

RESERVE BANK OF INDIA

REPORT
OF THE
CENTRAL BOARD OF DIRECTORS
FOR THE YEAR ENDED 30TH JUNE, 1947

To be presented to the Shareholders at the Thirteenth Annual General Meeting to be held on Monday, the 4th August, 1947, at the Reserve Bank of India, 8 Council House Street, Calcutta, at 4 p.m. (Bengal Time).

Report of the ' Central Board of Directors of the Reserve Bank of India

For the year 1st July 1946—30th June 1947.

In accordance with Section 14 of the Reserve Bank of India Act, 1934, the Central Board of Directors presents to the Shareholders this Annual Report and the Accounts of the Bank for the thirteenth accounting period beginning on 1st July, 1946 and ending on 30th June 1947.

ANNUAL ACCOUNTS

After payment of expenses of administration and provision for sundry liabilities and contingencies the net profit amounts to .. Rs. 8,02,27,309-15-11

Of this amount the sum of Rs. 17,50,000- 0- 0 will be utilised for payment to shareholders of a dividend at the rate of $3\frac{1}{2}$ per cent. per annum, being the cumulative rate fixed by the Central Government in accordance with Section 47 of the Reserve Bank of India Act, 1934. Under the Reserve Bank of India (Limitation of Dividend) Ordinance of 1943 (reprinted as Appendix A to the report for the ninth accounting year ended 30th June, 1943), which continues to be in force, the rate at which the dividend on the share capital of the Reserve Bank may be paid by the Bank to shareholders is limited to a maximum of 4, per cent. The additional dividend payable is therefore limited to $\frac{1}{2}$ per cent per annum equivalent to Rs. 2,50,000- 0- 0

leaving a surplus of Rs. 7,82,27,309-15-11 for payment to the Central Government in accordance with the said section as modified by the Ordinance.

The accounts of the Bank have been audited by Messrs. S. B. Billimoria & Co. of Bombay, Mr. P. K. Ghosh of Calcutta and Messrs. Sastri and Shah of Madras who were elected as auditors of the Bank by the shareholders at their meeting held at Madras on 5th August, 1946 in

Auditors.

accordance with Section 50(1) of the Reserve Bank of India Act, 1934..
 The present auditors, being eligible, offer themselves for reappointment.

In accordance with sub-section 1(u) of Section 8 of the Act, on the recommendation of the Central Board, the Central
Constitution of the Central Board, Government, by a notification dated 16th July, 1946, appointed Mr. M. G. Mehkri to be a Deputy Governor of the Bank in the vacancy caused by the death of Mr. Wajahat Hussain, C.I.E.

The Directors representing the Eastern (Calcutta) Area Local Board were due to retire on 31st December, 1946 under sub-section 4 of Section 8 of the Act, and an election of the members of that Board was held in November 1946. Subsequently at a meeting of the elected members of the Local Board held in Calcutta on 18th December, 1946, Mr. B. M. Birla and Mr. K. P. Goenka were elected under sub-section 7 of Section 9 of the Act as Directors of the Central Board to represent the shareholders of the Eastern (Calcutta) Area Register.

U Po Byaw, an elected Director representing the Burma (Rangoon) Area resigned on 5th September, 1946 his office as Director -of the Central Board and member of the Local Board, Rangoon area. consequent on his nomination as a member of the Burma Legislative Council. In view of the severance of the connection between Burma and the Reserve Bank of India consequent on the termination with effect from 1st April, 1947 of the India and Burma (Burma Monetary Arrangements) Order, 1937, the elective Directorship of the Rangoon Register was abolished and, in lieu thereof, a new elective seat was allocated to the Southern (Madras) Area. The filling in of this vacancy has been held in abeyance pending the forthcoming election of the Southern (Madras) Area Local Board in November-December 1947.

During the year under report, six meetings of the Central Board
Meetings of the Central Board and its Committee. were held, of which three were in Bombay, two in Delhi and one in Madras. The Committee of the Central Board met fifty-two times in Bombay, and once each in Delhi and Madras.

As stated above, there was one Local Board election during the year in the Eastern (Calcutta) Area in November 1946,
Local Boards. preliminary to the election of Directors for that Area. Mr. B. M. Birla, Dr. N. N. Law, Rai Moongtulall Tapuriah Bahadur, Mr. A. K. Ghose and Mr. K. P. Goenka were returned unopposed. Khan Bahadur Habibur Rahman Choudhury, Mr. Alec Leslie Cameron and Mr. Debes Chandra Ghosh were nominated by the Central Board to be members of that Local Board, and all the members assumed office on 18th December, 1946.

Distribution of Shares between the various areas.

The following table indicates the trends in the distribution of the Bank's shares as between the different areas :

	Distribution of shares as on			
	1st April, 1935.	31st December, 1936.	30th June, 1946.	30th June, 1947.
Bombay	1,40,000	1,89,838	2,36,321	2,36,629
Calcutta	1,45,000	1,31,423	1,24,629	1,26,318
Delhi	1,15,000	97,314	79,220	78,965
Madras	70,000	01,217	51,042	49,660
Rangoon	30,000	20,208	8,788	8,438
Total .. .	5,00,000	5,00,000	5,00,000	5,00,000
Number of shareholders as on				
	1st April, 1935.	31st December, 1936.	30th June, 1946.	30th June, 1947.
Bombay	28,000	22,342	17,368	17,362
Calcutta	23,890	15,571	30,590	10,457
Delhi	23,000	16,744	10,589	10,317
Madras	14,000		6,610	6,392
Rangoon	3,157	9,702, 1,914	535	503
Total .. .	92,047	66,273	45,692	45,031
Average number of shares held by each shareholder .. .	5.4	7.5	10.9	11.1

The year under review showed a further decline in the total number of shareholders from 45,692 on 30th June, 1946 to 45,031 on 30th June, 1947. The tendency noticed since 1944 for the number of shares on the registers of the Bombay and Calcutta Areas to expand at the expense of the remaining areas continued ; the latter area recorded a large rise of 1,689 as against a comparatively smaller increase of 308 in the former. The number of shares on the Madras and Delhi registers showed declines of 1,382 shares and 265 shares respectively.

During the accounting year under review, no alterations were made in respect of paper, size, colour, etc., of notes of various denominations (including the Government of India one rupee notes) issued by the Bank.

Notes and Coin.

In the last year's Report, mention was made of the introduction by the Government of India of half and quarter rupee coins minted in pure nickel and also of the discontinuance of the issue from June, 1946 of the quaternary rupee coin, with a view to introducing the nickel rupee. As the Indian Coinage Act of 1906, however, did not permit the minting of coins higher than eight **anna pieces** in a metal other than silver, Government introduced in the **Central** Assembly on 17th February, 1947 a Bill to amend that Act **so as to authorise** them to issue all coins including the rupee in any metal. The Bill was passed on 10th April, 1947 and received the Governor-General's assent on 18th April, 1947. Under the authority thus taken, Government issued on 24th May, 1947 two notifications, authorising the **minting** of rupee coin in pure nickel, and these rupees were **first** issued on 2nd June, 1947. They are similar in design to the pure nickel half and quarter rupees and are of the same weight as the quaternary rupee coin (viz., 180 grains troy), though slightly smaller in diameter.

Applications for the exchange of high denomination notes demonetised under the High Denomination Bank Notes (**Demonetisation**) Ordinance of 12th January, 1946, continued to be received during the major part of the year under review and were dealt with by the Government of India, the Reserve Bank of India effecting exchanges in such cases as were approved by Government. Arrangements were also made with the British **Consular** Authorities in foreign countries and Central Banks in countries like the United States, Canada and South Africa for the exchange of holdings, if any, of high denomination notes belonging to persons residing in those countries. In view of the ample time already given to all *bona fide* holders of high denomination notes to exchange their holdings, the Government of India announced in a press note on 28th February, 1947 that no further claim would be received after that date. Out of a total of Rs.143.97 crores of high denomination notes in circulation on 11th January, 1946, notes of the value of **Rs.134.90 crores** were exchanged up to the end of the accounting year under review.

Early in 1945, when the South East Asia Command assumed charge of the liberated **areas** in Burma, **currency** affairs in Burma were placed in charge of the British Military Administration in Burma. The Rangoon office of the Reserve Bank of India, which had temporarily moved to India in 1942, was reopened in Rangoon on 20th August, 1945 and was appointed banker to the Military Administration. The responsibility for the management of the currency, however, continued to be with the Military Administration, the Bank carrying out certain administrative functions in respect of the note issue. Following the termination of the military regime on 31st January, 1946, the Government of Burma

took over responsibility for the note issue in Burma, the Reserve Bank continuing to act as Government's agent in currency matters and as bankers to Government and other banks. The currencies of India and Burma, however, continued to be linked together as before the war under the India and Burma (Burma Monetary Arrangements) Order, 1937. In June 1946, the Government of Burma, decided to sever **this** currency link and to establish an **independent** currency to be managed by a Currency Board in London with effect from 1st April, 1947. Authority was taken by an Order-in-Council in August, 1946 to amend the India and Burma (Burma Monetary Arrangements) Order, 1937, **with** a view to terminating the joint monetary arrangements with India on six months' notice. This notice, served on the **Governor-General** on 1st October, 1946, expired on 31st March, 1947, and with it the currency system of Burma was delinked from that of India. In order to enable the Reserve Bank of India to wind up its affairs in Burma, the Reserve Bank of India (Amendment) Act, 1947 was passed in March, 1947, providing for the deletion of all references to Burma in the Reserve Bank of India Act, 1934. The Reserve Bank's office in Rangoon formally ceased to function in that country from 1st April, 1947.

