

years ending September 1967. Several new projects have been proposed covering additional facilities for production and distribution of gases, production of user equipments and electrodes and also for the manufacture of plants. An industrial licence has been obtained for the manufacture of welding and cutting equipment. The Company is also licenced to expand its Khar-dab factory for electrode production.

The Chairman's statement is marked by confidence and restrained optimism about the prospects for the Company. He, however, cautioned that while large investments imply favourable long-term prospects both for growth and profits, the short-term prospect must be viewed conservatively because of the increasing debt and interest load until the new investments become fully productive.

Indian Overseas Bank

THE first Indian Bank set up for handling foreign exchange business was the Indian Overseas Bank of Madras which was founded in 1936. The Bank opened branches at Penang, Singapore, Rangoon and Kuala Lumpur. Foreign exchange business was till then a monopoly of foreign banks. However, the advent of the Second World War brought in its wake several unprecedented problems for overseas banks having branches in enemy occupied territories. The I O Bank was able to overcome successfully these hurdles and its importance as one of the few Indian banks authorised to deal in foreign currencies grew with the introduction of exchange control in 1939.

After the war, the business of the I O Bank increased twelve-fold. Overseas operations were extended to Colombo, Bangkok, Hongkong, Malacca and Klang. Within the country also, the Bank opened branches at several principal industrial and commercial centres. The spectacular growth during the period 1945-1962 can be seen from the fact that deposits grew from Rs 3.23 crores to Rs 37.33 crores, reserves from Rs 7 lakhs to Rs 87 lakhs, advances, loans and bills purchased and discounted from Rs 2.64 crores to Rs 48.84 crores, net profit from Rs 2 lakhs to Rs 20 lakhs and divi-



Does your wife have an upturned palm ?

"Gimme! Gimme! Gimme!" I hear it all the time. What is one to do? It's hard to be hard on the family! But there's an emergency on, and the pay-packet has to be stretched till the end of the month — including the payment to the life insurance people.

Sometimes I dearly feel I should like to chuck in my life insurance. But when things get too bad I look at it this way: "If my poor wife is finding it hard to manage *now* it's going to be terrible if I and my income are suddenly not there. With my policy kept going, there will be a roof over their heads, food on their table and clothes on their backs. Also money for the schooling."

My life insurance cheque goes in tomorrow. And the next time my wife extends her hand, I'll shake it firmly and give her a big smile... And that will be that!

ASP/LIC-E-34

dend from 3½. per cent to 12 per cent. To-day, the Bank has a special place in South East Asian banking. In terms of foreign exchange business, it ranks among the major Indian banks, the merchant foreign exchange business handled exceed Rs 100 crores a year.

In recent years the Bank has started providing various new services to its customers, such as introduction of special savings certificates, gift cheques, travellers cheques, personal loans for purchase of durable goods, cumulative deposit schemes, etc. The Bank has also extended its activity to underwriting capital issues. With the expansion of business in various directions, the Bank is providing training facilities for staff in the different activities.

The Bank's new multi-storeyed building in Madras was opened by C Subramaniam, Union Minister for Steel on January 13 last in the presence of a distinguished gathering of officials and non-officials. The Minister complimented the Bank on its fast growth. He assured that so long as banks expand their activities and make available their resources for national purposes, the cry of nationalisation of banking would have no force.

The Chief Minister of Madras, Bhaktavatsalam, who presided over the occasion desired banks to extend their activities to the remotest villages and make credit facilities available to the rural folk. The Madras Minister for Industries, admitted that restrictions imposed on banking did not allow them to take risks and expand their activities.

First National City Bank

THE First National City Bank has now introduced a special savings account in its various Indian branches with a view to offer wider banking facilities to the public and to encourage people to save. The Special Savings Account was inaugurated in Bombay on January 2 by Her Highness Rajamata Vijaya Raje Scindia, Maharani of Gwalior, when the first cheque book with Her Highness' name printed on it was presented to Her Highness by Mr F de C Matthews, Vice-President of the Bank.

The 'personalised' cheque service will be available to all savings account holders of the Bank. Their

names will be printed on the cheque leaves, a facility hitherto extended to some current account holders. Quarterly statements of account will be mailed by the Bank to account holders and there will be no pass books.

Interest is allowed on these accounts at 3 per cent per annum. Withdrawals are permitted twice a week subject to a minimum of one-fourth of the balance or Rs 1,000 whichever is more.

Money Market

Thursday, Morning

THE interbank call money rate hardened to 5.25 per cent in the latter half of last week and turned up further to 5.5 per cent early this week. The firmness was expected in view of the continuously growing demand and the inadequate supply of funds. The last Statement of beneduled banks for the week ended January 10, showed a further smart rise in bank credit by Rs 19.31 crores recording an aggregate expansion of Rs 171.70 crores from November 1, 1963 to January 10, 1964 compared with Rs 68.45 crores during the corresponding period last season. Deposits having risen by merely Rs 1.94 crores, banks had to step up their borrowings from Reserve Bank by Rs 11.20 crores in that week to Rs 31.35 crores, and realise investments of the value of Rs 9.18 crores. Again, their cash and balances with the RBI were depleted by Rs 5.81 crores. Call funds placed by the banks fell during the week by Rs 2.37 crores to Rs 50.68 crores. It is clear that the busy season is now well in its strides and the market is tight. The keen demand for funds was also reflected in the rise in notes in circulation by Rs 43.31 crores during the week ended January 10.

During the next week ended January 17, notes in circulation increased by a much smaller amount, Rs 2.39 crores. If this is any index, it would appear that the tempo of demand has since slowed down. This view is supported by the fact that scheduled banks' borrowings during the week ended January 17 have not increased by more than Rs 90 lakhs, as against considerably larger amounts in the preceding weeks. Yet, the call money rate remains firm. This shows that banks are

able to cash their investments or to step up their borrowings from the Reserve Bank to meet their requirements. Their requirements have perhaps exceeded their anticipations, or they probably expect a faster growth in deposits than heretofore.

In fact, the rise in deposits since November 1, 1963 has been only about Rs 11 crores, which is very poor when compared with the expansion of Credit. Though the banks are now relatively well placed to extend credit to a greater extent than last year, the tempo of demand for credit has apparently caused a squeeze in the market and this tendency it appears, will continue unless banks rely less on the call loan market.

The scarcity of surplus floating funds is reflected in the poor response to Treasury Bills tenders on January 21, when the rate of discount had to be raised to 2.325 per cent as against 2.315 per cent previously, and in the fact that sales of intermediates during the period from January 15 to January 18 hardly fetched Rs 43 lakhs.

As mentioned above, active notes during week ended January 17 expanded by only Rs 2.39 crores, the entire amount being supplied by the Banking Department. The Issue Department has reabsorbed Rs 29 lakhs of notes from the Banking Department, with the result that notes in the Banking Department are lower by Rs 2.68 crores. The fall in the note issue is counterbalanced by the withdrawal of Rs 29 lakhs of rupee coins from the Issue Department,

Central Government's deposits have moved up by merely Rs 70 lakhs while those of State Governments have markedly improved by Rs 7.89 crores. Besides Government's loans have contracted by Rs 9.60 crores. These changes indicate a larger flow of funds towards Government balances.

In spite of the prevailing stringency in the money market, Scheduled Banks' deposits with Reserve Bank have surprisingly gone up by Rs 4.02 crores while their loans are up by only Rs 90 lakhs.

Bills purchased and discounted by the Bank show a fall of Rs 16.24 crores, but the Bank's investments are up by Rs 25.40 crores. Balances held abroad are higher by Rs 2.95 crores.