

## 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**

**1940-41**

**BOMBAY :**  
**THE TIMES OF INDIA PRESS**  
**1941**

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## I. GENERAL FEATURES OF THE YEAR.

With the intensification of hostilities and the extension of the war zone, controls of prices, wages and profits, steep enhancements in taxation with consequent reduction in private incomes, regulation of production and rationing of consumption, and direct and indirect control of investment and savings became the dominant features of the world economic situation. International trade suffered further constriction and its direction as well as character underwent radical alteration while foreign exchange regulations were also made more stringent. Credit was diverted from its normal channels to the finance of armaments, and production for non-military purposes was cut down in order to maximise the supply of war equipment.

The vicissitudes of the war during the year under review dominated the world markets, particularly the financial, as is evident from the violent fluctuations in industrial share values. Thus on Wall Street the price of United States Steels ranged between \$43½ and \$76¾ while Tata Deferreds on the Bombay Stock Exchange fluctuated between Rs.1,600 and Rs.2,282. The gilt-edged markets in Great Britain and India, however, showed greater stability partly on account of the fixation of minimum prices and partly as a result of the easiness of money. The policy of maintaining cheap money conditions was followed with continued success in these two countries and it was found possible to raise funds for the war at 3 per cent. or less.

2. *The United States of America.*—The United States of America progressively turned itself into “an arsenal for the democracies.” In March 1941 the Lease and Lend Act was passed under which appropriations amounting to \$7 billions towards supplies of munitions and food for the Allies were made. A huge programme of national defence involving an expenditure to the extent of \$15 billions was also initiated. In consequence, industrial activity was on the upward grade throughout the year and the Federal Reserve Board’s index number of industrial production (1923-25=100), which had fallen from 126 in December 1939 to 111 in April 1940 rose to 143 in March 1941. Production in the iron and steel, metal, automobile and aircraft industries, in particular, improved and in many cases passed the 1929 levels. Owing to increased internal and foreign demand for goods, profits in 925 industries increased by 27 per cent. from \$1,225 millions in 1939 to \$1,554 millions in 1940. The balance of trade in merchandise rose from \$810 millions during the 12 months preceding the war to \$1,387 millions during September 1939 to August 1940; during the same period, exports to the United Kingdom increased from \$497 millions to \$780 millions. The inflow of gold continued unabated and reached the record level of \$4,744 millions or 135·5 million oz. in 1940 as against \$3,574 millions or 102·1 million oz. in 1939. The index number of wholesale prices (the Bureau of Labour Statistics, 1926=100), which had risen from 75 in August 1939 to 80 in December of that year, remained remarkably stable at that level till the end of February 1941 but rose to 82 in March.

3. *The United Kingdom.*—A review of economic conditions in the United Kingdom during the year is largely a survey of the economic and financial effort called forth by the war.

The rise in the daily war expenditure from £4.7 millions in the first month of the war to £7 millions in March 1940 and further to about £14 millions at the end of the year under review shows the magnitude of the burden imposed by the war on the country's resources. According to statistics issued by the British Treasury, ordinary revenue during the first twenty months of war amounted to £2,264 millions as against a total expenditure of £5,703 millions and war expenditure of £5,079 millions. Increased taxation was imposed including a 100 per cent. Excess Profits Tax, higher taxes on income, a purchase tax and other indirect levies. The gap of £3,439 millions between revenue and expenditure was covered to the extent of £1,712 millions by loans and other savings, and £1,727 millions by floating debt. With a view to providing for a steady flow of Treasury bill issue and maturities following a precedent of the last war, the authorities introduced in July 1940 a system of voluntary loans from banks in the shape of Treasury deposits of six months currency at  $1\frac{1}{8}$  per cent. Medium-dated loans were raised at between 2 to 3 per cent. The Stock Exchange remained normal and the gilt-edged market also continued comparatively stable with  $2\frac{1}{2}$  per cent. Consols varying between £70 $\frac{1}{2}$  and £78 $\frac{3}{8}$  as against £62 and £74 $\frac{3}{8}$  in 1939-40.

Comprehensive emergency legislation was passed on the 22nd May 1940 providing for the fullest possible mobilisation of the nation's wealth and labour for defence. Intensive efforts were made to maintain exports which, however, declined slightly to £413 millions in 1940 from £439 millions in 1939 and £451 millions during the quinquennium 1934-38. Imports, on the other hand, rose to £1,100 millions from £840 millions and £857 millions respectively in 1939 and the preceding quinquennium. The index number of wholesale prices (1930=100 *vide* Statement I) which stood at 98 in August 1939 rose to 129 in March 1940 and further to 151 in March 1941. The cost of living index (Ministry of Labour, July 1914=100) rose from 155 in August 1939 to 179 in March 1940 and 197 in March 1941.

4. *Japan.*—China continued as a heavy strain on Japan's national economy during the year. Shortage of commodities such as rice and sugar, lack of industrial raw materials and inadequate exports were among the main problems which confronted its economy during the period. The need to build heavy war industries on the basis of imported raw materials apparently told severely on the country, especially as the war shifted the source of supply for these from Europe to the United States. The value of exports during 1940 amounted to 3,972 million yen showing an increase of one per cent. over the previous year, while that of imports rose by 19 per cent. to 3,709 million yen, leaving a favourable balance of 263 million yen as against 806 million yen in 1939. The index number of industrial production (Oriental Economist, 1931-33=100) which had risen from 173 in 1938 to 181 in 1939 declined again to 173 in July 1940.

5. *Germany.*—In Germany, war-time control of prices, wages, consumption and profits appears to have been carried to the utmost limit. The Reich, which had been living on a war economy since 1933, further reinforced its resources by levies from occupied countries which were compelled to submit to German economic control, particularly of trade and exchange. According to British official sources, the total exploitation of the occupied territories in respect of clearing accounts amounts to R.M. 5,400 millions per year and the cost of occupation to R.M. 750 millions per month. It was in these conditions that the German Ministry of Finance announced that there would be no increase in existing German taxes and that no new taxes would be imposed in 1941. According to available German official reports, the

national debt of the Reich stood at R.M. 79 billions at the end of 1940 as compared with R.M. 34 billions on the eve of war. Total Government tax receipts for the first half of the fiscal year ended September 1940 amounted to R.M. 13.4 billions as against R.M. 11.4 billions.

6. *India*.—The following table gives certain indices of the economic and financial developments in India since the beginning of the war.

	1939-40.				1940-41.			
	July to September.	October to December.	January to March.	April to June.	July to September.	October to December.	January to March.	
<b>I. PRICE INDICES (Quarter-end figures.)</b>								
1. Food and Tobacco .. .. .	112.5	127.1	117.9	103.3	107.6	107.8	108.1	
2. Other Agricultural Commodities .. .. .	123.0	201.2	151.5	112.9	107.1	102.5	112.4	
3. Raw Materials .. .. .	109.6	128.8	125.4	112.2	116.9	124.0	125.9	
4. Manufactured Articles .. .. .	121.5	144.2	133.0	117.1	114.4	119.8	131.7	
5. Exports .. .. .	61.0	77.0	72.0	71.0	71.0	72.0	66.0	
6. Imports .. .. .	66.0	77.0	82.0	83.0	91.0	85.0	90.0	
7. Fixed Yield Government Papers .. .. .	103.8	111.2	116.7	107.8	114.3	116.4	117.4	
8. Variable Yield Industrial Securities .. .. .	111.4	130.7	122.1	(a)	110.6	119.3	123.8	
<b>II. FINANCIAL STATISTICS (Quarterly Averages).*</b>								
1. Cheque Clearing .. .. .	164.7	216.6	221.0	195.8	154.8	166.5	199.5	
2. Absorption (+) or Return (—) of Currency ..	+4.2	+14.6	+3.6	+11.0	—2.3	+5.0	+3.8	
3. Scheduled Banks' Demand Liabilities .. .. .	140.1	142.5	145.5	146.5	157.4	173.1	178.5	
4. " " Time " .. .. .	106.0	101.4	108.2	111.6	104.0	100.6	103.5	
5. " " Cash & Balances with the Reserve Bank of India ..	29.0	24.8	24.4	26.7	43.7	57.3	51.5	

Items 1 to 4 (I)—Economic Resources Board. Base 10th August 1939=100.

Items 5 to 8 (I)—Monthly Survey of Business Conditions. Base 1927-28=100.

