Stock Exchange

Spate of Economic Legislation

WITH the end of the Parliament session, it may be useful to take a bird's eye view of the economic legislation which has been enacted during the last three months. A permanent Tariff Commission, the Company Law Amendment Act, an Act for setting up Finance Corporations in the States and finally the Industries (Development and Control) Act have all been passed by Parliament. Little practical difference is made by re-naming the. existing Tariff Board as the Tariff Commission, except that it is in keeping with the existing Government practice of replacing simpler titles by high-sounding ones.

The amendment to the Companies Act, with a view to checking the evils of company management, which was first brought in as an ordinance has now been converted into an Act even before the Company Law Committee has submitted its report. Here again, the so-called Commission has been set up while normally a Committee is supposed to be appointed, just as the Company Amendment Act is designed as a regulatory measure, so also is the new Industries (Regulation and Control) Act by which Government has assumed wide, powers in respect of established as well as new industrial concerns. Development councils for industries are to be set up under this Act though it is far from certain that any initiative will come from them for building up of new industrial units. The urgent need is for expanding production and for setting up new units. The efforts of the State so far have been of a negative character through licensing and regulating provisions while the initiative has still to come from the individual.

In so far as finance is essential to industrial development, the legislation in respect of State Finance Corporations will now enable States to establish such Corporations though lack of finance and red tape appear to continue to offer serious obstacles. Governmental efforts at setting up commissions and corporations offer wide opportunities of rapid promotions in the ranks of the officials but they have so far failed to impress the, public which looks for more concrete evidence of progress.

Even the Five Year Plan which has come out during this period has left the common man unimpressed. The. appointment of Shri Nanda as the Planning Minister, is the concrete step by which Government would want to translate into practise the Commission's recommendations. Shri Nanda has taken over an enormously difficult responsibility upon himself, for execution of the plan is the crux of the matter.

The Role of Mr Gorwala

In the realm of economic regulation, Mr. Gorwala has earned for himself the role of a high priest by bringing out in the course of three months, his reports on Government administration, on State Administration of Economic Enterprises and then on the Stock Exchange Regulations. In these he speaks as an administrator, an economist as well as moralist. His zeal and industry as well as his transparent sincerity deserve the highest tribute. But his economic propositions arouse controversy. In particular, the speed with which he has brought out these reports after devoted work is an indication that we have men of the highest calibre who are untiring in their efforts to serve the people in a selfless manner.

But while the state in India by its economic policy is offering a chalk lenge to private enterprise, its approach to economic problems is largely amateurish. The public will judge: the Government not by the number of reports but by the number of men for whom it is able to create additional employment and to the extent to which it can raise their living standards.

Bearish Trend in Steel and Textiles

Thursday, Evening.

While the electricity cut is viewed as a bearish factor for textiles, steel shares are tending to improve. An important professional operator is taking a bullish view and Tata Deferreds at one time improved to Rs 1,915- The assassination of Mr Liaqat Ali Khan, however, and the friction between UK and Egypt had an unsettling effect on the market and brought it down to Rs 1,880. At the, close, Deferreds recovered to Rs 1,890.

After touching Rs 32 Indian Irons have again declined to Rs 31-8 on expectation of a lower dividend.

News has just come through that Government are giving an additional increase of Rs 11 per ton to Bengal Steel for last year's production making the total increase in the retention price to Rs 22 per ton. In addition, a sum of Rs 14 lacs is being granted to the. Company from the Steel Equalisation Fund.

bengal Steels are fluctuating around Rs 22-8 and so far, this news has little effect because it will only mean that the Company will be in a position to maintain a dividend of As 10 per share which would not have been possible without the increase granted.

Company Notes

Ahmedabad Advance Mills Ltd.

The report of the Ahmedabad Advance for the year ended June 30, 1951 shows a fairly good performance despite, shortage of cotton and high prices of imported cotton.

After providing for depreciation and taxation, the profits for the year amounted to Rs 9.11 lakhs as against only Rs 1.65 lakhs in the previous year. The provision for depreciation was maintained at Rs 1.25 lakhs while that for taxation was at Rs 5 lakhs as against *nil* in the preceding year. Out. of the profits, a sum of Rs 5.45 lakhs is appropriated to rehabilitation of buildings and machinery fund, which brings the total to Rs 14 lakhs, and Rs 3.5 lakhs to Dividend Equalisation Fund. Larger exports and restoration of the 4 per cent cut in the prices of grey and bleached cloth of the coarse and medium varieties from April 1, 1951 contributed to improvement in profits. Government control over production, price and distribution of cloth and yarn continued during the year.

The Company has ordered for new machinery costing Rs 40 lakhs for renovation and modernisation of its plant, to be financed partly horn its own resources and partly by increasing its capital. The share capital is to be increased from Rs 30 lakhs to Rs 50 lakhs by issuing 20,000 new ordinary shares of Rs 100 each at a premium of Rs 50 per share. The new shares an to be offered to the existing ordinary shareholders in proportion of one new share to one old share.

Like the, other textile concern of the Tatas, Ahmedabad Advance has also acquired 1,000 shares of Rs 100 each of the National Machinery Manufacturers Ltd. The amount required for this purpose has been allowed to be withdrawn from the Excess Profit Tax Deposit with the Government.

