Jute Industry Takes Stock

(From a Calcutta Correspondent)

OPTIMISM, tempered with an adequate appreciation of the difficulties that lie ahead, marked the Chairman's address at the annual general meeting of the Indian Jute Mills' Association at the Bengal Chamber on Thursday. This is Mr Gardner's second address as Chairman and his swan-song. He leaves India before long, as the firm whose destinies he controlled passed into the hands of the Bangurs last year. was a trifle surprised that he did not strike a note of sentiment. But then I remembered he was an Englishman, and that too in the jute industry.

The year 1954 was marked, said Mr Gardner, by the industry winning back some of the ground that it had lost in the disastrous reverses which have occurred at intervals during the last five years. The considerable expansion of world demand enabled the industry to increase its working hours successively and raise them to 48 hours per week for the first time since March 1952. Without exception 1954 witnessed in all the overseas markets of the industry a degree of prosperity and increased trade and production which surpassed anything experienced since the artificial boom conditions produced by the Korean war. Another significant development of the year was the partial removal of the restrictions on free purchases of jute goods which had affected some of the industry's important markets, although a modified form of control still lingers in the UK and Australia.

The main shipment feature of 1954 as compared with 1953 was the marked recovery in respect of sacking which totalled 4.3 lakh tons as compared to 3.24 lakh tons in the previous year, while there was a slight fall in the export of hessian from 3.88 lakh tons to 3.7 lakh tons caused by a corresponding fall in exports to the Argentine. That country still represents, however, a most satisfactory stabilising factor in India's exports to overseas markets.

The industry today is in a better economic position to the extent that its productive capacity and its labour are somewhat more fully employed, but Mr Gardner was careful to point out that they had still very far to go before the whole of the very considerable remaining productive capacity was employed. At this point he struck a note of warning, that the industry may not succeed in maintaining the present working levels if the increased offtake of 1954 conceals a degree of restocking which would mean that demand would recede later as consumption took place from stocks rather than from current purchases. In any event, he said, market trends should be studied with vigilance for experience in 1954 showed how important it was to act quickly and decisively if it appeared that production was running seriously ahead of demand.

Stressing the vital importance to the industry of an adequate supply of raw jute Mr Gardner referred to the uncertainty with which the mills have had to grapple since the fatal day when instead of drawing their raw material from what was almost a hinterland they had to " import it from a foreign country ". It would not do to retort that there are many industries in other parts of the world which depend on raw materials from foreign sources; the jute industry grew up with its raw material in its back-yard for over nine decades.

The difficulties of the industry in maintaining present markets and the ominous growth of jute manufacturing capacity in foreign countries were also reflected in the year's working. The trend towards greater economic independence in the manufacture of jute goods is daily gathering momentum. This tendency is particularly marked throughout the East which for such a long period has been a consistent buyer of a substantial quantity of our heavy goods. The Association has received information of the planning or construction of jute mills in Egypt, Iraq, Iran, Burma, Thailand and the Philippines. It received most valuable information about the near Eastern countries as a result of the visit paid by an official delegation led by Shri M P Birla to this area at the end of last year. It is also reported, although a confirmation is yet to be received, that manufacturing capacity in the Chinese Republic is also being augmented. But perhaps the most potent source of competition is Japan which is in a particularly favourable position to supply jute goods to the most important West Coast markets of the US because of lower freights and labour costs. Indian goods have suffered in competition. The industry in Pakistan continues to make steady progress and as soon as a substantial capacity is in operation, Pakistan mills will present stiff competition with all the advantages that a closed domestic- market offers.

That the industry should do all it can to meet the situation need hardly be emphasised, hut Mr Gardner also suggested that the industry should receive every assistance from Government to meet this development. He mentioned in this connection three lines of attack: assuring a larger and better supply of raw jute, the installation of modern equipment and the retention of costs at realistic levels bearing in mind the productive efficiency of India's rivals in other countries.

Mr Gardner was full of praise for the valuable work that the Association's delegation to the United States had done in reassessing the market there. Their report was a " most valuable document ", which has improved the industry's understanding of that market. The delegation is also reported to have made certain very interesting and positive proposals for new uses and adaptation of jute goods. Work has been started on these and Mr Gardner was confident of valuable results accruing from the research which is now in process. It must be recognized that with a few exceptions, the expansion of our trade along traditional lines is unlikely in such highly developed markets as the United States.

Mr' Gardner is succeeded by M P Birla as the Chairman and D P Goenka succeeds Mr Walton as Deputy Chairman of the Association.

Trouble in the Calcutta docks looked like flaring up seriously on Monday. That evening the shipowners and .stevedores suspended all loading and unloading operations with the exception of coal ships and ships discharging salt. Hasty conferences were held between the employers and workers, the West Rengal Government and the authorities of the Calcutta Port Commission.