The Bank's Report on Currency and **Finance** for the year ended 31st March, 1947 is to be issued shortly. The Report deals with the economic and financial conditions in the country, the Government finances and, 'in a new chapter added this year, also with some of the important economic and financial developments abroad, in greater detail than this Report **which** is intended primarily to review the Bank's working during the accounting year.

During this second post-war year, reconversion to a peace economy continued to be the major economic problem, the pace of transition being rather slow and halting. The pre-occupation of Government with constitutional changes also gave an air of unreality to some of its measures in the economic sphere, especially planning. The persisting maladjustments **in** the various sectors of the country's economy continued, and production actually declined in the more important industries, the main factors accounting for this, besides the widespread disorders in the country, being the virtual non-availability of capital goods, the frequent strikes and **labour** unrest and the uncertainty of Government's policy in regard to various important controls. Acute shortages of essential consumer goods continued, resulting in rising prices and costs of living, and the prevention of a further inflationary rise in prices presented itself as the primary problem. Government continued to withdraw excess purchasing power in the hands of the community by continuing to **encourage** the small savings movement ; and the reduction in **Defence** requirements enabled them to release for civilian production and consumption larger supplies of essential raw materials and consumer goods. The import control was

relaxed for a time with a view to augmenting the **flow** of goods from foreign countries, and the procedure for the issue of import licences and for dealing with applications for the import of capital goods was **consi-**
derably simplified. **With the expiry** of the **Defence of India Act** on 30th September, 1946, a majority of the war-time controls including the Hoarding and Profiteering (Prevention) Ordinance of 1943, and the Consumer **Goods (Control and Distribution) Order** of 1944 were allowed to lapse. Government set **up in** February 1947 the Commodities Prices Board, which is to keep under review the movements of commodity prices and advise Government in regard to price levels for controlled commodities and also on the question whether other commodities also should be brought under control. Besides the rising price level, the food situation continued to cause grave anxiety ; the failure of some of the principal food crops rendered the country's overall food position precarious and the threatened crisis was only tided over, partly by drastic reduction in ration scales and partly through imports towards the cost of which subsidies amounting to nearly **Rs.20** crores had. been granted by Government in the revised budget for 1946-47. In order to cover the annual estimated deficit in foodgrains of 4 to 5 million tons, the "Grow More Food **Campaign**" which has been working since 1942 is to be continued for the next five years by the end of which **self-**
sufficiency in the matter of food on the basis of the existing levels of population and rations is expected to be achieved. Action taken by Government in pursuance of their plan of post-war economic development included the acquisition of the Hindustan Aircraft Factory at Bangalore as a nucleus for building up an Aircraft Industry for India, the construction of an Ammonium Sulphate Factory at Sindri in Bihar estimated to produce annually about 350,000 tons of this valuable fertilizer and the initiation of a special Housing Scheme for coal miners, the Centre paying a subsidy of 20 per cent of the cost of the houses, subject to a maximum of **Rs.400** per house. In November 1946, a bill for the establishment of an Industrial Finance Corporation was introduced as outlined by the Finance Member in his budget speech for 1946-47. It is generally **recognised** that the provision of credit for medium and long-term capital requirements of industry falls outside the normal activities of commercial banks while in certain cases the usual methods of capital issue are not wholly practicable or suitable. The proposed Corporation is expected to fill this lacuna. It will have a share capital of **Rs.5** crores to be subscribed by the Central Government, the Reserve Bank of India, Scheduled Banks, Insurance Companies, Investment Trusts and other financial institutions. The shares will be guaranteed by the Central Government as to the repayment of the principal and the payment of dividend not exceeding $2\frac{1}{2}$ per cent per annum. The Corporation is expected to make long-term loans to industrial undertakings, repayable within a period not exceeding 25 years, and will also underwrite the issue of shares and debentures, subject to certain conditions. The Planning Advisory Board appointed by Government in October 1946, submitted its report in February 1947, which **recom-**
mended, among other things, the establishment of a wholetime

nonpolitical Planning Commission assisted by a Scientific **Consultative Committee**, 8 Permanent Tariff Board, 8 **Central Statistical Office** and a **Consultative** Body representing Provinces and States, **Agriculture**, Industry, etc.

As regards price movements, the Economic Adviser's general index number of **wholesale** prices (base-week ended 19th August, 1939=100) rose from 270.1 in July 1946 to 289.9 in May 1947, the **pace** of the rise being generally quicker after September 1946, **following** the relaxation of most of the controls. The maximum rise was recorded under the group 'Chief Articles of Export', and the minimum under 'Manufactured Articles', unlike during the early and peak periods of the war when the latter took the lead in the inflationary trend. The index for 'Chief Articles of Export' **sharply** increased from 289.5 in July 1946 to 327.4 in March 1947, while 'Manufactured Articles' rose from 250.5 to 271.6 between July 1946 and May 1947. The group index for 'All Primary Commodities' rose from 275.7 in July 1946 to 295.2 in May 1947, **mainly** as a result of an advance in the 'Agricultural Commodities' group from 303.8 in July to 333.7 in May. The 'Food Index' (base-week ended 26th August 1939=100) showed a sharp rise (from 248.2 in July to 265.8 in April 1947), **in spite** of a heavy subsidy from Government in respect of imported foodgrains, while the index number of 'Industrial Raw Materials' showed a rise from 296.1 in July 1946 to 352.6 in May 1947. The steep rise in prices in the United States, **the general** prevalence of a **seller's** market abroad, and the relaxation of export regulations mainly accounted for the rise in the last two groups.

The movements in the foreign sea-borne trade of India during the year were primarily influenced by changes in **Government's** import and export control policy. **During** the early part of the year, Government relaxed the **rigour** of import controls as well as exchange regulations in order to bring about a freer flow of goods into the country. A universal Open General Licence No. VIII was introduced in **September** 1946, facilitating the import from any source of a specified list of goods. Further, a large variety of goods was brought under Open General Licence No. VII permitting the import of specified goods free of **licence** from the British Empire countries in the sterling area. The full effects of this 'relaxation were not felt, however, till the first quarter of 1947, when imports, mostly of non-essential goods began to arrive in very large quantities. The imperative need for conserving the limited exchange resources of the country to secure the supply of urgently required capital goods in the face of the continued drain caused by the large purchases of food from abroad demanded reconsideration of Government's import policy and revision of its regulations during the second half of the year. Early in March 1947 the universal Open General Licence No. VIII **was** suspended and the

Reserve Bank ceased issuing licences for the import of gold and silver which had increased appreciably during the first quarter of 1947. During May, the Open General Licence No. VII was superseded and replaced by a fresh Open General Licence No. IX covering a small number of commodities. Government also cancelled forth-with Open General Licences Nos. I and III applicable to imports from Ceylon, Portuguese Possessions and other foreign areas contiguous to the land frontiers of India. Export controls in respect of essential raw materials were administered with the object of providing for the expanding needs of domestic industries, meeting the essential minimum requirements of countries dependent on India for their supplies and developing new or maintaining old export markets. The incentives offered for the expansion of food crops in the country operated restrictively on the production of some of the cash crops for exports and necessitated the relaxation of export controls only gradually and in respect of such articles which were actually in excess of domestic needs. The requisite peace-time powers to regulate the foreign trade of the country for a period of three years were assumed by Government with effect from 25th March, 1947, under the Imports and Exports Control Act, 1947.

During the year, commercial and financial relations were resumed with the following ex-enemy countries : Siam, Indo-China, Hungary, Austria and Poland,

The total value of the foreign sea-borne trade of India (private merchandise) for the nine months ended March 1947 amounted to Rs.480·8 crores as against Rs.391·8 crores for the corresponding period ended March 1946, recording an expansion of Rs.89·0 crores. The value of imports went up by 35 per cent from Rs.178·2 crores to Rs.239·9 crores; as a result of the liberal import policy pursued by Government during the early part of the year. Exports recorded a moderate improvement from Rs.213·6 crores to Rs.240·8 crores or an increase of 13 per cent. The balance of trade was very slightly favourable by Rs.0·9 crore as against the surplus of Rs.35·4 crores during the corresponding period in the previous year. The figures available for the six months ended December 1946 showed a marked change in the composition of the import trade. While imports of 'Manufactured Articles' and 'Food, Drink and Tobacco' increased sharply from Rs.45·5 crores and Rs.11·9 crores respectively to Rs.83·5 crores and Rs.23·1 crores, imports of 'Raw Materials' declined from Rs.59·6 crores to Rs.40·6 crores. Under exports, the value of 'Food, Drink and Tobacco' and 'Raw Materials' remained almost unchanged, while that of 'Manufactured Articles' improved from Rs.52·9 crores to Rs.67·3 crores.

In the rupee-sterling exchange market, banks' quotations for telegraphic transfers remained unchanged throughout the year at lsh. 5-31/32d. selling and lsh. 6-1/32d. buying. Following continual demands from exporters

in Calcutta for cover ~~against~~ forward sales of jute goods, banks requested the **Reserve Bank** to extend its buying rate beyond **six** months. While **declining** to do this, the Reserve Bank undertook to **extend** any forward Purchase contracts made with banks for further periods of six months at a time at a penalty of **1/64d.** In view of this undertaking, banks extended their buying rates for delivery from **nine** months **upto one** year, the telegraphic transfers' buying rate for **the** last three months being raised to **lsh. 6-1/16d.** as against the rate of **lsh. 6-1/32d.** or the **first** nine months. During the year, **the** Reserve Bank continued to buy sterling telegraphic transfers from banks for delivery **within** six months at **lsh. 6d.** and to sell for ready delivery at **lsh. 5-63/64d.** To assist banks in meeting the demand for **forward** sterling **occasioned** by public uncertainty as to the declaration of the par value of the rupee to the International Monetary Fund, the Reserve Bank commenced selling sterling telegraphic transfers for **delivery upto** six months at **lsh. 5-31/32d.,** **maintaining** the ready rate unchanged. Consequently, banks in turn **lowered** their forward selling rates for sterling telegraphic transfers for delivery within six months to **lsh. 5-15/16d.,** maintaining the existing rates for **ready delivery** at **lsh. 5-31/32d.** The net sales during the year of sterling by the Reserve Bank amounted to **£65,141,073-17-7** as compared with **net** purchases of **£71,609,176-9-2** in the **preceding** year.

