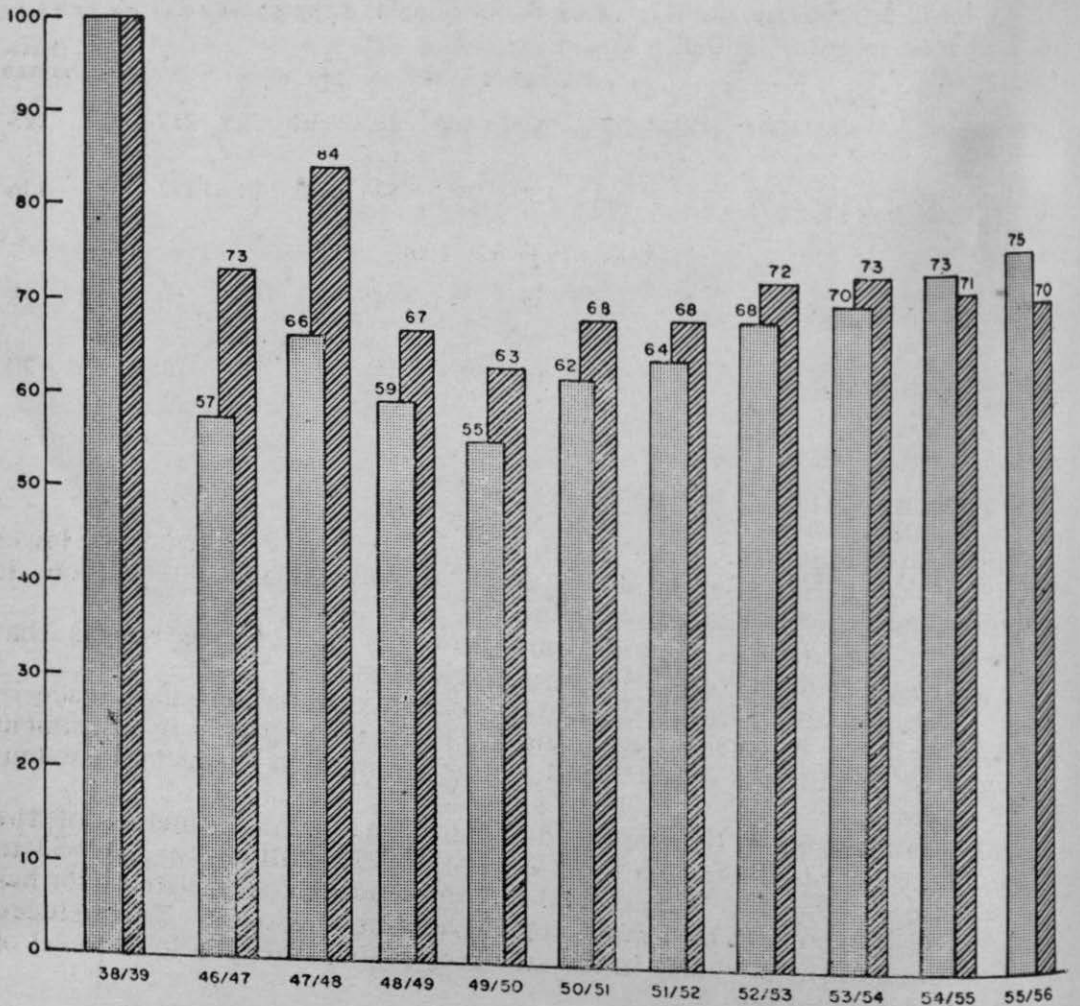
CONSUMPTION AND OUTPUT PER CAPITA

PER CAPITA OUTPUT INCREASES, BUT PER CAPITA CONSUMPTION
DECLINES SLIGHTLY IN 1955-56

PRE CAPITA
CONSUMPTION

PRE CAPITA
OUTPUT

PRE-WAR 100



ESTIMATED

1. LEVEL OF PER CAPITA OUTPUT AND CONSUMPTION

Real output for the national economy as a whole increases by 3 percent between 1954-55 and 1955-56. After allowing for an increase in population this increase in total output represents an increase in *per capita* output of 2 percent.

However, a higher level of savings abroad and the consequent shortage of consumable supplies has led to a decline in *per capita* consumption from K 139 in 1954-55 to K 136 in 1955-56—a decline of one percentage point.

Table 4.—PER CAPITA OUTPUT AND CONSUMPTION

	In 1947-48 Prices											(Kyats)
	38-39	46-47	47-48	48-49	49-50	50-51	51-52	52-53	53-54	54-55	55-56	(Estimates)
Gross Output <i>Per Capita</i>	302	172	200	178	166	186	194	205	212	221	225	
Consumption <i>Per Capita</i>	195	143	163	130	122	133	132	140	142	139	136	
	(Index: 1938-39=100)											
Gross Output <i>Per Capita</i>	100	57	66	59	55	62	64	68	70	73	75	
Consumption <i>Per Capita</i>	100	73	84	67	63	68	68	72	73	71	70	

2. SAVINGS AND CAPITAL FORMATION

The Gross Domestic Capital Formation in 1955-56 is shown to be lower by K 49 millions when compared to 1954-55. The total of K 965 millions is even lower than the sum shown for 1953-54.

However, an analysis of the composition of the change reveals that significant changes are taking place and for the better.

In 1952-53 and 1953-54 abnormal stock accumulations took place in the public sector. Furthermore, during 1954-55—the period of re-adjustment—traders and speculators accumulated a large addition to stocks to the extent of K 56 millions.

In the public sector the export drive has enabled a reduction of the annual increase of stocks from a high level of K 223 millions in 1952-53 to K 10 millions in 1955-56. The revival of confidence in the private sector has also meant that there will be a more normal holding of stocks. The reduced rate of accumulations of stocks in the two sectors, has meant a lower level of Gross Capital Formation.

Table 5.—DOMESTIC CAPITAL FORMATION
(In Millions of Kyats)

	38-39	46-47	47-48	48-49	49-50	50-51	51-52	52-53	53-54	54-55	55-56
											(Estimates)
Fixed Capital Formation ...	147	428	525	280	330	431	610	652	833	906	954
Public ...	25	124	91	84	91	133	226	259	435	491	490
Private ...	122	304	434	196	239	298	384	393	398	415	464
Increase in Stocks ...	31	53	77	-20	-11	45	133	224	178	108	11
Public ...	0	114	15	-35	-63	44	72	223	172	52	10
Private ...	31	-61	62	15	52	1	61	1	6	56	1
Total Domestic Capital Formation ...	178	481	602	260	319	476	743	876	1011	1014	965
Less: Estimated Depreciation ...	81	197	205	205	213	228	245	255	269	280	285
Net Domestic Capital Formation ...	97	284	397	55	106	248	498	621	742	734	680
Less: Stock Changes ...	31	53	77	-20	-11	45	133	224	178	108	11
Net Fixed Capital Formation ...	66	231	320	75	117	203	365	397	564	626	669

Fixed capital expenditures in the government complex will remain at K 490 millions or at about last year's level. Private outlays for fixed capital are expected to increase from K 415 millions to K 464 millions. In the private sector it is considered that although the main increase has been contributed by the areas related to agriculture, private initiative in the fields of forestry, mining and industry has also been on the increase.

Table 6.—THE FINANCING OF INVESTMENT
(In Millions of Kyats)

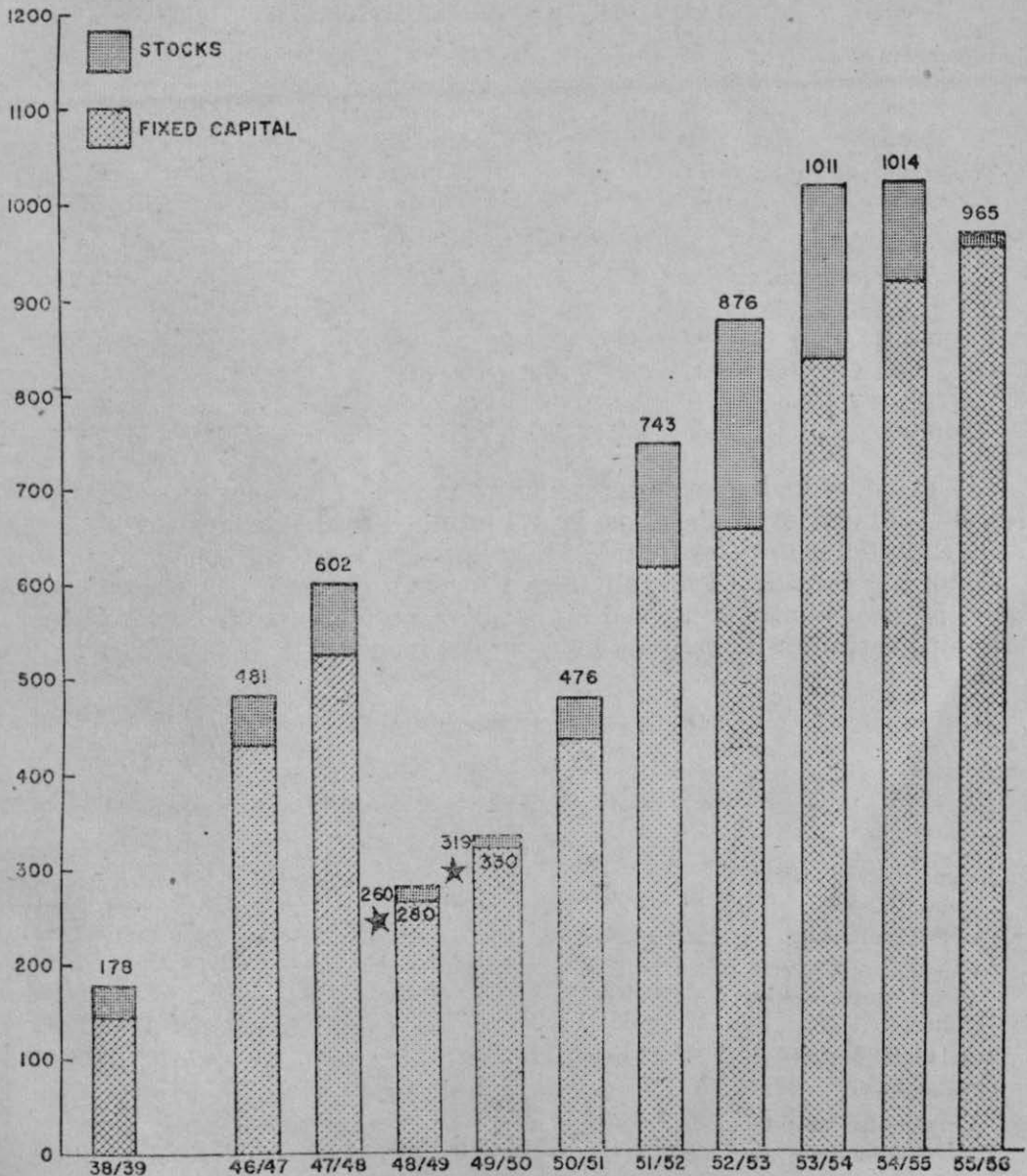
	38-39	46-47	47-48	48-49	49-50	50-51	51-52	52-53	53-54	54-55	55-56
											(Estimates)
Depreciation Allowances ...	81	197	205	205	213	228	245	255	269	280	285
Net Private Saving ...	226	-52	-97	204	110	177	359	481	454	654	705
Net Saving of Government and Public Enterprises ...	37	38	270	106	152	291	356	430	181	111	100
Total Gross Saving ...	344	183	378	515	475	696	960	1166	904	1045	1090
Uses of Saving:											
Domestic Capital Formation ...	178	481	602	260	319	476	743	876	1011	1014	965
Surplus abroad on current account	166	-298	-224	255	156	220	217	290	-107	31	125

CHART NO. 3

GROSS DOMESTIC CAPITAL FORMATION

FIXED CAPITAL FORMATION WILL INCREASE,
BUT AT A SLOWER RATE

K. MILLIONS

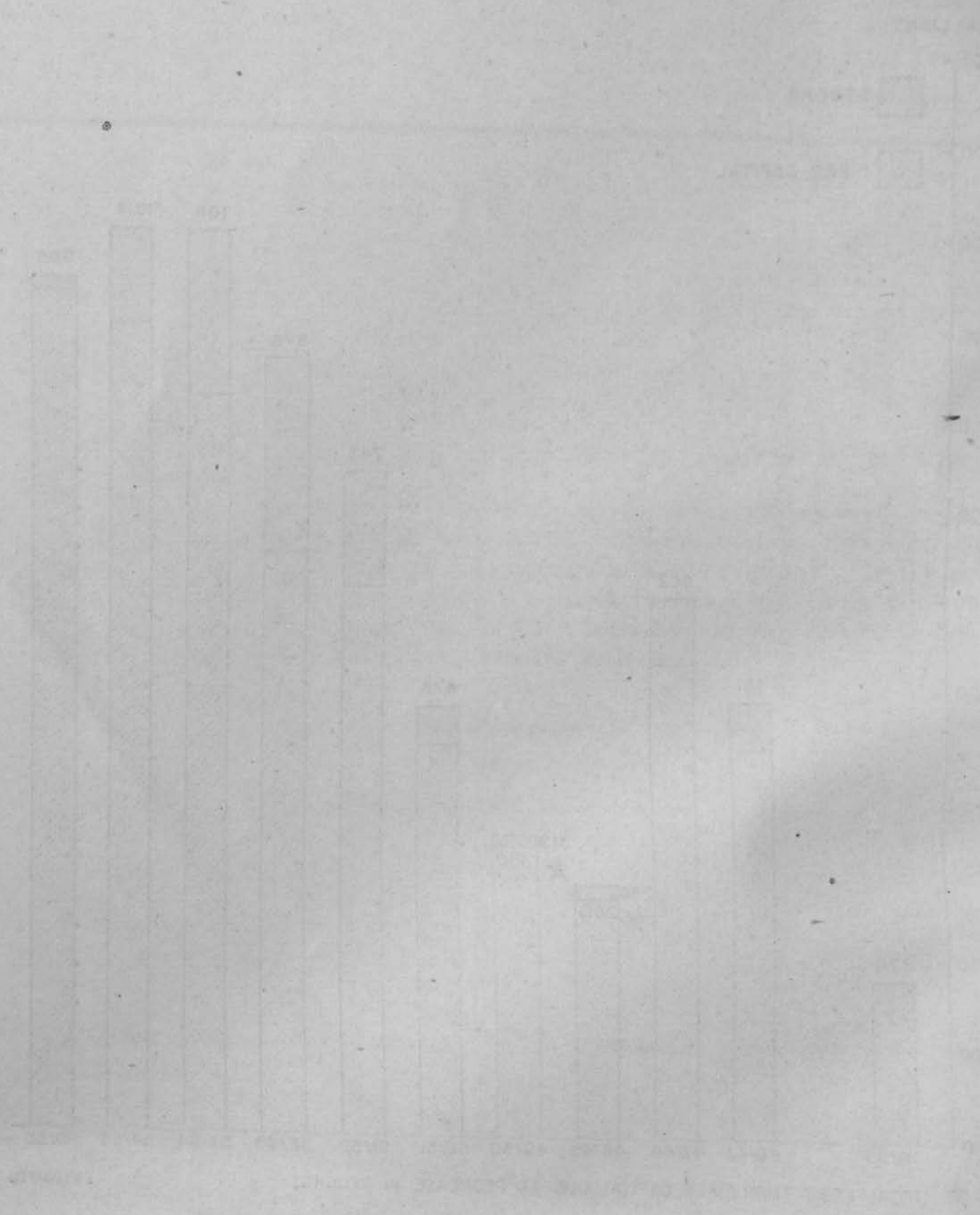


★ TOTAL LESS THAN FIXED CAPITAL DUE TO DECREASE IN STOCKS

ESTIMATED

DOMESTIC CAPITAL FORMATION

THE RATE OF DOMESTIC CAPITAL FORMATION WILL INCREASE AT A SLOWER RATE



Savings out of current income in 1955-56 is about 4 percent higher than in 1954-55. Savings in the private sector has reached the level of K 705 millions or K 35 millions higher than the figure for 1954-55. Current Surpluses of the Government Complex is at K 100 or K 11 millions below last year. Out of the total gross savings of K 1,090 millions, K 965 millions was used to finance capital formation and K 125 millions has been accumulated as a surplus abroad.

TABLE 1 - Savings and Investment

A. Savings

Year	1955-56	1954-55	1953-54	1952-53	1951-52	1950-51
Total	1,090	1,040	1,000	950	900	850
Government Complex	100	110	120	130	140	150
Private Sector	990	930	880	820	760	700
- Industrial	500	450	400	350	300	250
- Commercial	200	180	160	140	120	100
- Residential	150	140	130	120	110	100
- Public	140	160	170	180	190	200
- Other	50	60	70	80	90	100

B. Investment

Year	1955-56	1954-55	1953-54	1952-53	1951-52	1950-51
Total	965	930	900	870	840	810
Government Complex	100	110	120	130	140	150
Private Sector	865	820	780	740	700	660
- Industrial	450	400	360	320	280	240
- Commercial	180	160	140	120	100	80
- Residential	130	120	110	100	90	80
- Public	120	140	150	160	170	180
- Other	85	100	110	120	130	140

C. PRODUCTION BY MAJOR SECTORS OF THE ECONOMY

1. AGRICULTURE

Revised estimates for 1954-55 show the index of total agricultural production to be 79 percent of pre-war. Increased sown acreages combined with favourable weather conditions raised the index of production in 1955-56 to 82 percent of pre-war. In 1955-56, the sown area recorded a post-war high with 16,708,000 acres.

Table 7.—SOWN ACREAGES

A. In Thousands of Acres.

Crop				36-37 to 40-41 Average	1953-54	1954-55 Revised	1955-56 Estimates
	Total	...	...		
	Total	...	...	19,167	16,504	16,377	16,708
1. Paddy	12,832	10,398	10,161	10,263
2. Groundnut	808	821	779	821
3. Sesamum	1,401	1,352	1,402	1,421
4. Cotton	453	354	370	422
5. Pulses	1,329	1,113	1,137	1,172
6. Sugar-cane	64	88	57	80
7. Millet	475	568	560	570
8. All Other Crops	1,805	1,810	1,911	1,959

B. As Percentage of Pre-war Average.

Crop				36-37 to 40-41 Average	1952-53	1953-54	1954-55 Revised	1955-56 Estimates
	Total	...	...			
	Total	...	...	100	85	86	85	87
1. Paddy	100	81	81	79	80
2. Groundnut	100	92	102	96	102
3. Sesamum	100	95	97	100	101
4. Cotton	100	76	78	82	93
5. Pulses	100	80	84	86	88
6. Sugar-cane	100	102	137	89	125
7. Millet	100	126	120	118	120
8. All Other Crops	100	102	100	106	109

Paddy.—According to the final forecast for 1955-56 issued by the Commissioner of Settlements and Land Records, heavy rains at the commencement of the rainy season especially in the deltaic area led to a decline in the sown acreage of paddy in Lower Burma by 54,000 acres over the corresponding period of 1954-55. This decline in Lower Burma was however more than offset by the increase in the sown area for Upper Burma enabled by the extended use of available volume of water from the canals. Thus for the country as a whole, an overall increase in the sown area by 102,000 acres was registered in 1955-56 over last year.

Despite the setbacks suffered on account of floods, inundations at the commencement of the season, insufficiency of middle rains, and late heavy rains combined with damage done by rats and pests, the paddy production in 1955-56 had increased slightly to 5,776,000 tons, according to the estimates by the Land Records Department. The average yield per acre remained the same as last year.

Table 8.—PADDY YIELDS PER ACRE

			36-37 to 40-41 Average	1953-54	1954-55 Revised	1955-56 Estimates
Baskets Per Acre	...	...	28.17	25.91	27.36	27.41
Pounds Per Acre	...	...	1,296	1,192	1,259	1,261
Percentage of Prewar Average	...	...	100	92	97	97

Sesamum.—Although the sown acreage for 1955-56 equalled that for 1953-54, not less than 36 percent of the sown area suffered destruction primarily caused by pests. Despite this, production reached a high level of 44,000 tons, and resulted in a slight increase in the production of sesamum oil over 1954-55.

Groundnut.—Groundnut production showed in 1955-56 a substantial increase both in acreage and outturn, as a result of favourable weather and an intensive programme of acreage expansion. The Agricultural and Rural Development Corporation's assistance in the introduction of winter crop, distribution of seeds and technical guidance, contributed towards an increase in the sown area by 42,000 acres over the previous year. The use of improved seeds on increased acreage and favourable weather conditions were responsible for a record production estimated at 204,000 tons of groundnut in the husk. Consequently groundnut oil production increased considerably over 1954-55.

Cotton.—Sown acreage of cotton in 1955-56, according to the final forecast for 1955-56 of the Commissioner of Settlements and Land Records, recorded a post-war high with 422,000 acres, as much as 93 percent of pre-war. In spite of this huge increase in the sown acreage, the production of cotton lint dwindled by about 20 percent from the previous year, as a result of heavy rains during the ripening season. The production for 1955-56 is therefore estimated to be 18,000 tons as against 23,000 tons for 1954-55.

Table 9.—AGRICULTURAL PRODUCTION

A. *In Thousands of Tons*

Crop	36-37 to 40-41 Average	1953-54	1954-55 Revised	1955-56 Estimates
1. Paddy	7,426	5,527	5,712	5,776
2. Groundnut	181	191	154	204
3. Sesamum	45	44	36	44
4. Cotton	21	22	23	18
5. Pulses	250	201	198	221
6. Sugar-cane	1,000	1,138	902	1,100
7. Tobacco	44	48	46	46
8. Millet and Wheat	78	78	76	78

B. *As Percentage of Pre-war Average.*

Index of total Agricultural Production ^a	36-37 to 40-41 Average	1953-54	1954-55 Revised	1955-56 Estimates
...	100	79	79	82
1. Paddy	100	74	78	78
2. Groundnut	100	106	85	112
3. Sesamum	100	98	80	98
4. Cotton	100	107	109	96
5. Pulses	100	80	78	88
6. Sugar-cane	100	103	86	102
7. Tobacco	100	109	105	105
8. Millet and Wheat	100	100	109	111

^a Weighted average of gross value of outturn of principal crops at 1947-48 prices.

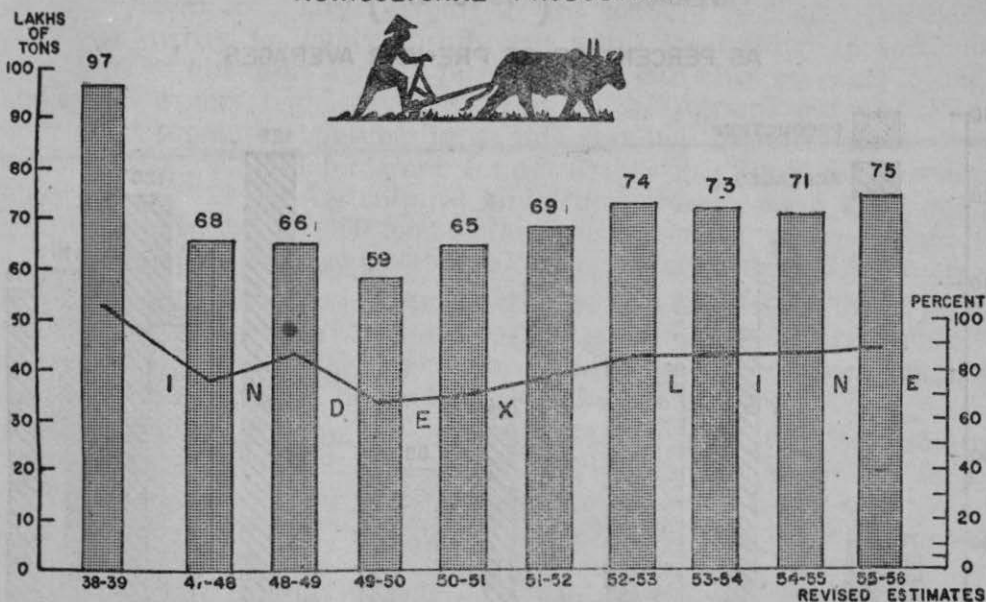
Sugarcane.—In 1953-54, unfavourable prices of sugarcane jaggery caused large sales of sugarcane from Pynmana area to Zeyawaddy Sugar Factory, thereby creating surplus stocks of sugarcane in the hands of cultivators of Toungoo and Pegu districts. As cultivators feared that similar conditions would prevail in 1954-55, they reduced cultivation of sugarcane and this led to a decrease in sown acreage by 18,000 acres in these two districts and a decline of 30,000 acres for the whole country. The resultant shortage of sugarcane brought about a drastic fall in the production of sugar at the Zeyawaddy Factory in 1955 by 30 percent from 1954.