\* In crores of Rupees.

(a) Not available.

The worsening of the war situation in the first quarter of the year caused a temporary setback to business conditions but an improvement set in about September 1940 as a result of favourable developments and prospects of more active assistance from America, and thereafter industrial conditions showed a marked recovery mainly as a result of large Government war orders. The purchase of war supplies for the British and other Empire Governments in India amounted to more than Rs.82 crores by the middle of January 1941. The developments in the field of supply imparted a stimulus to existing Indian industries while new industries were also set up for the production of a wide variety of stores that had hitherto been imported. Industrial profits, according to an analysis of 441 concerns, rose to Rs.24.32 crores in 1940 as against Rs.16.99 crores in 1939.

The Calcutta index number of wholesale prices (1914=100 *vide* Statement I) moved within a narrow range of 114 (June and July 1940) and 123 (March 1941) as compared with 100 (April 1939) and 137 (December 1939) in the previous year. India's economy, however, was not evenly affected by the course of the war, as will be seen from the indices of the prices of different groups of commodities given in the above table. In the main, while foodstuffs and other agricultural products remained relatively depressed, manufactured articles like cloth and kerosene showed a rise. Prices generally turned against the agriculturist from the second quarter of the year, and the problem of the surplus production of staple commodities like jute, cotton and oilseeds engaged the earnest attention of the authorities, and various remedial measures such as alternate markets and alternate crops, reduction in cultivated acreage and storage were considered. A scheme for the restriction of jute production was also put into effect. In the last quarter of the year, however, the impact of large war orders on the general economic position began to have its effect on agricultural prices also, and there was a general rise which was intensified in the quarter immediately following the year under report.

The following table gives the comparative indices of the prices of primary commodities for India, the U.K. and the U.S.A., with the week ending 19th August 1939 as the base, for the 10 months ended March 1941.

Week ending first Saturday of month,				India.	U.K.	U.S.A.
June	1940	..	..	116.6	137.5	110.1
July	"	..	..	108.1	138.4	109.6
August	"	..	..	110.5	137.9	107.0
September	"	..	..	109.2	134.3	106.4
October	"	..	..	111.3	134.6	110.0
November	"	..	..	....	134.7	112.9
December	"	..	..	115.5	133.7	115.1
January	1941	..	..	112.4	133.8	116.8
February	"	..	..	111.4	133.9	118.4
<i>Week ending.</i>						
1st March	1941	..	..	108.6	134.7	119.9
8th March	"	..	..	109.1	135.8	120.7
15th March	"	..	..	119.0	136.2	122.9
22nd March	"	..	..	113.9	136.2	124.8
29th March	"	..	..	118.4	137.0	126.6

The trend of wholesale prices in India and the U.K. since the beginning of the war to the end of the year under review may be seen from Statement I. Exact comparison between the two series is not possible, but the contrast between the steady and marked rise in the U. K. and the ups and downs in the Indian figures

is noticeable. In India the initial spurt after the outbreak of war nearly spent itself by the following June, but a steadier upward movement then set in, which has recently taken the index to the peak level reached in December 1939.

A general review of comparative price trends since the outbreak of war indicates no tendency of an abnormal or inflationary rise in prices in India and the rise that is evident from the figures would appear to be incidental to the general disequilibrium in production and trade caused by war conditions.

In the financial markets, gilt-edged securities, after a setback during the first quarter of the year, recovered in sympathy with London and remained very steady thereafter. Monetary conditions remained easy with the inter-bank call rate at  $\frac{1}{4}$  per cent. in Bombay and  $\frac{1}{2}$  per cent. in Calcutta for the greater part of the year. After the collapse of France in June 1940 there was an increased demand for the conversion of notes into coin mainly for hoarding purposes, and this necessitated the issue of a notification on the 25th June 1940 by the Central Government penalising the acquisition of rupee coin in excess of personal or business requirements. Although this step reduced the outgo, there was still considerable public inconvenience owing to the lack of small change as a result of hoarding, and to ease the position the Government issued one rupee notes in July under the Currency Ordinance, 1940. In the sphere of banking, one of the outstanding features of the year was the reduction in the advances and bills of the scheduled banks owing principally to the loss of important European markets. Mainly as a result of this and the desire of the banks to keep their position more liquid than normally in view of war conditions, their balances with the Reserve Bank in excess of the statutory minimum were considerably higher than in the previous year.

The Eighth All-India Census was held at the end of February 1941 and though the final figures are not yet available it is estimated that the total population of the country will be over 400 millions.

7. *Burma.*—Owing mainly to a rise in imports the total trade of Burma increased by 6 per cent. from Rs.80 crores in 1939-40 to Rs.85 crores in the year under review. A strong demand for Burma rice from Japan, resulting from the failure of the crop in Korea, made up for the loss of European markets. The prices of paddy and rice maintained higher levels than for many years past. Business activity in the country generally increased as evidenced by a rise of 21 per cent. in the amount of cheque clearances from Rs.98 crores to Rs.119 crores.

## II. TRADE.

8. *Trade in the Present and in the Last War.*—With the completion of one full year of war, as a general background to this section it is interesting to review broadly how trade is reacting to war conditions now as compared with the first two years of the last war. The table below summarises the joint trade in merchandise of India and Burma during the first two years of war and the quinquennium immediately preceding and compares the figures with those for the last war.

(In crores of rupees).							
		Average for five years ended 1938-39.	1939-40.	1940-41.	Average for five years ended 1913-14.	1914-15.	1915-16.
Exports	.. ..	1,81	2,22	2,08	2,24	1,82	1,97
Imports	.. ..	1,37	1,45	1,39	1,46	1,38	1,32
Balance	.. ..	44	77	69	78	44	65

It will be noticed that the effects of the war on trade so far differ from those of the last. In 1914-15 the immediate reaction was to depress both exports and imports and with them the balance of trade. The following year saw a recovery in exports, but imports continued to decline, with the result that the balance of trade improved substantially in India's favour. In the present war, the immediate reaction was a considerable stimulus to exports and a slight improvement in imports, with a striking improvement in the balance of trade. During the year under review, however, the intensification and extension of the war brought into play factors such as the loss of the European markets, control of imports and exports and scarcity of freight, the combined effect of which was to neutralise the gains of the previous year, almost wholly in the case of imports. In the result, the balance of trade in India's favour declined, although it remained considerably in excess of the average for the previous quinquennium. It must also be noted that these figures do not include the large and increasing amounts involved in Government war transactions.

9. *Joint Balance of Trade of India and Burma since the War.*—The following table shows the joint balance of trade in merchandise of India and Burma during the first 19 months of the war as compared with a similar pre-war period.

(In crores of rupees).						
			Exports.	Imports.	Balance.	
19 months—September 1939 to March 1941	.. ..	.. ..	3,49	2,23	+1,26	
19 months—February 1938 to August 1939	.. ..	.. ..	2,91	2,33	+ 58	

Statement II shows the monthly variations in imports, exports and balance of trade in merchandise of India and Burma separately as well as jointly on a pre-separation basis.

10. *Balance of Trade in Merchandise of British India and Direction of Trade.*—The following table shows the more important changes in the direction of Indian trade and the balance of trade with important countries and groups during the last three years.

## DIRECTION OF TRADE.

(In lakhs of rupces).

