Around Calcutta Markets

Bear - covering in Gunny

Calcutta, Wednesday, Morning

TODAY it has been announced that a settlement has been reached with Mr Vyas, President of the Action Committee, and that the workers of Indian Iron and Steel Corporation, who have been abstaining from duties so far, will report back. A settlement was expected as Dr B C Roy was making strenuous efforts and it was also recognised by the dissident workers that production was increasing and that the management were welcoming a situation which ensured them a much higher level of production with a smaller complement of workers than in a period of go-slow operation when all the workers were on duty. The stock market, however, has not reacted significantly to the announcement and Indian Irons have remained unchanged around Rs 23. The general sentiment of the market, however, is definitely better as there has been fairly good enquiry for Miscellaneous and Tea. shares and investment buying would seem to be in evidence to a larger extent. It is difficult, however, to form any definite ideas at this stage as the *Puja* holidays are fast approaching and there is no disposition on the part of anyone to carry over large commitments.

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Heavy Speculation in Gunny

AS usual the gunny market has been subject to heavy speculative activity and prices have been oscillating within wide limits. A few days back, bear operators had the upper hand and prices were mercilessly pushed clown with B Twills quoting at Rs 89-4 and 11 porters at Rs 41-10 for September delivery. But the lower prices could not be maintained for long, as the month-end settlement was approaching and bear operators bad to square up their positions. As shipments have been satisfactory during the current month of both hessian and sacking and a sharp reduction in local stocks is expected, bulls arc technically in a better position. Hence forced covering has led to a smart recovery and losses have been more than regained. The premium for ready over forward has widened and a situation has arisen similar to that in December last. But for the fact that in October, there could be a shorter working month and production is expected to be considerably lower, bears would again try to depress prices.

If the reduction in stocks is appreciable and there is also good enquiry, particularly from the US, it is very likely that the present prices may be maintained for" some time.

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Raw Jute Quieter

MILLS are not very depressed at the present, moment as the raw jute market has been quieter and a sizable decline in values has been recorded in the past fortnight. With sellers eager to dispose of the old crop and larger arrivals in up-countrv centres, prices have been moving downwards and Assam Bottoms are now quoting Rs 24 against Rs 26-8 sometime back. While supplies may not be scarce, there may not be any glut either. The raw material position will get tight only if there is a marked increase in the offtake of jute goods in the coming months. About the latter-, however, it is not possible to say anything definitely, as US consumers are operating on a hand-to-mouth basis and there may not be any disposition to enter into large commitments until the business outlook in that country gets clearer.

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Metal Market

AFTER the recent shake-up in prices, the metal market has been rather stagnant with block (Malayan) tin quoting at Rs 408 and copper Rs 165 per cwt. The offtake, however, is reported to be much better than for sometime past and the general feeling is less pessimistic. Developments after the Korean armistice in the metal market in this country have been rather unfavourable and the- heavy stocks, accumulated by the bigger dealers on the apprehension of continued shortage of supplies, have put them to heavy loss. Besides, the commencement of free dealings in copper in London had further upset the market and only with the expectations of a higher level of consumption and the reserve of the sellers, there has been a steady improvement very recently.

Of particular importance from the point of view of the Indian economy are the remarks of Lala Lakshmipat Singhania at the annual general meeting of the Aluminium Corporation of India Limited held this week. While the results of this company are discussed separately, it is pertinent here to comment on the observations of Lala Singhania in regard to the prospects of an increase in aluminium consumption. Lala Singhania is naturally anxious that there should not be an expansion of the aluminimn industry under foreign auspices and referred to the difficulty experienced last year in disposing of primary ingots due to miports coming in freely. There are, however, certain aspects of the question which have also to be borne in mind from the long-term point of view, if it is recognised that with the deficiency of this country in non-ferrous metals, creator use of aluminium should be encouraged. Hitherto, the mam demand for aluminium has been for manufacture of utensils and the industrial consumption does not exceecd a few thousand tons. I he Planning Commission has estimated that out of the total consumption of 16,000 tons, only about 6,000 tons arc needed for industrial purposes, 2,500 tons for ACSR cables 2 000 tons for industrial sheets and 1'500 tons for defence and miscellaneous requirements.

