

FOREWORD

The Reserve Bank of India regularly brings out the Report on Currency and Finance, which was traditionally considered as a comprehensive source and record of economic developments. The structure of this Report has been re-oriented since 1998-99 from just documenting the economic developments to a 'theme-based report'. The theme-based Report offers the professional economists working in the Bank, an opportunity to work on relevant topic every year and make incisive analysis of the theme both in the global and the Indian context and come out with an analytical Report offering possible policy solutions to the issues examined. The dissemination of these Reports to a wider section of the user-community is an important exercise. The Report pertaining to the period between 1935-36 and 1998-99 are available only in printed form. The Reports from 1999-2000 have been placed on the Reserve Bank's website. In these days of widespread use of information technology, it is felt useful to bring out the Reports in a single DVD. I hope this will be an invaluable collector's item among the policy makers and academia.

The digitization process of the Reports was undertaken by Shri Ashok Kapoor, Chief Archivist, Reserve Bank of India Archives and supported by the services of Smt. Sandhya Dhavale, Assistant Librarian, under the guidance of Shri K.U.B. Rao, Adviser, Department of Economic Analysis and Policy and Shri Sandip Ghose, Principal and Chief General Manager, College of Agricultural Banking, Pune. I place on record my deep appreciation of their efforts.

Mumbai
April 1, 2009

(Rakesh Mohan)
Deputy Governor
Reserve Bank of India

Reserve Bank of India

REPORT

ON

CURRENCY and FINANCE

FOR THE YEAR

1939-40

BOMBAY :
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I.—GENERAL FEATURES OF THE YEAR.

The Report of the Reserve Bank on Currency and Finance for the financial year 1938-39 referred to the growing uncertainties of the international situation and the apprehensions of war which dominated the financial markets throughout the latter half of that year. These apprehensions unfortunately became a reality during the year under review when, following the German invasion of Poland, Great Britain and France declared war on Germany on the 3rd September, 1939. The outbreak of hostilities changed the British economy from a peace to a war-time footing and the entire economic resources of the British Empire had to be mobilised for the successful prosecution of the war. In India, efforts were mainly directed towards the utilisation of the vast economic resources of the country for the conduct of the war and a reference to the various measures adopted for this purpose will be found later in this report. It is sufficient here to point out that the initial effects of the war on India, despite the inevitable dislocation it entailed in many spheres, were on the whole beneficial to the country; production, prices and foreign trade received a stimulus during the year and the prospects of the agriculturists generally improved. The Indian currency and financial system withstood the strain remarkably well; confidence in the paper currency was generally maintained throughout the year despite the increased demand in certain centres for the conversion of notes into coin, and after an initial fall due to uncertainty bank deposits and security prices gradually recovered.

2. As usual a reference may be made at this stage to the economic conditions in the United States though owing to the war their influence on world economy was not as great as before. During the first two months of the financial year industrial production in that country failed to show the usual seasonal advance, but thereafter showed a marked improvement which was further accelerated by the stimulus of the war in Europe. The Federal Reserve Board index number of industrial production (1923-25=100) rose sharply from 92 in April to 128 in December 1939, the highest level in recent years, being 3 points above the peak of 125 reached in June 1929. From January 1940, however, a reactionary trend set in owing to a shrinking in the volume of new orders in most industries, and the Federal Reserve Board index fell to 105 in March, the most pronounced drop in operations being in the steel industry where the output declined from the high level of 91 per cent. of capacity in December 1939 to 64 per cent. in March 1940. In September industrial shares also registered a sharp advance which however was not maintained after October due mainly to war developments.

3. In regard to economic developments in Great Britain, the year under review falls into two distinct periods separated by the 3rd September. During the first five months of the year industrial activity continued to expand rapidly owing mainly to the requirements of national defence for which an expenditure of £630 millions had been estimated in the British budget estimates for 1939-40. Immediately before the outbreak of the war certain measures of a precautionary character were taken such as the raising of the Bank of England Rate from 2 to 4 per cent. and the fixation of minimum prices for gilt-edged securities. After the commencement of hostilities the pound sterling was devalued and officially pegged to the dollar and a system of

exchange control was instituted. The stocks of certain important commodities were taken over by Government and prices were fixed for foodstuffs, followed later in the year by an official rationing scheme with the object of devoting the utmost shipping space and foreign exchange to armaments and essential raw materials. A great variety of emergency controls over industry was also established. On the whole the institution of the control measures necessary for the prosecution of the war was accomplished at a much earlier stage and with less dislocation of economic conditions than in 1914. In France under the three-year national recovery programme initiated last year, a marked expansion was witnessed in industrial production which on the eve of the war rose sharply by 20 per cent. above the corresponding level in 1938, and was the highest reached in the last eight years. An agreement to achieve complete economic collaboration between Britain and France was arrived at in November 1939 which involved co-ordinated action with a view to conserving and mobilising the economic resources of the two countries.

4. In Japan the course of national economy continued to be affected primarily by the Sino-Japanese war. Despite the measures adopted by the Central Commodity Price Commission, indices for commodity prices and the cost of living continued to rise, the increases at the end of 1939 being 14 per cent. and 15·3 per cent. respectively over the corresponding figures of 1938. The note circulation increased further after the outbreak of the European war and amounted at the end of 1939 to 3,394 million yen, which was the highest on record. The foreign trade of Japan continued to expand further, showing a record export surplus of 659 million yen, exports being valued at 3,576 million yen and imports at 2,917 million yen. Following the drop in the exchange value of the pound sterling after the declaration of the war and subsequent fluctuations in the sterling rate in New York the yen was linked to the dollar on the 24th October, 1939, on the basis of \$23-7/16 for 100 yen which was approximately the yen-dollar rate then prevailing.

5. In India economic activity during the first five months of the financial year was dominated by the uncertainties of the international situation. In September following the outbreak of war in Europe, industrial production and commodity prices took an upward trend owing to the belief that the intensification of economic warfare meant brighter prospects for Indian industries and agriculture. The Calcutta index number of wholesale prices (1914=100) advanced sharply from 100 in August to 137 in December 1939, being the highest since 1929. The rise in prices (*vide* Statement I) was accompanied by an increased demand from Allied countries as a result of which the value of exports during the year under review amounted to Rs.213,62 lakhs as against Rs.169,35 lakhs in the preceding year, while the value of imports during the same period rose from Rs.151,79 lakhs to Rs.164,72 lakhs. Capital's index number of industrial activity (1935=100) rose from 112·7 in 1938-39 to 113·9 in 1939-40, being the highest since 1932-33. The steel and iron industry also improved, the total production of pig iron during the first 11 months of the year showing an increase of 241,000 tons over the corresponding period of the previous year. The cotton mill industry which was passing through a period of depression before September showed signs of improvement although towards the close of the year the progress was somewhat retarded by the recrudescence of labour trouble in Ahmedabad and Bombay. The following table gives the index numbers of wholesale prices in India (published by the Economic Resources Board: Base, week ending 19th August, 1939=100) for food and tobacco, other agricultural commodities, raw materials and manufactured articles and shows the effect of the war on them.

	Food and tobacco.	Other agricultural commodities.	Raw materials.	Manufactured articles.	General index.
September 2, 1939 ..	101.8	102.0	99.1	102.1	101.1
January 6, 1940 ..	127.1	201.2	128.8	144.2	139.3
March 30, 1940 ..	117.9	151.5	125.4	133.0	127.5

It will be seen from the above table that after January 1940 there was a recession, owing to a general feeling that the initial rise had been overdone. It also became more generally realised that war profits would be subjected to taxation with the publication of the Excess Profits Tax Bill. This tendency was reflected in the share markets also where prices showed a sharp fall. The Calcutta index number of wholesale prices (1914=100) dropped from 137 in December, 1939 to 121 in March, 1940.

6. In order to ensure the fullest utilisation of India's economic organisation and resources to win the war the Central Government created a Department of Supply, an Economic Resources Board, a War Transport Board and a Board of Scientific and Industrial Research in order to co-ordinate the work of existing organisations already employed in the respective fields.

7. The effect of the war on economic conditions in Burma was more or less similar to that on India. The total imports and exports during 1939-40 amounted to Rs.80.21 crores showing an increase of 15.8 per cent. above the corresponding figures of 1938-39. Her export trade improved by about Rs.6.55 crores, rice occupying the pride of place, while the import trade increased by Rs.4.38 crores. As a result of this and also of the increased transit trade with China, Customs revenue according to the revised estimates for 1939-40 improved by Rs.41 lakhs.

II.—TRADE.

8. *Balance of Trade in Merchandise of India & Burma.*—Statement II gives monthly figures for the foreign trade of India and Burma separately as well as jointly on a pro-separation basis to facilitate comparison with previous years. The value of total foreign trade in merchandise of India and Burma rose by 15.4 per cent. from Rs.317.51 crores in 1938-39 to Rs.366.26 crores in 1939-40. The balance of trade in merchandise also improved by Rs.35 crores to Rs.78 crores as against Rs.43 crores in 1938-39 as a result of a relatively large increase in exports which rose by 23.1 per cent. from Rs.180.29 crores to Rs.222.14 crores. Imports also increased, though not to the same extent as exports, by 5 per cent. from Rs.137.22 crores to Rs.144.12 crores. The following table compares the foreign trade for the five months preceding and the seven months following the war with the corresponding periods of 1938-39 :

	(In lakhs of Rupees.)					
	April to August.			September to March.		
	Imports.	Exports.	Balance of trade.	Imports.	Exports.	Balance of trade.
India—						
1938-39	— 59.59	+ 66.17	+ 6.58	— 92.21	+ 103.06	+ 10.85
1939-40	— 70.10	+ 77.13	+ 7.03	— 94.62	+ 136.50	+ 41.88
Percentage change ..	+ 17.6	+ 16.6	+ 6.8	+ 2.6	+ 32.4	+ 286.0
Burma—						
1938-39	— 8.86	+ 20.05	+ 11.19	— 11.91	+ 28.47	+ 16.56
1939-40	— 10.36	+ 23.66	+ 13.30	— 14.79	+ 31.38	+ 16.59
Percentage change ..	+ 16.9	+ 18.0	+ 18.9	+ 24.2	+ 10.2	+ 0.2
India & Burma—						
1938-39	— 54.00	+ 71.50	+ 17.50	— 83.22	+ 108.79	+ 25.57
1939-40	— 60.86	+ 80.99	+ 20.13	— 83.26	+ 141.16	+ 57.90
Percentage change ..	+ 12.7	+ 13.3	+ 15.0	..	+ 29.8	+ 126.4

9. *Balance of Trade in Merchandise of British India.*—The balance of trade in merchandise continued to improve and showed a marked increase in the month of July when it rose to Rs.3·09 crores as compared with Rs.0·76 crores in the previous month. With the commencement of hostilities in September, however, both imports and exports from India witnessed a decline on account of regulations affecting the normal flow of trade and other difficulties connected with freight and insurance. Exports, however, did not fall to the same extent as imports with the result that India's favourable balance of trade in October actually showed a rise of 43 per cent. over July. Both imports and exports, the latter to a larger extent, witnessed a sharp recovery beginning with November which continued till January when the monthly balance of trade reached Rs.8·04 crores. In the last two months of the year a slight reaction set in, resulting in a larger decline in exports followed by a fall in the balance of trade. The total trade during the year ended 1939-40 increased by 17·85 per cent. to Rs.378·34 crores while the balance of trade due to heavier exports recorded a rise of 181 per cent. to Rs.48·90 crores. The main variations in India's balance of trade in respect of countries traded with are shown below, as also the changes due to the war :

DIRECTION OF TRADE.

(In lakhs of Rupees.)

	Imports.		Exports of Indian Merchandise.		Balance of Trade.		
	April to August.	Sept. to March.	April to August.	Sept. to March.	April to August.	Sept. to March.	TOTAL.
United Kingdom—							
1939-40	—18,80	—22,80	+22,99	+48,31	+4,19	+25,51	+29,70
1938-39	—18,93	—27,56	+23,18	+32,33	+4,25	+ 4,77	+ 9,02
British Empire—							
1939-40	—40,62	—52,47	+36,87	+76,00	—3,75	+23,53	+19,78
1938-39	—36,25	—52,31	+35,24	+50,13	—1,01	— 2,18	— 3,19
United States—							
1939-40	—4,50	—10,42	+6,61	+17,79	+2,11	+ 7,37	+ 9,48
1938-39	—3,86	— 5,92	+5,18	+ 8,70	+1,32	+ 2,78	+ 4,10
Japan—							
1939-40	—6,52	—12,72	+5,68	+8,29	— 84	—4,43	— 5,27
1938-39	—5,15	—10,26	+5,10	+9,49	— 5	— 77	— 82

While the balance of trade in respect of the Empire has improved mainly due to heavier purchases by the United Kingdom during the war months, India's adverse balance of trade with Japan has grown from Rs. 82 lakhs to more than Rs. 5 crores due to a consistent increase in imports from Japan combined with a fall in India's exports to that country. India's favourable balance with the United States has, however, increased by Rs.5·38 crores principally as a result of higher exports from India since the war.

10. *Exports.*—Total exports including re-exports rose by 26 per cent. from Rs.169·35 crores to Rs.213·62 crores mainly due to the war demand for Indian produce and the rise in prices that followed. Exports of Indian merchandise showed increases under jute manufactures, raw jute, cotton raw and waste, and tea amounting to Rs.22·50 crores, Rs.6·45 crores, Rs.6·38 crores and Rs.3·00 crores respectively.

On the other hand exports of grain, pulse and flour declined by Rs.2.65 crores and those of oil-seeds by Rs.3.19 crores respectively. This improvement in exports was made up of a rise of about 20 per cent. in the price-level of exports from 55 to 66 (1927=100) combined with a rise of about 4 per cent. in quantum.

11. *Imports.*—The total value of imports rose by 8.51 per cent. to Rs.164.72 crores. Most of the items showed increases of which oils recorded the largest amounting to Rs.3 crores followed by (i) sugar with Rs.2.86 crores, and (ii) other yarns and textile fabrics with Rs.2.57 crores. Two important groups to show substantial decreases were machinery of all kinds and iron and steel which declined by Rs.4.35 crores and Rs.0.59 crores respectively.

12. *Quantum and Prices.*—The table below gives indices (1927-28=100) of the quantum and prices of exports and imports in respect of India excluding Burma as supplied by the Director-General of Commercial Intelligence and Statistics, Calcutta :

	Exports.		Imports.	
	Quantum.	Prices.	Quantum.	Prices.
1927-28	100	100	100	100
1937-38	103.1	60.1	95.7	71.3
1938-39	102.2 (-0.9)	55.1 (-8.3)	88.7 (-7.3)	67.4 (-5.5)
1939-40	105.9 (+3.6)	68.0 (+19.8)	90.5 (+2.0)	71.7 (+6.4)

(Figures in brackets show the percentage rise or fall over the previous year).

Though approximate, these data afford a rough measure of the course of India's trade. Exports both in quantum and prices have made up for the set-back in 1938-39 and are well above the level of 1937-38. In the case of imports, however, the quantum is still behind that in 1937-38 while prices have just managed to pass that year's level.

13. *Trade Agreements.*—The Protocol to the Trade Convention of 1937 with Japan regarding the importation of Japanese cotton piecegoods into India expired on the 31st March, 1940. Pending a new protocol, shipments are being regulated on a monthly basis.

Indo-Burma Trade relations since the separation have been governed by the Indo-Burma Trade Regulations Order. This Order was to remain in force for three years i.e., upto the 31st March, 1940 or for one year after notice of termination whichever was the longer period. The necessary notice having been given by the Government of Burma on the 1st April, 1940, the trade relations of the two countries will continue to be regulated by the terms of the Order till the end of 1940-41.

Under Article 13 of the Indo-British Trade Agreement, Ceylon was given six months, after the coming into operation formally of this Pact, to arrive at a separate trade agreement with this country. During the interim period Ceylon was to enjoy the Ottawa Schedule of Preferences. As the Indo-British Pact formally took effect from the 15th August, the interim arrangements expired on the 15th February, 1940.

14. *Foreign Trade of Burma.*—With exports at Rs.55·04 crores and imports at Rs.25·15 crores, the balance of trade in favour of Burma during the current year improved by 7·71 per cent. to Rs.29·89 crores (*vide* Statement II). Exports showed an increase of Rs.6·52 crores or 13·44 per cent. mainly due to larger purchases of rice by India. Thus rice alone accounted for Rs.3·4 crores of the total increase. Imports registered a higher percentage increase of 21·09 per cent. or Rs.4·38 crores as a result of the replenishing of stocks which had become reduced last year and of precautionary accumulations of stocks in anticipation of war. Outstanding in the import trade has been the large increase in the quantity of cotton piecegoods imported. It may be pointed out that the direct effects of war conditions have so far been experienced only to a slight degree. The rate of increase in imports during the seven months of war amounted to 24 per cent. as against only 10 per cent. in exports (*vide* table at the end of paragraph 8). The value of goods re-exported by land during the year to China amounted to Rs.3·11 crores.

15. *Indo-Burma Trade.*—The following table shows the trade of Burma with India relatively to that with other foreign countries :—

	Percentage of total foreign trade.			
	1939-40. (Rs. lakhs.)	1938-39. (Rs. lakhs.)	1939-40.	1938-39.
Exports to India	33,05	26,35	41	38
Exports to other foreign countries ..	21,82	22,15	27	32
Imports from India	13,99	11,18	18	16
Imports from other foreign countries .	11,16	9,60	14	14
Total foreign trade	80,02	69,28	100	100

The most significant development in Burma's trade has been the increase in its trade with India which rose by 25·34 per cent. from Rs.37·53 crores to Rs.47·04 crores. Out of an increase of Rs.10·8 crores in Burma's total trade, trade with India alone increased by Rs.9·5 crores. As a result India's share in the total trade of Burma improved from 54 to 59 per cent. Both imports and exports increased by about 25 per cent. resulting in a similar increase in the balance of trade in favour of Burma. It will be seen that exports to countries other than India actually declined from Rs.22·15 crores to Rs.21·82 crores. As pointed out in the preceding paragraph the large increase in exports to India was mainly due to a short rice crop in India resulting in heavy imports of rice from Burma into India.

16. *Inland Trade of India.*—The following table shows the quantity of inland trade in certain important articles from 1933-34 when the publication of these statistics was revived :—

	(Figures in thousands of maunds.)							
	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	
Coal and coke	345,964	378,184	386,792	397,964	464,285	449,855	496,499	
Cotton, raw	20,516	21,474	23,574	29,207	11,812	11,986	13,531	
Cotton piecegoods	9,441	9,898	10,132	10,521	11,189	11,077	11,292	
Grain, pulse and flour	107,103	125,270	115,333	129,235	131,900	131,272	143,338	
Hides & Skins, raw	2,691	2,432	2,506	3,157	2,970	2,679	3,382	
Jute, raw	32,077	25,390	29,034	38,225	32,574	31,497	32,767	
Gunny bags & cloth	4,478	4,267	4,511	5,152	5,336	5,218	5,484	
Iron and Steel bars, sheets, etc.	30,392	33,826	40,504	39,318	38,655	41,894	41,981	
Oilseeds	46,650	39,311	35,697	43,777	39,646	50,062	43,772	
Sugar	29,152	27,915	31,261	40,391	23,150	24,470	15,650	
Total	628,464	667,967	679,344	736,947	761,517	760,010	807,696	

India's internal trade which had been steadily increasing in volume since 1933-34 showed a slight decline in 1938-39 mainly as a result of a fall of about 14 million maunds in coal and coke. During the year under review, however, there was an improvement and the trade in the commodities recorded above was the largest since 1933-34. This rise was largely due to an increase of about 46 million maunds under coal and coke which has shown a steady increase except in 1938-39 and of 12 million maunds under grain, pulse and flour. On the other hand oilseeds and sugar declined by 6 and 9 million maunds respectively.

The improvement in the inland trade is also borne out by an increase in the gross earnings of State-owned Railways and the number of wagons loaded as shown in the following table:—

Year.	Gross Earnings State-owned Railways. (Rs. in crores.)	Total wagons loaded. (in thousands.)
1937-38	94.86	7,160
1938-39	94.36	7,224
1939-40	97.96	7,510

The Railway earnings were the highest since 1929-30 while the number of wagons loaded has been the largest recorded since 1928-29.

III.—BULLION.

17. *Production of Gold.*—The estimated production of gold in India and Burma amounted to 314,000 fine ounces in 1939 as against 322,000 fine ounces in 1938. During the 10 years ending 1939 India and Burma produced 3,277,000 ounces out of a world total of 291,253,000 ounces. During the decade the world production of gold has steadily increased from 19,596,000 in 1929 to 39,150,000 ounces in 1939. Of this the British Empire produced 22,370,000 ounces or 57.1 per cent. During the same period its currency value rose by 300 per cent. in terms of sterling and by 238 per cent. in terms of United States dollars. The reserves of the United States Treasury in 1939 increased by 88,919,000 ounces raising its total holdings to 503,428,000 ounces.

18. *Price of Gold.*—Statement IV gives the London-New York cross rate, the franc-sterling rate, the highest, lowest and average prices of gold in London and Bombay for each month of the period under review. The table below gives the highest and lowest prices of gold during the three years ended 1939-40.

Year.	Price of gold in London per fine ounce.		Price of gold in Bombay per tola.	
	Highest.	Lowest.	Highest.	Lowest.
	£ s. d.	£ s. d.	Rs. a. p.	Rs. a. p.
1937-38	7 2 1½	6 19 3½	35 2 9	34 3 6
1938-39	7 10 5	6 19 3½	37 10 6	34 12 3
1939-40	8 8 0	7 8 4	43 8 0	36 9 0

Both sterling and rupee prices of gold recorded further increases in 1939-40 and set up new high records. The rupee price of gold averaged Rs. 39-14-7 in 1939-40 as against Rs. 36-4-2 in 1938-39, the corresponding London prices being £7-18-4 and £7-4-3. The spread between the highest and lowest rupee prices at Rs. 6-15-0 in 1939-40 was the highest since 1931-32. The United States price remained unchanged at \$ 35 per fine ounce.

Owing to comparative steadiness of the cross rate prices both in London and Bombay varied within a narrow range till the 25th of August when sterling was unpegged. As a result of the outbreak of war and the subsequent dislocation of the exchange market prices moved erratically in an upward direction and both the London and the Bombay markets had to be closed, the former from the 2nd to the 4th September and the latter from the 4th to the 7th. On the 5th September, dealings in gold were prohibited in the United Kingdom under the Defence (Finance) Regulations; sterling was officially pegged to the dollar at 4.02 to 4.06 and the Bank of England fixed its buying price of gold at 168s. at which it remained unchanged throughout the remainder of the year. The sterling-dollar cross rate was subsequently fixed at 4.02 to 4.04 on the 14th September and the spread was further reduced on the 8th January, 1940 to 4.02½ and 4.03½.

In India, till the outbreak of the war, the rupee price of gold remained comparatively stable at a higher level due to a steady demand for exports and purchases by the Reserve Bank of India, except on two occasions when it fell to Rs. 36-15-3 on the 14th of April and to Rs. 36-9-0 on the 26th of August as a result of increases in war risk insurance rates to New York. On the outbreak of hostilities the Government of India issued an Ordinance prohibiting exports and imports of gold except on the authority of a license granted by the Reserve Bank, which prescribed the conditions of such licenses, including the manner of payment for gold exported from India, in its communiques dated the 4th September and the 13th October.

During the last seven months of the year prices varied according to supply and demand with a general upward trend which was assisted by reductions in war risk insurance rates, international developments, and the weakness of sterling in the free market in New York. Thus the highest quotation of the year viz., Rs. 43-8-0 was registered on the 16th September when the price moved up in sympathy with a sharp break in the sterling-dollar cross rate in New York.

19. *Assaying and Refining of Gold.*—Receipts of gold from the public for melting and assaying amounted to 8,588,054 tolas at the Bombay Mint and 892,776 tolas at the Calcutta Mint in 1939-40 compared with 6,478,129 tolas and 826,707 tolas in 1938-39. In addition raw gold weighing 926,621 tolas was received from the public for refining at the Bombay Mint as against 954,157 tolas last year.

20. *Production of Silver.*—The following table gives the production of silver in India and Burma during the three years ended 1939 :—

	1937		1938		1939	
	Quantity oz.	Value Rs.	Quantity oz.	Value Rs.	Quantity oz.	Value Rs.
India	24,642	32,343	22,295	29,877	22,745	33,361
Burma	6,180,000	73,60,998	5,920,000	68,83,184	6,175,000	75,83,518
Total	6,204,642	73,93,341	5,942,295	69,13,061	6,197,745	76,16,879

The estimated world production of silver in 1939 remained unchanged at 266 million ounces. The total holdings of the United States Treasury at the end of 1939 were estimated at 2,930 million ounces of which 341 millions were acquired during the year under review.

