Book Review

For the Investor

Investors Encyclopaedia 1955-56. Kothari & Sons. Armenian Street, Madras. Pages 1800. Price Rs 20.
The Investor's India Year Hook 1956. Compiled by Place, Siddons and Gough. Orient Longmans, Calcutta Pages 393. Price Rs 20.

THE Investors Encyclopaedia has exhausted the possibility, which the 1954 issue exploited so effectively by changing over to thinner paper of increasing the number of nages without adding to its bulk. The latest issue, the 19th in the series, has grown considerably fatter. The number of pages has increased in the introductory portion from Cvi to Cxxxii, in the body of the book from 136 to 1450 (not counting the pages devoted to sectional reviews which are separately numbered and in the supplement, from TO to 92, The sections have been rearranged in alphabetical order. This alone must have caused considerable difficulty. It was not. essential since the sections were separated by the insertion of a heavy art card and section headings were prominently displayed in tabs attached to these cards. But in a publication of this type, system and order are important and perhaps the labour has been worthwhile.

The introductory portion has expanded with additions needed by the changes affecting the investor. The new Companies Bill as amended by the Joint Committee is an important addition, but the purpose would have been served better if instead of an article on the subject from the President of the Federation of Indian Chambers of Commerce and Industry, written before the Bill was passed into law, the apace had been utilised for a more down to earth and matter of fact account of the changes, with adequate explanations, to guide the lay reader through the intricacies of the amended Act. The review of the Act which follows could then have been expanded and the space made available by the deletion of the article more effectively utilised. This is only a minor point, but worth-mentioning.

As the same standard method of tabulation 'has been followed in presenting the analysis of working of companies and the useful introduction to each section, though expanded, account only partially for the increase in bulk, apart from bringing the work more up-to-date, the increase in bulk is also due in part to the addition of new companies. In the preface to the volume it is specially mentioned that particulars relating to new companies, which came into existence or started functioning after the publication of the last issue, have been included in almost every section. This is a matter of considerable interest and many readers will find the information useful if the new companies are listed separately, though the information against such companies should continue to be given under the sections to which they belong.

In the supplement are included the balance sheets which were received too late to be incorporated in the main body and some of them relate to a period as late as the first quarter or the first half of the year 1955. Considering the late publication of many of the balance sheets, it is difficult to blame the compilers if the information in particular cases happens to be less up-to-date than what one would *expect.*

There is, nevertheless, the question of a dead-line. Reviewing the earlier issue of the Investors Encyclopaedia, it had been mentioned in these columns (February 19. 1955);

'In compiling information of this type, the most difficult problem is to fix a deadline and to stick to it. It is easier said than done. The task becomes almost impossible if no date is fixed in advance for the publication to come out. In the present; case, October 31; was fixed as the deadline and all the information which became available upto that day has been incorporated. The information compiled was therefore the latest available at the end of the year and in keeping with the usual practice, the volume could be entitle*! as one for 1955 instead of 1954. The fact that it is published in the beginning of 1955 should justify the use of a later year in the title....." The point raised then, it now appears, has perplexed the compilers. They have solved the problem by dating the 19th issue as for 1955-56. As the previous issue was for 1954, this might lead the hasty reader to imagine that an issue has been skipped. This is, however, not the case. The problem of a deadline has been solved by the adoption of shall we say? the fiscal year, as the year of publication. This solution is fair enough. provided the compilers stick to it and the future issues are dated, by the financial year and there wall be no break in representing the year to year working of the companies.

The price of the Investors Encyclopaedia remains unchanged at Rs 20, despite its larger bulk,

The Investors India Year Book 1956 which made its appearance about the same time, however, is a much older publication. The present issue is the 42nd, and it is compiled by the leading foreign firm of stock brokers in Calcutta. The Year Book has a long established reputation for accuracy and is accepted as authoritative. It continues to hold the field in its limited sphere for the compilation does not aim at an exhaustive all India coverage. In the matter of trustee investments. Governmental loans and perhaps of railways, the coverage is nearly complete but it is not so in the other sections. Only selected companies, particularly those in which the respectable', if one may use the term, Calcutta investors are likely to be interested, and of which the firm of brokers who compile the Year Book approve alone are included. Frankly it is diflicult to see any other principle behind the selection. For instance, in the section on Banking, the Bank of Bihar is included but not the Bank of Patiala. the Bank of Poona, the Bank of Maharashtra, or the Banks of Jaipur. Rajasthan etc. The Central Bank finds a place, but not the Canara Bank, and so on The omissions in other sections is no less remarkable. Colaba Lands and Mills are listed among Cotton Mills, but not Calico Mills (Ahmedabad Manufacturing and Calico Printing). Atul products have not yet made the grade, so far as Place, Siddons and Gough are concerned. Perhaps the fact that only the bye-laws of the Calcutta Stock Exchange are set out in some detail hut nothing is said about the bye-laws of the Bombay and Madras Stock Exchanges in India can alone suggest the principle of selection,

A curious feature of the present issue is the review of the year which is provocatively entitled "A Year of Socialism." Now the pinpose of a general introduction in a publication like this would normally be. one would .suppose, to help the investor to find his way and pick and choose investments intelligently If radical change- are taking place in the economy, such a publication is expected to tell the reader what is the Held open for him and what are the investment opportunities, if any. left for him. There is good precedent. Investment journals, recognised mouth-pieces of the City of London. did at one time advise investors to sell out when socialists were threatening to take over, while extending the comforting and confident assurance that in no time the socialists would come to grief. Investments would touch bottom and ^ when the socialists finally quit, that, would be the time for the investors to re-enter the market. They could then pick-up investment with their eyes shut.

Place, Siddons and Gough, however, do not care to open themselves to advise the investors to sell short, and wait till good sense returns, which means, impliedly, that Avadi Resolution is rescinded, the promise of land reform is withdrawn and the economic climate made favourable once again for free enterprise and for the foreign private investor. They conclude that it is largely to the prospects of growth in private industry that damage ha been done; but those firms which are already in existence "will find their operation more difficult but not necessarily less profitable". In fact, "most of the ominous storm clouds cast across the economy during the past year have eventually turned out to be fleeting shadows obscuring for only a short time the beneficient sun of deficit financing". So after all much of the socialism has been mere idle talk; so long as deficit financing is there, investors need not worry, not seriously.

Then the compilers go on detailing their prescription how the economy should be run—"the nation's food ...supplies might be better assured'[1] if no celling were placed on land holdings, "the slow and inexpert hands'" of the Department of Company Law Administration in the Ministry *of'* Finance should not he allowed to touch toe private sector, the fourth amendment to the Constitution should he repealed forthwith and so on. The name of Olive Street may have been changed to Netaji Wubhas Raad. but if the editorial reflections of the Investors Year Book are to be taken at their face value, it does not. appear that the editors had yet realised or accepted the fact that the Government of India is no longer being run from the hanks of the Hooghli, as in the good old days. Clive Street had all this and more —Zamindarl system, free enterprise and all privileges for the British investor for a century and a half, if not longer but neither did industry flourish nor did the poor peasant get a square meal. What's in a name? Clive Street can adopt itself to the changing times by striking a deal with the Marwarls but it cannot, jump out of its skin. If this is the type of thinking that continues to dominate Clive Street, new India, we are afraid, will have to think again and revise its opinion about the possibility of running a co-operative commonwealth with Its co-operation.