There were no changes during the year in **the** principles on which Exchange Control was operated. The sterling area system, according to which payments to persons resident in other sterling area countries **were allowed** freely, continued ; and transactions with persons **in** other **countries** were subject to restrictions.

The main changes in the United Kingdom regulations affecting Indian trade were the provision of **facilities, firstly, for** the finance of business in sterling with merchants resident in a country other than that for which goods were intended or from which they originated; and, secondly, **for** the finance of trade between two non-sterling area countries through sterling area intermediaries. The Bank of England also established a system of "transferable accounts " for **Belgium, Holland, Portugal and Brazil,** under which the monetary authorities in these countries nominated the sterling accounts of some of their banks as "transferable " and undertook that all transactions passing through these accounts would be limited to current payments. A step towards making sterling multilaterally convertible (preparatory to the **fulfilment** of the United Kingdom's commitment in this respect as from **15th** July, 1947) was **taken when the Bank of England** agreed to allow transfers to take place between the "transferable " accounts of Argentina, Canada, the United States sterling accounts **and** those of Belgium, Holland, Portugal and Brazil.

The signing of the Anglo-U.S. Loan Agreement in July 1946 and the establishment of the International Monetary Fund were among the year's developments having a significant bearing on the working of the

present exchange **control** system in India. The Foreign **Exchange** Regulation Act which **came** into force on **25th March, 1947**, conferred wide powers on the Central Government **and** the Reserve **Bank** in respect of **transactions** in foreign **exchange** and securities, import and export of bullion **and** **currency** notes. The new Act which supercedes the **Defence of India** Rules confers powers to restrict the freedom of **transfer** between India **and** other countries even in the sterling **area**, if **necessary**, though, through notifications issued by the Bank on **the** day the Act came into **operation**, retention of the **general** permission for **payments** within the **sterling area** had been announced.

Sanction for travel was given on 8 more **liberal scale**, though the limit **previously fixed** for business **travel** remained. Facilities for the grant of foreign **exchange** to students were increased and extended to students of **all ages** and not only to post-graduates taking **technical** or- scientific courses. A more **liberal allowance** for personal reasons was **also** found possible, the limit of **£75** per annum having, however, to be **maintained** for countries the supply of whose currencies was unduly **difficult**.

It was also found possible during the year to give **greater** facilities to travellers **to** and from Burma. Refugees returning from India to Burma were permitted to **take** out **jewellery** freely, and, in order to meet the needs of returning Indian **nationals** from Burma, the restriction on the exchange of Burma notes **was** removed, **and** the Reserve Bank undertook the **exchange** of the **Reserve Bank of India** Burma notes and B.M.A. notes-without limit. The **control** of **foreign-exchange** **was** taken over from the Reserve Bank by the Government of **Burma** from 1st April, 1947.

Consequent on India's membership of the Fund **and** the fixing of the **par** value of the rupee, sterling has ceased to be the sole determinant of the external **value** of the rupee. The Reserve Bank of India (Second Amendment) Act, 1947, passed by the Central Assembly in April 1947, repealed sections 40 **and** 41 of the Reserve **Bank** of India Act, **which** obliged the Bank to buy **and** sell sterling without limit **at** specified rates, and **replaced** them by 8 section which requires -the **Bank** to buy **and** sell foreign **exchange** at such rates and on such terms **as** the Central Government **may** determine from time to time in conformity with its **obligations** as 8 member of the Fund.

With the trend **towards relaxation** by various countries of the war-time controls over movements of bullion, the market in Bombay became sensitive in the early **Bullion Market.** **part** of the year to developments **in** the **important** bullion centres abroad, although the insistence by some of the principal sellers of bullion for **payment** in U.S. **dollars** exerted a restrictive influence on transactions: The movement of bullion prices which was till then upward reached a peak level in **May** 1946 exceeding

that in other centres ; but this was reversed temporarily in the first half of July 1946 with the partial restoration of commercial movements of bullion across national frontiers. During the two succeeding months of August and September, excepting for a temporary set-back following the announcement on 11 th August, 1946 of 8 50 per cent reduction in the import duty on gold and silver, prices again evinced a distinctly upward tendency on bull manipulations assisted on the one hand by the shortage of stocks relatively to demand and on the other by the raising of the U.S. Treasury's price from 71. 11 cents to 90½ cents for, domestic silver on 31st July, 1946. By mid-October a reactionary tendency had set in once more on large arrivals from abroad and on expectations of further large arrivals, assisted by a number of other factors including the terms of the new contract as revised by the Exchange authorities on 16th September, the announcement by the British Government of their decision to demonetise silver, and, the market's apprehensions of possible official action to check the prevailing speculation. These factors helped to bring down the Bombay silver price below the level ruling in other foreign centres by the end of November, and some of the principal foreign sellers consequently switched over from Bombay to other centres. With restricted supplies, the Bombay market once again resumed the bullish trend, which was later assisted by the higher prices at which London brokers were willing to sell as from December and the announcement by the Government of India of their decision to suspend with effect from 6th March, 1947 the issue of licences for private imports of bullion. Prices fluctuated widely both ways but the undertone of the market remained firm, the ready quotations of both silver and gold closing for the year higher than at the end of June 1946.

In the ready section, silver which had closed last year at Rs.172-2-0, declined to Rs.150-4-0 by 16th July, after which it moved up, with occasional reactions, recovering to Rs.172-14-0 by the end of September. Thereafter the rate tended to decline, touching Rs.127-0-0 on 29th November the lowest level for the year. Since December, the rate tended to move up and, despite temporary set-backs as in January 1947; the trend was upward, the rate reaching Rs.183-8-0 by 28th April. Thereafter it fluctuated between Rs.160-12-0 and Rs.180-10-0, closing for the year at Rs.173-12-0. During the early part of the year, gold followed the trend in silver, the ready rate declining to Rs.84-4-0, on 17th July. A recovery followed bringing the rate up to Rs.99-13-0 by 10th August. Thereafter, apart from a sharp fall during mid-August as an immediate reaction to the reduction in import duty, the rate remained firm with fluctuations confined to a comparatively narrow range up to the end of December when a further rise was noticed, the rate touching Rs.108-6-0 by 8th February. A sharp set-back during the latter half of February brought the rate down to Rs.95-6-0 on the 24th of that month but thereafter the market remained very firm and despite occasional set-backs, the rate moved up to successive high levels, and, after touching Rs.117-12-0 on 20th June; the highest on record, closed at Rs.113-8-0 on 30th June.

In the forward section, increased speculative activity resulted at times in unsettled conditions, calling for intervention on the part of the authorities of the Bombay Bullion Exchange. A continued tussle between the 'bulls' and the 'bears' led to the institution of legal proceedings in November 1946 and again in April 1947. Forward trading had to be suspended from 24th November to 8th December and it has again come to a standstill since 10th April, 1947 pending the formulation of a new contract. The question of regulating the bullion trade in the province has been taken up by the Bombay Government who have issued a questionnaire, inviting suggestions from persons and associations interested in bullion trade.

The main features of the loan operations of the Central Government during the year consisted of the issue of two new loans, the redemption of the $3\frac{1}{2}$ per cent undated Rupee Paper and the repayment of the 3 per cent Defence Bonds, 1946. The new loans including the conversion issues were generally well received with the exception of the $2\frac{1}{4}$ per cent Loan, 1954. The total borrowing, however, did not reach the target announced in the budget for 1946-47 owing mainly to changes in the market conditions.

On 1st August, 1946 the Central Government floated at par a new medium-dated loan for Rs.35 crores, bearing interest at $2\frac{1}{2}$ per cent per annum and repayable at par on 1st August, 1961; and on 5th August a special issue of Rs.20 crores of this loan was created. On 15th November Government floated another loan for Rs.35 crores at an issue price of Rs.99.8 for every Rs.100 nominal, carrying interest at $2\frac{1}{4}$ per cent and repayable at par on 15th November, 1954. As the loan was not fully subscribed, the balance remaining over the public subscription was taken up by Government and was subsequently sold on tap with effect from 27th November. The total amount raised during the accounting year through all new issues and sales of loans on tap was Rs.60.82 crores.

A chief event affecting the financial markets was the conversion operation in respect of the $3\frac{1}{2}$ per cent non-terminable loans (referred to in the previous year's report). Holders of these loans were offered facilities (from 15th August, 1946 to 14th October, 1946) for the conversion of their holdings into two loans namely, the 3 per cent Loan, 1986 or Later issued and repayable at par, and the $2\frac{3}{4}$ per cent Loan, 1976 issued at Rs.99 for every Rs.100 nominal and repayable at par. As against the total outstandings of Rs.272.90 crores on 31st May, 1946, the amount tendered for conversion into the 3 per cent Loan, 1986 or Later and the $2\frac{3}{4}$ per cent Loan, 1976 totalled Rs.247.27 crores and Rs.14.60 crores respectively. Of the balance of Rs.11.94 crores to be repaid in cash, the value of securities surrendered for repayment upto 36th June, 1947 came to Rs.4.35 crores. As a result of the conversion operations the saving to the Government of India by way of reduction in interest charges will be of the order of Rs.1.35 crores per annum.