21. *Price of Silver.*—Statement VI shows the highest, lowest and average prices of silver for each month in 1939-40 in Bombay, London and New York. In the table below are given the highest and lowest prices of silver in Bombay, London and New York for the three years ended 1939-40.

	Prices in Bombay per 100 tolas.				Prices in London per standard ounce.		Prices in New York per fine ounce.	
	Highest.		Lowest.		Highest.	Lowest.	Highest.	Lowest.
	Rs.	a. p.	Rs.	a. p.	d.	d.	Cents.	Cents.
1937-38	55	15 6	46	1 6	21½	18-3/16	46½	42½
1938-39	53	1 6	48	2 0	21½	18-9/16	42½	42½
1939-40	68	4 0	44	7 6	23½	16-1/16	42½	34½

The average price of silver during the year under review was Rs. 55-8-9 in Bombay, 20-13/16*d.* in London, and 37-1/16 cents in New York. Due to uncertainty about the purchasing policy of the United States Treasury and later to the speculative demand as a result of war, the price of silver in Bombay showed a wider range than in any year since 1931-32. The price both in London and Bombay remained comparatively steady till about the middle of June when successive reductions in the United States Treasury's purchase price for foreign silver from 43 cents on the 26th June to 35 cents on the 10th July created nervousness and forced prices down. The lowest prices of the year were registered both in London at 16-1/16*d.* and in Bombay at Rs.44-7-6 on the 10th July. In the United States the Act of the 6th July, 1939 raised the price of newly-mined domestic silver from 64·64 to 71·11 cents and renewed the Treasury's authority to purchase foreign silver as originally provided under the Silver Purchase Act of 1934. With the reduction in prices, Indian demand developed sharply and prices both in India and London were carried above the United States Treasury rate of 35 cents. For the first time since the 9th June, 1937 the New York market price rose above the Treasury price on the 10th August and reached 39½ cents on the 25th of that month. Owing to scanty supplies coupled with growing international tension, the price in Bombay advanced to Rs.53-4-0 and in London to 20-1/16*d.* on the same day, when the Government of India appeared as seller in the London market on the basis of delivery in Bombay and payment in London at the London spot rate plus the Indian import duty and ½ per cent. for charges.

On the outbreak of war prices rose sharply owing to the appreciation of the dollar and speculative buying, the ready price touching Rs.63-12-0 on the 21st September. The price in London also reached 23½*d.* on the 20th September, but the situation was eased by sales of spot silver for London delivery at 23½*d.* for account of the Indian Government. In India owing to increased supplies accompanied by a fall in up-country offtake the price declined to Rs.56-2-0 on the 4th October. With a view to conserving foreign exchange, the British and Indian Governments announced respectively on the 26th and the 30th October their decisions to prohibit imports of silver except under license. Thereafter mainly as a result of a sharp

upswing in commodity markets, particularly in jute and cotton, prices continued to advance and touched Rs.66-4-0 on the 1st December on rumours regarding Government's intention to suspend the sales of silver for delivery at the Bombay Mint. It was announced on the 14th December that thereafter the sales of silver for delivery ex-Mint, Bombay, which till then had been conducted through London, would be conducted by the Bombay Office of the Reserve Bank of India. On the 18th December in order to facilitate prompt delivery by the Mint of the Government rupee silver which is of 916 $\frac{2}{3}$ fineness, the Bombay Bullion Exchange rules were adjusted to make such silver good delivery at a discount of Rs.2-4-0 under silver of 999 fineness. On the same day, further to ease the situation the Reserve Bank of India in exercise of the power delegated by the Central Government introduced a scheme for licensing imports of silver, including those from non-sterling areas, on a profit-sharing basis and fixed the minimum and maximum prices for the sale of imported fine silver at Rs.62 and Rs.64 per 100 tolas. By a subsequent circular dated the 11th March, 1940 a selling price of Rs.62 was laid down as the basis for profit-sharing under the licensing scheme.

The adoption of the above measures and the fact that the demand in India was more speculative than for genuine investment purposes led to a reaction and prices sagged. The downward trend which was assisted by declining commodity and share prices was, however, arrested by the support extended by the Reserve Bank of India appearing as buyer at lower levels from time to time on Government account. The lowest price for spot silver in Bombay was Rs. 55-3-6 on the 30th January. Fears of an increase in the import duty dominated the market during the greater part of February after which prices recovered and recorded a sharp advance to Rs.59-10-0 on the 9th March. The upper trend was, however, reversed as a result of peace rumours and lower London fixations and the year closed with the spot price at Rs.57-3-0.

22. *Assaying and Refining of Silver at the Mint.*—The quantity of silver received from the public for melting and assaying amounted to 6,068,507 tolas at the Bombay Mint and to 4,317,418 tolas at the Calcutta Mint, in 1939-40 as against 76,185 tolas and 107,016 tolas respectively in 1938-39. The quantity of silver received for refining at the Bombay Mint amounted to 14,519,539 tolas compared with 5,158,136 tolas in 1938-39.

IV.—EXCHANGE AND REMITTANCE.

23. *Exchange.*—The Bombay rates for T. T. on London for each month of the year under review are given in Statement VII. Till May the sterling exchange market was quiet due to the comparatively poor showing of merchandise bills, the lowest rate quoted being 1s. 5-27/32*d.* The Reserve Bank purchased no sterling during the course of the month either on tap or through tenders. The market showed little signs of change in June, during which month the Reserve Bank purchased £375,000 on tap at 1s. 5-15/16*d.* Thereafter exchange was generally quiet until the end of July when the rate again firmed up to 1s. 5-29/32*d.* owing to increased export of gold and a better showing of export bills.

On the outbreak of war, the Central Government delegated to the Reserve Bank authority under the Defence of India Ordinance to administer the regulations controlling dealings in coins, bullion, securities and foreign exchange. On the 4th September the Reserve Bank issued an explanatory memorandum to the public

giving the general lines of the control of foreign exchange transactions instituted by the Central Government. All dealings in foreign exchange were required to be transacted through authorised dealers, and the Exchange Banks and certain Indian Joint Stock Banks were licensed as such. No restrictions were placed on the purchase and sale of Empire currencies with the exception of Canadian, Newfoundland and Hongkong dollars, while the purchase and sale of non-Empire currencies was restricted to genuine trade purposes, travelling expenses and small personal remittances. The policy of the Exchange Control was to ensure that all foreign exchange transactions in India were done on the basis of the rates quoted by the London Exchange Control combined with the current rupee rate for sterling, and authorised dealers in foreign exchange were informed that no business must be done by them outside these rates.

In October 1939 owing to the difficulty of obtaining cover in London for positions other than spot and the rise in discount rates there, banks were reluctant to do forward business. The Reserve Bank thereupon entered the forward market in order to provide cover for exports and intimated its willingness to purchase sterling up to 3 months forward at a rate $1/32d.$ higher per month than the spot rate. During the same month the Bank also raised its tap rate to $1s. 6d.$ as a result of which the market rate for ready T.T. improved to $1s. 5-31/32d.$ at which level it remained practically unchanged for the remainder of the year. On the 12th February, 1940 the offer of 3 months forward purchase of sterling was raised to 6 months at $1s. 6d.$

24. *Purchases of Sterling and Remittances.*—Statement VIII shows the purchases of sterling by the Bank month by month during 1939-40. With the great improvement in India's visible balance of trade, the Reserve Bank succeeded in making record purchases of sterling, amounting to £72,596,000 at an average rate of $1s. 5-63/64d.$, the nearest approach to this figure being £53,502,000 in 1936-37. In April the Bank purchased £1,710,000 at an average rate of $1s. 5-15/16d.$; in May it rejected an offer of £10,000 at $1s. 5-29/32d.$ and thereafter suspended the purchase of sterling through tenders until further notice. However from August onwards large offers of sterling were made to the Bank, the highest amount acquired by the Bank being £11,438,000 in January, 1940. The total amount of sterling acquired during the 5 months preceding the War aggregated to £7,875,000 as compared with £1,378,000 for the same period in 1939, the average rate for both the periods being $1s. 5-15/16d.$ During the subsequent seven months of war the purchases rose to £64,721,000 at $1s. 5-63/64d.$ as against £24,090,000 at $1s. 5-15/16d.$ in the corresponding part of the preceding year.

The total sterling requirements of the Secretary of State and the High Commissioner for India and Burma during the year, including £675,000 in respect of Burma, amounted to £20·3 million compared with £35·6 million in 1938-39. As against this, there were repayments amounting to £12·4 million mainly owing to receipts on account of (i) large purchases of war materials on behalf of His Majesty's Government, (ii) their share in India's war expenditure, (iii) their contribution towards defence under the recommendations of the Chatfield Committee and (iv) sales of silver. The sterling requirements have been reduced further with the repayment of foreign debt, which the Government of India have been effecting continuously for some time past. The net sterling requirements of the Government of India, thus, amounted to £7·9 million as against the budget estimate of £27 million and an average of £38 million required in each of the three years 1936-37 to 1938-39.

V.—PUBLIC FINANCE.

25. *Central Government Finances.*—The Central Government have been able to present a series of balanced budgets by keeping expenditure at a minimum and by raising additional revenue either by way of an increase in the existing duties or by fresh measures of taxation. Consequently, the credit of the Central Government stood high and they were not only able to meet their commitments towards the Provinces under the Niemeyer Award, but to make available to them larger amounts by way of income-tax receipts.

26. *Finance Accounts, 1938-39.*—The year closed with a deficit of only Rs.64 lakhs as against an anticipated deficit in the revised estimates of Rs.2,65 lakhs, due to a net improvement of Rs.1,51 lakhs in revenue and a reduction of Rs. 50 lakhs in expenditure. The main increases in revenue were (i) Rs.1,24 lakhs under Income-tax and (ii) Rs.78 lakhs in the yield from Customs and Central Excise duties. As a result of the increase in income-tax receipts, the sum to be distributed to the Provinces under the Niemeyer Award rose from Rs. 1,12 lakhs to Rs.1,53 lakhs despite a fall of Rs.68 lakhs in the net contribution of the Railways.

27. *Revised Estimates, 1939-40.*—Due to the outbreak of war in September 1939 the budgetary position underwent a striking change in the subsequent months. In place of an anticipated surplus of Rs.3 lakhs the revised estimates disclosed a surplus of Rs.91 lakhs being the result of an increase of Rs. 5,08 lakhs in revenue as against an increase of Rs.4,20 lakhs under expenditure.

On the revenue side there were increases of Rs.1,48 lakhs in the Railway surplus, Rs.65 lakhs under Salt, Rs.21 lakhs under Currency and Mint and Rs.86 lakhs under Posts and Telegraphs in addition to a large increase of Rs.1,55 lakhs under Taxes on Income. The greatly improved receipts from income-tax enabled the share of the Provinces to be raised from Rs.1,78 lakhs to Rs.2,38 lakhs notwithstanding the alteration in the Niemeyer Award effected by the Distribution of the Revenues (Amendment) Order which excludes the contribution by the Railways to the general revenues which along with the receipts from Income-tax hitherto formed the basis for arriving at the amount to be paid over to the Provinces. The revised estimate for Customs was Rs.41 lakhs lower than the budget estimate owing to the large decrease in imports caused by the interruption of trade with belligerent countries and the dislocation of shipping. Nevertheless total receipts from Customs and Excise were Rs.1,14 lakhs above the budget estimates owing to heavy imports of sugar.

The increase of Rs.4,20 lakhs in expenditure was mainly due to additional expenditure on Defence in accordance with an agreement reached with His Majesty's Government.

28. *Budget Estimates, 1940-41.*—The total revenue and expenditure estimates for 1940-41 are respectively Rs.85,43 lakhs and Rs.92,59 lakhs compared with Rs.87,76 lakhs and Rs.86,85 lakhs in the revised estimates for 1939-40. The Railways are expected to contribute Rs.5,31 lakhs made up of (i) Rs.4,41 lakhs being the full contribution for 1940-41 under the Railway Convention of 1924, and (ii) Rs.90 lakhs being the arrears of contribution from 1939-40. Receipts from Customs and Central Excise duties are placed at Rs.4,07 lakhs less than the revised estimate for the previous year. As incomes will be appreciably larger on account of the stimulus to trade and industry, taxes on Income including Corporation tax are estimated

to yield Rs.19,50 lakhs or Rs.1,41 lakhs more than the revised returns for 1939-40. Of this increase Rs.1,24 lakhs should go to the Provinces whose share would thus rise to about Rs.3,00 lakhs.

The expenditure on Defence for 1940-41 on the basis of the agreement with His Majesty's Government is estimated at Rs.53,52 lakhs. Of this, Rs.8,39 lakhs represent extra expenditure due to the war. Civil expenditure estimates show an increase of Rs.1,51 lakhs. Provision is made for a contribution annually of a sum of Rs.25 lakhs for the next seven years beginning with 1940-41 to the Civil Aviation Capital Fund. The Decennial Census to be held in 1940-41 is expected to cost Rs.12½ lakhs.

It is proposed to meet the prospective deficit of Rs.7,16 lakhs caused almost entirely by the additional requirements of Government owing to the war by drawing mainly on the additional taxable capacity created by it. New taxation proposals include (i) a levy of a 50 per cent. Excess Profits Tax, (ii) an increase from Rs.2 to Rs.3 per cwt. in the excise duty on sugar with a corresponding rise in the import duty, and (iii) an increase in duty from 10 annas to 12 annas a gallon on motor spirit.

Thus with Rs.91 lakhs from the Revenue Reserve Fund, Rs. 3,00 lakhs from the Excess Profits Tax and Rs.1,90 lakhs and Rs.1,40 lakhs respectively from the enhanced duties on sugar and petrol, the year is expected to close with a small surplus of Rs. 5 lakhs.

29. *The Railway Budget.*—The following table compares the budget estimates of State owned and worked lines for 1940-41 with the revised estimates for 1939-40 and the actual results of 1938-39:—

	(In lakhs of Rupees).		
	Accounts 1938-39.	Revised Estimates 1939-40.	Budget Estimates 1940-41.
Total traffic receipts	99,62	102,30	108,19
Net miscellaneous receipts	23	58	75
Total receipts ..	99,85	102,88	108,94
Total working expenses (including depreciation)	69,18	70,35	71,83
Net revenue ..	30,67	32,53	37,11
Deduct Interest charges	29,30	28,92	28,82
Surplus	1,37	3,61	8,29
Contribution to General Revenues	1,37	3,61	5,31

The State Railways which after a six-year period of deficit budgets showed a surplus of Rs.1,21 lakhs in 1936-37 continued to do so in the following years, and with the exception of 1938-39 when it showed a decline of Rs.1,39 lakhs below the

previous year, the surplus has shown a progressive increase. The surplus of Rs.3,61 lakhs disclosed by the revised estimates for 1939-40 shows an improvement of Rs.1,48 lakhs over the budget estimates and is mainly accounted for by a marked increase in railway earnings since the outbreak of war. Despite this improvement, the railway contribution to the general revenues falls short by Rs.90 lakhs and this will constitute a first charge on the surplus of 1940-41 estimated at Rs.8,29 lakhs. This has been made possible largely by an all round increase in rates on the assumption that the traffic, under the favourable conditions created by war, will be able to bear the higher charges. Freight rates on goods with certain exceptions have been raised by 2 annas in the rupee and passenger fares exceeding a rupee increased by 1 anna in the rupee. Out of the surplus, Rs.5,31 lakhs will be paid to the general revenues and the remaining Rs.2,98 lakhs will be transferred to the Railway Reserve Fund for the first time after eleven years.

30. *Provincial Finances.*—According to the Provincial accounts for 1938-39 (*vide* Statement IX) Bihar and Sind were the only provinces to show large surpluses, amounting to Rs. 31 and Rs. 24 lakhs respectively, while the Punjab, the Central Provinces and Berar, Assam and Bombay showed deficits amounting to Rs.1,64 lakhs in all. As a result the accounts for that year closed with a net deficit of Rs.1,02 lakhs. It will be seen from the table below that both expenditure and revenue in the succeeding two years show a progressive increase. According to the revised estimates of the provinces as a whole the deficit in 1939-40 was as large as Rs.1.13 crores, but the deficit for 1940-41 is estimated at a considerably smaller figure *viz.* Rs.0.77 crores due mainly to an appreciable increase in revenue as compared with the increase in expenditure :—

	(In lakhs of Rupees)		
	1938-39 Accounts.	1939-40 Revised Estimates.	1940-41 Budget Estimates.
Revenue	84,74	89,42	90,38
Expenditure	85,76	90,55	91,15
Surplus	+ 62	+ 9	+ 13
Deficit	— 1,64	— 1,22	— 90
Net Surplus or Deficit	— 1,02	— 1,13	— 77

The estimated deficit for the year 1940-41 is largely due to the heavy deficits for which Bengal and the Punjab have budgeted. The remaining provinces, with the exception of Orissa, have been able to show small surpluses partly due to increased land revenue receipts as a result of higher commodity prices following the outbreak of war and partly due to higher income-tax receipts from the Central Government under the Niemeyer Award.

31. *Consolidated Debt Position of Provinces.*—Statement X shows the consolidated debt position of the British Indian provinces. It will be seen that the figures in respect of permanent, floating and unfunded debt all show a progressive rise, whereas loans from the Central Government show a progressive decrease. With the inauguration of Provincial Autonomy the provinces are themselves having recourse to the money market for the loans they require to finance their various schemes. The floating debt of the provinces is very small as only six provinces have so far borrowed by means of treasury bills. The steady rise in the permanent debt reflects the need for greater funds required by the provinces to finance various productive schemes requiring long-term capital.

32. *Subventions and Payments from the Centre.*—The table below shows the various payments made by the Centre to the Provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order as amended in February, 1940. Details giving the share of each province will be found in Statement XI.

(In crores of Rs.)

	Income-tax.	Jute Duty.	Subventions.	Total.
1937-38	1.25	2.65	3.12	7.02
1938-39	1.50	2.51	3.03	7.04
1939-40	2.79	2.56	3.03	8.38
1940-41 (Estimates)	3.00	2.61	3.03	8.64
Total	8.54	10.33	12.21	31.08

As regards the distribution of income-tax receipts between the Centre and the Provinces, the Centre, till 1938-39, retained from the moiety, which is to be ultimately provincial, an amount sufficient to bring its own share plus the Railway surplus to Rs.13 crores. The Order in Council as now amended enables the Centre to retain from the Provincial moiety in each of the three years beginning with 1939-40 the fixed amount of Rs.4.50 lakhs, which is approximately what the Centre would have retained according to the budget estimates for the year 1939-40. The justification for this alteration in the Niemeyer formula is the complete change in the financial situation brought about by the war.

The share of the Provinces in respect of income-tax which stood at Rs.1.25 crores in 1937-38 and Rs.1.50 crores in 1938-39 rose to Rs.2.79 crores in 1939-40 owing to greatly improved income-tax receipts as a result of the stimulus given by the war. It is expected to be even higher in 1940-41 and is estimated at Rs.3.00 crores. The share of the four jute producing provinces of Bengal, Bihar, Assam and Orissa (62½ per cent. of the net duty on jute) amounted to Rs.2.65 crores in 1937-38, Rs.2.51 crores in 1938-39 and Rs.2.56 crores in 1939-40. For 1940-41 their share is estimated at Rs.2.61 crores as increased war orders from Great Britain are expected to result in a rise in the exports of jute. Subventions to the five Provinces (Assam, Orissa, N.W.F.P., Sind and the United Provinces) amounted to Rs.3.12 crores in the first year of Provincial Autonomy and Rs.3.03 crores in the following two years. They are estimated at the same figure in 1940-41.

33. *Annual Financial Statement of the Government of Burma.*—Owing to a large carry-over of Land Revenue from the previous year, increased receipts under Customs and Income-tax and reduction in expenditure under various heads, the year 1938-39 ended with a surplus of Rs.1.03 lakhs as against a revised estimate of Rs.40 lakhs. The revised estimates for 1939-40 showed a net surplus of Rs.56 lakhs as against a nominal surplus of Rs.1 lakh in the budget estimates. Customs revenue showed an improvement of Rs.41 lakhs due to increases both in volume and value of imports and the transit trade with China. Income-tax receipts were higher by Rs.28 lakhs while various excise duties were expected to bring in Rs.33 lakhs more than the budget estimates. These and other increases in revenue more than offset decreases in receipts under other heads and increases in expenditure including Rs.14 lakhs on defence schemes and Rs.4 lakhs on the Frontier Force.

The budget of the Government of Burma for 1940-41 estimates a deficit of Rs.44 lakhs with expenditure and revenue at Rs.16.47 crores and Rs.16.03 crores respectively. The deficit is largely due to an increase of over a crore of rupees in defence expenditure from Rs.3,24 lakhs in the last budget to Rs.4,28 lakhs in the present. Revenue receipts are larger by Rs.60 lakhs including increases of Rs.13 lakhs and Rs.9 lakhs under Income-tax and Excise respectively. As against these increases there is an anticipated drop of Rs.8½ lakhs under Customs as a result of uncertainty regarding the course of trade. Land revenue receipts are also expected to be lower by Rs.9 lakhs as a result of the tenants' demand for lower rents. The budget does not contemplate any fresh taxation, and it is proposed to meet the deficit from the surplus of Rs.56 lakhs anticipated in 1939-40.

VI.—GOVERNMENT BALANCES AND RESERVES.

34. *Government Balances with the Bank.*—Statement XII shows the Government balances including those of the Provinces both with the Reserve Bank of India and at Government treasuries at the end of each month during 1939-40. It will be seen that in July 1939 when the Government repaid the 5 per cent. 1939-44 loan balances with the Reserve Bank and at Government treasuries stood very low at Rs.10.42 crores. There was a progressive rise from November up to the end of the year as a result of increased revenue receipts during the busy season which coincided with the outbreak of hostilities. The highest was reached on the 31st March when the balances amounted to Rs.23.67 crores (including Provincial balances of Rs.13.57 crores) compared with Rs.17.83 crores a year earlier; the monthly average total was Rs.13.97 crores. The Burma Government's balance with the Bank at the end of the year amounted to Rs.3.48 crores as against Rs.4.79 crores in the previous year; the average monthly balance at Rs.2.45 crores was also lower than the previous year's average of Rs.2.63 crores.

35. *Treasury Bills and Ways and Means Advances.*—Details of the sales of the Central Government treasury bills by weeks are recorded in Statement XIII. Statement XIV gives similar data in respect of the Provinces which issued their own treasury bills during the year. Burma has not had recourse to this form of borrowing since the beginning of 1938-39. The total of Central and Provincial Governments treasury bills sold to the public during the year amounted to Rs.132.23 crores as compared with Rs.103.19 crores in the previous year while the total bills outstanding at the end of the year stood at Rs.56.51 crores as against Rs.47.80 crores at the end of 1938-39. The total outstanding ways and means advances and treasury bills of the Central Government at the end of each month are given in Statement XV.

36. *Central Government Treasury Bills.*—The total sales of three months treasury bills to the public amounted to Rs.120.43 crores including Rs.49.93 crores of intermediates compared with Rs.97.49 crores in 1938-39 and Rs.71.99 crores in 1937-38.

During the year the Central Government continued to provide, through the Reserve Bank, facilities for the investment of the surplus balances of the Provincial Governments in Central Government treasury bills. The Reserve Bank sold to the Provincial Governments the bills required by them out of its own holdings in the Issue Department and replaced these bills by taking from the Central Government fresh bills on tap. As in previous years, similar facilities were given to the Govern-

ment of Burma. The total amount of bills outstanding in the hands of the Issue Department of the Reserve Bank, the Provincial Governments and the Government of Burma on the 31st March, 1940 was Rs.26·74 crores compared with Rs.19·51 crores a year earlier. The corresponding figures for the investments in treasury bills of the Provinces and Burma together were Rs.11·76 crores and Rs.6·83 crores respectively. The total of the treasury bills outstanding with the public, the Bank and the Provincial Governments and Burma stood at Rs.54·71 crores at the end of 1939-40 compared with Rs.46·30 crores, Rs.38·01 crores and Rs.28·54 crores at the close of 1938-39, 1937-38 and 1936-37 respectively.

37. *Transactions in Central Government Treasury Bills.*—At the beginning of the year the amount of bills offered at the weekly tender was reduced to Rs.1 crore, but was raised to Rs.1·50 crores on the 9th May as the sale of intermediates was discontinued from the 2nd May. The tender limit was further raised to Rs.2 crores in the succeeding week and was kept at that level till the 4th July when it was reduced to Rs.1·50 crores. The sale of intermediates was, however, resumed from the 12th July. The limit was again raised to Rs.2 crores on the 22nd August, but was subsequently reduced to Rs.1·50 crores on the 12th September. With the onset of the busy season, the offer was further reduced to Rs.1 crore on the 5th December and continued at that figure till the end of the year except during the last week of December when to avoid possible stringency in the money market owing to year-end requirements the sale of treasury bills was suspended.

