indeed a miracle that it was ever achieved. Extremists on both sides pushed their respective cases, but eventually a compromise was reached. The developing countries regard this as something of a triumph, as they have been fighting hard for a new and permanent trade body on which their own interests will be more generally represented, as well as a body that will take in the centrally planned economies which are at present excluded from GATT. Here again the unity of the 75 posed a special problem to the industrialised countries who, faced with a massive unanimous vote based on numbers, found themselves in a weak position and were determined that their economic and financial strength should be used to weight their votes which numerically were much fewer than those of the poor countries. This brought into discussion the whole question of majority rule. In international conferences, the developing countries can always muster a majority for whatever they wanted; but in fact these votes would really have little binding value on the industrialised countries unless they felt that their own interests were being properly protected.

Membership of the Trade and Development Board has finally been settled at 55, with 18 members for the industrialised countries, 22 for the developing countries, 6 for Russia and the socialist countries and 9 for the Latin America. This Board will prepare the next trade conference in 1966.

As Dr Prebisch, Secretary-General of UNTAD pointed out, what has been achieved been mainly in the held of aid; a great deal still remains to be achieved in the vital held of trade. As an Indian delegate remarked, agreement has been found in words, but it is not yet clear that a way has been found to implement these words.

Around Bombay Markets

Dalal Street in Good Mood

Thursday, Morning

THE stock market is once again beginning to pulsate with life. For the first time in many months, Dalai Street presented a lively appearance last week. There was a sudden upsurge of activity and interest was by no means confined to the speculators' favourites. The performance of cash shares was even better than that of cleared securities. The market had long been complaining about virtual absence of investment inquiry. But last week when the investor did show some interest, the market appeared to be experiencing a scarcity of contracts. This suggests that the distress selling which the acute slump in the capital market was to produce is over and that the shares have gone into strong hands who cannot be easily made to part with their holdings. Gains recorded last week were large and widespread. The 'Financial Express' equity share index which had touched a low of 108.21 on May 27, which has come to be regardtd as 'Black Wednesday', and stood around 110.50 on June 17 rose to 114.19 on June 24.

Far more significant than the recovery in equity prices is the improvement in trading sentiment. Easier money conditions, improvement in balance of payments position, vague talks about some fiscal concessions, optimism about higher dividends by Steel companies and hopes of some relief in the margin system in shares—all these factors seemed to have contributed to some extent to the improvement in market sentiment last week. But there was really little in the week's news to explain the sudden upsurge in activity, which, however, hardly need cause any surprise. For the slump in equities had been much overdone. The market had for some time been offering increasing resistance to professional bear pressure. All that was needed to produce a turn in the tide was a change in the mood of the market. And mood can change without any apparent cause; all too suddenly at times.

The impression has somehow been gaining ground that the Government is getting worried over the acute slump in the capital market and that action to restore confidence in the market is unlikely to be delayed too long. It is to be hoped that the stock market's optimism does not prove misplaced. Recent discussions between the stock exchange authorities and the chairman of the Company Law Board suggest that the margin system operating in the stock market is likely to be suitably modified. Relaxation of the margin rules is perhaps the least that the Government can do to help the market. Fortunately the market is now in a fairly good mood and it could respond well to any gesture of goodwill that the Government might show. The authorities will do well not to miss the opportunity. Too much should not be read into the recent recovery in equity prices as the market has recovered hardly one-third of the ground lost after the Budget. The recovery will need to be carried much farther before it can feed on itself. The stock market deserves special attention as the Unit Trust is about to commence sale of its units. It hardly need be emphasised that the success of the unit trust scheme will depend on the general investment and economic climate in the country. Investment climate appears to be far from being congenial at present.

Cotton

Futures Turn Erratic

THE cotton futures market has turned erratic. After a further early rise from Rs 736.25 to Rs 740.75—a new high for the contract—the August contract soon came down to Rs 731. It was up again at Rs 740 by the week-end but reacted to Rs 733.75 the same day before finishing at Rs 736. Erratic fluctuations in cotton futures are quite normal for this time of the year when the price pattern is moulded primarily by the daily weather news. Sowing operations and the progress of the crop depend entirely on the progress of the monsoon. Weather being quite unpredictable neither bulls nor bears like to play for a big move. This makes the market erratic.

While futures moved erratically during the week, the spot market continued to display a distinctly steady tone, despite the power cut in the South which has affected spinner inquiry from that side. With mills inclined to hold off the market in view of beneficial rain reports from most of the cotton producing tracts, turnover in the spot market was on a restricted scale. But prices held steady because of scarcity of offerings. The supply position of cotton is not uncomfortable at present but in view of the rising trend in consumption, a small increase in the carryover at the end of the season on August 31, which seems likely, cannot impart much easiness to the market. The supply position could, in fact, become a matter of anxiety if the new crop were not to turn out to be appreciably larger than the 1963-64 crop. And notwithstanding all the talk that has been going on about stepping up cotton production—the Indian Cotton Mills' Federation is known to be taking a more lively interest in the matter than ever before—one can never be sure how the crop will actually turn out because it continues to remain a gamble in rain.

The cotton trade is reported to have urged the Government to abolish the export duty of Rs 25 per bale on Bengal Deshi and also remove the sales tax on cotton meant for export. This relief is considered necessary in order to compete with Pakistan which has recently abolished the sales tax and reduced the export duty by 50 per cent. New Delhi will be well advised to ponder over this issue because Bengal Deshi is an important earner of foreign exchange, but it is doubtful whether the present situation calls for any immediate action. Any relief in export tax at this juncture will benefit only the overseas buyers, particularly in respect of the outstanding business which is estimated around 40,000 to 45,000 bales. There is little danger of any serious competition from Pakistan in the immediate future because Pakistan does not have much surplus cotton to sell abroad at present. Relief in export tax and sales tax will perhaps become necessary when the policy for the new season's crop is to be announced.

Destination-wise exports of cotton from India since the beginning of the season to June 13 with last season'?-corresponding figures in brackets are: Japan 1,44,879 bales (1,99,430 bales). Continent 24,432 (24,988), U S A 15,967 (12,271), Hong Kong 8,828 (7,673), U K 5,127 (4,266) and others 1,534 bales (873 bales). Total shipments amount to 2,00,767 bales against 2,49,501 bales, Imports during the same period total 5,13,699 bales against 6,69,697 bales. American cotton accounts for 2,40,639 bales agianst 3,27,348 bales.