	1938-39.			1939-40.			1940-41.		
	Imports of foreign merchandise.	Exports of Indian merchandise.	Balance of trade (excluding re-exports).	Imports of foreign merchandise.	Exports of Indian merchandise.	Balance of trade (excluding re-exports.)	Imports of foreign merchandise.	Exports of Indian merchandise.	Balance of trade (excluding re-exports.)
U. K. .. ..	46,49	55,51	+ 9,02	41,61	72,48	+30,87	35,97	64,97	+29,00
Burma .. ..	24,35	10,03	-14,32	31,38	12,30	-19,08	28,36	16,24	-12,12
Ceylon .. ..	1,18	5,09	+ 3,91	1,46	6,37	+ 4,91	2,19	7,31	+ 5,12
British Empire ..	88,56	85,37	- 3,19	93,11	114,06	+20,95	89,74	116,66	+26,92
European countries other than U.K. .	26,93	29,61	+ 2,68	19,48	21,63	+ 2,15	4,65	6,36	+ 1,71
Japan .. ..	15,41	14,59	- 82	19,29	13,99	- 5,30	21,55	9,00	-12,55
U. S. A. .. ..	9,78	13,88	+4,10	11,86	24,42	+12,56	27,01	25,91	- 1,10
Total Trade ..	152,33	162,79	+10,46	165,28	203,92	+38,64	156,79	186,91	+30,12

A significant change is to be found in India's trade with the Empire countries which continued unhampered by exchange restrictions. Exports of Indian merchandise to Empire markets rose during 1939-40 by 34 per cent. from Rs.85 crores in 1938-39 to Rs.1,14 crores. There was a further improvement to Rs.1,17 crores in 1940-41. With imports from Empire countries more or less at the pre-war level, the balance of trade in favour of India stood at Rs.21 crores in 1939-40 and Rs.27 crores in 1940-41 compared with a negative balance of Rs.3.2 crores in 1938-39. On the other hand, on account of difficulties of shipments from Europe, Japan increased its share in India's imports by 25 per cent. in 1939-40 and by 40 per cent. in 1940-41 compared with 1938-39. Exports of Indian merchandise to Japan, however, slumped in 1940-41 by 36 per cent. compared with 1939-40. Consequently, the import surplus in the trade with Japan rose from only Rs.82 lakhs in 1938-39 to Rs.5.3 crores in 1939-40 and Rs.12.6 crores in 1940-41. India's trade with the United States of America also disclosed an unfavourable balance of Rs.1.1 crores in 1940-41, as against a favourable balance of Rs.12.6 crores in the previous year. This was the result of imports having more than doubled during the year under review as compared with the previous year. Trade with the Continent of Europe has been brought practically to a standstill.

11. *Commodity Trade.*—The table below shows changes in the value of main commodities entering into the foreign sea-borne trade of India.

(In lakhs of rupees).

Commodity Group.	IMPORTS.			Increase (+) or Decrease (—) over 1939-40.
	1938-39.	1939-40.	1940-41.	
Grain, pulse and flour .. .. .	13,76	21,81	14,35	—7,46
Sugar .. .. .	46	3,32	36	—2,96
Oils (vegetable, mineral and animal) ..	15,02	18,64	20,84	+2,20
Cotton (raw and waste) .. .. .	8,51	8,05	9,47	+1,42
Wool (raw) .. .. .	62	75	2,79	+2,04
Dyes and colours .. .. .	4,06	4,07	6,37	+1,70
Machinery .. .. .	19,72	15,37	11,84	—3,53
Cotton (yarns and manufactures) .. ..	14,15	14,05	11,35	—2,70

	EXPORTS (including re-exports).			Increase (+) or Decrease (—) over 1939-40.
	1938-39.	1939-40.	1940-41.	
Tea .. .. .	23,29	26,30	27,73	+1,43
Oils (vegetable, mineral and animal) ..	1,06	1,43	2,47	+1,04
Seeds .. .. .	15,10	11,91	10,06	—1,85
Cotton (raw and waste) .. .. .	24,82	31,17	24,60	—6,67
Jute .. .. .	13,40	19,83	7,85	—11,98
Hides and skins .. .. .	5,28	7,72	5,99	—1,73
Metals .. .. .	3,07	4,07	5,27	+1,20
Cotton (yarns and manufactures) .. ..	7,57	8,98	17,52	+8,54
Jute (manufactures) .. .. .	26,26	48,71	45,41	—3,30

*Imports.*—The values of imports of (i) wool, (ii) oils, (iii) dyes and colours, and (iv) cotton, raw and waste, registered increases, while decreases took place under



(i) grain, pulse and flour, (ii) machinery, (iii) sugar, and (iv) cotton yarn and manufactures. With a view to making the best use of the tonnage available and conserving foreign exchange, restrictions on the import of some 68 commodities were imposed in May 1940 and their number has recently been further increased to 117.

*Exports.*—Cotton yarns and manufactures registered the largest single increase, viz., Rs.8.5 crores. Jute (raw and waste as well as manufactures) and cotton (raw and waste), however, disclosed decreases of Rs.15.3 crores and Rs.6.6 crores respectively. Under oil seeds, groundnuts showed a decline of Rs.3.1 crores and Rs.5.9 crores compared with 1939-40 and 1938-39 respectively.

12. *Quantum and Prices.*—Comparative indices for the quantum and price-level of imports and exports in respect of the first two years of this and the last war are given below.

	1939-40.		1940-41.		1914-15.		1915-16.	
	(Original base : 1927-28=100)				(1913-14=100)			
	Quantum.	Price-level.	Quantum.	Price-level.	Quantum.	Price-level.	Quantum.	Price-level.
Imports ..	102.0	106.4	81.2	126.7	75.0	101	57.3	126
	(+ 2.0)	(+ 6.4)	(-20.6)	(+19.2)	(-25.0)	(+ 1.0)	(-23.6)	(+24.7)
Exports ..	104.5	119.8	88.1	130.3	71.7	102	77.8	103
	(+ 4.5)	(+19.8)	(-15.7)	(+ 8.8)	(-28.3)	(+ 2.0)	(+ 8.5)	(+ .98)

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

Compared with 1938-39, the price-level of imports during 1940-41 was higher by nearly 27 per cent., and the index of quantity was lower by about 19 per cent. An almost equal increase in the price-level of imports was observed in the corresponding year of the last war, though the quantum of imports underwent a much more drastic curtailment then. As regards exports, the price-level during 1940-41 appeared to be higher than in 1938-39 to the extent of 30 per cent., and the quantum lower by 12 per cent.

13. *Trade Agreements.*—The agreement with Burma in terms of the Indo-Burma Trade Regulations Order expired on the 31st March 1941. A new agreement was signed between the two countries on the 3rd April 1941. There will be a three-decker tariff arrangement under which the lowest duty will be levied on Indian goods, a higher one on Empire goods and the highest on foreign goods. The primary objective of the tariff imposition is the raising of revenue. Burma expects to get about Rs.1.5 crores including the export duty on rice from the tariff changes *vis-a-vis* India.

At the Ceylon Government's request, trade negotiations were started with that country in November 1940, but these proved inconclusive. India had a favourable trade balance of Rs.5.1 crores in respect of Ceylon in 1940-41 with imports at Rs.2.2 crores and exports at Rs.7.3 crores.

14. *Inland Trade.*—The following table shows the quantity of inland trade in certain important groups of articles since 1934-35 :—

(In thousands of maunds).

	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	1940-41.
Coal and coke .. .. .	378,184	386,792	397,864	464,285	449,855	496,513	480,840
Cotton, raw .. .. .	21,474	23,574	29,207	11,812	11,986	13,531	13,973
Cotton piecegoods .. .. .	9,898	10,132	10,521	11,189	11,077	11,294	12,761
Grain, pulse & flour .. .. .	125,270	115,333	129,235	131,900	131,272	143,367	130,132
Hides & skins, raw .. .. .	2,432	2,506	3,157	2,970	2,679	3,383	2,943
Jute, raw .. .. .	25,390	29,034	38,225	32,574	31,497	32,767	28,073
Gunny bags & cloth .. .. .	4,267	4,511	5,152	5,336	5,218	5,484	5,856
Iron and steel bars, sheets, etc. .. .. .	33,826	40,504	39,318	38,655	41,894	41,987	44,101
Oilseeds .. .. .	39,311	35,697	43,777	39,646	50,062	43,777	39,349
Sugar .. .. .	27,915	31,261	40,391	23,150	24,470	15,652	20,623
Total .. .. .	667,967	679,344	736,847	761,517	760,010	807,745	778,651

India's inland trade during the year under review declined compared with the previous year, but was larger than in any other year since 1933-34. The principal commodity groups which showed decreases were coal and coke, grain, pulse and flour, and jute and oilseeds, while slight increases occurred in cotton piecegoods, iron and steel and sugar.

The gross earnings of the State-owned Railways and the number of wagons loaded during each year since 1937-38 are given below.

	Gross earnings. State-owned railways. (Rs. crores.)	Total wagons loaded. (in thousands.)
1937-38 .. .. .	94.86	7,160
1938-39 .. .. .	94.35	7,224
1939-40 .. .. .	98.43	7,510
1940-41 .. .. .	1,11.60	7,589

The gross earnings as well as the number of wagons loaded showed an increase during 1940-41, and were the highest since 1929-30 and 1928-29 respectively. The rise of Rs.13.17 crores in earnings in 1940-41 was mainly due to the increase in freight rates referred to above.

