Report lifted up the price. Deferreds touched a new high for the year at Rs. 1,790 and Ordinaries at Rs. 350; Market circles believe that the contango charges for Tata Deferreds, this settlement would be in favour of sellers. In that case it would not be surprising if the prices tend to sag before they can be pushed up further.

The Calcutta market continued to be highly bullish and Indian Irons touched Rs. 32-7 and Bengal Steels Rs. 23-12. Operators are banking on the recent installations carried out by the Indian Iron Co. which are expected to yield an increase in profit of over Rs. 50 lakhs per year.

The textile section, however, did not respond to the firmness in Steels. This is not surprising. For in the words of the President of the Ahmedabad Millowners' Association, the " deteriorating situation " in the textile industry is a warning to the Government who were urged to restore the 4 per cent, cut in cloth prices. For the next quarter, however, Government have made small modifications in cloth prices. Further, the one-third free sale concession enjoyed by textile mills in respect of cotton yam and cloth has been withdrawn. For this the management of the mills have themselves to blame.

Market rumours about a higher dividend for Kohinoors and of the buying over of two city cotton textile units and the issue of bonus shares by Bombay Dyeing did not materialise. Dyeings, therefore, met selling pressure. Kohinoors, however, closed steady on heavy bear-covering, although the Company has declared an interim dividend of Rs. 6 per share. Other textile shares could not cross the highest of the previous week and remained dull in the absence of fresh support.

Electrics and Banks were active. Imperials met with persistence buying on expectations of expansion of business as recommended by the Rural Banking Enquiry Committee. Bombay Suburbans evoked fresh enquiry on the news of fresh issue by the Company, Tata Hydro and Powers attracted investors' attention.

In the miscellaneous section, Scindias and Bombay Burmahs were the bright spots. The report that the Bombay Burmah Trading Co. were to extend business in Africa and that they were likely to get Andaman forest contract acted as a fillip. Scindias too attracted continuous buying and large parcels were absorbed at advancing prices. The closing was one point above the par value. Informed circles, however, are intrigued at the amazing performance of Scindias. They feel that the question of reservation of coastal shipping to Indian bottoms is not likely to come up before the Legislature at least for five or six months; that India has not enough tonnage at present to rope with the volume of coastal shipping and that the Government would be unwilling at this stage, to displease British shipping interests by introducing discrimination. The Company incurred a loss of Rs. 58 lakhs last year and this year's loss is put around Rs. 20 lakhs. Further the India-U.K. line is proving uneconomic and it would not be surprising if the Company suspends that service and takes up India-Africa route instead. The refund of income-tax might be delayed. The immediate prospects, therefore, do not support this spectacular rise in Scindias,

It is learnt from reliable sources that Air India Ltd. may pass over the dividend this year.

A typical instance of the feverish war psychology is provided by Belapurs. Everybody knows that Government are importing one lakh ton of sugar, still Belapur shares have improved by over seventeen points. This shows in which direction the wind is blowing.

Tata Iron & Steel Co.'s Annual Report

THE Works profits of the Co. for the year 1949-50 were higher at Rs. 171 lakhs as compared with Rs, 151 lakhs in the previous year. The production of saleable steel was higher by over 56,000 tons; 8,000 tons were despatched from stock in addition to the year's output; from 1st May, 1949, retention prices were increased by about Rs. 18 per ton on the average.

Labour conditions during the year showed a marked improvement resulting in higher production and better plant maintenance. The average labour cost at Jamshedpur per ton of finished steel has declined to Rs. 91.89 as compared to Rs. 92.80 in 1948-49. And the average output of finished steel per employee at Jamshedpur has risen to 17.66 tons as compared to 16.30 tons in the previous year.

This may be attributed to the revised scale of the profit-sharing bonus scheme under which the Company paid Rs. 15 lakhs more in 1948-49 and this year the allocation is increased to Rs. 78 lakhs.

The total sale of products has gone up to Rs. 24.52 crores as compared with Rs. 22.84 crores in the previous year. With it, the value of turnover has also moved up to Rs. 26.59 crores as against Rs. 23.45 crores in 1948-49 and Rs. 21.01 crores in 1947-48. Whereas the wages and salaries bill including bonus to employees has gone up by 10 per cent, over the previous year, the value of turnover has increased by over 13 per cent. And that is a healthy sign for the future of the Company.

