strained relations with Pakistan.

The Government have declared that their labour policy and programme is aimed at the ultimate achievement of a co-operative commonwealth and economic democracy. They are at present drafting a Bill to implement the recommendation of the Central Labour Advisory Council Committee on Fair Wages. It is significant to note in this connection that the number of labour disputes in 1949 recorded a welcome drop of 25 per cent as compared with 1948 and the loss of man-days came down to 65 lacs from 80 lacs in 1948. Labour has been displaying an increasing sense of responsibility and it augurs well for the future of our economy,

Cloth output in 1949 dropped to 3909 million yards from 4319 million yards in 1948, The Government have fixed a production target of 4000 million yards for 1950. Textile mill profits for the year 1949 show a sharp fall over the previous year. The figures for the years 1948 and 1949 respectively are: British India Corporation, Rs. 1.49 crores and Rs. 95 lacs; Bombay Dyeing, Rs. 46.7 lacs and Rs. 30.8 lacs; Gokak Mills, Rs. 80 lacs and Rs. 30 lacs; and Buckingham and Karnatik Mills, Rs. 33 lacs and Rs. 12.3 lacs. Scarcity of raw material and a higher wage bill and other expenses mainly contdibuted towards reduced earnings. The only relieving feature has been the increase in exports of cotton textiles during the last three months.

Production 'of cement has gone up from 1.56 million tons in 1948 to 2.06 million torn in 1949. During the coming two years new productive capacity of 11.7 lacs tons is expected to come into operation. It is probable that, under these circumstances, cement may be decontrolled. These prospects brought down A.C.C, shares from the high of Rs. 167 to Rs. 150.

Government have fixed the target for steel industry for 1950 at 10 lac tons as against 9.22 lac tons of finished steel produced in 1949, Our steel imports last year amounted to 4 lac tons,

The rate of production depends upon the availability of raw materials, rationlisation and industrial peace. The Planning Commission is expected to give a lead to the country in regard to labour laws, controls, rationalisation of industry and utilisation of manpower employed for efficiency and enterprise. With the economic future thus assured provided of , course India tides over the problems of Indo-Pakistan tension refugee rehabilitation and food subsidy, there should be a good revenue surplus during the next two or three years which could be utilised for development projects and other nation "building activities. The Rs. 15 crores remission in taxes given to the investing classes this year should help to increase production.

Against this promising economic background, the Commerce Minister Mr. K. C. Neogy's statement in Parliament that he has "ceased to be an optimist in our dealings with Pakistan", must be read with alarm. And so did Dalai Street. Continued distress-selling from the Calucutta end. unnerved the Bombay operators. Indian Irons and Bengal Steel slumped by about 12 per cent within a fortnight. In the local market prices drifted lower but there was no panic . However, at the close on Wednesday there was heavy professional selling and nervous bull liquidation all round. It seems that the mild hopes of optimism raised by the Budget have been dashed to pieces and trading is showing signs of bear operators entering the market. The East Bengal riots, described as a major tragedy by the Prime Minister, have dictated the course of prices. The fact that the gross value of Tata Steel despatches for the nine months in the current financial year amounting to Rs. 21.38 crores as against Rs. 19.15 crores for the corresponding period of 1948, failed singularly to evoke any resistance in Deferreds at the level of Rs. 1600, is a pointer in which direction the wind is blowing.

In the textile section, Bombay Dyeings were lifted up from Rs. 1042-8 to Rs. 1070 on rumours of a bonus issue but reacted subsequently as there was no 'confirmation. The bonus issue is, however, believed to be almost a certainly in knowledgeable circles. Though Indore Malwa spurted by twenty points on concentracted buying other mill shares closed lower in sympathy in the miscellaneous section, Bombay Burmahs and Belapurs, presented a firm appearance.

Cotten Market

World Cotton Production Up But Consumption May Recede

STATISTICS suggest that there will be a lot more cotton available this season than the world can possibly consume. World's production of cotton during the season 1949-50 has been revised upwards to 31 million bales. It indicates an increase of 2 million bales over the world's cotton crop production in 1948-49. World's consumption of cotton, however, is now estimated to decline from 28-8 million to 28 million bales. The net result would be an addition of 3 million bales to the world's carry-over of cotton. As on July 31, 1950, the world's carry-over will be about 17.9 million bales which would be equal to 7½ months' supply. The cotton outlook is considered to be discouraging in view of the plentiful stock. It is doubtful, however, whether the prices will be adversely affected. Since the major portion of world's carry-over would accumulate in U.S.A., there is little likelihood of any price decline being registered because, firstly, the U. S. Government yet continue to be pledged to purchase surplus cotton at support prices; and secondly, the same Government have decided to balance prospective supplies by attenuated demand. The Mother Earth's bounty is to be curbed by a forced and a substantial cut in cotton plantings in the new season. Although a private market advisory service in U.S.A. has recently told its clients "not to own any commodities'', there is little evidence to support the view that a downward revision of cotton prices is in the offing.

