panics is considered encouraging and the recent decline is generally described as the necessary corrective phase in a rising market. Analysts of stock trends are not willing to produce any opinion about the major trend in steels without watching further developments.

* * "

The crisis in commodity markets is deepening fast. Bullion prices have suffered a further marked decline. 'Fagan' silver having declined by more than Rs 7 from the highest level, automatic margin system came into force last week. The. debacle in silver is attributed to heavy dealings in options.

In spite of Government supervision and the unitary control, crises in the Bombay bullion market have not been uncommon. The restriction on credit and "automatic margin system have had a moderating effect and a "bear" squeeze had not been heard of for some months.

Option business, though illegal, goes on merrily in all the forward markets. It assumed serious proportions in the bullion market recently and when prices fell, options precipitated a crisis. Some of the prominent bulls who had accepted heavy "mandi" options refused to honour their commitments and those who had purchased against their options were left without any cover when prices declined still further.

Fear of defaults and settlement difficulties created almost a panic-in Sheikh Memon Street. The margin of Rs 500 per bar of 2,800 tolas of silver on "short" sales could not check the rot, and selling continued. On Thursday, silver was marked down to Rs 182-12, the lowest for many months. Total margin deposit received by the Bullion Board till Wednesday was estimated around Rs 66 lakhs.

The panic soon spread to gold which was done down to Rs 100-2, a record low for the past five years. In the absence of any margin, speculators preferred to "bear" gold instead of silver. But in gold also, margin will become operative if the closing price falls below Rs 100-5, the highest rate for the 'Fagan' settlement being Rs 105-5. Bears will have to pay Rs 750 for 250 tolas.

Margins, unless they are unusually heavy, can at best eliminate the small speculator from the market. It can scarcely have any noticeable effect on the professional operator who commands huge resources. Option dealings have developed into a regular feature of trading in all the important markets. The argument that they often precipitate crises, because traders can have large positions with a small stake, carries little weight. Options have been accepted as a normal feature of organised speculation in many countries. It would be better if they are recognised by law in India also, for they continue in any event.

' * *

The slump in commodities has eased money conditions. After many weeks of steady rise, scheduled banks' loans and advances, in the week to February 15, are down by about Rs 9 crores to Rs 576.58 crores. Investments show a small rise of Rs 50 lakhs at Rs 298.8 crores. The Imperial Bank returns for the week to February 22 record a further decline of Rs 1.26 crores in advances. It is generally believed that demand for funds is not likely to increase much if commodity prices continue to decline. Holders are now more anxious to liquidate their stocks than to ask banks for more accommodation in anticipation of a rise.

A feature of the Reserve Bank of India returns for week to February 22 is a heavy fall of Rs 14.27 crores in note circulation. Balances held abroad are further down by Rs 6.3 crores at Rs 146.15 crores, reflecting continued adverse trade balance[1]. Bills purchased and discounted do not yet show any change, but it is understood that banks have obtained sanction from the Reserve Bank for trade bills to the tune of about Rs 10 crores which have been scrutinised and approved. The Reserve Bank of India returns for the next week are awaited with interest for some visible evidence of the progress of the bill market.

Company Notes

The Lansdown Jute Company, Ltd.

DURING the half year ending September 30, 1951, new difficulties cropped up. For the first time since September, 1949, the. jute and gunny markets were not under price control and in the beginning of the half year prices on both raw jute and finished goods rose to nearly double the previous levels. Raw materials were difficult to get and jute" had to be purchased at very high prices to keep the mill working and to cover requirements until imports of the new crop were available. Consumer resistance, particularly in hessian due to the high export duties, led to a sudden cheek in prices. Prices of manufactured goods dropped more rapidly than those of raw jute and the buying of jute and selling of gunnies left little or no margin of profit.