The 3 per cent Defence Bonds, 1946 fell due for repayment on 1st August, 1946, and notice of redemption was given by the Central Government on 3rd July, 1946. Of the total outstanding of Rs.65.14 crores as on 31st July, 1946, Rs.63.83 crores were repaid upto 30th June, 1947, the balance outstanding on that date being Rs.1.31 crores.

On 2nd September, 1946 two provincial Governments, namely, Madras and the United Provinces, simultaneously floated medium-dated-loans of the face value of Rs.4 crores and Rs.2.50 crores respectively at a uniform issue price of Rs.100-8-0 for every Rs.100 nominal, bearing interest at Rs.2½ per cent per annum and repayable at par on 1st September, 1961. While the United Provinces Loan was over-subscribed, the Madras Loan (to which the provincial Government subscribed Rs.25 lakhs from the funds under its control) was fully subscribed only after the transfer of options from the United Provinces Loan and after a call on underwriters for the balance not covered by public subscription.

The transactions in respect, of the repatriation, of sterling stocks during the year related, as during the previous year, to the repayment of the repatriated stocks not surrendered earlier. The total amount thus repatriated during the year amounted to £3,337,602 against which rupee counterparts aggregating Rs.4,22,714 were created.

The scheme for the conversion of Promissory Notes into Stock Certificates and vice versa (both free of charge) introduced during 1942 continued to be in operation during the year. The amount of conversion and reconversion came respectively to Rs.38.72 crores and, Rs.22.95 crores during the year, while the aggregate figures for the entire period beginning with 1st March, 1942 upto the end of June 1947 amounted to Rs.356.62 crores and Rs.95.77 crores respectively. Institutional investors continued to avail themselves of the facility extended by the Bank since 1942 for holding their securities in Subsidiary General Ledger Accounts, and at the end of March 1947, 41.80 per cent of the total rupee debt was held in such Accounts.

Except for a comparatively, short period of boom in the early part of the year, the gilt-edged market ruled easy during the greater part of the year, steady conditions, however re-emerging towards the close. The Economic Adviser's index number of Government securities (1927-28 = 100) rose from 120.7 in June 1946 to 122.8 in August but thereafter almost continuously declined to a low of 117.4 in February, 1947 after which there was a slight rise, the index standing at 117.9 in May. The average for ten* months ended May 1947, however, ruled higher at 120.3 as compared with 119.0 for the eleven months of the corresponding period in the preceding year. As regards

* Index for March not compiled.

the pattern of yields at the end of the year, while these on short-dated securities were generally lower than at the close of the previous year, the yields on medium and long-dated issues were a shade higher, although it is significant that all loans gave a yield below 3 per cent.

The sharp rise which took place in the first four months of the financial year followed the budget proposals for 1946-47 (including the abolition of the E.P.T.). This was followed by the announcement of the redemption of the 3½ per cent Rupee Paper on 24th May, 1946, and the offer for conversion of the same into 3 per cent and 2½ per cent loans, maturing in 1966 or after and 1976 respectively, and the market became buoyant and continued to move upwards; prices reaching record levels between the latter half of July and the early part of August 1946. There was also the hiatus which occurred in Government's normal borrowing operations following the announcement of the conversion of 3½ per cent Rupee Paper, as until that operation had been concluded no large scale borrowing could be proceeded with. This pressure of money seeking investment, and the accommodation granted by a number of banks for speculative purposes tended to bring about a rise in security prices. This led to the expectation that a progressively cheaper money policy would be pursued which in its turn induced large scale speculative purchases made with a view to reaping capital gains. But from the second week of August onwards a decline set in, with the realisation that the levels of prices reached were such as Government might be unwilling or unable to sustain, and this trend was accelerated by such factors as the outbreak of communal disturbances in mid-August and the general uncertainty of the political situation which followed the disturbances. While this was the immediate cause of the decline the levels that security prices had attained were the result of a combination of inflationary factors and indicated a vulnerable position. Owing to the general lack of confidence engendered by the political situation, investment demand was lacking and there was some withdrawal of funds from banks necessitating the sale of securities by the latter to replenish the cash reserves. Although this lack of confidence was mainly the product of political developments and could not be counteracted actively through monetary factors, the Reserve Bank supported the market on a substantial scale to help maintain security prices and stabilise the banking and financial structure generally at levels which there was a reasonable prospect of holding. This produced a steadying influence on the money market and the banking system; and at the close of the year a better tone came to be in evidence.

The 3 per cent undated Rupee Paper, which had closed at Rs.105-0-0 on 29th June, 1946, moved up to Rs.106-10-0 on 25th July, 1946 but steadily declined thereafter to reach a low of Rs.100-8-0 by 17th February, 1947. It tended to improve thereafter, fluctuating between Rs.102-10-0 and Rs.101-4-0 and closing at Rs.101-14-0 on 30th June, 1947. The 3 per cent Conversion Loan of 1946 which replaced the 3½ per cent non-terminable loan reached the peak of

Rs.104-15 0 on 8th November, but declined thereafter until it came down to Rs 100-2-0 on 26th May, 1947. It steadied subsequently, dosing at Rs.101-2-0 at the end of June 1947.

In the terminable section the First Victory Loan, 1957, the 3 per cent First Development Loan, 1970-75 and the 2 per cent Funding Loan, 1966-68, after reaching Rs.105-12-0, Rs.106-15-0 and Rs.106-8-0 on 25th July, 24th July and 24th July respectively, came down to Rs.101-6-0, Rs.100-11-0 and Rs.100-11-0 on 20th February, 1947 but improved later, their closing quotations for the year being Rs.102-15-0, Rs.101-15-0 and Rs.102-2-0 respectively. Of the short-dated loans, the 2½ per cent Loan, 1&O, after rising from Rs.101-6-0 on 29th June, 1946, to Rs.101-15-0 during the middle of August, gradually declined to reach a low of Rs.100-10-0 on 18th February, 1947 but improved to Rs.100-12-0 by 25th, remaining at that level till the close of the year. On the whole provincial loans and rupee counterparts remained comparatively inactive.

The trend of the industrial share market corresponded generally with that, of the gilt-edged, though the extent of Industrial Share fluctuations in the former has been larger. The Market. Economic Adviser's general index number of prices of variable yield securities (1927-28 = 100) for the ten months ended, May 1947, averaged higher at 261·2 as compared with 233·4 for the eleven months of the corresponding, period of the previous year. But prices at the close of the year were much lower than those at the end of last year, the general index for May 1947 being 215·2 8s compared with 280·9 for June 1946, representing 8 decline of a little over 23 per cent. The range of decline in the case of individual groups varied from 3·9 per cent in the case of tea shares to 34·3 per cent in the case of iron and steel shares.

The boom in industrial shares which developed after the presentation of the Central Government budget at the end of February 1946 was accelerated during July and August. Expectations regarding further cheapening of money, prospects of higher dividends during the year and accumulation of surplus investible funds in the hands of the public contributed greatly towards the development of the bull movement which reached its peak in August, the Economic Adviser's general index soaring to 314·9 from 280·9 in June. By the middle of August, however, the upward trend was arrested and a mild decline set in as a result of profit-taking and was later followed by a violent break in September, following the outbreak of communal disturbances in several parts of the country, the Economic Adviser's index receding to 282·0 during this month. The decline was accentuated by other factors such as the widespread strike wave and the expectation that the Interim Government would pursue anti-inflationary and anti-profiteering policies. But for a mild rally in January 1947, the downward trend of the market continued steadily till the end of February, when with the announcement of the new taxation proposals in the budget

for 1947-48, share prices suffered a further heavy decline and the markets had to be closed for some time to prevent a likely debacle. The market trend, however, continued to be easy till the end of May; when share prices reached further low levels, the Economic Adviser's index for this month being 215.2 as compared with 280.9 for June 1946, though in June 1947 it appeared as if the market had turned and prices recorded an upward trend.

The group of fixed yield industrial securities moved in line with the general index, rising from 200.5 in June 1946 to 204.0 in August but receding thereafter to a low level of 171.5 in May 1947.

