Trading sentiment last week was also believed to have been affected by persistent talks that the Forward Markets Commission was seriously considering the imposition of heavy margins on non-transferable specific delivery contracts in groundnut oil with a view to containing the volume of speculative business in these contracts. Whether or not margin can check the rising trend in prices is a very moot point. But it can certainly have a good restraining effect on the volume of business. It is rather intriguing why the Commission should go about consulting the associations entrusted with the conduct of trading in non-transferable specific delivery contracts in groundnut, oil in regard to the action it intends to take when it has already imposed penal margins in the hedge 'contracts in pastor, linseed and cottonseed. Being the major edible oil, groundnut oil should really have been the first to attract the Commission's attention. It is really amazing how the Commission has tolerated a rise of Rs 11 per 10 kilograms in groundnut oil in a matter of some five weeks and not taken any action whatsoever, especially when it had prescribed penal margins for hedge contracts in the far less important oilseeds—castor, Unseed and cottonseed.

The Forward Markets Commission decision to impose a margin of Rs 100 per quintal in castor futures when its price goes beyond Rs 112 and a 100 per cent margin in cottonseed futures when the contract is quoted at Rs 75 —which is its current rate—makes virtual nonsense of the facility of hedge trading. Instead of calling for such margins, why does the Commission not prohibit completely futures trading in these commodities. All facilities for speculative buying must be stopped when the commodities concerned are in acute short supply. And as for trading in non-transferable specific delivery contracts, the least that the Commission can do is to impose severe penalties on those found guilty of not being able to observe the terms of the tontract. To allow parties to settle their contracts without effecting actual delivery of goods is to undermine the very sanctity of the non-transferable specific delivery contract.

The week's review of the oilseeds market will not seem complete without a mention of the further increase in vanaspati prices and of the Gujarat Government's decision to extend the ban on the export of groundnut and its products excluding oilcake to cover cottonseed. The ban on the export of groundnut and groundnut oil has sen ously affected the working of the solvent extraction plants. It is difficult for these plants to operate unless they can find a ready and profitable market for the solvent extracted oil the export of which is also banned. As for the further increase in vanaspati prices ranging from Rs 200 to Rs 270 per tonne by the manufacturers— the second rise in November—it is a strange irony that the increase in vanaspati prices should have been announced in a week which has registered a decline of nearly Rs 300 per tonne in the price of groundnut oil. The price of vanaspati would be revised downward in December provided groundnut oil prices keep lower. But the question is whether under the present conditions of short supply the poor consumer will also reap the benefit of cheaper prices. The policy of revising prices too often must be discouraged and if prices are to be revised then the manufacturers should be compelled to stamp prices and the date of manufacture on the containers so that the consumer can know the correct price of vanaspati. This will bring into light traders who continue to withhold the goods from the market in the hope of realising higher and higher prices from consigners.

BUSINESS NOTES

Indian Aluminium

SATISFACTORY progress is being made by Indian Aluminium in implementing its expansion projects. The main equipment at the new foil rolling mill at Kalwa has been erected. The construction work at AIupuram for further expansion of the smelter capacity to 15,850 tonnes per annum and for the installation of a 5,000-tonne per annum Properzi rod casting mill is going ahead. It is intended to start up these new facilities early next year. Necessary steps are also being taken for the early implementation of the West Coast project.

According to an interim report from the company, the financial results of the first half of 1965 show sales at Rs 74.4 million compared to Rs 713 million during the same period in 1964 and Rs 148.4 million during the whole of the past year and the Pre tax profits of Rs 24.8 million compare with Rs 29.9 million and Rs 49 million. respectively. The provision for development rebate this year is substantially higher at Rs four million, as against only Rs 0.4 million during the corresponding period of last year consequent on the start-up of new production facilities at the Alupuram smelter and the Kalwa foil mill. With the tax liability estimated at Rs 10.3 million (Rs 12 million), net earnings stand at Rs 10.5 million, against Rs 10.6 million.

The results would have been still better but for the critical power supply situation in Kerala owing to which operations at the Alupuram smelter was once again seriously affected. A partial supply of electric power was made available to the new smelter from the middle of February last; the full contracted supply of 12,500 kilowatts was delivered only six months later. There were severe and repeated power cuts in June and July. The production loss attributable to these power cuts during the first half-year is estimated at 1,260 tonnes of aluminium metal. Alupuram now has a total metal-producing capacity of 10.850 tonnes.

Hindustan Aluminium

A Rs 21-crore expansion aimed at raising capacity to 60,000 tonnes has been undertaken by Hindustan Aluminium. It is stated that on completion of this programme towards the end of the next year, the company will be the largest manufacturer of aluminium in India. Nearly Rs 5 crores have already been spent on this Programme, and arrangements have been made for a long-term dollar loan equivalent to Rs 6.53 crores from the Export-Import Bank, Washington. The company will soon enter the capital market with a public issue of Rs 1.5 crores in 9.3 per cent preference shares of Rs 100 each. The entire issue is underwritten, one half by L I C and the other half by some other financial institutions and two firms of share brokers. After the proposed issue, the issued capital of the company will be raised to Rs 10 crores.

Meanwhile, the company has reported satisfactory progress in its working during the current year. The production in the first eight months of this year is placed at around 15,560 tonnes compared to 22,880 tonnes in the whole of 1964, The sales in the first half of 1965 amounted to about 11,779 tonnes valued at about Rs 4.5 crores, on which the gross profit is estimated at around Rs 2 crores. During 1964, the company sold 26,849 tonnes valued at Rs 11.12 crores and