38. *Yield on Treasury Bills.*—The table below gives the average true yield per cent. per annum on treasury bills in 1939-40 and 1938-39. The average yield in 1939-40 was 1·87 per cent. compared with 1·63 per cent. in the previous year.

		1938-39.		1939-40.	
		Amount of three months treasury bills (including intermediates) sold (Rs. 000s omitted).	Average yield per cent. per annum.	Amount of three months treasury bills (including intermediates) sold (Rs. 000s omitted).	Average yield per cent. per annum.
April	.. ..	9,00,00	1·55	6,58,50	2·35
May	.. ..	4,15,25	1·44	6,71,50	1·97
June	.. ..	4,17,50	1·27	10,00,00	1·00
July	.. ..	6,64,25	0·85	13,08,50	0·86
August	.. ..	7,00,00	0·62	10,57,75	0·94
September	.. ..	9,16,25	0·91	11,80,75	2·78
October	.. ..	9,50,00	1·36	16,01,00	2·72
November	.. ..	12,43,75	1·40	9,63,25	1·98
December	.. ..	8,63,00	1·98	6,85,00	1·98
January	.. ..	7,29,25	2·60	11,31,25	1·96
February	.. ..	11,28,50	2·60	10,46,75	1·86
March	.. ..	8,21,25	2·45	6,48,75	1·83
Total	.. ..	97,49,00	1·63	120,43,00	1·87

It will be seen that the average yield except in June and the last three months of the year under review was on a higher level than during the corresponding months of 1938-39. The largest single rise in the rate of discount (*vide* Statement XIII) from Rs.1-0-6 per cent. to Rs.2-12-9 per cent., occurred in the week immediately preceding the outbreak of war in sympathy with a sharp rise in the rate for three months British Government treasury bills which advanced from 15s-7-39d. per cent. per annum on the 18th August to £3-14-5-44d. on the 25th August. The

high level thus reached in September was maintained in October, but thereafter despite the European political situation the rates showed a progressive decline and during the last three months were actually lower than those of the corresponding months of the previous year.

39. *Provincial Treasury Bills.*—Statement XIV gives the details of the sales of Provincial treasury bills during 1939-40. During the year the number of provinces which issued treasury bills increased from four to six and the sales during the year amounted to Rs.11.80 crores as compared with Rs.5.70 crores during the previous year. The total outstandings at the end of the year were Rs.1.80 crores. The average yield of these Provincial bills was 2.58 per cent. per annum and the rates generally followed, though at a slightly higher level, the trends in the Central Government treasury bill rates. The margin between the Central and the Provincial Governments treasury bills rates should grow narrower as the investing public begins to take a more substantial interest in these issues. The re-discount facilities offered by the Reserve Bank should also tend to make them more popular.

40. *Ways and Means Advances.*—The Central Government borrowed in all Rs.32.50 crores during 1939-40 (*vide* Statement XV) which is the same as in the previous year. Unlike in 1938-39 when no advances were taken from May to September, the Government borrowed from the Bank during all months of the year except March. The largest total borrowed in any one month was Rs.8 crores in July when the Government repaid the 5 per cent. 1939-44 loan. The largest amount outstanding was reached on the 17th and the 18th July when it stood at Rs.6.5 crores. No advances were outstanding at the close of the year. As in the previous year, the Government of Burma did not require any ways and means advances from the Bank during the year. The Provinces borrowed in the aggregate a total of Rs.10.94 crores which is only slightly higher than the last year's figure of Rs.10.41 crores. All advances to the Provinces were repaid before the close of the year.

VII.—PUBLIC DEBT.

41. *Government of India Rupee Loan.*—On the 1st July the Central Government announced a second issue of the 3 per cent. loan 1963-65 at an issue price of Rs.98 per cent. Subscriptions, which were received on the 5th July only, were payable in cash, or 5 per cent. loan 1939-44 or 5 per cent. loan 1940-43. The amount offered for public subscription in the form of cash or conversion of 5 per cent. loan 1939-44 was Rs.15 crores while conversion without limit was offered to holders of 5 per cent. loan 1940-43. The 5 per cent. loan 1939-44 and the 5 per cent. loan 1940-43 were accepted in subscription to the new loan at a cash equivalent of Rs.100-6-0 and Rs.104-0-0 respectively per Rs.100 of the nominal value of the securities tendered. The total subscriptions applied for and allotted were as follows :—

	Rs.
Cash	1,34,58,400
5 per cent. loan 1939-44	8,23,58,800
5 per cent. loan 1940-43	6,13,90,800
	Rs. 15,72,08,000

Considering the uncertainties of the international situation at the time of issue, the results of the loan may be regarded as satisfactory.

42. *Repatriation of Sterling Debt.*—The large acquisitions of sterling already referred to enabled the Reserve Bank to put considerable amounts at the disposal of the Government of India. The desirability of repatriating sterling debt has been constantly before the Government and the Reserve Bank and a beginning in this direction was made in 1937, but it had to be temporarily discontinued owing to the slackening of Government's remittances. However during this period the Government completely liquidated their liabilities on account of the Family Pension Funds transferred to England to the amount of £9½ millions. The Government have now taken the opportunity provided by the availability of sterling to reopen the former scheme by which the Reserve Bank is authorised to purchase non-terminable Indian Sterling securities in the open market as and when they become available and transfer them to the Government for cancellation. In their place additional Rupee Paper of the 3½ per cent. and 3 per cent. non-terminable loans is created up to the same nominal value, which is issued gradually by the Reserve Bank in accordance with the requirements of the market. The first such cancellation was effected on the 15th November, 1939. The total amount of non-terminable sterling loan repatriated during the year 1939-40 came to £9,337,000, the nominal value of the Rupee Paper created against the sterling debt cancelled being Rs.12,45,00,000. The scheme for the repatriation of the terminable loans was announced by the Government on the 22nd February, 1940. It consists of the creation of the following Rupee Loans as counterparts of the Indian Sterling Loans noted against each :—

<i>Rupee Loans.</i>			<i>Sterling Loans.</i>		
(1)	3 %	Loan 1949-52	3 %	Indian Stock	1949-52
(2)	3½ %	" 1954-59	3½ %	" "	1954-59
(3)	4 %	" 1948-53	4 %	" "	1948-53
(4)	4½ %	" 1950-55	4½ %	" "	1950-55
(5)	4½ %	" 1958-68	4½ %	" "	1958-68
(6)	5 %	" 1942-47	5 %	" "	1942-47

The Government Press notification which gave the general terms on which conversion facilities would be extended to the public was followed by a memorandum issued by the Reserve Bank of India on the 27th February giving details of the terms on which conversion would be effected. The amount so repatriated during the year came to £ 7,755,000, the nominal value of Rupee Paper created in its place amounting to Rs.10,34,00,000. The table below gives in detail the amount of sterling loan repatriated and the nominal value of Rupee Paper created against the sterling debt cancelled.

A. AMOUNT OF STERLING LOAN REPATRIATED.

Loan.	Terminable or Non-terminable.	Amount.
3 % India Stock 1948	Non-terminable	£ 3,712,500
3½ % " " 1931	"	5,625,000
3 % " " 1949/52	Terminable	412,500
3½ % " " 1954/59	"	150,000
4 % " " 1948/53	"	772,500
4½ % " " 1950/55	"	2,145,000
4½ % " " 1958/68	"	1,042,500
5 % " " 1942/47	"	3,232,500
		£17,092,500

**B. TOTAL NOMINAL VALUE OF RUPEE PAPER CREATED AGAINST THE STERLING DEBT
CANCELLED.**

							Rs.
3%	Paper	1896/97	..	..	..	..	4,95,00,000
3½%	"	1842/43	..	..	..	..	7,50,00,000
3%	Loan	1949/52	..	..	..	..	55,00,000
3½%	"	1954/59	..	..	..	..	20,00,000
4%	"	1948/53	..	..	..	..	1,03,00,000
4½%	"	1950/55	..	..	..	..	2,86,00,000
4½%	"	1958/68	..	..	..	..	1,39,00,000
5%	"	1942/47	..	..	..	..	4,31,00,000
<hr/>							Rs. 22,79,00,000

43. *Total Rupee and Sterling Debt.*—The following figures give the total funded debt of the Government of India as at the end of 1938-39 and 1939-40 :—

	31st March 1939.	31st March 1940.
In India (crores of Rs.)	437·92	450·23
In England (millions of £)	297·38	280·10

On the 15th July, 1939 the Government of India repaid the 5 per cent. 1939-44 loan amounting to a little more than Rs.20 crores. This was partly replaced by a second issue of the 3 per cent. 1963-65 loan which has been dealt with in paragraph 41. No sterling loan was floated, nor did any sterling loan mature for repayment during the year. But, as shown in the paragraph above, a large part of the sterling debt was repatriated and Rupee Paper created in its place. As a result the sterling debt declined to £280·10 millions and the rupee debt rose to Rs. 450·23 crores.

44. *Provincial Loans.*—During the year, three Provincial Governments, viz., Madras, the Central Provinces and the Punjab, announced through the Bank the issue of loans for Rs.1,50 lakhs, Rs.75 lakhs and Rs.2,50 lakhs respectively. Of these, the first two were floated on the 21st June, 1939 and the Punjab loan on the 16th August, 1939. The terms of the Madras loan which was raised for the purpose of financing productive electrical schemes and irrigation works were 3 per cent. at Rs.98-8-0 repayable at par in 1959. The loan was kept open till the close of business on the 21st June, 1939 and was subscribed in full after calling on the underwriters to take up a portion. The C. P. loan was raised for funding the capital expenditure of the previous two years and financing the current capital expenditure, the terms being 3 per cent. at Rs.98-8-0 repayable at par in 1949. The loan, of which Rs.5 lakhs were subscribed by the Government themselves, was oversubscribed within half an hour, the total amount offered being Rs.1,12 lakhs. Applications for Rs.1,000 and under were allotted in full, whilst other applications were allotted 65 per cent. with a minimum of Rs.1,000. The Punjab loan, the terms of which were 3 per cent. at Rs. 98 repayable at par in 1949, was oversubscribed within two hours of its opening and allotment was made to the extent of 90 per cent. The purpose of the loan was the financing of productive irrigation schemes, like the Haveli and Thal Projects.

45. *Trends in Market Values of Securities.*—It will be seen from Statement XVI that the downward trend in Indian gilt-edged prices which commenced about the end of 1937-38 and continued during 1938-39 was accentuated during 1939-40

as a result of the progressive deterioration in the international situation culminating in the outbreak of war in September, 1939. As the following table shows, the percentage of the average market value of the outstanding securities to their face value consequently declined sharply from 105·2 at the end of 1938-39 to 99·4 at the end of 1939-40:

TOTAL (FUNDED) RUPEE DEBT.

(In crores of Rs.)

(1)	Face value (2)	Market value (3)	Percentage of (3) to (2)
1936-37 ..	4,37·33	4,70·86	107·7
1937-38 ..	4,37·49	4,63·86	106·0
1938-39 ..	4,47·92	4,71·23	105·2
1939-40 ..	4,57·56	4,54·59	99·4

The market value thus fell below the face value for the first time after a period of over five years. The effect of the war on the gilt-edged market is more clearly seen from the following figures:—

TOTAL (FUNDED) RUPEE DEBT.

(In crores of Rs.)

(1)	Face value (2)	Market value (3)	Percentage of (3) to (2)
1939-40 five pre-war months ..	4,41·85	4,53·78	102·7
.. seven war months ..	4,41·32	4,26·53	96·6

It will be noticed that the market value on the eve of the war, though considerably lower than that at the end of 1938-39, still exceeded the face value. The outbreak of the war had a depressing effect, and despite a recovery from October onwards, the market value at the end of the year was below the face value of the outstanding securities.

46. *Government Securities.*—Statement XVII shows the extent of the fluctuations in the prices of representative Rupee Securities of the Government of India in 1939-40. Throughout the year, the market was dominated by the international situation. The prices of all the securities were more or less steady during the five months preceding the war. On the declaration of the war in September there was a sharp decline, but thereafter under the influence of steadier advices from London and improved investment demand, especially from Insurance companies, the prices of all securities gradually recovered, and by the end of March were only slightly lower than the level at which they stood before the outbreak of war.

47. *Post Office Cash Certificates and Post Office Savings Bank Deposits.*—Statement XVIII shows the extent of the transactions in Post Office cash certificates since their introduction in 1917-18, and in Post Office Savings Bank deposits since 1913-14. During the year the issue prices of cash certificates remained unchanged, the yield thereon continuing at 2½ per cent. compound interest. On the outbreak

of war in September, repayments during that month were very large the total amount repaid being Rs.1·92 crores as compared with Rs.1·34 crores in September, 1938 and Rs.1·06 crores in August, 1939. At the same time the sales of cash certificates showed a sharp decline, the total amount sold in September, 1939 being Rs.0·67 crores as against Rs.1·29 crores during the corresponding month in 1938 and Rs.1·27 crores in August, 1939. With the return of confidence repayments from October onwards showed a marked decrease and during the last five months of the year were appreciably lower than in the corresponding months of 1938-39. From October onwards sales of cash certificates also tended to improve, but the figures were much lower than during the same period in 1938-39. Total sales during 1939-40 amounted to Rs.10·37 crores as compared with Rs.14·71 crores during 1938-39, the corresponding figures for repayments being Rs.12·80 crores and Rs.15·35 crores respectively. The rate of interest on Post Office Savings Bank deposits during 1939-40 remained unchanged at 1½ per cent. to which it had been reduced on the 1st December, 1938. Withdrawals during September, 1939 were very heavy and amounted to Rs.7·95 crores as compared with Rs.3·32 crores during the corresponding month in 1938 and Rs.3·36 crores during August, 1939. Deposits during September, 1939 were also much lower than in September, 1938 and August, 1939, the figures being Rs.2·76 crores, Rs.3·77 crores and Rs.3·84 crores respectively. Since October, however, withdrawals showed a marked decrease and were generally lower than in the corresponding months in 1938-39 while deposits showed a steady increase although the monthly figures were slightly lower as compared with the corresponding figures of the previous year. The total liabilities of the Government of India in respect of cash certificates and Savings Bank deposits amounted to Rs.135·40 crores at the end of the year 1939-40 as against Rs.141·51 crores a year earlier. The number of Post Offices doing Savings Bank business rose from 12,109 at the end of 1938-39 to 12,151 at the end of 1939-40. In Burma their number rose from 433 to 452 while the number of depositors increased from 1,31,982 to 1,43,423. The rate of interest on Post Office Savings Bank deposits remained unchanged at 2 per cent. throughout the year.

VIII.—CURRENCY.

48. *Note Circulation.*—Statement XIX shows the gross and active circulation of currency notes and later bank notes since 1913-14, along with the percentage rise or fall year by year in the average as well as the year-end active note circulation. It will be seen that the average active note circulation which had been gradually declining since 1928-29 showed a steady expansion beginning with 1933-34 and rose to Rs.186·14 crores in 1937-38 as compared with Rs.171·90 crores in 1928-29. In 1938-39, however, the average note circulation fell by Rs.3·78 crores but this decrease was more than covered in the current year, when due to the increased trade activity in India and rise in prices which followed the outbreak of the war, the average circulation of currency notes showed a heavy increase amounting to Rs.208·86 crores. This was the highest figure on record. The average rise in active note circulation of Rs.26·50 crores in 1939-40 was the highest since 1919-20 when it amounted to Rs.37·26 crores, the highest recorded rise being Rs.41·97 crores in 1918-19. As the Statement further shows the rise in average active note circulation was only 15 per cent. as against a much larger increase during each of the four years 1916-17 to 1919-20. There was no such rush for encashment of notes on the present occasion as in 1914-15, though in certain parts of the country preference was shown for metallic currency.

49. *Encashment of Foreign Circle Notes.*—Statement XX shows the encashment of 'foreign circle' notes. The encashment of notes in a foreign circle gives an idea of the value of notes used for remittance purposes though it represents only a part of the business done as not all the notes remitted to a foreign circle are presented for encashment. It would appear that with the improvement in the remittance facilities the movement of funds through currency notes is dwindling. Encashment in 1939-40 amounted to Rs.17.35 crores compared with Rs.17.98 in 1938-39, Rs.31.60 crores in 1929-30 and Rs.60.98 crores in 1920-21.

50. *Absorption of Currency.*—In Statement XXI are shown the average annual absorption of currency notes and rupee coin for the five years 1914-15 to 1918-19 and the annual absorption during the subsequent 21 years. Sovereigns and half-sovereigns have been excluded as they are no longer legal tender. Since the Bank assumed the management of the currency, the figures for absorption or return of currency are taken as the variation in the totals of notes in circulation as shown in the weekly returns of the Issue Department of the Bank. Notes in circulation thus now include the amounts held in Government treasuries as well as those with the public but exclude the holdings of the Banking Department of the Reserve Bank. The absorption or return of rupee coin means the decline or rise respectively in the amount of rupee coin held in the Issue Department of the Bank. As under Section 33 of the Bank Act, 'Rupee Coin' in the Issue Department does not include half-rupees, the latter have been excluded from Statement XXI since 1935-36 and shown in Statement XXVII on the absorption of small coin. In 1939-40, the total absorption of rupee coin and currency notes amounted to Rs.59.53 crores made up respectively of an absorption of Rs.10.08 crores of rupee coin and Rs.49.45 crores of currency notes. On account of the additional demand for currency due to war, the total absorption, this year, showed a large increase and was the largest on record excepting the year 1918-19 when it amounted to Rs.94.31 crores. It will be interesting to compare the following table which shows the absorption and return of currency during the last war :—

			(In lakhs of rupees)		
			Rupees	Notes	Total
1914-15	..	..	— 6,70	— 6,01	— 12,71
1915-16	..	..	+ 10,40	+ 9,23	+ 19,63
1916-17	..	..	+ 33,81	+ 13,80	+ 47,70
1917-18	..	..	+ 27,86	+ 17,22	+ 45,08
1918-19	..	..	+ 45,02	+ 49,29	+ 94,31

As this table shows, there was a return of Rs.12.71 crores in the first year of the last war as against the heavy absorption of the current year. The following table compares the figures for the pre-war period of 5 months and the subsequent 7 months of 1939-40 with the corresponding figures for 1938-39 and shows the extent of the demand for currency created by the war :—

			1938-39			1939-40		
			Notes	Rupees	Total	Notes	Rupees	Total
April to August	..	..	— 14,78	— 10,42	— 25,20	— 10,21	— 9,45	— 19,66
September to March	..	..	+ 17,76	— 2,18	+ 15,58	+ 59,66	+ 19,53	+ 79,19

The two accompanying graphs show the progressive absorption or return of (i) Notes and Rupees together week by week, and (ii) Notes, Rupees and Small coin separately month by month for the period 1936-37 to 1939-40.

51. *Seasonal Absorption and Return since 1919-20.*—Statement XXII with the accompanying graph records the busy season absorption and slack season return of notes and coin for the 20 years from 1920-21 to 1939-40. The currency requirements of the busy season coinciding as they did with those of the war resulted in an exceptionally heavy absorption of Rs.83.11 crores being the largest during the twenty-year period covered by the Statement.

52. *Absorption of Rupees.*—Statement XXIII gives the monthly absorption of rupees and Statement XXIV distributes the figures by circles. There was a net absorption of Rs.10.08 crores as against a return of Rs.12.60 crores in 1938-39 and Rs.6.52 crores in 1937-38. Not since 1919-20 (*vide* Statement XXI) has there been an absorption of rupee coin larger than in 1939-40 while the subsequent two decades have been a period of return with the exception of 1923-24, 1924-25, and 1931-32. As against an absorption of Rs.137 crores during 1915-16 to 1919-20 there was a return of Rs.141 crores during the subsequent 20 years 1920-21 to 1939-40. It will be seen from Statement XXIV that there has been an increase in the demand for rupees in almost all the circles excepting Karachi and Rangoon which alone show a net return of Rs.23 and Rs.33 lakhs respectively. The largest absorption has been in the Cawnpore circle amounting to Rs.5.72 crores. This abnormal absorption of rupee coin in the Cawnpore circle, though no doubt due to brisker trade and bumper crops, is also in part due to a tendency to hoard coin.

53. *Rupee Census.*—Statement XXV shows the number of rupees minted since 1835 and Statement XXVI tabulates the result of the annual examination of a portion of the rupees held at each treasury in India and Burma in order to determine the composition, according to the date borne by the coins, of the rupee coin in circulation. It would appear from this examination that the proportion of George V and Edward VII issues in total circulation has been increasing while that of Victoria coins is declining as a result of their withdrawal. George V issues now amount to more than 50 per cent. of the total.

54. *Absorption of Small Coin.*—Statement XXVII gives the annual absorption of small coin (excluding half pice and pie pieces) from 1919-20 with averages for the five war and pre-war years. Small coin of all denominations, like other forms of currency, has this year shown a heavy increase in absorption particularly since the outbreak of the war in September, as is revealed by the following figures :—

(In thousands of Rs.)						
	Silver half rupees	Four anna pieces	Two anna pieces	One anna pieces	Single pice	Total
5 months April to August	— 17.03	— 19.37	— 9.37	— 1.04	+ 5.17	— 42.54
7 months September to March	+ 76.70	+ 58.34	+ 57.44	+ 53.19	+ 15.91	+ 261.58
Total	+ 59.67	+ 38.97	+ 48.07	+ 51.25	+ 21.08	+ 219.04

This increase was due in part to the rise in commodity prices and the growing volume of small scale trading. Thus the net absorption of small coin during 1939-40 amounted to Rs.219.04 lakhs as against Rs.17.54 lakhs in the previous year. The total absorption of legal tender currency made up of notes and coins (including small

coin) stood at Rs.61.71 crores. Excluding half-rupee coin which were not included in this Statement prior to 1935-36 the total absorption in 1939-40 of Rs.159.37 lakhs was the highest since 1919-20 when it amounted to Rs.213.71 lakhs. For purposes of comparison, the absorption of small coin (excluding half rupees) during the war years 1914-15 to 1918-19 is detailed below :

		(In thousands of Rs.)				
Year		4 anna pieces	2 anna pieces	1 anna pieces	Single pice	Total
1914-15	.. .. .	10,23	4,63	6,87	12,57	20,66
1915-16	.. .. .	8,33	7,44	18,60	2,06	36,43
1916-17	.. .. .	32,99	23,17	32,50	8,59	97,25
1917-18	.. .. .	38,11	28,53	25,86	6,15	98,65
1918-19	.. .. .	1,17,02	93,21	55,46	23,92	2,89,61
Total	.. .. .	1,86,22	1,47,72	1,39,29	28,15	5,01,38
Average	.. .. .	37,24	29,54	27,86	5,63	1,00,27

IX.—MISCELLANEOUS MATTERS CONNECTED WITH NOTES AND COINAGE.

55. *Changes in the Form of Notes.*—There was no change either in respect of any denomination or pattern of Reserve Bank notes during the period under review. The Reserve Bank Burma notes of the denominations of Rs.100, Rs.1,000 and Rs.10,000 were issued during the year. The dates of their first issue were as follows :—

Rs.100	.. .. .	May 1939
Rs.1,000	.. .. .	July 1939
Rs.10,000	.. .. .	May 1939

The issue of overprinted notes in Burma has been stopped entirely with effect from the 1st April, 1940, though those already in circulation will continue to be legal tender in Burma.

56. *Circulation of Notes by Denominations.*—The details in Statement XXVIII indicate the relative popularity of the different denominations of notes. The Rs.10,000 denomination has been excluded since it is seldom used except by banks for making large adjusting payments. Currency notes for Re.1 and Rs.2-8-0 were introduced as a war time measure in the last war, but they have not been issued or re-issued since 1926. The ten rupee note continues to be the most popular denomination comprising 41.9 per cent. of the total circulation. The one hundred rupee note with a circulation of 32.1 per cent. comes next followed by the five rupee note with 19.4 per cent.

57. *Life of Notes.*—The life of a note is reckoned to be the period from the time of its issue to the time of its cancellation, the calculation being based on the ratio of the number of notes outstanding in a year to the number of notes cancelled

during that year. The table below gives in months the life of notes of each denomination for the last three years :

		(In months.)						
		(a) Including notes held in the currency chests.						
		Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Rs. 10,000
1937-38	.. ..	15	14½	11	15	12½	5	5
1938-39	.. ..	15	15	11	16	7	6	8
1939-40	.. ..	19	19	11	19	11	13	13

		(b) Excluding notes held in the currency chests.						
		Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Rs. 10,000
1937-38	.. ..	6	7½	5	7	2	2½	3
1938-39	.. ..	7½	8½	6	8½	3	4	5
1939-40	.. ..	11	13½	6	12	3	4	4

The actual period for which the notes ordinarily remain in circulation may be taken as being between the limits shown by the above two sets of figures.

