

It is encouraging to hear that the trade has expressed its earnest intention to observe self-discipline and refrain from putting through business at above the ceiling prices. One can only hope that the trade's performance this season will be better. The Indian Cotton Mills' Federation too had devised a code of self-discipline last season but it was unable to implement the scheme for long. What amuses one most is that the Government should fail to enforce its price control order every time prices tend to move beyond the ceilings.

Apart from the unfortunate downward revision of crop estimates, there have been no significant market developments to report. Business in ready continues to be extremely restricted and the state of affairs in the futures market is much worse. The daily turnover in futures is very often less than a thousand bales and the hedge contract continues to hold firm fractionally below the margin level of Rs 910. It does not really pay to buy cotton futures around Rs 910 when one has to put up a big deposit of Rs 100 per bale.

#### MONEY AND BANKING

**Comfortable Conditions Prevail**  
COMFORTABLE conditions prevailed in the Bombay short-term money market during the week to November 4. Demand for funds was more or less the same as in the previous week but supply was strengthened due to the return flow of funds from Calcutta. The previous two weeks had witnessed an increase in the flow of funds to Calcutta to meet the demand arising due to the festive season. This is but a temporary phase as the busy season is to start soon and the rates of interest will more higher. The rate as on Thursday evening was placed at 4½ per cent.

The latest statement of affairs of the scheduled banks indicate a decline in the amount of credit advanced by banks during the week to October 22 from Rs 2,024.70 crores to Rs 2,017.85 crores. Deposits have declined by Rs 8.58 crores to Rs 2,802.86 crores and borrowings from the Reserve Bank have moved down from Rs 5.91 crores to Rs 3.22 crores. Balances with the Reserve Bank at Rs 96.14 crores shows a fall of Rs 5.44 crores. Cash in hand is lower by Rs 3.96 crores at Rs 66.89 crores. Investment in Government securities has risen by Rs 10.88 crores to Rs 864.85 crores. The credit-deposits ratio is lower at 71.99 per cent

against 72.02 per cent during the previous week.

Notes in circulation declined by Rs 8.43 crores to Rs 2,612.40 crores during the week to October 29, according to the Statement of Affairs of the Reserve Bank of India. This contraction plus a small increase in total notes issued has been absorbed by the banking department. Rupee coins have increased slightly by Rs 9 lakhs to Rs 103.87 crores. Foreign securities in-

creased by Rs 2 crores to Rs 72.63 crores but balances held abroad declined by Rs 45 lakhs to Rs 11.37 crores. Central Government deposits moved down by Rs 66.33 crores to Rs 56.85 crores while the State Government deposits increased by 3.45 crores to Rs 6.67 crores. Loans to governments at Rs 129.45 crores shows an increase of Rs 9.57 crores. Scheduled banks increased their borrowings slightly by Rs 18 lakhs to Rs 3.37 crores.

#### **BUSINESS NOTES**

### **Tata Chemicals**

**J**R D TATA has strongly urged the Government to take timely action, through legislation or by other means, to protect the country's limited resources of chemical grade limestone and reserve them exclusively for the chemical industry. In his Chairman's statement circulated with the latest annual report of Tata Chemicals. Tata has pointed out that, as things stand today, the Ranavav deposits in Kathiawar constitute the largest and most important source in the country for the supply of this variety of limestone. The limestone used in the soda ash industry is of chemical grade which is of greater purity than that required for, say, the cement industry and is relatively scarce in comparison with the abundance of ordinary limestone. Limestone is the second main raw material in soda ash manufacture. The company's reserves are adequate for its present rate of production, but it will require larger sources of supply as and when the production of soda ash increases. It is intended to raise the rated capacity of the plant from the present 400 tonnes to 600 tonnes per day and thereafter to 1,000 tonnes per day.