Conditions prevailing in the money market in India during the year under report reflect a return to the pre-war pattern of alternating slack and busy seasons, which was submerged during the war under a flood tide of money supply. The Inter-bank call money rate at Bombay was quoted at $\frac{1}{2}$ per cent at the end of last year eased to $\frac{1}{4}$ - $\frac{1}{2}$ per cent on 13th July, but with improved trade demand, increased activity on the stock exchanges and the desire of banks to maintain larger cash balances in view of the threatened strike of bank employees, the rate firmed up to $\frac{3}{4}$ - $\frac{1}{2}$ per cent on 21st August continuing at that level till November when it tended to ease. However, due to seasonal demand the rate steadied at $\frac{1}{2}$ per cent at which level it continued till the end of the year except for a brief period in March when it oscillated between $\frac{1}{4}$ and $\frac{1}{2}$ per cent. During the last three months of the year a larger supply of loanable funds was reported to be available but as the banks were following a cautious policy, there was no marked effect on the call money rate. The three and six months deposit rates which ruled at $\frac{3}{4}$ -1 and 1- $1\frac{1}{2}$ per cent respectively at the beginning of the year eased to $\frac{1}{2}$ - $\frac{3}{4}$ and $\frac{3}{4}$ -1 per cent respectively on 13th July, continuing at that level till September. On 7th September the three months rate firmed up to $\frac{3}{4}$ per cent and tended to rise thereafter by stages till March. First it rose to $\frac{3}{4}$ -1 per cent on 16th November, then to $\frac{3}{4}$ - $1\frac{1}{4}$ per cent on 1st February and reached the maximum for the year at 1- $1\frac{1}{2}$ per cent on the 14th. It continued at that level till 8th March when it declined to $\frac{1}{2}$ - $\frac{3}{4}$ per cent but again improved to $\frac{3}{4}$ -1 per cent on 29th March, closing at the same level at the end of the year. The six months rate on the other hand continued to be quoted at $\frac{3}{4}$ -1 per cent till 16th November and rose thereafter to 1- $1\frac{1}{4}$ per cent. It moved up to 1- $1\frac{1}{2}$ per cent on 21st December and to $1\frac{1}{4}$ - $1\frac{1}{2}$ per cent on 1st February continuing at that level till 8th March when it eased to $\frac{3}{4}$ -1 per cent. However from 29th March it improved to 1- $1\frac{1}{4}$ per cent and again to 1- $1\frac{1}{2}$ per cent on 17th May, remaining at that level till the close of the year. The 12 months rate ruled at $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent throughout the year under review.

During the year under review, 7 banks were included in the second schedule to the Reserve Bank of India Act while 3 Scheduled Banks, banks were excluded from the schedule of which 2 were amalgamated with other scheduled banks,

thus bringing the total number of scheduled banks at the end of the year to 97. (The names marked with an asterisk in the list of scheduled banks appended to this Report indicate the additions to the schedule during the year.) The usual inspection before inclusion was dispensed with in the case of one bank which appeared *prima facie* to satisfy the conditions laid down in Section 42(6) of the Reserve Bank of India Act. The other 6 banks were admitted to the &&&&&r, an investigation of their affairs. Applications from 15 banks were under consideration at the end of the year. After the establishment of a separate currency authority by Burma, under the provisions of the Reserve Bank of India (Amendment) Act, 1947, the names & the three Burma Scheduled Banks were removed from the list of scheduled banks.

The table, given below compares the position of scheduled banks on 28th June, 1946 and 27th June, 1947.

(In thousands of rupees)

	28th June 1946.	27th June 1947.	Difference + or -
1. Demand Liabilities in India..	7,08,85,56	6,67,25,69	- 41,59,87
2. Time Liabilities in India ..	3,11,48,04	3,46,44,56	+ 34,96,52
3. Cash in Hand in India ..	47,43,36	44,77,43	- 2,65,93
4. Balances with the Reserve Bank	1,03,64,91	97,74,08	- 5,90,83
5. Advances in India	3,54,49,60	4,13,64,60	+ 59,15,00
6. Bills discounted in India ..	19,84,36	15,16,16	- 4,68,20

Contrary to the trend noticed during the past few years, the total demand and time liabilities of the scheduled banks did not maintain their continuous upward trend throughout the year. From Rs.1,020 ● 34' crores on 28th June, 1946 they reached an all-time high of Rs.1,097 ·45 crores on 22nd November, 1946 but receded thereafter and stood at Rs.1,013 ·70 crores on 27th June, 1947. The proportion of demand to total liabilities fell further from 69·47 per cent on 28th June, 1946 to 65·82 per cent on 27th June, 1947. Time liabilities increased by Rs.34·97 ● crore & over the previous year's figure indicating gradual progress towards the pre-war pattern of bank deposits. This partly explains the decline in the scheduled banks' cash in hand which has fallen from Rs.47 ● 43 crores on 28th June, 1946 to Rs.44 ·77 crores on 27th June, 1947. The balances maintained by scheduled banks with the Reserve Bank at the end of the & counting year were also lower at Rs.97·74 crores compared with Rs.103·65 crores at the end of the previous year, the excess over the statutory minimum falling from Rs.61·98 . crores to Rs.57·45 crores. Advances rose further from Rs.354 ·50 crores on 28th June, 1946 to Rs.413 ·65 crores on 27th June, 1947. The increase in the volume of advances was mainly due to expansion of the internal and external trade of India consequent on the relaxation for a while of trade controls. The proportion of advances and bills discounted to total liabilities improved.

further from 36·69 per cent on 28th. June, 1946: to 42·30 per cent on 27th June, 1947.

During the year under review, 25 banks including 2 cooperative banks approached the Reserve Bank of India for financial accommodation, the total amount of loans granted to these banks being Rs. 2,994·10 lakhs as compared with Rs. 330·96 lakhs advanced to twelve banks during the previous year.

The total number of offices of the scheduled banks including head offices, branches, pay offices, etc. rose further from 3,145† on 30th June, 1946 to 3,566* on 30th June, 1947, an increase of 421* against 430† in the previous year. The banks newly in & d in the schedule accounted for an addition of 78 offices. Sixty-seven new offices were opened at places which were not previously served either by a scheduled or a non-scheduled bank with capital and reserves of over Rs. 50,000.

The total number of non-scheduled banking companies registered and working in India and submitting returns under Section 277L of the Indian Companies Act was 659 at the end, of 1946 as compared with 631 at the end of 1945. Their total demand and time liabilities increased from Rs. 67·31 crores at the end of 1945 to Rs. 78·44 crores at the end of 1946, the ratio of cash to total demand and time liabilities declining from 12·0 per cent to 8·4 per cent.

During the course of the year, two non-scheduled banks were included in the list of banks approved for concession rates for remittances under Appendix III of the Reserve Bank's Scheme of Remittance Facilities introduced in October 1940. Two banks were excluded from the list as they were admitted to the second schedule to the Reserve Bank of India Act and thus became eligible for better remittance facilities. One bank was deleted from the list as it ceased to carry on banking business in British India while the names of three Burma banks were removed from it as the remittance facilities between India and Burma were withdrawn from 1st April, 1947. The total number of non-scheduled banks and indigenous bankers in this list, was 78 and 5 respectively at the end of the year as compared with 82 and 5 respectively at the end of the last year.

The additional facility of opening accounts with the Reserve Bank of India, afforded to the non-scheduled banks with effect from 15th February, 1945, was continued during the year under report and applications of 6 non-scheduled banks and 2 co-operative banks were received, during the year for opening accounts as against 13 last year. Two applications from the co-operative banks were accepted. Of the remaining, 4 were rejected and 2 were pending final disposal at the end of the year.

* Provisional.

† Revised.

As the Government of Burma established an independent Burma currency to be managed by a Currency Board from 1st April, 1947 and the Reserve Bank of India was relieved of its obligations under the India and Burma (Burma Monetary Arrangements) Order 1937, the existing remittance facilities between India and Burma under the Reserve Bank Scheme introduced in October 1940 were withdrawn with effect from 1st April, 1947.

The combined issue of the Statistical Tables relating to Banks in India and Burma covering the years 1944 and 1945 was published during the year under review. The work of compiling the issue for the year 1946 is in progress.

The balance sheet of the Bank as on 30th June, 1947, together with the profit and loss account, has been supplied separately to the shareholders. To facilitate comparison, the profit and loss account figures for the preceding two years have also been incorporated.

The continuous and marked increase in the total of the balance sheet of the Issue Department, witnessed since the outbreak of the war, was replaced during the year by a moderate rise, the balance sheet total having increased only by Rs.11 • 23 crores to Rs.1,265.31 crores at the end of the year under review or by 0.90 per cent compared with 22 per cent and 8.9 per cent during the years 1944-45 and 1945-46 respectively.

On the liabilities' side, notes in circulation stood at Rs.1,223.55 crores showing a decrease of Rs.13.32 crores, in contrast with an increase of Rs.99.40 crores during the previous accounting year. The amount of notes in circulation fell from Rs.1,236.87 crores on 30th June, 1946 to Rs.1,187.85 crores on 27th September, 1946 owing mainly to the advent of the slack season and thereafter remained more or less steady round about Rs.1,200 crores till the end of November 1946. As the busy season started, they rose again from December 1946 reaching Rs.1,244.68 crores on 14th March, 1947 but declined subsequently.

On the assets side, "Gold coin and bullion" continued unchanged at Rs.44.42 crores at the statutory rate of valuation, namely, Rs.21.3-10 per tola. Contrary to the trend noticed since the beginning of the war the sterling securities did not register any increase but remained steady at Rs.1,135.33 crores throughout the year under review. The percentage of gold and sterling securities to total notes issued fell to 93.24 as against 94.07 at the close of the previous year. "Rupee coin" which includes Government of India one rupee notes increased from Rs.16.50 crores as at 30th June, 1946 to Rs.27.73 crores at the end of June 1947. The Bank received from the Central Government Rs.5 crores of "Rupee coin" during the year in terms of sub-section (2) of section 36 of the Reserve Bank of India Act. "Rupee securities"

remained practically unchanged at Rs.57.84 crores throughout the accounting year under review,

The total of the balance sheet of the Banking Department fell from Rs.617.94 crores as at 30th June, 1946 to Rs.548.41 crores on 30th June, 1947 or by 11.25 per cent as against an increase of 45.09 per cent during the previous accounting year. This fall in the total of the balance sheet is mainly due to a decrease in "Central Government deposits" on the liabilities side and in "Balances held abroad" on the assets side.