58. *Old Notes.*—Section 34 of the Reserve Bank of India Act provides that any currency note or bank note which has not been presented for payment within 40 years from its date of issue shall be deemed to be no longer in circulation. The value of the currency notes written off under this section during 1939-40 amounted to Rs.99,290 compared with Rs.85,680 in the previous year.

59. *Lost, Destroyed and Mutilated Notes.*—The number of lost, destroyed and mutilated notes in respect of which claims have been admitted during the last four years is as follows :—

	1936-37.	1937-38.	1938-39.	1939-40.
Lost or wholly destroyed notes	139	162	166	130
Half notes	866	1,276	1,084	623
Mutilated notes	54,364	73,489	68,031	54,981

Two false claims on defective and other currency notes were reported during the year ; no prosecutions were however instituted against these claims. The one case pending at the close of 1938-39 resulted in the conviction of the accused. There was no pending case at the close of the year under review.

60. *Note Forgeries.*—The total number of forged notes brought to notice during the year was 2,196 as compared with 1,140 in 1938-39.

	Denomination of Notes.						
	Re. 1	Rs. 2-8-0	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500
Number of forgeries ..	6	Nil.	85	2,008	1	95	1

Of the 2,008 forgeries of the Rs.10 denomination, 625 were detected in Madras, 520 in Rangoon and 403 in Calcutta. In 1939-40 forty-seven prosecutions as against twenty-seven in the previous year were launched of which twenty-four resulted in the conviction of the accused. Out of the seventeen cases pending at the close of the previous year six resulted in convictions. The number of cases pending at the close of the year was forty-six.

61. *Coinage.*—No whole rupees were coined at the Mints during the year though George VI coins of various other denominations were minted and issued from the Bombay and Calcutta Mints as shown below :

Denomination.	Date of Issue.	
	Bombay Mint.	Calcutta Mint.
Silver eight anna	16-11-39 (1938 coins)	23-11-39
	9-2-40 (1939 coins.)	
Silver four anna	16-1-40	3-11-39
Nickel two anna	1-11-39	3-6-39
Nickel one anna	3-3-39	3-4-39
Single Pice	2-12-38 (1938 coins.)	3-4-39
	18-3-39 (1939 coins)	
Half Pice	13-4-39	3-4-39
Pic pieces	2-5-39	6-7-39

Section 5 of the Indian Coinage Act of 1906 was modified by the Indian Coinage (Amendment) Act of the 11th March, 1940. The amending Act reduced the silver content of the four anna coin from the present eleven-twelfths, or forty one and a quarter grains of fine silver to 50 per cent. or twenty two and a half grains fine. This brings the silver four anna coin into line with the British subsidiary coinage formerly eleven-twelfths but now 50 per cent. fine. The total mintage of small coin during the two years 1938-39 and 1939-40 was as follows :—

	1938-39.	1939-40.
	Rs.	Rs.
Silver eight anna	21,48,909	80,03,696
Silver four anna	16,16,298	43,41,378
Nickel two anna	7,90,697	33,60,539
Nickel one anna	28,94,603	57,28,751
Single Pice	17,49,029	27,78,487
Half Pice	94,300	1,03,264
Pic pieces	52,412	1,05,659
Total ..	93,46,248	2,44,21,774

62. *Withdrawal of Silver Coin.*—The total value of silver coin withdrawn from circulation during 1939-40 was as follows :—

	(In lakhs of rupees.)
William IV 1835	1.40
Victoria Queen 1840	11.49
Victoria Queen 1862-1901	1191.27
George V 1911	0.18
Shroff marked coin	38.95
Other uncurrent coin	76.03
Total ..	1319.32

The withdrawal of Victoria Coin at Rs.12.03 crores during the year compares with Rs.9.80 crores in 1938-39. Victoria coin continued to be full legal tender, but its withdrawal was accelerated with a view to improving the composition of the rupee circulation.

Rupees of mintages upto 1876 are withdrawn as provided in Article 75 (a) of the Resource Manual and rupees of the mintages of 1877 to 1901 under the instructions issued in the late Controller of the Currency's circular dated the 1st October, 1936. In order to accelerate this withdrawal the Government of India have given the following facilities with effect from October, 1938 :—

(i) Restrictions on the receipt of light-weight silver coin have been suspended in the case of all Victoria rupees.

(ii) In order to encourage the public to return Victoria rupees regarding the genuineness of which they are in doubt, Treasury and Sub-Treasury Officers have been given the discretion to accept at full value coin which they consider to be genuine. If such coin are subsequently found to be counterfeit the Officers concerned are not required to make good the deficiency.

The Government of India have also decided that Victoria half and quarter rupees should be gradually withdrawn from circulation and that the procedure in this respect should be the same as in the case of the Victoria rupees. This procedure has taken effect from November, 1939.

The number of light-weight silver coins withdrawn from circulation during the year was as follows :—

	Over 2 p.c. but not more than 6½ p.c.	Over 6½ p.c. but not more than 25 p.c.	Over 2 p.c. but not more than 12½ p.c.	Over 12½ p.c. but not more than 25 p.c.	Over 25 p.c.	Total
Rupees	2,01,935	83,662	....	....	..	2,85,597
Half-Rupees .. ..	....	....	16,09,454	23,838	..	16,33,292
Quarter Rupees .. ..	....	....	....	18,32,857	..	18,32,857
Eighth Rupees .. ..	....	....	....	2,44,148	..	2,44,148
Total	2,01,935	83,662	16,09,454	21,00,843	..	39,95,894

63. *Withdrawal of Nickel and Copper Coin.*—Eight anna nickel coins were called in under Section 15-A of the Indian Coinage Act, 1906 with effect from the 1st October, 1924 and are now received at Issue offices only. Double pice are also being withdrawn from circulation but are still received at treasuries as well as Issue offices. The total nominal value of eight anna nickel coins and double pice withdrawn from circulation during 1939-40 was as follows :—

	Rs.
Eight anna nickel	3,640
Double pice	21,075

The amounts of badly worn and defaced nickel and copper coins withdrawn from circulation during the year were as follows :—

	Rs.
Four anna nickel	47,031
Two anna nickel	1,57,011
One anna nickel	17,04,763
Copper and bronze	3,16,284

64. *Counterfeit Coin.*—The number of counterfeit coins cut at treasuries and railway stations during the last three years was as follows :—

			Silver coin.				
			Rupees.	Half rupees.	Quarter rupees.	Eighth rupees.	Total.
1937-38	..	..	1,82,654	14,526	8,745	667	2,06,592
1938-39	..	..	2,10,730	18,434	10,753	661	2,40,578
1939-40	..	..	1,94,122	18,482	10,529	397	2,23,530

			Nickel coin.				
			Eight anna.	Four anna.	Two anna.	One anna.	
1937-38	..	..	305	12,628	44,651		20,535
1938-39	..	..	124	14,192	52,553		24,000
1939-40	..	..	97	13,246	52,058		25,359

X.—MONEY AND BANKING.

65. *Money Rates.*—Statement XXIX gives the money rates in India on the first day of each month of the year. The Bank Rate is the standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange or other commercial paper eligible for purchase under the Act. The Imperial Bank *Hundi* rate is the rate at which the Imperial Bank discounts first-class three months bills. The Bazar rates are those at which the bills of small traders are reported to have been discounted by Shroffs ; these are of course not official quotations.

66. *General Features.*—During the year under report changes in Bank rates were witnessed in many important financial centres. In Belgium the rate was reduced from 2½ per cent. to 2 per cent. while in Netherlands it was raised from 2 per cent. to 3 per cent. In Norway and Sweden also the rates were put up to 4½ and 3 per cent. respectively. In the United Kingdom the Bank rate was raised from 2 per cent. to 4 per cent. shortly before the war and was reduced to 3 per cent. towards the close of September and then again to the pre-war level of 2 per cent. towards the end of October. Following the outbreak of war money rates for four to six months commercial paper in New York advanced from 0·56 to 0·69 per cent. while

in Paris the rates for 1½ to 3 months bills rose from 1·97 to 2·19 per cent. With the raising on the 24th August of the Bank of England Rate from 2 to 4 per cent. the rates in London for 3 months bank bills moved up from 0·78 per cent. in July 1939 to 3·53 per cent. in September. From October, however, with the return of the Bank of England Rate to the pre-war level the rates for three months declined sharply and fell to about 1 per cent. by January, 1940.

In India monetary conditions remained generally easy until the outbreak of the war. At the beginning of the financial year the interbank call rate was quoted at 2 per cent., but with the onset of the slack season in May it showed a declining tendency and fell to about ½ per cent. in July. With the outbreak of war in September, however, the call rate in Bombay advanced to 1½ per cent. while the 3 months deposit rate also improved to 2½ per cent. In October the restoration of the Bank of England Rate to the pre-war level tended to ease the monetary situation but in the succeeding two months the seasonal demand for funds coupled with the greatly increased demand for financing large stocks of silver and commodities began to assert itself and the call rate moved up to 2½ per cent. In February as a result of heavy maturities of Treasury Bills and a reaction in the commodity and share markets the call rate slipped back to 1 per cent. and continued at that level until nearly the close of March when temporarily it improved to 2 per cent. owing to financial year-end requirements. The bazar bill rate in Bombay which remained at 5½ per cent. during the first five months advanced to 6 per cent. on the outbreak of war and, after declining to the pre-war level in October and November, again rose to 6½ per cent. In Calcutta the bazar bill rate remained unchanged. The Reserve Bank of India Rate which has been fixed at 3 per cent. since the 28th November, 1935 continued at the same level throughout the year.

67. *Banks in India.*—In last year's report mention was made of the growing tendency among smaller banks to increase their paid-up capital to attain the status of scheduled banks. As a scrutiny of the balance sheets of some of the banks aspiring to be included in the schedule revealed certain undesirable practices in raising paid-up capital the procedure for inclusion of banks in the schedule was reviewed by Government in consultation with the Reserve Bank and it was decided that no bank should be included in future in the Second Schedule unless it appeared on enquiry that its paid-up capital and reserves were really of the value of Rs. 5 lakhs or above. During the financial year 1939 the total number of scheduled banks increased from 56 to 59. A list of these banks is attached as an appendix to this Report. The Benares Bank suspended payment in May, 1939 and the Allahabad High Court on the 1st March, 1940 passed a compulsory winding up order and appointed an official liquidator. As a result the bank was excluded from the Second Schedule. The Bhagwandas Bank Ltd., a scheduled bank in the Delhi circle, was also excluded from the Schedule following its absorption in January by the Punjab National Bank Ltd.

68. *Branch Banking.*—During the financial year 1939-40, the total number of offices, branches, pay offices, etc., of scheduled banks increased from 1,144 to 1,290, showing an increase of 146 offices. The five banks newly included during 1939-40 accounted for an increase of 102, while the exclusion of the Benares Bank and the Bhagwandas Bank resulted in a decrease of 15. The other scheduled banks opened 86 offices and closed 27 of their existing offices. A feature of branch banking development was that out of a total of 86 new offices opened by the scheduled banks

other than those newly included in the schedule, the Imperial Bank and the bigger banks alone accounted for 58. The following table shows the development of branch banking by scheduled banks since 1935.

Development of branches of scheduled banks since 1935.

Year.	Total number of scheduled banks.	Total number of banking offices including Head Offices in India and Burma operating at the end of the year or quarter.
31st December, 1935	49	723
31st December, 1936	50	828
31st December, 1937	54	1,138
31st December, 1938	57	1,125
For the quarter ended—		
31st March, 1939	56	1,144
30th June, 1939	59	1,198
30th September, 1939	60	1,252
31st December, 1939	61	1,277
31st March, 1940	59	1,290

At the beginning of the financial year there was a keen demand for money and the Reserve Bank accommodated scheduled banks to the extent of Rs.264.5 lakhs against Government securities. Limits for the rediscount of bills were also sanctioned to two banks in South India. During the second and third quarters of the year advances to scheduled banks amounted to Rs.3.80 lakhs and Rs.2.60 lakhs respectively while during the last quarter, with the onset of the busy season the Reserve Bank's advances to banks including provincial co-operative banks increased to Rs.22.63 lakhs, against Government securities.

69. *Reduction of Stamp Duty.*—A change of considerable importance to banking circles during the year was the reduction of the stamp duty on usance bills of exchange. By a notification dated the 13th January, 1940 the Central Government reduced the duty chargeable on usance bills of exchange made or drawn in and payable in British India and having a usance not exceeding one year to two annas for every one thousand rupees or part thereof, thereby removing one of the obstacles to the growth of a bill market in this country.

70. *Non-Scheduled Banks.*—The non-scheduled banks operating in British India on the 31st December, 1938 numbered about 1,421. A large number of these claimed that they were not banks within the meaning of Section 277F of the Indian Companies Act, and only about 672 were submitting the cash reserve returns prescribed by Section 277(L) of that Act. Of 1,421 non-scheduled banks only 236 had paid-up capital and reserves of Rs. 50,000 or above. The balance sheets of 418 non-scheduled banks have been analysed and their consolidated position as on the 31st December, 1938, is shown in Statement XXX. As will be seen from this Statement the characteristic features of these banks are, first a meagre capital structure, secondly the preponderance of time deposits among liabilities and thirdly a lack of fluid resources in the form of cash and gilt-edged securities. The Reserve Bank's proposals for a Bank Act, referred to later, seek to remedy some of these defects.

71. *Banking Legislation.*—In November, 1939 the Reserve Bank submitted to the Central Government its proposals for banking legislation in India. These proposals were released by Government for public opinion early in January, 1940. The more important features of the proposals may be summarised here. In the first place an attempt has been made to define banking in a simpler and clearer way than has been done in the Indian Companies Act. Secondly, the proposals seek to ensure that institutions calling themselves banks are started with sufficient minimum capital to enable them to operate on a scale large enough to make it possible for them to earn reasonable profits. Thirdly, the proposals visualise certain moderate restrictions on bank investments in order to protect the depositing public. Lastly an endeavour has been made to expedite liquidation proceedings so that in the event of a bank failing the depositors may be paid off with the minimum delay and expense.

72. *Reserve Bank of India, Issue Department.*—Statement XXXI shows the total liabilities and assets of the Issue Department of the Reserve Bank of India as on the last Friday of each month of the year while the table below gives similar details since the commencement of the operations of the Bank in April 1935.

(In lakhs of Rs.)

Annual average.	Liabilities.			Assets.				Percentage of Gold and Sterling securities to total notes issued.
	Notes held in Banking Department.	Notes in Circulation.	Total.	Gold coin and bullion.	Sterling securities.	Rupce coin.	Rupce securities.	
1935-36 ..	27,54	164,11	191,65	44,42	62,13	55,52	29,58	55.60
1936-37 ..	25,70	175,98	201,68	44,42	69,63	64,01	23,62	56.55
1937-38 ..	25,64	186,14	211,78	44,42	79,90	60,24	27,22	58.70
1938-39 ..	28,22	182,36	210,58	44,42	66,88	67,10	32,18	52.85
1939-40 ..	18,89	208,86	227,75	44,42	78,32	67,59	37,42	53.89

Notes show an almost continuous rise, the increase being most noticeable during the months following the outbreak of the war. The total notes issued in India and Burma rose sharply from Rs.206.84 crores on the 14th April to Rs.254.87 crores during the third week of February, the highest since the inception of the Bank. There was a slight decrease towards the close when the amount declined to Rs.252.21 crores. Notes in circulation as usual fell during the slack season from Rs.194.33 crores at the beginning to Rs.179.49 crores in August but thereafter rapidly increased to Rs.242.05 crores on the 22nd March, the highest on record. On the assets side gold coin and bullion continued unaltered at Rs.44.42 crores, being 17.61 per cent. of the total notes issued on the 29th March, 1940 compared with 21.44 per cent. at the close of 1938-39. Owing to a considerable increase in the total of sterling securities from Rs.59.50 crores to Rs.113.50 crores the percentage of gold and sterling securities to total liabilities rose from 50.15 to 62.61. The holding of rupee coin fell from Rs.71.01 crores to Rs.55.94 crores owing mainly to the increased demand for the conversion of notes into coin as a result of the war. During April, 1939 the Reserve Bank returned Rs.5 crores of surplus rupee coin to Government under section 36 of the Bank Act.

73. *Banking Department.*—Statement XXXII shows the liabilities and assets of the Banking Department of the Bank as on the last Friday of each month during the year while the table below gives the annual average for the five years 1935-36 to 1939-40.

(In lakhs of Rupees.)

Average.	Liabilities Deposits.				Assets.							
	Government.	Banks.	Other.	Total.	Other Liabilities.	Notes and Coin.	Balances held abroad.	Loans and advances to Government.	Other loans and advances.	Bills purchased and discounted.	Investments.	Other assets.
1935-36 ..	11.29	27.24	9	38.82	90	27.64	15.05	83	1	..	9.47	52
1936-37 ..	9.87	28.56	40	38.83	1.14	25.80	13.76	1.68	1	1	6.06	80
1937-38 ..	11.42	24.80	70	36.92	86	25.72	13.89	75	2	6	7.11	73
1938-39 ..	14.88	16.20	76	31.84	1.27	23.81	4.12	1.82	2	1.50	6.35	90
1939-40 ..	13.75	17.87	1.06	32.68	1.52	13.09	12.19	1.07	11	2.87	7.24	1.73

Deposits of banks which had declined to Rs.11.41 crores at the close of the preceding year showed a sharp increase and by August had more than doubled. Thereafter there set in a declining tendency which brought the figure from Rs.26.98 crores on the 25th August to Rs.17.25 crores on the 22nd March due mainly to the increased demand for funds as reflected in the returns of the scheduled banks (*vide* Statement XXXIII). Government deposits averaged Rs.13.75 crores against Rs.14.88 crores in the previous year. The Reserve Bank's cash declined from Rs.18.22 crores at the beginning of the year to Rs.10.42 crores on the 22nd March and closed at Rs.13.77 crores.

74. *Scheduled Banks.*—Statement XXXIII on the scheduled banks' consolidated position records their total time and demand liabilities, balances with the Reserve Bank and advances and discounts on the last Friday of each month of the year ; the table below gives the annual averages for the five years 1935-36—1939-40 :

(In lakhs of Rupees.)

Average.	Liabilities.	Cash and balances with Reserve Bank of India.	Cash and balances with Reserve Bank of India as percentage of Liabilities.	Advances in India and Burma.	Bills discounted in India and Burma.	Advances and discounts as percentage of Liabilities.
1935-36 (9 months July/March) ..	217.72	37.79	17.36	87.85	3.59	42.00
1936-37	229.97	32.27	14.03	95.27	4.73	43.48
1937-38	241.81	31.07	12.85	113.41	6.26	49.49
1938-39	237.87	22.60	9.50	115.78	4.94	50.71
1939-40	245.57	24.55	10.00	125.66	5.25	53.31

The total time and demand liabilities rose from Rs.237·29 crores on the 7th April, 1939 to Rs.249·78 crores on the 18th August while the cash and balances with the Reserve Bank during the same period improved from Rs.15·42 crores to Rs.28·49 crores. Early in September on the outbreak of war certain scheduled banks were called upon to meet hurried withdrawals but the deposits soon began to return as the public adjusted themselves to war conditions. Thereafter owing to a rapid expansion in advances to meet the increased demand for finance from the commodity markets, the stock exchange and the silver market, deposits showed an almost continuous increase and by the end of March, 1940 the total demand and time liabilities amounted to Rs.259·26 crores which were the highest recorded so far and which exceeded the corresponding figure of the previous year by Rs.21·30 crores. The total advances of the scheduled banks on the 29th March amounted to Rs.156·46 crores which exceeded the peak figures of 1938-39 by Rs.28·45 crores. Below are given the various ratios showing the position of scheduled banks as at the end of each of the five years 1935-36 to 1939-40.

Scheduled Banks' Position

End of	Percentage of total liabilities.					
	Total Liabilities (Rs. Crores).	Demand Liabilities.	Cash (including balances with Reserve Bank).	Advances.	Bills discounted.	
1935-36	221·96	54·10	18·79	41·79	2·78	
1936-37	238·94	55·92	12·02	50·10	3·34	
1937-38	237·00	53·64	9·72	51·59	2·99	
1938-39	237·98	54·91	7·12	53·79	3·31	
1939-40	259·26	58·00	9·41	60·35	2·56	

75. *Clearing House Statistics.*—Statement XXXIV gives details of the clearance of cheques since 1918-19. With the exception of Madras all the centres showed increases in the total value of cheques cleared which rose from Rs.19·75 crores in 1938-39 to Rs. 23·19 crores in 1939-40, the highest since 1920-21. The value of cheques cleared during the first five months of the year showed decreases over the corresponding months of the previous year, but during the succeeding months it was considerably higher than in the corresponding months of the preceding year owing to the increased financial activity in India since the outbreak of the war. Statement XXXV compares half-yearly figures for the number and amount of cheques cleared through each of the clearing houses during 1939-40 with the corresponding figures for 1938-39.

76. *Internal Remittances.*—Statement XXXVI shows remittances through the Reserve Bank of India as well as the Imperial Bank of India; Statements XXXVII and XXXVIII record remittances through Government agencies. The total of telegraphic transfers issued by the Offices of the Reserve Bank of India in 1939 amounted to Rs.318·51 crores compared with Rs.271·93 crores in the previous year. The totals of demand drafts purchased and the drafts and telegraphic transfers paid by the Imperial Bank of India show a progressive rise; their total was Rs.320·19 crores in 1939 compared with Rs.282·92 crores in 1938.

XI.—ANNUAL ACCOUNTS, ETC., OF THE RESERVE BANK OF INDIA.

77. *Balance Sheet and Profit & Loss Account of the Reserve Bank of India.*—In the Governor's speech at the Fifth Annual General Meeting a reference was made of the Board's request to the Central Government to introduce legislation giving power to the Bank to alter its accounting year to July-June in place of January-December and also to amend the Reserve Bank Act so as to enable it to act as agents for the Ceylon currency authority. The necessary amendments were passed in March 1940. The second of these amendments will enable the Bank to close its accounts as at the close of business on the 30th June every year. The Bank's first report, under the new arrangements, will cover the half year ending the 30th June, 1940. The net profits of the Bank for this period shall be deemed to be the net annual profits but the cumulative dividend referred to in Section 47 of the Act as payable out of profits shall be payable at the rate of one and three-quarter per cent.

Statements XXXIX and XL reproduce the Balance Sheet and the Profit and Loss Account of the Bank as on the 31st December, 1939 which were submitted to the Fifth Annual General Meeting of the shareholders of the Bank held at Calcutta on the 5th February, 1940. The Bank's expenditure for 1939 amounted to Rs. 100·45 lakhs as against Rs. 98·25 lakhs for 1938 due mainly to larger payments amounting to Rs. 2½ lakhs incurred in connection with the remittance of treasure necessitated by the growth in the currency requirements of the country consequent on the war. Owing to the heavy depreciation in the value of the Bank's holding in securities, the net profits for the year were lower than in 1938 and as a result the surplus available for payment to the Government of India amounted to only Rs. 5 lakhs as against Rs. 20 lakhs in the previous year.

78. *Distribution of Shares.*—The table below shows the distribution of the Bank's shares and the number of shareholders on the various registers as on the 1st April, 1935 and on the 31st December, 1937, 1938 and 1939. It will be observed that the total number of shareholders since the inception of the Bank declined by nearly 38 per cent. During the year the number of shares held in the Bombay area increased at the expense of Calcutta and Delhi. In consequence of our report to this effect to the Government of India the Reserve Bank Act was amended in March, 1940 so as to restrict the holding of the Bank's shares by any individual or firm to a maximum of 200, with the object of ensuring a wider distribution of the Bank's shares.

	1st April, 1935.		31st December, 1937.		31st December, 1938.		31st December, 1939.	
	Distribu- tion of shares.	Number of Share- holders.	Distribu- tion of Shares.	Number of Share- holders.	Distribu- tion of shares.	Number of Share- holders.	Distribu- tion of shares.	Number of Share- holders.
Bombay ..	1,40,000	28,000	2,01,448	21,467	2,05,508	20,765	2,07,367	19,945
Calcutta ..	1,45,000	23,800	1,25,216	14,525	1,22,800	13,801	1,21,335	13,187
Delhi ..	1,15,000	23,000	93,919	15,069	93,314	14,900	92,764	14,193
Madras ..	70,000	14,000	60,221	9,142	59,951	8,708	60,109	8,377
Rangoon .	30,000	3,157	19,196	1,767	18,427	1,603	18,425	1,490
Total ..	5,00,000	92,047	5,00,000	62,570	5,00,000	59,777	5,00,000	57,192

STATEMENTS.

STATEMENT I.

INDEX NUMBERS OF WHOLESALE PRICES : 1929=100.*

(Reference paragraph 5.)