CHART NO. 4

THE TOTAL AGRICULTURAL PRODUCTION AND ACREAGE WILL INCREASE IN 1955-56

PRE-WAR {1936-37} = 100
 AVERAGE {1940-41} = 100

AGRICULTURAL PRODUCTION



AGRICULTURAL ACREAGE

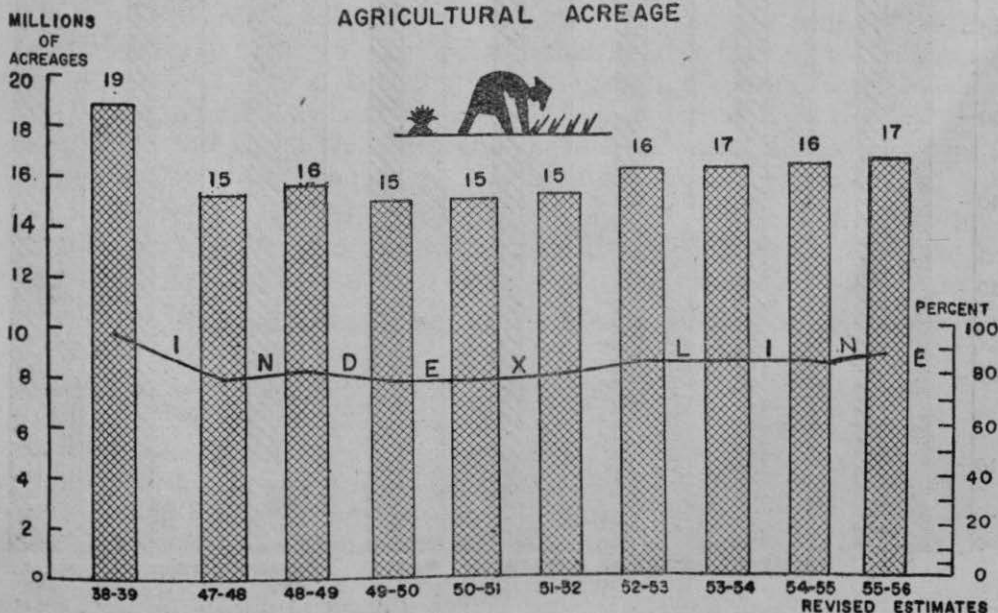
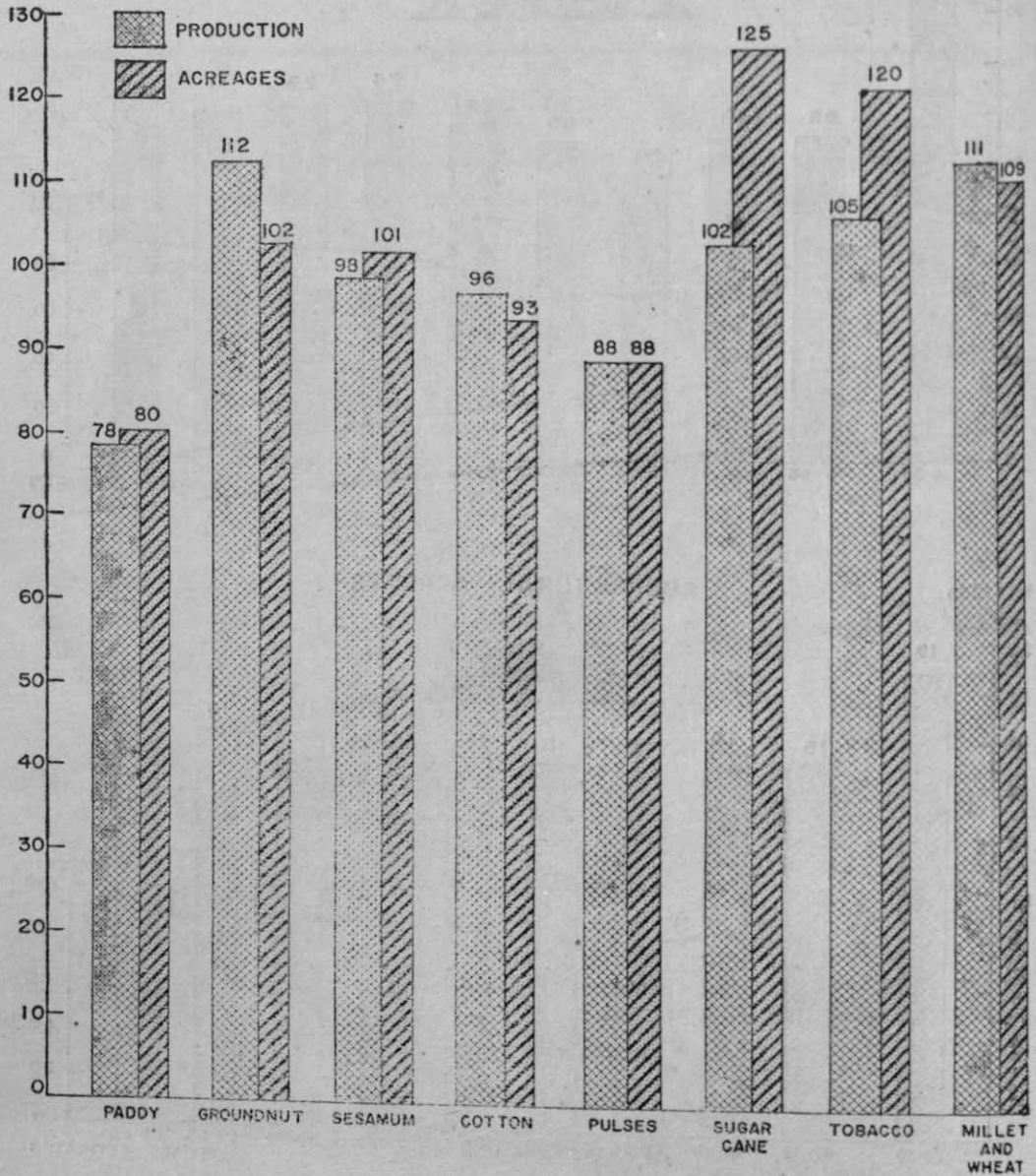


CHART NO. 5

ACREAGE AND PRODUCTION OF PADDY IN 1955-56 WILL INCREASE SLIGHTLY

PRE-WAR AVERAGE { 1936-37
1940-41 } = 100

AS PERCENTAGE OF PRE-WAR AVERAGES



A large increase in the sown acreage of sugarcane may however be expected for 1956 in anticipation of the completion of the Pynmana Sugar Factory and Namti Sugar Factory during this year.

Jute.—The quantity of jute that the Agricultural and Rural Development Corporation succeeded in purchasing turned out to be considerably less than the estimated amount, due partly to the fact that the original estimate of planted area, based to a large extent on the amount of loans issued was optimistic and partly to floods, insufficient water for retting, inexperience of some of the cultivators, larger purchase of jute fibre by local cottage industries, and a very high standard fixed by the Agricultural and Rural Development Corporation purchasing agents resulting in rejection of some lower quality fibres which later were found usable in gunny manufacture. Up to the end of 1955 the Agricultural and Rural Development Corporation had purchased only about 1,000 tons of raw jute as against the requirements of the Thamaing Jute Factory by 1956-57 to the order of about 7,500 tons.

In order to expedite raw jute production so that by 1959-60 the target of 150,000 acres under jute will be achieved, the Agricultural and Rural Development Corporation has been revising its implementation programme whereby three subsidiary projects will be launched by the end of 1956.

Tobacco.—The production of all types of tobacco in 1955-56 remained more or less at the previous year's level. With regard to Virginia tobacco, however, the Agricultural and Rural Development Corporation was able to produce 880 tons of cigarette tobacco in 1955-56, the third year of implementation of the Five-Year Plantation Scheme, as against 560 tons for 1954-55. However cigarette production had suffered a setback with the rise in taxes on cigarettes in 1955. Under the Five-Year Plantation Scheme the country will be self-sufficient in Virginia tobacco by 1958-59.

Onions.—The area under onions recorded a post-war high of 36,000 acres in 1954-55. In order to provide a stable market for onion cultivators, the Agricultural and Rural Development Corporation opened a purchasing point on an experimental scale at Meiktila to buy onions at K 50 per 100 viss. The Agricultural and Rural Development Corporation also intends to open up similar purchase points in other major producing areas.

Pulses.—Increased domestic consumption and stepping up of exports led to the production of pulses to an estimated post-war peak of 221,000 tons in 1955-56 as against 198,000 tons for 1954-55.

Others.—Slight gains were registered in the production of millet, wheat, tea, coffee, rubber and chillies.

Plough Cattle.—Revised figures for 1955 indicate that the rate of increase of plough cattle had somewhat slowed down. This was predominantly due to a higher mortality rate arising from various cattle diseases. The Veterinary Department has been making every effort to bring down the mortality rate and it is expected that a larger increase in the number of plough cattle will be registered in 1956. The number of plough cattle in 1956 is estimated at about 94 percent of pre-war compared with 92 percent in 1955.

Table 10.—NUMBER OF PLOUGH CATTLE RECORDED IN MARCH COUNTS
(In Thousands)

	36-37 to 40 41 Average	1953	1954	1955	1956
Oxen: bulls and bullocks ...	2,794	2,530	2,604	2,626	2,670
Buffaloes: bulls, bullocks and cows	760	596	625	638	660
Total ...	3,554	3,126	3,229	3,264	3,330
Percentage of prewar average ...	100	88	91	92	94

2. FORESTRY

The estimated production of teak in 1955-56, as measured by the Forest Department at revenue collection stations, increased by 42,000 cubic tons or 34 percent over the last year. The production of non-teak timber, which exceeded the pre-war level beginning in 1953-54 but had been declining since then, is estimated to decrease further in 1955-56 by nearly 3 percent. However, non-teak timber production will still be 8 percent above that of pre-war. The estimated total production of timber, therefore, increased only by about 4 percent in 1955-56. Substantial increases are expected by the Forest Department in the coming year especially in the production of teak.

Table 11.—PRODUCTION OF TIMBER
(In cubic tons)

Type of Wood	36-37 to 39-40 Average	1951-52	1952-53	1953-54	1954-55	1955-56 ^a	1956 57 ^a
Teak ...	453,481	141,295	132,673	109,843	123,864	166,001	207,686
State Timber							
Board ...	...	78,200	60,359	78,110	96,240	124,153	143,359
Private and Others ^b ...	453,481	63,095	72,314	31,733	27,624	41,848	64,327
Total non-teak	501,866	348,520	377,276	571,335	558,879	543,929	559,699
<i>In-Kanyin</i> ...	176,712	181,184	138,563	232,592	244,815	269,004	n.a.
<i>Pyinkado</i> ...	117,823	43,575	67,115	115,082	113,265	96,247	"
<i>Thilya-Ingysin</i>	24,574	17,089	29,702	33,919	45,361	32,540	"
<i>Padauk</i> ...	6,714	11,104	11,637	13,825	14,904	13,208	"
<i>Pyinma</i> ...	7,437	1,820	2,444	5,986	4,056	5,582	"
Matchwood							
Other Timber	168,606	93,748	7,388	13,166	8,425	7,704	"
			120,427	156,765	128,053	119,644	"
Grand Total ...	955,347	489,815	509,951	681,178	682,743	709,930	767,385

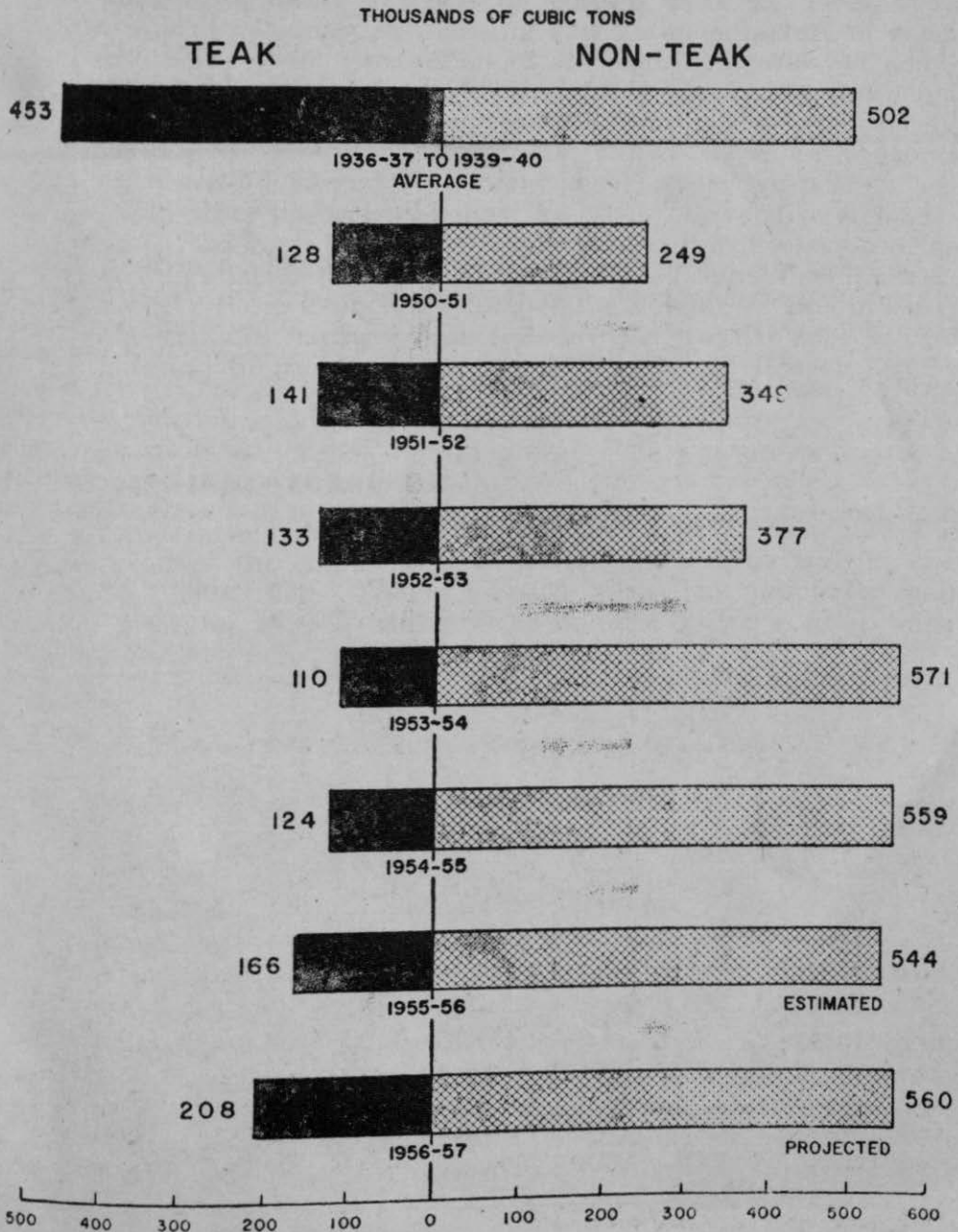
^a Estimates based on anticipated royalties.

^b Includes small amounts extracted by the Forest Department.

n.a.—Not available.

PRODUCTION OF TIMBER

TEAK PRODUCTION IS BELOW PRE-WAR
BUT NON-TEAK IS HIGHER THAN PRE-WAR



Cubic tonnage of trees felled exceeded anticipation by 20 percent in 1955-56. However, arrivals at main river depôts and milling stations fell short of expectation. Available actual figures were even below the corresponding figures for 1954-55. It is expected that with this backlog, there will be a very large increase in the arrivals at main river depôts and milling stations during the coming year.

Table 13.—STATE TIMBER BOARD TEAK GIRDLING AND FELLING OPERATIONS
(Number of trees)

Season June—May	Standing girdled at start	Girdled during season	Felled during season	Standing girdled at end
1950-51	... 719,147	17,136	44,290	691,993
1951-52	... 691,993	28,573	34,444	686,122
1952-53	... 686,122	30,460	47,039	669,543
1953-54	... 669,543	33,595	38,596	664,542
1954-55	... 664,542	44,272 ^a	63,597	645,217
1955-56	... 645,217	211,000	88,958 ^b	778,259
1956-57 (Estimates)	778,250	222,000	100,000	889,250

^a Excluding 4 agencies.

^b Up to March only.

There has been a declining trend in the number of trees standing girdled at the end of the season. Trees felled during the season have also been in excess of the trees girdled, but it is expected that both these trends will be reversed during 1955-56. (See Table 13). The Board will continue its girdling programme with a girdling limit of 300,000 trees per year.

Girdling operations were stepped up tremendously during 1955-56 to halt the depletion of the existing stock of standing girdled trees as pointed out in the Economic Survey of 1955. The number of trees felled also increased by 40 percent as indicated by actual trees felled during the first 10 months.

Construction of No. 4 State Saw Mill with a rated input capacity of 35,000 tons was completed during the year under review. Steel Brothers' Mill with a rated input capacity of 46,000 tons also started operation in January 1956 as a state-owned mill, with the result that the annual input capacity of the six mills increased to 179,000 tons as compared with 98,000 tons last year. A new mill of 30,000 tons annual capacity is under construction at Moulmein and is scheduled to operate at the end of 1955-56.

As a result of added milling capacity, the outturn during 12 months ending March 1956 reached 47,643 cubic tons as compared with 38,250 cubic tons during the preceding 12-month period. With the operation of the new mill at Moulmein, the total input capacity will be further increased. However, this will be matched by increased arrivals of timber at milling stations. (Table 12.)

3. MINERALS

Petroleum.—The production of petroleum and the development of the oilfields have continued to make steady progress. It is estimated that crude oil production for 1955-56 will be about 60 million gallons which is an increase of 11 percent over the previous year. In anticipation of additional oil being required for the new Syriam Refinery, drilling has been stepped up and the oilfields are now in a position to supply the 95 million gallons of crude oil per year which will be required when both Chauk and Syriam refineries are in operation.

Table 14.—PRODUCTION OF PETROLEUM

(In thousands of gallons)

Period	Crude Oil	Motor Spirit	Kerosene	Other Fuel Oil
1952-53	31,898	6,454	11,146	6,818
1953-54	44,287	10,006	13,944	8,075
1954-55	53,238	10,967	14,343	9,036
1955-56 (First Half)	29,447	8,483	5,585	4,719

Petroleum Refining.—The Chauk Refinery continued to operate satisfactorily. Although domestic output of motor spirit, kerosene and other fuel oil in relation to total consumption appeared to have dropped slightly, output actually increased.

Table 15.—FUEL OIL REQUIREMENTS

(In thousands of Gallons)

	Motor Spirit			Kerosene			Other fuel oil		
	1953	1954	1955	1953	1954	1955	1953	1954	1955
Domestic output ...	8,020	10,575	10,989	12,094	14,606	15,013	7,233	8,339	9,416
Import for consumption ...	18,812	21,856	23,102	6,689	4,945	5,585	8,795	6,972	8,669
Total Consumption	26,832	32,431	34,091	18,783	19,551	20,598	16,028	15,311	18,085
Domestic output as percent of total ...	30	33	32	64	75	73	45	54	52

Paraffin Wax.—The production of paraffin wax in 1955 was about 8,295 tons registering a substantial increase of 33 percent over the preceding year. The export of wax was about 3,474 tons leaving 4,821 tons for local use.

Table 16. —MINERAL EXPORTS

Minerals	Unit	1939-40	1952-53	1953-54	1954-55	First Half	
						1954-55	1955-56
Tin	... Ton	3'8	1'5	1'2	1'0	0'5	0'7
Tungsten	... „	12'1	2'1	1'4	1'1	0'6	0'7
Mixed Tin and Tungsten	... „	0'6	...	...	1'2	0'4	0'3
Lead	... „	79'6	6'8	11'6	15'1	5'9	8'6
Zinc	... „	34'5	14'0	30'5	39'4	18'8	22'4
Wax	... „	86'2	...	1'0	4'0	2'2	0'6
Others ^a	... „	9'5	10'4	6'3	2'5	2'1	0'8
Sub-total	... „	226'3	34'8	52'0	64'4	30'5	34'1
Silver	... S. oz.	6,194'0	426'3	787'3	122'4	122'4	702'2
Jade	... T. lb.	62'2	2'0	56'1	143'0	28'0	0'5

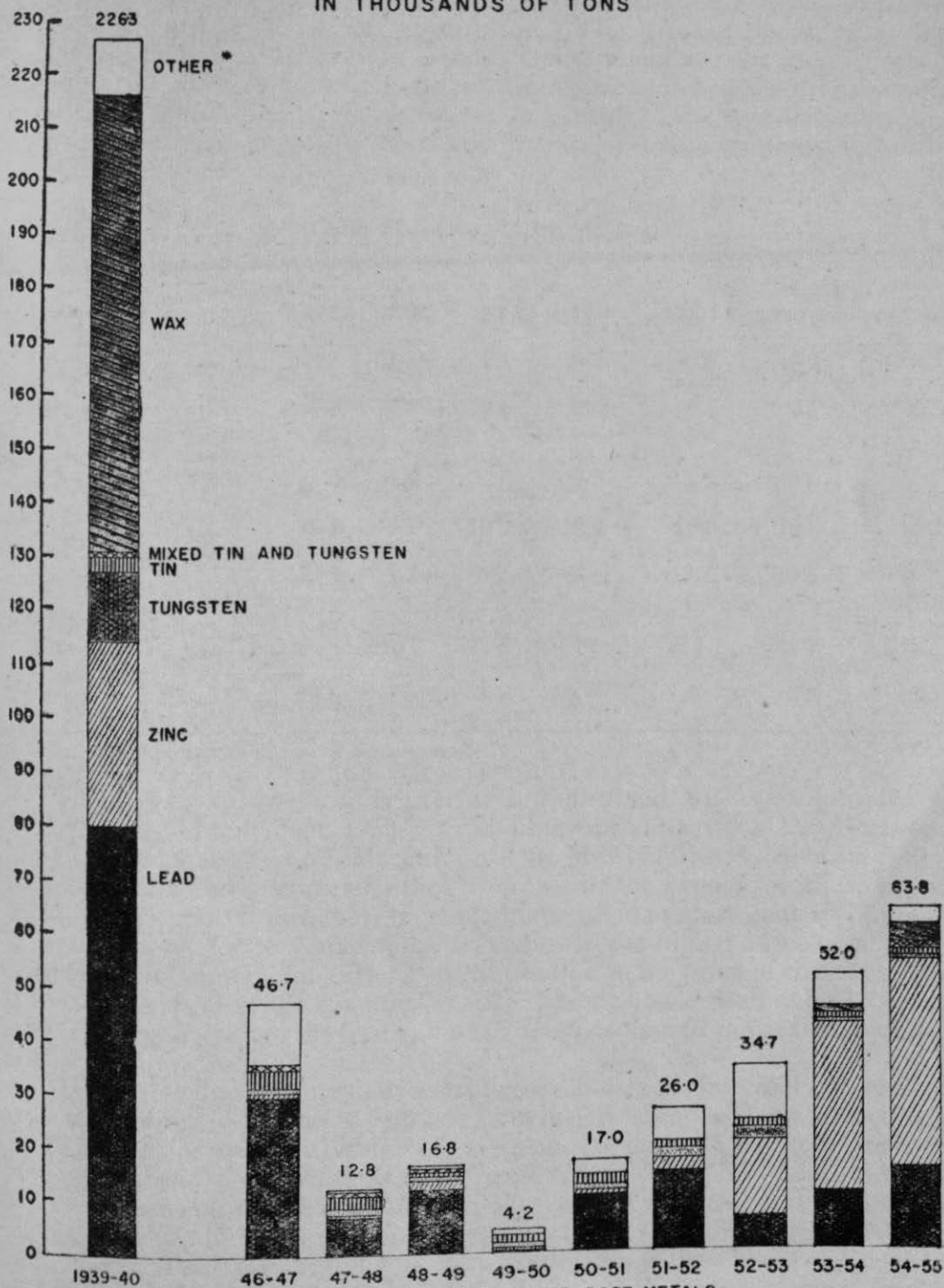
Minerals	1939-40	1952-53	1953-54	1954-55	First Half	
					1954-55	1955-56
Tin	... 7'9	11'3	6'9	5'6	3'1	4'4
Tungsten	... 23'8	31'2	10'4	10'7	5'4	8'4
Mixed Tin and Tungsten	... 0'2	...	...	10'6	3'2	3'0
Lead	... 25'7	6'5	12'4	19'4	7'2	11'6
Zinc	... 1'5	2'6	4'5	9'0	4'0	6'8
Wax	... 24'8	...	0'9	3'9	1'7	0'4
Others ^a	... 3'0	9'0	2'1	1'6	1'3	0'9
Sub-total	... 86'9	60'6	37'2	60'9	25'9	35'5
Silver	... 7'1	1'7	3'2	0'5	0'5	3'0
Jade	... 0'1	0'1	0'2	0'7	0'2	0'1
Total	... 94'1	62'4	40'6	62'1	26'6	38'6

^a Includes copper, nickel, manganese and other base metals, n.e.s.

N.B.—Export of mixed tin and tungsten recorded separately since January 1955.

CHART NO. 7
QUANTITY OF MINERAL EXPORTS

IN THOUSANDS OF TONS



* INCLUDES COPPER, NICKEL, MANGANESE AND OTHER BASE METALS

The extraction of minerals showed a slight improvement in 1954-55 over 1953-54 except in building and road materials, although it was still much below the pre-war level of production. The improvement was seen in the production of lead and zinc. Government's concerted efforts at improvement of security conditions in mining areas and also at rehabilitation of the mines which had been laid waste as a result of the war and subsequent insurrections have begun to show results and provide grounds for future improvements.

Table 17.—OUTPUT OF MINERALS

(In thousands of tons)

Minerals	1939	1952	1953	1953-54	1954-55	First Half	
						1954-55	1955-56
Tin ...	5.4	1.3	1.1	0.8	0.8	0.3	0.3
Tungsten ...	4.3	0.8	0.8	0.5	0.5	0.3	0.3
Mixed Tin and Tungsten ...	5.6	2.0	2.0	1.3	1.5	0.6	0.9
Lead ...	77.1	9.1	10.1	19.4	28.0	12.8	16.2
Zinc ...	59.3	4.3	6.3	9.8	13.7	5.9	6.7
Building and Road Materials ...	2564.4	410.9	598.5	384.6	375.4	217.7	115.5
Others ^a ...	37.1	7.0	9.5	6.4	4.4	2.8	3.3

^a Includes copper, nickel, iron and manganese.

There was an increase in production of mixed tin and tungsten in 1954-55 by 200 tons over 1953-54, the chief producers of these minerals being the Yadanabon Mine, Mergui, and the Mawchi Mines (Southern Shan State). There was a corresponding increase in the export of these metals. The value of exports, however, increased more than proportionately—by about K 5 millions or 23 percent. This was due to the higher price obtained for tungsten which more than offset a slight decline in the price of tin. A similar increase in respect of the quantity exported as well as in the price of the same metals was registered in the first half of 1955-56 compared to the corresponding half of the previous year.

The unit value of tungsten, a strategic metal, rose by nearly 30 percent from K 7,429 in 1953-54 to K 9,636 per ton in 1954-55. It rose still further to K 12,000 per ton in the first half of 1955-56. This trend might however be reversed in the near future as the output of the huge Australian tungsten mines has been coming on the market in increasing quantities and as China has indicated her willingness to resume export of this strategic metal to Western consumers. The unit value of tin, on the other hand, dropped from K 5,938 to K 5,620 per ton from 1953-54 to 1954-55, as a result of the diminished demand due to development of substitutes for this metal.

The increase in the production of lead and zinc in 1954-55 by about 3,900 tons of zinc over 1953-54 is to a large extent due to higher output of the Bawdwin Mines. The Lough Keng Zinc Mine also contributed to the expanded production in 1954-55. Lead production in 1954-55 increased by 8,600 tons over the previous year reaching 36 percent of the pre-war level of production. There was an increase of 9,000 tons of zinc exports in 1954-55 over 1953-54. It may be noted here that zinc exports in the post-war years have been in excess of production since the zinc stocks left over from pre-war days were being gradually disposed of. The unit value of zinc also rose from K 148 per ton in 1953-54 to K 229 per ton in 1954-55. The rising trend continued in the first half of 1955-56. Lead exports increased by 3,000 tons in 1954-55 over the previous year. There was a corresponding increase of K 7 millions in value over the same period, the unit value of lead rising from K 1,069 to K 1,285 per ton.

The output of "other minerals" which include iron, copper, nickel and manganese declined in 1954-55 by 2,000 tons from 1953-54. This was largely accounted for by a drastic decline in the production of manganese from 5,303 tons in 1953-54 to 708 tons in 1954-55 which was only partially offset by an equally remarkable rise in the production of other metals in this group from 1,000 tons in 1953-54 to 3,700 tons in 1954-55. The manganese mines have since been closed down due to exhaustion of the mine and there has been no output or export of this mineral.

The export of wax which was resumed in 1953-54 at a level of 1,000 tons, rose to 4,000 tons in 1954-55. In the first half of 1955-56, on the other hand, the export of wax was only 600 tons to the value of K 4 lakhs as against 2,200 tons to the value of K 1.7 millions in the corresponding half of the previous year. Measures to avoid delay in the export of wax have been taken and it is hoped that a larger proportion will be exported in the near future.

There has been a decline since 1953-54 in the production of building and road materials. Production of these declined by 2 percent from 1953-54 to 1954-55.

