

as well as in institutions. And in our State, when we have adopted compulsory arbitration as a mode of preserving industrial peace, the

The Stock Exchange

Dalal Street Hesitant

Thursday, Morning

POLITICAL developments continue to dominate the market; alternating bouts of storm and lull in the political situation dictate the course of prices. Earlier in the week, favourable anticipations of reaching a settlement in jute provided for a technical rally. But the improvement proved short-lived. A feeling of hesitation crept in as soon as it became known that the management of Tata Steels were contemplating a fresh approach to the problem of conversion of Deferreds into Ordinary shares. Recrudescence of communal trouble in Bengal and the declaration of martial law in Howrah made the undertone even more diffident. However, the subsequent announcement of the forthcoming visit of Pakistan's Prime Minister to Delhi to discuss the situation in the two Bengals reassured the market somewhat and rates were a little better on short covering. The fact that a general agreement had been reached on the terms of a joint declaration in regard to the protection of minorities in India and Pakistan improved the prospects of an enduring solution. Against this hopeful background, the report from Calcutta that Pakistan had agreed to sell eight lakh bales of jute and cuttings to Indian mills at agreed prices, payment being made in Indian rupees, and firmer advices from Calcutta encouraged Dalai Street to offer resistance. The Select Committee proposal to raise the exemption limit of taxation was an additional favourable factor. Prices, as a consequence, were lifted up all round.

An element of hesitancy, nevertheless, clearly persisted in the minds of operators. This resulted in an irregular trend. The future must, therefore, depend upon the

exclusive recognition to one trade union is bound to degenerate into favouritism and ultimately (horrible idea) fascism!

speed with which law and order can be restored and confidence revived.

Marketwise, Dr. John Matthai's statement had little effect. He asserted that after the remissions proposed by him, the level of direct taxation would be such that the economy could bear. Therefore, he added, there would be no further reductions in the levels of direct taxation except such minor

adjustments as circumstances might call from time to time. He reminded those affected by direct taxation "to take note of these facts and adjust themselves to these levels of taxation and settle down to them. If despite such a categorical statement, the market did not suffer a precipitate fall, it was because Dalai Street was fully aware of the implications of the existing and proposed tax reliefs and knew that more could not be afforded at the present juncture.

The Steel section naturally had the worst of erratic Actuations. And the revival of talks regarding conversion scheme made operators cautious. As it is well known, one of the principal recommendations of the Tariff Board, which has been accepted

STOCK EXCHANGE TRENDS

(In Rupees and Annas)

	This Week				1950	
	Previous Closing 22-3-50	Opening 23-3-50	High	Low	High	Low
Steels						
Bengal Steel ..	19 2	19 6	20 2	19 6	19 14	24 1
Indian Iron ..	27 7	27 13	28 8	27 2	28 5	33 7
Tata Steel Defd. ..	1570	1582 8	1615	1562 8	1592 8	1727 8
Tata Steel Ord. ..	315 8	317	320 8	310 8	316	345
Textiles						
Bombay Dyeing ..	1050	1053 12	1058 12	1036 4	1046 4	1167 8
Central India ..	229	229 8	234	229	233 8	276
Finlay ..	256	258	261	257	260 8	285
Gokak ..	261	261 8	266	261 8	264	295
India United Ord. ..	11 15	11-14-6	12 1	11 14	12	12 13
Kohinoor ..	313	314	315	310	313 8	323
New Great ..	154	146 8	149	145	146	175
	c.d.	x.d.				145
Simplex ..	183	184 8	195	183	193	216
Swadeshi ..	264	266	272	264 8	270	294
Banks						
Central Bank ..	82	82 8	83 8	81 8	83 8	87
Imperial F. P. ..	1775	1780	1785	1775	1782 8	1815
India ..	169	169	169 8	168	168	183
United Com. ..	41 8	42 12	44	42 8	—	51 8
Insurance & Electric						
New India ..	55	55 8	55 12	54 8	54 12	64 4
Ahmedabad Electric ..	127 8	128 8	128 8	130	130	132 8
Andhra Valley ..	1437 8	1440	1440	1442 8	1440	1457 8
Tata Hydro ..	153	—	153 8	152 8	153	156 8
Tata Power ..	1532 8	1532 8	1540	1532 8	1535	1555
Miscellaneous						
Alcock ..	284 6	283 2	297 8	280	295 10	297 8
A. C. C. ..	151 8	152	154 4	151 8	153 4	167
Belapur ..	222 8	223 8	228 8	223	227 8	244
Bombay Burmah Old ..	430	432 8	450	433 12	443 12	450
Premier Construction ..	82 8	82 8	92	82 8	90 4	103 8
Scindia ..	12-14-6	13	13-2-6	12-12-6	13-0-6	15 12
Wimco ..	225	226 4	233 12	226 4	228 12	237 8

c.d. = cum dividend.
x.d. = ex dividend.