						India.		United Kingdom.	United States of America.	Japan.
						Calcutta	Bombay			
1929	average	..	..	..	..	100	100	100	100	100
1930	"	..	..	..	..	82	87	88	91	82
1931	"	..	..	..	..	68	75	77	77	70
1932	"	..	..	..	..	65	75	75	68	73
1933	"	..	..	..	..	62	68	75	69	82
1934	"	..	..	..	..	63	66	77	79	81
1935	"	..	..	..	..	65	68	78	84	84
1936	"	..	..	..	..	65	66	83	85	90
1937	"	..	..	..	..	72	73	95	91	108
1938	"	..	..	..	..	68	70	89	82	114
1939	"	..	..	..	..	76	75	90	81	126
1938	April	..	..	..	..	67	70	90	83	112
"	May	..	..	..	..	67	69	89	82	113
"	June	..	..	..	..	67	69	88	82	116
"	July	..	..	..	..	67	69	88	83	116
"	August	..	..	..	..	67	69	87	82	115
"	September	..	..	..	..	67	70	86	82	115
"	October	..	..	..	..	67	69	87	81	115
"	November	..	..	..	..	67	68	86	81	116
"	December	..	..	..	..	67	70	86	81	116
1939	January	..	..	..	..	68	69	85	81	118
"	February	..	..	..	..	70	68	85	81	120
"	March	..	..	..	..	69	68	85	80	120
"	April	..	..	..	..	71	69	85	80	121
"	May	..	..	..	..	72	70	86	80	123
"	June	..	..	..	..	72	70	86	79	123
"	July	..	..	..	..	71	69	86	79	123
"	August	..	..	..	..	71	71	86	79	124
"	September	..	..	..	..	81	83	92	83	131
"	October	..	..	..	..	84	83	97	83	133
"	November	..	..	..	..	93	92	104	83	136
"	December	..	..	..	..	97	93	107	83	143
1940	January	..	..	..	..	92	88	110	83	146
"	February	..	..	..	..	89	86	113	82	144
"	March	..	..	..	..	86	82	113	82	142

Calcutta—Indian Trade Journal, original base, 1914=100.

Bombay—Labour Gazette, original base, 1914=100.

United Kingdom—Board of Trade, original base, 1930=100.

United States—Bureau of Labour Statistics, original base, 1926=100.

Japan—Bank of Japan, original base, 1900=100.

STATEMENT II.

BALANCE OF TRADE IN MERCHANDISE, 1939-40.

(Reference paragraph 8.)

(In lakhs of Rs.)

	INDIA.			BURMA.			INDIA AND BURMA*.		
	† Imports of Merchandise	Exports of Merchandise	Balance of Trade in Merchandise	† Imports of Merchandise	Exports of Merchandise	Balance of Trade in Merchandise	† Imports of Merchandise	Exports of Merchandise	Balance of Trade in Merchandise
April	— 13,39	+ 13,26	— 13	— 2,04	+ 5,22	+ 3,18	— 11,91	+ 14,25	+ 2,34
May	— 14,57	+ 15,34	+ 77	— 2,45	+ 5,70	+ 3,25	— 12,54	+ 16,45	+ 3,91
June	— 14,66	+ 15,42	+ 76	— 1,92	+ 4,87	+ 2,95	— 12,49	+ 16,30	+ 3,81
July	— 13,62	+ 16,71	+ 3,09	— 1,85	+ 3,71	+ 1,86	— 11,79	+ 17,07	+ 5,28
August	— 13,86	+ 16,40	+ 2,54	— 2,10	+ 4,16	+ 2,06	— 12,13	+ 16,92	+ 4,79
September	— 11,27	+ 15,61	+ 4,34	— 1,82	+ 4,03	+ 2,21	— 9,38	+ 15,70	+ 6,32
October	— 10,32	+ 14,76	+ 4,44	— 1,73	+ 4,06	+ 2,33	— 8,60	+ 15,20	+ 6,60
November	— 12,50	+ 17,53	+ 5,03	— 1,76	+ 3,39	+ 1,64	— 10,80	+ 18,04	+ 7,24
December	— 13,62	+ 21,01	+ 7,39	— 2,02	+ 4,25	+ 2,23	— 12,53	+ 21,88	+ 9,35
January	— 16,37	+ 24,41	+ 8,04	— 2,68	+ 4,73	+ 2,05	— 15,06	+ 24,85	+ 9,79
February	— 15,80	+ 22,93	+ 7,13	— 2,58	+ 4,99	+ 2,41	— 14,65	+ 23,95	+ 9,30
March	— 14,74	+ 20,24	+ 5,50	— 2,21	+ 5,93	+ 3,72	— 12,24	+ 21,53	+ 9,29
Total	— 164,72	+ 213,62	+ 48,90	— 25,15	+ 55,04	+ 29,89	—144,12	+222,14	+ 78,02

* Pre-separation basis.

† Exclude imports by State Railways under Company Management.

STATE

AVERAGE QUANTITY AND VALUE OF IMPORTS AND EXPORTS OF GOLD COIN AND
OFFICIAL YEARS

	IMPORTS.					
	Bullion.		Sovereigns and other British gold coin.		TOTAL.	
	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
Average for 1900-01 to 1904-05	(a)	5,72,18,318	(a)	9,34,97,221	2,498,571	15,07,15,539
Average for 1905-06 to 1909-10	(a)	9,65,96,452	(a)	7,83,64,043	2,845,107	17,49,60,495
Average for 1910-11 to 1914-15	2,115,569	13,49,74,877	2,786,453	16,42,39,395	4,902,022	29,92,14,272
Average for 1915-16 to 1919-20	2,423,885	14,94,65,235	796,983	4,70,19,473	3,220,868	19,64,84,708
Average for 1920-21 to 1924-25	4,344,849	28,54,42,004	1,183,850	7,90,80,246	5,528,699	36,45,22,250
1925-26	4,447,036	25,26,78,970	1,754,479	9,96,20,393	6,201,515	35,22,99,363
1926-27	2,420,259	13,86,46,145	982,747	5,63,65,857	3,403,006	19,50,12,002
1927-28	2,001,041	11,42,46,018	1,166,985	6,70,98,044	3,188,026	18,13,44,062
1928-29	2,070,197	11,81,68,903	1,718,388	9,40,20,789	3,788,585	21,21,89,692
1929-30	1,194,246	6,63,46,025	1,331,001	7,39,65,452	2,525,247	14,23,11,477
1930-31	1,099,230	6,31,40,997	1,230,396	6,93,11,456	2,329,626	13,24,52,453
1931-32	235,609	1,53,60,459	214,441	1,26,34,905	450,050	2,79,95,364
1932-33	119,742	91,13,200	52,670	40,68,191	172,412	1,31,81,391
1933-34	105,507	85,60,464	29,394	24,33,621	134,901	1,09,94,285
1934-35	62,015	55,38,348	17,977	16,54,753	79,992	71,93,101
1935-36	56,200	50,72,099	47,261	44,23,311	103,461	94,95,410
1936-37	61,086	57,09,880	111,695	1,03,78,239	172,781	1,60,88,119
1937-38	39,967	34,61,069	131,699	1,22,23,092	171,666	1,56,84,161
1938-39	43,898	39,60,395	34,402	33,03,033	78,098	72,63,428
1939-40 (a)						
Total for 31 years from 1900-01 to 1930-31 ..	(a)	437,37,11,488	(a)	277,13,83,881	116,402,337	714,50,95,369
Total for 8 years from 1931- 32 to 1938-39	723,822	5,67,75,914	639,539	5,11,19,345	1,363,361	10,78,95,259

(a) Figures not available.

MENT III.

BULLION FOR EACH QUINQUENNium FROM 1900-01 TO 1924-25 AND FOR EACH OF THE FROM 1925-26.

Bullion.		Sovereigns and other British gold coin.		TOTAL.		Net Imports (+) or Exports(-).	
Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees	Quantity in ounces	Value in rupees
(a)	4,85,71,823	(a)	3,97,99,942	1,520,365	8,83,71,765	+	976,206 + 6,23,43,774
(a)	3,34,76,990	(a)	2,40,30,440	1,000,328	5,75,07,430	+	1,844,779 + 11,74,53,065
535,654	3,07,89,183	254,980	1,50,03,372	790,634	4,57,92,555	+	4,111,388 + 25,34,21,717
851,352	4,91,96,247	223,682	1,31,45,685	1,075,034	6,23,41,932	+	2,145,834 + 13,41,42,776
907,000	6,99,52,231	101,892	74,74,737	1,008,892	7,74,26,968	+	4,519,807 + 28,70,95,282
41,037	23,26,183	24,897	14,27,381	65,934	37,53,564	+	6,135,581 + 34,85,45,799
8,567	4,91,792	8,910	5,14,762	17,477	10,06,554	+	3,385,529 + 19,40,05,448
2,052	98,300	4,215	2,45,739	6,267	3,44,039	+	3,181,759 + 18,10,00,023
1,577	1,05,457	1,567	97,257	3,144	2,02,714	+	3,785,441 + 21,19,86,978
1,083	65,559	602	37,522	1,685	1,03,081	+	2,523,562 + 14,22,08,396
86,884	49,29,307	89	5,031	86,973	49,34,338	+	2,242,653 + 12,75,18,115
7,758,315	58,43,62,379	321,112	2,33,60,827	8,079,427	60,77,23,206	-	7,629,377 - 57,97,27,842
8,102,406	63,46,29,676	423,835	3,37,79,671	8,526,241	66,84,09,347	-	8,353,829 - 65,52,27,956
6,645,012	56,59,86,325	185,187	1,55,43,921	6,830,199	58,15,30,246	-	6,695,298 - 57,05,35,961
5,723,675	52,76,09,980	51,137	49,57,728	5,774,812	53,25,67,708	-	5,694,820 - 52,53,74,607
4,072,548	37,83,21,643	50,175	47,33,722	4,122,723	38,30,55,365	-	4,019,262 - 37,35,59,955
3,183,450	29,45,14,987	367	34,261	3,183,817	29,45,49,248	-	3,011,036 - 27,84,61,129
1,841,172	17,00,08,595	97,311	89,93,695	1,938,483	17,90,02,290	-	1,766,817 - 16,33,18,129
589,995	5,72,59,150	845,330	8,07,06,346	1,435,325	13,79,65,496	-	2,387,647* - 23,26,02,068*
(a)	116,79,48,968	(a)	49,95,98,572	27,157,745	100,75,47,540	+	89,244,592 + 547,75,47,829
37,916,573	321,26,92,735	1,974,454	17,21,09,171	39,891,027	338,48,02,906	-	39,558,086* - 337,88,07,647*

* Includes 1,030,420 ounces of gold valued at Rs.10,19 lakhs earmarked on account of purchasers abroad.

STATEMENT IV.

LONDON-NEW YORK CROSS RATE, FRANC-STERLING RATE AND PRICE OF GOLD IN LONDON AND BOMBAY.

(Reference paragraph 18.)

	London-New York Cross Rate. Dollars to pound sterling.		Franc-Sterling Rate. Francs to pound.		Price of gold in London per fine ounce.			Price of country bar gold in Bombay per tola.		
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Average	Highest	Lowest	Average
					£ s. d.	£ s. d.	£ s. d.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1939										
April	4.6832	4.6801	176.79	176.71	7 8 6½	7 8 5	7 8 6	37 1 3	36 15 3	37 0 4
May	4.6829	4.6813	176.73	176.71	7 8 6	7 8 5	7 8 5½	37 2 6	37 0 0	37 1 1
June	4.6859	4.6813	176.76	176.71	7 8 6½	7 8 4	7 8 5½	37 2 6	37 1 3	37 1 8
July	4.6841	4.6813	176.73	176.71	7 8 6½	7 8 5½	7 8 6	37 2 3	37 1 3	37 1 9
August	4.6813	4.2750	176.72	176.06	8 1 0	7 8 5	7 10 5½	39 4 0	36 9 0	37 7 2
September	4.04	4.02	176.0	174.0	8 8 0	8 0 0	7 7 7	43 8 0	38 13 0	41 0 1
October	4.02	4.02	176.0	176.0	8 8 0	8 8 0	8 8 0	41 14 0	40 12 6	41 5 7
November	4.02	4.02	176.0	176.0	8 8 0	8 8 0	8 8 0	42 2 9	41 8 6	41 13 5
December	4.02	4.02	176.0	176.0	8 8 0	8 8 0	8 8 0	42 4 6	41 12 0	41 14 4
1940										
January	4.025	4.02	176.5	176.0	8 8 0	8 8 0	8 8 0	42 5 6	41 13 9	42 1 11
February	4.025	4.025	176.5	176.5	8 8 0	8 8 0	8 8 0	42 9 6	42 4 6	42 6 5
March	4.025	4.025	176.5	176.5	8 8 0	8 8 0	8 8 0	43 2 6	42 7 0	42 9 7

STATEMENT V.

IMPORTS AND EXPORTS OF SILVER COIN AND BULLION SINCE 1900.

	Imports.		Exports.			Net imports (+) or exports (-).	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
Average for 1900-01 to 1904-05 ..	14,64,66,929		4,53,05,415		+	10,11,61,514	
Average for 1905-06 to 1909-10 ..	18,26,25,431		2,12,05,059		+	16,14,20,372	
Average for 1910-11 to 1914-15 ..	14,13,58,602		3,52,17,276		+	10,61,41,326	
Average for 1915-16 to 1919-20 ..	30,70,50,526		2,74,11,840		+	27,96,38,686	
Average for 1920-21 to 1924-25 ..	19,18,47,079		3,45,76,258		+	15,72,70,821	
1925-26	19,89,70,504		2,77,29,354		+	17,12,41,150	
1926-27	21,76,34,160		1,89,53,825		+	19,86,80,335	
1927-28	16,47,37,417		2,63,69,190		+	13,83,68,227	
1928-29	15,52,18,307		6,15,11,381		+	9,77,06,926	
1929-30	13,41,90,827		4,79,78,629		+	8,62,12,198	
1930-31	13,46,62,717		3,38,69,661		+	10,07,93,056	
1931-32	4,42,63,962		4,84,81,050		-	42,17,088	
1932-33	1,62,95,157		3,64,26,108		-	2,01,30,951	
1933-34	81,72,592		7,17,44,018		-	6,35,71,426	
1934-35	4,45,10,039		9,85,74,841		-	5,40,64,802	
1935-36	6,45,68,617		7,03,09,479		-	57,40,862	
1936-37	13,87,64,907		28,47,436		+	13,59,17,471	
1937-38	2,50,22,330		99,56,495		+	1,50,65,835	
	India Burma		India Burma			India Burma	
	3,12,47,515	81,68,193	1,55,19,225	1,26,34,782	+	1,57,28,290	44,76,581
1938-39	1,49,06,900		94,20,593		+	54,86,307	
	2,46,50,140 4,40,623		81,02,658 1,12,42,722		+	1,65,47,482 1,08,02,091	
1939-40 (Figures not available)							

STATEMENT VI.

PRICE OF SILVER DURING 1939-40.

(Reference paragraph 21.)

			Price in Bombay per 100 tolas (Country bar).			Price in London per standard ounce.			Price in New York per fine ounce.		
			Highest Rs. a. p.	Lowest Rs. a. p.	Average Rs. a. p.	Highest d.	Lowest d.	Average d.	Highest Cents.	Lowest Cents.	Average Cents.
April	1939	..	53 2 0	52 9 0	52 12 4	20-3/16	19-15/16	20	42½	42½	42½
May	"	..	53 10 0	52 11 0	53 0 6	20½	19-15/16	20½	42½	42½	42½
June	"	..	52 11 0	48 4 0	51 10 9	20	17-15/16	19½	42½	37½	41-15/16
July	"	..	49 8 0	44 7 6	46 1 4	18-3/16	16-1/16	16-15/16	36½	34½	34-15/16
August	"	..	53 4 0	44 10 0	47 6 9	20-1/16	16½	17-11/16	39½	34½	35-15/16
September	"	..	63 12 0	49 14 0	59 0 6	23½	19½	22-3/16	39½	35	36-15/16
October	"	..	61 7 0	55 10 6	59 1 2	23½	21½	22½	37½	34½	35½
November	"	..	64 8 0	59 15 3	61 8 5	23½	23-1/16	23½	34½	34½	34½
December	"	..	66 4 0	58 14 0	61 15 7½	23½	22½	23½	36½	34½	34-15/16
January	1940	..	61 5 6	55 3 6	59 6 8	22½	21-1/16	21½	34½	34½	34½
February	"	..	58 9 0	55 7 0	56 12 0	21-13/16	20-3/16	20-15/16	34½	34½	34½
March	"	..	59 10 0	56 0 0	57 11 5	21-5/16	20-1/16	20½	34½	34½	34½

STATEMENT VII.

EXCHANGE.

THE HIGHEST AND LOWEST QUOTATIONS FOR TELEGRAPHIC TRANSFERS FROM
BOMBAY ON LONDON FOR EACH MONTH OF THE YEARS 1938-39 AND 1939-40.

(Reference paragraph 23.)

SHILLINGS TO RUPEE.

	1938-39.				1939-40.			
	Highest		Lowest		Highest		Lowest	
	sh.	d.	sh.	d.	sh.	d.	sh.	d.
April	1	6-3/32	1	5-7/8	1	5-15/16	1	5-29/32
May	1	5-61/64	1	5-51/64	1	5-29/32	1	5-27/32
June	1	5-51/64	1	5-49/64	1	5-29/32	1	5-27/32
July	1	5-59/64	1	5-51/64	1	5-29/32	1	5-7/8
August	1	5-59/64	1	5-51/64	1	5-29/32	1	5-29/32
September	1	5-59/64	1	5-27/32	1	5-29/32	1	5-29/32
October	1	5-59/64	1	5-29/32	1	5-31/32	1	5-29/32
November	1	5-29/32	1	5-57/64	1	5-31/32	1	5-15/16
December	1	5-59/64	1	5-57/64	1	5-31/32	1	5-15/16
January	1	5-59/64	1	5-59/64	1	5-31/32	1	5-31/32
February	1	5-15/16	1	5-59/64	1	5-31/32	1	5-31/32
March	1	5-31/32	1	5-15/16	1	5-31/32	1	5-31/32

STATEMENT VIII.

PURCHASES OF STERLING BY THE RESERVE BANK OF INDIA.

(Reference paragraph 24.)

(in thousands of £ and Rs.)

	1938-39.				1939-40.			
	Sterling purchased in India		Average rate *		Sterling purchased in India		Average rate *	
	£	Rs.	s.	d.	£	Rs.	s.	d.
April	303	40.12	1	6½	1,710	2,28.79	1	5½
May	—	—	—	—	—	—	—	—
June	—	—	—	—	375	50.17	1	5½
July	415	55.53	1	5½	—	—	—	—
August	660	88.31	1	5½	5,790	7,74.69	1	5½
September	630	84.29	1	5½	6,860	9,17.85	1	5½
October	1,025	2,17.42	1	5½	10,393	13,86.86	1	5½
November	1,135	1,51.86	1	5½	8,445	11,26.09	1	6
December	1,193	1,59.62	1	5½	9,920	13,21.77	1	6½
January	6,495	8,60.02	1	5½	11,438	15,24.85	1	6
February	7,707	10,31.18	1	5½	7,798	10,39.58	1	6
March	5,305	7,08.84	1	5½	9,867	13,15.55	1	6
Total	25,468	34,06.10	1	5½	72,596	96,86.20	1	5½

* Nearest to ¼ d.

STATEMENT IX.

PROVINCIAL GOVERNMENT BUDGETS.

(Reference paragraph 30.)

(in lakhs of Rs.)

	Accounts 1938-39.			Revised Estimates 1939-40.			Budget Estimates 1940-41.		
	Revenue	Expen- diture	Surplus + Deficit —	Revenue	Expen- diture	Surplus + Deficit —	Revenue	Expen- diture	Surplus + Deficit —
Madras	16.13	16.10	+ 3	16.41	16.41	....	16.76	16.75	+ 1
Bombay	12.45	12.90	— 35	13.02	13.03	— 1	12.83	12.82	+ 1
Bengal	12.77	12.77	....	14.03	14.17	— 14	13.97	14.54	— 57
United Provinces	12.80	12.80	....	13.32	13.62	— 30	13.58	13.58	....
Punjab	11.17	11.61	— 44	11.69	12.19	— 50	11.74	12.02	— 28
Bihar	5.24	4.93	+ 31	5.46	5.50	— 4	5.50	5.46	+ 4
Central Provinces	4.27	4.71	— 44	4.87	4.84	+ 3	4.95	4.95	....
Assam	2.58	2.99	— 41	2.82	3.00	— 18	3.24	3.19	+ 5
North-West Frontier Province	1.81	1.78	+ 3	1.85	1.88	— 3	1.86	1.86	....
Orissa	1.82	1.81	+ 1	1.94	1.96	— 2	1.95	2.00	— 5
Sind	3.70	3.46	+ 24	4.01	3.95	+ 6	4.00	3.98	+ 2
Total	84.74	85.76	— 1.02	88.42	90.55	— 1.13	90.38	91.15	— 77

STATEMENT X.
CONSOLIDATED DEBT POSITION OF PROVINCES.
(Reference paragraph 31.)

		(In lakhs of Rs.)			
		1936-37	At the end of		1939-40
			1937-38	1938-39	
I.	Public Debt				
	(a) Permanent Debt	8,72	12,64	15,07	19,61
	(b) Floating Debt .. .. .	.....	.....	1,60	1,80
	(c) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,89
II.	Unfunded Debt	15,03	22,39	23,39	24,19
III.	Gross Total Rupee Debt	1,67,55	1,59,70	1,63,20	1,67,49
IV.	Net Debt (Deduct outstanding loans and advances made by Provincial Governments)	1,04,63	1,00,32	1,02,48	1,06,51
V.	Provision for the reduction of Debt during the year	2,31	1,60	1,06	1,10
VI.	Closing Cash Balance	10,10	10,07	7,34	9,34

STATEMENT XI.

SUBVENTIONS AND OTHER PAYMENTS MADE BY THE CENTRE TO THE PROVINCES
UNDER THE GOVERNMENT OF INDIA (DISTRIBUTION OF REVENUES)
ORDER AS AMENDED IN FEBRUARY, 1940.

(Reference paragraph 32.)

(in lakhs of Rs.)

	Income-Tax.			Jute Duty.			Subventions.		
	1938-39	1939-40	1940-41	1938-39	1939-40	1940-41	1938-39	1939-40	1940-41
Bengal	30.00	55.80	60.00	221.27	221.97	226.62	..	..	..
Bombay	30.00	55.80	60.00	..	..	..	..	..	..
Madras	22.50	41.85	45.00	..	..	..	..	..	..
United Provinces ..	22.50	41.85	45.00	..	..	..	25.00	25.00	25.00
Punjab	12.00	22.32	24.00	..	..	..	..	..	..
Central Provinces and Berar	7.50	13.95	15.00	..	..	..	..	..	..
Bihar	15.00	27.90	30.00	17.12	19.34	19.76	..	..	..
Assam	3.00	5.58	6.00	11.69	13.39	13.68	30.00	30.00	30.00
Orissa	3.00	5.58	6.00	.92	.92	0.94	43.00	43.00	43.00
N. W. F. P.	1.50	2.79	3.00	..	..	..	100.00	100.00	100.00
Sind	3.00	5.58	6.00	..	..	..	105.00	105.00	105.00
Total ..	150.00	279.00	300.00	251.00	255.62	261.00	303.00	303.00	303.00

STATEMENT XII.

GOVERNMENT BALANCES IN INDIA WITH THE RESERVE BANK OF INDIA AND AT
GOVERNMENT TREASURIES.

(Reference paragraph 34.)

(in lakhs of Rs.)

At Government Treasuries.			Last day of the month.	At the Reserve Bank of India.		
1937-38	1938-39	1939-40		1937-38	1938-39	1939-40
1.22	1.17	1.18	April	10.01	15.77	13.06
1.17	1.13	1.11	May	9.38	17.72	8.61
1.21	1.13	1.04	June	10.20	17.38	13.19
1.17	1.14	1.05	July	8.59	14.11	9.37
1.15	1.14	1.06	August	11.85	14.26	11.80
1.25	1.05	1.04	September	12.46	15.78	10.69
1.18	1.10	1.09	October	9.62	11.12	11.01
1.22	1.10	1.05	November	7.21	11.63	10.46
1.14	1.09	1.04	December	7.22	9.54	11.27
1.18	.95	1.02	January	10.17	11.15	13.89
1.23	1.13	1.08	February	14.74	11.42	18.91
1.90	2.02	1.84	March	17.72	16.66	21.73
1.25	1.18	1.14	Average	10.76	13.88	12.83

STATEMENT XIII.
GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS.
(Reference paragraphs 35 to 38.)

(In thousands of Rs.)