4. INDUSTRY

Industrial production on the basis of available information appears to have increased slightly on the whole during 1955-56. Measures to promote industry were taken by the Government such as an adequate provision of machinery and industrial raw materials in spite of restrictions on other foreign exchange expenditures, and preparatory steps to supply machinery to private enterprise on hire purchase basis. Aided by these measures and also by expanded rice exports and timber outturn, industrial activities in the private sector may be expected to rise during 1955-56.

a. *Cement.*—The steady increase in the production of cement by the factory at Thayetmyo continued in 1954-55 bringing the total output in that year to 58,000 tons. A decline in production was however noticed in the first half of 1955-56, operations at the factory having to stop often due to

congestion of stock in the factory godown. With the arrival of cement imports in substantial quantities in the meantime, a further decline in the production at Thayetmyo factory may be expected.

Table 18.—CEMENT PRODUCTION

		(In tons)		
<i>Year</i>		<i>First Half</i>	<i>Second Half</i>	<i>Total</i>
1951-52	...	24,706	11,255	35,961
1952-53	...	27,133	17,449	44,582
1953-54	...	25,658	28,252	53,910
1954-55	...	28,650	29,699	58,349
1955-56	...	26,994	...	...

b. *Sugar*.—Since the post-war peak production of sugar of 21,000 tons in 1953-54 there has been a decline to a level of over 16,000 tons in 1954-55. However, production has risen to about 14,000 tons in the first half of 1955-56 from about 13,000 tons in the corresponding half of the previous year. With the recovery in the sown acreage in sugar-cane by 1955-56 and the addition of two sugar factories at Namti and Pynmana, increased production of sugar is expected in the coming year.

Table 19 —SUGAR PRODUCTION

		(In tons)		
<i>Year</i>		<i>First Half</i>	<i>Second Half</i>	<i>Total</i>
1951-52	...	12,319	1,551	13,870
1952-53	...	11,643	9,455	21,098
1953-54	...	13,020	8,443	21,463
1954-55	...	13,460	3,052	16,512
1955-56	...	14,360	...	...

c. *Cotton Yarn*.—Cotton yarn production at the Government Spinning and Weaving Factory at Thamaing registered a decline in 1954-55 which is likely to persist during 1955-56. Main reasons for the decline are the use of inferior quality of raw cotton and production of a higher count yarn by the factory, the former due to the substitution since 1953-54 of shorter staple local cotton. This however is estimated to have saved about K 5 millions of foreign exchange. Furthermore the value per lb. of the product has increased on account of the quality shift.

Table 20.—COTTON YARN PRODUCTION

(In thousands of lbs)

Year		First Half	Second Half	Total
1951-52	...	935	928	1,863
1952-53	...	1,259	1,581	2,840
1953-54	...	1,906	2,069	3,975
1954-55	...	1,664	1,545	3,209
1955-56	...	1,533	...	...

d. *Cigarettes*.—Production of cigarettes in 1954-55 rose to 366 million pieces which however, is only 28 percent of the rated capacity of existing cigarette factories. In the first half of 1955-56 however, production declined by 40 percent due to contraction of market demand resulting from a rise in prices which accompanied a raising of the Excise duty from K 1 to K 5 per 100 pieces in October 1955.

Table 21.—CIGARETTE PRODUCTION

(In Thousands)

Year		First Half	Second Half	Total
1951-52	...	32,215	21,657	53,872
1952-53	...	22,321	24,594	46,915
1953-54	...	129,228	155,227	284,455
1954-55	...	175,126	190,716	365,842
1955-56	...	104,988	...	...

e. *Brine Salt*—The rising price of salt during 1953-54 favoured the expansion of the salt industry and production reached 100,000 tons in 1954-55, a level in excess of domestic requirements. The resulting fall in the price checked further expansion and brought about instead a contraction in production during the first half of 1955-56.

Table 22.—BRINE SALT PRODUCTION

Year	(In tons)		
	First Half	Second Half	Total
1951-52	23,428	28,161	51,589
1952-53	22,462	41,876	64,338
1953-54	29,755	50,724	80,479
1954-55	45,698	54,097	99,795
1955-56	35,315	...	...

In the meantime however, the Government is planning an expansion and improvement in the production of salt with a view to creating an exportable surplus. The use of solar vacuum method is being experimented with and if introduced, will lower the cost of production by eliminating the use of fuel. Arrangements have been made to erect one salt pilot plant in Bassein district and another in Amherst district for demonstration and training purposes.

f. *Saw Milling*.—Milling activities at sawmills in 1954-55 indicate a rise of 9 percent over the preceding year, the outturn rising from 412,000 tons to 452,000 tons. The outturn in 1955-56 is also expected to rise as timber production in this year is estimated to increase by 4 percent. (See Table 11).

g. *Umbrellas* (excluding parasols)

	1938-39	1953	1954	1955
Import of Umbrellas (Units)	126,348	36,463	50,890	147
Import of Umbrella fittings K (000)	199	1,656	2,681	2,652

The lower level of imports of umbrellas compared to pre-war and the declining trend together with increasing imports of umbrella fittings suggest growing self-sufficiency in this article. Local production in 1954-55 was about 1,853,000 and is likely to remain at the same level in 1955-56 in view of the same level of imports of umbrella fittings in 1954 and 1955.

h. *Cotton Vests* (Hosiery)

	1938-39	1953	1954	1955
Import of knitted under-wear (dozens)	233,201	125,884	20,713	561

Production of cotton vests in Burma is estimated to have reached a level of 1,386,000 dozens in 1954-55 as against 262,651 dozens in 1938-39. The rapidly declining trend in the import of knitted underwear in the past few years indicates the attainment of self-sufficiency in this commodity.

5. POWER

The following discussion is divided into two parts, *viz.*, one, the rest of Burma excluding Rangoon and two, the Rangoon Area.

Table 23 (A) shows the progress of diesel electrification in the towns and villages outside of Rangoon.

Table 23.—POWER CONSUMPTION

A.—Power consumption in the Rest of Burma^a

(Units in Millions.)

Fiscal Year	The total number of towns and villages electrified at the end of each year		Plant Capacity K.W.	Units Generated	Units Sold			
	Towns	Villages			Public Lighting	Domestic Usage and Power	Total	
1947-48	...	10	...	5094	4'30	0'43	2'28	2'71
1948-49	...	11	...	5356	4'50	0'45	2'42	2'87
1949-50	...	13	...	5790	4'56	0'49	2'61	3'10
1950-51	...	17	...	6420	4'62	0'54	2'88	3'42
1951-52	...	26	...	8093	6'25	0'59	3'11	3'70
1952-53	...	31	...	8693	7'35	0'83	4'35	5'18
1953-54	...	80	...	11706	9'90	0'84	5'04	5'88
1954-55	...	173	38	17750	12'87	1'47	8'83	10'30
1955-56 ^b	...	254	200	40047	30'00	3'25	22'75	26'00
Percentage increase of 1955-1956 over 1954-1955	...	47	426	126	132	120	156	152
Average percentage yearly increase over the whole period	...	57	...	34	32	33'7	39'90	39'1

^a Other than Rangoon.

^b Provisional.

NOTE.—Plant capacities are based on existing station capacities as re-arranged.

It will be seen that the rate of growth, in terms of the number of towns enjoying a supply of electricity between the years 1947-48 and 1950-51 was about two a year. With the formation of the Electricity Supply Board in 1951 the rate has picked up very rapidly. Between 1951-52 and 1954-55 this

rate has increased to about 37 towns a year or 18 times the rate for the first period. In terms of installed capacity and the number of units generated, provisional data for 1955-56 show that during this year, electricity supply will increase by about seven times over that of 1947-48. The most significant phenomena in the history of the period is that electricity reached the village in 1954-55.

With the increase in the installed capacity and the number of new towns electrified considerable progress is seen in the transmission and distribution facilities since last year. Besides 1,000 miles of 400 volts distribution lines already constructed in 232 towns, 462 miles of 33 KV transmission lines, 312 miles of 11 KV H.T. lines and 112 miles of 400 volts rural distribution lines have been completed by May 1956. The Electricity Supply Board expects to complete a total 544 miles of 11 KV H.T. lines and 530 miles of both town and rural 400 volts distribution lines by the end of 1956.

Besides the total diesel plant capacity of 47,547 KW planned to be installed by 1960, 84,000 KW from the Baluchaung Hydro-Electric station is scheduled to be put into commission during the year 1958-59 and this will make the total installed generating capacity under Electricity Supply Board to 131, 547 KW which is estimated to generate 270 million units during 1959-60.

For Rangoon City and Suburban Area statistics made available by the Rangoon Electricity Supply Board indicate a steady increase in electricity consumption over the past five years as shown in Table 23.

Total electricity consumption in Rangoon City Area during the first five months of 1956 averaged 5.3 million KWH per month compared with the monthly averages of

2.3	million	KWH	in	1951
2.8	"	"	"	1952
3.5	"	"	"	1953
4.0	"	"	"	1954
4.6	"	"	"	1955.

Total electricity consumption in Rangoon City Area more than doubled between the years 1951 and early 1956. This was also true of most categories under which electricity consumption can be classified such as for lighting and fans only or what is normally known as domestic usage, for commercial usage where electricity is used in large offices, institutions, colleges, hospitals, etc., for industrial usage where electricity is used primarily as motor power as in all industrial cases. It is also noteworthy that consumption under the classification of power which denotes small power required for use in small industries or cottage industries increased by $2\frac{1}{2}$ times during the same period. This increase is accounted for mainly by increased demands in light industries and by electrical appliances such as refrigerators, air-conditioners, etc.

B.—Power consumption in Rangoon City Area

(Monthly Averages in Thousand KWH)

Year	Total	Lighting	All purpose Bulk	Power	Bulk Power	Depart- mental Use
1951 ...	2,340	795	478	338	713	16
1952 ...	2,911	1,006	617	378	875	35
1953 ...	3,564	1,188	767	566	1,009	34
1954 ...	4,063	1,346	867	719	1,090	41
1955 ...	4,620	1,558 ^a	976 ^a	824 ^a	1,218 ^a	44
1956 ^{a, b} ...	5,258 ^b	1,761	1,099	931	1,409	58
Percentage Increase 1954 to 1955 ...	13·70	15·75	12·57	14·60	11·74	7·31
Average rate of increase 1951 to 1954 ...	20·89	19·30	22·14	28·82	15·35	156·25

^a Provisional.^b January—May.

Source : Rangoon Electricity Supply Board.

The increase in power consumption between 1954 and 1955 was at a somewhat lower rate of 13·7 percent as against an average rate of increase of 20·89 percent between the years 1951 and 1954.

The installed capacity of the Rangoon Electricity Supply Board as of April 1956 is about 29,000 KW with its firm capacity estimated at 19,000 KW. The maximum peak load developed during the first five months of 1956 was in April 1956 when a record demand of 18,040 KW was registered. (This is 3,040 KW in excess of the maximum peak load developed during the first five months in 1955 which was 15,000 KW.) In each year the real peak load demands are normally registered during the Thadingyut and Tazaungdaing Festivals. The following are the figures for such peak load demands registered in Rangoon City and Suburban Areas :—

				KW
1953	October	Thadingyut	...	14,200
1954	October	Thadingyut	...	16,300
1955	October	Thadingyut	...	18,000

CHART NO 8

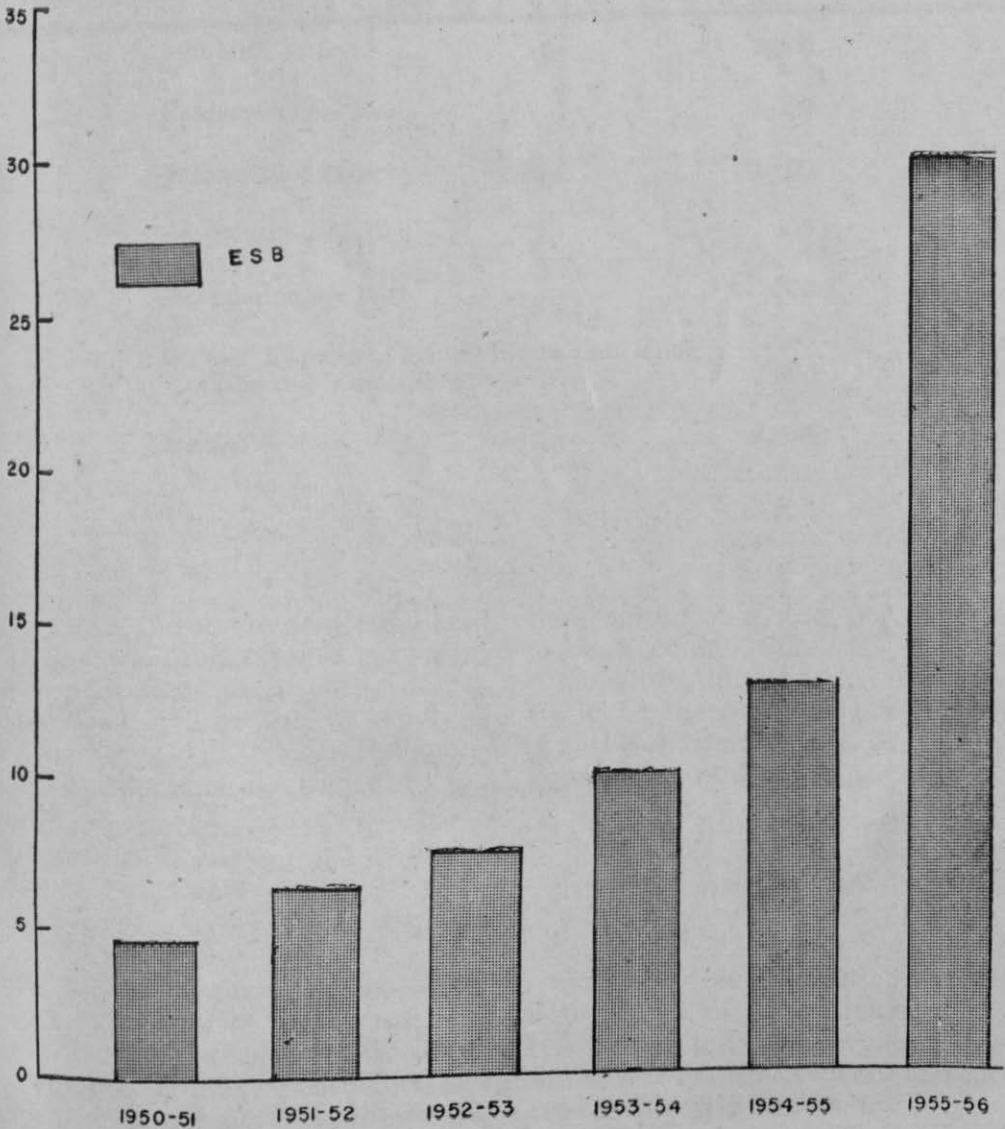
ELECTRICITY SUPPLY IN BURMA

ELECTRICITY SUPPLY BY ESB

INCREASED MORE THAN FIVE-FOLD

BETWEEN 1950-51 AND 1955-56

IN
MILLIONS
OF
K.W.H.



ELECTRICITY SUPPLY IN SWEDEN

CHART NO. 2



Source: Swedish Energy Agency, 1990

In May 1956, the total number of individual consumers was approximately 42,000 as compared with 36,000 in May 1955. The total number of connections made, that is, meters in service, amounted to nearly 48,000 in May 1956, whereas in May 1955 there were 43,000 meters in service. About 175 new connections are being added on each week in 1956 which is 84.2 percent above that of the corresponding period in the preceding year.

The load demand forecast by the Rangoon Electricity Supply Board by June 1957, in addition to the present load of 18,000 KW is as follows:—

				KW
Jute Mill	...	...	...	2,000
Pharmaceutical Plant		...	...	1,000
Transmitting Station		...	...	1,800
Broadcasting Station		...	...	500
Mingaladon Air Port		...	...	700
Normal increase in load owing to completion of housing installations		...	...	2,000
Steel Mill	...	...	...	8,500
			Total	16,500

To meet the abovementioned load, construction of a new power station at Ywama is in progress and is expected to be in commission early 1957. It is also understood that with increasing demands, the Rangoon Electricity Supply Board will be able to supply electricity at cheaper tariff thus enabling light and heavy industries in Rangoon City and Suburban Areas to consume greater quantities of electricity at a more economical rate.

6. INLAND TRANSPORTATION

1. *Freight Transportation.*—1955-56 saw the continuation of the expansionary trend in the transportation activities of the nation's principal carriers though at a relatively lower rate. Although the total ton-miles hauled by the Burma Railways Board and the Inland Water Transport Board registered further substantial increases they were considerably smaller than the increases of the preceding years. The increase in air freight was slight and the ton-miles flown was still 25 percent below the peak reached in 1953-54.

Table 24.—FREIGHT TRAFFIC OF THE PRINCIPAL CARRIERS

(Millions of ton-miles)

Year	Burma Railways Board	Inland Water Transport Board	Union of Burma Airways Board
1938-39	...	698	n.a. ...
1947-48	...	383	62 ...
1950-51	...	123	134 1'0
1951-52	...	180	130 0'9
1952-53	...	260	124 1'1
1953-54	...	323	132 1'2
1954-55	...	386	140 0'8
1955-56	...	^a 416	^b 144 0'9

^a Estimates by Central Statistical and Economics Department based on six months actuals.
^b Estimates by UBA.
 n.a. = Not available.

The rapid recovery in the Burma Railways freight traffic since 1950-51 seems to have been halted in 1955-56. The estimated ton-miles hauled by the railways increased by 30 millions or about 8 percent over the preceding year compared to 20 percent and 24 percent in 1954-55 and 1953-54 respectively. The main reason for the decline in the rate of growth was the railway's inability to cope with the increased traffic offering due chiefly to shortage of operative locomotives rather than to shortage of wagons which are being increased annually. However it is also likely that very soon there will be a levelling off in the freight traffic as recovery catches up with the level of traffic demand. Future increases in freight traffic will follow the trend in production unlike those of the past which reflected the rate of recovery of railroads.

The decline in the rate of growth is also substantial in respect of the Inland Water Transport Board. The ton-miles of the Inland Water Transport Board which increased by 8 millions each in the last two years showed only an increase of 4 millions this year. Although 50 "S" class vessels were completed and put into service in 1955-56 they did not increase cargo freight since they were chiefly meant for passengers.

The Union of Burma Airways Board showed a slight improvement despite the reduction in the fleet. The Board lost three aircraft due to accidents late in 1954-55 and in 1955-56 and these have not yet been replaced. Unless more pilots are engaged and additional aircraft are obtained and put into service to replace these, no significant increases in the volume of traffic can be expected.

2. *Passenger Transportation.*—The trends in the passenger traffic of the three carriers are indicated below in Table 25.

Table 25.—PASSENGER TRAFFIC OF THE PRINCIPAL CARRIERS

Year	Millions of passengers		Millions of passenger-
	Burma Railways Board	Inland Water Transport Board	miles Union of Burma Airways Board
1938-39	...	18.9	8.0
1947-48	...	10.2	0.9
1950-51	...	9.7	2.5
1951-52	...	11.7	3.1
1952-53	...	15.3	3.2
1953-54	...	17.2	3.3
1954-55	...	21.9	3.6
1955-56	...	^a 24.5	^a 4.2
			^b 26.6

^a Estimates by C. E. D. based on six months actuals.

^b Estimates by U. B. A.

As can be seen from the above table the number of passengers carried by the two most important carriers, the Railways and the Inland Water Transport Board, registered further increases in 1955-56 over the preceding year. The Union of Burma Airways Board did not, however, share the increase for obvious reasons. It is also interesting to note that passenger traffic of the two major carriers namely the Railways and the Inland Water Transport Board has been increasing steadily since 1950-51, whereas the Union of Burma Airways Board reached its peak activities in 1950-51.

The pre-war level of passenger traffic of the Burma Railways has been surpassed since 1954-55, and in 1955-56 it is estimated to be nearly 30 percent above pre-war while in freight traffic it is still only 60 percent of pre-war. However it must be remembered that it is passenger-miles rather than the number of passengers that reflect the true magnitude of the passenger traffic. The present rapid increase in the number of passengers is to a large extent due to rapid expansion in suburban railway services consequent upon increased urbanization.

In the case of the Inland Water Transport Board, however, the number of passengers is still 50 percent of pre-war. During the year under survey the estimated increase in passenger traffic, unlike freight traffic where the rate of increase fell off, was nearly 17 percent, the highest attained since 1951-52. This is due to the operation of additional 50 "S" class passenger vessels.

The gradual recovery in the passenger traffic of the Union of Burma Airways Board from the abrupt decline experienced in 1951-52 again received a mild setback in the year under review. Compared to the considerable loss in the number of fleet in the latter part of last year, however, the decrease in the passenger traffic was negligible. This is mainly due to the alleviation of the difficulties in engine maintenance and aircraft repairs indicated in the Economic Survey of 1955. Nevertheless, substantial increases in passenger traffic in future could not reasonably be expected from this improvement alone.

Table 26.—RAILWAY FREIGHT LOADINGS BY CATEGORY

(In Thousands of tons)

Categories				Percentage
	52-53	53-54	54-55	change over 53-54
Products of Agriculture ...	895	840	974	+15.9
Products of Mines ...	166	267	269	+0.7
Products of Sea ...	30	35	36	+2.9
Products of Forest ...	230	314	298	-5.1
Products of Animal Farming ...	11	11	11	...
Military goods ...	31	40	47	+17.5
Miscellaneous products ...	186	274	309	+12.7
Total ...	<u>1,549</u>	<u>1,781</u>	<u>1,944</u>	<u>+9.2</u>

D. FOREIGN TRADE AND EXCHANGE

1. *Foreign Trade.*—Adjustments made to the import and export trade of Burma in the beginning of 1955 continued throughout the rest of the year into 1956. Despite the severe restrictions on imports imposed in March 1955, total imports for 1954-55 were only 5 percent below the 1953-54 level. This was due to the higher level of capital goods to the value of about K 37 millions or 16 percent over that of 1953-54 on account of commitments made before the tightening of import restrictions. Imports of consumer goods showed a fall of approximately 11 percent only below that of 1953-54, again due to commitments made before the restrictions.

2. *Imports.*—Imports for private use were programmed with a view towards conserving foreign exchange while at the same time assuring a continued flow of necessary imports. The import programme for 1955-56 was determined at a level of K 768 millions for consumer goods. Import of non-essential commodities was banned while tight restrictions were imposed on less essential goods. Import of highly essential items of food, textiles and building materials was kept under the control of the Civil Supplies Management Board, while distribution was made through the co-operatives and authorized dealers. Licences for imports of raw materials were issued on the recommendations of the Directorate of Industries. Much encouragement was given to Burmese importers, especially limited companies by issuing licences according to the importers' paid up capital. The value of licences issued amounts to six times the paid up capital for Public Limited Companies, three times for Private Limited Companies, and twice the paid up capital for private firms. Licences for imports from barter countries were until recently allocated countrywise. To ensure full utilization of the available credits, it was later changed to the system of allocating for the barter area as a whole.

Imports during the first half of 1955-56 were about K 415 millions, about 17 percent lower than the corresponding pre-restriction period of 1954-55. The shortfall in consumer goods was greater, about 26 percent. Food items showed a drop of 30 percent while textile imports fell by 47 percent. The unavoidable delay in the issue of import licences this year and the lag in arrival of imports from barter countries explain in part the low level of consumer goods in the first half of 1955-56.

In an attempt to bring down high prices particularly of imported goods the issue of remaining licences for the year has been speeded up. Moreover the government is considering the formation of joint Commercial Corporations with the private trade to secure a smooth flow of certain essential consumer goods into the country. For the import of textile yarn and fabrics K 243 millions have been programmed for 1955-56 of which K 83 millions would be imports processed from American cotton purchased under United States Public Law 480.

3. *Exports.*—Export proceeds in 1954-55 showed a slight recovery from the low level realised in 1953-54. However, it was still 14 percent below the post-war peak of K 1,293 millions in 1952-53. Export proceeds in the first half of 1955-56 were slightly below the corresponding period of 1954-55.

4. *Rice*.—Although the average price of rice during 1954-55 was well below 1953-54, an increased volume of shipments somewhat offset the price fall and realised the same level of export proceeds. Out of the receipts of K 845 millions from rice about 12 percent or K 102 millions for 208,000 tons was from shipments to barter countries which increased their imports of Burmese rice. Amongst countries to which cash sales were made, Malaya increased its share by nearly one lakh tons, the highest purchase since the war. As a result of diverted sales of Burmese rice from China to Ceylon under a triangular agreement, direct exports to Ceylon declined by approximately 30 percent below 1953-54. The reduction in imports by Indonesia was even more prominent taking only 37,000 tons in 1954-55 as against 168,000 tons in 1953-54. Offtake by Japan also declined somewhat. Rice exports in the first half of 1955-56 were 951,000 tons valued at K 439 millions as against 840,000 tons worth K 454 millions in the corresponding period of 1954-55 signifying an increase in volume of shipment offsetting the price decline. With the conclusion of the Indo-Burma rice agreement for shipment of 2 million tons within 5 years, total rice shipments during the second half of 1955-56 will be as much as in the first half or even more. Rice shipments under the Indian contract began in July 1956.

Out of 951,000 tons of rice shipped during October 1955 to March 1956, 254,000 tons or about 27 percent were on barter account. For the full year 1955-56 rice proceeds are estimated at about K 804 millions to which another K 50 millions of outstanding receivables of 1954-55 may be added as a result of expediting of collections by the State Agricultural Marketing Board.

5. *Other Agricultural Produce*.—The export of other agricultural produce during 1954-55, the average price of which remained stable, showed an increase in the volume of shipment by about 18,000 tons. The increase in volume of export was most marked in pulses and oilcakes. However the increase in shipment of pulses could not offset the fall in export price, total earnings registering a drop of approximately 12 percent below that of 1953-54. A slightly higher price was obtained for oilcakes while rubber collected a more favourable price. In spite of an 11 percent decline in the volume of cotton shipped, the proceeds from cotton were 2 percent above 1953-54 on account of higher prices which prevailed until the latter part of the fiscal year 1954-55 when stocks were withheld from sale.

