cal information, and so on, (d) To approach the Directors, Agents and Secretaries of joint stock concerns to discuss any question in which the Association is interested, and arrange for suitable deputations, (e) To examine, promote, support or oppose legislative and other measures affecting the rights of shareholders, and to carry on propaganda work for the purpose of getting the rights and interests of shareholders recognised, (f) To buy shares of joint stock concerns on account of the Association to such extent as would enable the Association to obtain a vote in such Companies. (g) To originate and promote improvements in the law and to support or oppose alterations therein, and to move the Provincial or Central Legislature to this effect.

The Association has been started under excellent auspices and many of its office-bearers are big-guns who have invested heavily in joint stock companies and who have considerable experience of such companies. Besides, many of them are directors of companies themselves.

The Indian Company Act, however, is framed in such a manner that the Managing Agents have almost unlimited powers, and to expose their misdeeds is next to impossible since they can trot out the excuse at all times that it is the shareholders themselves who appointed them, and that they had always acted with the full consent of the shareholders and within the law. Even as early as 1936, when the Indian Companies Amendment Act Bill was under consideration, a suggestion was made for the establishment of a Central authority as a safeguard against the mismanagement and misapplication of companies' funds, but even this innocuous suggestion was turned down and vested interests had their day. All further attempts to shield investors also failed.

I personally feel that, as affairs go at present, the Association cannot achieve much since no power on earth can shake the managing agents. The first thing the Association should do, therefore, is to agitate for a wholesale revision of the Indian Companies Act, with a view to clip the wings of the Managing Agents.

Cotton Market

For All Hard Currency. Areas, Disposal Is A Problem

WILL RAYON dethrone King Cotton in Europe?

World's cotton production, which had assumed an upward trend since the end of World War II, is still rising though at a slower pace. A preliminary survey indicates a world crop in 1949-50 of 30.4 million bales of 500 lbs. each which is an increase of 1,300,000 bales or 4,5 per cent over the estimate for 1948-49. The influence of this year's smaller crops in China, Egypt and East Africa is expected to be more than offset by larger production in U.S.A., India, Mexico, and USSR, and to a lesser extent by increased production in Brazil, Pakistan and Turkey. World consumption in 1949-50 is expected to fall short of production by about 2.5 million bales, leaving a large world carryover. The burden of the carryover is expected to be the heaviest in U.S.A.

So far as the crop increase in the Indian Union is concerned, it is likely to be completely absorbed by the Indian mill industry.

The International Cotton Advisory Committee confirms, on the basis of up-to-date cotton forecasts received from 60 per cent of the cotton-producing countries in the world, the world cotton crop estimate of about 30 million bales for 1949-50 as against the previous season's production of 28.8 million bales.

The Advisory Committee, however, foresees two repercussions resulting in the deterioration of world's cotton trade because of the recent chain of currency de-Valuations both in the producing and consuming areas.

The Committee holds the view that, firstly, an extension of cotton supply arrangements on a barter basis, or on some other non-dollar basis, may become necessary if the shrinkage in international movement and consumption of cotton is to be avoided. This is foreseen in view of the value of American, Pakistan and other hard currency cottons in terms of the depreciated currencies of several consuming countries. Since it is doubtful whether the countries with devalued currencies would be able to raise the exports to hard currency countries to 150 per cent of the pre-devaluation period, some such arrangement as a barter of goods has got to be arrived at if the hard currencies are to maintain the state of their cotton distribution and the soft currencies are to maintain the rate of their consumption. Otherwise, world's consumption of cotton may well register a sharp decline, while carryover of raw cotton may become more burdensome in the cotton-producing hard currency areas.

There is another repercussion which is likely to follow the devaluation of Currencies. This would hold a permanent threat to the maintenance of the world use of cotton. It appears quite likely at the moment that rayon may be increasingly substituted for cotton. This is neither a dream nor a wish. It promises to be a hard fact. The substitution of rayon for cotton is more particularly likely to be stimulated in Western Europe because, stresses the International Advisory Committee, "the price of importer cotton in devalued countries is so much higher than the price of indigenously produced rayon staple," that the substitution would be very much remunerative to the countries concerned. Since this is so, world's consumption of raw cotton in 1949-50 should not only be far lower than production, it may even be lower than the previous season's consumption.

That, according to the U. K. Cotton Commission's actual purchases, roller-ginned 4 F. Rek quality has been bought at the equivalent of Rs. (Indian) 2,590 per candy c, i. *f.*, for December shipment and that saw-ginned and roller-ginner Sind N. T. has been bought at prices veering around Rs. 2,800 and Rs. 2,700, show how prohibitive it is for India and Britain and for all the other countries,that have devalued their currencies* to go in for Pakistan cotton. U. S. and other hard currency cottons should be equally prohibitive. In the circumstances, there is little wonder if the Indian mills continue to buy Indian cotton in the field as they are doing at the moment at ceilings *pins* a few rupees more. It is also to be expected that the Government of India would do their best to raise the quantum of the domestic production of cotton.

Confirmatory evidence is accumulating regarding the upward trend of raw cotton production in India. For instance, the area under cotton in the Madras Province during the current season 1949-50 has been estimated by the Provincial Government at 75,000 acres, compared with 61,600 acres in 1948-49, indicating an increase of 21.8 per cent. But this is just the beginning. The present forecast relates to the early sown varieties of cotton. Late-sown areas have yet to come into the picture. Hence, the subsequent estimates of the Madras Province may well show substantial acreage increases in the various districts. The cotton crop of the Indian Union as a whole is at the moment being talked around 30 to 35 lakh bales.