It is pointed out by Lala Singhania that the availability of scrap for utensil manufacturing should be taken into consideration. As about 90,000 tons has gone into consumption since 1944, the availability from secondary metal is, according to him, as much as 10 per cent every year. If allowance is made for recovery from scrap at this rate, the demand for primary ingots comes to only about 10,000 tons. As indigenous production is now around 3,500 tons and can be stepped up to 5,000 tons with freer availability of power, the ambitious programme of the Planning Commission to step up output to 20.000 tons might result in a glut.

These fears are probably exaggerated. Firstly, because the expansion schemes are still in the planning stage and with the delay in power supply from Hirakud, foreign interests will have great difficulty in pushing through their programme. Besides, the recent developments in the industrial sector are such that consumption ot aluminium might increase at a faster rate than is expected. It is, therefore, necessary to expand the capacity of the aluminium industry as far as possible, giving the maximum facilities to existing producers and increasing the consumption of this light metal with a view to displacing the imports of other metals.

Company Notes

Sound Position of Indian Standard Wagon

THE directors of the Indian Standard Wagon Company Limited recently announced that a bonus share fully paid up would be issued to the ordinary shareholders for every share held by them, and that besides the usual dividend of Rs 3.12 per ordinar share, there would be a bonus of Rs 1-4 per share, making the distribution for the year ended March '53, 19 Per[r] cent against 15 per cent previous y.

The" accounts for the year under reference, now available, show that the policy pursued by the Indian Railways at the present moment is proving to be very helpful to the engineering industry and that the prospects of companies like Indian Standard Wagon, which cater to the requirements of railways, are fully assured for some years to come. In the circumstances, it is unfortm nate that the go-slow operations in Burnpur have affected this company and that it had to declare a lock-out. If labour does not hamper the company's operations, the results for the current accounting period should be again satisfactory and works-in-progress should continue to be at a high level.

Actually, the earnings for 1052-53, before providing for taxation and depreciation, were nearly double those for the year 1951-52, being Rs 14.2 lakhs against Rs 7.56 lakhs. Charges on account of taxation are higher at Rs 6.05 lakhs against Rs 2.8 lakhs. The sum set aside for depreciation is Rs 91,844 against Rs 93,380. The allocations to reserve and other funds are rather ample at Rs 5.5 lakhs against Rs 1 lakh, while the higher ordinary distribution requires only an additional Rs 40,000.

The balance sheet as on March 31, 1953, shows that the company's operations have increased considerably and that it has been necessary to borrow on a large scale. Current debts were as high as Rs 1.48 crores against Rs 1,1 crores at the end of 1951-52 and Rs 93-55 lakhs at the end of 1950-51. The increase in works-in-progress has been mainly responsible for the larger volume of current debts. Works-in-progress at the end of March last were valued at Rs 1.26 crores against Rs 1 crore and Rs 63.67 lakhs in the two previous years. It may probably be necessary to spend large sums in the coming years in order to meet the increasing requirements of railways. Besides, there may be need for incurring capital expenditure as the net block is shown at Rs 9.5 lakhs. The availability of reserves is a great advantage. Reserve and other funds amount to Rs 20.68 lakhs against the ordinary capital of Rs 947 lakhs. In view of the enlarged earning capacity, it has been considered advisable to capitalise reserves, as indicated above, and issue one ordinary share free for every share held.

Aluminium Corporation Still Struggling

ALUMINIUM Corporation of India has not been able to do well again in the last accounting period. Actually, until the beginning of this year, the Corporation *found* it very difficult to sell off its output as large indents had been made for imports in anticipation *of* non-availability of supplies from abroad. As the utensil manufacturers were well stocked and there was demand only for rolled products, the Corporation had to experience an accumulation of stocks. The subsequent decline in prices has naturally been disadvantageous and it has again been necessary to report a difficult year. The only satisfaction is that the Corporation has been striving against heavy odds and is