

The Company's fleet will be strengthened by two fast motor vessels which are under construction at Hindustan Shipyard. One vessel is expected to be ready by 1964 and the other in 1965. The Company has plans to acquire a few more large vessels for the overseas bulk trade and to build smaller vessels for its west coast trade. The Company has made its own financial arrangements for all its acquisitions and it has not been necessary for the Government to release any foreign exchange.

#### Mahindra and Mahindra

THE two new major projects of Mahindra and Mahindra, namely the alloy steel and the tractors projects, will shortly enter the capital market and a portion of the new issues will, subject to the approval of Government which is now awaited, be made available to the shareholders of Mahindra and Mahindra for subscription. These facts were revealed by Keshub Mahindra, the new Chairman of the Company, who was its Director from 1948 and has now succeeded the late K C Mahindra.

Mahindra UGINE Steel, formed for the purpose of manufacturing alloy steel in technical collaboration with a French firm, will be setting up its factory at Khopoli near Bombay with an annual capacity of 25,000 tons which will be attained by the middle of 1965. The outlay on the project is estimated at Rs 6.5 to Rs 7 crores and the turnover is expected to reach Rs 4.5 crores by the end of 1966.

The other company, International Tractor, which will be in-technical collaboration with a U S firm, will erect its factory at Kandivli, Bombay, and will have a production capacity of 3,500 tractors a year with an initial indigenous content of 50 per cent. The project which will start operation from early 1966 is estimated to involve about Rs 2.25 crores and is expected to show an annual turnover of Rs 4.5 to Rs 5 crores.

#### Morarjee Mills

THE Directors of Morarjee Gocildas Spg & Wvg Co, have now decided to drop their previous proposals to issue bonus and right

shares; the necessary resolutions for rescinding previous decisions are being placed before the Annual General Meeting. They feel that on account of the rising costs and taxes, the Company will not be able to maintain or step up dividends on the increased share capital. As the Controller of Capital Issues insists on a premium for the issue of right shares, it is felt that the prevailing financial conditions in the country make it unsuitable for the issue of shares at a premium. Moreover the Company's working for the year ended June 30, has obviously not encouraged the Directors to go ahead with their previous proposals.

#### Assam Sillimanite

THE new refractory plant at Raingarh of Assam Sillimanite is now under completion with the technical assistance of the Company's German collaborators. The existing Factory which is already in operation with some extensions and new equipments is expected to step up its annual production from 3,000 tons of sillimanite and fire clay refractories to 5,000 tons. In addition to sillimanite and fireclay, the factory will be geared to produce acid proof bricks and Calcined Kyaniite which are in great demand.

#### Money Market

*Thursday, Morning*

CALL funds were freely available throughout the past fortnight and more except on the last working day of December. Inter-bank call rate eased from 1.5 per cent to 1 per cent during the last week of December and even touched 3.5 per cent at one time. During the last two working days of last year call funds were reported to have been recalled on account of end-year requirements, and this together with a last-minute rush for funds by some led to a spurt in the rate to 5 per cent on Monday, the last working day of the year. The scramble for funds did not, however, cause any sustained strain on banks. In the circumstances the spurt in the call rate may be only temporary, and the rate may be expected to resume a reasonable level shortly.

The Scheduled Banks' statements for the weeks ended December 13

and December 20 show that bank credit continued to expand as before, but on a lower scale, rising by about Rs 30.70 crores during the fortnight ended December 20. Simultaneously an increase of Rs 19.51 crores in deposits during the same fortnight was a welcome feature for banks and obviously relieved the strain a great deal. The banks have however continued, their policy of liquidating investments, and during the fortnight ended December 20, about Rs 17.09 crores of securities have been unloaded with the result that their liquid position was so comfortable that they even reduced their borrowings from Reserve Bank by Rs 7.25 crores.

The Reserve Bank's statement on December 20 shows that notes in Circulation after an expansion of Rs 71.18 crores during the first half of December did not rise any further during the week ended December 20. But they were fractionally lower by Rs 48 lakhs. The Banking Department having absorbed Rs 1.40 crores, there was a net note issue of Rs 91 lakhs which was covered by a rise of Rs 94 lakhs in Rupee coins in the Issue Department.

Central and State Governments' deposits fell by Rs 6.17 crores while their borrowings were up by Rs 2.53 crores. Scheduled Banks not only reduced their borrowings by Rs 89 lakhs but also added Rs 1.04 crores to their deposits and this reflects a comfortable position of banks. During the week ended December 20, Bills discounted and purchased by the Reserve Bank were lower by Rs 11.86 crores while the Bank's investments rose by Rs 15.66 crores.

In the prevailing conditions of the money market with call and deposit rates remaining more attractive, it is surprising that the yield on Treasury Bills tendered on December 24 moved down to 2.310 per cent from 2.315 per cent. The intermediates sold during December 18 to 21 and December 26 to 28 were also higher at Rs 2.35 crores and Rs 2.10 crores respectively as compared with an aggregate amount of Rs 1.62 crores in the preceding two periods.