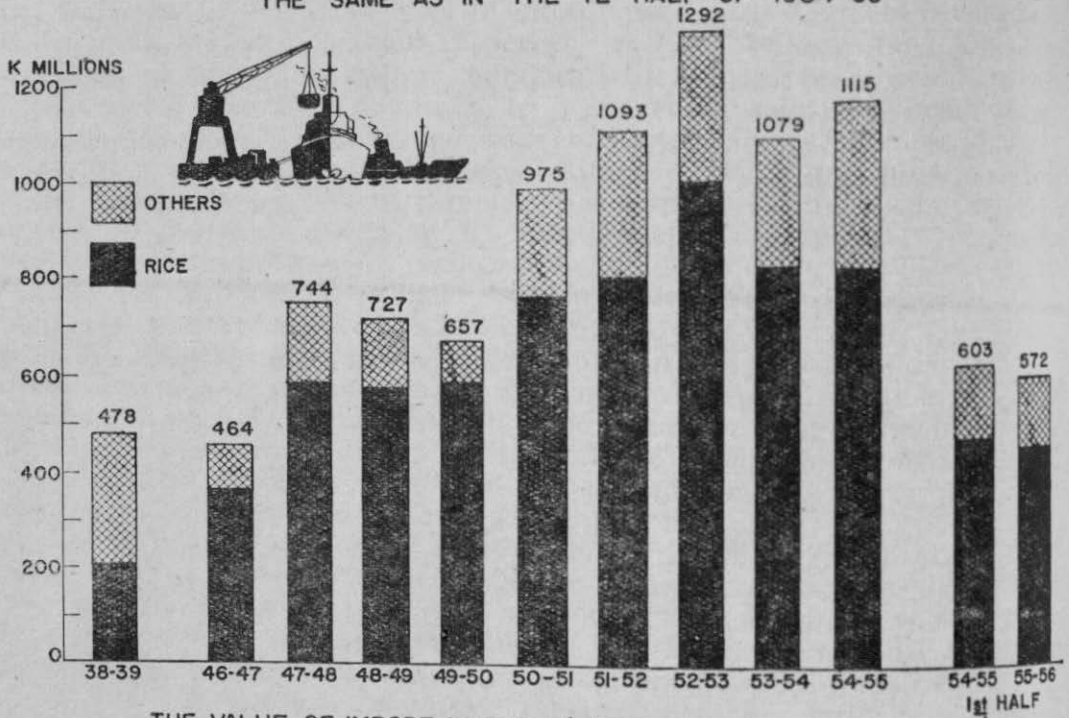
Export of other agricultural produce in the first half of 1955-56 showed a small shortfall in the volume shipped but resulted in a more than 20 percent decline in receipts due to a lower average price.

6. *Timber*.—According to Customs data timber shipments in 1954-55 showed an increase of 3 percent above 1953-54. Since higher prices were obtained during 1954-55 however, a more than 7 percent increase in earnings was realised. State Timber Board reports that timber shipments during the first half of 1955-56 were 43,000 cubic tons valued at K 27 millions. This figure showed an increase of 26,000 cubic tons or 153 percent over the volume shipped during the same period 1954-55. However, there was a lower percentage increase in the earnings due to a fall in the export price. Increased shipments made during the first half of 1955-56 suggest that the total volume of timber exports during 1955-56 will reach the 1951-52 level or even higher.

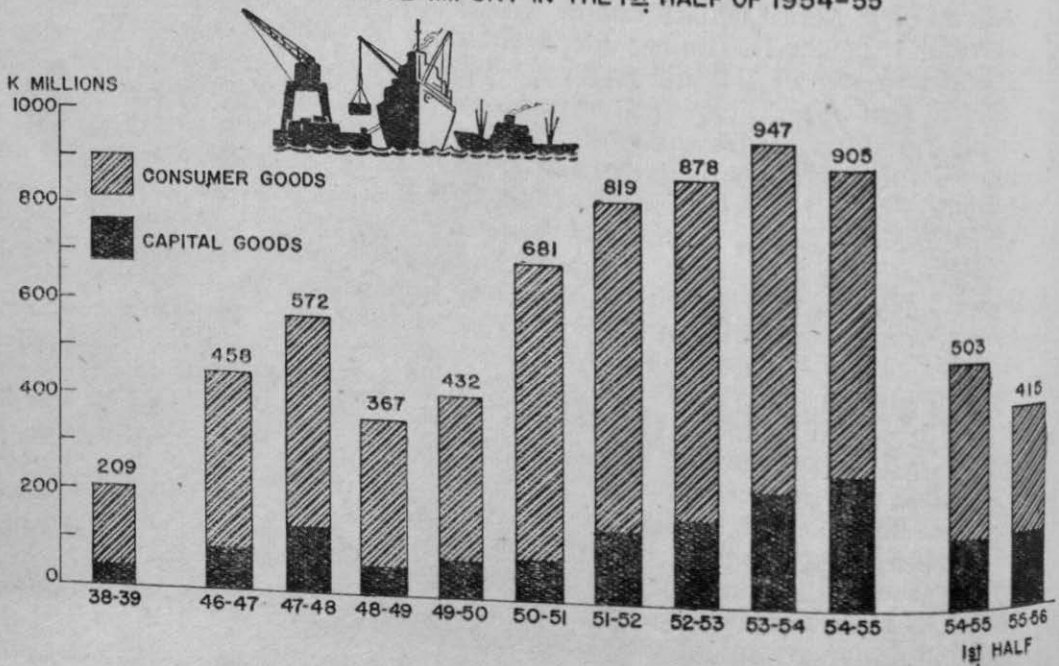
CHART NO. 9

EXPORTS AND IMPORTS

THE VALUE OF EXPORT IN THE 1st HALF 1955-56 IS ALMOST THE SAME AS IN THE 1st HALF OF 1954-55



THE VALUE OF IMPORT IN THE 1st HALF OF 1955-56 IS LOWER THAN THE VALUE IMPORT IN THE 1st HALF OF 1954-55



7. *Metals and Ores.*—Although shipments during 1954-55 were only 9,000 tons or 18 percent higher than the previous year, higher prices obtained during the year resulted in an increase of export earnings by over 58 percent or K 21 millions over 1953-54. It should however be remembered that the percentage rate of increase in the volume of shipment in 1954-55 was lower than that in the past three years.

8. In the first half of 1955-56, the value of exports of almost all major products except metals declined. Out of the total decline of K 12 millions or 2 percent below the corresponding period of 1954-55, earnings from other agricultural produce showed the largest fall.

Table 27.—EXPORTS AND IMPORTS
Selected Data

	1938-39	1951-52	1952-53	1953-54	1954-55	First Half 1954-55	1955-56 (Provi- sional)
A. Exports :							
By Value (K millions)							
Rice ...	223	810	1019	840	845	454	439
Other Agricultural Produce ...	32	146	159	149	168	105	81
Cotton ...	8	57	55	50	51	39	25
Pulses ...	7	37	43	47	41	23	15
Rubber ^a ...	6	30	28	21	38	23	20
Oilcakes ...	5	8	19	23	30	16	16
Others ...	6	14	14	8	8	4	5
Metals and Ores ...	57	69	61	36	57	24	35
Timber ...	33	56	32	27	29	14	27
All Others ...	133	12	22	27	15	6	9
Total ...	478	1093	1293	1079 ^b	1114	603	591
By Volume (000 tons)							
Rice ...	3303	1152	1216	1268	1630	840	951
Other Agricultural Produce ...	249	164	206	212	230	119	113
Cotton ...	17	15	22	18	16	12	10
Pulses ...	93	78	80	98	108	54	41
Rubber ^a ...	9	14	12	12	14	8	5
Oilcakes ...	80	22	55	60	70	34	43
Others ...	50	35	37	24	22	11	14
Metals and Ores ...	168	29	35	51	60	28	34
Timber ...	251	72	39	36	37	17	43
All others ...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total ...	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
B. Imports :							
By Value (K millions)							
Consumer Goods ...	177	673	705	717	638	362	266
Capital Goods ...	32	146	173	230	267	141	149
Total ...	209	819	878	947	905	503	415

^a Includes raw scrap rubber.

^b Revised.

n.a. = Not available.

Source : SAMB for rice. Customs Department for other commodities except for timber exports 1955-56 which are obtained from STB.



9. *Foreign Exchange Reserves.*—The continuing decline in foreign exchange reserves since 1952-53 was halted for the first time in the first half of 1955-56, as a result of the government's corrective measures in the fields of trade and exchange. In this period the reserves registered a rise of K 185 millions from K 516 millions, the lowest since 1949. The reserves which stood at K 701 millions at the end of March 1956 was, however, only K 89 millions or 15 percent higher than the corresponding figure of last year.

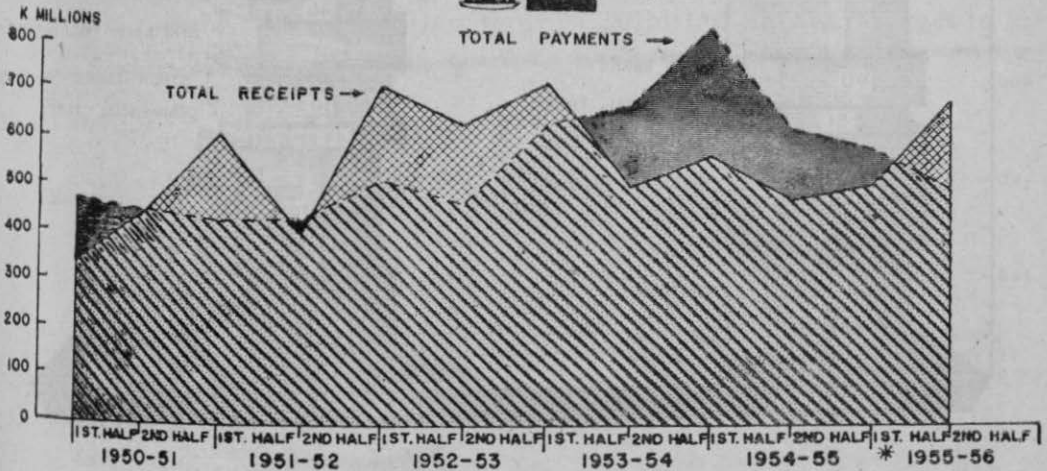
Table 28.--FOREIGN EXCHANGE RESERVES

<i>End of Period</i>	<i>Millions of Kyats</i>
1950-51	
1st half	669'7
2nd half	830'8
1951-52	
1st half	817'4
2nd half	957'9
1952-53	
1st half	1111'0
2nd half	1185'8
1953-54	
1st half	990'8
2nd half	759'7
1954-55	
1st half	612'7
2nd half	516'3
1955-56	
1st half	701'3

CHART NO. 10
BALANCE OF PAYMENTS

FOREIGN RECEIPTS EXCEEDED FOREIGN PAYMENTS

-  EXCESS PAYMENTS
-  EXCESS RECEIPTS



THEREFORE THE DECLINE IN FOREIGN EXCHANGE RESERVES IS BEING REVERSED

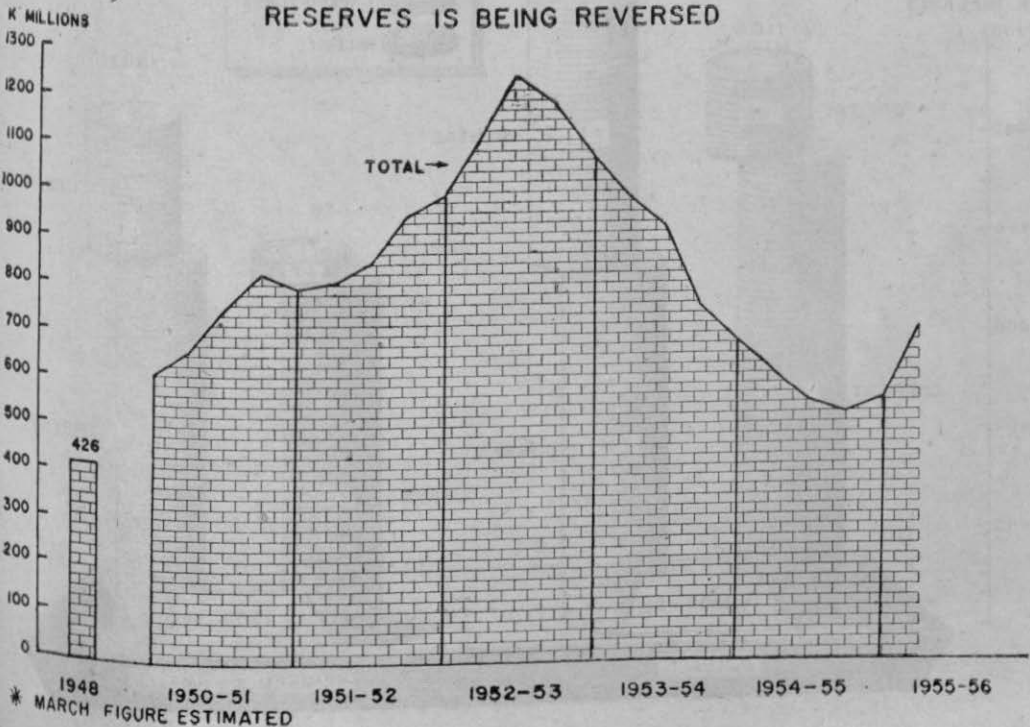
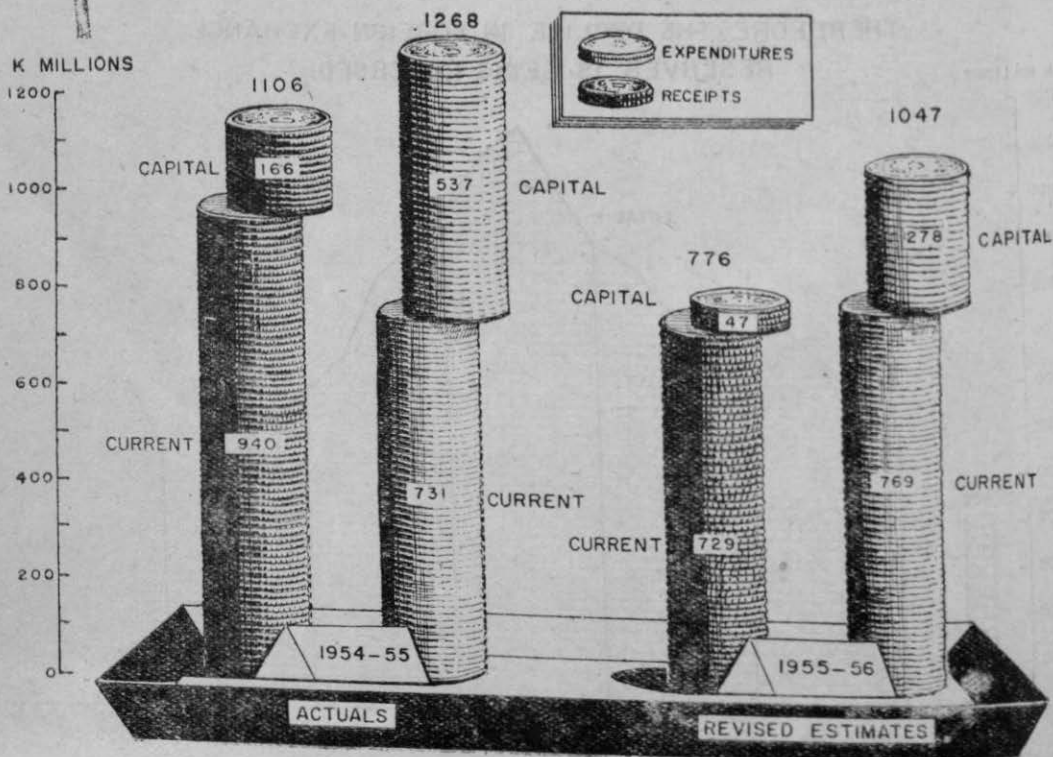
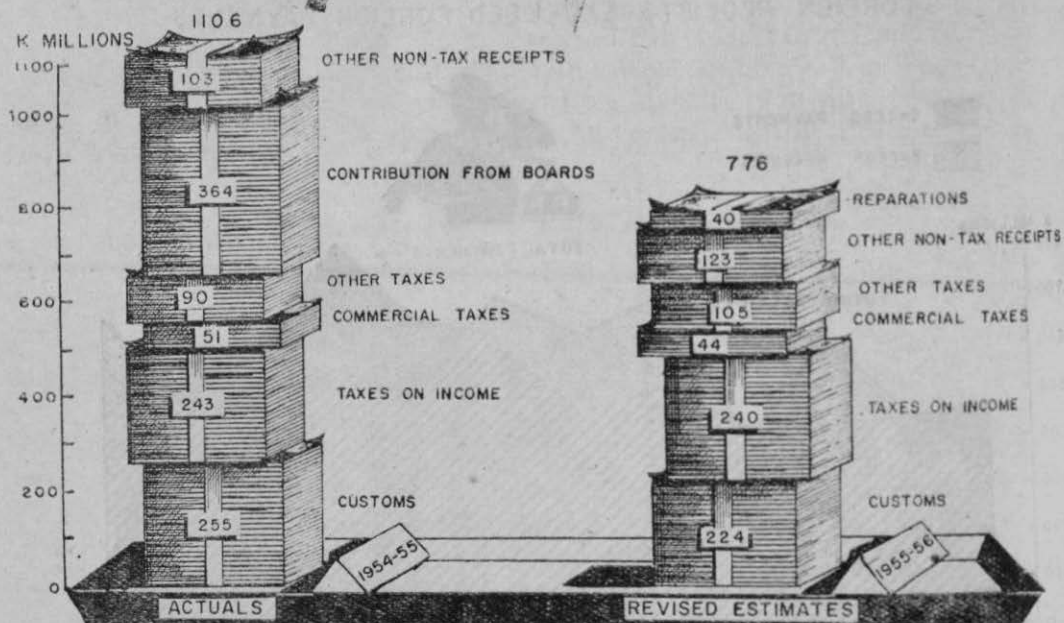


CHART NO. 11 GOVERNMENT FINANCE



E. FINANCE AND CREDIT

1. GOVERNMENT FISCAL OPERATIONS

The Revised Estimates for the Union Government budget for 1955-56 show total receipts falling short of total expenditures by K 271 millions, producing an operating budget deficit of some K 109 millions greater than was actually incurred during the previous fiscal year. This deficit is not the same as the deficit as calculated in the published Budget Estimates of the Union Government, for the latter figure is adjusted for net changes in the Outstanding National Debt, as is shown, for convenience, at the end of Table 29.

Table 29.—UNION GOVERNMENT BUDGET

			(In Millions of Kyats)			
			1953-54	1954-55	1955-56	
			Actuals	Actuals	Budget Esti- mates	Revised Estimates
1. Receipts	...	...	996	1106	871	776
Current	...	...	845	940	738	729
Capital	...	...	151	166	133	47
2. Expenditures	...	...	1300	1268	1071	1047
Current	...	...	757	731	760	769
Capital	...	...	543	537	311	278
a. Ordinary	...	...	327	181	199	175
b. Foreign loan repayment			148	131	<i>Nil</i>	<i>Nil</i>
c. Loans to Boards and Corporations, Agri-culturists, etc., (net).			68	225	112	103
3. Excess of Expenditures	...	...	304	162	200	271
4. Net change in National Debt			-158	-146	-9	-174
5. Overall deficit	...	...	146 ^a	16 ^a	191	97
6. Deficit as shown in budget			296	120	191	97

^a Differs from deficit shown in published document due to elimination of double counting of foreign loan repayment.

It should be emphasized that, however computed, the conventional budget deficit or surplus has little significance in appraising the impact of total government operations on the economy. The deficit or surplus with more economic meaning is derived from the consolidated account of cash receipts and expenditures both at home and abroad of all Ministries, Boards and Corporations, and other State enterprises, as shown in Table 51 of Part III. In Part III it will be seen that government fiscal operations taken as a whole were more conservative in 1955-56 than in 1954-55.

Table 30.—FINANCING THE BUDGET DEFICIT

(In Millions of Kyats)

		1954-55	1955-56
		Actuals	Revised Estimates
Operating Deficit	... ..	162	271
Means of Financing—			
Net change in National Debt	... ..	146	174
Drawing upon cash balance	... ..	16	97

The major factor accounting for the increased deficit is that during the year 1955-56, the Boards and Corporations made no contribution to the Union Government as compared to a contribution of K 364 millions made during 1954-55.

This, however, does not reflect decreased earnings of the Boards and Corporations as compared with last year. It reflects, instead, the policy of permitting Boards and Corporations which earn a surplus (after income tax) to retain it if needed to finance part of their capital expenditures next year, or to give them working capital.

The deficit in Revised Estimates 1955-56 was also larger than was forecast as receipts from Japanese reparations, which had been estimated at K 130 millions in the original 1955-56 budget estimates, in the event amounted to only K 40 millions.

Another important budget development in 1955-56 as compared with prior years is the decline in capital expenditures. The K 278 millions estimated to be spent during 1955-56 is about half of the Actuals for 1953-54 and also of 1954-55. However in Table 50 Part III, this decline in the capital expenditures in the Union Government Budget is shown to be offset by increases in the capital outlays financed from other sources.

Tax receipts show a decline of about 4 percent, from K 639 millions in 1954-55 to K 612 millions in 1955-56. This decline is largely due to the fall in receipts from the taxes realised mainly from foreign trade, *viz.*, Customs and Commercial Taxes.

Table 31.—SOURCES OF UNION GOVERNMENT RECEIPTS

			(In Millions of Kyats)			
			1953-54	1954-55	1955-56	1955-56
			Actuals	Actuals	Bud et Estimates	Revised Estimates
1. Taxes —	...	...	718	639	616	614
Customs	..	...	255	255	230	224
Excise Duties	...	...	19	23	32	32
Taxes on Income	...	...	333	243	225	240
Land Revenue	...	...	18	24	29	29
Excise	...	...	23	30	33	31
Stamp	...	...	5	5	5	7
Commercial Taxes	...	...	58	51	54	44
Other Taxes	...	...	7	8	8	7
2. Non-Tax Receipts—	...	...	278	467	255	162
(i) Ministries and Departments	...	...	94	103	125	122
Defence	...	...	2	2	1	1
Posts and Telegraphs	...	...	16	17	20	20
State Lottery	...	...	9	9	9	10
Others	...	...	67	75	95	91
(ii) Contributions from Boards	...	...	184	364	...	...
(iii) Japanese Reparations	...	...	...	...	130	40
3. Total ^a	...	...	996	1106	871	776

^a Excludes debt transactions.

2. MONEY SUPPLY

During the first half of 1955-56, the total money supply increased by K 289 millions or 21 percent—a record increase in the post-war period—due mainly to the expansion in the privately held money supply. The corresponding increase in 1954-55 was K 93 millions and for the whole fiscal year the increase was K 198 millions or 17 percent.

Out of the total increase of K 289 millions in the first half of 1955-56, K 236 millions was in the form of notes and coins. The corresponding increases for the past two years were K 140 millions and K 149 millions only.

Cash balances of the government complex fell by K 9 millions or 6 percent during the first half of 1955-56, being the procurement season of the State Agricultural Marketing Board and also because of a smaller increase in the sales of government securities compared to that of the corresponding half of 1954-55.

The privately held money supply rose by K 296 millions or 27 percent during the first half of 1955-56. Of this, notes and coins increased by K 236 millions or 34 percent. There was also a rise of K 60 millions or 16 percent in the demand deposits during the first half of 1955-56 as against a fall of K 22 millions in the corresponding half of 1954-55. The reduction in external payments of the private sector due to the restriction of private imports since March 1955 was partly responsible for these increases.

Time deposits in commercial Banks increased only slightly—by K 2 millions—in the first half of 1955-56, thereby reflecting people's preference for liquidity. The increase recorded in the corresponding half of 1954-55 was K 24 millions and for the fiscal year as a whole was K 47 millions.

Since the second half of 1953-54, government borrowings from the banking system had become one of the two dominating factors which determined the level of money supply, the other being the change in foreign exchange reserves. Credit expansion of commercial banks, though considerable in the first half of 1955-56, was still relatively unimportant.

For the first time since the first half of 1953-54, an increase in foreign exchange reserves was registered. It rose by K 103 millions in the first half of 1955-56, excluding a drawing of K 71.4 millions from the International Monetary Fund which is not yet monetized. This increase of K 103 millions was due to success attending increased efforts at expanding rice sales in the new markets as well as reduction in foreign exchange payments. The arrival of imports for the first half of 1956, however, was higher than the second half of 1954-55.

There was also an additional sale of K 154 millions in government treasury bills and K 37 millions in government guaranteed securities to the Union Bank but this was much below the peak increase of K 238 millions recorded in the corresponding half of last year. (The reduction of K 8 millions in the State Commercial Bank's holdings of government securities was wholly offset by the increase in the holdings of other state sponsored banks and private commercial banks during the first half of 1955-56).

Expansion of loans and advances by commercial banks in the first half of 1955-56 reached a new post-war peak of K 92 millions which was 130 percent over that of the corresponding half of last year. The expansion was in small measure due to operations of the State Commercial Bank but in the main to the expansion of credit by the other commercial banks.

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF ECONOMIC RESEARCH
PRIVATE INDEBTEDNESS
PRIVATELY HELD BONDS AND STOCKS
IN THE FIRST HALF OF 1929



CHART NO. 12

PRIVATE MONEY SUPPLY

PRIVATELY HELD MONEY SUPPLY INCREASED IN THE FIRST HALF OF 1955-56

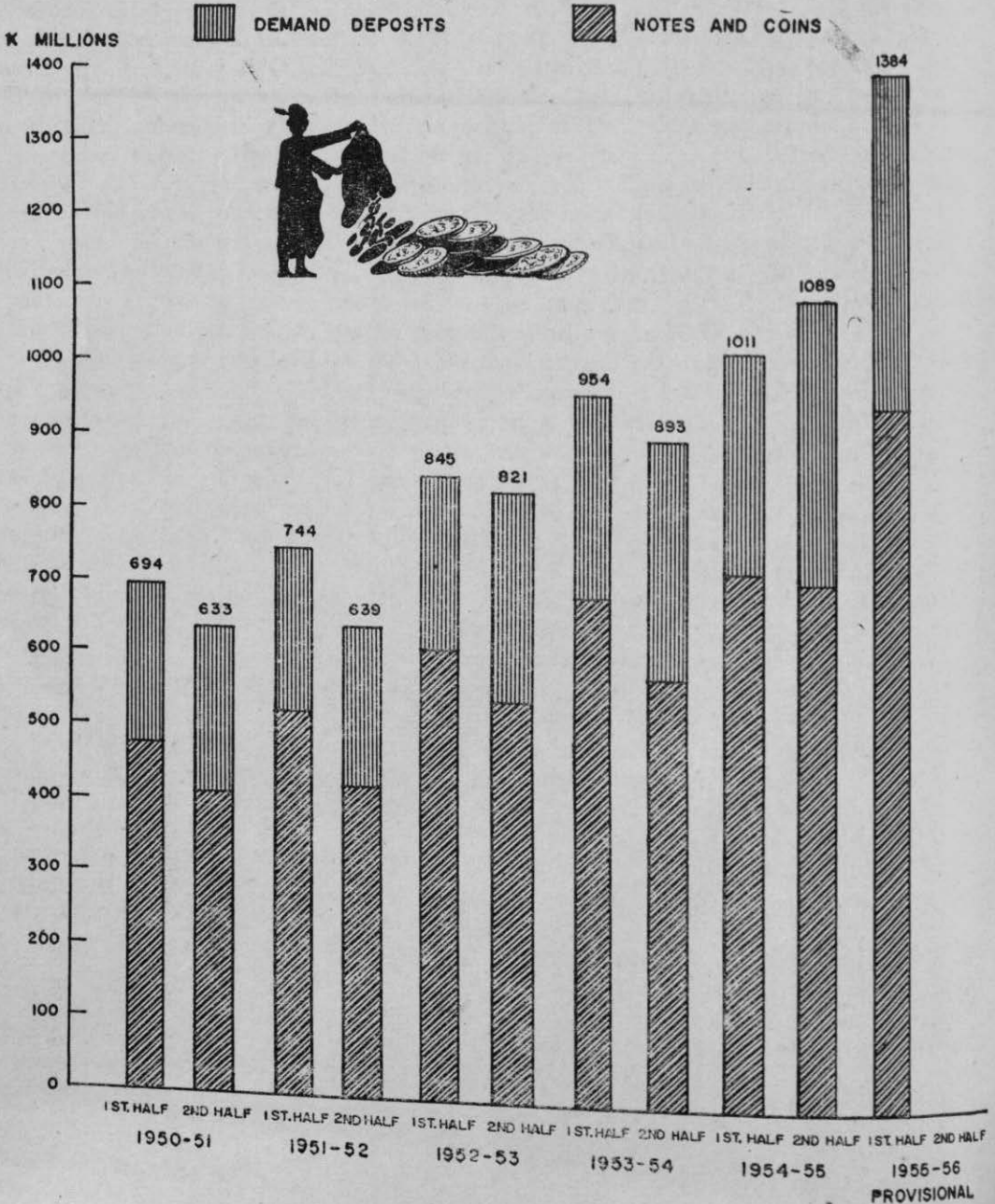


Table 32.—OWNERSHIP OF MONEY SUPPLY

(In Millions of Kyats)

	1953-54		1954-55		1955-56	Change 1953-54 to 1954-55		Change 2nd half 1954-55 to 1st half 1955-56	
	1st half	2nd half	1st half	2nd half	1st half	Amount	Percent	Amount	Percent
Total Money Supply ^a	1265'3	1166'7	1260'1	1364'7	1653'7	198'0	+17'0	+289'0	+21'2
1. Government held money supply ^b	248'3	200'3	151'8	156'0	147'4	-44'3	-22'1	-8'6	-5'5
2. Privately held money supply ...	954'4	893'1	1011'4	1088'9	1384'4	+195'8	+21'9	+295'5	+27'1
(a) Demand Deposits ...	270'1	319'7	298'1	385'6	445'6	+65'9	+20'6	+60'0	+15'6
(b) Notes and Coins ...	684'3	573'4	713'3	703'3	938'8	+129'9	+22'7	+235'5	+33'5
3. Time Deposits in Commercial Banks ...	62'6	73'3	96'9	119'8	121'9	+46'5	+63'4	+2'1	+1'8

^a Includes time deposits but excludes notes and coins in the tills of Commercial Banks.^b Includes demand deposits and notes and coins held by Government.