by Government, is that the TISCO should take early steps to reconstruct its share capital by converting Deferred shares into Ordinary shares. The Chairman of the Company has been discussing this vexed question in his annual speeches ever since 1940 but a minority of Deferred share-holders has stood in the way. The management proposes to bring the capital of the Company into better balance with its assets by converting some of its reserve into shares. But the scheme of expansion cannot be put through as long as Deferred shares are there. The Company's paid up capital of Rs. 10.46 crores is wholly out of proportion to its gross block of Rs. 38.60 crores and this unbalance, needs to be corrected. If the ratio of one Deferred to five Ordinary shares is accepted by the shareholders, the load of ordinary shares would increase to about six lakh shares and speculation in these shares would lose its sting as in the case, for instance, of A.C.C.s which now have 10½ lakh shares. This implication of the conversion move is well understood by the market and it exerted a restraining influence on Ordinary shares which closed

subdued at Rs. 816. The proposed amendment to the Indian Companies Act to limit dividends on deferred shares to double the rate paid on ordinary shares with only two years' time allowed to existing companies to enforce it, should hasten the shareholders to accept the terms of conversion proposed which, incidentally, happens to conform to the current parity.

The general trend of rising costs and falling profits observed in the case of cotton textile mills has been further confirmed by the working of Kohinoor and Gokak Mills. Figures of net profit for the years 1948 and 1949 are: Kohinoor, Rs. 107.6 lakhs and Rs. 47.7 lakhs; Gokak, Rs. 40.52 lakhs and Rs. 13.35 lakhs; Modern, Rs. 19.99 lakhs and Rs. 9.41 lakhs; and Ambica, Rs. 30.95 and Rs. 10.36 lakhs. In the case of Kohinoor mills, whereas the cost of raw material has gone up by Rs. 63 lakhs and the wage bill by Rs. 16 lakhs, the sales have improved only by Rs. 16 lakhs. Allocations to general reserve, machinery reserve and dividend equalisation fund have been reduced. The Balance Sheet, however, discloses a strong financial position.

Even if the acreage and yield show a respective increase of 6.9 per cent and 22.5 per cent over the last year, the final estimate, to be published some weeks hence, may yet show considerable improvement over the above figures, because the third estimate generally covers only 90 per cent of the area likely to be reported in the final estimate. It is the late-sown crops, largely concentrated in the South, that have yet to be included in the estimate.

If past experience were any guide, even the final estimate prepared by the Ministry of Agriculture may fall short of the actual crop. For, post-mortem examinations by an expert committee of the Indian Central Cotton Committee have invariably shown that the Government cotton crop estimates are under-estimated to the extent of at least 5 to 15 per cent.

It is interesting in this connection to remember that both private firms and the Ministry of Industry and Supply, of the Government of India have placed the 1949-50 cotton crop of India at 2,600,000 bales in view of the increased acreage, and very favourable cotton crop outlook. It should be further noted, India's import requirements of cotton have been based on the expectation of a domestic crop of 2,600,000 bales.

Of importance in connection with the production problems are the many schemes now being implemented throughout the country for increased production of cotton during 1950-51 and subsequent years to make up for the existing shortage of raw cotton in the country. The schemes are due for review at the session of the Indian Central Cotton Committee which is going to be held in Bombay this week-end. Several new schemes will be taken into consideration. These include a scheme for the improvement of cotton in Patiala and East Punjab States Union, a scheme for an intensive survey of the cotton area and collection of cotton material in Assam, a scheme for instituting prize competitions amongst cotton growers in Madras, a scheme

Cotton Market

India's Cotton Production Shows Healthy Increase

THE third All India cotton forecast for the current season 1949-50, issued this week by the Ministry of Agriculture, places the area and yield at 10,496,000 areas and 2,055,000 bales of 392 lbs. each respectively, compared with the last year's corresponding estimate of 9,816,000 areas and 1,678,000 bales, respectively. Thus, while there has been an increase of 6.9 per cent in acreage, the crop shows an increase of 22.5 per cent.

According to trade descriptions, the acreage and crop are distribut-

ed as under:

Trade Description	Area (in '000 acres)	Crop ('000 bales of 392 lbs. each)
Bengals	747	270
Americans	260	60
Vomas	4,042	569
Broach	717	183
Surti	284	73
Dholleras	973	260
Others	3,473	640
Total:	10,496	2,055