The deposits of the Central Government fell by Rs.66.73 crores to Rs.390.70 crores. With the introduction of a separate currency for Burma from 1st April, 1947 the item showing the deposits of the Government of Burma ceased to appear on the liabilities side of the balance sheet. The deposits of banks fluctuated widely between Rs.111.96 crores for the week ended 5th July, 1946 and Rs.68.01 crores for the week ended 7th February, 1947 and stood at Rs.88.91 crores at the end of the accounting year. Apart from the seasonal factor, unsettled political and economic conditions in the country seem to account for the fluctuations in the deposits. The improvement noticed latterly however, has partly arisen from the refund of the E.P.T. deposits and partly from the support extended to the market by the Reserve Bank. On the assets side, "Balances held abroad" fell by Rs.128.25 crores from Rs.559.07 crores to Rs.430.82 crores partly in response to the demand for funds for financing imports. Investments, however, rose by Rs.36.15 crores from Rs.30.79 crores to Rs.66.94 crores.

The activities of the Agricultural Credit Department received the careful attention of the Board throughout the year. The Department continued to study the problems connected with the co-operative movement, land mortgage banks, debt legislation, regulation of money lending, warehouse legislation, etc., with particular reference to the post-war period; The services of the Department were, as in the previous years, utilised by co-operative banks, Registrars of co-operative societies and Governments.

To encourage co-operative banks to make greater use of the facilities offered under our scheme of "Rediscounts for and Advances to Provincial Co-operative Banks" the rebate in the rate of interest was increased from 1 per cent to 1½ per cent in case of accommodation against bills or promissory notes drawn for financing seasonal agricultural operations or marketing of crops.

In response to a resolution passed by the Sixth All-India Co-operative Conference held at Lucknow in April 1946, we extended, in consultation with the Government of India and the Imperial Bank

of India, the remittance facilities available to co-operative banks and societies in British India to similar institutions in Indian States also.

The Chief Officer of the Agricultural Credit Department was appointed as a member of the Agricultural Credit Organisation Committee set up by the Government of Bombay. He also attended the Fifteenth Registrar & Conference and the Seventh All-India Co-operative Conference held at Madras in May 1947.

Two provincial co-operative banks were sanctioned credit limits against bills or promissory notes drawn for financing seasonal agricultural operations or marketing of crops at a special concession rate of 1½ per cent below the Bank Rate. One of them was also granted accommodation against Government securities at the Bank Rate.

The Department of Banking Operations continued to deal with all problems relating to scheduled and non-scheduled banks and to keep a close watch over their affairs. Among the more important activities of the Department may be mentioned the inspection of banks on behalf of the Central Government, the examination of their applications in terms of the Banking Companies, (Restriction of Branches) Act, 1946, the examination of applications for issue of capital forwarded by Government for the Reserve Bank's opinion and in general the tendering of advice on banking and financial matters to banks and Governments. A brief account of the more important work done by the Department is given in the subsequent paragraphs.

With a view to decentralising the work of the Department and to cope efficiently with the heavy programme of bank inspections, a permanent branch of the Department of Banking Operations was established at Calcutta with effect from 1st October, 1946. It is also proposed to establish shortly branches at Bombay, Madras and Delhi.

It was mentioned in the last year's Report that the Central Legislative Assembly adopted a motion on 11th April; Banking Legislation, 1946 for reference of the Banking Companies Bill, 1946, to a Select Committee. Owing to constitutional changes, the Committee could not meet until 21st November, 1946. During its earlier sittings between 21st and 29th November, 1946, the Committee examined 17 witnesses most of whom represented interests connected with Indian banking. The Committee met again on 13th January, 1947 and, practically concluded its deliberations by 20th January, 1947. The final meeting was held on 8th February, 1947 when the Committee signed its report which was presented to the Legislative Assembly by the Honourable Finance Member on 17th February, 1947. Owing, however, to the very heavy legislative programme, the Bill could not be taken up for final consideration during the Budget Session of the Assembly. The changes made by the Select Committee in the Bill have been explained at length in the Bank's Report on Currency and Finance.

Pending the enactment of the Banking Companies (Restriction of Branches) Act, 1946, the Banking Companies (Restriction of Branches) Act, 1946 was passed as an interim measure for controlling branch-banking. As stated above, the Select Committee on the Banking Companies Bill could not meet until 21st November, 1946 and in the meantime it was observed that a number of banks were opening branches, mostly at places where adequate banking facilities were already available; and were thus forestalling the provisions of the Bill relating to the control over branch-banking. In several cases it was found that the new branches worked to the detriment of the interests of the depositors by incurring heavy capitalised expenditure out of proportion to the resources of the banker, payment of high rates of interest on deposits, indulging in speculative activities to make up for the high cost, employment of untrained managers, etc. As these developments were fraught with danger to the banking structure of the country, the Central Government introduced a Bill on 4th November, 1946 to restrict the opening and the change of location of branches of banking companies. The Bill, which is based on clause 18(6) of the Banking Companies Bill, 1946, received the assent of the Governor-General on 22nd November, 1946 and became operative from that date.

Since the commencement of the Banking Companies (Restriction of Branches) Act, 1946, the Reserve Bank of India have disposed off 137 applications of which 67 were for opening 143 branches and 70 for changing the location of 84 existing branches. Licences have been granted to open 85 branches out of the 143 branches applied for and for changing the location of 79 branches out of the 84 branches in respect of which permission was sought.

Prior to the promulgation of the Banking companies (Inspection) Ordinance, 1946, the inspections of banks by the Reserve Bank were confined to those carried out under Section 42(6) of the Reserve Bank of India Act with the object of testing the eligibility of banks for inclusion or retention in the Second Schedule to the Reserve Bank of India Act. The scope of an inspection under the Banking Companies (Inspection) Ordinance, 1946, is much wider, covering as it does not only a quantitative assessment of a bank's paid-up capital and reserves, but also a qualitative assessment of its management, policy and methods of business from the point of view of the depositors' interests. It was therefore decided during the year that all inspections of banks incorporated in British India, including those for the purpose of testing the eligibility of banks for inclusion or retention in the Second Schedule to the Reserve Bank of India Act, should be carried out under the Ordinance. The Ordinance does not, however, apply to banking companies incorporated outside British India, and the inspection of such banks can only be carried out under Section 42(6) of the Reserve Bank of India Act.

During the year, 19 banks were inspected under the Ordinance, and 4 under Section 42(6) of the Reserve Bank of India Act. The inspection of one bank was in progress at the end of the year, under review. Reports on 9 out of the 19 banks inspected under the Ordinance were forwarded to Government. Action in terms of the Ordinance was taken against two banks : one was prohibited from accepting fresh deposits at any of its b&es, branches and agencies with effect from 13th January, 1947, while the other was refused admission to the Second Schedule. In the case of two banks, no action under the Ordinance was considered necessary as their affairs were found to be in order. The inspection reports on the remaining banks were under the consideration of Government at the end of the year, under review.

The control of capital issues originally promulgated on 17th May, 1943 under Rule '94-A of the Defence of India Rules was continued during the year, first under the Emergency Provisions (Continuance) Ordinance, 1946, from 1st October, 1946 to 24th March, 1947, then under a special ordinance till 19th April, 1947 and finally under the Capital Issues (Continuance of Control) Act, 1947, which became effective from 19th April, 1947, and which is to remain in force for a period of three years. Originally intended as an anti-inflationary measure, the control is now sought to be exercised with a view to securing 'a balanced investment of the country's resources in industry, agriculture and the social services'.

During the eleven-months ending with May 1947; sanction was given to 612 companies for an 'issue' of Rs.355.15 crores, the total number of companies permitted to issue capital and the amount sanctioned since the inception of the control in May 1943 being 5,046 and Rs.681.26 crores respectively. The following table gives the group-wise distribution of consents.

(In crores of rupees)

Classification	Number of Companies	Amount allowed in Rs.
Industrial	2,528	408.12
Agricultural	353	26.33
Financial	723	107.24
Trade and Transport*	1,090	111.88
Other Services	352	27.69
Total Non-Industrial	2,518	273.14
Grand Total (Industrial, and Non-Industrial)	5,046	681.26

The Government of **India continued** to forward to the Reserve Bank of India, for opinion, applications received from the **existing, as well as proposed banking and insurance companies for issue of capital.** Since the inception of the control, opinion has been furnished on **1,310** applications of which 1,017 related to banking and **293** to insurance companies.

Consequent upon the departure in August 1946 to America of Mr. **J. V. Joshi, O.B.E.**, Economic Adviser to the **Department of Research and Statistics.** Reserve Bank of India, to take up his new appointment as an Executive Director of the International Monetary Fund, Mr. B. R. Shenoy, Director of Rural Economies, was appointed Director-in-Charge of the 'Department and **continued** to discharge his duties in that capacity in addition to his duties as Director of Rural & Economics.

Dr. B. K. **Madan**, whose services had been placed on deputation with the Government of **India** as Deputy Secretary to the Tariff Board from 15th December, 1945 relinquished that office on his appointment as Alternate Executive Director of the **International Monetary Fund**, and left **for** America in August to take up the new appointment.

The Department of Research and Statistics commended publication from January 1947 of a monthly economic and financial journal entitled "The Reserve Bank of India **Bulletin**".