Source : Union Bank of Burma.

Table 33.—FACTORS CHANGING TOTAL MONEY SUPPLY ^a

(In Millions of Kyats)

	1953-54			1954-55		1955-56	
	1st Half	2nd Half	Year	1st Half	2nd Half	Year	1st Half
1. Change in Foreign Exchange Reserves ^b	-146.6	-234.5	-381.1	-154.0	-94.6	-248.6	+102.7 ^d
<i>a.</i> Monetary Authorities	-124.6	-275.7	-400.3	-153.9	-109.9	-263.8	+64.5
<i>b.</i> Commercial Banks (net)	-22.0	+41.2	+19.2	-0.1	+15.3	+15.2	+38.2
2. Change in Government and Government guaranteed Securities held by the Banking System	...	-0.5	+188.6	+188.1	+237.5 ^c	+204.1 ^c	+441.6 ^c
3. Change in Commercial Bank Loans and advances (excluding inter-Bank)	...	+33.3	-16.0	+17.3	+39.9	-16.2	+23.7
4. Other Factors	...	+5.9	-36.7	-30.8	-30.0	+11.3	-18.7
5. Change in Total Money Supply	...	-107.9	-98.6	-206.5	+93.4	+104.6	+198.0

^a Includes time deposits in commercial banks.^b Government held balances omitted, since they are not monetized by the Union Bank of Burma.^c Excludes K 44.4 millions representing Bonds converted from treasury notes held by the Union Bank.^d Excludes drawing of K 71.4 millions from the International Monetary Fund which is not yet monetized.

Source : Union Bank of Burma.

3. CREDIT

Outstanding features of the credit situation in the first half of 1955-56 were, firstly, a sharp increase in net loans and advances made by private commercial banks and the State Commercial Bank, and secondly, a substantial drop in direct Government loans—both gross and net—from the level of the corresponding first half of 1954-55. The decline in gross Government loans between the two periods from K 136 millions to K 71 millions was largely accounted for by the contraction of Government credit to its own enterprises. The only net increase in loans registered was in respect of the State Pawnshops, which however play a minor role in government lending operations.

Table 34 shows both gross and net loans of major lenders during 1954-55 and the first half of 1955-56. Gross loans represent new loans extended during the period and net loans represent new loans less repayments during the period. Repayments include both for new loans and previous loans, hence negative figures in some categories.

Total direct Government new loans during the first half of the current fiscal year were K 61 millions or 54 percent of first half of the year 1954-55. The drop in net lending was similar; it decreased by K 64 millions or 58 percent from the comparable period of the preceding year. The decline in direct Government loans was brought about by an all round drastic reduction

DIRECT LOANS BY GOVERNMENT
DIRECT LOANS TO GOVERNMENTS
IN THE FIRST HALF OF 1955

IN MILLIONS

150

100

50

0

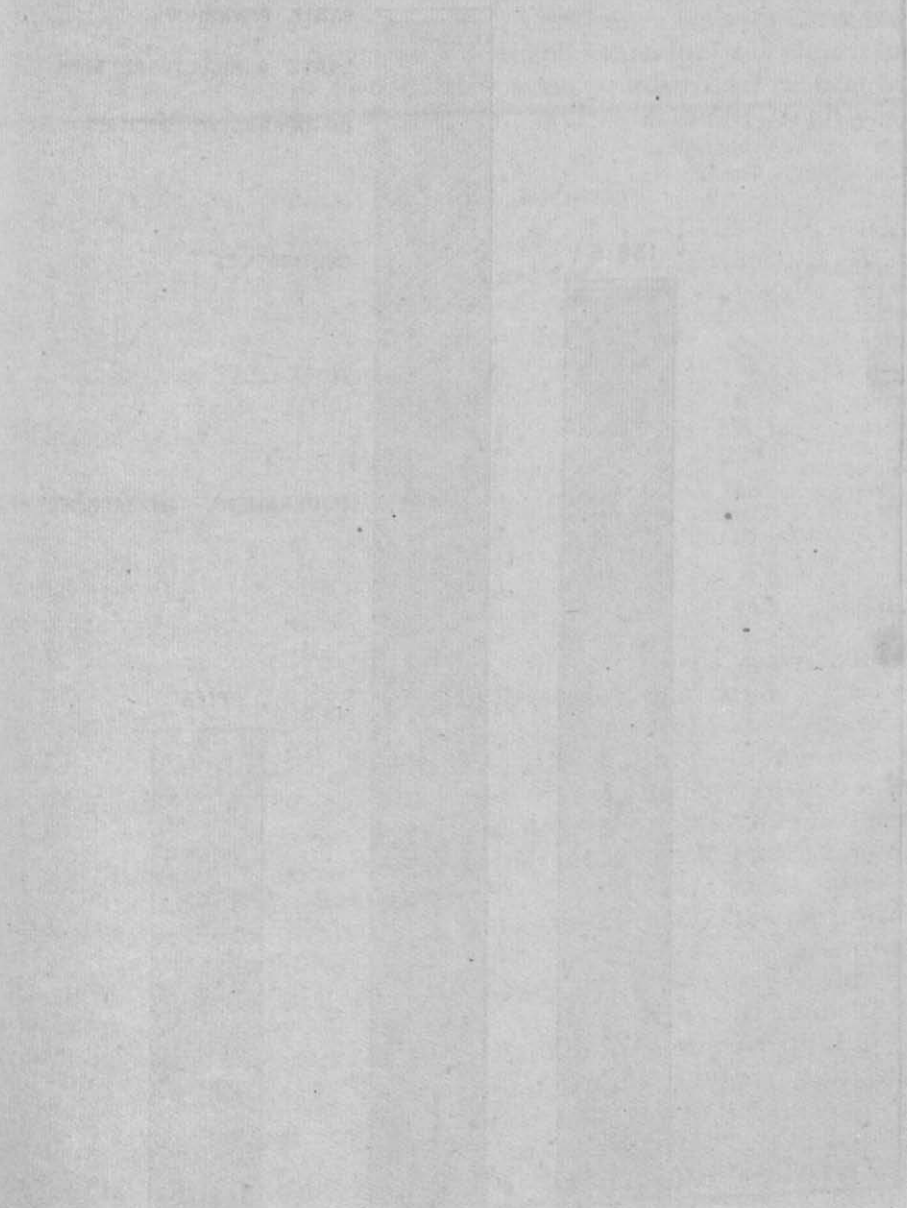
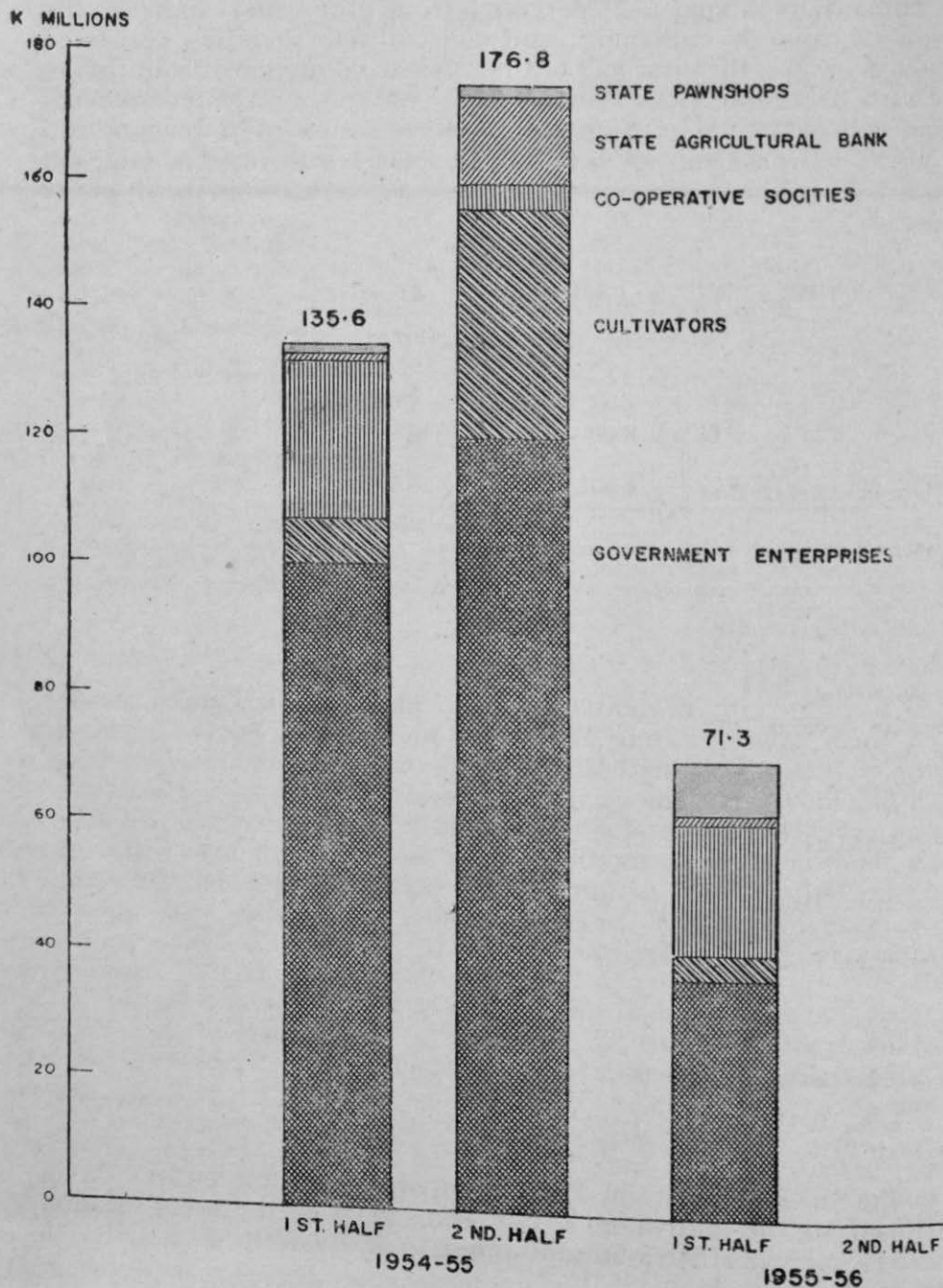


CHART NO. 13

DIRECT LOANS BY GOVERNMENT

DIRECT LOANS (GROSS) WERE CURBED
IN THE FIRST HALF OF 1955-56



of loans to Government enterprises and agencies, and to a lesser extent to agriculturists and Co-operative Societies.

Direct Government loans to its enterprises stood at K 37 millions or about 37 percent of the 1954-55 level. There was no repayment during this period. Gross loans to Local Government and Public Authorities declined by K 0.7 million or about 42 percent from the first half of the previous year. Loans to cultivators and agricultural societies registered a usual seasonal low in the first half of the current fiscal year in addition to which there was a decline in gross loans by K 1.5 millions or about 31 percent from the first half of 1954-55. Negative net loans indicate, however, a loan recovering period. Gross loans to co-operative societies during the first half of 1955-56 was K 20 millions or about 80 percent of that of the first half of the last fiscal year.

Table 34.—LOANS OF VARIOUS AGENCIES
(Provisional Actuals in Millions of Kyats)

				1954-55		1955-56	
				1st Half	2nd Half	Total	1st Half
I. Government	...	...	Gross	135.6	176.8	312.4	71.3
			Net	103.0	126.2	229.2	39.1
A. Direct Government Loans	...	...	Gross	132.9	160.9	293.8	61.2
			Net	109.5	114.3	223.8	45.5
1. Government Enterprises	...	...	Gross	100.6	118.0	218.6	36.7
			Net	99.1	118.0	217.1	36.7
2. Local Governments and Public Authorities.			Gross	1.2	.7	1.9	.5
			Net	1.2	.4	1.6	.5
3. Cultivators and Agricultural Credit Societies.			Gross	4.9	34.8	39.7	3.4
			Net	-4.7	11.3	6.6	-3.2
4. Co-operative Societies (other than Agricultural).			Gross	25.4	4.0	29.4	20.3
			Net	14.1	-17.4	-3.3	12.4
5. Loans to Government Servants.			Gross	.5	.7	1.2	.3
			Net	-.2	.0	-.2	-.4
6. Miscellaneous Loans	...	...	Gross	.3	2.7	3.0	.0
			Net	.0	2.0	2.0	-.5
B. State Agricultural Banks	...	...	Gross	.9	13.8	14.7	1.0
			Net	-6.9	11.6	4.7	-8.8
C. State Pawnshops	...	...	Gross	1.8	2.1	3.9	9.1
			Net	.4	.3	.7	2.4
II. Private							
A. Commercial Banks :							
Private Loans and advances	...	...	Net	39.9	-16.2	23.7	91.9

Sources: Ministry of Finance and Revenue, the Union Bank, the State Agricultural Bank, and the State Pawnshops Management Board.

Loans by the State Agricultural Bank showed the same trend as direct Government loans to the cultivators. The loans recovered during the first half periods of 1954-55 and 1955-56 amounted to K 7.9 millions and K 9.8 millions respectively.

The lending activities of the State Pawnshops increased five-fold during the first half of 1955-56 compared to the corresponding half of last year. The gross loans rose from K 1.8 millions in the first half of 1954-55 to K 9.1 millions in the first half of 1955-56. There was a similar increase in net loans. The increase in loans of State Pawnshops is explained by the rise in number of pawnshops from six to thirty-five.

During the first half of the current fiscal year the net loans of commercial banks including the State Commercial Bank amounted to K 92 millions which was greater by K 52 millions or 130 percent over the net loans made during the corresponding first half of the last fiscal year. This abnormal increase was accounted for largely by increased loans to export trade, manufacturing and wholesale trade.

4. PRICES

The index of wholesale prices for agricultural produce shows a small rise, presumably induced in part by higher prices of imported goods, in the first 8 months of fiscal year 1955-56 over the corresponding period in 1954-55. The usual seasonal trends in wholesale prices were reflected in the current year also, with the price level however slightly higher than last year. Increases were shown under the categories of other foodstuff, pulses and oilseeds. Cereals and other non-foodstuff items remain more or less at the same level. However, it should be remembered that the lowest point in the index of wholesale prices for agricultural produce was in 1954-55 with 444 points, the highest in 1949 with 521 points.

Table 35 — INDEX OF WHOLESALE PRICES FOR AGRICULTURAL PRODUCE
(Base 1938—40 = 100.)

Period	All Commodities	Cereals	Pulses	Oilseeds	Other Foodstuff ^a	Other Non-food- stuff ^b
Fiscal Year 1953-54 ...	477.5	301.6	670.5	715.1	986.0	939.9
Fiscal Year 1954-55 ...	444.4	323.3	525.8	667.7	617.4	848.3
Oct.—Dec. Qr. ...	471.7	338.0	546.8	759.0	685.1	827.1
Jan.—Mar. Qr. ...	413.7	299.4	559.2	615.5	542.1	826.3
Apr. and May ...	416.0	308.4	443.5	613.9	544.2	819.3
Fiscal Year 1955-56						
Oct.—Dec. Qr. ...	484.1	335.4	614.0	690.8	935.9	841.8
Jan.—Mar. Qr. ...	442.4	299.2	638.8	621.2	872.9	837.9
Apr. and May ...	442.3	303.3	534.4	719.8	679.5	779.9
Percentage change from April and May 1955 to April and May 1956 ...	+6.3	+3	+20.5	+17.3	+24.8	-4.8

^a Chillies, onions and jaggery.

^b Tobacco and cotton.

Source: Directorate of Agriculture.

Under the cereals, wheat prices showed an abnormal rise due to curtailment of wheat imports. Under the pulses index, gram prices were much higher than last year reaching a peak in January 1955. Prices of *Pegyi* were also higher than last year due to the loss of a large proportion of this crop during storage through pest attacks. Prices of *Pebyugale* were steady while those of *Pegya* declined probably due to the increased area under cultivation.

Excessive rise in prices of oilseeds was prevented by imports of groundnut oil and increased production of both groundnut and sesamum. Under other foodstuff category, the price of chillies which shows a seasonal declining trend during the monsoon period was much lower than for last year. Onion prices were higher than the corresponding period of last year reaching a peak in December 1955 just before the harvest of the new crop. These high prices are due partly to the ban on imports of onions and partly to the floor price of K 50 per 100 viss of onion fixed by the Agricultural and Rural Development Corporation at the onion producing centres. Palm jaggery prices were also high probably due to the increased consumption of jaggery as a result of the reduced sugarcane cultivation. Under the other non-foodstuff, tobacco prices showed a sympathetic rise although there was no decline in production. However, this was more than offset by the fall in the price of cotton which was presumably affected by the decline in the export price of cotton.

The rise in prices particularly of imported goods which followed the suspension of Open General Licence in March 1955 continued throughout the year into the first half of 1956. In the absence of comprehensive and reliable price statistics it is extremely difficult to determine exactly how much prices have risen in this period. From the available data it is roughly estimated that many domestic food prices rose by more than 25 percent while many imported commodities showed a greater increase in price of over 100 percent. The lowest point in retail prices of selected consumer items was recorded in 1954. The interesting feature of this rise in prices is that it is mainly at the wholesale stage, retailers' margin being even reduced on certain items. The rise in prices is primarily due to the lag in imports, delays in their distribution and to practices of sale of licences by importers and of speculation and hoarding by wholesale dealers. Trade data available indicate that consumer imports between April 1955 and March 1956 were only 25 percent less than in the corresponding pre-UGL suspension period of April 1954 to March 1955. In respect of food and drink, and textiles however, the shortfall was 40 percent and 45 percent respectively. The increase in private money supply (by 37 percent between March 1955 and March 1956) has of course been an important factor in the inflation of prices. The reduction of private imports has left more money in the country to chase less goods available. Moreover, this money is largely held by the business community enabling them to indulge in speculative activities resulting in higher wholesale prices.

The Government took drastic measures to bring down prices by expediting the procurement of consumer goods under the Public Law 480 agreement, a speedier issue of licences to the private trade and a streamlining

of the distribution of goods by the Civil Supplies agency. Formation of Joint Commercial Corporations between the Government and the leading national traders which will be accorded a liberal issue of licences with a view to secure a smooth inflow of imports into the country at reasonable prices is also under negotiation. As a result of these measures, prices of certain commodities, particularly textiles, have already shown a downward trend.

PART II

DEVELOPMENT PROGRESS BY MAJOR GOVERNMENT PROGRAMMES

Revised budgets for capital expenditures on government programmes (excluding defence) total K 52 crores for 1955-56. While the full budgeted amount will not be fully spent, the government capital programme this year will probably be only slightly under the total for 1954-55, when K 45 crores was expended on investment projects other than those carried out for defence.

As in previous years, the capital programme has been dominated by expenditures on transportation, power and industry which together account for about two-thirds of total outlay. However, with the prospective completion of several large projects in these fields now in sight, it can be expected that the pattern of capital expenditure will be shifted in coming years to meet the investment needs of other sectors of the economy.

Economic development in Burma during 1955-56 took place within a framework of several limiting factors. Foreign exchange reserves had declined in the previous year to the extent that firm limits on capital expenditure abroad were needed throughout this year. Internal inflationary pressures were strong enough to make necessary curbs on capital expenditure of all kinds.

Faced with these limiting factors, the Government of the Union of Burma purposefully made 1955-56 a year of consolidation of investment projects already underway. Emphasis has been placed on completion of various projects and on measured advancement on long-term projects underway. Thus, the industrial programme for pharmaceuticals, sugar refining and jute products manufacture, for tea packing, steel rolling, and for brick and tile were substantially completed during the year, and will make their economic contribution during the coming year. Public housing units begun in previous years were largely completed during the current year, with virtually no new starts authorized. Similarly, concentration was placed on the completion of already-started school buildings and hospitals. In the field of power, emphasis was placed on completion of the 1,000 KW power stations and the 33 KV transmission system, while work was postponed on some other elements of the programme.

Due to established contracts and commitments on longer-range projects (hydroelectric, railways, ports), this effort to concentrate on completions of productive units could of course be only partial. However, as a result of a successful mission to the International Bank for Reconstruction and Development, external financing for the partial rehabilitation of the Port of Rangoon and the Railways was secured, thus lifting some of the pressure of the investment programme from the limited foreign exchange reserves at Burma's disposal at this time.

The table below indicates the preliminary estimate of progress made in the current year as compared to previous years in general sectors of the investment programme.

Table 36.—GOVERNMENT CAPITAL OUTLAY ^a

(In Millions of Kyats)

Sector	Expenditures			Budget
	1952-53	1953-54 ^b	1954-55 ^c	1955-56 ^d
A. Agriculture	13·9	67·6	48·3	32·3
B. Irrigation	3·3	12·4	4·0	2·6
C. Forests	9·7	7·9	6·9	3·4
D. Mining ... ..	...	2·1	3·2	16·1
E. Transportation	78·1	131·2	89·0	159·1
F. Communications	4·8	8·1	15·6	21·5
G. Power	8·0	36·3	79·3	96·3
H. Industry	1·7	38·2	74·5	99·7
I. Construction	39·4	75·7	99·3	56·6
J. Pyidawtha Discretionary Grants	9·2	9·8	9·3	5·0
K. Miscellaneous	13·2	15·8	22·7	27·7
Total	181·3	405·1	452·1	520·3

^a The figures in the table are not directly comparable with the data in published capital budgets because the following Government capital outlays have been excluded, *viz.*, Defence, Joint Ventures, loans to agriculturists and working capital for the State Commercial Bank and the State Agricultural Bank.

^b Revised actuals.

^c Preliminary actuals.

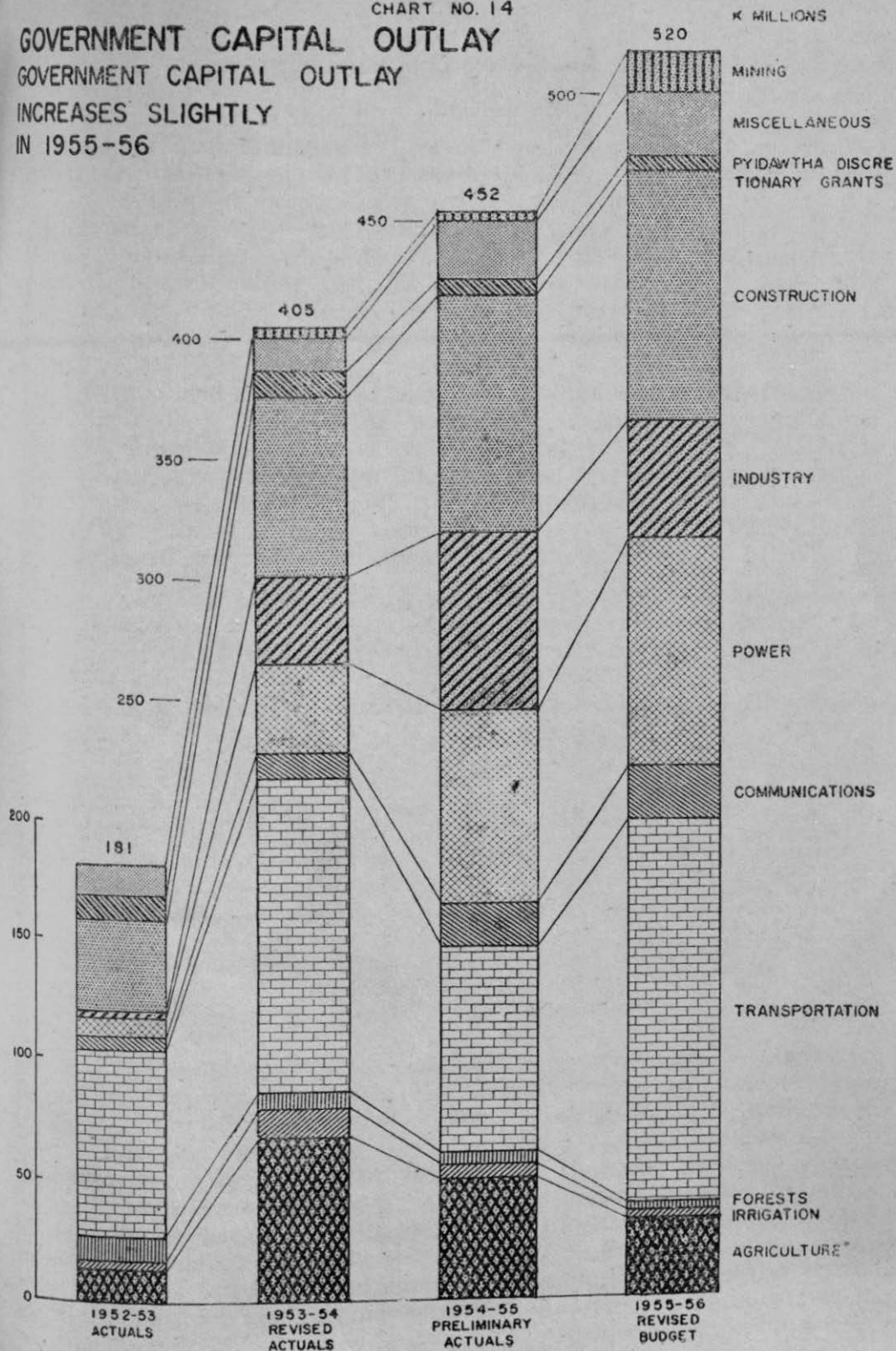
^d Includes supplementals and a listed for revisions made by Government since the start of the financial year.