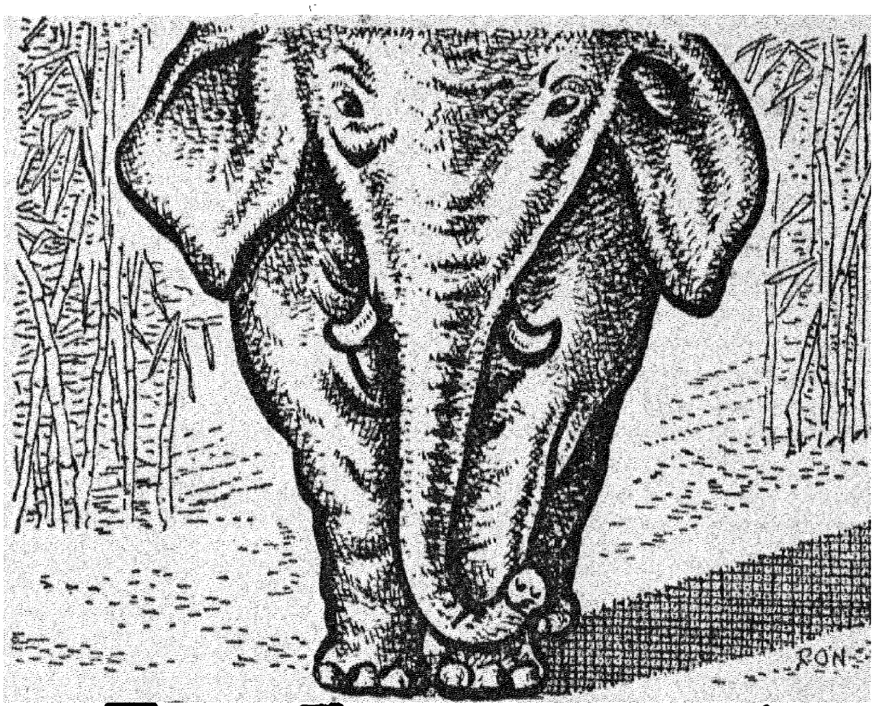
The Lansdown Jute, for the half year earned a profit of Rs 2.51) lakhs after providing Rs 1.1 lakhs for taxes and Rs 0.0 lakhs for depreciation. The Directors propose to pay a dividend on the ordinary shares at Rs 8 per share free of income-tax, after the usual payment of dividend on 7 per cent preference' shares.

The net block stands at Rs 59.61 lakhs. The total depreciation provided for is Rs 73.5 lakhs. The financial position o\' the company is excellent in as much as current assets show a surplus of more than Rs 39 lakhs over current liabilities. The gunny sales realised Rs 211.92 lakhs. On the other hand, the manufacturing expenses (including debit on account of jute stocks to reduce their value on September 30, 1951, 10 their realised value) amounted to Rs 162.07 lakhs.

The Dalhousie Jute Company Ltd.

For the half year ending September 30, 1951, the Dalhousie Jute Company, Ltd., made a profit of Rs. 3.35 lakhs after providing Rs 1.1 lakhs for taxes and depreciation. Profits include Rs 2.37 lakhs from the refund of excess profits tax. Actual profits from trading went down due to increased manufacturing costs. The company got Rs 145.2 lakhs by gunny sales. The closing stock is Rs 8 lakhs less than opening stock. Stocks of jute have been valued at or under cost price and manufactured goods at contract or market rates. Current assets exceed liabilities by about Rs 50 lakhs.

After transferring Rs 1 lakh to General Reserve out of the profits, the Directors have recommended a dividend on ordinary shares at Rs 6 per share free of income-tax.



Oilseeds

Further Recession Threatens Default

THE depression in oilseeds which began in the second week of January has deepened. The market is thoroughly demoralised and buyers, as well as dealers who have been holding ready stocks or delivery contracts, burnt their lingers so badly that a crisis through possible default by some parties seems inevitable. Apart from the debacle in prices, not only the oilseeds trade but the country as a whole has suffered heavily having lost the opportunity of exporting when there was a fairly good foreign demand at higher prices. Foreign exchange earnings from the export of oilseeds and oils this year will dwindle appreciably. Whether the country can afford to lose foreign exchange in this way, in view of the need to import foodgrains and raw cotton is a matter of contention, but it cannot be disputed that the Commerce Ministry's export policy is a little unbusinesslike. As indicated in these columns before, if export quotas were announced two months ago, it would have made a fundamental difference and the impact of the world-wide bearish influence could have been absorbed gradually without inflicting damage to the trade and national interests.

