fresh important export business.

Weather unnerved even the strongest bears in cotton futures. Jarilla March which had receded from Rs 731 to Rs 724.25 in the previous week shot up to a new high of Rs 735.75. Later it moved irregularly between Rs 734.50 Rs 731 and eased to Rs 728.75 on October 14, the last day of the week under review. The week-end setback was caused essentially by technical considerations. How long this process of technical adjustment might take, it is difficult to say. This is particularly so because the unpredictable weather still continues to have a dominating influence on the price trend.

Informed sources expect a further export quota of one lakh bales of Bengal Deshi before Divali. In view of the serious damage to the 1959-60 crop there is hardly any chance of export of staple varieties. On the contrary, there have been reports that New Delhi 1s inclined to con sider the feasibility of allowing import of short staple cotton to make good the shortfall in domestic supplies, Under the circumstances the export effort will have to be concentrated on Bengal Deshi. Fortunately the Deshi crop this year is expected to be better than last yeai because the Punjab has had good weather throughout the season. The supply position is comfortable enough to permit the release of another one lakh bales in the near future. Sales registered upto October 10 against the existing quota of 75,000 bales amount to 35,434 bales. Actual sales are placed around 50,000 bales. It is hoped that the recent setback in Bengal Deshi prices will help push sales by making Indian cotton more attractive.

Money

New Loans

CONDITIONS in the short-term money market turned easier last week. The inter bank call money rate among the exchange and bigger Indian banks which had been bid upto 3½ per cent declined gradually to 2 per cent but lenders did not experience any difficulty in employing their funds. With crops beginning to move, not many observers expect the money market to become very comfortable again. The gilt edged market was dull and rather subdued last week,

The Centre's decision to raise Rs 45 crores through the issue of two new loans—3½ per cent 1969 at Rs 99.40 and 3¾ per cent 1974 at Rs 99.65 underlines the shift in Government's borrowing policy. The 20-year loan issued in August did not sell much but the Government does not wish to borrow short. Hence the new medium and medium-long issues. The 3¾ per cent 1974 is intended to cater to the needs of provident fund accounts and L I C. Banks would have welcomed a short-dated issue but with the slack season drawing to a close banks are not unlikely to be in a position to make further large investments in securities. Since May 8 scheduled banks' investments have already risen by as much as Rs 132 crores - an astounding figure indeed. Such a rise has been made possibly by the steep rise in time deposits and a sharp fall of over Rs 100 crores in advances. The now loans are unlikely to sell well but this need not cause any concern because the issue is on tap.

Bullion

Silver at All Time High

TRADING in bullion last week was notable essentially for the remarkable. strength in silver which rose to a new all-time high by crossing the 1951 mark of Rs 207-4. The quotation for Kartik delivery was bid up from Rs 205-13 to Rs 207-15 and for Magsar from Rs 206-7 to Rs 208-10. Rears were frightened into covering their sales by the tightening bull grip. The rise in prices uncovered many option positions which in turn accelerated the uptrend. The bull syndicate was said to be firm in its stand. The rise in prices led to the imposition of margins both on bulls and bears. The former had to pay margin because the closing rate of Asuj delivery on October 14 rose Rs 7 above its starting rate. And bears paid margin because of the increase in carry forward charges in Asuj delivery to a rupee.

Gold seemed merely to follow .silver but higher levels attracted heavy profit taking and spot house selling because of the large volume of floating stocks. Gold Kartik delivery rose from Rs 123-14 ½ to Rs 124-10, to ease later to around Rs 124-5.

Company Notes

KHATAU MILLS

THE textile crisis seems to be a thing of the past for Khatau Spinning & Weaving, at any rate. Though its sales improved only slightly to Rs 490 lakhs during the year ended June 30, 1959 from Rs 470 lakhs in the previous year, the gross profit more than doubled from Rs 27 lakhs to Rs *61* lakhs. The gross profit margin on sales turnover, therefore, went up from 5.8 per cent to 12.4 per cent. The Company's net earning after taxation nearly trebled from Rs 8.45 lakhs to Rs 24.50 lakhs. This gives a net earning on capital invested of 10.6 per cent against 3.4 per cent, and on net worth of 16.2 per cent against 6.1 per cent. The preference dividend is covered more than 14 times against 7 times. Net earning *on* equity capital has more than trebled from 12 per cent to 38 per cent. Distribution has been raised from 10 per cent to 16 per *cent.*

New machinery of the value of Rs 21.48 lakhs was received during the year and orders of the value of Rs 26 lakhs were placed for further new machinery. The delivery of these orders will take two years to complete. In *the* meanwhile, the company is reaping the benefit of the substantial sums it has been ploughing back in renovating and replacing the machinery over the past few years,

INDIA REINSURANCE

IN the third year of its existence, India Reinsurance Corporation has emerged out of the red. Trading profit in the year ended December 31, 1958 amounted to Rs. 5.15 lakhs, which sufficed to wipe out the technical loss of Rs. 5.08 lakhs in the previous year. Gross premium income from the three Departments. Fire. Marine and Miscellaneous. was *Rs.* 284 lakhs against Rs. 229 lakhs in the the previous year. Net premium income rose from Rs 94 lakhs to Rs.