

challenge competition for blocks be introduced in which the sole criterion should be production per acre of a particular specified crop. It is also proposed that grant of amenities to the Panchayati Raj bodies may be made contingent on the fulfilment of their targets of production.

As an incentive to panchayats to raise their own resources it has been suggested that the present system of giving matching and incentive grants to these institutions may be used to better effect and that a greater uniformity may be brought about in the schemes. At present there is considerable variation from State to State in the manner in which such grants are provided. It has been suggested that a non-lapsing fund should be constituted on the lines of the District Gram Encouragement Fund in Gujarat out of which grants could be made to Panchayati Raj bodies to encourage them to raise their own resources by levying taxes and fees. Regarding the principles governing the disbursement of such grants the suggestions are: the proportion in which the matching grants are given should vary from area to area and should be higher for the backward areas; the matching grants may be varied even within a given area depending on the level of taxation; where the Panchayati Raj institution levies taxes beyond a pre-determined level, the matching grant should be higher so that it will act as an effective incentive.

Finally, it has been suggested, stringent deterrents should be provided for default on the part of Panchayati Raj bodies to ensure proper maintenance of the works under their charge.

Panchayat Finances

The question of Panchayati Raj finance does not figure in the agenda of the Udaipur Seminar. This is perhaps because the Government of India recently set up a Study Team under the Chairmanship of K Santhanam to go into the question. This Team has submitted its report in two parts and has made a number of detailed suggestions for improving the finances of Panchayati Raj institutions. Apart from taxes and fees which the Panchayats should themselves levy, various means of financial assistance by State Governments have

been suggested such as stamp duty, entertainment tax, show tax, special assistance in the form of salary of the secretary of the panchayat, and so on.

The Committee, being of the view that in spite of such assistance the total income of the vast majority of the panchayats would be far from adequate, has also suggested that a

Business Notes

Indian Oxygen

THE operating results of Indian Oxygen for the year ended September 30, 1963 after providing for depreciation at Rs 59.66 lakhs (Rs 49.84 lakhs), but before taxation, show a profit of Rs 140.40 lakhs which is 3.6 per cent higher than the previous year's profit of Rs 135.50 lakhs. Total sales for the year amounted to Rs 10.21 crores, recording an increase of Rs 133 lakhs or 15 per cent over that of previous year. Compared to the increase in sales, the increase in profit of only about Rs 5 lakhs is poor. This is attributed to a substantial increase in depreciation, a general rise in costs of materials consumed and higher expenses.

Tax provision, including" Rs 9 lakhs for SPT, absorbed Rs 69.34 lakhs as against Rs 58.17 lakhs, leaving a net profit of Rs 71.06 lakhs (Rs 60.83 lakhs). Including the previous year's balance of Rs 17.61 lakhs, the disposable surplus of Rs 88.68 lakhs has been apportioned as under: Development rebate reserve Rs 19 lakhs (Rs 6.50 lakhs); Fixed Assets replacement reserve Rs 32,069 (Rs 1.10 lakhs); General Reserve Rs 69 lakhs (Rs 10 lakhs). A balance of only Rs 35.587 is left over to the next account as against Rs 17.61 lakhs last year after paying Rs 43.68 lakhs as dividend. Although the current year's profit could permit a larger dividend, yet the directors, considering the present and prospective resource position and the increasing burden of taxation in the context of the continuing national emergency, have decided to declare the same dividend of 12 per cent, subject to tax, as in the previous year.

The Company faced a number of difficulties during the year. Acute shortage of core wire persisted almost throughout the year, severely curtailing the output of electrodes

basic minimum assistance of Re 1 per capita should be given to every panchayat and that the Central and State Governments should share equally in such assistance. The Government of India has still to take a decision on the recommendations of the Santhanam Committee. The Ministry has asked for the views of State Governments.

at the Khardah factory near Calcutta. The authorities failed to ensure supply of core wire with the result that electrode production in the country suffered a severe setback causing considerable difficulties to the engineering industry. Production activity was interrupted also by failure of power now and then at the Company's electrode factory and at the factories at Asansol and Madras.

Capital expenditure during the year amounted to Rs 85.51 lakhs covering a number of projects! These included facilities to manufacture oxygen distribution equipment, a new Lox factory at Ranchi, an oxygen and dissolved acetylene factory at Hyderabad, etc. This expenditure was financed largely out of the Company's internal resources.

The Company has now finalised an agreement for a sterling loan of £ 500,000 from British Oxygen. With this foreign exchange loan, the Company is now in a position to undertake major expansion programmes covering a number of projects. The expansion plans of the company are estimated to cost about Rs 6 crores, and besides the sterling loan, the Company will require further Rs 2 crores for which it is making arrangement with the Punjab National Bank for a medium term loan secured by debenture stocks.

The Company's oxygen plant, in Bombay went into production last May. The Hyderabad factory is in an advanced stage of construction and will go into production in the next two to six months. The Loxite factory at Ranchi is expected to be completed shortly. The Burnpur Loxite factory discontinued production in January last year.

The Company has drawn up a programme of substantial development and expansion for the four

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!

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