During the year to June 1965, the company increased its production of soda ash by 10 per cent to 1.68 lakhs tonnes and that of dense soda ash by 29 per cent to 40,200 tonnes. The higher production was once again achieved in a year of severe drought when the two lakes, from which the factory draws its fish water requirements, were virtually dry. Sodium bicarbonate output was raised by well over a half to 10,400 tonnes, but the output of electrolytic caustic soda could be only maintained at the previous level of 4,000 tonnes. Benzene hexachloride production increased by over a third to 3,500 tonnes following a sharp rise in demand due to the Government's emphasis on crop protection programmes as also to substantial exports

of formulated B H C to the U S S R. Output of salt at the Mithapur plant scaled a new peak at 3.04 lakh tonnes, but at Okhamadhi the output of salt at 37,000 tonnes showed a setback. The company has been granted an industrial licence to expand production of benzene hexachloride from 3,600 tonnes to 5,100 tonnes per annum. A second application for further expansion to 9,000 tonnes per year is pending with the Government.

The stage of self-sustaining growth reached two years ago gathered further momentum and consequently there was good improvement in the financial results for the year 1964-65. Sales reached a new record level of Rs 8.49 crores, representing an increase of 12 per cent over 1963-64 and 19 per cent over 1962-63. The operating profit registered an increase of Rs 50.58 lakhs over the previous year. This increase was brought about by making the fullest use of existing production facilities in the year, when for almost the whole of the period the pre-decontrolled prices of soda ash and caustic soda were maintained in spite of the inflationary pressures bringing about significant increases in costs of materials and labour. Even though depreciation, taxes and interest charges were Rs 27.75 lakhs more, the disposable profit at Rs 92.21 lakhs was Rs 22.83 lakhs higher than in 1963-64. Equity dividend raised by 20 P to Rs 1.60 per share requires Rs 48.38 lakhs (Rs 42.33 lakhs). Earnings per ordinary share work out at Rs 2.91 and book value at Rs 15.52. The balance sheet as at end-Tune last shows gross block at Rs 10.86 crores and net block at Rs 6.43 crores.

#### **Fertiliser Corporation**

A NET profit of Rs-2.63 crores, the Trombay Fertiliser Factory being brought to the commissioning stage, steady progress in the implementation of other projects and achievement of a

substantial measure of self-reliance in the planning and building from indigenous resources of new fertiliser plants are some of the high-lights of the operating results of the Fertiliser Corporation of India during 1964-65.

The Corporation's Sindri Unit showed a net profit of Rs 1.19 crores and Nangal Unit Rs 1.69 crores, apart from the profit from the Rourkela contract with Hindustan Steel amounting to Rs 65 lakhs. The net operating profit of Sindri and Nangal Units was Rs 66 lakhs higher than in the previous year. Out of the net profit earned, Rs 1.40 crores have been appropriated for Development Rebate Reserve, Rs 50 lakhs for Repairs and Renewals Reserve and the balance of Rs 88 lakhs have been transferred to General Reserve. The Corporation's internal resources arising from the revenue surpluses and the amount allocated for Depreciation Reserve during 1964-63 add up to Rs 6.61 crores against Rs 8.74 crores during the previous year. The higher amount of internal resources available in the previous year was due to retrospective revision upward of fertiliser prices with effect from 1st April 1962. Since the inception of the Corporation's oldest unit at Sindri, the total internal resources generated by way of revenue surpluses and contributions to the Depreciation Reserve amounted to Rs 49.94 crores up to 31st March 1965.

The Trombay factory has now reached the commissioning stage. Ammonia production has already started and it is expected that production of urea will start shortly. Urea is a more concentrated nitrogenous fertiliser with 46 per cent nitrogen content. This will be followed by production of nitro-phosphate, a complex fertiliser containing two major plant nutrients—nitrogen and phosphate before the end of the calendar year. The Trophay plant, which is estimated to cost nearly Rs 34 crores, will be the third operating unit of the Corporation.

The methanol plant at Trombay, which is part of the Troarmay complex, is estimated to cost over Rs 4 crores. The construction of the plant has progressed according to schedule and is expected to go into production by the end of 1965. Methanol, which is a volatile and inflammable liquid is popularly known as "wood alcohol". Methanol and its derivatives have many uses. Its largest use is in the synthesis of formaldehyde which is used for defence and other industrial purposes.

