

commensurate with responsibilities. But to implement this suggestion, a considerable re-orientation of current attitudes is necessary, particularly in the Government, the public sector and the semi-public organisations.

The need to attract back to the motherland Indian scientific, technical and managerial talent abroad received much emphasis. A plea was made to

intensify the efforts to inform the Indians abroad about employment opportunities in India. The activities of the Council of Scientific and Industrial Research in this area need to be broadened to cover the opportunities in the private sector. In addition, just as the U S A has, through its 1960 Census, gathered information on "Americans Overseas", India should conduct

a quinquennial census of Indians abroad, their skills and plans (as well as problems) regarding returning to India. If a decision on the subject is made soon enough, we can have the first census of Indians abroad in 1966, to coincide with the start of the Fourth Plan, and the second can follow in 1971, along with the next decennial census in the country.

### Around Bombay Markets

## The Rot Continues

Wednesday, Morning

EQUITIES sought new low levels last week. The rot thus continues and despondency is increasing with time. Stockbrokers' offices are again idle; business in forward as well as cash shares has shrunk to negligible proportions. Bears have, no doubt, been dominating the scene, but the recent decline has been due more to tired bull liquidation and lack of fresh support than to any aggressive bear pressure. Much of the recent selling is reported to be in the nature of distress selling. The fall in prices has been sleep enough to scare away even the strong bulls.

Nothing seems to cheer the market. Not even encouraging corporate news. There was plenty of good corporate news last week. But the announcement of higher dividends by several important companies like Delhi Cloth, Tata Chemicals, Modi Spinning, Bombay Burmah and Investment Corporation, fell flat on the market. These shares have, in fact, lost some ground after the dividend announcements. This is not merely a case of selling on good news; it reflects the mood of utter frustration that prevails in the stock market.

Equity prices have suffered a steep decline from August-end or early-September high levels. The market has lost nearly all the ground it had gained from its July bottom. But there is no evidence yet that the rot has ended. Even the institutional investors like the L I C and the Unit Trust who should normally be picking up shares in the slump, have been keeping off the market. The Unit Trust has been content with making purchases of fixed interest bearing securities.

If the fall in equity prices concerned only the fortunes of a handful of speculators it would be a different mat-

ter. But there is a real danger that if the gloom on the stock market deepens further, many of the investors who have put their savings in the units of the Unit Trust might choose to get rid of their holdings which are still yielding a profit. The Units are currently quoted around Rs 10.40; this, of course, is the selling price. The Unit Trust has still to declare its purchase price. But surely, it cannot quote its purchase price around Rs 10.10 as that would be making nonsense of liquidity. It is possible that New Delhi might be obliged to have a fresh look at the stock market if it finds that the Unit Trust is running into difficulties.

### *Cotton*

#### Futures Rally

COTTON Futures (March contract) which had been marked down to a new low of Rs 721.50 in the preceding week (October 6) staged a brisk recovery last week, with the quotation improving to Rs 731.50 on October 12. Later the contract receded to hover around Rs 728.50 (per 3 quintals). The recovery was due to heavy short covering and clever bull manipulation through options, which, though illegal, are a normal feature of trading. Technical considerations favoured a rally but the market might not have developed the strength it did but for inspired rumours about crop damage in certain tracts of khandesh due to pests. There was really nothing in the weather news from the various producing areas to disturb market sentiment; the crop continues to make encouraging progress. With a few powerful bulls still dominating the scene, it is rather difficult to say how cotton futures will fluctuate in the immediate future, but there can be little doubt that the supply position of cotton in the current season is going to be quite comfortable. This is bound to have a depressing

effect on spot cotton prices when the crop movement gets into swing after about a month or so. Bulls will find it extremely difficult to maintain their hold on the market in face of the mounting pressure of arrivals.

