

missioned in the next few months.

The Directors state that the new sur-tax coupled with the new dividend tax is hardly an improvement over the previous SPT. The saving is only about Rs 10 lakhs.

The Company has secured a foreign exchange loan of Rs 60 lakhs from its parent Company, Unilever, in addition to the Rs 20 lakhs negotiated previously, in order to finance the expansion plans. Out of the subscribed capital of 82,43,600 equity shares of Rs 10 each, 90 per cent is held by Unilever. The number of shareholders in the Company, which increased from 9,944 in 1957 to 15,786 in 1958 and then gradually declined to 13,685 in 1962, has risen to 11052 in 1963 (as on the date of the Annual General Meeting).

Canara Bank

CANARA Bank made rapid progress during 1963. The opening of as many as 11 branches in different centres and the taking over of 4 banks in South India have contributed to the spectacular progress. Deposits of the Bank, which increased by Rs 13.32 crores from Rs 37.56 crores in 1961 to Rs 50.88 crores in 1962, rose sharply by Rs 21.49 crores to Rs 72.37 crores in 1963. Similarly advances, which rose by Rs 6.54 crores to Rs 26.93 crores in 1962, jumped up by Rs 15.34 crores to Rs 42.27 crores. The proportion of advances to deposits was maintained on an average at 59.8 per cent compared with 59.1 per cent in 1962. The advance-deposit ratio is thus far below that for many other banks in the country. With a sizeable increase in operations, the income from all sources naturally rose in the aggregate by Rs 81 lakhs to Rs 345.87 lakhs. Against this higher income, total expenditure also moved up by Rs 77.46 lakhs to Rs 321.75 lakhs. Profit for the year has improved by only Rs 3.54 lakhs to Rs 24.12 lakhs.

Including the previous year's balance of Rs 53,368, the disposable profit amounted to Rs 24.66 lakhs. From this Rs 8.25 lakhs (Rs 5.50 lakhs) is allocated to Statutory Reserve Fund, Rs 6.25 lakhs (Rs 5.14 lakhs) to Bonus to Staff, etc, and Rs 10.15 lakhs to Special Reserve. Preference dividend at 5.56 per cent absorbs Rs 58,520,

Ordinary dividend is repeated at 15 per cent (less dividend tax) which will absorb Rs 9.15 lakhs. Dividend, totalling Rs 9.74 lakhs (Rs 3.88 lakhs), will be paid out of the Special Reserve.

The Company's paid up capital was increased during the year by the issue of 50,000 equity shares of Rs 50 each and the Directors state that the new equity issue was very successful and heavily over-subscribed. The additional issue was presumably made to improve the capital-deposit ratio. The Bank's paid up capital is now Rs 1 crore and its Reserve and other funds stand at Rs 1.11 crores.

The Table below illustrates the progress of the Bank during the past four years.

Canara Bank

(in lakhs of rupees)

	1960	1961	1962	1963
Paid up Capital	50	50	75	100
Reserves	56	63	76	111
Working fund	3371	4209	5578	7953
Deposits	3082	3756	5088	7237
Advances	1663	2039	2693	4227

Indian Overseas Bank

THE operation of the Indian Overseas Bank in 1963 yielded an aggregate income of Rs 263.29 lakhs showing an increase of Rs 26.42 lakhs over the previous year. As in the case of almost all banks in country, I O B's expenditure also moved up, more steeply than the income, by Rs 30.18 lakhs to Rs 247.06 lakhs. The additional expenditure during the year exceeded the additional income by Rs 3.76 lakhs, reducing the profit for the year from Rs 19.99 lakhs to Rs 16.23 lakhs. However, with the addition of Rs 8.70 lakhs transferred from Pension and Gratuity Fund Account and of Rs 2.03 lakhs brought in from the last account, the total disposable profit exceeded that of last year by Rs 1.73 lakhs at Rs 26.96 lakhs. From this amount, the Directors transferred Rs 6.75 lakhs (Rs 4.00 lakhs) to Reserve Fund and Rs 6 lakhs (Rs 4.00 lakhs) to Provision for Bonus. Development Rebate Reserve, which got Rs 2 lakhs in 1962, did not receive any allocation this year. The Directors have stepped up the dividend to 14 per cent for the year, from 12 per cent in 1962, thereby

restoring the cut effected in the latter year on account of the incidence of SPT.