The buildings, machinery and stocks of the Company were insured for Rs 166 lakhs as on June 30, 1951. The profits and standing charges were insured for Rs 21 lakhs per annum, indemnity being payable for a period of two years. The Company has a total rapacity of 44,224 spindles and 1,016 looms.

The earnings of the Company by sales of cloth and wastes materially improved during the year from Rs 177.52 lakhs and Rs 4.13 lakhs in the previous year to Rs 200.12 lakhs and Rs 5.24 lakhs respectively. Expenditure was also higher. The cost of cotton consumed rose, by Rs 8.57 lakhs to Rs 98.44 lakhs.

The better results have enabled the directors to declare dividend, free of income tax, to be paid out of the Equalisation of Dividend Fund at Rs 5 on Preference shares and Rs 12 on Ordinary shares. The current quotation of ordinary shares around Rs 210 gives an yield of 5.7 per cent.

Shipping merger

It has been proposed to amalgamate the Indian Go-operative Navigation and Trading Co. Ltd., and the Ratnagar Steam Navigation Co. Ltd. with the Bombay Steam Navigation Co. Ltd., by transferring the assets and liabilities of each of the said companies with effect from July 1, 1950. The scheme is subject to the sanction of the shareholders at a meeting to be held on November 14, 1951.

At present these three companies have been running their passenger services along the Konkan coast under a Pool Agreement by which the entire earnings are collected by the Bombay Steam Navigation Co. Ltd. and distributed amongst the three companies in certain proportions. The merger is expected to bring in larger net earnings.

The other features of the scheme are an increase in the authorised and paid-up capital of the Bombay, Steam Navigation Co. Ltd. from Rs. 60 lakhs to Rs. 75 lakhs by creation of 60,000 new ordinary shares of Rs. 25 each. The existing 18,000-ordinary shares of Rs. 250 each will be sub-divided into 180,000 shares of Rs. 25 each.

After the completion of the merger, the. National Shipping Agency and the Scindia Navigation Co. Ltd. have agreed not to claim any compensation for the loss of their Managing Agency in respect of the Indian Co-operative Navigation and Trading Co. Ltd. and the Ratnagar Steam Navigation Co. Ltd. respectively.

The Hindustan Motors Ltd.

Despite prolonged labour troubles, the gross profits of the Hindustan Motors Ltd. for the year ending March ,1951 were higher at Rs 15 lakhs. . A higher provision for depreciation at Rs 13 lakhs is proposed and a sum of Rs 1.94 lakhs is allotted to taxation as against *nil* in the previous year.

The first stage of the manufacturing programme has been satisfactorily completed with the manufacture of Engines and Gear Boxes of the new Hindustan Motor Car. The second stage of the manufacturing programme begins with the installation of Foundry and Forging Plants. The machinery needed for this programme has already arrived and is being installed. When the new plant goes into operation, various castings and stampings used in the Hindustan Cars which were hitherto imported will be manufactured by the Company.

The future progress of the Company depends largely on the sale of cars and in view of the diminishing demand for all kinds of cars in the country, the Company has decided to start manufacture of diesel engines so as to engage its manufacturing capacity to the full.

The abridged balance sheet as on March 31, 1951 is as follows:

	Rs.
Capital	4,96,12,150
Forfeited shares	1,93,050
Depreciation Account	44,52,719
Taxation Account	1,07,750
Sundry Liabilities	74,69,788
Profit and Loss Account	3,00,508
Total	621,35,965

	Rs.
Block Expenditure	235,25,428
Liquid Assets	386,10,537
Total	621,35,965

Cotton

Smaller Crop and Larger US Imports

THE policy regarding cotton distribution control for the season 1951-52, the announcement of which lias been delayed on account of certain modifications rendered necessary by the ruling of the Madras High Court has been announced. As the nominee system was objected to as monopolistic trading, the policy is liberalised so as to afford fuller scope to the trade in the marketing of the cotton crop.

Dealers are to be classified into three categories in the new scheme of distribution. ' A' class will consist of dealers who have transacted business of at least 3,000 bales with mills within a specified period in the past. These dealers will be licensed to do business throughout the country and their dealings will be confined to the sale of fully pressed bales to mills.

' B' class dealers will be those having direct contact with mills in a specified zone. They will be granted licenses permitting them to trade in *kapas* as also in ginned cotton within the specified zone only.

' C ' class dealers will be allowed to buy *kapas* but will not be permitted to make direct sales to mills. They will have to sell either to ' A' or ' B ' class dealers.

The link between ' A ' and ' B ' class dealers and the mills will be provided by the Distribution Committee to be set up in each zone. The main function of this Committee will be to co-ordinate mill quotas and offers received from sellers and to supervise the cotton price control generally.

Though permission to trade in new crop contracts will be given simultaneously with the announcement of the overall policy, unofficial transactions are being reported off and on. Bengal Deshis have again tended to ceiling levels, though they met resistance at higher levels due to the forthcoming heavy cut in power supply to the textile mills in Bombay. Export policy for Bengal Deshi may be decided after a month or so or it may be delayed a little longer in view of the less hopeful outlook for the crop. Trade circles however are inclined to believe that the Government will allow export at least 150,000 bales of Bengal Deshi cotton and that the export duty will have to be reduced substantially in order to enable Indian exports to compete with Pakistan variety.

The south-west monsoon which had withdrawn earlier this year again returned but the cotton growing areas have not been benefited