

is viewed with optimism, but few people believe that stock-broking will ever become a prosperous vocation if present fiscal and political trends continue. The decline in the volume of security business differs radically from the frequently recurrent phases of inactivity. It is impossible to foresee any sweeping retreat from the general principles of a social policy which precludes the possibility of building up private fortunes.

The transfer of the power to save from the few to the multitudes has led to a decline in the size of the average investor. This means more small savings in directions which bring virtually no stock exchange business at all, more through insti-

tutional investors which are largely interested in gilt-edged, and a progressive substitution of small direct investors for the substantial private investors whose investments and dealings constitute the average brokers most remunerative type of business. With the change in the concept of economic prosperity industrial expansion is not likely to be accompanied by profit inflation. The existing political and fiscal tendencies are not favourable to the accumulation of large private fortunes. Savings in coming years following any possible relief in income-tax and economic development under the National Plan are likely to be institutionalised.

## Interference With By-Laws Scares Bullion Traders

**S**HEIKH MEMON STREET had a rather uneasy time last year. Except for a few occasional spells of speculative activity, the market was generally flat like a pancake. The volume of business dwindled to such proportions that even the leading firms found it difficult to meet their office expenses. With the disappearance of black money, which used to stimulate demand, and most income-tax disputes settled, business lacked incentive and the little activity that was there was confined to a few professional operators. But what really scared the outside public from taking a lively interest in the bullion market was the unscrupulous way the Bullion Board interfered with the by-laws of the Association.

Despite the facility for interim and special clearings and the provision for automatic margin depending upon fluctuations and the spread between two deliveries of a metal, the Board did not hesitate to interfere with the by-laws to suit the changing needs of its influential directors. The rise in the price of silver from Rs 151 in January to Rs 170-12 in February, the highest level for the year, seemed to create a payment deadlock. The Board declared a state of emergency, but it failed to get the approval of the general body. Surprisingly enough on one occasion the directors called to consider the question of "emergency" failed even to form a quorum. As usual the deadlock was resolved through a compromise and squaring-up of positions at a certain agreed rate.

The price of silver declined gradually to Rs 151-8 in April but recover-

ed again to Rs 166-5 in May. Later it moved irregularly lower to Rs 147-6 in October, the lowest level for the year. It improved to Rs 152-6 by the end of the year. In the last three weeks the price has risen further to Rs 159-7. With the year's fluctuations confined to a narrow range of Rs 23-6 it is really unfortunate that the Board of the Bullion Association should have thought of interfering with the by-laws to keep the market liquid.

The Board's latest proposal to fix a penalty for failure to deliver the goods on the due date deserves the strongest censure, because it reduces the delivery contract to nonsense. In a delivery contract the buyer cannot be denied the right to insist on delivery irrespective of its consequences to the seller who has enough opportunity to cover his "short" position before the end of the contract if he does not possess the goods to be delivered. In a hedge contract alone can the "shorts" be allowed to settle their dues by paying an agreed penalty. The need for forward trading in bullion is questioned by many, particularly on account of the ban on imports and a scarcity of floating stocks which makes "cornering" possible. But if people must speculate they must learn to behave. The latest amendment of the by-law is awaiting Government sanction. The uncertainty about the contract must soon be ended.

Fluctuations in gold were influenced chiefly by the trend in arrivals of smuggled gold. On balance the year ended with a loss of four annas per tola. After rising from Rs 82-0 to Rs 90-13 in February

gold forward declined to Rs 84-3 in April. It improved to Rs 91-7 in June, the highest level for the year, but moved irregularly lower to Rs 79-1 in October, the year's lowest rate. It recovered to end the year at Rs 82-5, and has risen further to Rs 84-14 in January. The off-take generally continued poor. Sentiment was affected by the fall in the price of gold in the world "free" markets to the official price of \$35 an ounce. Recently heavy sales of gold by Russia have evoked considerable interest, but fear of the price falling below \$35 an ounce seem unwarranted because the American Treasury would buy any amount of gold at that price, irrespective of its origin. America may have a dislike for communism, but it is too materialistic not to accept Communist gold.

Bullion markets thrive on political insecurity and inflation. World political situation appears to be gradually improving. Inflation also has ceased to be a serious threat in most countries. Apart from strong "bull" manipulation which could 'push up prices considerably at times, no spectacular rise in bullion prices is thought likely this year, unless of course international political situation deteriorates and Indo-Pakistani relations worsen. The immediate outlook appears encouraging. Crops this year have been good. Seasonal demand is bound to make its influence soon.

