

OILSEEDS**Bull Manipulation**

OILSEEDS futures made news last week. In kerb dealings on September 28 castorseed April and linseed April were bid up to Rs 101 and Rs 119.50 (per quintal) respectively—new high levels for the current season. Earlier in the month, castor futures were quoted around Rs 87 and linseed futures around Rs 107. The spectacular rise in futures cannot be satisfactorily explained in terms of developments in the political situation. Nor has there been any significant change in the overall demand and supply equation of vegetable oils. The plain truth is that speculation in castor and linseed futures has assumed serious proportions, with a few powerful operators dominating the scene all the time. The wide swings in castor and linseed futures noticed over the past several weeks have no parallel over the past many years.

The main reason why speculation in linseed and castor, the total annual production of which rarely exceeds 5.5 lakh to 6 lakh tons, is that there exist no facilities for forward trading in the other major and more important oilseeds—groundnut and mustardseed. Because of the very small production of castor and linseed, manipulation in these commodities is easy. That is precisely what has been happening for many months. It is time that the authorities realised this elementary fact. If the Forward Markets Commission is unwilling to allow forward trading in groundnut and mustardseed then it ought to ban futures trading in castor and liseed as well. If the major crops of groundnut and mustardseed can be marketed without the facilities for forward trading there is no sense in permitting futures dealings in the other and much less important crops. In an economy characterised by chronic shortages, speculation can serve hardly any useful purpose and it is bound to aggravate inflationary pressures. The sooner the authorities realise this, the better.

The steep rise in linseed and castor futures last week, resulting primarily from strong bull manipulation, imparted firmness to the general market sentiment. Groundnut and groundnut oil also hardened considerably. Groundnut oil which had been marked down to Rs 27.75 (per 10 kgs) in the preceding week improved to Rs 29.75. Linseed oil rose from Rs 25 to Rs

26.75 and castor oil from Rs 18 to Rs 19. Apart from, the spurt in castor and linseed futures, sentiment was influenced by fears of a likely setback in groundnut production due to inadequate rains in some of the producing areas. Export activity was restricted throughout the week due to continued political uncertainties.

MONEY AND BANKING**Interest Rates Fluctuate**

Conditions in the Bombay short-term money market during the week to September 29 showed a fluctuating movement. During the earlier part of the week interest rates held around the previous week's levels. Towards mid-week the rates fell sharply on weak demand and increasing supplies. The market, however, climbed back to the previous week's levels on Tuesday. Demand for funds increased while supply remained unchanged. It is expected that the rates will continue their upward trend during the coming weeks with the arrival of the busy season. The rates of interest on Thursday stood around 7 per cent.

Scheduled bank deposits during the week to September 17 increased by Rs 5.80 crores to Rs 2787.17 crores

according to the weekly statement issued by the Reserve Bank. During the corresponding period last year deposits stood at Rs 2506.56 crores. Credit issued by the banks, however, declined from Rs 2024.09 crores to Rs 2014.81 crores. There was a slight decline of Rs 58 lakhs in cash balances with the banks and borrowings from the Reserve Bank were lower as well by Rs 2.83 crores. Balances with the Reserve Bank increased by Rs 3.83 crores. Money at call and short notice were higher by Rs 5.47 crores to Rs 61.11 crores. Investments in government securities at Rs 829.83 crores showed a fall of Rs 78 lakhs.

Notes in circulation during the week to September 24 declined by Rs 17.70 crores to Rs 2562.70 crores, according to the Statement of Affairs of the Reserve Bank. Balances held abroad were lower from Rs 15.20 crores to Rs 12.78 crores. Foreign Securities remained unchanged at Rs 70.63 crores. Deposits of the Central Government increased by Rs 25.77 crores to Rs 93.43 crores, while those of State Governments fell from Rs 19.66 crores to Rs 11.06 crores. Loans and advances to governments were higher by Rs 12.24 crores at Rs 82.51 crores. Advances to Scheduled banks declined from Rs 17.38 crores to Rs 8.94 crores.

Machinery Manufacturers Corporation

AS one of the pioneers in the field, Machinery Manufacturers Corporation has contributed substantially to the progress of the textile machinery industry, during the last few years. It has not only improved the quality but also introduced latest technological improvements. Carding engine is the principal product of the company, and it continues to hold the premier position, producing over 70 per cent of the total carding engines manufactured within the country. Having kept in touch with the latest developments in carding technology, the Corporation was the first to develop and market semi-high production cards which, when clothed with metallic wire, yield almost 100 per cent increase in production. These semi-high production cards are undergoing extensive tests at Textile Research Institutes at Bombay, Ahmedabad and Coimbatore.

Speaking to shareholders at the annual meeting recently, A K Mitra, chairman, stated that by introducing high production carding engines the company had reduced the total requirement of cards in the country by at

least 50 per cent. He hoped that the manufacturing facility thus made available would be utilized for producing other types of machinery, at present not manufactured in the country. Mitra appealed to the Government to take the machinery industry into confidence before agreeing to the import of machinery from abroad. In the past ad hoc import of machinery had retarded the industry's progress, and if now, when it was doing its best to supply quality machinery, imports allowed under foreign credit arrangement, it would frustrate the efforts the machinery industry was making.

The Corporation has on hand an expansion programme which will make it a multi-product unit with a heavy bias towards textile industry. It has

Correction

The heading of the Company Chairman's statement published on page 1489 of our last week's issue should read "Machinery Manufacturers Corporation Limited" and not "Machinery Manufacturers Corporation Limited". The error is regretted.—Ed.