sibility in the various spheres of co-operative activity.

Another fundamental defect of the movement, as far as South India is concerned, is that it is sponsored largely by a few well-to-do persons and the chief aim of co-operation,' viz., to succour the needy, is often lost sight of. The working of the co-operative institutions during the past few years has not been animated by this desire, Mr. J. C. Ryan, Registrar of Co-operative Societies, warned the George Town Co-operative Society last month that co-operative institutions were gradually moving towards the rich. Instead of helping the man of limited means, co-operative societies, were helping the man of easy means. This, in my view, is even more true in the matter of granting of credit.

Cotton Market

February Cotton Contract Spurred to Ceiling

PAKISTAN is again in the week's cotton news. Her decision not to devalue the Pakistan rupee has embarrassed many a cotton importer from India. Many from amongst them have accumulated large quantities of cotton in Pakistan. These outstanding commitments mean a lot of Indian money in terms of the new exchange rate for the Pakistan currency. The exchange liability may run into several crores of rupees.

The aggrieved merchants having approached the East India Cotton Association, Ltd., for redress, the latter body has addressed the following message to the Government of India in the Finance and Commerce Departments. "In view of the shortage of cotton and in accordance with the trade agreement between India and Pakistan, transactions in Pakistan cotton have already taken place in respect of new crop for large commitments to mills. As far as cotton is concerned, the Board of the East India Cotton Association urge that the entire agreed imports of cotton from Pakistan should be at exchange rate on par with the Indian rupee."

The whole issue has been complicated by Pakistan's reported decision to canalise all payments due to her *via* sterling. Remembering Pakistan's present state of mind, it does not appear likely that she would accept the demand for cotton payments at the old rate of exchange.

In the alternative, the cotton purchase commitments made in Pakistan can very well be liquidated in the Karachi market itself. This would naturally involve a loss since cotton prices within Pakistan have declined by about eight per cent after her decision to maintain her currency at the unchanged dollar level. Even if it is possible that the cotton importers in question have hedged themselves, as does every responsible importer or exporter of goods, against risk of possible currency devaluation by any country, yet it cannot be denied that the percentage of loss involved on the existing commitments would be large,

Pakistan, on her part, appears to be confident that India cannot possibly do without her cotton. Inspired advices from Karachi place India's current requirements at 4,600,000 bales and claim that since India cannot procure more than 300,000 bales from alternative sources, Pakistan is the sole source for the type of cotton which Indian mills are accustomed to consume. Pakistan was also counting on increased demand from Japan, U.S.S.R., China and several European countries for her cotton. The inspired advices have also hinted equitable tariff re-adjustments with a view to cheapen Pakistan's cotton exports for certain destinations.

So long, however, as Pakistan remains a member of the contracting parties to the General Movement on Tariffs and Trade and has entered into treaties with other countries including India for a "most-favoured natron treatment", she cannot indulge in any tariff discriminations. Therefore, little credence was attached to the report that Pakistan contemplated abolishing export duty on raw cotton and raw jute exported to hard currency countries with a view to offsetting the non-devaluation of the Pakistan rupee. Pakistan officials themselves have, without loss of time, categorically denied the reports of resort to discrimination in trade.

It is conceivable that the Pakistan Government may one day be compelled to reconsider the incidence of her export duties on cotton and jute. Facts indicate that there is no other alternative. It is true that Pakistan collected about Rs. 73 crores through her cotton exports in 1948-49. But the facts must be underlined that hardly Rs. 9 crores out of the above amount accrued to her through her cotton exports to the hard currency areas. Almost 60 per cent of her raw cotton was absorbed by the soft-currency areas. As regards raw jute, India and the U. K. between them had accounted for nearly 70 per cent of Pakistan's jute. So the inevitability of export duties being reduced or abolished is obvious, no matter when the actual announcement is made.

At "the moment, however, Pakistan is biding her time. She is watching the price-trend in the international cotton markets. Commercial circles in Pakistan feign to believe that the 12 per cent rise in Egyptian prices is going to strengthen Pakistan staples. Brazil not having devalued her currency there is also no danger of competition from Brazilian cotton.

What Pakistan must look to for guidance, however, is not what is happening in Egypt or Brazil. The correct indicator would rather be the trend of price policies in the U.S.A. itself. At the moment, the cotton trade in New York and other markets in the States is awaiting developments regarding farm legislation. It is important in this connection to note that Senator Anderson, Ex-Secretary for Agriculture, has himself predicted that the Senate's new compromise farm programme calling for flexible price support will be written into law. There is absolutely no doubt that the U. S. Government will have to take some such measure if she has to manage an orderly distribution of the colossal cotton stocks, which are lying undisposed in Government godowns.

It is in this context, and particularly in the context of the appreciable fall that has taken place in Pakistan's cotton and jute prices, that one is tempted to believe the Karachi suggestion that Pakistan is anxious to summon immediately an inter-Dominion Conference to iron out the various new and outstanding issues.

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In Bombay, the Jarilla February 1950 contract has touched the ceiling of Rs. 620 and almost passed into oblivion. The next or the Jarilla May 1950 contract has similarly moved up from the week's low of Rs. 609½ to the week's high of Rs. 616 on Tuesday to close at Rs. 615½ on Wednesday. Weather and crop reports continue, on the whole, to be favourable. Yield prospects in the Oomra areas in particular are excellent. What is required is bright sun-shine for a few days.

The Stock Exchange

Advance In Industrials

Thursday, Morning

'T'HE past week was notable ' for many bright spots. The market exhibited considerable buoyancy and leading industrials made striking advance on brisk bear covering and occasional speculative support. Tata Steel Deferreds were marked up from Rs. 1430 cum-dividend to Rs, 1515 ex-dividend. Opening and closing prices were generally around the lowest and the highest levels touched during the week.

Dalai Street is convinced that devaluation will increase inflationary pressure by stimulating exports and curtailing supplies in the home market thereby. Not only will imports be restricted, they will also cost more. True, New Delhi has assured stability in the internal price level. But these assurances carry little weight. For, the various anti-inflationary measures adopted by the Government since October 1948 have failed to bring down prices and cost of living. And now, the task would be even more difficult. Market circles are, therefore, inclined to the view that devaluation will raise prices and industrial profits. Whether industrial profits will move up is more than one can say at present. But rise in industrial costs looks quite probable as a result of devaluation.

In and around Dalai Street, the impression has been gaining ground that Government have seriously been considering ways and means of drawing out black money. Rumours have been current that the Income-Tax Investigation Commission has suggested that the Government should grant amnesty to income-tax dodgers on certain conditions. Amnesty to tax-dodgers on the plea that Taxation Authorities cannot bring them to book looks ridiculous on the face of it. Besides, it is highly improbable that in the existing political climate the Government would resort to such a measure, apart from the consideration that even if black money were turned into white, whether it would necessarily flow into the investment market. To suggest that all or most of the black money is idle is to underrate the ingenuity and resourcefulness of those who earned it. Moreover, estimates about black money are also perhaps greatly exaggerated.

All eyes are now focussed on New Delhi for the measures that the Government of India are contemplating to insulate internal