15. *Balance of Trade in Merchandise of Burma.*—With imports at Rs.29.6 crores and exports at Rs.55.5 crores in 1940-41 as compared with Rs.25.2 crores and Rs.55 crores respectively in the previous year, Burma's favourable balance of trade declined by Rs.4 crores to Rs.25.9 crores. The following table, which is reconstructed from the data published in the Burma Trade Journal, gives figures for the sea-borne trade of (1) India and (2) Burma with other foreign countries on

a pre-separation basis for the period 1938-39 to 1940-41 and reflects the incidence of war conditions on the foreign trade of the two countries with other nations.

(In crores of rupees).

	1938-39.			1939-40.			1940-41.		
	India.	Burma.	Joint trade of India and Burma.	India.	Burma.	Joint trade of India and Burma.	India.	Burma.	Joint trade of India and Burma.
Exports (including re-exports) ..	1,58	22	1,80	2,00	22	2,22	1,81	27	2,08
Imports .. ..	1,27	10	1,37	1,34	11	1,45	1,28	11	1,39
Trade balance ..	31	12	43	66	11	77	53	16	69

Exports from India to foreign countries other than Burma showed a rise of 27 per cent. in 1939-40 but only of 15 per cent. in 1940-41, compared with 1938-39. Imports into India from countries other than Burma after rising by 6 per cent. to Rs.1,34 crores in 1939-40 receded in 1940-41 to the level of 1938-39. On the other hand, Burma's exports to countries other than India, which in 1939-40 had remained at the level of the previous year, rose by 23 per cent. to Rs.27 crores in 1940-41. In regard to imports, Burma showed a slight increase of Rs.1 crore in 1939-40 which was maintained in 1940-41. Burma's share of the joint balance of trade in merchandise, after a small decline of Rs.1 crore to Rs.11 crores in 1939-40, rose to Rs.16 crores in 1940-41. During the three years 1938-39, 1939-40 and 1940-41 Burma's share of the joint balance of trade stood respectively at 28, 14, and 23 per cent.

16. *Indo-Burma Trade.* The following table gives a summary of Burma's trade with India and also shows India's share in Burma's foreign trade.

	1938-39.	1939-40.	1940-41.	1938-39.	1939-40.	1940-41.
	(In lakhs of Rs.)			(% to total foreign trade.)		
Exports to India (including re-exports) .. ..	26,35	33,06	28,58	38	41	34
Exports to other foreign countries (including re-exports) .. ..	22,15	21,99	26,85	32	27	31
Imports from India .. ..	11,18	13,99	18,53	16	18	22
Imports from other foreign countries .. ..	9,60	11,17	11,03	14	14	13
Total foreign trade .. ..	69,28	80,21	84,99	100	100	100
Balance of trade with India ..	+15,17	+19,07	+10,05			
Balance of trade with other foreign countries .. ..	+12,55	+10,82	+15,82			
Total balance of trade .. ..	+27,72	+29,89	+25,87			

Burma's exports to India after rising from 38 per cent. of the total foreign trade in 1938-39 to 41 per cent. in 1939-40 declined to 34 per cent. in 1940-41. On the other hand, imports into Burma of Indian merchandise

rose steadily from 16 per cent. of the total in 1938-39 to 18 per cent. in 1939-40 and to 22 per cent. during the year under review. The result has been a decline in Burma's favourable balance of trade *vis-a-vis* India to only Rs.10 crores in 1940-41 compared with Rs.19 crores in 1939-40 and Rs.15 crores in 1938-39. During the year, Burma extended the export duty of 2 annas 3 pies per bag of 80 lbs. of rice with effect from the 1st January 1941, on exports of rice to India. The duty is expected to yield Rs.50 lakhs in a full year.

### III. BULLION.

17. *Production of Gold.* The estimated production of gold in India and Burma in 1940 amounted to 289,000 and 1,032 fine ounces respectively, as compared with 315,000 and 1,206 fine ounces in 1939. The total production of the two countries during the decade ended 1940 was 3,237,000 ounces, or 1.2 per cent of the total world (excluding U.S.S.R.) production of 275,281,000 ounces during the same period. The annual world production has steadily increased from 19,404,000 fine ounces in 1930 to 36,713,000 in 1940, to which the British Empire contributed 22,077,000 fine ounces or 60.1 per cent. The inflow of gold into the United States during the sixteen months from the beginning of war to the end of December 1940 amounted to 166 million ounces valued at \$5,800 millions, being higher than the figures for any corresponding period in the past. Of this, 146 million ounces valued at \$5,100 millions were added to the monetary stocks and the remaining 20 million ounces valued at \$700 millions were earmarked on foreign account. The gold reserves of the United States Treasury increased thus to 629 million ounces valued at \$22 billions at the end of 1940, as compared with 504 million ounces valued at \$18 billions at the close of the previous year.

18. *Price of Gold.*—The price of gold in the United Kingdom and the United States of America remained unchanged at 168*sh.* and \$35 per fine ounce respectively. Statement IV shows the highest, lowest and average prices of gold in London and Bombay for each month as well as the stocks of gold in the Bombay market at the end of each month of the year under review. The table below gives the highest, lowest and average prices of gold in London and Bombay during the three years ended 1940-41.

Year.	Price of gold in London per fine ounce.			Price of gold in Bombay per tola.		
	Highest.	Lowest.	Average.	Highest.	Lowest.	Average.
	£. s. d.	£. s. d.	£. s. d.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39 .. ..	7 10 5	6 19 3½	7 4 3	37 10 6	34 12 3	36 4 2
1939-40 .. ..	8 8 0	7 8 4	7 18 4	43 8 0	36 9 0	39 14 7
1940-41 .. ..	8 8 0	8 8 0	8 8 0	48 8 0	40 2 6	42 7 11

The main factors affecting the price of gold in India during the year were changes in the war situation from time to time, the state of demand for hoarding or investment, and export demand. During the first five months of the year, the market experienced erratic fluctuations mostly in accordance with movements in the free sterling rate. The price of gold occasionally rose above export parity owing mainly to demand for hoarding. A feature of the year was the heavy demand for sovereigns which were quoted at a premium. In March 1941 the Defence of India Rules were further

amended so as to prohibit the taking out of India of gold in any form without the permission of the Reserve Bank of India. The object of the amendment was to prevent smuggling. The prohibitions on the import of gold in any form under the Sea Customs Act continued. Internal transactions in gold remained unrestricted.

The average price of gold was higher during 1940-41 than during 1939-40, being Rs.42-7-11 as against Rs.39-14-7. The spread between the highest and lowest prices widened further from Rs.6-15-0 in 1939-40 to Rs.8-5-6 which was the highest during any year since 1931-32.

During April the market was comparatively steady and prices moved within a narrow range between Rs.42-7-0 and Rs.42-10-6. In May, with a worsening of the war situation and a sharp depreciation in free sterling as quoted in New York, the ready price of gold rose rapidly and touched the unprecedented level of Rs.48-8-0 on the 25th. There was a reaction on realisation of the limited significance of the cross-rate in New York, and the price receded to Rs.43-6-6 at the end of May. Italy's entry into the war pushed up the price again to Rs.45-8-0 on the 11th June. Thereafter, however, owing to a combination of factors, *viz.*, the signing of the Armistice between France and Germany, the increase in insurance rates and the closure of the port of Bombay to shipping (as a temporary measure), the ready price declined continuously until it touched bottom at Rs.40-2-6 on the 29th June. A steadier tendency was witnessed during July and August, and the rate rose to Rs.43-3-0 on the 27th August. For the most part of September the rate remained above export parity. During the following four months, October 1940 to January 1941, the market was comparatively free from wide fluctuations and the quotation ranged between Rs.41-6-0 and Rs.42-4-3. From the 15th February the rate gradually moved up on speculative buying induced by international developments and stood at Rs.43-11-0 at the close of the year.

Statement III gives the figures of transactions on private account in gold since 1900-01.

19. *Assaying and Refining of Gold.*—The quantity of gold received from the public for melting and assaying at the Bombay and Calcutta Mints declined in 1940-41 to 4,878,103 and 307,519 tolas respectively from 8,588,054 and 892,776 tolas in 1939-40. The quantity of raw gold received for refining at the Bombay Mint was also lower at 880,865 tolas as against 926,621 tolas in 1939-40.