The Bank opened nine branches during the year and further branches are being opened in the current year also. IOB took over 2 banks. It now has 84 branches in India and 9 overseas branches.

Deposits increased during the year by Rs 4.99 crores (13.4 per cent) to Rs 42.12 crores. To the rise in deposits, fixed and time deposits have contributed Rs 3.51 crores, savings deposits Rs 54 lakhs and current and contingency accounts Rs 94 lakhs. The Bank's advances have shown a rise of only Rs 3.11 crores at Rs 27.53 crores as against the increase in deposits of Rs 5 crores. The ratio of advances to deposits works out to 65 per cent as against 66 per cent in 1962 and is obviously well below the average ratio for many of the bigger banks in the country.

National Rubber

NATIONAL Rubber Manufacturers will be shortly making a further issue of capital in the form of five lakh ordinary shares of Rs 10 each at par for which the requisite consent has already been obtained from the CCI. It will be a rights issue to the existing shareholders in the ratio of one share for every share held. The present paid up capital of the Company is Rs 60 lakhs comprising of Rs 10 lakhs in 10,000 6 per cent tax free cum pref shares of Rs 100 each and 5 lakh ordinary shares of Rs 10 each. The additional capital proposed to be raised will meet in part the finance required for implementing the Company's expansion plans in the existing and new lines for which necessary licences have been obtained from Government.

The Company will be expanding its capacity for the manufacture of cycle tyres, industrial V-belts and fan-belts and reclaimed rubber and will be embarking on a new project for producing PVC conveyor belting.

The installed capacity of the Company is already more than fully utilised as a result of keen demand for its products. The turnover during the year ended December 31, 1963 reached an all-time peak of Rs 157 lakhs representing an in-

crease of about 30 per cent over the previous year's figure of Rs 352 lakhs. The net profit margin on sales improved from 3.2 per cent to 4.9 per cent.

The net profit for the year has amounted to Rs 22.44 lakhs (Rs 11.41 lakhs). After adding Rs 75,633 brought in from last year's account, the following appropriations have been made: development rebate reserve Rs 53,266 (Rs 46,307); dividend equalisation reserve Rs 2.50 lakhs (Rs 1.00 lakh); general reserve Rs 2 lakhs (nil); taxation provision Rs 11.80 lakhs (Rs 5 lakhs); preference dividend Rs 78,000 (same) and ordinary dividend Rs 5 lakhs at 10 per cent (Rs 4 lakhs at 8 per cent); Carry forward Rs 58,629 (Rs 75,633).

General Tyres, a company managed by National Rubber has now started commercial production of automobile tyres and tubes which have been well received in the market. Production of tyres and tubes will be stepped up from 1,80,000 to 3,00,000 units, for which necessary expansion scheme is under way. The Company will also manufacture 6 lakh kgs of Camel Black.

Kil Kotagiri Tea and Coffer

KIL Kotagiri Tea and Coffee Estates, Coimbatore, (Mg Agents: Peirce Leslie) has earned a lower net profit of Rs 4.22 lakhs after taxation during the year ended October 31, 1963 compared with Rs 5.60 lakhs in 1961-62 which was an exceptionally good year for the Company. The dividend on the ordinary shares has been pruned from 25 per cent to 20 per cent. After adding Rs 73,949 brought in from last account, the amount available has been disposed of as under: Provision for SPT Rs 44,000 (nil); development rebate reserve Rs 2,426 (Rs 138); general reserve Rs 60,000 (Rs 50,000); Preference dividend at 7 per cent Rs 17,500 (same) and ordinary dividend at 20 per cent Rs 3.43 lakhs (Rs 4.29 lakhs at 25 per cent); balance carried forward Rs 28,817 (Rs 73,949).