		Amount offered for tender	Amount tendered	Amount sold	Inter-mediate sold	Average rate of discount per cent. per annum	*Amount outstanding with the public	**Total amount outstanding including amount outstanding on account of the Issue Department, the Provinces and Burma
April	7 1939	1,50,00	1,52,50	1,50,00	13,25	2/5/7	26,90,75	45,86,75
"	14	1,00,00	1,16,50	1,00,00	49,50	2/5/7	27,05,75	46,25,75
"	21	1,00,00	1,10,00	1,00,00	54,00	2/5/7	26,33,00	50,90,00
"	28	1,00,00	1,55,75	1,00,00	87,75	2/4/7	25,78,25	50,86,25
May	5	1,00,00	1,44,00	1,00,00	25,50	2/4/0	26,04,50	51,62,50
"	12	1,50,00	2,89,75	1,50,00	....	2/1/10	25,62,50	51,21,50
"	19	2,00,00	5,58,00	2,00,00	....	1/15/2	23,79,25	49,53,25
"	26	2,00,00	5,70,00	2,00,00	....	1/10/11	22,06,00	48,00,00
June	2	2,00,00	5,77,75	2,00,00	....	1/3/10	22,96,75	48,85,75
"	9	2,00,00	3,81,00	2,00,00	....	0/15/9	22,84,75	48,78,75
"	16	2,00,00	2,77,75	2,00,00	....	0/14/10	22,81,75	48,86,75
"	23	2,00,00	2,07,50	2,00,00	....	0/14/9	23,81,25	50,62,25
"	30	2,00,00	2,41,50	2,00,00	....	0/14/11	22,86,50	50,46,50
July	7	1,50,00	2,14,50	1,50,00	....	0/14/8	22,76,25	50,65,25
"	14	1,50,00	2,70,00	1,50,00	67,50	0/14/4	23,96,75	51,91,75
"	21	1,50,00	3,45,50	1,50,00	3,41,25	0/13/7	27,37,00	55,15,00
"	28	1,50,00	3,10,00	1,50,00	2,69,25	0/13/6	29,61,25	57,41,25
August	4	1,50,00	2,83,75	1,50,00	1,59,25	0/14/2	32,36,00	59,83,00
"	11	1,50,00	2,60,50	1,50,00	1,09,75	0/14/9	33,95,75	61,14,75
"	18	1,50,00	3,74,75	1,50,00	1,69,25	0/14/10	35,65,75	62,19,75
"	25	2,00,00	3,44,00	2,00,00	....	1/0/6	35,64,75	64,08,75
September	1	2,00,00	1,66,75	1,50,00	....	2/12/9	35,14,75	63,48,75
"	8	2,00,00	1,74,50	1,50,00	25,50	2/12/9	33,90,25	63,14,25
"	15	1,50,00	1,80,50	1,50,00	61,75	2/12/8	32,09,25	60,17,25
"	22	1,50,00	2,08,50	1,50,00	1,76,00	2/12/6	34,81,25	62,04,00
"	29	1,50,00	2,88,00	1,50,00	1,35,75	2/11/3	35,67,50	61,70,25
October	6	1,50,00	1,53,00	1,50,00	1,23,75	2/11/9	36,41,25	62,35,00
"	13	1,50,00	1,67,75	1,50,00	2,79,00	2/12/4	38,41,50	64,42,50
"	20	1,50,00	2,58,50	1,50,00	3,45,75	2/11/6	38,14,00	63,96,00
"	27	1,50,00	3,28,50	1,50,00	3,74,25	2/10/0	38,54,50	64,30,50
November	3	1,50,00	3,59,25	1,50,00	1,65,00	2/1/7	39,47,50	66,38,00
"	10	1,50,00	1,77,25	1,50,00	78,00	1/14/5	35,94,75	61,15,25
"	17	1,50,00	1,70,50	1,50,00	29,25	1/14/8	36,72,75	60,58,25
"	24	1,50,00	1,61,25	1,50,00	22,00	1/15/0	37,88,00	61,33,00
December	1	1,50,00	1,61,25	1,50,00	74,00	1/15/5	37,24,25	60,86,25
"	8	1,00,00	1,16,00	1,00,00	91,00	1/15/6	37,97,00	61,35,25
"	15	1,00,00	1,06,00	1,00,00	14,00	1/15/8	37,03,25	60,45,50
"	22	1,00,00	1,13,75	1,00,00	96,50	1/15/5	35,12,25	59,08,50
"	29	..	..	....	19,50	1/15/0	32,42,00	56,33,25
January	5 1940	1,00,00	1,05,50	1,00,00	44,50	1/15/5	32,73,00	56,58,50
"	12	1,00,00	1,37,50	1,00,00	1,23,75	1/15/5	32,05,00	55,68,25
"	19	1,00,00	1,22,75	1,00,00	2,42,75	1/15/3	29,80,75	52,86,00
"	26	1,00,00	1,72,25	1,00,00	3,18,75	1/15/2	27,27,50	50,86,75
February	2	1,00,00	1,52,25	1,00,00	61,50	1/14/7	27,12,75	51,92,75
"	9	1,00,00	1,93,50	1,00,00	3,28,75	1/13/5	26,97,75	51,77,00
"	16	1,00,00	1,15,00	1,00,00	51,50	1/13/7	28,30,00	53,31,50
"	23	1,00,00	1,37,75	1,00,00	1,23,50	1/13/5	28,68,50	54,48,00
March	1	1,00,00	1,88,75	1,00,00	1,23,00	1/13/5	27,28,00	53,71,75
"	8	1,00,00	2,16,50	1,00,00	1,15,50	1/13/4	27,64,75	53,89,50
"	15	1,00,00	2,27,50	1,00,00	2,25	1/13/5	27,58,00	52,84,75
"	22	1,00,00	2,84,25	1,00,00	....	1/13/0	27,30,75	53,23,00
"	29	1,00,00	1,66,75	1,00,00	....	1/12/0	28,09,00	54,53,25
"	30	..	..	....	....	....	27,96,25	54,70,50
Total ..			116,96,50	70,50,00	49,93,00			

* Includes bills discounted/purchased and held in the Banking Department.
 ** Includes bills held by the Burma Railway Board and the Shan States.

STATEMENT XIV.

DETAILS OF SALES OF PROVINCIAL GOVERNMENT TREASURY BILLS DURING 1939-40.

(Reference paragraphs 35 and 39.)

(In thousands of Rs.)							
Week ended	Issuing Government	Period	Amount offered for tender	Amount tendered	Amount sold	Average rate of discount per cent. per annum	Amount outstanding with the public
Apr. 28 1939	Punjab	3 months	90,00	1,01,25	90,00	2/8/10	90,00
July 7 "	C. P. & Berar	8 "	30,00	44,25	30,00	2/0/0	30,00
Aug. 11 "	Bengal	6 "	30,00	40,00	30,00	1/14/6	30,00
" 11 "	Madras	3 "	75,00	1,35,50	75,00	1/1/11	75,00
Sept. 1 "	C. P. & Berar	6 "	55,00	55,00	55,00	3/8/0	55,00
" 8 "	Bengal	6 "	60,00	65,00	60,00	3/8/0	30,00
" 29 "	Assam	3 "	60,00	60,25	60,00	3/0/0	60,00
" 29 "	U. P.	3 "	1,00,00	1,10,50	1,00,00	2/15/10	1,00,00
Oct. 27 "	U. P.	3 "	50,00	50,50	50,00	3/0/0	50,00
" 27 "	Madras	3 "	1,00,00	1,22,25	1,00,00	2/15/10	1,00,00
Nov. 3 "	C. P. & Berar	3 "	50,00	51,00	50,00	2/7/1	40,00
" 3 "	Madras	3 "	75,00	99,50	75,00	2/8/0	75,00
" 17 "	"	3 "	75,00	81,00	75,00	2/4/0	42,25
Dec. 1 "	U. P.	3 "	50,00	50,00	50,00	2/4/0	25,00
" 22 "	Madras	3 "	1,00,00	1,00,25	1,00,00	2/3/10	45,00
Jan. 12 1940	Assam	3 "	50,00	50,50	50,00	2/8/0	25,25
" 26 "	U. P.	3 "	60,00	65,75	60,00	2/7/9	40,00
Feb. 2 "	C. P. & Berar	3 "	40,00	45,00	40,00	2/4/11	40,00
Mar. 8 "	Bengal	3 "	30,00	48,25	30,00	2/1/9	30,00

STATEMENT XV.

GOVERNMENT OF INDIA WAYS AND MEANS ADVANCES AND TREASURY BILLS TRANSACTIONS DURING 1939-40.

(Reference paragraphs 35 and 40.)

(In thousands of Rs.)									
Opening balance on 1st April, 1939.		Ways and means Advances.				Treasury Bills			
		NIL				46,30,00			
		Advances taken	Advances repaid	Outstanding at the end of each month	Salv to the public	Discharge	Outstanding at the end of each month with the public	Total amount outstanding including amount outstanding on account of the Issue Department, the Provinces and Burma	Total outstanding of ways & means advances and treasury bills
April 1939	..	1,00,00	1,00,00	....	6,58,50	7,73,50	25,64,00	50,72,00	50,72,00
May	..	2,00,00	2,00,00	....	6,71,50	11,27,00	21,08,50	46,97,50	46,97,50
June	..	4,00,00	4,00,00	....	10,00,00	8,22,00	22,86,50	50,46,50	50,46,50
July	..	8,00,00	7,50,00	50,00	13,01,50	6,08,25	29,79,75	57,66,75	58,16,75
August	..	2,00,00	2,50,00	....	10,57,75	6,72,75	33,64,75	61,98,75	61,98,75
September	..	1,50,00	1,50,00	....	10,35,00	9,98,50	34,01,25	59,79,00	59,79,00
October	..	3,00,00	3,00,00	....	16,74,75	13,06,00	37,70,00	63,39,00	63,39,00
November	..	4,00,00	1,50,00	2,50,00	9,34,75	10,59,75	38,45,00	60,07,00	62,57,00
December	..	1,00,00	3,50,00	....	5,34,50	9,55,50	32,24,00	55,85,00	55,85,00
January 1940	..	4,50,00	4,50,00	....	11,11,75	16,73,25	26,62,50	51,33,75	51,33,75
February	..	1,50,00	1,50,00	....	10,30,00	9,40,50	27,52,00	54,10,50	54,10,50
March	..	....	....	....	6,48,75	6,04,50	27,96,25	54,70,50	54,70,50

STATEMENT XVI.

REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

Prices since 1914-15.

(Reference paragraph 45.)

(In Rupees.)

	5 per cent. Rupee Loan 1945-55 (free of income-tax).		4 per cent. Rupee Loan 1960-70.		3½ per cent. Rupee Loan 1947-50.		3¼ per cent. Rupee Loan (non-terminable)	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1914-15 .. .. .	..	..	..	..	..	..	96½	91½
1920-21	96	78½	..	..	..	..	60	52
1925-26	104½	98½	..	..	..	..	74½	67½
1926-27	110½	104½	90½	86½	..	..	79½	74½
1927-28	108½	105½	90	87½	..	..	79½	74½
1928-29	106½	102½	88½	83½	..	..	76½	71
1929-30	103½	100	84½	75½	..	..	72½	63½
1930-31	101½	99½	77½	73	..	..	68½	61½
1931-32	101½	88½	75½	58½	..	..	63½	51
1932-33	113½	98½	100½	67½	..	..	88½	60½
1933-34	115½	109	103½	90½	97½	90	88½	79½
1934-35	119½	114½	111½	101½	102½	97½	98½	87½
1935-36	120½	114½	113½	103	107½	100½	99½	87½
1936-37	121½	117½	116½	109½	108½	103½	100½	91½
1937-38	120½	118	114½	110½	107½	105	99½	92½
1938-39	118½	111	114½	107½	106½	103	99½	90½
1939-40	114½	102	111½	94	104½	92½	97½	80½

STATEMENT XVII.

REPRESENTATIVE SECURITIES OF THE GOVERNMENT OF INDIA.

Prices during 1939-40.

(Reference paragraph 46.)

		5 per cent. Rupee Loan 1945-55 (free of income-tax).		4 per cent. Rupee Loan 1960-70.		3½ per cent. Rupee Loan 1947-50.		3¼ per cent. Rupee Loan (non-terminable).		3¼ per cent. Sterling Loan (non-terminable).	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	£	£
April	1939..	113½	112½	109½	108½	103½	101½	94½	92½	81½	78½
May	" ..	114½	112½	111½	108½	103½	101½	97½	92½	87	79½
June	" ..	114½	113½	111½	109½	104½	103½	97½	95½	86½	83½
July	" ..	114½	113½	110½	109½	104½	103½	97½	94½	84½	82½
August	" ..	114½	112½	110½	108½	104½	102½	97½	94	84	80
September	" ..	111½	102	107½	94	102	92½	92½	90½	79½	79½
October	" ..	108	106½	97½	95½	95½	93½	86½	83	81	79½
November	" ..	110½	108	101½	97½	99½	95½	88	84½	81½	80½
December	" ..	110½	110½	102½	101½	99½	99	88	87½	82½	81½
January	1940..	110½	110½	106½	102½	100½	99½	92½	87½	91	82½
February	" ..	112½	110½	107½	105½	103½	100½	93	90½	93½	90½
March	" ..	112½	111½	108½	107½	104½	103½	95	93½	97	98½

STATEMENT XVIII.
POST OFFICE CASH CERTIFICATES.
(Reference paragraph 47.)

(In lakhs of Rs.)

	Receipts		Repayments		Net receipts		Total amount outstanding	
	India	Burma	India	Burma	India	Burma	India	Burma
1917-18	10,00		1,12		8,88		8,88	
1918-19	4,03		7,16		— 3,13		5,75	
1919-20	1,00		2,41		— 1,41		4,34	
1921-22	7,61		3,53		4,08		8,42	
1922-23	15,65		3,10		12,55		20,97	
1923-24	13,61		3,88		9,73		30,70	
1924-25	4,91		3,31		1,60		32,30	
1925-26	7,15		4,45		2,70		35,00	
1926-27	11,78		8,35		3,43		38,43	
1927-28	14,49		8,34		6,15		44,58	
1928-29	15,74		4,68		11,06		55,64	
1929-30	13,31		5,24		8,07		63,71	
1931-32	9,95		7,70		2,25		65,96	
1932-33	13,45		13,43		2		65,98	
1933-34	14,88		16,46		— 1,58		64,40	
1934-35								
1935-36								
1936-37								
1937-38	13,97	35	18,16	3	— 4,19	32	60,21	32
1938-39	14,71	32	15,35	5	— 64	27	59,57	59
1939-40	10,25	29	12,80	8	— 2,55	21	57,02	80

POST OFFICE SAVINGS BANK.

(In lakhs of Rs.)

	Deposits		Withdrawals		Interest		Net increase		Amount outstanding at the end of the year	
	India	Burma	India	Burma	India	Burma	India	Burma	India	Burma
1913-14	10,99		9,04		61		2,56		23,16	
1914-15	9,07		17,88		53		— 8,28		14,89	
1915-16	7,73		7,73		43		43		15,32	
1916-17	8,93		8,10		45		1,28		16,59	
1917-18	9,72		10,17		44		— 1		16,58	
1918-19	12,99		11,21		46		2,24		18,82	
1919-20	17,18		15,22		56		2,52		21,34	
1920-21	18,22		17,33		62		1,51		22,86	
1921-22	17,11		18,32		61		— 60		22,26	
1922-23	17,07		16,75		62		94		23,19	
1923-24	17,71		16,79		67		1,59		24,78	
1924-25	17,44		17,64		71		51		25,63	
1925-26	19,05		18,19		73		1,59		27,23	
1926-27	20,38		18,89		79		2,28		29,50	
1927-28	23,14		20,84		86		3,16		32,66	
1928-29	25,24		25,39		97		1,82		34,49	
1929-30	26,25		24,63		1,02		2,64		37,13	
1930-31	24,36		25,50		1,04		10		37,02	
1931-32	27,39		27,29		1,08		1,18		38,20	
1932-33	30,96		26,86		1,15		5,25		43,45	
1933-34	35,87		29,37		1,28		8,78		52,23	
1934-35	38,67		37,26		1,34		2,75		58,30	
1935-36	46,33		38,88		1,50		8,95		67,25	
1936-37	43,88		37,40		1,45		7,43		74,68	
1937-38	43,27	1,44	39,76	1,29	1,46	4	4,97	19	* 77,56	** 2,28
1938-39	44,61	1,51	41,65	1,33	1,42	4	4,38	22	81,94	2,50
1939-40	40,51	1,44	45,22	1,37	1,15	5	— 3,56	12	78,38	2,62

* Excludes Rs. 2,09 lakhs being the amount at the credit of depositors in Burma at the time of separation.

** Includes

STATEMENT XIX.

NOTE CIRCULATION.

(Reference paragraph 48.)

(In lakhs of Rs.)

	Circulation at the end of each year.				Average Circulation.			
	Total Notes issued	Active	Absorp- tion (+) or Return (-)	% of Ab- sorption or Return	Total Notes issued	Active	Increase or de- crease in average active circulation	% of in- crease or decrease in average active cir- culation
Average for the 5 years ended 1913-14.	61,17	44,41	..	..	58,51	41,97	..	..
1914-15	61,63	43,96	- 6,01	- 12	64,04	45,43	- 1,20	- 3
1915-16	67,73	53,19	+ 9,23	+ 21	64,10	48,08	+ 2,65	+ 6
1916-17	86,37	67,08	+ 13,89	+ 26	76,14	59,36	+ 11,28	+ 23
1917-18	99,79	84,30	+ 17,22	+ 26	101,77	71,87	+ 12,51	+ 21
1918-19	153,46	133,58	+ 40,28	+ 58	133,20	113,84	+ 41,97	+ 58
1919-20	174,52	153,78	+ 20,20	+ 15	171,68	151,10	+ 37,26	+ 33
1920-21	166,16	147,88	- 5,90	- 4	163,51	138,88	- 12,22	- 8
1921-22	174,76	157,23	+ 9,35	+ 6	173,80	152,22	+ 13,34	+ 10
1922-23	174,70	161,10	+ 3,87	+ 2	176,33	153,27	+ 1,05	+ 1
1923-24	185,85	169,06	+ 7,96	+ 5	179,01	156,93	+ 3,66	+ 2
1924-25	184,19	166,56	- 2,51	- 1	179,27	160,91	+ 3,98	+ 3
1925-26	193,34	167,71	+ 1,16	+ 1	186,88	163,16	+ 2,25	+ 1
1926-27	184,13	164,31	- 3,40	- 2	189,13	156,36	- 6,80	- 4
1927-28	184,87	174,53	+ 10,22	+ 6	180,16	162,62	+ 6,26	+ 4
1928-29	188,03	178,10	+ 3,57	+ 2	184,86	171,90	+ 9,28	+ 6
1929-30	177,23	159,30	- 18,80	- 11	183,11	163,00	- 8,90	- 5
1930-31	160,84	147,93	- 11,37	- 7	166,49	151,13	- 11,87	- 7
1931-32	178,14	165,17	+ 17,24	+ 12	163,64	152,62	+ 1,49	+ 1
1932-33	176,90	150,34	- 14,83	- 9	173,83	152,04	- 58	..
1933-34	177,22	163,88	+ 13,54	+ 9	178,13	157,47	+ 5,43	+ 4
1934-35	186,10	163,56	- 32	..	183,24	161,60	+ 4,13	+ 3
1935-36	195,58	168,82	+ 5,26	+ 3	191,65	164,11	+ 2,51	+ 2
1936-37	208,00	194,35	+ 25,53	+ 15	201,68	175,98	+ 11,87	+ 7
1937-38	214,03	188,12	- 8,23	- 4	211,78	186,14	+ 10,16	+ 6
1938-39	207,23	189,10	+ 2,98	+ 2	210,58	182,36	- 3,78	- 2
1939-40	252,21	238,55	+ 49,45	+ 26	227,75	208,86	+ 26,50	+ 15

STATEMENT XX.

ENCASHMENT OF FOREIGN CIRCLE NOTES, 1939-40.

(Reference paragraph 49.)

(In Rupees.)

CIRCLE.	CASHED BY							TOTAL.			
	Calcutta.	Cawnpore.	Lahore.	Bombay.	Karachi.	Madras.	Rangoon.	1939-40.	1938-39.	1937-38.	1936-37.
Calcutta	1,06,84,300		98,88,900	97,16,000	10,87,600	14,92,900	45,850	3,27,15,450	3,41,31,340	3,76,24,820	3,95,03,050
Cawnpore	77,22,700		1,07,90,900	57,27,950	12,82,750	2,12,550	7,900	2,57,44,750	2,83,99,010	5,99,69,030	2,35,74,450
Lahore	45,69,850	1,31,98,170		1,08,64,300	34,85,150	4,41,000	30,800	3,25,79,270	3,79,27,920	3,93,91,550	3,88,38,900
₹ Bombay	80,46,850	87,60,870	93,86,450		28,39,300	68,53,290	1,05,800	3,59,92,560	3,70,25,670	5,89,48,715	4,58,90,020
Karachi	4,76,900	7,87,200	67,86,070	26,03,900		1,34,350	3,600	1,07,92,020	1,36,80,720	1,23,82,700	1,17,00,370
Madras	1,67,06,750	17,28,320	19,59,900	1,11,02,150	6,35,650		21,350	3,21,54,020	2,31,56,860	1,11,15,000	2,55,20,070
Rangoon	8,17,000	4,60,450	5,54,400	7,80,550	72,035	8,03,750		34,88,185	54,90,875	13,53,650	88,74,200
Total for 1939-40..	3,83,40,050	3,56,19,310	3,91,66,520	4,07,84,850	94,02,385	99,37,840	2,15,300	17,34,66,255	..	..	..
Total for 1938-39..	3,38,52,255	3,95,80,600	3,92,59,160	4,57,75,110	1,05,45,660	1,00,04,450	7,95,150	..	17,98,12,385	..	..
Total for 1937-38..	3,76,24,820	5,99,69,030	3,93,91,550	5,89,48,715	1,23,82,700	1,11,15,000	13,58,650	..	..	22,07,90,465	..
Total for 1936-37..	3,50,40,420	4,12,07,550	3,31,94,000	5,28,14,040	1,15,94,500	1,79,35,000	21,15,550	..	..	..	19,39,01,060

STATEMENT XXI.

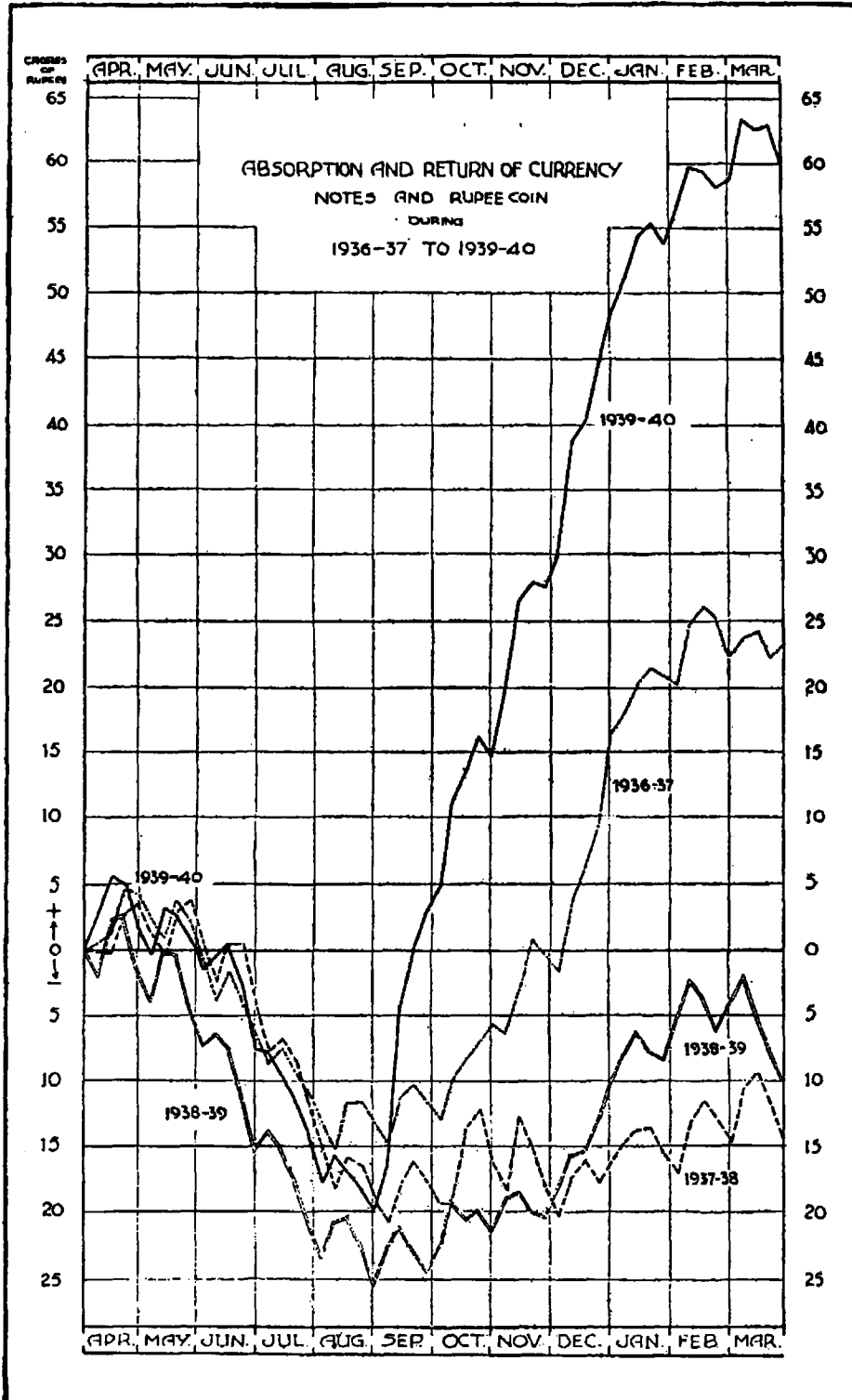
ABSORPTION OF RUPEES & CURRENCY NOTES.