During the last six weeks, groundnuts dropped by Rs 7 per cwt, linseed by Rs 7 and castorseeds by Rs 8. The. drop in groundnut oil amounts to Rs 5, linseed oil Rs 5 and castor oil Rs 4-8 per quarter. Thus prices have broken even the lowest levels recorded last August and are materially lower than the prc-Korcan-war levels. The financial stringency has hit the markets, greatly impairing the holding power. The linseed crop has still to move and the market's difficulties will be aggravated unless timely relief in export duty is given.

The delay in the announcement of the groundnut oil quota worsened the position of the market. Is it not strange that the quota for the first quarter—January to March—should be announced on February 17? The outstanding period with the shippers being very short, foreign buyers have successively reduced their limits. . Chances for new export business have receded. Whatever prospects there are will fade unless the Government reduces substantially export duties on oils and oilseeds.

Mr C. S. Petit, President of the Vanaspati Manufacturers' Association, has stated that the contract on vanaspati prices has become unnecessary in view of adequate supplies.

The groundnut oil quota till March 31 is fixed at 21,000 tons, including hand-picked selected groundnuts. Shipments of oil against the quota arc allowed to all permissible destinations, except that one-seventh of the quota, when the allotment is more than 50 tons, will be available for shipment to Burma only. Shippers have been permitted to use up to one-fifth their quotas to hand-picked selected groundnuts to hard currency areas.

A reference was made in these columns a fortnight ago on the marked improvement in the world supply position of fats and oils. The world production of oils and fats in 1951 is estimated at 23.17 million metric tons compared with 23.05 million tons in 1950 and 21.87 million tons in 1949. The position is expected to improve further this year. In pre-war years, the output totalled 21.59 million tons. As a result of the increase in population, the quantum of oils available per capita came down to 21.1 lbs in 1951 as compared with 23.3 lbs before the war. The world needs only 1.4 million tons more for the per capita quantum to reach the pre-war level. This leeway is expected to be made up this year.

World exports in 1951 are estimated at 5,375,000 tons as compared with 5,379,000 tons in 1950. The pre-war figure was 5,829,000 tons. Western European production in 1951 is estimated at 2,733,000 tons which is lower than the 1950 figure of 3,075,000 tons'

The sharp rise in prices of oils and fats last year remitted from stock-piling due to the Korean War and the economic, recovery of (Germany. Imports by Germany total' led 767,000 tons in 1950—350,000 tons more than in 1949.

This recovery in world production of oilseeds and oils has been largely the result of increase in the US output. The total production in the US amounted to 5,470,000 tons in 1950, an increase of 1,927,000 tons over the average immediately before the war. The outlook for 1952 is considered bright in view of the higher production of cotton seed and soya beans. With the satisfactory prospects of olive oil production in the Mediterranean zone, the post-war shortage of oils and fats has been almost overcome.

The total world production of exportable copra in 1951 is placed at 1.54 million tons, important producing countries being the Philippines, Indonesia, 400,000 tons; the South Sea Islands, 170,000 tons; Malaya 130,000 tons; East African territories, 50,000 tons; and others 20,000 tons. Copra and coconut oil prices have recorded a fall of about 45 per cent from the peak levels recorded last year.

PRICE RANGE OF OILSEEDS

(Oilseeds per cwt.; Oil per quarter in rupees and annas)

Groundnuts	Feb. 13	High	Low	Feb. 27
Bold ready	35-10	35-08	32-04	32-04
Feb.-March	35-12	35-10	32-04	32-04
April-May	37-00	37-01	32-08	32-12
Coromandel	36-04	36-04	32-08	32-08
Khandesh quality	36-14	36-14	34-14	34-00
Linseed				
Bold ready	36-04	36-04	33-00	33-00
Feb.-March	36-02	36-02	32-12	32-12
April-May	35-14	35-14	32-06	32-08
Castorseeds				
Madras quality ready	36-08	36-06	33-00	33-12
May 1952 delivery*	186-04	187-08	170-00	172-08
Oils				
Groundnuts ex-mill	19-06	19-05	17-00	17-00
,, Rly. receipt	19-00	19-00	16-12	16-12
,, February	19-00	18-15	16-12	16-12
,, March	19-06	19-05	17-00	17-00
,, April	19-10	19-09	17-02	17-02
Linseed Oil ready	21-08	21-06	19-00	19-00
Castor Oil, Commercial	21-08	21-06	18-12	19-00

* Per candy of 5 cwts.