A. AGRICULTURE

Agricultural and Rural Development Corporation.—During 1954-55 the Agricultural and Rural Development Corporation spent K 27 millions as compared to K 15 millions in 1953-54. The principal new projects initiated during the year were the integrated forest industries project and the milk sterilization project. Projects for increasing the production of groundnut, cotton, jute, coconut, Virginia tobacco and sugarcane were continued. A large part of the expenditures for these projects however, consisted of operating capital for issue of loans and financing the purchase and sale of seed and did not represent actual capital expenditure. The Land and Agricultural Planning Commission was appointed during the year, and began its investigation into all aspects of Burma's agriculture.

CHART NO. 14

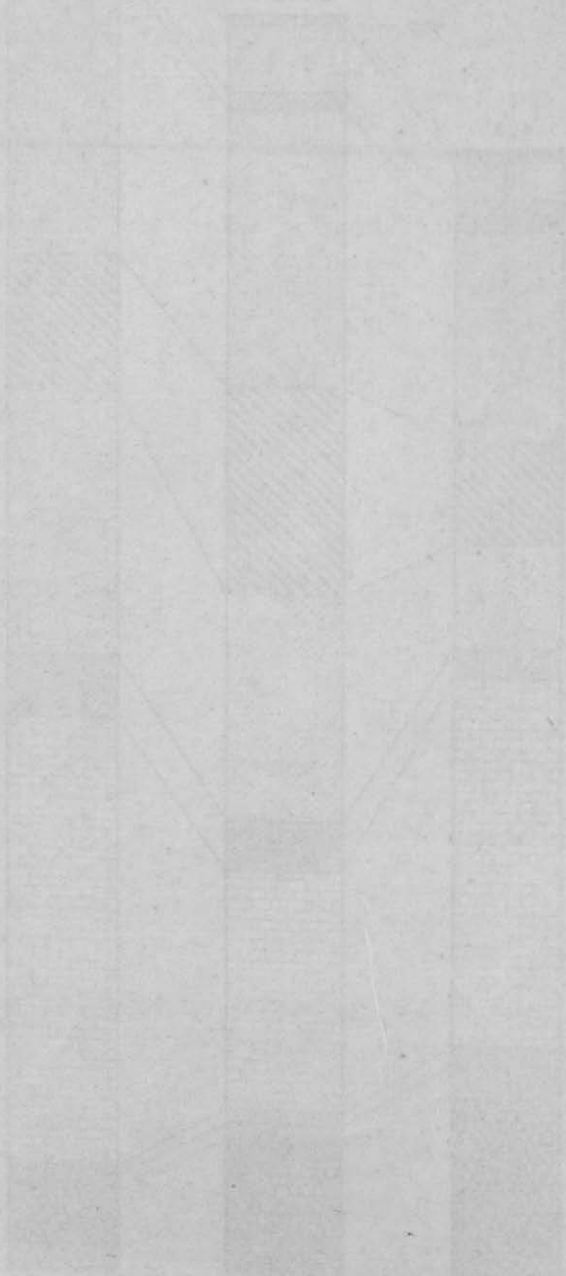
GOVERNMENT CAPITAL OUTLAY
GOVERNMENT CAPITAL OUTLAY
INCREASES SLIGHTLY
IN 1955-56



TAJTUO JATYAO TEMA

YETUO JATYAO TEMA

YITUO



During 1955-56 the Agricultural and Rural Development Corporation further increased its activities. Its expenditures during the first six months of the year amounted to almost K 28 millions, slightly more than the total amount spent the previous year. Again a large part of the expenditure was for purchase and sale of various commodities and for distribution of seed. The principal capital expenditures were for the purchase of tractors for the mechanization project, purchase of machinery and equipment for the integrated forest industries project, construction of tobacco curing barns and godowns and establishing coconut plantations. In addition some progress was made on the fisheries project and the afforestation projects. Little progress was made on the irrigation and water resource development projects.

The Land and Agricultural Planning Commission completed its studies and submitted a draft report in May, 1956. It provides a comprehensive survey of Burma's agricultural resources and provides the framework for Burma's agricultural development. Specific recommendations are made for bringing together various existing programmes into an integrated agricultural plan, both for the short and long run. The report is currently being reviewed by various agencies of Government.

Land Nationalization.—The Land Nationalization Ministry continued its programme for nationalization and distribution of land to cultivators. By the end of May 1956 a total of 998,488 acres had been nationalized and distributed to 100,776 cultivators.

Distribution was carried out in 1,123 village-tracts in 49 townships in 29 districts.

Table 37.—PROGRESS OF LAND NATIONALIZATION

		1953-54	1954-55	1955-56
Districts	...	8	28	29
Townships	...	8	33	49
Village-tracts	...	167	678	1,123
Acres distributed	...	142,737	605,435	998,488
Families benefited	...	19,225	59,627	100,776

Agricultural Research and Extension.—The plan for reorganising and expanding the agricultural research and extension activities of the Department of Agriculture continued to be held up as a result of financial stringency. Action has been taken however to increase the establishment to meet the requirements of a more productive and enlarged agriculture. The first phase of construction on the Agricultural Research Institute has been completed.

Table 38.—NUMBER OF VILLAGE BANKS UNDER THE STATE AGRICULTURAL BANK

District Branches	1953-54	1954-55	1955-56	Total
1. Henzada ...	10	16	17	43
2. Mandalay ...	17	10	...	27
3. Pegu ...	8	5	1	14
4. Insein ...	15	3	3	21
5. Myaungmya ...	...	17	13	30
6. Tharrawaddy ...	...	15	17	32
7. Kyauksè ...	...	10	6	16
8. Myingyan ...	...	7	39	46
9. Shwebo ...	...	9	10	19
10. Môngywa ...	...	...	3	3
11. Sagaing ...	...	...	10	10
12. Katha ...	...	...	16	16
13. Prome ...	...	...	2	2
14. Hanthawaddy ...	...	...	6	6
15. Amherst ...	...	...	3	3
			Total ...	288

Agricultural Credit.—The State Agricultural Bank, opened in June 1953 with four branches. Now a total of 15 branches have been established and are providing loans for 288 village banks. Where village banks are functioning, cultivators are able to borrow money thus freeing them to a considerable extent from the necessity of borrowing from money lenders at excessive interest rates. Loans through these banks are carefully supervised and repayment experience has been good.

Table 38 (A).—LOANS ISSUED BY THE STATE AGRICULTURAL BANK

		(In Millions of Kyats)					
		1953-54		1954-55		1955-56 (11 months)	
		Loans Issued	Recovered	Loans Issued	Recovered	Loans Issued	Recovered
<i>Village Banks—</i>							
Kaukkyi loans ...		1'2	1.2	3'5	3'2	5'3	4'3
Kaing loans ...		0'1	0'1	0'3	0'2	2'7	1'2
Short-term loans ...		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	...	...
Sugar cane loans		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	...	...
<i>Co-operative Societies—</i>							
Kaukkyi loans ...		3'8	3'7	8'2	6'5	8'7	6'3
Kaing loans ...		0'2	0'2	0'5	0'4	2'7	0'6
Short-term loans ...		<i>Nil</i>	<i>Nil</i>	...	...	...	...
Sugar cane loans		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	0'4	...
Total ...		<u>5'3</u>	<u>5'2</u>	<u>12'5</u>	<u>10'3</u>	<u>19'8</u>	<u>12'4</u>

Government loans to cultivators through all sources during the past three years have been substantially higher than in previous post-war years, as indicated in the table below. In prewar days government loans to cultivators were relatively insignificant and cultivators depended to a large extent on private money lenders.

Government loans since the end of the war had been increased steadily until 1953-54 but repayments were poor. With the establishment of the State Agricultural Bank in 1953-54 efforts have been directed towards gradually eliminating loans under the Agricultural Loan Act as additional State Agricultural Bank credit outlets were established. For the current fiscal year about 40 percent of the loans will be channelled through the State Agricultural Bank.

Table 38 (B).—GOVERNMENT LOANS TO AGRICULTURISTS

		(In Millions of Kyats)						
		Agricultural Loan Act	Land Improve- ment Act	Tenants of Govt. Estates	Coopera- tives	State Agricultural Bank		Total
						Coops	Village Banks	
1945-52 (av) ...		26'9	0'3	0'4	5'8	<i>Nil</i>	<i>Nil</i>	33'4
1952-53 ...		40'4	0'2	0'7	13'9	<i>Nil</i>	<i>Nil</i>	55'2
1953-54 ...		34'0	...	1'0	14'0	4'0	1'3	54'3
1954-55 ...		26'9	...	0'8	11'9	8'7	3'8	52'1
1955-56 (est.) ...		22'0	0'1	1'0	12'0	11'8 ^a	8'0 ^a	54'9

^a Eleven months only.

B. IRRIGATION

Capital expenditures on irrigation have continued to decline. Outside of routine repair and maintenance work the only significant project undertaken by the Irrigation Department has been the establishment of Government embankments on the east side of the Irrawaddy River.

The lack of progress in the irrigation field is largely due to the shortage of qualified engineers. The existing staff is adequate only for carrying out minimum maintenance and repair of existing facilities. A number of small projects have been surveyed and designed, but actual construction has not been possible as a result of the shortages of personnel and lack of security in some instances. A plan for reorganising and expanding the Irrigation Department has been drawn up. A vigorous irrigation programme is being initiated in 1956-57.

State Agricultural Marketing Board.—During 1955-56 a programme for construction of permanent type of godowns to replace temporary emergency storage facilities was started. Arrangements were made for the erection of 70 prefabricated godowns which had previously been provided under the U.S. aid programme. The Board also imported 200 Polish godowns with silos and plans erection of the first 20 godowns during 1956. In addition to the construction of the new godowns substantial progress was made in improving the management of existing storage facilities. Under the guidance of the United Nations FAO storage expert a system of block stacking has been introduced and steps are being taken to clean and fumigate godowns periodically.

Some progress was also made in the programme for improving rice milling facilities. A start was made on the erection of two small mills, the American mill at Rangoon and the German mill at Kyaukpyu. Loans were provided to millers for purchasing equipment for modernizing existing mills and plans are being made for purchasing and rehabilitating two large foreign mills which are now idle.

To increase the volume of rice exports efforts were made to increase the efficiency of direct loading facilities at Ahlone Wharf by clearing out old stocks and providing additional transit storage facilities. A new foreshore development was also started at Bullock Estates to concentrate rice shipments in an area accessible to Ahlone Wharf. This will provide greater flexibility in direct loading and midstream loading. Arrangements were also made for purchasing 40 lighters under the Japanese reparations programme to relieve the shortage of lighters for midstream loading.

C. FORESTRY

Teak girdling and extraction increased substantially during 1955-56. This was due primarily to strengthened security forces and concentration of effort in accessible areas. Planning for the construction of a Forest Research Institute and research for the increased use of Burmese hardwoods continued.

Two additional sawmills were brought into production during the year. Total outturn has steadily increased. However, despite the increased production, demand exceeded supply and a six months' backlog of orders continues.

Based on successful experience with the one mechanical extraction unit in operation during the year, a decision has been reached to obtain additional mechanical extraction equipment. This should substantially improve and hasten log movements to rivers.

D. MINING

Progress in the development of Burma's mineral resources was continued during 1955-56. Most noteworthy was the approval of the joint-venture proposal with Messrs. Anglo-Burma Tin. Further progress was made in the negotiations for a joint-venture with Mawchi Mines Ltd. In the case of Messrs. Anglo-Burma Tin, additional capital to be provided by the Government should permit mechanization and increased production. Mawchi Mines Ltd., floated a foreign loan and began rehabilitation of the mine. Production, which has been slowly increasing has recently been hindered by lack of security.

Activity of the Mineral Resources Development Corporation was limited during the year largely to field investigations, survey and minor developmental work in the Kalewa coalfields and the Yadanabon wolfram mines. Thus Mineral Resources Development Corporation's activities represent only three percent of Government capital expenditures during the present year.

About the middle of 1955, the "Indigenous Mining Industry Rehabilitation Project" was launched with headquarters at Tavoy. The scheme with just a nucleus of officers and staff at present, is intended to speed up rehabilitation and production of old mines in the region. Technical advice as well as funds and mining equipment will be provided in suitable cases. At the same time, the project will eliminate pseudo mine-owners who are not making good use of their mineral concessions.

At Yenangyaung over 1,900 workers are now employed in the oilfields formerly held by the Burmah Oil Company. While this programme is in the nature of a relief measure in the area, the field is producing 400 barrels daily.

The technical report on the development of the Kalewa Coal Mine has been received and is under study by the Mineral Resources Development Corporation. This report was prepared by the technical consultants, Messrs. Powell Duffryn Technical Services Ltd. It calls for a phased expansion up to a target of 1,000 tons per day. Since 1954, a drift training mine has been opened and the incidental production running about 20 tons per day, was shipped to Rangoon for use by the Burma Railways and by the Rangoon Electricity Supply Board.

At the Yadanabon mines, access roads, water storage facilities and mechanization has brought about a steady and more economical production. Production so far has been 20 to 50 tons per month, varying with the

availability of water. This is expected to increase with the opening up of new working areas and mines in the neighbourhood of the main access road which was completed in March 1955.

Construction of an access road to the Lough Keng zinc deposits was started late in 1955, and a fair weather road was completed and formally opened early in 1956. The Mineral Resources Development Corporation permitted three indigenous contractors at their own request to work the zinc ore from this mine as from November 1955. This venture proved to be a failure owing mainly to transport problems. This access road is being widened and improved and will be metalled in the coming dry weather. Geological, geophysical and drilling surveys are also being arranged on this deposit. Similar surveys started at the Pengpet iron ore deposits in Taunggyi and at the Sinbo Copper deposits in Myitkyina District early in 1955 are being continued.

Oil Production, Refinery and Prospecting.—The joint-venture with the Burmah Oil Company, established in 1954, has shown satisfactory advances in expansion of refinery capacity. Work is proceeding in reconditioning prewar oil wells and drilling new ones in the Chauk area and in exploratory work for fresh sources of crude supply.

Refineries.—A new refinery at Syriam with capacity of 3,500 barrels of throughput crude oil per day has been under construction since last year. It is expected that by January 1957, the distillation unit and the cracking plant will be in operation. The new refinery, together with the refinery at Chauk which currently has a throughput of 3,000 barrels of crude oil per day, will produce sufficient motor spirit to meet all of Burma's current requirements. The Inland Water Transport Board is providing a fleet of 6 pusher tugs and 30 oil barges, for transport of crude oil from Chauk to Syriam by the end of 1956.

Oilfield Development and Prospecting.—Oilfield development in the Chauk area consists of reconditioning of prewar oil wells and drilling of new ones. Currently the Chauk oilfield is ready to produce 350,000 tons of crude oil per year which is considered sufficient to keep the two refineries fully employed.

Exploration and prospecting for oil reserves in areas other than Chauk have been in progress for sometime past. In the delta area a geophysical team has been conducting seismic surveys for oil structures in the vicinity of Maubin and in the Pyapôn district. This work is for reconnaissance of some 10,000 square miles to complete the geophysical survey of the delta area carried out in the pre-war years 1938—41.

At Ondwe some thirty miles from Yenangyaung, preparations are being made to drill a 10,000 foot test well to investigate a likely oil formation which is believed to exist there.

Training.—In addition to the above a training programme is also in full operation. A new school and a laboratory have been established at Chauk where training of various trade cadres is being conducted. There are also 21 students undergoing advanced training in the United Kingdom.

E. TRANSPORTATION

The improvement of transportation facilities is very important to the future development of Burma. In 1955-56, about 30 percent of the Government capital budget was assigned to this sector. When plans for the capital programme were reduced, due to the decreased availability of foreign exchange, the commitments that had been made for transportation equipment resulted in the maintenance of a relatively high level of investment in transportation.

Railways.—In the railways development programme priority has been given to replacement of the rolling stock, destroyed during World War II and to renewal and improvement of track and other service facilities. The approximate annual capital outlays for these items since 1952-53 have averaged over K 40 millions.

Table 39.—CAPITAL OUTLAY ON BURMA RAILWAYS
(In Millions of Kyats)

<i>Fiscal Year</i>	<i>Annual Capital Outlay</i>
1952-53 ...	28·3
1953-54 ...	79·2
1954-55 ...	31·7
1955-56 (planned)	53·4

a. *Rolling Stock.*—Since 1954-55 orders were placed abroad for a large number of rolling stock items consisting of 6 diesel locomotives and an assortment of coaches and wagons of various specifications. Most of this equipment will be available for use by the end of 1956. During the current year some 68 carriages and 260 wagons are being built and some 221 wagons renovated locally.

b. *Tracks.*—Forty-seven miles of track were relaid with new and heavier rails and some 759 tons of rails were used in spot renewals during 1954-55. During 1956, it was proposed to relay 98 miles of tracks on which work is currently proceeding.

c. *Structural Engineering Works.*—

Bridges.—A total of 58 bridges including the Ava Bridge were constructed during 1954-55. In December 1955 the Daga Bridge was completed and opened to traffic. Currently construction of a number of minor bridges is under progress.

Service Buildings.—Some 71 service buildings were built during 1954-55. In the current year work is continuing on the extension to the workshops at Insein and at Myitnge. Preliminary surveys have also been made for a new diesel maintenance shed at Rangoon and a workshop at Insein.

Residential Buildings.—Over 966 units of staff quarters were completed in 1954-55. During the first half of 1956, 160 more residential units were completed. Construction of a new railway hotel at Mandalay is still under progress.

d. *Miscellaneous Projects.*—Large quantities of equipment consisting of signalling and telephonic equipment, rails and other workshop accessories were delivered in 1954-55. In 1956, it was proposed to equip Toungoo, Pynmana, Thazi and Mandalay station yards with power signalling units.

e. *World Bank Loan.*—In May 1956 the Government successfully negotiated a loan of \$ 5.35 millions equivalent from the International Bank for Reconstruction and Development. Effective 1955-56 the loan proceeds will meet the foreign exchange cost for the procurement of 1,175 wagons, 8 sets of 3-unit diesel rail cars (260 passengers), related spare parts and the construction of Sittang and 50 minor bridges.

Inland Water Transport.—Capital outlays on rehabilitation for the four years from 1952-53 to 1955-56 are shown below :

Table 40.—CAPITAL OUTLAY ON INLAND WATER TRANSPORT

(In Millions of Kyats)

		IWTB
1952-53	...	1.9
1953-54	...	6.9
1954-55	...	23.6
1955-56 (Budget)	...	47.9

Since 1952-53 the Inland Water Transport Board has embarked upon a programme of fleet replacement and its current operating programme consists of construction of 154 vessels, of which 36 vessels are for transport of crude oil from Chauk to the new refinery at Syriam near Rangoon. While orders were placed for the bulk of these vessels in 1954, partial deliveries have already been received during the last year from orders placed earlier. Thus up to the end of March 1956, 50 "S" class passenger vessels had been delivered, and 43 were in operation, as also 4 "H" class shallow draft vessels, which were taken over from the Mercantile Marine Department. Most of the remaining vessels are expected to be delivered before the end of 1956. Plans have been made to expand ship maintenance facilities at the Dalla Dockyard and the Rangoon Foundry to cope with the maintenance requirements of an expanded fleet. A diesel training centre for training of diesel mechanics has also been established at Dalla under the sponsorship of the International Labour Organization.

Coastal Shipping.—By the end of 1955 the UB Shipping Board had acquired four new sea-going vessels, two of which are at present plying on the Indo-Burma service while the remaining two are operating the coastal runs. For the present the agency has no approved programme for construction of large vessels. It has, however, made plans for construction of shore facilities such as jetties and warehouses at the various outports.

Air Transport.—Since 1952-53 annual capital outlay on civil aviation has been on the increase.

Table 41.—CAPITAL OUTLAY ON CIVIL AVIATION

(In Millions of Kyats)

<i>Fiscal Year</i>	<i>Union of Burma Airways</i>	<i>Civil Aviation Department^a</i>	<i>Total</i>
1952-53 ...	2·6	6·2	8·8
1953-54 ...	2·3	6·7	9·0
1954-55 ...	·9	9·2	10·1
1955-56 (planned) ...	6·5	11·7	18·2

^a Includes outlays on the Mingaladon Airport.

During 1954-55 the Civil Aviation Department had under construction nine airfields including two major ones at Rangoon and at Prome. Work on these airfields continued during 1956. It is expected that the Rangoon Airport will be completed before the end of the year.

The Union of Burma Airways has signed contracts for three new 40/48 passenger Viscount aircraft during 1954-55. These aircraft are expected to be delivered in 1957.

Sea Ports.—The sea-ports of Burma still require considerable rehabilitation. The capital programmes for sea-port rehabilitation, consist of projects varying from purchase of new vessels and construction of berthing facilities to dredging and alignment of the river channels. Capital outlays on the seaports for the four years from 1952-53 to 1955-56 are given below.

Table 42.—CAPITAL OUTLAY ON SEA PORTS

(In Millions of Kyats)

<i>Fiscal Year</i>	<i>Board of Management</i>	<i>Marine Department</i>	<i>Total</i>
1952-53 ...	1·8	15·9	17·7
1953-54 ...	4·3	20·9	25·2
1954-55 ...	4·5	10·8	15·3
1955-56 (Budget) ...	25·0	10·3	35·3

^a Revised actuals.

Board of Management for the Port of Rangoon.—Rehabilitation of the Rangoon harbour is still far from being complete. The capital programmes for rehabilitating this harbour, as operated by the Board of Management since 1952-53, are divided into six major parts, *viz.*

- a. Flotilla rehabilitation.
- b. Construction of wharves and purchase of cargo-handling equipment
- c. Construction of godowns and other buildings.
- d. Restoration of pontoons and jetties.
- e. Replacement of moorings.
- f. Other miscellaneous works such as land reclamation, etc.

Flotilla.—The existing flotilla rehabilitation programme requires construction of 38 vessels for general harbour service and pilotage work. Up to the end of 1954-55 six vessels had been constructed, consisting of four harbour launches, one buoy vessel and a pilot-survey vessel. Orders were placed in 1954-55 for 7 other vessels comprising one ferry water vessel, two heave-up boats, two survey launches and two diesel tugs. Most of these vessels will be delivered in 1956. Early in 1956 two more harbour launches were delivered from the agency's dockyards.

Wharves and Equipment.—A number of wharves are being restored. The demolition work at the Nos. 5, 6 and 7 berths of the Sule Pagoda wharves has been completed and tenders have been called for the construction of new berths. Preliminary work such as soil investigations and site surveys has also begun on the Nos. 8, 9 and 10 Sule Pagoda wharves. Improvements were effected on the No. 1 Ahlone rice wharf in 1954-55. Early in 1956, the access roads and bridgeheads were completed at the Bullock Estate in Ahlone to provide the State Agricultural Marketing Board with additional facilities for rice loadings. Partial deliveries have also been received of the mechanical cargo-handling equipment from orders placed in 1954-55.

Godowns and Buildings.—For the present there is no extensive construction of storage facilities. Current work relates only to renovations and improvements to existing godowns and other foreshore buildings.

Pontoons and Jetties.—A number of minor jetties were renovated in 1954-55. In 1956 work consists primarily of renewals and renovations and no major work is involved.

Moorings.—Aside from periodic renewals of existing moorings no extensions are contemplated in the programme for 1956.

Miscellaneous Works.—Progress under this programme in 1956 consists in restoration of a few residential buildings and construction of access roads to foreshore buildings.

World Bank Loan.—In May 1956 the Board successfully negotiated a loan of \$14 millions equivalent from the International Bank for Reconstruction and Development. Commencing from 1955-56, with this loan, the Board will embark on a programme of reconstruction of Sule Pagoda Wharves 5, 6 and 7, the provision of additional mechanical cargo handling

equipment for the existing six wharves, the procurement of mechanical cargo handling equipment for the three new wharves, the construction of nine major vessels, two hopper barges and the purchase of moorings. The whole programme is scheduled to be completed by the end of 1959.

The Marine and Lighthouse Department.—The existing programmes of the Marine and Lighthouse Department consists of construction of vessels for purposes of river patrol and conservancy at the outports and of extension to the Dawbong dockyards. Orders were placed abroad since 1951-52 for some 107 river launches, and up to the beginning of 1956, some 93 vessels were delivered. In addition, the local dockyards also delivered 9 vessels during 1954-55, while work is still continuing on 16 other vessels. Construction of three new 350 ton slipways at the Dawbong dockyard begun in 1954-55, still continues.

On the lighthouse programme current work consists of renovation and installation of improved lighting equipment at the various lighthouses. The lighthouse tender "Meepya" delivered in 1954-55, is currently in operation.

F. COMMUNICATIONS

Communications.—Although plans for overhauling the country's telecommunication, postal and road systems were made sometime ago, progress has been hampered by lack of security in the district areas. In consequence the annual capital outlays in the rehabilitation programme have not attained the planned levels.

Table 43.—CAPITAL OUTLAY ON COMMUNICATIONS

(In Millions of Kyats)

<i>Fiscal Year</i>	<i>Telecommunications</i>	<i>Postal</i>	<i>Highways (Roads)</i>	<i>Total</i>
1952-53	3.0	0.1	1.7	4.8
1953-54	4.0	0.2	3.9	8.1
1954-55	3.7	0.4	11.5	15.6
1955-56 (budget)	14.3	0.5	6.6	21.4

Telecommunications and Post.—The capital programmes of the Telecommunications Department consist of construction of telephonic exchange buildings, renewals of trunk lines, and installation of new wireless telegraphy and telephonic equipment both in Rangoon and in the district towns. Early in 1954-55 the agency contracted with Messrs. L. M. Erickson of Sweden for installation of an automatic telephone system in the Rangoon, Insein and Mingaladon areas. The work on this is continuing at present.

Other major projects of the agency consist of erection of an international wireless station in Rangoon on which initial work has begun and of establishment of a high frequency system between Bassein, Myaungmya, Wakéma, Maubin, Twantè and Rangoon on which partial completions have been effected.

The postal programme is comprised mainly of erection of new postal buildings in the district towns and purchase of transport for collection and delivery of mails. A number of mail vans and other ancillary transports were purchased in 1954-55. In 1956 the programme is limited to construction of post offices only.

Road Construction.—The Highways Department's capital programme for road construction consists of extension and renovation of the existing roads as well as of construction of new roads. Amongst the latter, the agency is currently engaged in such major projects as the Prome-Taungup trunk road across the Arakan Yomas and the Mindat-Matupi road in the Chin Division. During the first half of 1956 a portion of the second link of the Prome-Taungup road was completed and partially opened to traffic. On the Mindat-Matupi road earthwork has been completed on the first four miles.