20. *Production of Silver.*—The following table shows the quantity and value of silver produced in India and Burma during the three years ended 1940 :—

	1938.		1939.		1940.	
	Quantity. oz.	Value. Rs.	Quantity. oz.	Value. Rs.	Quantity. oz.	Value. Rs.
India .. ..	22,295	20,877	22,746	33,301	21,308	34,931
Burma .. ..	5,920,000	68,83,184	6,175,000	75,83,518	5,745,000	76,66,932
Total .. ..	5,942,295	69,13,061	6,197,746	76,16,879	5,766,808	77,01,863

It will appear from the above figures that India contributes an insignificant proportion to the total output of silver of India and Burma. Burma exports practically its entire output, mostly to India.

The estimated world production of silver touched a new record amounting to 278 million ounces in 1940 as compared with 264 million ounces in 1939 and the previous peak output of 274.7 million ounces in 1937. The total holdings of the United States Treasury at the end of 1940 were estimated at 3,135 million ounces. Of this 203.1 millions were added during the year under review, being the smallest acquisition during any year since the institution of the Silver Purchase Programme in 1934.

21. *Price of Silver.* Statement V shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks of silver in Bombay for each month during 1940-41. The table below gives the highest and lowest prices of silver in Bombay, London and New York during the three years ended 1940-41.

	Price in Bombay per 100 tolas.		Price in London per standard ounce.		Price in New York per fine ounce.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
	Rs. s. p.	Rs. s. p.	d.	d.	Cents.	Cents.
1938-39 .. ..	53 1 6	48 2 0	21½	18-9/16	42½	42½
1939-40 .. ..	66 4 0	44 7 6	23½	16-1/16	42½	34½
1940-41 .. ..	64 13 0	54 10 0	23½	20½	35½	34½

The average price of silver during the year under review was Rs.62-0-10 in Bombay, 22-13/16d. in London and 34½ cents. in New York.

Owing to war-time regulation of transactions and prices, the silver market in the United Kingdom and India remained practically isolated from outside influences. Thus the rejection on the 18th June 1940 by the United States Senate of the Townsend Bill seeking to repeal the Silver Purchase Act of 1934 had no effect on the course of prices in the London market. After dropping on the 5th April to 20½d., the lowest quotation during the year, the price of silver in London steadied as a result of a demand from some countries for coinage purposes. With the further depreciation of free sterling in New York in May, it became profitable for Americans to buy silver in London and ship it to New York. This arbitrage activity raised the London price of silver on the 16th May to 23½d., at which rate the Indian Government had been willing to offer bar silver for sale in the London market. With a view to preventing such shipments to New York, the Board of Trade prohibited with effect from the 18th May the export of silver except under licence, and the price declined to 21-3/16d., on the 22nd May. Thereafter, except for some coinage orders in July the volume of business declined steadily, the lack of interest on the part of Indian buyers contributing to the decline. During the remaining part of the year the market remained featureless and fluctuations were confined within narrow limits.

In the United States, the Treasury maintained its buying rate at 35 cents. The New York 'official' price remained unaltered at 34½ cents., except on two occasions: on the 28th May and the 3rd June the price rose to 35½ and 35¼ cents. respectively owing to a little buying from India consequent upon the easing of import restrictions.

In the silver market in India, the downward trend observed at the close of 1939-40 continued in the beginning of April, and the ready price fell on the 3rd April to Rs.54-10-0, the lowest level of the year under review, and was supported by Reserve Bank purchases on Government account. As in the London market, a rising

tendency set in after this and became particularly pronounced in May; the ready rate rose steeply to Rs.64-13-0 on the 27th May, being the highest for the year. In June, the market betrayed an uncertain outlook. The upcountry demand, mainly for hoarding purposes, rose from 6,963 bars in May to 12,990 bars in June. The ready price, which closed at Rs.61-6-0 at the end of May, moved up to Rs.64-2-0 on the 11th June. After a temporary reaction the market continued steady during the following three months—July to September—the ready price varying between Rs.64-3-0 and Rs.61-9-6. In October, owing mainly to a shrinkage in upcountry demand and renewed peace rumours, the ready price declined and was quoted at Rs.60-2-0 on the 4th November. Thereafter, the rate tended to rise gradually owing to the persistence of upcountry demand. By the 24th March, the ready price had risen to Rs.63-12-0. At this stage the Reserve Bank resumed sales of silver in Bombay on Government account. This, combined with the issue by the Bank of licences to import silver from New York, helped to ease the position, and the rate receded to Rs.63-2-0 on the 29th March.

Statement VI gives the quantity and value of transactions in silver coin and bullion on private as well as Government account since 1900-01.

22. *Assaying and Refining of Silver.* The quantity of silver received from the public for melting and assaying at the Bombay Mint in 1940-41 declined to 286,656 tolas from 6,068,507 tolas in 1939-40. The quantity received for refining also showed a decrease from 14,519,539 to 3,656,662 tolas. The quantity of silver received for melting and assaying at the Calcutta Mint during the year was negligible, being 24½ tolas only as against 4,317,418 tolas in the preceding year.

#### 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. The sterling exchange market remained steady throughout the year, with the sellers' quotation for ready T.Ts. for merchant business at 1*sh.* 5-31/32*d.* till the 29th March 1941 when the rate was lowered to 1*sh.* 15/16*d.* on increased inquiry for remittance combined with a temporary shortage of export bills due to lack of freight. To reassure the market the Reserve Bank announced that it was prepared to sell sterling cover at 1*sh.* 5-31/32*d.* for delivery ready and up to three days forward. The amount that actually had to be sold was negligible.

The Bank continued to buy sterling both ready and forward up to six months at 1*sh.* 6*d.*

Statement VII also gives the highest, lowest and average dollar-sterling rates both in London and New York and the rates for T.Ts. on New York and Kobe in Bombay, for each month of the year 1940-41. The movements in the rupee-yen rate during the first five months of the year correspond roughly to the fluctuations in the free sterling rate.

24. *Purchases of Sterling, and Remittances.* Statement VIII shows the net purchases of sterling by the Bank month by month during 1940-41. The balance of trade remained favourable throughout and the Bank was able to purchase sterling amounting to £57,083,000 at an average rate of 1*sh.* 6*d.* as compared with £72,596,000 at an average rate of 1*sh.* 5-63/64*d.* during 1939-40. The amount

purchased in April was £2,314,000, the lowest in any month during the year. Thereafter the purchases exceeded £4 millions a month except in July and October, when they amounted to £3,824,000 and £2,735,000 respectively. The amount of sterling acquired from the 1st September 1939 to the end of the year under review aggregated £121,804,000 of which £27,173,000 was purchased at an average rate of 1*sh.* 5-63/64*d.* and £94,631,000 at an average rate of 1*sh.* 6*d.* During the corresponding nineteen months preceding the war the purchases of sterling by the Bank totalled £42,900,000. The Bank also sold £65,000 in March 1941 as indicated in the foregoing paragraph.

Government's requirements in respect of sterling remittances during the year were more than offset by the amounts which it received from the British Government for war commitments. The budget estimates for 1940-41 were £11½ millions as against an average of £30½ millions (actuals) for the preceding four years. Payments received in the U. K. on account of war expenditure incurred by the Government of India on behalf of His Majesty's Government and supplies purchased in India for the British Government amounted to £32,375,000, as against the requirements of the Secretary of State and the High Commissioner for India and Burma which amounted to £22,855,000 (£580,000 for Burma). The net refund made by the Secretary of State for India and Burma thus amounted to £9½ millions. A net refund of £26 millions is estimated in the budget for 1941-42.

## V. EXCHANGE CONTROL.

25. *Developments in Exchange Control.*—Control of foreign exchange transactions in India and Burma continued to be exercised by the Exchange Control Department of the Reserve Bank of India through the medium of the authorised dealers. All countries in the British Empire except Canada, Newfoundland and Hongkong, the mandated territories, Egypt and Iraq were included in one currency group known as the sterling area. Between these countries remittances were allowed freely, while strict control was exercised over remittances from the sterling area to any country outside it. During the course of the year the sterling area was increased by the inclusion of the Belgian Congo in January 1941 and the Free French Colonies, Iceland and the Faroe Islands at the end of March 1941.

