be saved from the working: of your Company in the years to come, to achieve their ambition to have comfortable homes for people who are working with us.

The Principle of participation of labour in the management which is now agitating the minds of our Parliamentarians, legislators and the labour leaders is a welcome sign and no progressive manufacturer should object to it in the present context. The only point for argument is the pace of implementing this scheme. Trade Unionism in our country is still in the stage of slogans and agitation. It is more or less working on the principle "that a crying child always gets more A period of apprenticeship in every walk of life is considered essential for progress. There is still a big gap between the present stage of trade unionism and the sober thinking and appreciation of the many problems of medium scale industries which is necessary for their development under existing conditions, Demand for greater and greater wages and other facilities for the few inside, without linking it up to: (a) the general standards of living prevailing all over the country (b) production per man hour and (O finance required for expansion and modernising, is the greatest handicap, especially for organised medium scale industries like yours throughout the country.

Gentlemen, your industrial undertaking has passed through the formative and consolidating stages and is now on the threshold for greater expansion. Your Company has passed from adolescence to manhood and it has been the constant endeavour of your Directors and the management to conserve all possible earnings of the company, subject to the three responsibilities and obligations which I have already mentioned earlier, to expand and diversity its production in the various fields of lead acid battery application. With the completion of all the new schemes that have been now undertaken during the current year, I view the future of the Company with confidence,

I take this opportunity of thanking on your behalf all the officers, members of the staff and operatives of the Company for their co-operation and assistance In the development of the Company.

Around Calcutta Markets

Shake-out in Equities

Wednesday, Evening

DEVELOPMENTS in stock markets during the last fortnight indicate the Government's desire to curb speculation. It had been known that New Delhi had issued, directives to both Calcutta and Bombay stock exchange authorities to introduce measures to check speculative activity in shares. Though the stock exchange authorities have taken no steps to curb speculation, some other intervening developments have caused a shake-oat in equities.

Two weeks ago, the police in Calcutta made it clear that they were determined to stop kerb trading in and around the Calcutta Stock Exchange. These warnings had their effects. Kerb trading was less active, Clearing shares developed a downward trend. Some days ago, the police took drastic action against the unofficial futures market in jute goods. Many arrests were made. Police intervention has had a sobering effect on markets.

"Stags"

In the main, however, the recent fall in equities is a sequel to developments in Bombay. Tata Steels dived down as it became known that Government was in favour of issuing right shares by the Company at a premium. ACC were pushed up in anticipation of a new capital issue. But ACC also lost considerable ground on fears that Government may not permit the issue of new shares at par. It will be recalled that Indian Iron were bid up to dizzy heights in anticipation of a bonus issue.

This raises a. peculiar market problem. In the last few months, many companies have issued right or bonus shares. Some companies have issued fresh capital. Stags have been busy. In anticipation of such issues, they have pushed the shares concerned to higher levels. Now the stags have taken fright. They are unloading their holdings. Hence the fall in equities. Drop in Tata Steels and in ACC is mainly due to unloading by stags. Setback in Indian iron is also an indirect consequence of similar speculative activities.

Two Factors

Two factors have helped the spurt in some equities in the last six months. For some months, cornerers were active. When the cornering activity subsided, hopes of bonus issues or issues of fresh capital for expansion sustained the spurt in Paper, Miscellaneous and Engineering shares. As both these influences have ceased to be in operation, these groups have developed an irregularly lower trend. Strength in these groups was sustaining the market as a whole. Weakness in these shares, coupled with the drop in Indian Iron, has aggravated the downward trend in equities in general.

Buoyancy in stock markets has certain advantages. It helps activity in the new issue market. It reflects the gradual increase in incomes and savings. But, beyond a certain limit, speculation is a menace. As more funds are employed for speculative purposes in stock markets, there is so much less available for investment for productive purposes. There is need for diverting the flow *of* funds away from stock market speculation to productive investment.

New Issue Market

Stock markets' response to Govenment/s reported unwillingness to allow issues of right shares at par by Tata Steels and ACC is a rude reminder that unhealthy speculation in stock markets can damage the new issue market. Suggestions were made that Government could easily canalise the expanded money incomes and bank credits by raising its borrowing target. Its decision to setp up the original estimate for borrowings during the second Plan, justifies this criticism.

As deficit financing continues on an enlarged scale, money incomes and money supplies will expand. This necessitates a bolder borrowing programme to minimise the inflationary consequences of deficit financing. In the wider interest of the national economy, the Government's decision to raise borrowings will be welcomed. So will be the proposed legislation to regulate futures tradings in stocks and shares. These measures will minimise the danger of a run-a way boom in equities, but will not prevent healthy expansion in stock market activities.