G. POWER

The present electric power programme includes the development of a 84,000 KW hydroelectric project, twenty-seven diesel power stations involving 23,500 KW additional power, and the Rangoon thermal power development scheme which will increase Rangoon's power supply by 30,000 KW. Distribution lines are also to be extended to make electricity available at reasonably cheap rates for public, industrial and domestic use throughout Burma.

By the early part of 1956 several major segments of the programme were completed and the programme as a whole had gained momentum. Capital expenditures for power development during 1955-56 are envisaged to be 21 percent higher than that of the preceding year 1954-55.

1. *Hydroelectric Project* which consists of hydel works at Lawpita for the installation of 84,000 KW at No. 2 Power site and construction of the Baluchaung-Rangoon and Baluchaung-Meiktila-Mandalay transmission lines. Access roads from Loikaw to Lawpita and Lawpita to surge tank has been completed; temporary and semi-permanent buildings have been constructed for office and residential purposes and work on the construction of power house continues. Earthwork for the power house site, surge tank and waterway has been started and surveys are presently being conducted for the transmission lines.

Other works in the hydroelectric scheme consist of road constructions from Toungoo to Loikaw, general survey and investigations in the Chin and Kachin States, and the establishment of a soil laboratory to assist in these investigations.

2. *Diesel Scheme.*—Thirteen 1,000 KW diesel generating sets, installed at seven power stations now under construction, will be in operation by the end of 1956. Six of these stations are to be interconnected by 462 miles of 33 KV transmission lines which have already been strung. Fifteen power stations using 250 KW diesel sets are also to be set up, with most of them expected to be completed at the end of this year. The total number of stations to be installed with 500 KW diesel sets is six. Progress on this phase of the programme has been delayed because of budgetary and technical considerations. From these 27 power stations, 1,258 miles of 11 KV high tension lines and 948 miles of low tension lines will distribute power to urban and rural areas. By the end of 1955-56 it is estimated that the 1,000 KW stations and 250 KW stations, together with 544 miles of 11 KV transmission lines and 530 miles of low tension lines will be servicing 254 towns, of which 81 will have been connected during the present year.

3. *Rangoon Power Development.*—Two 10,000 KW turbo-alternators are being installed in the new Ywama Power Station which will supply power to the steel and the jute mills now under construction. Erection of power houses and substations and cable laying are progressing rapidly.

In addition to the Ywama Power Station construction, extensions to the Ahlone Power Station are being carried out together with other auxiliary works such as substations, and extensions to the distribution lines. At present, five newly installed 1,000 KW diesel generating sets are in operation while work on the additional 10,000 KW turbo-alternator is proceeding.

H. INDUSTRY

During 1955-56 the Industrial Development Programme was concentrated on the completion of projects begun in earlier years and this investment in Burma's industry is now beginning to add to the Union's product. Despite the necessity to postpone new projects, expenditure on industrial development is estimated at K 122·8 millions in 1955-56, compared with K 88·7 millions in 1954-55.

A new feature of the Industrial Development Corporation's programme during the year was the introduction of a "hire-purchase" scheme to enable private industry to obtain machinery and equipment from abroad. These arrangements are available for machinery and equipment from countries with which Burma has barter agreements, as well as from Japan under the reparations agreement. A substantial number of hire-purchase applications were approved during the year, and it is estimated that private industry will receive machinery and equipment worth about two crores during the coming year.

The tea blending and packing factory began production in 1956 and is currently producing about 1·8 lakhs pounds per month. Although the main production unit of the Burma Pharmaceutical Industry will not be in

operation for several months yet, some output of vitamins and other pharmaceuticals is now being obtained from the temporary production unit established for training.

At Namti and Pyinmana two new sugar mills are in final stages of completion and will be ready by the next cane crushing season. At full production these mills will have an output of 37,500 tons annually, almost trebling Burma's sugar output. This sugar output is worth the equivalent of K 21 millions in foreign exchange, and will represent a major contribution to the government's effort to improve its foreign trade balance.

The Jute Bag and Twine Mill is well along toward completion and will be in operation during the coming year. It will supply almost all of Burma's requirements for gunny bags needed in the rice trade, all of which have been purchased abroad in the past. At Danyingone the Brick and Tile Factory has begun on a small scale production by using a pilot kiln. However, delays in completion of the two main kilns indicate that full-scale production of bricks and tiles will not be possible for several months.

At Ywama considerable progress has been made on the steel rolling mill, but full operation is not scheduled before the April-June quarter of the coming year. In the meantime, it is planned to produce various wire products by extruding imported billets in the wire section of the mill. It will also be possible to produce bars and sheet from imported billets and when the melting furnace is ready, from scrap steel collected in Burma.

Extension of the existing spinning and weaving mill at Thamaing is being undertaken by arrangement with the People's Republic of China. The expanded mill will have 20,000 spindles and 200 power looms, doubling Burma's spinning capacity and providing a needed expansion of weaving facilities. Negotiations are also at an advanced stage with two Japanese firms to construct two additional cotton spinning and weaving plants each with a capacity of 40,000 spindles and 400 looms as joint venture under the Economic Development Corporation agreement with Japan.

In the scheme for cottage and small-scale industries, training centres have been established for pottery-making, textile printing and weaving, sugar, paper-making and lacquerware. Two pilot plants for tile manufacture at Moulmein and Kyaukmyaung and for silk and rayon weaving centres at Shwedaung and at Amarapura have been established since 1954.

Silkworm rearing centres and mulberry cultivation in the Kachin States, Shan States and Akyab district have been expanded to about 1,200 acres. A silk reeling plant at Maymyo under construction at present will have an initial yearly capacity of 350 bales of 135 lbs. each.

The Union of Burma Applied Research Institute is expanding and considerable equipment and apparatus were received during 1956. The Institute now consists of the following departments:—

Metallurgy and Geology Research Department, Analysis Department, Physics and Engineering Research Department, Ceramics Research Department, Applied Chemistry Research Department, Technical Information Centre and the

I. GOVERNMENT CONSTRUCTION (BUILDINGS)

In Burma aside from the need for constructions for the new industries and other undertakings, there has been an acute shortage of urban housing and other civic facilities as a result of war-damage and neglect. To meet these needs both for developmental and for rehabilitation purposes, various Government agencies have been constructing the necessary buildings and facilities for some years past. Two agencies, the National Housing Board and the Highways Department, have undertaken large-scale constructions consisting primarily of housing projects, hospitals, schools, community centres and other related facilities throughout the country since 1953. Up to the end of 1955, the two agencies have together completed 1,980 buildings inclusive of such ancillary facilities as access roads, outhouses, etc. For 1956, because the programmes of these agencies have been considerably curtailed, progress is confined largely to completion of works begun in the previous periods.

Urban Housing and Town Development.—A large number of residential buildings was completed during 1955 in Rangoon and in several district towns. Of a total of 1,718 such buildings completed up to December 31, 1955, 1,221 buildings were in Rangoon and suburbs and 497 buildings in ten district towns including sizeable completions at Moulmein, Prome, Toungoo, Magwe and Mandalay. No new constructions are being undertaken during 1956 and the current work under progress consists mainly in completing of constructions begun since 1955 or before.

School Construction.—With greater encouragement of education by the Government construction of more school buildings was undertaken since 1953. By December 31, 1955, 49 major school buildings had been completed. Thirteen of these buildings, with accommodation capacity for 10,100 students were completed during 1955. Of these 13 schools, five were in the Rangoon area and the remaining eight in the district towns. As of March 31, 1956, a number of new school buildings were still under construction and plans have been made for five others, including one at Mingaladon with capacity for 1,000 students.

Five college buildings, including a hostel building for the medical college at Mandalay, were completed during 1955 bringing the total completed to eleven since the start of the programme. Three training colleges for teachers have been programmed, of which the one at Moulmein is already under construction while plans were made for the remaining two at Bassein and at Kyaukpyu.

Hospitals.—Six new hospitals were completed during 1955, thereby bringing the total completed since the start of the programme to seven.

As of March 31, 1956 eleven hospitals are under construction with eleven others in the planning or pre-construction stage.

Table 44.—HOSPITALS

Location	No. of Beds	Construction Status
Mahlaing ...	25	Completed
Myittha ...	25	Do.
Yedashe ...	25	Do.
Tada-U ...	15	Do.
Wetlet ...	25	Do.
Ye-U ...	50	Do.
Pyawbwe ...	50	Do.
Pakôkku ...	75	Under progress
Myaung ...	15	Do.
Kyauktan ...	25	Do.
Myingyan ...	75	Do.
Mindat ...	20	Do.
Falam ...	35	Do.
Haka ...	20	Do.
Tiddim ...	Maternity Centre	Do.
Sagaing ...	75	Do.
Katha ...	75	Do.
Madaya ...	25	Pre-construction
Yamèthin ...	75	Do.
Myohaung ...	50	Do.
Thazi ...	25	Do.
Wuntho ...	25	Do.
Mogôk ...	50	Do.
Zigôn ...	25	Do.
Kyanksè ...	75	Do.
Kalemyo ...	25	Do.
Nyaunglebin ...	50	Do.
Akyab ...	200	Final planning stage

Of some 40 model villages in the Country Development programme, seven model villages have been completed as of December 31, 1955. By March 31, 1956 construction had started on sixteen others with plans made or pre-construction work begun on the remaining seventeen.

Industrial Projects.—A number of buildings for industrial projects such as the UB Applied Research Institute and the Tile and Brick Factory was completed by December 31, 1955.

Office Buildings.—The post-war extension of Government's activities necessitated additional office accommodations and to meet this requirement the Government has undertaken the construction of office buildings both in Rangoon and in the district towns.

By the end of 1955 a total of 49 office buildings had been completed. Construction is proceeding on 16 office buildings of which 12 are in the district towns and 4 in Rangoon. Of the latter the new six-storeyed office building on Merchant Street and the extension to the Rangoon Development Trust-building have been substantially completed and should be available for use next year. The temporary office building for the Accountant-General is nearing completion.

Bazaars.—In addition to the construction of bazaars and other marketing facilities by the local municipalities in various towns and by the Rangoon Corporation in Rangoon, the National Housing Board has also been constructing bazaars mainly in the Rangoon area. The single-storeyed bazaar building at Yankinmyo has been completed while construction is still under progress on a four-storeyed building for the Bogale bazaar and a single-storeyed bazaar building at Gyogone. Construction is also about to start on the Godwin road bazaar.

Godowns and other storage buildings.—Storage buildings for paddy rice have been in short supply since the end of the war. The National Housing Board has therefore undertaken large-scale construction of rice godowns for the State Agricultural Marketing Board and has completed by the end of 1956, 71 godowns with two more under construction. The Rehabilitation Brigade has also undertaken to construct some 190 godowns during 1956 of which over 70 units have been completed by June 1956.

Labour Welfare Centres.—A number of labour welfare centres to provide administrative, medical and other facilities to the labour population have been under construction in Rangoon and Mandalay. During 1955 three centres were completed, two in Rangoon (one at Ahlone and another at Botataung) and one in Mandalay. Construction of the remaining two at Akyab and Bassein has however been postponed although sites have been acquired.

Miscellaneous.—The major projects under this head consist of the new Broadcasting Station building on Prome Road and a wireless transmitting station at Yegu both of which are under construction by the National Housing Board. The Highways Department has continued work on three new 350-ton slipways at the Government Dockyard in Dawbong on which partial completions have been effected.

J. PYIDAWTHA DISCRETIONARY GRANTS

The Pyidawtha Discretionary Fund set up for the construction and rehabilitation of communal facilities is apportioned out on the basis of K 50,000 per township. It is administered by the respective township committees, along with additional public contributions of money, labour and materials.

The preliminary figures for 1954-55 from the eight major divisions showed that some 6,944 projects have been completed consisting of wells, bridges, schools, drainage systems and other local facilities.

Table 45.—PYIDAWTHA DISCRETIONARY GRANTS PROJECTS BY TYPES, 1952-53 to 1954-55

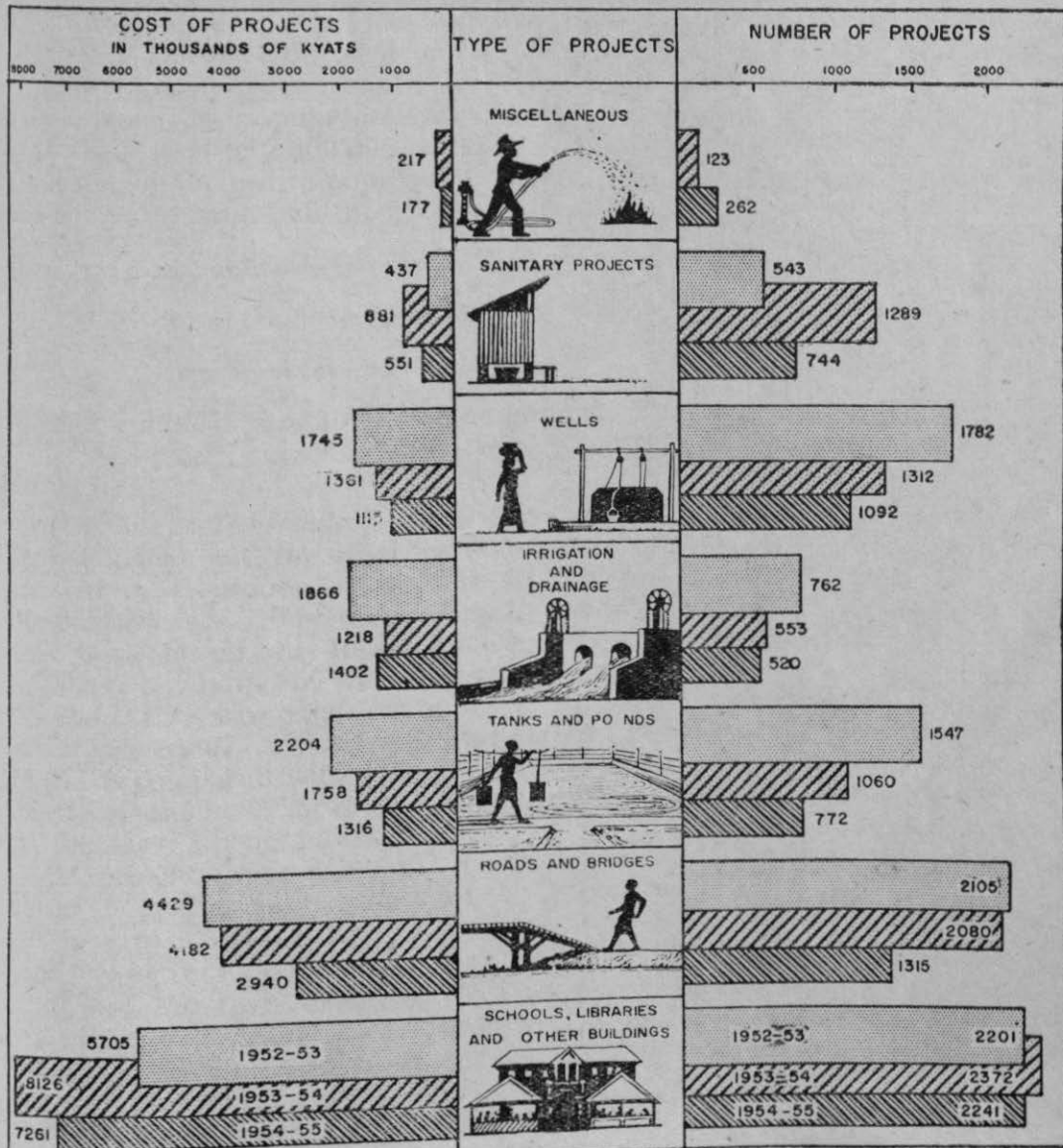
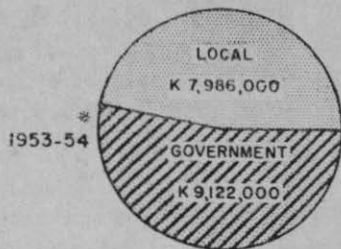
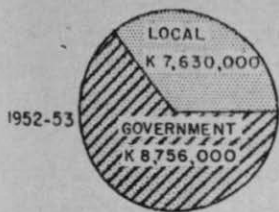
<i>Type of Project</i>	1952-53		1953-54		1954-55	
	<i>No. of Projects</i>	<i>Cost (K 000)</i>	<i>No. of Projects</i>	<i>Cost (K 000)</i>	<i>No. of Projects</i>	<i>Cost (K 000)</i>
Wells	1782	1745	1312	1361	1092	1115
Tanks and Ponds	1547	2204	1060	1758	772	1316
Other Sanitary Projects	543	437	1289	881	744	551
Schools	1393	4749	1791	7211	1619	6328
Libraries	429	564	402	606	344	535
Other Buildings	379	392	179	309	278	398
Roads, Bridges	2105	4429	1957	3965	1315	2940
Irrigation	762	1866	553	1218	520	1402
Miscellaneous ... ..	...	...	123	217	260	177
Total	8940	16386	8666	17526	6944	14762

Public response to the Pyidawtha undertakings has been heartening. Contributions by the public in the form of money, labour and materials have averaged over 45 percent of the total outlay during the past three years. Cash contributions however still predominate, reflecting a continuing sponsorship of the urban population in rehabilitating their civic amenities.

Table 46.—PYIDAWTHA PROJECTS : EXPENDITURES BY DIVISION AND SOURCE, 1954-55

<i>Division</i>	<i>No. of Townships</i>	<i>No. of Projects</i>	<i>Total (K 000)</i>	<i>Government (K 000)</i>	<i>Public Contribution (in K 000)</i>			
					<i>Total</i>	<i>Cash</i>	<i>Materials</i>	<i>Labour</i>
Sagaing	39	1615	2082	1270	812	299	83	430
Mandalay	20	1054	1692	872	820	346	168	306
Irrawaddy	26	954	2208	1092	1116	914	71	131
Pegu	39	974	2783	1606	1177	785	171	221
Magwe	24	993	2549	1108	1441	239	262	940
Arakan	13	514	984	747	247	103	23	121
Tenasserim	21	537	1479	924	555	123	88	344
Chin Special	6	303	975	345	630	139	82	409
Total	188	6944	14762	7964	6798	2948	948	2902

CHART NO. 15
PYIDAWTHA DISCRETIONARY GRANT PROJECTS
 LOCAL IMPROVEMENT SELECTED AND SUPERVISED BY LOCAL AUTHORITIES



* BASED ON REPORTS FROM 188 TOWNSHIPS

CHART NO. 15
RYDAW THE DISCRETIONARY GRANT PROJECTS
 LOCAL GOVERNMENT SELECTED AND SUPERVISED BY LOCAL AUTHORITIES



TYPE OF PROJECTS	NUMBER OF PROJECTS		COST OF PROJECTS IN THOUSANDS OF RATS	
	1951-52	1952-53	1951-52	1952-53
MODEL FARMS	100	100	100	100
RAINFALL PROJECTS	150	150	150	150
WELLS	200	200	200	200
WATER SUPPLY AND DRAINAGE	250	250	250	250
ROADS AND BRIDGES	300	300	300	300
MISCELLANEOUS	350	350	350	350
RYDAW PROJECTS	400	400	400	400

K. HEALTH

Disease Prevention.—While continuing the programme for adequate medical care, the Government is paying greater attention to the prevention of disease. The main diseases that are now receiving major attention are malaria, pulmonary tuberculosis, leprosy and venereal disease.

Malaria.—The control of this disease, of the greatest importance for the welfare of the people and the economic development of the country, has received special consideration in the matter of provision of funds and personnel. This special attention will be continued to enable the well prepared programme to go forward with the assistance of the WHO and UNICEF. During 1954-55 a sum of K 11,04,000 was spent by Government in addition to assistance from the WHO and the UNICEF. In this third year of operation the population covered by the programme increased from 1,300,000 in 1953 to 2,800,000 in 1955. The target is a coverage of 7,400,000 persons being the entire population of the major malaria areas. During the 1955 spray campaign, all the accessible parts of the country were treated.

No. of houses sprayed	...	...	118,436
No. of out-houses sprayed	...	...	36,957
Population covered	...	...	2,784,198

The technical personnel employed totalled 297 exclusive of a large group of non-technical persons such as labourers and drivers, clerks, office staff, etc.

Pulmonary Tuberculosis.—For the control of this disease, the two clinics, one in Rangoon and the other in Mandalay, continue to operate. The attendance at the Rangoon clinic was 83,429 among whom were 1,229 new tuberculosis cases. The home visits totalled 7,750. At the Mandalay clinic, where work started only in the last quarter of 1954, the attendance in 1955 was 20,417 of whom 866 were new tuberculosis cases.

The B.C.G. campaign continues to operate with 10 teams. Tuberculin tests done were 671,357 as compared with 1,217,739 in 1954; and vaccinations 224,848 as compared with 412,078 in 1954. The reduction in the number of tuberculin tests in 1955 was due to reductions in the number of technicians available for the programme.

At present there is no exact information on the prevalence of tuberculosis to enable future planning to be carried out. A survey with the assistance of WHO, as well as a chemotherapy treatment project with the assistance of WHO and UNICEF, are under consideration.

Venereal Disease Control.—This programme continues to be carried out with 15 anti-V.D. teams as compared with 14 in 1954; of these 15 teams, 7 are in Rangoon city and 8 in the districts. Further progress is hampered by the paucity of trained personnel.

The total attendance at all clinics was 214,482 as against 183,932 in 1954. There were 87,062 new cases as compared with 67,482 in 1954 showing an increase of 19,580 in 1955.

Blood tests for venereal disease totalled 181,361 with 29,733 positive as against 167,849 with 32,712 positive in 1954, showing a decrease of persons with positives reactions in 1955. The results achieved are encouraging. Additional coverage is currently being undertaken.

Leprosy Control.—The national campaign launched with the assistance of the WHO continues to make progress. In line with the modern concept in leprosy control, the campaign concentrates on mass treatment with sulphones to achieve a declining leprosy incidence. Therefore, while continuing institutional care for severe infectious cases, facilities for outdoor treatment are now provided, particularly in rural areas. The field campaign has been extended to 26 districts in Burma and the Shan and the Kachin States.

The total number of patients treated in 1955 was 31,000 as compared with 19,700 in 1954-55 and 18,000 in 1953-54. Three thousand six hundred and seventy patients were in 21 leprosy institutions, two of which are in the Shan State. UNICEF aid was received during 1955 and arrangements have been made to intensify the campaign.

Other Diseases.—The epidemic diseases of plague, cholera, smallpox and typhoid fever take a considerable toll in Burma. They require very active measures to control them, measures which Burma has not yet been able to take to a sufficient extent.

Together with the effort to reduce the incidence of these specific diseases, action is being taken in the *promotion of health*. The main factor in this is the *nutrition* of the people. A nutrition project is in operation with the assistance of WHO, FAO and the Ford Foundation. During 1955 the nutritional status of 15,189 school children was examined and their heights and weights recorded for preparing heights and weights standards for Burmese children. The nutritional status has been estimated as 10 percent good, 85 percent medium and 5 percent bad. Deficiencies in Vitamin A (7 percent), B. Complex (18.4 percent) and existence of anaemia (12.4 percent) and caries of teeth (25.8 percent) have been noted.

Nutrition surveys were carried out in 23 villages in 6 districts and 3,113 adult persons were examined. The same deficiencies as found in school children were found in the village population as well.

Beri beri and goitre are being studied and nutrition education is being stressed through all possible avenues.

Maternal and Child Health.—Originally maternal and child health work was carried out through voluntary maternal child welfare societies which have displayed very commendable public spirit. During 1955, 288 voluntary MCW societies were at work, of which 158 were registered and 135 received financial assistance from the government. The total number of lady health visitors and midwives made available through MCW societies and the number of societies receiving UNICEF aid were :

Lady Health Visitors	...	...	97
Midwives	...	...	130
Societies receiving UNICEF aid	...	...	133

With the reorganization of the Health Directorate and the establishment of a division of MCH and School Health, the technical work has been taken over by the Directorate, with the welfare work continuing to be done by the societies.

The departmental work is organized in urban areas, in addition to those of the MCW societies, by 5 teams in Rangoon, 3 in Mandalay, 2 in Bassein and 2 in Moulmein, carrying out all phases of MCH work including school health. In rural areas the work is done through rural health centres.

The number of centres in 1955 carrying out MCH work is 387 with a total of 204 lady health visitors and 457 midwives. Pre-natal clinics recorded 56,992 first visits and 118,675 revisits and well-baby clinics (infants) 160,346 first visits and 827,159 revisits. Two special polyclinics and three mobile clinics were in operation during the year.

School health work has been conducted by the Government teams in 159 Rangoon schools and 132 other urban schools. The number of children medically inspected in Rangoon was 23,554 and in the other urban schools 10,406. Of these a total of 22,853 children were found with defects, of whom 21,130 were treated.

Health Education.—The work is performed by a central organization as well as a field organization, consisting of 16 assistant health educators who have received six months' training. The central organization conducted a refresher course for assistant health educators and contributed to the training programme of midwives, public health assistants, malaria inspectors, and lady health visitors. It also prepared 14 posters, 99 sets of flannel graphs and 2 pamphlets; participated in 4 exhibitions; held 160 film shows; attended 95 meetings, delivered 170 talks and distributed about 50,000 leaflets and 3,000 posters.

Environmental Sanitation.—This programme deals with a promotion of health, with housing, water supplies, refuse disposal, food sanitation, and control of insects and animals detrimental to public health. The Rural Water Supply and Environmental Sanitation Board completed 416 tube wells to supply water in villages during 1954-55, and in the first five months of this fiscal year completed an additional 301 wells. In the other major phase of its operations, the Board manufactured and distributed 27,108 latrine plates in 1954-55 to improve rural sanitation. This part of the project is continuing this year, but at a reduced rate.

Hospitals and Dispensaries.—There are in the country 45 district head-quarter's hospitals, 170 township hospitals and 89 dispensaries with a total of 7,550 beds including the Rangoon General Hospital. There are special hospitals for maternity cases (Dufferin Hospital with 208 beds), for mental health (the Tadagale hospital with 600 beds), for leprosy, and special wards for tuberculosis (in Rangoon and Mandalay totalling 210 beds).

Out of 17 new hospitals scheduled for 1956, six hospitals were completed at Yedashe, Mahlaing, Myittha, Wetlet, Tadu-U and Pyawbwe, and these now require only ancillary buildings. The remaining 11 hospitals under construction include those at Ye-U, Myaung, Katha, Pakôkku, Myingyan, Nyaunglebin

Sagaing and Penwagon. During the year, 1955, a total of 151,437 in-patients and 2,912,948 out-patients were treated in all hospitals and dispensaries.

Urban Health Centres.—A start has been made in Rangoon, Mandalay, Bassein and Moulmein to integrate the MCH and School Health personnel and to convert their activities to health centres where preventive services are brought close to the people that require them. Three such centres are operating in Rangoon, three in Mandalay, two in Bassein and two in Moulmein.

Rural Health Centres.—This scheme will eventually provide the medical and health care needed by 85 percent of Burma's population. It was commenced in 1954 with wholly para medical personnel. It began with 122 centres and, 135 were added last-year, bringing the total to 257 by the end of 1955. However, many centres are not fully staffed.

Training programmes have been established and are functioning for health assistants, vaccinators, compounders, laboratory technicians, laboratory assistants, as well as for nurses and other nursing personnel and doctors.