A private survey indicates that U.S. cotton farmers intend to plant 20,892,000 acres of cotton this year, compared with the official allotment of 21 million acres and last year's actual plantings of 27,359,000 acres. If this decreased acreage is to produce a crop of 12½ million bales, the yield per acre shall have to be over 300 lbs. despite the dry soil conditions and the threatened insect damage. Although raw cotton exports during the first half of 1949-50 have been 2,523,000 bales, total exports for the full season are not expected to surpass last season's total of 4,962,000 bales. Meanwhile, new crop contracts in the New York Cotton Exchange have lately hardened on prospects of a tightening supply position next season under the operation of the Government's acreage controls *plus* the hazard of serious insect damage and persistent drought over certain cotton areas. The near position in New York, despite liquidation, remain fairly stabilised on the expectation that India and Japan would together take up about 300,000 bales of U.S. cotton in the immediate future. People in the South have already begun to talk "weevil" and damage so far as the new crop is concerned.

For non-dollar growths or sterling-area cottons, there is not likely to be lessened demand since Japan has raised her export target of piece-goods by 30 per cent, to 950 million square yards this season. Continuous demand for sterling or non-dollar area cottons, therefore, can be expected to stem forth from that country.

The Egyptian Government's announcement of their intention to raise the cotton tax on the new crop from September 1, 1950 had a depressing ecect on the Alexandria market and prices sank almost to the extent of the proposed increase in the tax. Many operators see in this tax increase, either a move to compel holders of old crop to clear their stocks, or an attempt to frighten foreign buyers to buy in heavily before the proposed tax took effect. Although it is considered unlikely, however, that foreign buyers would be led into hasty buying by subterfuge, the move has undoubtedly induced speculative interests in Alexandria to sell at relatively cheaper rates with a view to scaling down their burden of the actual. It is reported that several mills in India have already carried out fairly large purchases in view of the recent drop of about Rs. 250 per candy in the prices of Egyptians. It would me interesting to note that new crop Ashmouni (October) was selling about 12 tellaries cheaper than old crop (April) Ashmouni.

Cotton purchased in U.S.A. on India's behalf has begun to arrive in India. Almost the entire purchases of U.S. cotton are expected to be received by the end of April, 1950. This is naturally expected. to quieten the price-trend of Indian growths. Meanwhile, the mills in South India are reported to have voluntarily agreed amongst themselves not to buy cotton or *kapas* at rates in excess of the parity with ceilings set for ginned cotton. It is apprehended that this decision may stimulate outside mills to buy up a large part of the quotas alloted to them in these districts. This season's crop in India is now being talked around 26 lakhs bales. The Madras crop is yet to move. One third of the Broach and North Gujarat crop has already been marketed while in the Oomra a areas, 85 per cent of the crop movement has been completed.

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The Deputy Chief Controller of Exports had permitted exports upto 10,000 bales of Oomra cotton to the Raw Cotton Commission. But the fine art of mixing Deshi Oomras with Jarilla has so far advanced in the C. P. and Berar that no separate description called Oomradeshi is available. By merging with Jarilla, the whole Deshi crop has become Jarilla this season. So, now the Commission have asked for permission to buy an equivalent amount of Dhollera short staple.

Various speakers at the annual meeting of Federation of Indian Chambers of Commerce held last Saturday and Sunday at New Delhi stressed the need for India to become self-sufficient in respect of the raw jute and cotton supplies. The President of the meeting himself said: "I would suggest that all restrictions on the growing of cash crops should now be lifted and the farmer should be left to himself to grow whatever lie considers best. The area under cotton at present is about half of what is used to be before the period of the war up to 1941-42. It is understood that the diversion of the remaining area to foodgrains and other crops has not led to any appreciable improvement in the foodgrains supply position in the country. If the entire area is restored to the cotton crop, India will be selfpufficient in regard to raw cotton and thus not only conserve foreign exchange which is now expended to purchase foreign cotton but also assist the Indian textile industry to build up an export trade."

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This is all well and good. But the problem is whether India can be self-sufficient in the immediate future in respect of foodgrains, jute and raw cotton at one and the same time. On the face of it, the idea of immediate self-sufficiency is absurd and one notes with satisfaction, that the Government of India are quite aware of the limitations.

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Since the Government of India are conscious of the fact that Indian cotton, on parity not only with world cottons but also with indigenous groundnut and tobacco crops, is definitely under-priced, there are many amongst local cotton leaders who expect the Government of India to raise the ceilings for the 1950-51 cotton grop. If only this is done, there will be contentment all round and even the futures exchange may well begin to function once again in right earnest. With the vast cotton import programme now under' execution, there is least likelihood of the sanctity of sellings being violated.

Edited & Printed by SACHIN CHAUDHURI, at The Popular Press (Bombay) Ltd.. and Published by him from 13-15, Tamarind Lane, Fort Bombay.