Technical Position

There has been a sharp recession in equities in the last few weeks. This has improved the technical position of the market. Even so, equities remain hesitant. A temporary improvement is not unlikely. But investment support may not be forthcoming until the budget uncertainties are over. There has been no New Year enthusiasm in stock markets. Bulls have been punished severely. And it will take some time before equities can move up confidently. This is the time of the year when stock markets usually suffer from budget uncertainties.

1955 was not a bad year for stock markets. But it was the year during which the Calcutta Stock Exchange witnessed certain basic structural adjustments. Tea shares were depressed for nine moths of the year. These shares started falling after the first quarter of the year. Tea shares are still losing ground, as auction results continue to be unsatisfactory. If the present position is gloomy, the immediate future seems to be equally bleak. Nor are prospects for Coal shares bright.

Market Leaders

During the general set-back. Paper, Engineering and Miscellaneous shares have lost considerable ground. These groups may yield some more ground. But the outlook for these shares is not unpromising. In 1956, as in 1955. and for the same reasons. Paper, Miscellaneous and Engineering shares are likely to be the dominating counters in the Calcutta Stock Exchange. Even at the current low level, the yield from Indian Iron is not attractive. It should not be difficult for the Company to maintain the devidend. But a higher dividend may be ruled out of consideration. •

It is yet too early to asses the behaviour of Jute shares in the immediate future. There are abundant indications that the investor does not share the Industry's confidence in the future. IJMA has unsealed 2½ per cent of the sealed looms. This reflects the industry's faith in the growing demand for its expanded output. But Jute shares have not responded to this gesture by IJMA. Fears of growing Pakistani competition persist. Raw jute prices remain relatively steady. Meanwhile, IJMA's decision to unseal 2½i. per cent of the sealed looms has had a softening effect on the gunny market. These trends cannot be ignored. Even so, there is just a possibility that Jute shares may regain their popularity in the current year.

Around Bombay Markets

Depressed Sentiment

Thursday, Morning

IN line with the year-end kerb trading, which closed on a subdued note on the eve of Christmas holidays, the equity market entered the New Year with trepidation, sentiment being depressed by fears of a bearish Budget. On Tuesday, Dalai Street received a severe jolt from the reported proposal of the Planning Commission to tax individual wealth, impose a tax on capital gains, raise the corporation tax and excise levies and finally, to put a ceiling on incomes! This is a pretty packet in itself but that apart, Government's action In checking speculative activity in the commodity markets—-the suspension of trading in cotton futures may be only an instance has also disturbed the market. Dalai Street still looks askance at Securities Contracts (Regulation) Bill which continues to act as a damper. All told, Government policy, or rather the pre-view of it, has shaken the confidence of the investors which the Finance Minister had taken such pains to build up. This was reflected in the heavy losses sustained by the leading scrips. Tata Steel, which recorded a recent high of Rs 277-4, were quoted on Tuesday at Rs 243-8. Bombay Dyeing came down from Rs 628-12 to Rs 556-4, while Century dropped from Rs 528 to Rs 474.

The feeling is gaining ground that New Delhi may not allow the issue of fresh capital at par. This had its repercussions on the miscellaneous section. ACC which were at one time quoting as high as Rs 233 came down to Rs 210, while National Rayons lost 25 points at Rs 217-8.

Cotton

Continued Impasse

THE cotton futures market is passing through a crisis, following the suspension of trading from the 23rd of last month. The immediate provocation for Government to resort to this extreme step was the "rigging up of prices due to heavy speculation and option dealings". Although the East India Cotton Association took up the issue with the Forward Markets Commission, nothing tangible has resulted so far and the suspension has been extended till Friday, the 6th. The stalemate continues and the market is in a state of suspended animation.

It is hard to apportion praise or Dlame for the present state of affairs. Much can be said on both aides. Government considers that the rise in futures prices was unwarranted, and as being solely due to speculation. The trading community is convinced, on the other hand, that Government's action is wholly unjustified inasmuch as the rise was brought about by the normal forces of supply and demand, the shortage of tenderable cotton being the main factor in the situation. This view has been strongly supported by Sir Purshotamdas Thakurdas, President of the East India Cotton Association, who observed at the Association's Annual meeting last week, that the realities behind the recent rally in prices were the "higher prices realised for cloth by Indian Mills, change in the structure of the Contract from 25/32" to 13/16", the amendment of by-law 55 which lays down rather rigidly the manner of fixing tendering differences, damage to the quality of the crop—particularly Jarilla which form the bails of the Contract—and reduction in the size of the crop".

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The Forward Markets Commission and the EICA, however, agree op one point viz. the mischief done by