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## Bombay Market Leaders —

		1953							
		Jan	Feb	March	April	May	June	July	Aug
<b>IRON &amp; STEELS:</b>									
Tata Deferred									
High	..	1732- 8	1800- 0	1915- 0	1922- 8	1945- 0	1918-12	1945- 0	1970- 0
Low	..	1672- 8	1696- 4	1805- 0	1791- 4	1871- 4	1845- 0	1852- 8	1931- 4
Tata Ordinary									
High	..	309- 0	320- 0	332- 0	329-12	338- 0	334- 0	336- 4	342- 0
Low	..	296- 4	298- 8	315- 0	311- 4	324- 0	322- 8	321-12	335- 0
Indian Iron									
High	..	24- 5	25-12	27- 1	25-14	26- 6	25-10	24-11½	23-13
Low	..	22-12	23- 6½	24-12	24- 0	25- 2	24- 7½	23- 7	21-11½
<b>COTTON MILLS:</b>									
Bombay Dyeing									
High	..	367- 8	392- 8	413- 2	398- 2	406- 4	395- 0	387- 8	393-12
Low	..	353-12	360-10	391- 4	380- 0	388-12	372- 8	371- 4	373-12
Central India									
High	..	148- 0	160- 0	170- 0	171- 0	179- 0	166- 8	164- 0	163- 8
Low	..	141- 0	145- 0	155- 0	151- 0	166- 8	158- 0	153- 0	157- 0
Century									
High	..	254- 4	276- 0	290- 0	276- 0	286- 0	278- 8	279- 8	278- 8
Low	..	243- 8	248- 0	270-12	257- 0	271- 0	264- 8	268-12	266- 0
Kohinoor									
High	..	272-12	304- 0	317- 8	319-12	323- 0	306- 8	310- 0	305- 8
Low	..	259- 0	272- 8	292- 0	289-12	304-12	292- 0	299-12	291- 0
Svadeshi									
High	..	243- 0	254- 0	264- 0	270- 0	260- 4	253- 0	258- 4	255- 8
Low	..	228- 8	231- 8	247- 0	251- 8	251- 8	243- 0	243- 4	244- 8
<b>MISCELLANEOUS:</b>									
ACC									
High	..	179-12	172- 8	175- 4	173- 8	173- 4	172- 8	174-12	170- 0
Low	..	166- 8	167- 8	170- 0	166-12	170- 4	169- 8	169-12	167-12
Belapur									
High	..	219- 0	241- 0	242- 8	245- 0	241- 0	238- 0	236- 8	240- 8
Low	..	209- 8	215- 8	235- 0	234- 0	234- 8	227- 0	222- 8	234- 8
B'bay Burmah Old									
High	..	388-12	375- 0	407- 8	402- 8	390- 0	381-14	364- 6	363-12
Low	..	357-12	361- 4	371- 4	380- 0	380- 0	360- 0	351- 4	348-12
Premier Construction									
High	..	87- 8	94- 8	98- 0	92- 4	93- 8	85- 0	84- 4	89- 0
Low	..	81- 8	82-12	86- 0	85- 4	84- 0	79- 8	78- 8	83- 0
Scindia									
High	..	15- 3½	15- 2	15-12	13-14½	13-12½	13- 8½	13-13½	13-13½
Low	..	14- 8	14- 8	13-13	13- 5	13- 6	12-13	12- 8	13- 6
Tata Chemicals									
High	..	9- 2	9- 7	9-15	9- 8	8-13	9- 9	9- 6½	9- 1
Low	..	8- 9	8-15	9- 5	9- 2½	8- 9½	9- 1	8-12	8-11

# Monthly High and Low 1953

1953				Closing	Closing	Up to	1953	1952
Sept	Oct	Nov	Dec	24-12-1953	24-12-1952	Jan 20, 1954		
1915- 0 1797- 8	x.D. 1935- 0 1827- 8	1993-12 1923-12	2062- 8 1977- 8	2023-12	1695- 0	2068-12 1973-12	2062- 8 1672- 8	1976- 4 1592- 8
338-12 311-12	x.D. 328- 8 314- 4	340- 0 326- 4	353- 8 337- 8	345- 8	302- 8	350- 4 334- 0	353- 8 296- 4	358- 8 291- 8
23-13 22- 1½	25- 1½ 22-15	26- 4 24-14½	26-11½ 25-11½	26- 6½	24- 5½	25-12 24-15½	27- 1 21-11½	29- 6½ 21- 0
379- 6 356- 4	390- 0 355-10	403-12 381- 4	406- 4 391- 4	401- 4	355- 0	406- 4 386-14	413- 2 353-12	450- 0 331- 4
159- 0 143- 0	168- 8 144-12	173- 8 161- 0	188- 0 168- 0	185- 0	143- 0	188- 0 175- 0	181- 0 141- 0	235- 8 123- 0
272- 8 253- 0	273- 8 257- 0	290- 8 269- 4	293- 0 278- 0	281- 8	250- 0	292- 8 275- 0	293- 0 243- 8	324- 0 218- 0
295- 8 276- 8	295- 0 275- 8	301-12 290- 0	304- 8 289- 8	296- 0	261- 0	308- 4 291- 4	323- 0 259- 0	339- 8 252- 8
248- 0 236- 0	253- 0 238- 0	269- 8 252- 0	275- 8 262- 8	272- 8	236-12	280- 8 264- 8	275- 8 228- 8	296- 0 225- 0
170- 4 166- 4	117- 4 169-12	189-12 183- 8	189- 0 183- 0	185- 0	178- 8	187- 0 180- 0	189-12 166- 8	190- 8 160- 0
242- 8 239- 8	265- 8 241- 0	270- 0 256- 0	274- 0 248- 0	248- 0	209- 0	254- 8 242- 8	274- 0 209- 8	268- 0 195- 0
350- 0 323- 2	355- 0 330- 0	365- 0 323-12	380- 0 351- 4	377- 8	385-14	390- 0 358-12	407- 8 323- 2	553- 2 367- 8
85- 8 82- 0	98- 8 84- 4	107- 8 97- 0	120- 0 109- 0	117- 8	86- 8	119- 0 111- 0	120- 0 79- 8	107- 0 69- 0
13-11½ 13- 3½	14- 9 13-10	16- 3½ 14- 8	16- 5½ 15- 8½	15-13	14-10	16- 6½ 15- 4½	16- 6½ 12- 8	17- 1 12- 7
8-12 8- 4½	9- 3 8- 8	10-15½ 9- 0½	11- 9 10-11	11- 6	8-15	11-13 11- 2	11-10 8- 5	13-15 8- 7

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