Essential uniformity of control and collaboration between the territories comprising the sterling area was secured by the Bank of England after issuing its own exchange control regulations for the United Kingdom, advising the various exchange controls in the different countries of any new measures instituted to enable these countries to issue corresponding orders with variations to suit local conditions. The Bank of England also arranged to supply foreign currencies from its own resources to any Empire control or to any authorised dealer in foreign exchange belonging to any Empire control but in return any surplus foreign currency proceeds acquired by any country in the sterling area had to be delivered to it.

The exchange control regulations issued by the Reserve Bank at the outbreak of war were on the lines of those enforced in the United Kingdom and were mainly directed to conserving foreign exchange by limiting remittances except for essential purposes. In India and Burma, remittances involving transfers of capital were severely restricted, but general permission was given to authorised dealers in foreign exchange to make sales of foreign currency in payment of imports. Reasonable facilities were given for remittances of a private nature, including travelling



expenses and for other trade purposes subject only to the condition that remitters had to satisfy the authorised dealers through whom they made remittances by documentary or other evidence that the money was being used for the purposes stated. With regard to exports, Defence of India Rule 91(3) stated that no person in British India was permitted to acquire foreign exchange but beyond that, no steps were taken to ensure that in all cases the foreign currency proceeds of shipments were returned to India or that exports were financed in any particular way, except that certain restrictions were placed on the drawing of sterling bills on places outside the Empire and shippers were advised instead to draw their bills in foreign currency.

26. *'Free' Sterling.*—The Bank of England had fixed rates at which it was prepared to buy and sell various foreign currencies, of which the most important were those of the United States and those countries whose currencies were freely convertible into U. S. dollars, viz., Switzerland, Netherlands and Belgium. These were known as the 'hard currency' countries. The rates quoted by the Bank of England, however, only applied to dealings in the United Kingdom and in the Empire countries, and operations in New York and other outside markets were not restricted. The rates in the outside market for sterling, known as the 'free' market, fluctuated widely, being affected as much by political conditions as monetary trends, and sterling there was soon quoted at a discount. Owing to this discount on sterling in New York it soon became more advantageous to sell Empire exports to the United States, or to the other 'hard currency' countries, on a sterling basis than it was to sell the goods on a foreign currency basis as the foreign importer was able to buy his sterling cheaply to pay for his imports in the 'free' sterling market. India took advantage of this difference in rates and the bulk of Indian shipments to the United States for the first few months of the war was financed through the medium of sterling bills on London. Rupee-dollar transactions were forbidden at other than the basis of the official London rates, and by an agreement with the American banks the rupee rate in New York was quoted on the same basis as the dollar in India, and no 'free' market in rupees was allowed to develop. As the sterling rate in the 'free' market depreciated the advantages of financing trade with the U.S.A. through sterling increased until at one stage when the sterling quotation in New York fell to 3.20 against the official rate of 4.03½, the difference became as much as 20%.

27. *Export Control.*—In order to put a stop to this loss of foreign exchange caused by the finance of Empire exports in 'free' sterling the Bank of England introduced at the end of March 1940 an export control system covering certain commodities whereby their export to the 'hard currency' countries was not allowed unless the shipper produced satisfactory evidence that he was receiving hard currency and not 'free' sterling for his shipment. Similar restrictions were simultaneously imposed by other Empire Control Boards. In India the commodities affected were jute and rubber, and shipments of jute and rubber to any of the 'hard currency' countries were thereafter only allowed provided the exporter financed the shipment by a method which would ensure that not only that full 'hard currency' proceeds of the goods were received but that there could be no question of exporters retaining the sale proceeds of their goods outside the Empire. Shipments were permitted against direct remittances in the currency of the country of destination of the goods, or against bills drawn in the appropriate 'hard currency.' The drawing of sterling bills on the country of destination of goods which could be paid in 'free' sterling was prohibited, but sterling bills on London were still permitted provided they were drawn under letters of credit which were registered with the Bank of England and which

bore a clause to the effect that the sterling provided to meet the bills at maturity was obtained by the sale of U.S. dollars to the London Control. Finance of exports in rupees was also allowed provided satisfactory evidence was shown that the rupees were provided by the foreign importer at official rates and were not remitted through the free sterling market. In June 1940 this export control scheme was extended to cover all commodities shipped to the U.S.A. and Switzerland.

28. *Changes in Export Finance.*—An interesting result of the new regulations was the large increase in the volume of exports financed by bills in foreign currency and the fall in those financed under London sterling credits. After the collapse of France in June 1940 fast air mails to London ceased to operate, and exporters found it more satisfactory to draw their bills in U.S. dollars and have them sent direct to the United States. Although it would appear that it was the cessation of air mails that caused this change in financial methods this factor alone would probably not have led to much change in the old established Indian practice of financing exports by bills drawn on London, if the financial advantages that had previously lain in the sterling bill had not been removed by the export control regulations. Indian commodities that were sold to the U.S.A. through the medium of London merchant houses or brokers were still financed in the traditional manner by sterling bills on London, but the bulk of direct business is now done on a U.S. dollar basis. Three graphs are given on the next page showing the trend in export finance for the 'hard currency' countries, other non-Empire countries and a combined total for all non-Empire countries during the period April 1940 to March 1941. Exports to Afghanistan, Iran, Tibet and Arab States are not included, as these are largely financed by hundies and barter, which do not permit of easy classification as in the case of trade which is financed through banks.

Graph No. 1.—Covers exports to the U.S.A. and its dependencies, the Philippine Islands and Switzerland. As exports to Switzerland are negligible, this graph may be taken as representing transactions with U.S. dollar countries only.

Graph No. 2.—Covers exports to all countries outside the Empire and which are not covered by the Export Control Scheme. The changes in methods of finance here may be taken as being caused by war conditions rather than Exchange Control regulations.

The increase in No. 1 in this graph, *i.e.*, bills drawn in the currency of the country of import, is largely caused by the Japanese regulations requiring exports to Japan to be financed by yen bills. The movements in the figure are caused by variations in the volume of monthly shipments of cotton to Japan. Sterling bills may still be drawn on non-hard currency countries.

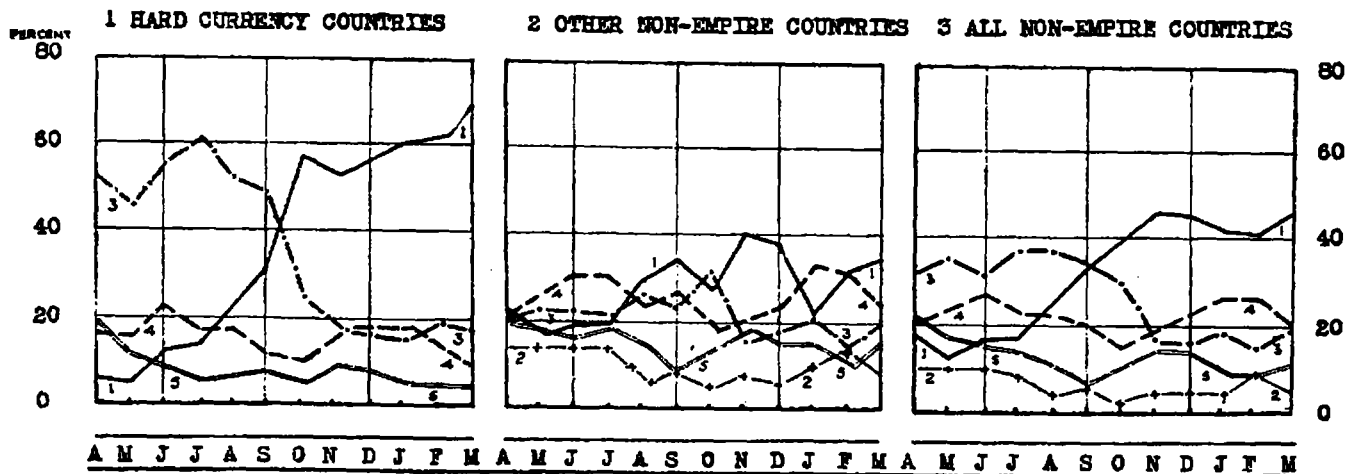
Graph No. 3 is a combined graph including the countries covered by both graphs 1 and 2.