In the Balance Sheet there are two items worth noting. The cost of discarded obsolete items written off in 1949-50 is put at Rs. 21 lakhs (exclusive of that of collieries at Rs. 6 lakhs) whereas the discarded obsolete plant at scrap value is shown at only Rs. 43,000. In the previous year also the corresponding figures were Rs. 13 lakhs and Rs. 22,000. The scrap value figures appear to be under-estimatcs.

Another feature is the working in loss of the West Bokaro, Ltd., a subsidiary of the Company. The total loss for the last two years comes to over Rs. 20 lakhs. Its entire capital has been subscribed by the Tata Co. in addition to a loan of Rs. 40 lakhs, It is therefore surprising why the Tatas have given the Managing agency to Messrs. Anderson Wright & Co. and have paid them commission to the tune of Rs. 60,000 in the last two years, when the subsidiary is making losses. No depreciation has been provided on the fixed assets this year. It is a glaring anomaly, therefore, why the Tatas should not take over the management at an early date.

Balance Sheet Position

The Summary of Balance Sheet of TISCO as at 31st March, 1950, is as follows:—

(Figures in lakhs of Rupees and decimals)

Liabilities :	*As at* 31-3-50 *Rs.*	*As at* 31-3-49 *Rs.*
Capital	1047.24	1047.24
Reserve & Other Funds	1050.61	992.74
Depreciation Fund	2586.38	2403.72
Employees' Funds	12.05	10.79
Loans & Deposits	246.03	245.20
Reserve for Taxation	187.92	174.82
Liabilities	1090.72	874.32
Bonus payable to Employees	81.58	40.12
Dividend Reserve	152.82	150.00
Profit carried forward	3.72	4.38
Total ...	6459.07	5943.33

Assets :	*As at* 31-3-50 *Rs.*	*As at* 31-3-49 *Rs.*
Cost of Fixed Assets	4152.59	3991.08
Stocks & Stores	988.06	781.06
Book-Debts, Advances, etc.	592.98	519.78
Advance Payment of Taxes	116.01	121.53
Investments	243.39	217.14
Cash	365.50	312.28
Assets earmarked against employees' account	0.54	0.46
Total ...	6459.07	5943.33

Money Market

Continued Contraction

MASSIVE contraction of currency continues unabated. In the week ended July 18, 1950, the volume of notes in circulation declined by Rs. 14 crores. In the month of July there was as much as Rs. 36 crores contraction in the volume of active notes in circulation. This is what is to be expected in the importing season. Excess of imports over exports must necessarily have a deflationary repercussion on the money and the financial system.

Statistics, however, reveal that contraction of currency is not mainly a reflection of excess of imports over exports. In the month of July, the Reserve Bank's loss of foreign exchange did not exceed Rs. 9.40 crores. Examination of scheduled banks' figures reveals that contraction of currency is a direct sequel to lack of trade demand for funds. For instance, in the fortnight ended July 21, 1950, the latest week for which statistics are available, scheduled banks' advances declined by Rs. 18¾ crores.

Financial statistics indicate the differences in money market developments now and in the corresponding period in the previous year. Last year, excess of imports over exports was far too heavy. It is *not so this* year. Last year, the normal decline in trade demand for funds was more than offset by the heavy demand for funds for financing imports. This process is no longer in operation now, thanks to the severe restriction on imports.

Fundamentally, cheap money market rates pre vailing now are due to the fact that, unlike happenings last year, bank deposits are not shrinking. This, again, is a reflection of the improving balance. of foreign trade-partly due to curtailed imports and, in fact, arising out of continued exports of Indian manufactures like cloth and piecegoods. This is the background again which accesses of loans recently floated by the Union and State Governments have to be viewed.

Replying to the debate on the Presidential Address to Parliament, Mr. Chintarnan Deshmukh has taken comfort from the fact that Authority is now able to borrow money from the open market. But the terms and conditions of recent loans suggest that recent loan floatations are not dependable criteria to the improving financial position. True, the gilt-edged market remains steady. But financial statistics suggest that bonds should be quoted higher than they are today. Herein lies the crux of the problem. Whatever be the reason—and there arc many reasons—confidence is still lacking.

While the behaviour of the gilt-edged market is not discouraging, in view of the fast deteriorating war situation in Korea, dealers in bullion seem inclined to the view that the Korean war may be prolonged and that it may not be possible to keep the conflict localised in Korea for long or for ever. That is why despite increased arrivals, in spite of the threat of sales of silver by Cuba, both gold and silver remain steady at higher levels. Though the market remains hesitant, there are no indications of a material fall in prices in the immediate future.