

mitments. As a result, the market was lethargic but for stray lots being bought by some mills for their immediate requirements.

As no fresh export quotas were announced prices of old crop Vijay have, as anticipated, moved down to Rs 238 On. However, new crop Vijay continues to rule firm at Rs 162 On. Any possibility of a new crop export quota being announced immediately must be ruled out since the export quota of 2,50,000 bales released last month has not resulted in any sizeable export of cotton from this country.

### Oils and Oilseeds

#### Quietly Steady

FOR the greater part of the week the oilseeds market ruled steady with groundnut and castor ruling fairly firm and kardi and nigerseeds quietly steady. As in the case of cotton, apprehensions about the damage to groundnut crop due to the recent excessive rains coupled with small arrivals from the interior and dwindling stocks of old crop locally had the cumulative effect of keeping prices firm. An additional contributory factor was the encouraging export enquiries for groundnut oil. Business for about 2,000 tons in groundnut oil is reported to have been done with the UK and the Continent at between £103 and £105 per ton. Burma was also reported to be in the market and is believed to have bought a small quantity of groundnut oil at around Rs 1,470 per ton.

Groundnut delivery moved up on buying support from Punjab traders as well as from shippers and speculators. Groundnut quality ready improved to a high level of Rs 23-4. It closed the week at Rs 22-5. December-January delivery opened at Rs 22-12 and closed at Rs 22-13.

In the case of castor seeds and oil, there was consistent support at the hands of US purchasers of oil at higher levels. Moreover, the firmness in groundnut and other forward markets as also the grip of speculators on castor futures made for a generally encouraging trend in prices in this section. For the first time in several weeks castor May futures touched a new high level of Rs 96-14. America was reported to have bought about 400 tons of Indian oil during the week at higher rates at 12.00 cents per lb. of BSS quality and at 11.00 cents per lb. commercial oil.

Thanks to favourable overseas advices linseed Feb.-March and Kardi and Niger seeds improved and ruled firm at the close of the week at Rs 23-4, Rs 13-8 and Rs 22-12, respectively.

### Bullion

NOW that the Government of Bombay have sanctioned the amendments to the by-laws of the Bombay Bullion Board, subject to certain conditions, forward trading in bullion will be resumed from next Monday. It is well-known that following the cornering of silver on a

large scale by a leading bull operator, the Bombay Bullion Board declared an emergency as early as on July 11. Since then the market has been in a state of suspended animation. Now that the prolonged inactivity of the future market is to come to an end, traders have become enthusiastic and there has been a sharp improvement in the spot quotations of silver and gold, particularly in the former. It may be added here that this sharp improvement in prices of these metals has also been assisted by the generally rising trend in prices of world silver and gold noticed for some time now.

### Around Calcutta Markets

## Indian Iron Dividend Maintained

Wednesday, Evening

ON Wednesday, all speculation about the Indian Iron dividend ended as it became known that the directors had decided to maintain the dividend for the year to March last at rupee one per share. That the dividend was merely maintained was not as surprising as the fluctuations in Indian Iron on that day. Immediately after the declaration of the dividend, Indian Iron fell by eight annas only to move up by more than a rupee later in the day.

Essential data, released along with the dividend announcement, are highly encouraging. For the year to March last, production and sales improved considerably. Provisions for depreciation and reserves were larger. Allocations to depreciation were Rs 40 lakhs higher at Rs 120 lakhs: those to reserves were Rs 86 lakhs higher at Rs 203 lakhs. Net profits were Rs 2,88 lakhs higher at Rs 66.99 lakhs.

These figures are highly encouraging. Even a cursory glance at these figures discloses the formidable financial strength of the Company. This was probably the reason why Indian Iron, after an immediate fall to Rs 38, spurted to Rs. 39-4 on Wednesday, although the expectation of a higher dividend did not materialise. Even so, there are certain factors which must be taken into consideration in assessing the outlook for Indian Iron.

From the financial data available, it is clear that the dividend could be raised. But those who claim familiarity with the basic issue in question have always been aware that the dividend would not be stepped up. From the market reaction to the

dividend announcement, it is clear that there are not a few who expect an issue of right or bonus shares by the Company. For an appreciation of the outlook for Indian Iron, this question needs to be considered.

It will be conceded that there is a case for issuing bonus shares by the Company so as to establish a more reasonable relation between working funds and the capital structure. This was one of the arguments advanced by Shri J R D Tata for issuing bonus shares by Tata Steel. This is a possibility which cannot be ignored altogether.

Sometime ago, the managing agents of Indian Iron let it be known that the question of capital reorganisation could not be decided before the Government announced steel retention prices. There is some causal relation between these two factors. But it should not be ignored that there are other considerations also.

New Delhi's decision on steel retention prices will be announced soon. It is widely expected that steel retention prices will be raised. But it is equally widely assumed that the Government will issue a firm directive that higher earnings and profits arising out of higher steel retention prices must be ploughed back to finance expansion projects. This is one of the most relevant aspects of the problem under reference.

Two other aspects may now be considered. On the assumption that Indian Iron decide to issue bonus shares, the question arises whether the Company will be able to maintain the dividend on the enlarged capital. This year's production is running at a lower level. Output by