29. *Purchases and Sales of Foreign Currencies by the Reserve Bank.*—The Bank of England as well as selling certain foreign currencies to authorised dealers in India was also prepared to buy them, but up to February 1940 except in the case of the purchases of U.S. dollars resulting from gold shipments, which under the regulations had to be sold to the Reserve Bank before an export licence could be granted, the Reserve Bank did not buy other foreign currencies. As it was apparent that under the new export control regulations there was likely to be a large increase in foreign currency bills, the Reserve Bank of India announced that in order to assist banks

# METHODS OF FINANCE OF INDIA'S EXPORT TRADE

PERCENTAGE OF EXPORTS TO TOTAL EXPORTS

APRIL 1940 TO MARCH 1941



- 1 ——— 1 Bills drawn or remittances received in currency of country of destination.
- 2 - - - - 2 Bills drawn in sterling on the country of destination.
- 3 - · - · - 3 Bills drawn in sterling on London.
- 4 - · - · - 4 Bills drawn or remittances received in rupees.
- 5 ——— 5 Sundry methods.

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it would purchase from them Belgian and Swiss francs and Dutch and Java guilders, delivery up to four months, and U.S. dollars up to six months, on the basis of the Bank of England buying rates for these currencies and its sterling buying rate of 1s. 6d. Banks were also advised that in the event of their being unable to fulfil their contracts owing to war conditions over which they had no control, they would be permitted to cancel their contracts without loss to themselves. The Reserve Bank's buying rates on the 1st April 1940 were as follows:--

	To the pound sterling.	
U. S. dollars .. .. .	4.03½	
Belgian francs .. .. .	23.70	Plus ¼% commis- sion combined with a sterling buying rate of 1s. 6d.
Dutch guilders .. .. .	7.58	
Java guilders .. .. .	7.55	
Swiss francs .. .. .	17.95	

The rates were the same for both ready and forward delivery.

30. On May 11th 1940 purchases of Belgian francs and Dutch and Java guilders were suspended owing to the invasion of Holland and Belgium, but on May 28th 1940 the Reserve Bank resumed buying Java guilders for spot delivery only at 7.62. No further change occurred in this rate or in the U.S. dollar rate during the course of the year, but the rate for Swiss Francs gradually hardened until on October 15th the quotation fell to 17.40 after which date no further changes have occurred.

31. *Import Control.*—As the war developed and the strain on the U.S. dollar resources of the Empire became heavier, further measures were taken to conserve foreign exchange. The Government of India in May 1940 introduced a system of import control licensing the import of certain commodities from certain countries. The Reserve Bank issued corresponding instructions to its authorised dealers in foreign exchange that no sales of foreign exchange against imports that were subject to licence were to be allowed unless the importer had first received an import licence from Government. Restrictions on remittances for other than trade purposes were increased and made particularly severe in the case of those of a private nature. Travel by non-Empire vessels involving expenditure of foreign exchange was forbidden unless for certain approved reasons, and the sale of foreign currency to support persons on visits to non-Empire countries was not permitted unless the journey was considered to be in the interests of the country or was made on Government business.

32. *Payment Agreements.*—The introduction throughout the sterling area of export control on all commodities shipped to the U.S.A. had reduced the volume of sterling that was passing to the 'free' market and consequently a still further fall in the 'free' sterling rate had occurred as the supply had been reduced while the demand had not been affected. With the object of limiting operations in this sterling market still further the Bank of England entered into payment agreements with the chief countries with which the Empire traded whereby all sterling payments between the Empire and these countries passed through official sterling accounts in London at fixed rates of exchange and no sterling payments were effected through the 'free' market. The agreements concluded with the U.S.A. and Switzerland were made with the leading banks in these countries under which they undertook not to conduct further operations in 'free' sterling and to open new sterling accounts in London which were to be known as Registered Accounts. The Bank of England guaranteed to give

these banks U.S. dollars or Swiss francs at their official rates for registered sterling when required or to buy from them U.S. dollars or Swiss francs to enable them to replenish their balances of registered sterling. All future sterling transactions between the Empire and the U.S.A. and Switzerland were conducted through these accounts but business in U.S. dollars or Swiss francs was still permitted. The agreements with countries other than these 'hard currency' countries provided that all transactions had to be settled in sterling from the special sterling accounts of the particular country and transactions in its own currency were not allowed. (Sweden was an exception to this and transactions in Swedish kroner are allowed.) As transfers between the special sterling accounts of different countries were not permitted, this meant in effect that any sterling received by a country for its exports to the Empire had to be used for purchases in the Empire. A few countries such as Japan and China did not enter into special payment agreements; a free sterling market thus still existed, but transactions in it were limited to operations by banks and persons in these countries. A considerable proportion of the trade of India is conducted with the 'free' sterling countries, as besides Japan and China, Iran, Afghanistan and Thailand have not entered into sterling payment agreements and the currencies of these countries are regarded as 'free' sterling currencies.

33. *Acquisition by Government of Dollar Balances and Securities.*—In December 1940 in exercise of the power given by the Defence of India Rules 92 and 94, the Government of India took over the U.S. dollar holdings of all residents in British India and the rupee equivalent of their dollar holdings was paid out by the Reserve Bank at the rate of Rs.330 per \$100, which was approximately the exchange banks' buying rates for T.Ts. on New York. Similarly on March 10th 1941 the Government of India took over the holdings of residents in India of certain U.S. dollar securities at the market prices ruling in New York on the previous business day at the dollar-rupee rate of Rs.330 per \$100. Payment for all securities was to be made in India in rupees after advice had been received of the delivery of the securities in New York.

34. *Control of Entrepôt Trade.*—A development of interest during the past year has been the increased use of Bombay as a centre for financing Japanese trade with the Middle East and East Africa. After the entry of Italy into the war and the extension of hostilities to the Near East, the Japanese Government imposed restrictions on the drawing of bills in sterling or the drawing of bills on places west of Bombay, against exports from Japan. In addition, the sailing of Japanese vessels up the Red Sea and Persian Gulf ceased. The result of this was that importers in the Middle East countries, Egypt, Sudan and East Africa were forced to make their purchases of Japanese goods through Bombay. A large entrepôt trade in Japanese goods developed, and measures had to be taken to ensure that India was not called upon to provide foreign exchange for which she received no corresponding return. Regulations were, therefore, issued prohibiting banks in India selling foreign exchange in payment of foreign goods that were being re-exported to other countries outside the sterling area except in certain cases where the Reserve Bank was satisfied that equivalent foreign exchange was actually being received in payment of the re-exports. Permission was, however, given to Indian merchants who had financed this entrepôt trade in past years to continue to do so up to the value of their pre-war shipments. With regard to re-exports to countries within the sterling area, banks were only allowed to sell foreign exchange provided the purchaser could produce an authority from the Exchange Control Board in the country of import that the expenditure of foreign exchange was authorised by them.

35. An important feature of the trade of India during the year from the point of view of exchange control has been the increase in purchases from the United States not only of heavy goods such as machinery and steel, but also of miscellaneous articles of all descriptions. The cessation of supplies from the Continent of Europe has forced India to turn to the more expensive American goods, which could not compete in this market in pre-war years. Thus in spite of the severe import restrictions on luxury or unnecessary articles the volume of dollar exchange required to pay for purchases from the U.S.A. showed a tendency to increase during the year under review, and necessitated the promulgation of increased import restrictions at its close.

## VI. PUBLIC FINANCE.

36. *Government Finance.*—The reaction of the war on public finances and the consequent large increase in defence expenditure was disclosed in the growing gap between revenue and expenditure, in spite of successive increases in taxation in the Central Budget. As regards the provinces, however, except for Bengal and Assam, the budget estimates for 1941-42 showed small surpluses with little resort to additional taxation or loans from the market.

37. *Finance Accounts, 1939-40.*—The estimated surplus of Rs.91 lakhs in the revised estimates of the Central Government increased to Rs.7.77 crores in the accounts for 1939-40 owing to an increase of Rs.6.81 crores in revenue and a reduction of Rs.5 lakhs in expenditure. Customs recorded an increase of Rs.1.94 crores over the revised estimates due in large part to the laying in of stocks during the closing months of the financial year, and the revenue from salt was up by Rs.1.86 crores owing to abnormal salt clearances. These increases were by their nature to be offset by corresponding decreases in receipts in the following year. Profits from small coin and the contribution from Railways were marked up by Rs.37 lakhs and Rs.72 lakhs respectively, while taxes on income and corporation tax improved by Rs.1.07 crores and Rs.21 lakhs respectively. The increase in income-tax was partly due to the provisions of the Income-tax Amendment Act, 1939, which introduced a steeper graduation under the new 'slab' as against the old 'step' system. The share of the provinces in respect of income-tax receipts under the amended Niemeyer Award rose accordingly from Rs.2.38 crores to Rs.2.79 crores.