The turnover in the spot cotton market remains restricted. Mills' reluctance to enter into new commitments cannot be explained away as due to prolonged uncertainty about cloth prices which has now been ended with the announcement of the revised schedule of realisation multipliers. Mills cannot be expected to show much enthusiasm for making fresh large purchase of cotton when they are convinced of comfortable supply. They can certainly afford to be choosy. Old crop cottons continue to be depressed and stockists are finding it difficult to dispose of their goods despite a substantial reduction in prices. Bengal Deshi prices, however, have been slightly steadier on upcountry mill buying. Arrivals are slowly picking up. Export interest has been at a low ebb for some time.

### *Oilseeds*

#### Irregular but Subdued

AFTER keeping firm early in the week, oilseeds futures developed an easier tendency. Only groundnut and groundnut oil closed slightly higher over the week; other oilseeds were down though losses were almost negligible. Castor March moved irregularly lower from Rs 186.12 to Rs 183.87; linseed March eased from Rs 41 to Rs 40.34 and cottonseed January drifted lower from Rs 103.50 to Rs 101.25. Groundnut January which had risen from Rs 94.55 to Rs 95.75 (per 100 kgs) on the very first day of the start of the contract, rose further to Rs 97 but later eased to Rs 95.40. Groundnut oil January was virtually neglected throughout the week but it improved

from Rs 18.50 to Rs 19.20 (per 10 kgs).

Fluctuations in futures are not important enough to call for an explanation. The setback in castor futures, which have been in the limelight for some time, might be only technical, though it is difficult to predict the outcome of the keen bear-bull tussle. Cottonseed have been subdued by up-country selling induced presumably by prospects of a bumper cotton crop. Linseeds rarely move on their own, their prices being influenced by the price trends in other seeds, particularly groundnut. As for groundnut futures, their price pattern is, for the present, being influenced primarily by the behaviour of the spot material. And spot prices have been moving very erratically for some time, partly because of the irregular flow of new crop arrivals and partly on conjectures about the Gujarat Government's policy in regard to the movement of goods outside the State. Groundnut oil ready which had been marked down to Rs 27 recovered quickly to Rs 29 (per 10 kgs) and groundnut ready (Khandesh quality) which had been sold down to Rs 63 recovered to Rs 65.50 (per 50 kgs).

That the groundnut crop is likely to set a new record is now generally conceded. Arrivals are gradually picking up though the flow has been rather irregular because of heavy rains in certain producing tracts. But these arrivals are being readily absorbed as the market is starved of supplies and the normal festival demand is fairly high. Not unless the Gujarat Government lifts the ban on the export of groundnut and groundnut oil outside the State, it will take quite some time before the market's urgent requirements are properly satisfied. The Gujarat State produces about 10/11 lakh tons of groundnuts whereas its internal consumption does not exceed 2½ to 3 lakh tons. The pressure of arrivals will be keenly felt after a few weeks. In the circumstances the State Government's insistence on continuing the ban is difficult to appreciate. It is not the least surprising that the 'Khedut Samaj' in Saurashtra should have organised a 'satyagrah' seeking an early removal of the ban on exports outside the State.

Groundnut and groundnut oil prices can be expected to register a sizeable decline in course of time. How the downward trend in spot prices will progress, will depend on the Gujarat State's policy in regard to the movement of goods outside the State and

the arrival of soyabean oil from the U S. Of course, a good deal will also depend on New Delhi's export policy for groundnut oil. Informed sources believe that export of groundnut oil is not likely to be permitted for some months, perhaps not until the end of December. The improved supply position, however, is likely to be reflected mainly in a steep decline in spot prices. For new crop distant positions are already quoted at a huge discount below

the spot material. Groundnut oil December is quoted around Rs 19 (per 10 kgs) compared to the spot quotation of Rs 28 to 29, White export of oil is not likely to be allowed for some months, export of groundnut H P S will probably be allowed soon. Export houses did not mention any important fresh business last week, not even in groundnut extractions and cottonseed cake which have generally been faring well in the past.

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