The Division of Monetary Research issued early in January 1947 the "Statistical Tables relating to Banks in India and Burma for the years 1944 and 1945." The work in connection with the "Tables" for the year 1946 has been taken up, and proposals to revise the "Tables" so as to further **improve** its **utility** to the public are being considered. The results of the **first** survey of **ownership** of the **demand** deposits of scheduled banks referred to in the last year's report, were published in the form of an article in the February 1947 issue of the Bank's monthly bulletin. A **second** survey has since been undertaken. Studies made by the Division during the year include (i) Regulation of the Stock Exchanges in India, (ii) **New Capital Issues** in India, (iii) Cheap Money Policy, (iv) Exchange Revaluation by Canada and Sweden, (v) Exchange Stabilisation Funds, (vi) The Exchange value of the Rupee, (vii) Anti-Inflationary Measures **in** European Countries, (viii) **Nationalisation** of the Reserve Bank of India and (ix) Full Employment. Some of these have also been published in the Bank's monthly bulletin. In order to **comply** with the request of the International Monetary Fund for information relating to India's balance of Payments and International Investment position etc., under Article VIII (Section 5) of the Articles of Agreement of the '**Fund**', as **also** to perfect our own knowledge of the country's balance of payments position, a beginning has been made in the Division of Monetary Research to **organise** the collection, analysis and **study** of the data

relating to the country's Balance of Trade, the invisible items in its **International Accounts, etc.** As, apart from statistics relating to Balance of Trade, no accurate estimates are available in regard to the invisible items entering into the 'Balance of Payments Statistics; a practical start has to be made in the fundamentals of organisation and conduct of surveys for collection of information on the various items involved. In order to be equipped with the knowledge of the latest methods and technique adopted in foreign countries in the compilation and study of International Accounts, two of our officers, the officiating Director of Monetary Research and the Statistician, have been **deputed** to the United States of America, so that on return they may initiate and conduct the necessary surveys for drawing up reliable estimates for the several items comprising India's Balance of Payments. The Division also continued to carry on its-routine duties of preparing the various Reports in addition to its share of the work in producing the monthly bulletin.

The Division of Statistics continued to compile the Bank's monthly Statistical Summary upto November 1946. Thereafter with the amalgamation of the publication in a much enlarged form with the newly started Reserve Bank of India' Bulletin in January 1947, the Division has been responsible for compiling the statistical portion of the Bulletin. Checking of the yield sheets; preparing a quarterly note on the, war-time changes in industrial share values and supplying statistical data to other departments, of the Bank and Government constitute the rest of the routine work of the division. Among the Index Number schemes undertaken by the Division that regarding wholesale prices has been finalised. Arrangements have been made to get about 300 quotations regularly every month. In this connection the Division had to contact the Central and Provincial governments as well as certain Chambers of Commerce to acquaint them with the work undertaken by us and to secure their co-operation. The preliminary work in connection with the construction of Index Numbers of Security Prices and Industrial Production has also been completed. As regards the Index Number of Industrial Profits about 5,500 balance sheets of companies have so far been received and their analysis will be taken up shortly. At the instance of the Government of India the Division undertook the analysis of over 1½ lakhs of declaration forms tendered by the public for exchanging demonetised high denomination notes. All the forms received upto December 1946 have been analysed with the aid of the punch card system and summary tables have been supplied to Government. A part of the information has also been published in the **report** on Currency and Finance for the year 1946-47. The Division also attempted an enquiry into the family budgets of the Bank employees. But as the returns were called for on a voluntary basis the response was very poor and even among the returns received many proved to, be, fictitious. Attempts are also being made to investigate into the applicability of sampling methods in the field of Bank inspection. The studies made by the Division during the year were

(1) classification of scheduled banks as per balance sheet pattern; (2) War-time variation of **commodity** prices ; (3) life of one rupee notes and (4) sampling method for estimating the rural indebtedness of the Bombay Province. The Director was deputed to attend the Indian Agricultural Economic Conference and the Indian Science Congress. The Statistician was deputed to attend the joint session of the Indian Academy of Sciences and National Academy of Sciences.

The Division of Rural Economics, is now engaged, among other things, in the preliminary work of sampling preparatory to embarking upon a survey of rural indebtedness in the Bombay Province on the basis of the information contained in the documents presented to the Debt Adjustment Boards or to the Civil Courts which, by a recent legislation, have been directed to take over the work of scaling down agricultural debt originally entrusted to these Boards.- In this connection, the Director of Rural Economics, along with an officer of the Division, visited the Debt Adjustment Board at Pandharpur with a view to gaining an idea of the dimensions of the task and also to obtain first-hand information about the working of the Boards. This was followed by the collection, of certain essential basic data for sampling, by our own men who were deputed for the purpose to some of the existing, Boards, one Board each being selected from the several economically homogenous regions into which the province was divided. This data is now being subjected to the necessary statistical analysis for sampling by the statistician attached to the Division. The Division has also under active contemplation the question of associating with the Gokhale Institute of Politics and Economics in the socio-economic survey, of the Bombay-Deccan. which the Institute. has undertaken and also of conducting on its' own (i) a survey of agricultural costs in a selected village and (ii) a comprehensive and thorough rural credit survey of a suitable taluka in the Bombay Province. In view of the inherent difficulties of the task, the cost survey would be in the nature of an experimental measure ; the object of the rural credit survey is a critical review of the origin, growth and the present position of the co-operative movement in the background, of the actual needs of the rural community and the alternative sources of credit. The Division has undertaken the preparation of the Review: of the Co-operative Movement in India for 1945-46. The work on this is being given priority to enable its early publication. The Division has been occupied besides. with the preparation of studies on several subjects of importance to the rural economy such as the marketing of agricultural products,, rural insurance, war-time developments in the agricultural economy and agricultural co-operation, post-war plans of provincial governments, rural indebtedness, problems of rural credit,, and the world food shortage. Among the studies completed in the Division may be mentioned a note on "Some Financial Aspects of the Stabilisation of Agricultural Prices in India" which deals with the relevant recommendations of the Prices Sub-Committee of the Policy Committee on Agriculture; Forestry and Fisheries.

The Director of Rural Economics attended the meetings of (i) the Marketing *Sub-Committee, one held at Delhi on 10th and 11th July, 1946 and the other at Simla on 4th to 7th September ; (ii) the Trade Policy Committee held at Delhi on 19th and 20th September 1946 ; (iii) the Seventh Annual Conference of the Indian Society of Agricultural Economics and (iv) the 29th Session of Indian Economic Conference, both held at Karachi towards the close of the year 1946 ; (v) the All-India Co-operative Conference held at Madras on 10th and 11th May, 1947 and (vi) the Fifteenth Registrars Conference held at Madras from 12th to 14th May, 1947.

The sterling assets of the Reserve Bank registered a decline by **Rs.128.25** crores during the accounting year as against **Sterling assets.** a net increase of **Rs.271.93** crores in the previous **twelve months.** This reversal of the rising trend which was in evidence for some years, was partly brought about by the disappearance of factors such as Government's war expenditure and purchases of stores on account of Allied Governments, and partly by larger imports particularly of foodgrains and fertilisers, stores and equipment on Government account. This also presumably reflects, as stated by the Finance Member in his budget speech for 1947-48, some repatriation of British capital from India. The total holdings in the Issue and Banking Departments as on 30th June, 1947 amounted to, 21,174.61 million or **Rs.1,566.15** crores, which are maintained in the form of cash and investments in short-term British Government securities renewed from time to time. The sterling balances constitute about the entire foreign exchange reserve of this country, accumulated at the cost of great hardship and sacrifice borne by India, in order to assist the United Kingdom and her allies during the war, in addition to what was considered her own fair share of the war effort. India looks forward to an early settlement of these balances on which she depends for the purchase of capital equipment required for her development schemes and for meeting any deficit in her balance of payments. In pursuance of the assurance given by the Finance Member in the Legislative Assembly that the negotiations for the settlement of the sterling balances would be started as early as possible, and the commitment of the United Kingdom to an early settlement, preliminary talks of an exploratory nature were conducted between the officers of the Finance Department and the Reserve Bank on the one hand and those of the British Treasury and the Bank of England on the other. These discussions were to have taken place on a more formal basis in June but had to be postponed in view of constitutional developments.

The Government of India's position vis-a-vis the Empire Dollar Pool and the Post-war Dollar Fund, and certain aspects of the import policy of the Government were **Empire Dollar Pool.** *explained in a communique issued by Government on 7th October, 1946. Since the beginning of the war upto 31st March, 1946 India earned dollars aggregating **Rs. 405 crores,** while she spent during the same period **Rs.240** crores, leaving

a net surplus of **Rs.114** crores, after taking into account Rs.51 crores representing the excess of total expenditure over earnings in other hard currency countries, viz., Canada, Sweden, Switzerland and Portugal. Taking into account the unfavourable balance with hard currency countries to the extent of Rs. 22 crores during the period April 1946 to March 1947, India's net earnings of the currencies of these countries during the period September 1939 to March 1947 amounted to **Rs.92** crores. With the altered conditions brought about by the termination of the war, Government have also modified their import and exchange control policies introducing a measure of flexibility in the administration of these controls, in order that currency considerations may not hinder the procurement of capital equipment required, for the economic development of the country:

In view of **India's** large contribution to the Empire Dollar Pool and her willingness to agree to give reciprocal aid to the United States, a separate Fund known as the 'Post-war Dollar Fund' was set up, to which a sum of \$20 million, was credited for the year 1943-44 representing a percentage of India's dollar earnings on trade account in that year and a similar sum was credited for the subsequent year on the same basis. This contribution was to be utilised after the conclusion of hostilities with Japan for re-stocking and capital expenditure in the United States. The extent of India's purchases was not limited by the amount in the Fund, for she had the right to draw on the Pool for all capital goods the import of which was considered legitimate. As against the total amount in the Fund of \$40 million, liabilities were entered into in excess of the amount; the actual sum expended upto 30th August, 1946, however, was only \$3 million.