Money Market

Thursday morning

CONDITIONS in the short-term money market appeared to have slightly improved during the

past week with the inter-bank call money rate easing to 6.25 per cent though stray deals were reported lower at 6 per cent after clearing hours at one time. In Calcutta the rate was still lower at 5.50 per cent. This easiness does not, however, seem to warrant the conclusion that the down-turn of the busy season has been reached. The official busy season will last for another two weeks. Currently there are no indications of any return flow of funds or of slackness in demand though these may emerge at any time now.

The latest statement of scheduled banks as at April 3, reveals a further spectacular increase of Rs 23.34 crores in bank credit which has now reached an all-time high of Rs 1838 crores as against Rs 1599 crores a year ago. The supply of funds also appears to have somewhat improved. There was a rise of Rs 16.22 crores in aggregate deposits during the week following the rise of Rs 7.73 crores in the preceding week. Money at tall and short notice placed by scheduled banks has also showed a gradual increase during the last three weeks. Though the increase was only about Rs 4 crores, it suggests that more spare funds were available and had flown into the short-term money market.

The new Central loans being only for conversion of existing loans, will not cause any fresh demand for funds, but on the other hand, if, as reported, some of the batiks who are holders of the maturing loans prefer encashment to conversion, the scheduled banks will obviously have additional funds at their disposal to meet their needs and to that extent pressure for funds may be expected to lessen further.

The demand for additional bank credit of Rs 23.34 crores was presumably met partly by the rise of Rs 16.22 crores in aggregate deposits and partly by disinvestments in government securities of Rs 7.23 crores. Scheduled banks' balances with the Reserve Bank declined by Rs 4.05 crores. but at the same time, their own cash balances were up by Rs 2.93 crores and their borrowings from RBI were brought down by Rs 2.71 crores to Rs 79.87 crores at which level they had contracted by Rs 26.38 crores from the maximum level of Rs 106.25 reached

during the current busy season prior to the March 11 credit restraint.

The Reserve Bank's statement for the week ended April 10, shows that notes in circulation expanded by Rs 44.10 crores during the week to a new high of Rs 2547 crores showing a rise of Rs 220 crores over a year. This spectacular rise follows an even larger expansion of Rs 48.96 crores that occurred in the preceding week. Fresh note issue amounted to Rs 43.01 crores, the balance of Rs 1.09 crores being made available from the Banking Department itself. Rupee coins in the Issue Department have also been depleted by Rs 1.71 crores and to cover the outflow of notes and coins amounting to Rs 44.72 crores, the rupee securities in the Issue Department have been augmented by a like amount. Foreign securities in the Issue Department have remained unchanged. Balances held abroad are lower by Rs 91 lakhs at Rs 12.25 crores. However, foreign assets total Rs 124.71 crores as against Rs 114.14 crores a year ago.

Official year-end demands, tax dues and beginning of the month requirements appear to have contributed to this sudden spurt of active notes. Unlike the previous week, the shift of funds is to an extent reflected in the rise of Central Government deposits by Rs 22.07 crores. though State government deposits are slightly down by Rs 3.29 crores. Scheduled banks have added Rs 6.54 crores to their deposits with the RBI raising them to Rs 83.42 crores which compares favourably with Rs 85.90 crores a year ago, although their borrowings which are reduced by Rs 6.02 crores during the week to Rs 68.92 crores are still higher compared with Rs 47.81 crores a year ago.

Loans and advances to governments have moved up further during the week by Rs 19.87 crores, most of which might have gone to State governments. Investments have gone down by Rs 143.82 crores as against a rise of Rs 47.46 crores in the previous week, and 'other deposits' showed a decline. However, the Bank has increased its holdings in Treasury Bills by Rs 18.29 crores.