Figures relating to-Indian mill consumption throughout the season 1948-49 coupled with figures of mill stocks as of 31st August, 1949 Have been released by the Office of Textile Commissioner. Consumption of Indian, Pakistan and other foreign cottons was as follows, as compared with the previous season:

It will be observed from the above table (1) that Indian mill consumption of Indian raw cotton, instead of declining in view of the lower Indian crop, has increased by about 12.6 per cent; (2) that Pakistan cotton being dearer than even Americans about throughout the season, the consumption of Pakistan cottons has decreased by as much as 43.1 per cent and (3) that consumption of the foreign cottons has increased by 15.3 per cent.

In view of Pakistan's non-devaluation decision and India's larger crop, imports and consumption of Pakistan cottons promise to dip still lower in the current season,

Stocks of cotton with Indian mills as on August 31, 1949. were 838,203 bales, compared with 1,165,728 bales last year Stocks of foreign cottons with the Indian mills on the same date totalled 426,551 bales, against 410,274 bales last year. Considered as a whole, the stock position of the mills is not bad at all.

* * *

The Bombay cotton market remained practically closed during the week. The illegitimate business done in new crop positions

CONSUMPTION OF RAW COTTON BY INDIAN MILLS

	During 1948-49 Bales	During 1947-48 Bales
Indian cotton	3,123,915	2,863,450
Pakistan cotton	410,956	723,216
Egyptian cotton	395,850	350,697
Soudanese cotton	60,120	15,870
East African cotton	185,967	195,315
Afghan cotton	834	2,835
Peruvian cotton	20,932	21,281
Other American cotton	51,731	5,182
Belgian Congo cotton	773	2,761
Other foreign cotton	3,558	2,275
Total foreign cottons	1,130,721	1,347,432
Total Indian & foreign cottons	4,254,636	4,210,882

earlier than September 17, has proved indigestible for the market Prominent members of the E.I.C.A. were arrested for the alleged violation of the Cotton Control Order and were subsequently enlarged on bail. Meanwhile, the closure of mills and prospects of a labour strike at Ahmedabad following the decision to reduce the proportion of dearness allowances may well interfere with the smooth course of production. There is a silver lining, however, to the clouds. The mills, which are not affected, may increase the tempo of their production in view of the increased and increasing orders for export of cloth following devaluation of the rupee.

The Stock Exchange

Heavy Slump in Tata Steels

Thursday, Evening

CONFUSION AND panic prevailed in Dalai Street late this afternoon as operators came to know of the Commerce Ministry's tentative recommendations, embodied in its recent memorandum on the amendment of the Indian Companies Act, to restrict dividend payable in respect of deferred shareholders. The proposals stipulate that (1) the rate of dividend payable in respect of deferred shareholders shall not exceed double the rate of dividend paid to ordinary shareholders and (2) that the old companies will be allowed two years time to fall in line with this scheme.

Sellers predominated during the kerb trading this evening and Tata Steel Deferreds which had been marked up to Rs. 1,420 during the official session on expectations of higher steel output at Jamshedpur during October slumped heavily to Rs. 1,325 in the evening. Shares were thrown on an unwilling market with little regard for the price consideration.

Though the Commerce Ministry's proposals are only provisional at this stage, it was argued in market circles that, if acted upon, they would expedite the conversion of deferred shares of the Tata Steel Company into ordinary shares and that, therefore, the ordinary shareholders would now be in a far better bargaining position than ever before. The proposals would be greatly welcomed by those who have been, for long, pleading for the simplification of the capital structure of joint slock companies in general and that of the Tata Steel Company in particular.

Strangely enough, though the memorandum in question had been circulated among official and various commercial bodies with a view to eliciting opinion on the issues involved and had even been publicized and commented upon in a section of the press, the proposals relating to restriction to dividends on deferred shares had, until now, passed quite unnoticed.

This week again there were only three sessions. And, since neither bulls nor bears were inclined to be aggressive, activity was at an extremely low ebb. Sir Stafford Cripps's announcement that Britain could not continue to repay her sterling debts to the same extent as hitherto and sharp break in the British gilt-edged prifces adversely affected trading sentiment on Thursday. Sellers predominated and leading industrials were pushed down to the lowest levels for the week. However, on second thoughts, the market realised that slowing down of sterling releases did not mean scaling down of these balances, that availability of sterling was not likely to retard our industrial development. So the market quietened on Friday—the last day of the fortnightly settlement. Scattered bull support and disinclination to press fresh sales following expectations of higher Tata Steel output at Jamshedpur during the month of October led to a modest rally in prices all round on Tuesday. Despite this week-end recovery, though equity prices showed lair losses on balance over the past week's closing levels, the undertone of the market appeared to be steady.

The stock exchange is still obsessed by fears of a decline in industrial profits as a result of the Government's policy of slashing prices. The Government have already announced reduction in the prices of pig iron, food, cloth, sugar and coal. While reduction in the ex-factory price of sugar from Rs. 29-5 to Rs. 28-8 per maund for E-27 grade is generally regarded as quite inadequate from the point of view of the consumer, industry has lost no time jn protesting even against *this modest cut. The revised price, according to industry, is unremunerative and it may, therefore, affect production adversely.

Notwithstanding industry's uncompromising attitude, the Government of India have decided to give sugar factories a revenue concession in the shape of a lower rate of duty equivalent to about