On Wednesday the shipowners and stevedores commenced working on three steamers with police protection. It is reported that there have been a few instances of violation of terms on the part of the employers. Fortunately, however, such cases are not being exploited by interested parties to produce a stoppage of work. They are to be dealt with in a constitutional manner through the good offices of the Regional Labour Commissioner.

The dispute originated with tally clerks and the workers demanded that these clerks be extended the benefits of the scheme of decasualization which other categories of labour are enjoying. Dr Roy is understood to have assured them that he would discuss the matter with the Chairman of the Calcutta Port, and if he failed to get a satisfactory solution there, he would then move the Ministry of Labour in New Delhi during his forthcoming visit there.

Around Bombay Markets

Steady to Firm

Thursday, Morning

AFTER mid-week drop due to heavy profit taking especially in steels, market recovered smartly at the end around previous week-end quotations.

About 25,000 Tata Ordinaries were liquidated and the share lost about 7 points. Century also met bull liquidation. Thereafter market recovered partly on replacement buying. News regarding Commerce Ministry taking charge of Steel Industry caused renewed bull support and the market recouped most of the losses at the end. The undertone is firm.

Calcutta advices were very firm, and Indian Iron met bull support. The Calcutta bull who is long in Tata Ordinary is reported to have taken delivery of about 5,00,000 Indian Irons in Calcutta.

Textiles, though their performance was not very encouraging, behaved better than before. Under the present circumstances, even this improvement has some significance.

Directors of Bombay Dyeing announced their decision not to issue bonus shares. The results of Bombay Dyeing were also disappointing. All this discouraged fresh buyers in Bombay Dyeing. Against this, the firm tone of Ahmedabad textiles and possibility of cut in excise duty helped to keep textiles steady and called forth some bear covering.

At the end of the week, Kohinoor attracted modest bull buying and this share which has behaved discouragingly for the last four months showed a definitely better tendency.

Century which had shot up sharply last week, met heavy selling. There was scattered support for fata Mills on rumours of a higher dividend.

In Ahmedabad, textiles are very firm due to satisfactory reports by the leading mills. Ambica has raised its dividend by Rs 2 to Rs 20- Calico has decided to issue bonus, share at the rate of one for every ten.

In the Miscellaneous section, Associated Cement was lower on profit taking, after last week's marked rise.

National Rayons were steady. Reports of National Rayons issuing debentures discouraged fresh buyers at higher levels. Their dividend announcement is keenly awaited.

Premier Construction also met profit selling and shed top gains. Scindias and Tata Chemicals were steady.

Walchandnagar have announced higher dividend by Rs 2 at Rs 16. This share has been promoted to the forward list on Bornaby Market. UIC shares behaved strangely when there was sharp rise of about a rupee. Some Calcutta speculator is reported to be buying heavily. BIC has recently announced nominal dividend of one anna.

On balance, the market displayed steady to firm tone at the end.

Jobbers Suspend Business

BOMBAY Bullion market after touching new high level in silver at 166-8 (Chaitra) remained closed since last Monday on jobbers-suspending business.

Bullion Board's refusal to apply margin on new Chaitra delivery created a great stir, and there has been a lot of agitation against this. For the Bullion market this sort of suspension is nothing new. On Wednesday, nominal kerb quotations were around Rs 165-12 for silver and Rs 92-12 for gold.

New Low for Years

DURING the week under review cotton touched a new low for years at Rs 546. Delay in excise duty cut, consistent weak advices from up-country and mills keeping aloof from buying, pending the outcome of industry's representation to Government regarding excise duty, all caused nervousness and there was heavy selling pressure. Even lower rates could not attract new buyers. Thereafter market recovered partially on short covering. Traders are keenly awaiting some Government measures to halt the rot.

Technically the market is oversold and is likely to rally further on bear covering.

	Mar 8	Mar 16
	Rs as	Rs as
Cotton—May	559- 0	557-12.

MARKET LEADERS DURING THE WEEK

(In Rupees and Annas)

	Closing	Week's		Closing
	March 2	High	Low	March 7
Tata Steel	243- 0	242- 8	236- 8	242- 8
Indian Iron	35-13	36- 0	35- 6	35-14
Bombay Dyeing	468- 2	470- 0	459- 6	467- 8
Century	379- 8	388- 0	379- 8	383- 8
Kohinoor	317- 0	320-12	314- 8	319- 8
B'bay Burmah Old	465- 0	470- 0	459- 6	463- 2
ACC	183- 0	184- 0	180- 0	180-12
National Rayon	205- 8	207-12	200- 8	203- 8
Premier Const	161- 0	164- 4	159- 0	159- 8
Scindia	15- 5½	15-13	15- 3	15- 6
Tata Chemicals	16- 6	16- 6	16- 1	16- 3½
Bank of India	149- 8	149-12	147- 8	148- 0
Central Bank	52- 8	52- 4	51- 0	51- 4
New India	58- 8	58- 4	55- 0	55- 0
3% Con Paper	81- 0	81- 0	80-15	80-12*

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