(Reference paragraph 50.)

(In lakhs of Rs.)

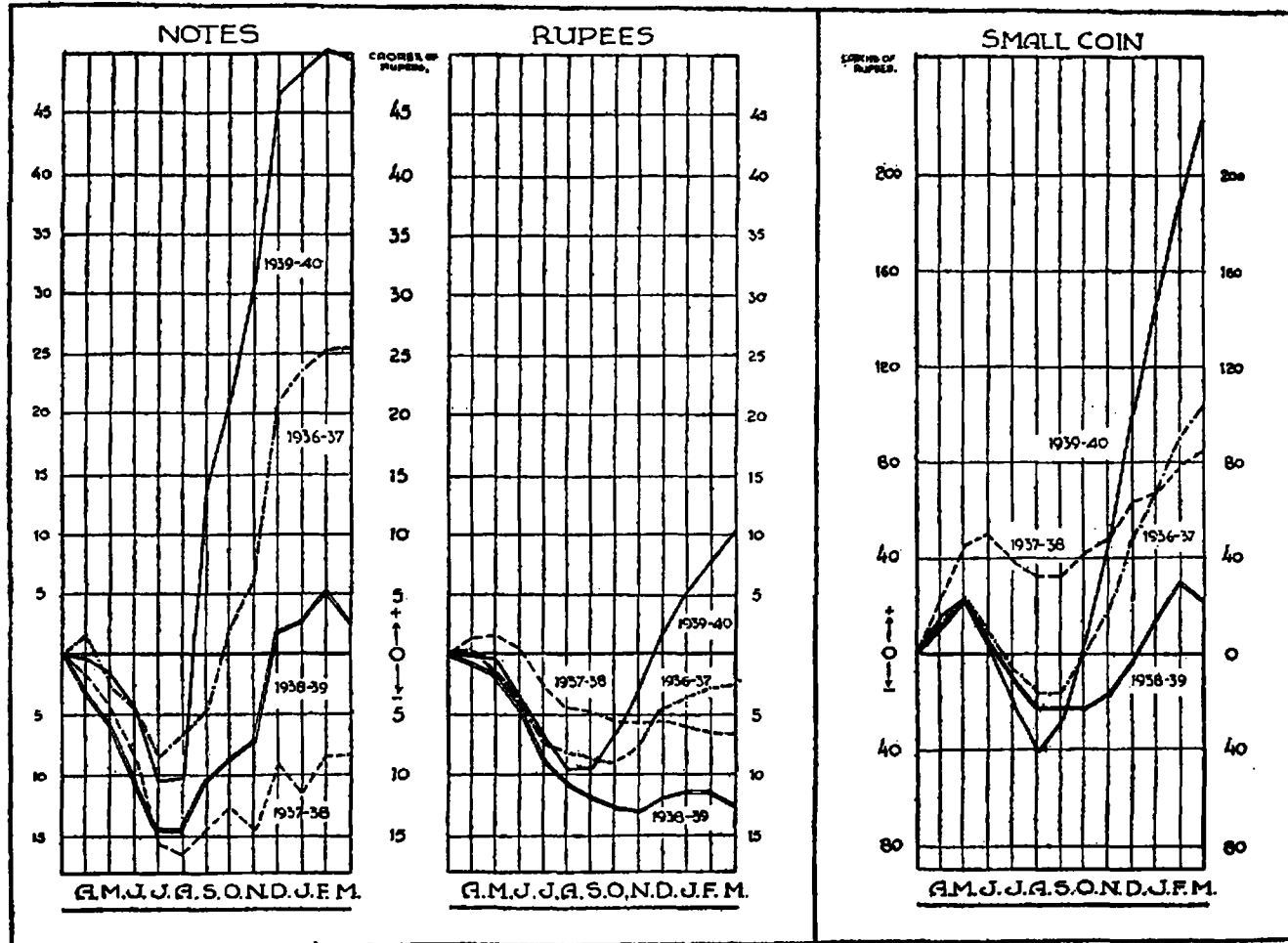
	Rupees	Notes	Total
Average for 5 years 1914-15 to 1918-19	22,08	16,72	38,80
1919-20	20,09	20,20	40,29
1920-21	— 25,68	— 5,90	— 31,58
1921-22	— 10,46	9,35	— 1,11
1922-23	— 9,56	3,87	— 5,69
1923-24	7,62	7,96	15,58
1924-25	3,65	— 2,51	1,14
1925-26	— 8,17	1,16	— 7,01
1926-27	— 19,76	— 3,40	— 23,16
1927-28	— 3,75	10,22	6,47
1928-29	— 3,03	3,57	64
1929-30	— 21,71	— 18,80	— 40,51
1930-31	— 21,58	— 11,37	— 32,95
1931-32	3,93	17,24	21,17
1932-33	— 7,56	— 14,83	— 22,39
1933-34	— 30	13,54	13,24
1934-35	— 3,21	— 32	— 3,53
1935-36	— 9,41	5,26	— 4,15
1936-37	— 2,49	25,53	23,04
1937-38	— 6,52	— 8,23	— 14,75
1938-39	— 12,60	2,98	— 9,62
1939-40	10,08	49,45	59,53
Total for 21 years 1919-20 to 1939-40	— 1,20,42	— 1,04,97	— 15,45
Average for 21 years 1919-20 to 1939-40	— 5,74	5,00	— 74

GRAPH I
(Reference Statement XXI.)



GRAPH II
(Reference Statement XXI.)

MONTHLY ABSORPTION AND RETURN OF CURRENCY
— PROGRESSIVE —



STATEMENT XXII.

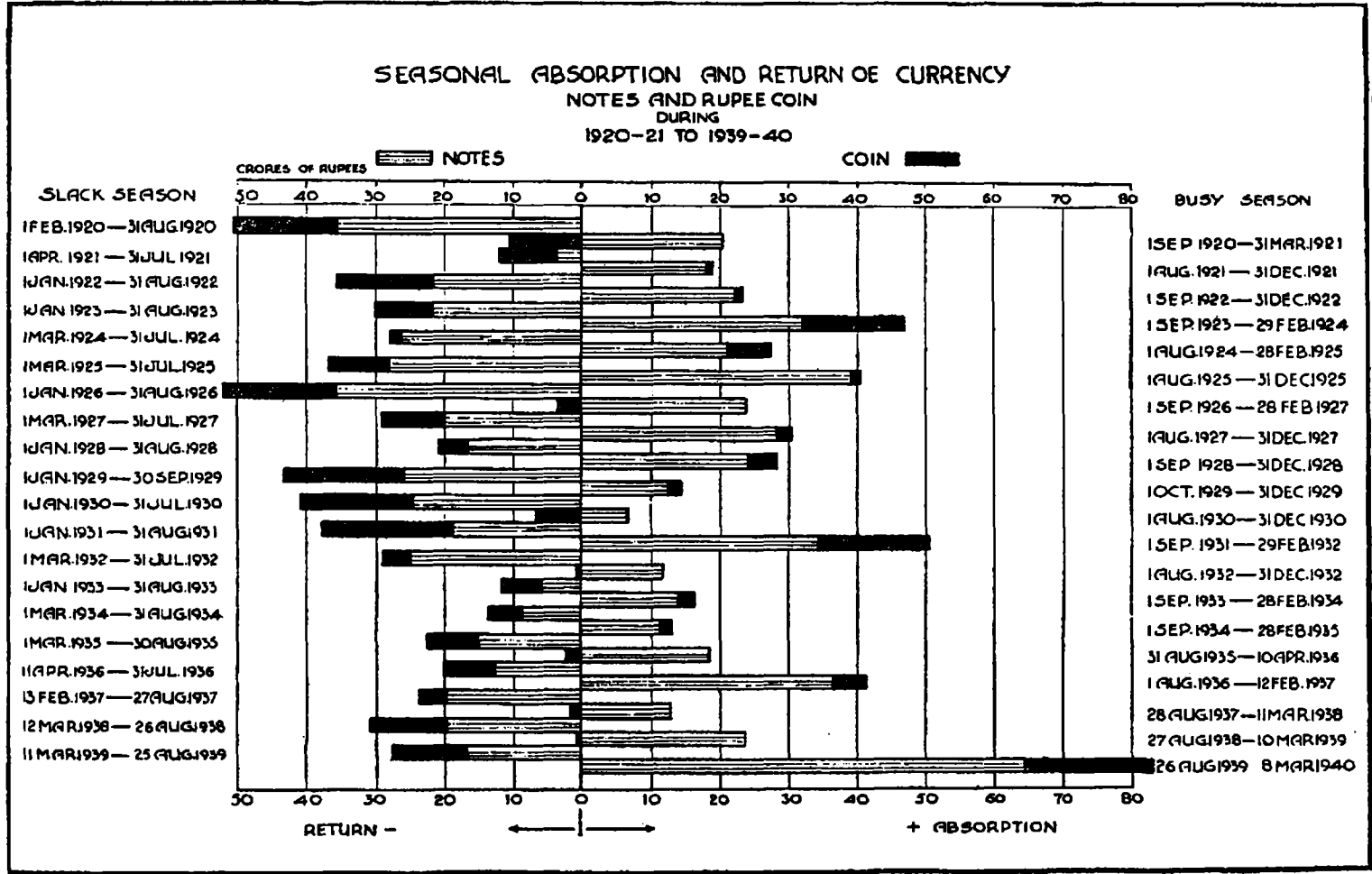
SEASONAL ABSORPTION.

(Reference paragraph 51.)

(In lakhs of Rs.)

Period.	Busy Season Absorption.			Slack Season Return.		
	Notes.	Coin.	Total.	Notes.	Coin.	Total.
1st February 1920 to 31st August 1920 ..	..	..	..	35,68	14,67	50,35
1st September 1920 to 31st March 1921 ..	20,15	-10,26	9,89	..	..	..
1st April 1921 to 31st July 1921 ..	..	..	..	3,48	8,47	11,95
1st August 1921 to 31st December 1921 ..	18,19	71	18,90	..	..	..
1st January 1922 to 31st August 1922 ..	..	..	..	21,60	13,91	35,51
1st September 1922 to 31st December 1922 ..	22,15	1,24	23,39	..	..	..
1st January 1923 to 31st August 1923 ..	..	..	..	21,82	8,12	29,94
1st September 1923 to 29th February 1924 ..	32,15	14,87	47,02	..	..	..
1st March 1924 to 31st July 1924 ..	..	..	..	26,09	1,82	27,91
1st August 1924 to 28th February 1925 ..	21,37	6,41	27,78	..	..	..
1st March 1925 to 31st July 1925 ..	..	..	..	28,00	8,69	36,69
1st August 1925 to 31st December 1925 ..	39,13	1,41	40,54	..	..	..
1st January 1926 to 31st August 1926 ..	..	..	..	35,40	16,53	51,93
1st September 1926 to 28th February 1927 ..	24,05	-3,24	20,81	..	..	..
1st March 1927 to 31st July 1927 ..	..	..	..	19,86	9,11	28,97
1st September 1927 to 31st December 1927 ..	28,29	1,97	30,26	..	..	..
1st January 1928 to 31st August 1928 ..	..	..	..	16,43	4,41	20,84
1st September 1928 to 31st December 1928 ..	24,13	4,13	28,26	..	..	..
1st January 1929 to 30th September 1929 ..	..	..	..	25,63	17,40	43,09
1st October 1929 to 31st December 1929 ..	12,77	1,95	14,72	..	..	..
1st January 1930 to 31st July 1930 ..	..	..	..	24,45	16,00	40,45
1st August 1930 to 31st December 1930 ..	7,07	-6,38	69	..	..	..
1st January 1931 to 31st August 1931 ..	..	..	..	18,49	18,99	37,48
1st September 1931 to 29th February 1932 ..	34,69	15,72	50,41	..	..	..
1st March 1932 to 31st July 1932 ..	..	..	..	24,82	4,19	29,01
1st August 1932 to 31st December 1932 ..	12,27	-37	11,90	..	..	..
1st January 1933 to 31st August 1933 ..	..	..	..	6,88	4,82	11,70
1st September 1933 to 28th February 1934 ..	14,18	2,47	16,65	..	..	..
1st March 1934 to 31st August 1934 ..	..	..	..	8,77	4,58	13,35
1st September 1934 to 28th February 1935 ..	11,37	1,67	13,04	..	..	..
1st March 1935 to 30th August 1935 ..	..	..	..	15,06	7,19	22,25
31st August 1935 to 10th April 1936 ..	18,75	-2,24	16,51	..	..	..
11th April 1936 to 31st July 1936 ..	..	..	..	12,60	7,31	19,91
1st August 1936 to 12th February 1937 ..	36,82	4,49	41,31	..	..	..
13th February 1937 to 27th August 1937 ..	..	..	..	19,64	4,15	23,79
28th August 1937 to 11th March 1938 ..	13,01	-1,55	11,46	..	..	..
12th March 1938 to 26th August 1938 ..	..	..	..	19,47	11,16	30,63
27th August 1938 to 10th March 1939 ..	24,06	-76	23,30	..	..	..
11th March 1939 to 25th August 1939 ..	..	..	..	16,52	10,86	27,38
26th August 1939 to 8th March 1940 ..	64,65	18,46	83,11	..	..	..
TOTAL ..	479,25	50,70	529,95	400,69	192,44	593,13

GRAPH III
(Reference Statement XXII.)



STATEMENT XXIII.
MONTHLY ABSORPTION OF RUPEES.
(Reference paragraph 52.)

(In lakhs of Rs.)

	Absorption (+) or return from circulation (—) in		
	1937-38	1938-39	1939-40
April	+ 1,18	— 64	+ 1
May	+ 61	— 82	— 18
June	— 1,21	— 2,93	— 3,32
July	— 3,14	— 4,24	— 3,50
August	— 1,68	— 1,79	— 2,46
September	— 60	— 1,41	+ 33
October	— 66	— 63	+ 2,60
November	— 40	— 52	+ 3,04
December	+ 24	+ 1,21	+ 5,28
January	— 36	+ 51	+ 3,37
February	— 23	— 7	+ 2,56
March	— 27	— 1,27	+ 2,35
Total ..	— 6,52	— 12,60	+ 10,08

STATEMENT XXIV.
ABSORPTION OF RUPEES BY CIRCLES.
(Reference paragraph 52.)

(In lakhs of Rs.)

	1936-37	1937-38	1938-39	1939-40
Calcutta	— 88	— 85	— 5,06	+ 37
Cawnpore	— 69	— 1,77	— 1,89	+ 5,72
Lahore	— 36	— 75	— 1,50	+ 1,50
Bombay	— 95	— 3,80	— 3,86	+ 2,45
Karachi	+ 11	+ 33	— 30	— 23
Madras	+ 9	+ 52	— 69	+ 60
Rangoon	+ 19	— 20	+ 79	— 33
Total ..	— 2,49	— 6,52	— 12,60	+ 10,08

STATEMENT XXV.

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS.

(Reference paragraph 53.)

	Coined in Calcutta.	Coined in Madras.	Coined in Bombay.	Total coined.
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
" 1840, 2nd " ..	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
" 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
" 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
" 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
" 1876	1,20,01,264	.....	2,80,49,037	4,09,50,301
" 1877	3,92,51,692	.....	9,55,54,320	13,48,06,012
" 1878	3,26,57,837	.....	6,39,27,196	9,65,85,033
" 1879	1,59,28,325	.....	7,27,99,904	8,87,28,229
" 1880	1,83,99,894	.....	5,37,85,624	7,21,85,518
" 1881	24,35,719	.....	31,61,858	55,97,577
" 1882	1,50,90,289	.....	5,63,97,278	7,14,87,567
" 1883	51,23,372	.....	1,80,22,789	2,31,46,161
" 1884	1,16,41,757	.....	3,68,46,570	4,84,88,327
" 1885	3,41,52,203	.....	6,48,78,000	9,90,30,203
" 1886	1,08,78,075	.....	4,11,46,457	5,20,24,532
" 1887	4,02,00,148	.....	4,84,00,000	8,86,00,148
" 1888	75,68,000	.....	6,32,00,000	7,07,68,000
" 1889	93,68,310	.....	6,53,00,000	7,46,68,310
" 1890	2,47,41,865	.....	9,29,00,000	11,76,41,865
" 1891	1,46,69,903	.....	4,95,00,000	6,41,69,903
" 1892	3,24,55,120	.....	7,22,00,000	10,46,55,120
" 1893	91,40,310	.....	6,95,90,000	(a) 7,87,30,310
" 1897	4,70,184	.....	10,54,593	(b) 15,24,777
" 1898	12,50,976	.....	62,68,437	(b) 75,19,413
" 1900	5,29,02,591	.....	6,52,36,908	(c) 11,81,39,499
" 1901	3,37,22,243	.....	7,54,13,718	(d) 10,91,35,961
" 1901 coined in 1902 ..	3,82,94,644	.....	5,48,44,740	(e) 9,31,39,384
Edward VII, 1903 ditto ..	25,000	.....	.....	25,000
" " 1903	4,93,78,355	.....	5,29,69,151	(f) 10,23,47,506
" " 1904	5,83,38,617	.....	10,19,40,291	(g) 16,02,78,908
" " 1905	5,12,57,883	.....	7,62,02,223	(h) 12,74,60,106

(a) Includes Rs. 5,90,000 coined for the Bikaner State.

(b) On account of Kashmir and Bhopal re-coinage.

(c) Includes Rs. 2,09,02,414 coined for Indian States.

(d) " " 1,90,43,904 " " "

(e) " " 2,98,86,014 " " "

(f) " " 11,66,451 " " "

(g) " " 59,422 " " "

(h) " " 3,28,000 " " "

STATEMENT XXV—(continued.)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS.

			Coined in Calcutta.	Coined in Madras.	Coined in Bombay.	Total coined.
			Rs.	Rs.	Rs.	Rs.
Edward VII,	1906	.. ..	10,47,97,164	.....	15,89,53,269	(j) 26,37,50,433
..	1907	.. ..	8,13,38,000	.....	17,09,11,816	(k) 25,22,49,816
..	1908	.. ..	2,02,17,728	.....	1,07,14,770	3,09,32,498
..	1909	.. ..	1,27,58,580	.....	95,38,746	(l) 2,22,97,326
..	1910	.. ..	85,00,000	.....	91,88,673	1,76,88,673
..	1910 coined in 1911		41,27,013	.....	16,96,273	58,23,286
George V,	1911	.. ..	42,99,924	.....	51,43,125	04,43,049
..	1912	.. ..	4,51,22,132	.....	7,90,67,074	(m) 12,41,89,206
..	1913	.. ..	7,58,00,163	.....	8,74,65,788	(n) 16,32,65,951
..	1914	.. ..	3,31,00,150	.....	1,52,70,000	4,83,70,150
..	1915	.. ..	99,00,139	.....	53,71,979	1,52,72,118
..	1916	.. ..	11,50,00,210	.....	9,79,00,000	21,29,00,210
..	1917	.. ..	11,32,00,217	.....	15,15,82,659	26,47,82,876
..	1917 coined in 1918		17,74,025	.....	.....	17,74,025
..	1918	.. ..	20,13,26,240	.....	21,05,50,363	41,18,76,603
..	1918 coined in 1919		40,94,006	.....	.....	40,94,006
..	1919	.. ..	19,68,06,224	.....	22,67,06,054	42,35,12,278
..	1919 coined in 1920		1,44,00,031	.....	.....	1,44,00,031
..	1920	.. ..	3,86,00,085	.....	5,59,36,544	9,45,36,629
..	1920 coined in 1921		64,00,064	.....	.....	64,00,064
..	1920 coined in 1922		5,64,000	.....	.....	5,64,000
..	1920 coined in 1923		49,36,050	.....	.....	49,36,050
..	1921	.. ..	.....	.....	51,15,121	51,15,121
..	1922	.. ..	.....	.....	20,51,150	20,51,150
Total ..			270,20,56,128	10,76,07,305	366,80,32,346	647,56,95,779

(j) Includes Rs. 3,90,310 coined for Indian States and Rs. 167 lakhs (Calcutta Rs. 32 lakhs and Bombay Rs. 135 lakhs) coined from Gold Standard Reserve Silver.

(k) .. Rs. 94,766 coined for Indian States and Rs. 433 lakhs (Calcutta Rs. 168 lakhs and Bombay Rs. 265 lakhs) coined from Gold Standard Reserve Silver.

(l) .. Rs. 1,01,459 coined for Indian States.

(m) 16,56,250

(n) 12,78,441

STATEMENT XXVII.
ABSORPTION OF SMALL COIN.
(Reference paragraph 54.)

(In thousands of Rs.)

	Silver half rupees*	Four anna pieces	Two anna pieces	One anna pieces	Single pice	TOTAL
Average for the 5 years 1909-10 to 1913-14 .. .. .	....	15,75	13,59	21,02	10,51	60,87
Average for the 5 years 1914-15 to 1918-19 .. .. .	....	37,24	29,54	27,86	5,63	1,00,27
1919-20 .. .. .	....	88,15	60,33	44,05	21,18	2,13,71
1920-21 .. .. .	....	— 9,31	—23,24	—12,82	— 2,22	— 47,59
1921-22 .. .. .	....	— 7,09	— 2,40	3,28	52	— 5,69
1922-23 .. .. .	....	3,67	1,70	12,99	2,89	21,25
1923-24 .. .. .	....	6,20	3,99	19,88	2,42	32,49
1924-25 .. .. .	....	15,87	4,90	21,86	5,31	47,94
1925-26 .. .. .	....	3,34	5,49	11,22	2,23	22,26
1926-27 .. .. .	....	51	— 6,10	11,62	4,05	10,08
1927-28 .. .. .	....	7,03	4,62	22,02	5,05	38,72
1928-29 .. .. .	....	8,89	6,57	22,12	5,04	42,62
1929-30 .. .. .	....	— 2,05	— 1,88	10,36	5,77	12,20
1930-31 .. .. .	....	—31,70	—18,88	—14,33	— 1,30	— 66,21
1931-32 .. .. .	....	7,16	3,73	8,52	16	19,57
1932-33 .. .. .	....	— 6,11	2,13	10,82	1,48	8,32
1933-34 .. .. .	....	14,01	16,04	23,27	10,28	63,60
1934-35 .. .. .	....	1,54	12,93	20,35	11,88	46,70
1935-36	— 5,59	— 5,58	7,76	13,06	11,31	20,96
1936-37	22,50	15,97	22,20	25,48	12,92	99,07
1937-38	25,00	10,26	16,08	19,21	14,52	85,07
1938-39	2,40	—9,55	3,55	6,34	14,80	17,54
1939-40	59,67	38,97	48,07	51,25	21,08	2,19,04

*Since the inauguration of the Reserve Bank in 1935 silver half rupees have been included in statistics relating to small coin.

STATEMENT XXVII.
CIRCULATION OF NOTES BY DENOMINATIONS.
(Reference paragraph 56.)

