

The development programme of the Company is going ahead as per schedule and a new factory at Colacumbie Estate in Coonoor will go into production early in 1965. The prospects for 1964-65 are stated to be better.

The Company's production and marketing of superphosphate during the year was satisfactory. The turnover in respect of mixtures improved considerably and about 5,800 tonnes of various NPK mixtures were marketed.

Rationalisation of excise duty on tea is overdue, states the Chairman, D C Kothari in his statement circulated with the Annual Report. Nilgiris is the only district in South India which has to pay a penalty on its quality teas as it falls in Zone IV notwithstanding the fact that a considerable portion of its production in the district is common tea, he points out. He further suggests that a drawback of excise duty should be allowed on exported teas to encourage exports. Kothari feels that the prospects for coffee producers are brighter now than for some years past as the world market is facing a shortage and world prices have recovered appreciably.

The cumulative weight of the fiscal burdens deprives the plantation industry of its means to attract fresh capital to renovate and modernise productive assets and to develop and expand in keeping with the needs of the country, states Kothari. In his opinion there is also a strong case for a review of the levies of excise duty on tea and coffee, and for revising them downwards suitably.

Straw Products

IN an interim report for 7 months ending July 1964, the Managing Agents of Straw Products state that production during the period rose from 16,524 tonnes to 17,579 tonnes, and sales realisations aggregated Rs 2.60 crores as against Rs 2.18 crores in the corresponding previous period. Paper produced by the J K Paper Mills, one of the divisions of the Company, is claimed to be one of the best in the country.

As per the opinion of the experts in the Technical Directorate, Government of India, as well as Development Council, the expansion scheme of the J K Paper Mills has been revised from 18,000 tonnes to 48,000 tonnes per year.

In the Bhopal factory, the other division of the Company, production during the period has been less by 780 tonnes at 6,996 tonnes, while sales were also lower by 132 tonnes at 6,648

tonnes. The fall in sales is attributed to the high incidence of excise duty resulting in lower offtake of straw boards and also to the concessions enjoyed by smaller units who are able to undersell. The turnover however has shown an increase from Rs 85 lakhs to Rs 87 lakhs and this has resulted from the sale of higher priced products.

The Company has a scheme to expand the Bhopal factory's production capacity by a further 3,600 tonnes and steps are under way.

Indian Plastics

INDIAN PLASTICS has produced better working results during the year ended March 31, 1964. Sales improved to Rs 117.34 lakhs from Rs 102.69 lakhs in the previous year. Net profit subject to tax has almost doubled at Rs 4.87 lakhs (Rs 2.59 lakhs). The Company has been able to pay off the previous year's arrears of preference dividend and also the preference dividend for 1963-64.

The Radio section has contributed most to the improvement. Production in the chemical section could not be increased for want of import licences. The working of the plastic section was affected by a rise in the prices of raw materials and keen competition in finished goods.

The Directors are hopeful of better working results during the current year and have therefore decided to pay an interim dividend on Ordinary shares at 40 p per share of Rs 10, subject to tax.

Money Market

Thursday, Morning

THE short-term money market was placid during the week. Demand was steady and supplies were adequate. The inter-bank call money rate continued at 5.5 per cent though on Monday last and on occasions on other days funds were changing hands at 5 per cent. The Calcutta market was inclined to rule slightly easier, the call rate moving down in stages from 5 per cent to 4 per cent. The Madras market reported quiet conditions and the rate was quoted at 4.25 per cent to 4.5 per cent.

How keen demand for funds was during the first week of December has been reflected in the latest scheduled bank return for the week ended December 4. Bank credit spurted up during the week by Rs 44.61 crores. A rise of Rs 45.35 crores in Bank credit occurred last time during the week ended January 3, 1964. During the week ended December 6, 1963, the corresponding period of last year, there was a rise of Rs 33.18 crores accompanied

by a fall in aggregate deposits by Rs 20.90 crores. This year, the contraction in aggregate deposits during the week under reference amounted to Rs 25.64 crores. As a result of a sudden spurt in bank credit and fall in deposits, scheduled banks had to step up their borrowings from the Reserve Bank by Rs 14.06 crores (Rs 13.80 crores) and suffer a reduction of Rs 10.67 crores (plus Rs 9.03 crores) in cash in hand and balances with the Reserve Bank. Besides investments had to be given up to the tune of Rs 36.72 crores (Rs 29.51 crores).

During the same week, ended December 4, 1964, expansion in active notes was about Rs 50.51 crores and this compares with a rise of Rs 48.48 crores during the week ended December 6, 1963. The latest Reserve Bank return for the week ended December 11, 1964 shows a further rise in notes in circulation by Rs 37.56 crores. Last year also there was a rise of Rs 22.70 crores during the week ended December 13.

Additional note issue during the week ended December 11 amounted to Rs 28.81 crores, the balance of Rs 8.76 crores needed for circulation being met by the Banking Department. Demand for rupee coins was higher during the week by Rs 1.20 crores and altogether the outflow of notes and coins aggregated Rs 30.00 crores. This has resulted in a further addition to holdings of Rupee securities by an equal amount.

In contrast with a rise of Rs 26.16 crores in the previous week, Central Government's deposits during the week fell by Rs 33.25 crores; but State Government's deposits moved up by Rs 12.33 crores. Loans to Governments came down by Rs 12.80 crores.

Scheduled banks' deposits improved by Rs 4.32 crores, but their borrowings went up by Rs 5.04 crores. Foreign securities have remained unchanged at Rs 85.46 crores while balances held abroad have declined by Rs 55 lakhs bringing down total foreign assets to Rs 96.30 crores.

Treasury Bill tenders on December 15 were uninspiring; the amount offered was only Rs 2 crores and the rate of discount continued at 2.500 per cent. Sales of Intermediates between December 9 and 12 fetched only Rs 1.50 crores.

With the approach of the year-end and the progress of the busy season, the money market is likely to rule steady. This view is supported by the pattern that prevailed at this time last year.