

39. Reference is made in the annual report to the EDUCATIONAL decision of the Managing Agents to waive a sum of Rs. 7½ lakhs out of their commission so as to place it at the disposal of the Company for the provision of engineering and other educational facilities in the areas in which the Company's main operations are carried on. The people of the States with whom our manufacturing and mining activities bring us into contact are less advantageously placed in comparison with other States as regards both technical and general education. We feel we have a special responsibility in this matter which we should make every endeavour to fulfil. The Company took the first step in this

direction in 1945 by undertaking to finance for a period of five years the establishment of the J. N. Tata Chair of Geology in the Patna University. We have recently extended the period by a further five years. It is our intention that the amount released by the Managing Agents this year should be supplemented from time to time from the Company's own resources.

40. In closing, I should like once again, on your behalf as well as that of the Directors, to renew our thanks to the General Manager, to our officers and to all the men and women serving the Company at Jamshedpur and elsewhere, for their excellent work during the year, which was largely responsible for the improved results of the year.

holders of this Company excels 28,000 of whom over 17,000 hold less than Rs. 1,000 a piece and 7,800 between Rs. 1,000 and Rs. 5,000, this giant concern cannot be said to belong to big financiers; it is truly owned by the small and medium investors. This is one more reason why the Annual Meetings are usually such a lively affair.

Dissatisfaction was expressed at the meeting that dividend declared was low relative to the high earnings for the year to which the Chairman, Mr. J. R. D. Tata replied that while he sympathised with this contention, the Directors had to take into account Government's attitude which was against raising the dividend. Whatever the merits of such a view might be, it could not be ignored by the management. It had also to be read in the context of the increase in steel prices recommended by the Tariff Board and approved by the Government. Dividend limitation, either statutory or otherwise, is in the air as can be seen from the recent imposition in the UK. It is often used to placate labour even though untenable on close examination,

Stock Exchange

The New Loan

THE subscription list for the 3 per cent 1958 cash-cum-conversion loan of the Government of India for Rs. 50 crores closed in about two hours after the opening on Monday morning. Cash applications exceeded 12½ crores, the balance being conversion of 3 per cent 1951/54 Loan. Allotments were made in lull. Government have reasons for being gratified at this signal success of the new loan, particularly as the total amount of the loan offered was higher at 50 crores than in any previous year since 1947. As against cash applications for 7½ crores in 1950, the increase this year to 12½ crores indicates a marked improvement. It is even reported that the Reserve Bank found it necessary to convert only a small portion of its holding of the old loan to complete the total of 50 crores, so that on September 15, when the loan falls due for repayment, sizeable amount of the Bank's own holding will be repaid and the amount flowing out to the public as repayment will be relatively small, estimated at between 15 to 20 crores.

Viewed in the light of the improvement in the Central Government's balances with the Reserve Bank which now stand at Rs 190 crores as against 140 crores a year ago, this aspect of the loan operation gives ground for confidence in the Government's ways and means position.

In the field of small savings, the 10 year 3½ per cent tax free Treasury Savings Certificates have also met with considerable success. In four months, subscription is reported to have exceeded Rs. 11 crores and the popularity of these certificates indicates that results for the whole year would exceed expectations. If small savings bring in Rs. 550 crores for the year, including postal deposits etc., the Government's borrowing policy must be pronounced a success.

In addition to all these, as there are no maturities in 1952, the Government should be in a strong enough position to float an ambitious cash loan some time later on. These are indications that the capital market is returning to normal and public response to Government borrowing is reviving and regaining its lost strength.

Tata Iron's Annual Meeting

Another significant event of the week was the Annual General Meeting of the Tata Iron and Steel Company on Wednesday which always attracts wide interest. In no public company in India shareholders pay such handsome tribute to the management as in the case of Tata Steels and the Annual Report, colourful as well as exhaustive, had an enthusiastic reception. Considering that the total number of share-

Mr. Tata dealt at length with the Company's capital programme which is likely to exceed Rs. 30 crores in the next six years. Nearly two-third of this amount will probably be met out of higher depreciation allowances and reserves to be built up during this period. The company will therefore need outside finance to the extent of about Rs. 10 crores. Whatever justification the Company may have had in the past in approaching the Government for a loan, it is time the Company reconsidered its application for such a loan now. Its production and earnings are improving and the capital market is no longer in such a low state of health that the Company cannot raise the required capital from the market in the form of debentures.

This point was not touched in the Chairman's speech, but it is obvious that the Company has little justification now, with its exceedingly strong financial position, to go to the Government for a loan when the capital market has recovered sufficiently and can confidently meet the capital requirements of the Company. With well worked out details a debenture loan of Rs. 10 crores over three years is well within the absorbing capacity of the capital market today.