	NOTES IN CIRCULATION (IN LAKHS OF RUPEES).										PERCENTAGE TO GROSS CIRCULATION OF ALL NOTES EXCEPT THOSE OF Rs. 10,000.							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	1	2-8	5	10	20	50	100	500	1,000	1	2-8	5	10	20	50	100	500	1,000
1914 (31st March)..	..	..	1.61	17.73	8	1.78	17.81	2.64	9.17	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0
1921 ..	9.52	51	14.05	52.67	3	3.84	47.22	2.53	17.81	6.4	.4	9.5	35.5	..	2.6	31.9	1.7	12.0
1922 ..	9.93	27	15.84	57.51	3	4.05	54.28	2.05	14.68	6.2	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923 ..	10.88	13	16.27	56.71	2	3.76	59.43	1.74	14.41	6.7	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924 ..	11.39	7	15.90	57.18	2	3.12	69.41	1.62	12.87	6.6	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925 ..	4.15	4	15.83	68.57	2	2.61	63.87	1.32	13.11	2.5	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926 ..	72	2	15.66	76.88	2	2.23	60.22	1.19	13.20	.4	..	9.2	45.2	..	1.3	35.4	.7	7.8
8 1927 ..	44	2	16.49	72.86	2	2.15	60.09	1.10	13.42	.3	..	9.9	43.7	..	1.3	36.1	.7	8.0
1928 ..	39	1	18.91	76.27	2	2.09	63.07	1.05	14.90	.2	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929 ..	36	1	23.77	74.55	2	2.01	65.76	.99	12.69	.2	..	13.2	41.4	..	1.1	36.5	.6	7.0
1930 ..	35	1	20.97	69.08	2	1.60	58.88	.84	10.78	.2	..	12.9	42.6	..	1.0	36.3	.3	6.7
1931 ..	34	1	18.92	64.20	2	1.53	54.86	.77	10.76	.2	..	12.5	42.4	..	1.0	36.3	.5	7.1
1932 ..	34	1	22.31	69.55	2	1.51	63.07	.79	11.67	.2	..	13.2	41.1	..	.9	37.3	.4	6.9
1933 ..	33	1	19.95	61.83	2	1.28	57.65	.68	11.63	.2	..	13.0	40.3	..	.8	37.6	.5	7.6
1934 ..	33	1	21.53	67.41	2	1.33	64.90	.60	11.31	.2	..	12.9	40.2	..	.8	38.8	.4	6.7
1935 ..	32	1	23.11	67.83	2	1.26	60.94	.56	17.72	.2	..	13.5	39.5	..	.7	35.5	.3	10.3
1935 (31st Dec.) ..	32	1	25.28	69.31	1	1.34	62.35	.53	12.84	.2	..	15.0	40.3	..	.7	36.0	.3	7.5
1936 ..	33	1	31.71	77.34	1	1.36	69.07	.48	12.11	.2	..	16.5	40.2	..	.8	35.9	.2	6.2
1937 ..	32	1	32.46	76.08	1	1.25	62.44	.45	11.01	.2	..	17.5	41.3	..	.7	34.0	.2	6.0
1938 ..	32	1	33.84	77.89	1	1.01	62.81	.37	10.51	.2	..	18.1	41.7	..	.6	33.6	.2	5.6
1939 ..	32	1	45.63	96.29	1	.92	75.57	.34	13.79	.1	..	19.4	41.9	..	.4	32.1	.2	5.9

STATEMENT XXIX.

INDIAN MONEY RATES PER CENT : 1939-40.

(Reference paragraphs 65 and 66.)

1st of	Bank Rate.	Call Money Rate.		Imperial Bank Hundi Rate.	Bazar Bill Rate.	
		Calcutta	Bombay		Calcutta (Rango)	Bombay
April 1939	3	2	2½	3	6-7	5½
May	3	2	2	3	6-7	5½
June	3	1½	¾	3	6-7	5½
July	3	½	½	3	6-7	5½
August	3	¼	¼	3	6-7	5½
September	3	¼	¼	3	6-7	6
October	3	1	¾	3	6-7	5½
November	3	½	½	3½	6-7	5½
December	3	1	1½	3½	6-7	6½
January 1940	3	1½	2	3½	6-7	6½
February	3	1½	1½	3½	6-7	6½
March	3	¾	1½	3½	6-7	6½

STATEMENT XXX.

DISTRIBUTION OF ASSETS AND LIABILITIES OF INDIAN SCHEDULED AND CERTAIN NON-SCHEDULED BANKS
AS SHOWN BY THEIR BALANCE-SHEETS FOR THE YEAR ENDED THE 31ST DECEMBER, 1938.

(Reference paragraph 70.)

(In thousands of Rs.)

Group of Banks	Paid-up Capital	Reserves	Total Capital and Reserves	Deposits	% of C to D	Cash and Balance with Banks in C/A	% of E to D	Invest- ments	% of F to D	Loans including bills discounted	% of G to D	Immovable property	% of H to D	Total Assets or Liabilities
	A	B	C	D		E		F		G		H		I
Imperial Bank and the next 5 large banks	9,27,57	8,45,75	17,73,32	154,05,78	11.4	16,83,10	10.9	80,02,28	51.6	73,28,28	47.3	2,90,76	1.9	177,73,58
Other 30 Indian Scheduled Banks	3,33,83	1,17,09	4,50,92	18,41,82	24.5	3,08,53	16.8	6,05,94	32.9	13,86,64	75.3	1,04,63	5.7	25,87,78
153 Non-Scheduled Banks having paid-up capital and Reserves between Rs. 50,000 and 5 lakhs.	1,51,35	62,26	2,13,61	10,25,17	20.8	1,35,02	13.2	2,11,70	20.7	8,57,95	83.7	68,75	6.7	13,46,08
265 Non-Scheduled Banks having paid-up capital and reserves of less than Rs. 50,000	32,32	8,58	40,90	1,72,12	23.8	21,56	12.5	18,54	10.8	1,67,02	97.0	5,99	3.5	2,61,59

STATEMENT XXXI.

RESERVE BANK OF INDIA—ISSUE DEPARTMENT.

(Reference paragraph 72.)

		LIABILITIES.			ASSETS.				(In lakhs of Rs.)	
		Notes held in Banking Department	Notes in circulation	Total Liabilities (total Notes issued)	Gold coin and bullion	Sterling securities	Rupee coin	Rupee securities	Total Assets	Percentage of Gold and Sterling securities to total Notes issued
1939-40. Last Friday of										
April	..	18,50	188,72	207,22	44,42	59,50	66,00	37,30	207,22	50.15
May	..	19,64	187,80	207,44	44,42	59,50	66,19	37,33	207,44	50.10
June	..	26,15	184,63	210,78	44,42	50,50	69,50	37,36	210,78	49.30
July	..	35,88	178,42	214,30	44,42	59,50	73,01	37,37	214,30	48.49
August	..	37,89	178,89	216,78	44,42	59,50	75,47	37,39	216,78	47.94
September	..	18,52	202,91	221,43	44,42	64,50	75,14	37,37	221,43	49.19
October	..	18,50	210,30	228,80	44,42	74,50	72,54	37,34	228,80	51.98
November	..	13,64	220,11	233,75	44,42	82,50	69,50	37,33	233,75	54.30
December	..	18,56	235,92	254,48	44,42	107,50	64,22	38,34	254,48	59.70
January	..	13,28	237,84	251,12	44,42	107,50	60,85	38,35	251,12	60.50
February	..	15,01	239,55	254,56	44,42	113,50	58,29	38,35	254,56	62.04
March	..	13,66	238,55	252,21	44,42	113,50	55,94	38,35	252,21	62.61

STATEMENT XXXII.

RESERVE BANK OF INDIA—BANKING DEPARTMENT.

(Reference paragraph 73.)

(In lakhs of Rs.)

				DEPOSITS.			Other Liabi- lities	Notes and Coin	Balances held abroad	Loans & Advances to Gov- ernment	Other Loans & Advances	Bills pur- chased & discounted	Invest- ments	Other Assets	
1939-40. Last Friday of				Banks	Other	Total									
April	16,69	12,13	92	29,74	1,04	18,61	12,43	30	2	1,74	6,89	79
May	11,33	15,53	71	27,57	1,00	19,75	10,09	60	2	22	6,95	94
June	15,73	16,58	62	32,93	1,08	26,24	8,46	65	7	25	7,29	1,05
July	11,64	26,23	86	38,73	1,48	36,02	3,59	1,85	2	3	7,54	1,16
August	15,13	26,98	70	42,81	1,65	38,02	7,44	61	2	42	6,82	1,13
70 September	14,17	15,43	97	30,57	2,02	18,65	13,57	8	4	60	6,33	3,32
October	13,12	19,69	93	33,74	2,13	18,63	14,23	58	5	2,05	6,60	3,73
November	12,87	20,13	85	33,85	2,20	13,76	15,06	3,62	1	3,25	6,83	3,52
December	12,97	17,18	1,16	31,31	2,95	18,63	5,54	1,20	..	9,24	6,31	3,34
January	15,25	19,17	1,95	36,37	68	13,36	17,23	1,00	..	7,19	7,55	72
February	19,80	17,25	2,27	39,32	1,04	15,09	20,13	31	5	5,38	8,65	75
March	22,25	17,59	98	40,82	1,56	13,77	28,49	..	18	1,20	7,76	98

STATEMENT XXXIII.

SCHEDULED BANKS' CONSOLIDATED POSITION.

(Reference paragraphs 73 and 74.)

				(In lakhs of Rs.)					
1939-40.				Liabilities.	Cash and Balances with the Reserve Bank.	Percentage of Cash and Balances with the Reserve Bank to Liabilities.	Advances in India and Burma.	Bills discounted in India and Burma.	Percentage of Advances and Bills discounted in India and Burma to Liabilities.
Last Friday of									
April	..	..	..	237,12	18,06	7.62	124,63	8,06	55.96
May	..	..	..	238,47	21,83	9.15	119,88	7,99	53.62
June	..	..	..	240,00	26,25	10.94	115,65	6,36	50.84
July	..	..	..	248,15	33,15	13.36	108,68	4,93	45.78
August	..	..	..	249,45	33,79	13.54	105,27	3,99	43.80
September	..	..	..	241,32	22,77	9.44	112,44	3,12	47.89
October	..	..	..	240,58	26,84	11.16	111,20	2,45	47.24
November	..	..	..	246,85	27,45	11.12	119,47	3,26	49.72
December	..	..	..	251,33	25,61	10.19	143,16	4,68	58.82
January	..	..	..	254,32	26,04	10.24	150,17	4,86	60.96
February	..	..	..	254,19	23,86	9.38	149,25	5,84	61.06
March	..	..	..	259,26	24,39	9.41	156,46	6,64	62.91
Average	..	..	..	246,75	26,84	10.47	126,36	5,18	53.31

STATEMENT XXXIV.
CLEARING HOUSE STATISTICS SINCE 1918-19.
(Reference paragraph 75.)

(In lakhs of Rs.)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	TOTAL
1918-19 ..	7,41,13	5,69,46	20,45	22,30	73,85	..	..	..	14,32,19
1919-20 ..	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	20,90,60
1920-21 ..	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	29,76,54
1921-22 ..	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	20,24,90
1922-23 ..	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	20,60,08
1923-24 ..	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	18,03,01
1924-25 ..	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	19,06,36
1925-26 ..	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	16,88,53
1926-27 ..	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	16,09,57
1927-28 ..	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	16,74,59
1928-29 ..	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	19,81,10
1929-30 ..	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	19,99,74
1930-31 ..	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	17,30,63
1931-32 ..	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	15,15,66
1932-33 ..	7,90,37	6,67,42	48,85	25,56	70,73	7,08	8,50	..	16,18,53
1933-34 ..	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	16,41,20
1934-35 ..	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	17,33,01
1935-36 ..	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	19,43,35
1936-37 ..	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	19,31,66
1937-38 ..	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	20,51,12
1938-39 ..	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	19,74,89
1939-40 ..	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	23,18,73

STATEMENT XXXV.

NUMBER AND AMOUNT OF CHEQUES CLEARED IN EACH CIRCLE.

1938-39 and 1939-40.

(Reference paragraph 75.)

(In lakhs of Rs.)

	1st Half Year.				2nd Half Year.				Total.			
	1938-39.		1939-40.		1938-39.		1939-40.		1938-39.		1939-40.	
	No. of cheques	Amount	No. of cheques	Amount	No. of cheques	Amount	No. of cheques	Amount	No. of cheques	Amount	No. of cheques	Amount
Bombay	24,21,623	335.23	25,96,099	301.06	26,20,709	400.99	27,33,372	492.91	50,42,232	786.22	53,29,471	883.97
Calcutta	20,57,311	455.87	30,40,129	485.53	29,51,404	478.78	32,78,101	668.50	59,18,715	934.65	63,18,230	1,154.03
Cawnpore	76,657	6.82	86,227	5.93	80,107	6.94	85,917	8.29	1,56,764	11.76	1,72,144	14.22
Delhi	2,17,125	8.63	2,38,740	8.54	2,65,097	9.95	2,88,764	11.81	4,82,222	18.58	5,27,504	20.36
Karachi	2,08,570	15.15	2,27,148	16.50	2,16,484	17.51	2,23,101	21.03	4,25,054	32.66	4,50,249	37.53
Lahore	1,70,964	5.00	1,78,913	5.22	1,89,105	5.62	1,89,696	6.92	3,60,069	10.71	3,68,609	11.14
Madras	6,16,676	49.81	6,53,588	47.85	6,57,481	49.10	6,56,651	52.09	12,74,157	98.91	13,10,239	99.94
Rangoon	3,72,536	37.96	4,22,910	46.04	4,20,052	43.44	4,35,307	51.51	7,92,638	81.40	8,58,307	97.55

STATEMENT XXXVI.

(A) REMITTANCES THROUGH THE RESERVE BANK OF INDIA.

Telegraphic Transfers issued and paid.*

(Reference paragraph 76.)

(In lakhs of Rs.)

	1937.		1938.		1939.	
	Jan. to June.	July to Decem.ber.	Jan. to June.	July to Decem.ber.	Jan. to June.	July to Decem.ber.
	Issued.	Paid.	Issued.	Paid.	Issued.	Paid.
Bombay ..	38,78	45,19	37,15	31,25	35,97	49,45
Calcutta ..	65,07	47,77	28,57	44,30	65,16	45,98
Cawnpore ..	3,05	5,08	3,81	48	4,25	4,37
Delhi ..	6,59	2,89	5,98	3,22	6,63	2,50
Karachi ..	11,37	8,82	4,31	5,42	6,37	7,05
Lahore ..	6,03	7,84	7,52	3,75	9,01	8,44
Madras ..	12,47	9,65	9,66	6,90	7,32	12,94
Rangoon ..	5,50	11,20	4,23	6,45	5,35	11,47
Total ..	1,48,86	1,38,44	1,01,23	1,01,77	1,42,06	1,42,20

(B) REMITTANCES THROUGH THE IMPERIAL BANK OF INDIA.

	1934.		1935.		1936.		1937.		1938.		1939.	
	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.
DEMAND DRAFTS PURCHASED.												
Bengal Circle	21,67	19,71	23,74	18,39	24,37	23,17	29,24	23,80	29,59	27,92	30,48	35,43
Bombay ..	15,50	10,61	16,46	12,14	17,02	15,44	19,31	12,24	18,37	14,70	20,12	22,98
Madras ..	8,84	6,49	8,62	6,77	8,22	9,51	10,84	7,72	9,55	9,53	11,21	9,45
Total ..	46,01	36,81	48,82	37,30	49,61	48,12	59,39	43,76	57,51	52,15	61,81	67,86

DRAFTS AND TELEGRAPHIC TRANSFERS PAID.

Bengal Circle	33,23	28,54	35,60	27,31	30,81	28,01	35,67	33,27	36,94	32,72	39,72	39,30
Bombay ..	26,87	25,49	28,61	23,95	26,11	23,51	31,03	29,89	33,72	32,61	34,65	39,21
Madras ..	15,70	17,79	16,55	11,57	14,18	13,96	18,12	16,87	18,76	18,51	10,70	17,94
Total ..	75,80	71,82	80,76	62,83	71,10	65,48	84,82	80,03	89,42	83,84	94,07	96,45

* Including remittances on account of the Imperial Bank of India.

STATEMENT XXXVII.

TRANSFERS OF FUNDS THROUGH GOVERNMENT AGENCY WITHIN EACH PROVINCE OF INDIA AND IN BURMA
DURING THE YEAR 1939-40.

(Reference paragraph 76.)

(In lakhs of Rs.)

	Bengal (including certain centrally adminis- tered areas.)	Madras & Coorg	Bombay	United Provinces	Punjab	Bihar	Central Provinces	Assam	North- West Frontier Province	Orissa	Sind	Total for India	Burma
Sale of supply bills and transfers to the public	2,74	32	1,13	16	3	4	18	2	1	..	22	4,85	3,78
Transfers to headquarters by bank post-bills	42	..	..	..	..	1	..	..	..	..	..	43	..
Total ..	3,16	32	1,13	16	3	5	18	2	1	..	22	5,28	3,78

STATEMENT XXXVIII.

92 TRANSFERS OF FUNDS THROUGH GOVERNMENT AGENCY BETWEEN DIFFERENT PROVINCES AND BETWEEN PROVINCES AND BURMA.

(Reference paragraph 76.)

(In thousands of Rs.)

PAID BY	Bengal (including certain centrally adminis- tered areas.)	On account of										Sind.	Burma.	Total.
		Madras and Coorg.	Bombay.	United Pro- vinces.	Punjab.	Bihar.	Central Pro- vinces.	Assam.	North- West Frontier Province.	Orissa.				
Bengal, etc.	9,01	82	13,60	43	54,38	3,49	2,60	..	13	84,41	
Madras and Coorg	36	2,13	..	2	..	..	..	..	..	..	..	2,51	
Bombay	6,09	..	3,33	34	2,07	2,58	15	16,63	3,54	..	..	34,73	
United Provinces	64	1,78	..	55	..	..	..	..	..	5,00	..	8,00	
Punjab	151	..	..	..	..	..	..	24,59	..	..	11	26,21	
Bihar	9,89	825	..	..	..	..	..	..	59	..	..	18,73	
Central Provinces	11,05	90,22	..	..	..	..	..	..	..	..	..	1,01,27	
Assam	1,69,90	..	..	..	..	..	..	..	..	..	..	1,69,90	
North-West Frontier Province	25	105	..	..	..	..	..	..	..	1,30	
Orissa	2,54	..	..	..	..	..	..	..	..	..	..	2,54	
Sind	8,24	..	..	20,28	..	..	..	23,15	..	..	..	51,67	
Burma	57	..	..	..	..	..	..	..	..	..	..	57	
Total	2,10,79	1,02,38	12,39	23,06	15,67	3,01	54,48	67,86	6,73	5,00	27	5,01,84	

STATEMENT XXXIX.

RESERVE BANK OF INDIA BALANCE SHEET AS AT 31ST DECEMBER, 1939.
(Reference paragraph 77.)

LIABILITIES				ISSUE DEPARTMENT.				ASSETS							
	Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.		
Notes held in the Banking Department..	17,66,66,897	8	0				A. Gold Coin and Bullion :—								
Notes in Circulation :—							(a) Held in India..	41,54,47,806	11	8					
(a) Legal Tender in India ..	225,20,40,178	0	0				(b) Held outside India ..	2,86,97,782	0	10					
(b) Legal Tender in Burma only ..	11,42,66,560	0	0				Sterling Securities..	107,50,11,290	6	6					
Total Notes issued..				254,29,73,835	8	0	Total of A ..				151,91,56,879	3	0		
							B. Rupee Coin Govt. of India Rupee Securities .				64,04,37,983	4	6		
							Internal Bills of Exchange and other Commercial Paper ..						38,33,78,793	0	6
													Nil.		
TOTAL LIABILITIES ..				254,29,73,835	8	0	TOTAL ASSETS ..				254,29,73,835	8	0		

Ratio of total of A to liabilities : 59.730 per cent.

LIABILITIES				BANKING DEPARTMENT.				ASSETS					
	Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.
Capital paid up ..	5,00,00,000	0	0				Notes :—				17,59,30,177	8	0
Reserve Fund ..	5,00,00,000	0	0				(a) Legal Tender in India ..				7,38,720	0	0
Deposits :—							(b) Legal Tender in Burma only ..				4,08,815	2	0
(a) Government—							Rupee Coin ..				3,65,334	7	2
(1) Central Government of India ..	6,73,17,101	12	11				Subsidiary Coin ..						
(2) Government of Burma ..	1,53,99,708	15	8				Bills purchased and discounted :—						
(3) Other Government Accounts ..	4,58,29,988	6	5				(a) Internal ..						Nil.
(b) Banks ..	18,86,71,450	13	6				(b) External ..						Nil.
(c) Others ..	1,15,83,479	12	2				(c) Government Treasury Bills ..				10,10,80,650	10	1
Bills payable ..	8,94,267	14	3				Balances held abroad* ..				6,97,80,569	12	6
Other Liabilities ..	54,00,281	0	2				Loans and Advances to Governments ..				1,20,00,000	0	0
							Other Loans and Advances ..						Nil.
TOTAL LIABILITIES ..				43,51,06,278	11	1	Investments ..				6,42,08,514	3	8
							Other Assets ..				1,05,95,496	15	8
							TOTAL ASSETS ..				43,51,06,278	11	1

* Includes Cash and Short term Securities.

C. R. TREVOR,
Chief Accountant.

Dated the 16th January, 1940.

J. B. TAYLOR,
Governor.
MANILAL B. NANAVATI,
Deputy Governor.

STATEMENT XL.

RESERVE BANK OF INDIA—PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED THE 31ST DECEMBER, 1938 AND 1939.

(Reference paragraph 77.)

INCOME.	1938		1939	
	Rs.	s. p.	Rs.	s. p.
Interest, Discount, Exchange, Commission, etc.	1,36,70,015	1 2	1,22,95,508	4 10
EXPENDITURE.				
Establishment	34,33,565	12 9	34,92,560	12 10
Directors' and Local Board Members' fees and expenses	93,292	2 6	98,926	2 6
Auditors' fees	9,000	0 0	12,000	0 0
Rent, taxes, insurance, lighting, etc.	5,40,312	10 1	4,55,243	4 0
Law charges	12,343	14 6	10,873	15 0
Postage and telegraph charges	69,869	8 5	69,712	9 4
Remittance of treasure	8,72,029	3 4	11,21,374	3 1
Stationery, etc.	87,998	7 6	89,085	12 5
Security Printing (cheques, note forms, etc.)	17,49,786	6 1	16,47,733	3 2
Depreciation and repairs to Bank property	1,16,931	5 2	1,43,463	14 2
Agency charges	25,12,572	3 2	25,44,401	9 8
Contributions to staff and superannuation funds	77,700	0 0	77,700	0 0
Miscellaneous expenses	2,49,476	7 0	2,82,077	4 1
Net available balance	38,45,137	0 8	22,50,355	10 7
Total	1,36,70,015	1 2	1,22,95,508	4 10
Amount set aside for payment of dividend at the rate of 3½ per cent. per annum	17,50,000	0 0	17,50,000	0 0
Surplus payable to the Central Government	20,95,137	0 8	5,00,355	10 7
	38,45,137	0 8	22,50,355	10 7

APPENDIX.
LIST OF SCHEDULED BANKS.

(As on the 31st March, 1940.)

- | | |
|--|---|
| 1. Ajodhia Bank | 31. Industrial Bank of Western India |
| 2. Allahabad Bank | 32. Jwala Bank |
| 3. American Express Co., Inc. | 33. Karnani Industrial Bank |
| 4. Banco Nacional Ultramarino | 34. Lloyds Bank |
| 5. Bank of Baroda | 35. Mercantile Bank of India |
| 6. Bank of Behar | 36. Mitsui Bank |
| 7. Bank of China | 37. Mohaluxmi Bank |
| 8. Bank of Hindustan | 38. Nadar Bank |
| 9. Bank of India | 39. Nath Bank |
| 10. Bank of Taiwan | 40. National Bank of India |
| 11. Bank of Upper Burma | 41. National City Bank of New York |
| 12. Bengal Central Bank | 42. Nedungadi Bank |
| 13. Calcutta Commercial Bank | 43. Netherlands India Commercial Bank N. V. |
| 14. Calcutta National Bank | 44. Netherlands Trading Society |
| 15. Canara Bank | 45. New Citizen Bank of India |
| 16. Canara Banking Corporation | 46. New Standard Bank |
| 17. Canara Industrial & Banking Syndicate | 47. Noakhali Union Bank |
| 18. Central Bank of India | 48. Oudh Commercial Bank |
| 19. Chartered Bank of India, Australia and China | 49. Oversea Chinese Banking Corporation |
| 20. Comilla Banking Corporation | 50. Palai Central Bank |
| 21. Comilla Union Bank | 51. Pioneer Bank |
| 22. Comptoir National D'Escompte de Paris | 52. Punjab Co-operative Bank |
| 23. Devkaran Nanjee Banking Co. | 53. Punjab National Bank |
| 24. Eastern Bank | 54. Punjab and Sind Bank |
| 25. Grindlay & Co. | 55. Simla Banking & Industrial Co. |
| 26. Hongkong & Shanghai Banking Corporation | 56. Thos. Cook & Son (Bankers) |
| 27. Imperial Bank of India | 57. Union Bank of India |
| 28. Indian Bank | 58. U. Rai Gyaw Thoo & Co. |
| 29. Indian Overseas Bank | 59. Yokohama Specie Bank |
| 30. Indo-Commercial Bank | |

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