In the course of his budget speech for 1947-48 the Finance Member stated that the termination of the Empire Dollar Pool was indissolubly linked to the over-all final settlement of the issue of sterling balances; the question of dissolution of the Pool formed a part of the negotiations with the British delegation for the settlement of sterling balances.

The period under review witnessed the commencement of operations of the International Monetary Fund and the International Bank for Reconstruction and Development. With the fixation of 25th June, 1946 as the date for the formal commencement of the operations of the International Bank, the first 2 per cent of the subscriptions of each member became payable by 24th August, 1946. The third Interim Report of the Select Committee of the Central Legislative Assembly on **Bretton Woods** submitted on 29th July, 1946 recommended the payment of that portion of the subscription without the payment of which India would commit default to the Bank but left the question of India's membership of the Fund and the Bank to be decided by the Legislative Assembly,

The International Monetary Fund and the International Bank for Reconstruction and Development.

and, in October 1946, the Assembly; while approving the payment of India's subscription to the Bank, approved also the continued membership of the Fund and the Bank. During the year, 20 per cent of India's subscription to the Bank amounting to \$ 80 million was paid, the first instalment of 2 per cent being in U.S. dollars and the rest in rupee.

In September 1946, the members of the International Monetary Fund were notified to communicate to the Fund, within thirty days, the par value of their currencies expressed in gold or U.S. dollars and based on the rates of exchange that prevailed sixty days before the Fund Agreement came into effect. The Government of India invited proposals and comments on the appropriate rate for the rupee from interested bodies and persons, and finally decided that the existing par value which works out to Rs.330 • 852 per \$100 or 4.145142857 grains of fine gold per rupee should be maintained.

On 18th December, 1946, the schedule of par values of the currencies of member countries was announced by the Fund. India was called upon to pay its subscription of \$400 million by 1st March, 1947. Under the rules of the Fund, the gold subscription had either to be 25 percent of a country's quota or 10 per cent of its net official holdings of gold and U.S. dollars, whichever was less. As the latter was the lower figure in India's case, gold to this value was transferred to the Fund. Of the rupee subscription, a certain amount was credited to the Fund's account with the Reserve Bank, the balance being issued in the form of non-negotiable, non-interest-bearing promissory notes convertible on demand into rupees by crediting the par value to the Fund's account. On receiving the members' subscriptions, the Fund announced its readiness to commence operations from 1st March, 1947.

The last two years following the termination of hostilities have seen the nations of the world bending their energies towards stabilising their internal economies with varying degrees of success; and the major problem of harmonising the claims of individual nations with the demands of an international economic order is being tackled both through the negotiations now going on at Geneva for evolving an International Trade Organisation and through the commencement of operations of the two Bretton Woods institutions at Washington, the latter being an important step in the direction of organising international co-operation in the financial sphere. As regards the discussions relating to problems of trade, there have been developments which make one less optimistic now than when discussions were first mooted on the basis of the draft Trade Charter prepared by the United States and, again, when at the first session of the Preparatory Committee in London in October 1946, at the instance of some of the less developed countries a new chapter was added to the original draft proposals suggesting that the industrial development of backward countries is one of the aims of the International Trade Organisation. While these discussions on the Trade

Charter and negotiations for **tariff** reductions are still taking **place**, the actual **developments** in a number of countries outside the U.S.A. in respect of **their** foreign exchange holdings, and the holding **of** dollars in **particular**, have necessitated resort to import and trade controls of a restrictive-character contrary to the spirit and aims of the international **Trade** Charter which seeks to maxi&se international exchange and improve the standards of **living** in the various countries. **Internally**, in most countries, the post-war. years did not **bring** about the much dreaded price recession following the termination of war-time public expenditure ; and inflationary conditions have come to prevail, prices in many countries uptrending in the wake of short supplies of many **goods** relative to demand and the utter confusion into which the ravages **of** war on the **one** side and the post-war **labour** problems on the other have thrown the machinery of production. Rising costs have also prevented the supply side from responding- to the heeds of demand. These various difficulties, common in different degrees to most countries, have been present in an acute form **in** our own-country. This condition is the o&come of the utter **disorganisation** in the **country's** **economy** which, though not subject to the actual ravages of war, has suffered **no** less under the strain of having-to provide a volume of real wealth in the form of **war** supplies out of proportion to the country's ability and the already low levels of production and living standards. The legacy of inflation which this has left behind has derived further stimulus from the rising price levels in the other countries abroad and has raised many challenging problems of wage stabilisation, food supplies, price controls, controls over exports, imports **and** speculation, all of which vie with each other in demanding urgent solutions, which still remain to be found. Super-imposed on this is the experience of the many months of anxious communal strife; and the dislocation which followed these disturbances in the country's normal economic **activity**. The recent constitutional and political developments have added-further to the many uncertainties in the' situation and rendered the problem of re-conversion and the building up of the country's economy less easy of accomplishment. **But** for the hope that a speedy resolution of the constitutional problem might leave Government strong and ready to deal with urgent problems urgently, the economic situation remains bleak and more full of problems challenging solution than **was** the case ever, even during the anxious years of war.

The most urgent and serious problem that will claim the attention of the two States as soon **as** they settle down to the real job of governance **is** that of the all-pervading corruption that is destroying the vitals **of** public life generally and the administrative machine in particular. Unless its corrosive influence is countered rapidly and relentlessly, controls will deteriorate progressively into handicapping **the** **poor** and law-abiding members of the **community**, and all talk of a planned development will have to be abandoned. Another problem, equally clamant, is that of increasing agricultural and industrial production, particularly that of food in order to arrest the progress

of inflation characterised by wages and prices chasing each other. Indeed, the augmentation of the produce of the country's food crops by an adequate extent would seem to be the indispensable condition for its survival as a solvent unit. "If the cost of living is not reduced to a reasonable figure and if further deterioration in the economic condition of the middle class and the other poorer sections of society with fixed incomes is not stopped, any kind of planned industrialisation will prove impossible of achievement. There seems little doubt now that the severity of the last budget is defeating its own purpose and is hindering the formation of capital for productive purposes. Unless correctives are applied without delay, there is a danger of the very foundations of society and the economic life of the country being undermined by deepening penury and despair.

By Order of the
Central Board* of Directors,

C. D. DESHMUKH,

Governor;

APPENDIX.

Scheduled Banks.

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| <ol style="list-style-type: none"> 1. Ajodhia Bank. 2. Allahabad Bank. 3. American Express Co. Inc. 4. Andhra Bank. 5. Associated Banking Corporation of India. 6.* Australasia Bank. 7. Banco Nacional Ultramarino. 8. Bank of Assam. 9. Bank of Baroda. 10. Bank of Behar. 11. Bank of Bikaner. 12. Bank of China. 13. Bank of Commerce. 14. Bank of Communications. 15. Bank of Hindustan. 16. Bank of India. 17. Bank of Jaipur. 18. Bank of Maharashtra. 19. Bank of Mysore. 20. Bank of Nagpur. 21.* Bankers' Union. 22. Bareilly Corporation (Bank). 23. Bengal Central Bank. 24. Bharat Bank. 25.* Bharatha Lakshmi Bank. 26. Calcutta Commercial Bank. 27. Calcutta National Bank. 28. Canara Bank. 29. Canara Banking Corporation. 30. Canara Industrial and Banking Syndicate. 31. Central Bank of India. 32. Chartered Bank of India, Australia and China. 33. Comilla Banking Corporation. 34. Comilla Union Bank. 35. Comptoir National D'Escompte de Paris. 36. Devkarani Nanjee Banking Co. 37. Dinajpur Bank. 38. Discount Bank of India. 39. Eastern Bank. 40. Exchange Bank of India & Africa. 41. Gadodia Bank. 42. Grindlays Bank. 43. Habib Bank. 44. Hind Bank. 45. Hindustan Commercial Bank. 46. Hindusthan Mercantile Bank. 47. Hongkong & Shanghai Banking Corporation. | <ol style="list-style-type: none"> 48. Hooghly Bank. 49. Imperial Bank of India. 50. Indian Bank. 51. Indian Overseas Bank. 52. Indo-Commercial Bank. 53. Indo-Mercantile Bank. 54. Industrial Bank of Western India. 55. Jodhpur Commercial Bank. 56. Jwala Bank. 67. Karnani Industrial Bank. 68. Kumbakonam Bank. 59. Laxmi Bank. 60.* Lakshmi Commercial Bank. 61. Lloyds Bank. 62. Mahaluxmi Bank. 63. Mercantile Bank of India. 64. Nadar Bank. 65. Narang Bank of India. 66. Nath Bank. 67. National Bank of India. 68. National Bank of Lahore. 69. National City Bank of New York. 70. National Savings Bank. 71. Nedungadi Bank. 72. Netherlands India Commercial Bank N.V. 73. Netherlands Trading Society. 74. New Bank of India. 75. New Citizen Bank of India. 76. Noakhali Union Bank. 77. Oriental Bank of Commerce. 78. Oudh Commercial Bank. 79. Palai Central Bank. 80. Pioneer Bank. 81. Prabhat Bank. 82. Pratap Bank. 83.* Presidency Industrial Bank. 84. Punjab & Sind Bank. 85. Punjab Co-operative Bank. 86. Punjab National Bank. 87. Southern Bank. 88. South India Bank. 89.* South Indian Bank. 90. Tanjore Permanent Fund. 91. Traders' Bank. 92.* Travancore Bank. 93. Tripura Modern Bank. 94. Union Bank of India. 96. United Commercial Bank. 96. United Industrial Bank. 97. Universal Bank of India. |
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* Included in the Second Schedule during the year ended June 1947.

The Times of India Press, Bombay.