The medical education is undertaken by the University of Rangoon. During the year 97 students qualified and 35 have been absorbed into service in the Ministry of Health.

The number of nurses who applied for training in 1955 was double that of 1954 and included better educated girls. Four hundred and three nurses were in training of whom 70 were graduated. In addition, 253 midwives, 16 lady health visitors and 272 also completed training. All the lady health visitors and midwives were absorbed in the Rural Health and MCH centres. Due to financial stringency the school for public health nurses had to be closed, but arrangements were made to send students to India for training under UNICEF auspices. In-service training for 3 month's in paediatric nursing was given to 9 nurses and a refresher course of the same duration to 20 lady health visitors. New accommodation for 200 student midwives was provided at the Dufferin Hospital in two buildings during the year.

The Health Assistants School continued to function. Eighty-seven health assistants graduated as compared with 132 in 1954. Up to date 324 health assistants have been trained against a target of 800. Due to financial stringency no new students were taken in during 1955. Twenty-seven Public Health Inspectors commenced a training course of 12 month's duration as Health Assistants from 1st October 1955.

One hundred and twenty six vaccinators qualified during the year, bringing the total to 399 against a target of 800. Training of compounders continues at 26 district hospitals. Ninety candidates are to be trained each year, but the number trained in 1955 was 81.

Training of laboratory Technicians was undertaken for the first time during the year at the Pasteur Institute, with the assistance of the WHO Microbiologist. It is a 12-month course and 8 persons are in training. Laboratory Assistants are trained at the Rangoon General Hospital. Six were trained as against 12 in 1954. Training for X-ray technicians is under active consideration.

Health Assessment.—Owing to the disturbed state of the country proper figures of vital statistics are not available. However, a separate branch in the Directorate has been established and the assistance of a WHO consultant secured for the proper recording and tabulation of vital statistics.

L. EDUCATION

Education in Burma is being steadily extended to a greater number of people each year. The table below indicates the progress achieved in recent years in providing educational opportunities to the young people of the Union.

Table 47.—ENROLMENT IN STATE SCHOOLS IN BURMA
(1953—1956)

	1953	1954	1955	1956
Primary ...	595,900	737,400	1,003,400	1,155,800
Middle ...	54,000	80,400	105,200	144,200
High ...	16,600	23,200	29,800	31,700
Technical Institute	150	200	400	600
Artisan Training ...	75	125	150	250
Teacher Training ...	7,400	5,900	2,600	3,000 ^a

^a Estimated. The decline in teacher training enrolment in 1955 reflects the elimination of the emergency training schemes of earlier years, when only short courses were given to new teachers.

Building Programme.—During 1955-56, 19 school buildings will be completed providing for 10,800 pupils. At the end of year a total of 21 buildings in the districts will still be under construction, and will involve a further outlay of approximately K 3.9 millions.

In addition to the above building programme for middle and high schools, work progressed on various building projects for higher education. The Branch Medical College at Mandalay, which was opened in 1954 will be completed within the near future. The State Training College for Teachers at Moulmein is expected to be completed this year.

Technical Education.—The Technical High School in Rangoon has reached an advanced stage of completion. This modern school is believed to be among the finest in Asia, and will provide for technical training of 300 boarding students in addition to 300 day students from all parts of the Union. The first group of 200 students have now been enrolled this year. The remaining work on the school consists of the construction of teachers' quarters and servants' quarters and the provision of additional equipment, most of which must be purchased abroad.

The extension of the Government Technical Institute at Insein has made limited progress and admissions were restricted to 150 new students this year (against 200 anticipated) due to delay in completion of new buildings. Lecturers' quarters have been completed, and work has progressed on two students hostels, a dining hall, a new workshop block and a new water

supply and sanitation system. However, work has not yet begun on construction of additional classroom building and more accommodation for teachers and lecturers. Plans are also being studied for the expansion of the school to provide for a Leather Tanning and Leather Working Course. Also, it is planned to attach permanently the Mining Technology Course to the Institute.

It is hoped that the Technical Institute will ultimately have an enrolment of 800 full-time students, with 600 in hostels at the Institute. This would permit maximum intake of 300 new students annually. A wide range of courses covering Burma's most pressing needs for trained technical people will be available on completion of the Institute.

The Government Technical Institute at Mandalay has finished its first year and the second year course will continue, with a fresh enrolment of another 100 students. The school is still housed in wooden buildings inherited from the Training College for Teachers which moved in 1955 to new quarters. Four small buildings for the Institute were erected in 1955, but no other new construction has been possible during last year.

Artisan Training Centres in Mandalay and Rangoon.—Land has been acquired for the Artisan Training Centre, Mandalay and necessary action is being taken to acquire the land for Artisan Training Centre, Rangoon. The new centres will provide for training of 400 students at Mandalay and 600 at Rangoon.

The Agricultural Institute at Pyinmana has a new block of buildings added during the year which will provide residential accommodations for the students as well as increased classroom facilities. This Institute has produced its first batch of some 60 agricultural graduates this year.

Universities.—Enrolment at universities in 1956 has reached a new high total of 12,491, an increase of 2,267 over the previous year. Over the last five years the number of students receiving university education has increased by an average of 1,660 per year. The pre-war average enrolment in universities was 2,429.

At the University of Rangoon a number of new courses are being offered. They include degree courses in chemical engineering, mining engineering, metallurgy, architecture, textile engineering which are being offered by the Faculty of Engineering. Other courses which have been added include sericulture, anthropology, sociology, statistics, accounting and management. A course is also now available in Buddhist Abhidhamma (Philosophy), as well as French and German. The B.Sc. (Agriculture) course has been extended from two to three years. A new Social Science building for accommodating class rooms for Arts students is also being constructed. It is expected to be completed this year at a cost of K 1.6 millions.

In the Branch Medical College at Mandalay which is affiliated to the Rangoon University, a third year M.B., B.S. Class has been introduced this year as a part of the plan to advance the college to degree-status college. A clinical course has also been introduced this year.

Besides the present Intermediate Colleges at Moulmein, Kyaukpadaung, Rangoon East and West, a new Intermediate College affiliated to the

University of Rangoon has been opened at Magwe since July 1955. A total of 85 students have been enrolled in this College during the current academic year.

State Scholars.—In 1955-56, a total of 345 State Scholars were in residence abroad. Opportunities for advanced training in foreign institutions are granted to qualified scholars on a basis of merit, and selected persons are granted adequate funds to meet their necessary expenses while they are receiving this training. Great progress has been made in this important aspect of higher education since pre-war times, when such scholarships were restricted to less than 12 per year. By 1952-53, the Government was sponsoring 164 such students; in 1953-54 the number was increased to 220, and in 1954-55 the total reached 380.

Teacher Training.—During the academic year ending in 1956, five teacher training institutes (Kanbe, Mandalay, Meiktila, Moulmein and Kyaukpyu) turned out 2,568 graduates, largely for the primary school programme which has expanded rapidly during the last several years and which depended largely on emergency-trained teaching staff. There is similar institute in Bassein with about 300 primary school teachers. Of the total graduates, 1,000 were from among the 10,000 emergency teachers who had been recruited in earlier years. These teachers are now being returned to the teacher training institutes for full one-year courses. Training of teachers for higher education has been extended from the University to include a new technical teacher training course at the Government Technical Institute at Insein. Graduates of this course will meet the teacher requirements of all the Technical Institutes as well as the new Technical High School and the Artisan Training Centres.

M. INTERNATIONAL ASSISTANCE PROGRAMMES

1. The Technical Assistance Programme of the United Nations and Specialized Agencies.—The funds allocated by the United Nations Technical Assistance Board to meet the technical assistance requests by the Union Government are as follows:

Table 48.—ALLOCATION OF UN TECHNICAL ASSISTANCE FUNDS IN BURMA
(In thousands of Kyats)

Agency	1953	1955	1956	1957	Percentages	
					1953	1957
TAA ...	776	781	1066	1114	32	30
ILO ...	362	495	562	524	15	14
FAO ...	171	505	724	842	7	22
UNESCO ...	67	195	290	333	3	9
WHO ...	1047	1247	1223	947	43	25
	—	—	—	—	—	—
Total ...	2423	3223	3865	3760	100	100
	—	—	—	—	—	—

The principal features of the programme for the year 1955-56 are outlined below for each agency.

Technical Assistance Administration (TAA).—An Industrial Economist, Industrial Engineer, Production Engineer, Textile Specialist and Ceramics Expert were provided, together with Cost and Management Accountants. Also a General Mining and a Hydraulic Mining Engineer have been made available. The Building Materials Research Project was continued. Another project of first importance is Public Administration training for which TAA provided two experts. Assistance has been continued for the Electricity Supply Board.

International Labour Organization (ILO).—The diesel training centre established at the request of the Inland Water Transport Board has developed into a regional centre attended by trainees from India, Pakistan, Thailand and Korea. An important project is that of training within industry and expert assistance is being made available. A mine-safety expert and consultants in co-operatives (general) and co-operative banking were also provided. Two experts assisted in the successful establishment of the Social Security Board, and a third expert returned to Burma to continue the establishment of Minimum Wage Councils in selected industries, such as the cigar and cheroot manufacturing industry.

Food and Agricultural Organization (FAO).—Here again, attention has been directed to the economic problems of the country, amongst the most pressing of which has been the storage and marketing of rice for which consultants were obtained from FAO. Increasing attention was given by three veterinary specialists to the development of animal-husbandry. Experts have also been provided for mechanised extraction of timber, farm mechanisation, sericulture and silk-reeling, milk condensary, inland water fisheries and nutrition.

United Nations Educational, Scientific and Cultural Organization (UNESCO).—The teacher training and science teaching projects were continued, and a UNESCO consultant obtained to assist the Burma Translation Society. Future development, including the establishment of an instrument repair centre, has been planned for the Union of Burma Applied Research Institute.

World Health Organization (WHO).—The major technical assistance activities in the field of public health have been in respect of eradication of malaria, TB control, general nursing, strengthening laboratory services, environmental sanitation, health education, nutrition and vital statistics. In addition, three visiting professors were provided by WHO to the Medical College.

2. *The United Nations International Children's Emergency Fund (UNICEF).*—This agency continues to make a major contribution to the development of health and welfare in the Union. Working closely with other UN agencies and government departments, UNICEF assists the programmes conducted against malaria and tuberculosis. In addition it carries on its main function for providing milk and medicines for a large number of children and

mothers. UNICEF operates closely with the maternal and child health clinics conducted under the auspices of the Ministry of Health, and provides substantial financial assistance to many of them.

3. *The Colombo Plan.*—Since joining the Colombo Plan in 1952, Burma has been receiving aid in equipment, training and service of experts. By the end of July 1956 approximately K 5·8 millions worth of equipment had been provided by Australia, New Zealand, Canada and the United Kingdom; the largest item being construction and earth moving equipment to the value of K 1·6 millions provided by Australia. Other major items are industrial equipment valued at about K 2·8 millions; agricultural equipment, including seeds, fertilisers and live stock, costing K 0·6 million; educational equipment for the Rangoon University to the value of K 0·5 million; and medical equipment to the value of K 0·2 million.

A total of 323 training opportunities were awarded, up to the end of July 1956, of which 277 proceeded for training and 66 have already returned. Of the remaining 46 awards, 33 are making arrangements to go but the rest are unable to take up the awards. These training facilities include 77 trainees for public administration, management and accounts, 53 trainees for agricultural techniques and financing, 52 trainees for mining, 22 trainees for transport and communications, 19 trainees in medical fields. The remaining 89 awards are miscellaneous training courses such as town planning, statistics, cinematography, block making, etc.

Under the Technical Co-operation Scheme of the Colombo Plan 17 offers were received for the services of experts and 14 have been accepted. They are: an architect, a veterinary expert, a metallurgist, a librarian and two textile experts from Australia; an aerial survey expert, a pathologist and a fishery expert from Canada; a senior lecturer in electrical engineering from New Zealand; an architect, a senior lecturer in mechanical engineering, a senior lecturer in civil engineering, a town planner and a lecturer in architecture from the United Kingdom.

4. *The Ford Foundation.*—In addition to continuing work on agricultural education, rural development and technical instruction, the Ford Foundation has provided during the past year a team of public administration and management accountants to assist in developing and improving accounting procedure in government departments as well as industrial undertakings.

This private philanthropic institution continued its support for the Agricultural Institute at Pyinmana, which completed training its first class of 50 students in 1956. It has also financed visiting instructors and provided equipment for the Government Technical Institute at Insein, and has assisted in the programme for developing local government in the districts. It continues its programme of assistance to the University of Rangoon, with the provision of visiting professors and a research grant for economics.

5. *Special Agreements for Technicians.*—During the year agreement was reached with the Union of Soviet Socialist Republics to provide Burma with a team of technicians to undertake studies for improving agriculture.

This group will study soil conditions, mechanization and irrigation possibilities, and the opportunities for crop diversification. Other technical assistance from the USSR is planned.

Another agreement was reached with the United States, by which the United States purchased rice to the value of \$ 1,100,000 to be shipped to Pakistan under the American aid programme. In return, Burma will recruit a group of technicians in the fields of agriculture, industry, forestry, mining, social services and other activities to assist in developmental programmes now underway or planned for the future. Of the total \$ 220,000 has been set aside for training of scholars abroad.

PART III

THE ECONOMIC BUDGET FOR BURMA IN 1956-57

The financial year 1956-57 is the first year of a new Four-Year Development Programme drawn up within the technical frame-work of the former Eight-Year Plan but against the relatively limited financial resources of the Government at the present juncture. As such it is natural that any discussion of the financial prospects in that year should begin with the problem of financing of the Programme.

A calculation of the Government's financial resources for capital development in 1956-57 is shown below with a break-down into foreign and local resources. It should however be noted that the table merely represents the sum total of resources available and is not meant to reflect the specific use of resources.

	(In Millions of Kyats)		
	Total	Foreign Exchange	Kyats
Current surplus of Ministries and Departments ...	14	...	14
State Agricultural Marketing Board contribution for capital outlay	100	...	100
Current surplus of other Boards and Corporations	24	...	24
Depreciation and Reserve Funds *	31	...	31
Reparations	170	170	...
World Bank Loan	57	57	...
Public Law 480	80	80	...
Other capital receipts and funds available	45	8†	37
Total	521	315	206

* These funds are held outside the Budget.

† Foreign exchange surplus on current account of the economy.

In view of the above estimate of resource position of the Government in 1956-57, the programme for that year was determined at a level of about K 563 millions. The magnitude and composition of the programme for 1956-57 was influenced by the heavy commitments made and carry-over works inherited in the sectors of indirect production on the one hand and on the other hand by the Government's desire to accelerate direct production, particularly in agriculture, forestry and mining.

A comparison of the resources estimated to be available in 1956-57 with the desired level of capital investment is made together with their foreign and local composition below. It should be noted, however, that the capital programme mentioned above excludes loans made by the Government to private industry. Since financial provision for these loans amounting to K 27 millions will however have to be made by the Government and the

disbursements of these loans will have an impact on money supply, they will have to be added to the programme level mentioned above. This is done as follows :—

				(In Millions of Kyats)		
				Total	Foreign Exchange	Kyats
Programme and loans	...	...	...	590	361	229
Resources	...	...	...	521	315	206
		Deficit	...	69	46	23

The financial transactions of the Government both within the conventional Budget of the Union Government as well as in the more comprehensive budget of the public sector including boards and corporations as shown below indicate how the capital programme will be financed. This is followed by a discussion of the probable economic impact of such transactions on the rest of the economy.

The proposed Budget of the Union Government for 1956-57 may be summarised as follows :—

Table 49.—PROPOSED BUDGET OF THE UNION GOVERNMENT, 1956-57

				(In Millions of Kyats)	
Revenue Receipts	...	...	...	891	
Capital Receipts	...	...	...	417*	
		Total Receipts	...	1308	
Revenue Expenditures	...	...	...	877	
Capital Expenditures	...	...	...	199†	
		Total Expenditure	...	1076	
		Surplus	...	232	

* Differs from Budget figure because it excludes borrowings from the Union Bank and includes deposits to the special Public Law 480 account.

† Excluding loans to Boards and Corporations.

The relatively large surplus in the Budget of the Union Government is due on the one hand to the inclusion in Capital Receipts of receipts from external sources and on the other to the exclusion of loans to the Boards and Corporations. It is therefore important to study the financial transactions of the Government complex as a whole as shown in the Comprehensive Budget of the Public Sector below.

Table 50.—COMPREHENSIVE BUDGET OF THE PUBLIC SECTOR

		(In Millions of Kyats)		
		1954-55	1955-56	1956-57
		Actuals	Revised	Projected
1. Receipts.—				
(a)	Revenue Receipts ...	940	879 ¹	991 ²
(b) Capital Receipts				
	Reparations ...	...	40	170
	Public Law 480 ...	...	20	80
	World Bank loan to Government (Railways) ...	...	...	22
	Others ...	164	22	45
(c)	Boards and Corporations	1,423 ³	1,634	1,822 ⁴
	Total Receipts ...	<u>2,527</u>	<u>2,595</u>	<u>3,130</u>
2. Expenditures.—				
(a) Ministries and Departments				
	Current Expenditures ...	731	769	877
	Capital Expenditures ...	320 ⁵	175	199
(b) Boards and Corporations				
	Current Expenditures ⁶ ...	1,539 ³	1,558	1,732
	Capital Expenditures ...	393	325	391
	Total Expenditures ...	<u>2,983</u>	<u>2,827</u>	<u>3,199</u>
	Deficit ...	<u>456</u>	<u>232</u>	<u>69</u>

¹ Differs from budget figure because this includes the entire SAMB cash surplus after income-tax.

² Differs from budget figure, because it includes the entire amount of rehabilitation contribution from the SAMB.

³ Provisional.

⁴ Includes K 35 millions World Bank loan to Port Commissioners.

⁵ Includes Indian debt settlement K 104 millions.

⁶ Excluding depreciation allowances.

The large increase in revenue receipts expected for 1956-57 is due mainly to a larger yield of customs and sales taxes from higher imports, an increase in income-tax collection from enlarged trade profits and a larger transfer of profits from the Union Bank.

On the other hand, current expenditures in 1956-57 are estimated to rise—by almost 14 percent from 1955-56—to a high level of K 877 millions. The heavy current expenditures of the Government are largely due to the required increase in personnel to man its increasing capital projects, especially the paddy production project, and its expanded activities, particularly in the social services sector.

Capital receipts estimated for 1956-57 are also substantially higher than in previous years, the increase being largely accounted for by receipts from external sources. Receipts of reparations from Japan in 1956-57 are estimated at K 170 millions, as against K 40 millions in 1955-56, assuming a considerable speeding up of procedures, particularly at the procurement end. A carry over from last year of K 80 millions of Public Law 480 and World Bank loans to the order of K 57.2 millions make up the rest of the external receipts.

In addition to State Agricultural Marketing Board, Boards and Corporations began to show a current surplus in 1955-56 due to expanded operations and in some cases improved efficiency. This trend is expected to continue in 1956-57.

Since the Four-Year Programme is essentially a public development programme, the financial impact of the programme, particularly its method of financing, on the rest of the economy can best be studied with the aid of a cash consolidated budget. The cash budget analyses the financial transactions of the public sector with the private sector and traces the effect of the Government's cash deficit on the privately held money supply.

Table 51.—CASH CONSOLIDATED BUDGET OF THE PUBLIC SECTOR AND ITS EFFECTS ON PRIVATELY HELD MONEY SUPPLY

				(In Millions of Kyats)		
				1954-55	1955-56	1956-57
				Actuals	Revised	Projected
1.	Receipts of Union Government	...	...	2,527	3,595	3,130
2.	Less: Receipts from abroad	...	...	903	1,109	1,290
3.	Equal: Domestic Receipts	...	...	1,624	1,486	1,840
4.	Expenditures of Union Government	...	...	2,983	2,827	3,199
5.	Less: Payments abroad	...	...	560	542	626
6.	Equal: Domestic Payments	...	...	2,423	2,285	2,573
7.	Cash deficit with Private Sector	...	...	799	799	733
<i>Less.</i>						
8.	Excess of private foreign payments over foreign receipts	...	...	559	497	710
9.	Other factors ^a	...	...	+ 44	+ 20	...
Increase in private money supply				196	282	23

^a Includes net exchange in private savings (time deposits) and changes in commercial bank loans to private borrowers.

It will be observed that the revised estimate of the increase in private money supply shown in the above table has considerably exceeded the projected figure for the same in the 1955 Survey, on account of a larger cash consolidated deficit of the Government with the private sector. This was in turn due mainly to a shortfall in domestic receipts. The total receipts of the

Union Government were, however, almost as high as the projected level due to larger foreign receipts on account of increased rice sales and collections and drawings from the International Monetary Fund more than offsetting the shortfall in the realization of reparation receipts.

It will be observed that the abnormally large increase in the money supply during 1955-56 was not caused by an increase in the Government complex cash deficit with the private sector. In fact that deficit was the same as it was the year before (although, because of a shortfall in domestic receipts, it was larger than was projected in last year's Survey). The major factor contributing to the increased money supply was the rather low level of private foreign payments.

It will also be noticed that the comprehensive budget of the public sector (the Government complex) shows only a small deficit of K 7 crores, in comparison with much larger deficits in the two preceding years, which were met chiefly by draining down accumulated foreign exchange reserves. Similarly, the cash consolidated budget suggests only a slight increase of K 2 crores in the privately held money supply, in comparison with the large increases of the preceding years.

In the course of the financial year 1955-56 the allocations for consumer imports were raised to a much higher level than provided for at the time of the writing of the 1955 Survey. However, the arrival of imports was much lower than the revised import allocations and largely contributed to the increase in privately held money supply and consequent rise in prices. The rise in prices was further accentuated by delays in the distribution of consumer imports and the speculative activities of the trade.

Among other factors the decline in private savings in the form of time deposits and an unusually sharp rise in bank loans to private borrowers further contributed to the increase in private money supply in 1955-56.

In the calculations of the cash deficit for the year 1956-57, no net change in private savings (time deposits) is counted upon, in the light of the experience in 1955-56. Nor is any net increase in bank loans to private borrowers expected for the next year in view of the abnormal increase which occurred this year. If net changes in private savings and in bank advances do occur next year, it is assumed here that they will cancel each other out. Similarly, no increase in private money supply which would be permitted by the expected increase in domestic production is allowed for in 1956-57. This is because of the existing state of price inflation in the country.

For the year 1956-57 however, only a small increase in private money supply is indicated in the table above despite the higher level of budgetted expenditures. This is partly because of larger domestic receipts anticipated but is largely on account of a much higher level of consumer imports programmed in pursuance of the Government's announced policy to bring down prices.

It is however expected that the estimated increase of K 23 millions in private money supply in 1956-57 will be easily mopped up by further efforts at taxation. The foreign exchange deficit of K 46 millions can be met by drawing on reserves whose position has considerably improved during the current year.

The expected arrival of large bulks of consumer goods in the immediate months will in the mean time exert moderating effects on the price situation and thus pave the way for development with stability in the coming year.

The budgetting of resources and the formulation of the programme for 1956-57 were thus done against a background of comparatively buoyant revenues on the one hand and a fairly rigid framework of committed projects on the other. The necessity to continue the works in progress and at the same time to give further emphasis to direct production by larger investments in agriculture, forestry and mining, calls for a programme level of not less than K 563 millions. At the same time the need for a more liberal inflow of consumer imports to alleviate the existing state of price inflation makes a further demand on the foreign exchange resources of the country. For the same reason deficit financing of the programme to any sizeable extent with an inflationary potential is precluded. Happily, however, increased sales of rice particularly by reduction of stocks already paid for and receipt of external resources combined to provide the necessary foreign exchange resources. Domestic revenues are also expected to increase mainly as a result of larger revenue yields from customs duties and sales taxes on a higher level of imports.

In programming capital development for 1956-57, priority was given firstly to law and order, and secondly to direct production. The criteria of export promotion and import substitution were particularly emphasized in the selection of projects. A table showing the percentage distribution of investment by major sector as had taken place in the last four years and as programmed for the next year is carried below. It will be noticed that the investment allocations for the year 1956-57 form an attempt, not entirely successful because of heavy commitments, to shift the programme balance in favour of direct production away from social overheads.

Table 52.—PERCENTAGE DISTRIBUTION OF INVESTMENT BY MAJOR SECTORS

			1952-53 to 1955-56	1956-57
Agriculture (including Irrigation)	...	...	10.3	13.3
Forestry	...	...	1.7	2.3
Mining	...	...	1.2	3.8
Industry	...	...	9.4	11.4
Transport and Communications	...	...	24.5	27.2
Power	...	...	9.9	13.8
Building construction	...	...	16.1	5.6
Social Services (including Pyidawtha)	...	...	*	3.7
Miscellaneous	...	...	5.0	1.6
Defence	...	...	21.9	17.3

* Included in Building Construction and Miscellaneous.

Agriculture and irrigation receive a greater emphasis on account of the need for a substantial expansion in paddy production. Large commitments in barter agreements and an expanding cash market call for larger surpluses of rice for export than hitherto available, especially in view of the dwindling of stocks accumulated in the recent few years. Similarly forestry and mining are given a larger share of investment than before even though their share of total investment is still low because of a lack of readiness of projects. Allocations for the industry sector do not fully represent the planned increase in industrial investment since they include only half of the cost of projects proposed as joint-ventures and even less in the case of textile projects to be financed under the Economic-Co-operation Scheme with Japan.

On the other hand, transport and communications still take up over a quarter of the capital resources in 1956-57 because of heavy commitments made in the past and the necessity to rehabilitate transportation facilities in the face of insurgents' destructive activities. Building construction and miscellaneous expenditures are also curtailed. Social service expenditures, desirable as they are, are kept within modest limits in order to devote larger resources to economic production in the immediate future.

In order to ensure success of the programme it is necessary to follow certain policy measures. Firstly, with regard to the programme, the amount of reparations budgetted for 1956-57 forms almost 50 percent of the available foreign resources. This means that nearly half of capital goods imported for the programme must come from Japanese reparations. In addition there are barter credits to be utilized for both capital and consumer imports. Thus a serious rigidity exists in our foreign resources. It is therefore imperative to tie the projects to specific forms of foreign resources and forbid agencies from dipping into the free foreign exchange reserves. Failing the adequate tie up of projects, reparations and barter credits will be diverted as much as possible to consumer goods.

Another important factor in the successful implementation of the programme without generating serious inflationary pressures is to ensure a continuous inflow and expeditious distribution of adequate imports for private use. On this depends the achievement of a dis-inflationary effect on the money supply generated by the Government investment programme.

The next year will be a significant one for Burma's economic and social development. Government has re-appraised developments of the past four years, and taken into consideration such new factors as the availability of foreign exchange resources, the changed rice marketing outlook, and the relative stages of advancement in the economy. Further progress will be realistically related to these developments.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. The second part outlines the procedures for handling discrepancies and errors, stating that any such issues should be reported immediately to the relevant department. The third part details the process for auditing the accounts, including the selection of samples and the use of statistical methods to ensure the reliability of the data. The final part concludes with a statement of assurance that all procedures have been followed to the best of the company's ability.

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