The Namrup factory, the fourth in the chain of the Corporation's projects,

will go into production by the end of 1967 and the Gorakhpur factory, the fifth, by the middle of 1968. The project report and estimates of the Durgapur project have been completed and submitted to Government.

The Planning and Development Division, the central technical organisation of the Corporation, continues to play an important role in research and development of fertiliser technology, particularly connected with the planning and development of new projects. The Division is currently handling the detailed designing, engineering, and procurement of the ammonium sulphate plant for Namrup and is actively associated with the departmental erection of all the main plants in that project. It is also engaged on the designing and engineering of some of the ancillary plants for Gorakhpur project. It has also been decided that this Division will be responsible for designing and engineering of a group of plants for the Durgapur project. The Division is currently functioning as general consultants to Gujarat State Fertiliser Company and the Orissa Industrial Development Corporation. It has also developed and produced on pilot plant scale a number of costly catalysts, which are directly used in the fertiliser factories of the Corporation, and is saving a substantial amount of foreign exchange. It is exploring the possibilities of stepping up production of these catalysts for domestic consumption as well as for export to earn foreign exchange.

### Great Eastern Shipping

THE marginal increase in Great Eastern Shipping's dividend from Rs 1.08 to Rs 1.10 a share, being fully payable on the enlarged capital, has enhanced the total distribution by well over a third compared to the previous year's. That the directors should have decided to pay more in a year when gross profits actually fell by 15 per cent, reflects their confidence in the improved outlook for the current year. Two factors have in the main contributed to the expectation of better financial results this year. Firstly, the management hopes that a substantial refund of income-tax will become available as a result of the decision of the Central Board of Direct Taxes on the company's petition in respect of the assessment year 1959-60 whereby relief would be recomputed in the same manner as is done in the case of other newly-established industrial undertakings. Secondly, freight earnings are on the rise. It is estimated that freight earnings, including those carried for-

ward in respect of incomplete voyages from the previous year, would amount to Rs 3.56 crores by the end of November this year, as against Rs 2.82 crores in the corresponding period of the preceding year.

Coastal shipping, however, still continues to be in the doldrums. The recent 10 per cent increase in freight is likely to be mopped up by the increase in excise duty on oil bunkers and the rise in wage bill. But there are hopes that the Government may exempt coastal shipping from the levy of excise duty on oil bunkers. The company's Rs 3-crore expansion programme under which five ships were to be acquired has yet not materialised, as the terms of the loan offered by foreign bankers have not been acceptable to the government. Meanwhile, the gross value of the company's fleet has declined from Rs 11.85 crores to Rs 11.25 crores, as one vessel has been discarded and another sold. The value would, however, go up by about Rs 4.12 crores on delivery of bulk carriers, expected between February and July next year.

The financial results for the year to June 1965 show a decline in gross profits from Rs 1.20 crores to Rs 1.06 crores, of which depreciation has taken away a slightly lower amount of Rs 74.32 lakhs (Rs 75.32 lakhs), but prior charges have claimed more at Rs 41.50 lakhs (Rs 36.30 lakhs). As before, there is no tax charge owing to unabsorbed development rebate. The proposed dividend distribution requiring Rs 16.50 lakhs (Rs 11.92 lakhs) is to be made by withdrawing Rs 26 lakhs from reserves. Operating earnings (turnover) have been maintained at Rs 5.25 crores despite a decline in cargo carried from 11.78 lakh tonnes to 10.62 lakh tonnes.

### Tomco

THE value of sales of Tata Oil Mills Company's products and other income for the half-year ended September 1965 was Rs 778 lakhs, the turnover for the corresponding period in the previous year being Rs 696 lakhs (an increase of about 11 per cent). The Company's production in this period increased by approximately 10 per cent over the corresponding period of the previous year.

### Correction

The heading of the Company Chairman's statement published on page 1566 of our issue dated October 9, 1965 should read "The Fertilisers and Chemicals Travancore Ltd" and not "The Fertiliser and Chemical Travancore Ltd." The error is regretted.—Ed.