38. *Revised Estimates, 1940-41.*—In place of a surplus of Rs.5 lakhs in the budget estimates, a deficit of Rs.8.42 crores was disclosed in the Central Government revised estimates for 1940-41 owing to an increase of Rs.19.54 crores in expenditure partly covered by an improvement of Rs.11.07 crores in revenue. The revised estimates of total revenue and expenditure were Rs.103.71 crores and Rs.112.13 crores respectively as compared with the budget figures of Rs.92.64 crores and Rs.92.59 crores. There was an enhancement of Rs.18.50 crores in defence expenditure and Rs.1.04 crores in civil expenditure mainly connected with the war. Of the improvement of Rs.11.07 crores in revenue, Rs.6.86 crores represented the balance available from the Revenue Reserve Fund and Rs.4.21 crores the increases in revenue receipts of Rs.4.65 crores under contribution from Railways, Rs.3.30 crores under taxes on income and excess profits (excluding corporation tax), Rs.92 lakhs under Currency and Mint and Rs.65 lakhs under Posts and Telegraphs, partly offset by decreases of Rs.2.10 crores in the Excise duty on sugar, Rs.50 lakhs in the duty on salt and Rs.1.41 crores in Customs receipts. Compared with 1939-40, the revised

estimate of Customs receipts for 1940-41 was lower by Rs.8·13 crores. The larger railway contribution resulted partly from the surcharge on fares and freights imposed in March 1940 and also from the increase in passenger as well as goods traffic. The main improvement in the receipts from Income-tax and Posts and Telegraphs was attributable respectively to the imposition of a 25 per cent. federal surcharge on all taxes on income including super-tax and corporation tax, and the increase in the postal and telegraph rates, brought into effect by the Supplementary Finance Bill introduced in November 1940. The decline of receipts from the Excise duty on sugar in the revised over the budget estimates reflected the difficulties of the sugar industry, while that under Customs resulted from the cessation of trade with enemy and enemy-occupied countries and from the interruption and deflection of shipping. Owing to the increase in income-tax receipts, the share of the Provinces rose from the budgetted sum of Rs.3 crores to Rs.3·73 crores.

39. *Budget Estimates, 1941-42.*—The Central Government budget estimates for 1941-42 are a total revenue of Rs.106·39 crores, an expenditure of Rs.126·85 crores and a deficit of Rs.20·46 crores. Compared with the revised estimates for 1940-41, revenue receipts are higher by Rs.2·68 crores, expenditure is up by Rs.14·72 crores and the deficit is larger to the extent of Rs.12·04 crores. The main increase in expenditure is on account of defence expenditure which is expected to reach Rs.84·13 crores as against the revised estimate for 1940-41 of Rs.72·02 crores. The increases in revenue estimates include Rs.1·75 crores under Central Excise duties, Rs.60 lakhs under Salt, Rs.38 lakhs under Posts and Telegraphs and Rs.22 lakhs under Railway contribution. The yield from ordinary Corporation Tax and Income-Tax is expected to be higher by half a crore at Rs.21½ crores. The revenue from Customs is, however, expected to show a further decline of Rs.3 crores to Rs.34·75 crores. Lower Mint receipts to the extent of Rs.1·21 crores are counter-balanced by higher receipts under Currency by Rs.1·25 crores. With effect from 1941-42 it is proposed to take Rs.45 lakhs out of the profits from the circulation of small coin to revenue, and to carry any balance over that figure to a suspense account so as to stabilise the receipts from this source, which tend to rise when the demand for small coin is high and to fall when there is a net return from circulation.

Out of the prospective deficit of Rs.20·46 crores, it is proposed to meet Rs.6·61 crores by additional taxation and the rest by borrowing. The taxation measures and the extra receipts expected from them are.

	Estimated additional revenue (Rs. lakhs).
1. An increase in the rate of Excess Profits Tax from 50% to 66½% ..	2,50
2. An increase in the rate of Central surcharge on income-tax and super-tax from 25% to 33½% .. .. .	1,90
3. A 100% increase in the Excise duty on matches .. .. .	1,50
4. An increase in the alternative specific duty on artificial silk yarn and thread from 3 annas to 5 annas per lb. .. .. .	36
5. A levy of a 10% <i>ad valorem</i> Excise duty on pneumatic tubes and tyres ..	35
Total ..	6,61

The Central surcharge on taxes on income at the increased rate is expected to produce Rs.5·68 crores. Receipts from the Excess Profits Tax at the higher rate for the year, inclusive of a carry-over of Rs.1 crore from 1940-41, are estimated at Rs.8·50 crores.

40. *Railway Budget.*—The following table compares the budget estimates of State-owned railways for 1941-42 with the revised estimates for 1940-41 and the actual results of 1939-40.

(In crores of Rupees.)

	Accounts 1939-40.	Revised Estimates 1940-41.	Budget Estimates 1941-42.
<b>I. Receipts and Expenditure.</b>			
Gross traffic receipts .. .. .	97.65	109.25	108.25
Net miscellaneous receipts .. .. .	+ 0.64	+ 0.79	+ 0.78
Total Receipts ..	98.29	110.04	109.03
Total working expenses (including depreciation)	—64.85	—66.71	—68.60
Net revenue .. .. .	33.44	43.33	40.43
Deduct interest charges .. .. .	—29.11	—28.74	—28.60
Surplus .. .. .	4.33	14.59	11.83
Contribution to general revenues .. .. .	4.33	9.96	10.18*
Contribution to Reserve Fund .. .. .	—	4.63	1.65
Capital expenditure charged to Capital .. .. .	4.42	2.29	8.75
„ „ charged to Depreciation Fund	6.53	8.26	6.80
<b>II. Capital at charge at the end of the year .. .. .</b>	<b>758.62</b>	<b>760.91</b>	<b>769.66</b>
<b>III. Depreciation Reserve Fund .. .. .</b>	<b>24.07</b>	<b>30.75</b>	<b>35.30</b>
Net accretions during the year .. .. .	+0.08	+4.38	+5.88
Closing balance .. .. .	30.75	35.13	41.01

\* Includes Rs.1.82 crores as advance payment against the contribution for 1942-43.

The surplus of Rs.3.61 crores disclosed by the revised estimates for 1939-40 actually increased to Rs.4.33 crores, but was still short of the minimum contribution to general revenues by Rs.18 lakhs. The budget estimates for 1940-41 took account of increases in freights and fares made operative from the 1st March, 1940 and placed the surplus at Rs.8.29 crores, but owing to increase in traffic at the same time the surplus in the revised estimate was Rs.14.59 crores. Of this Rs.9.96 crores will go to the general revenues and Rs.4.63 crores to the Reserve Fund. The Bengal Dooars Railway was acquired at the end of 1940 at a cost of Rs.1.74 crores.

The estimates for 1941-42 place traffic receipts at Rs.108.25 crores, or one crore below the revised estimates for 1940-41, and total working expenses at Rs.68.60 crores, representing an increase over the revised estimates of nearly two crores which is mainly accounted for by the provision of Rs.1.25 crores for dearness allowances. The estimated surplus is accordingly lower at Rs.11.83 crores. Of this, the sum of Rs.8.36 crores represents the estimated amount of contribution to the general revenues, but it has been decided to make an advance payment of Rs.1.82 crores against the contribution for 1942-43, bringing the total amount to be paid in 1941-42 to Rs.10.18 crores. The only important change in the rates of freight to be made



in 1941-42 is the reduction of the surcharge on coal (20 per cent.) by 5 per cent. during the slack season from April to October (inclusive) so as to encourage the placing of orders when the wagon position is easier. It has also been decided to take over during the year, on the expiry of the period of contract, the Bombay, Baroda and Central India Railway and the Assam Bengal Railway at an estimated cost of Rs.2½ crores and Rs.2 crores respectively.

41. *The Annual Financial Statement of the Government of Burma.*—The surplus of Rs.54 lakhs in the revised estimates for 1939-40 actually increased to Rs.1.46 lakhs owing to a reduction of Rs.28 lakhs in expenditure and an improvement of Rs.64 lakhs in revenue. Increases in revenue were recorded under almost all heads, particularly under Land Revenue which went up by Rs.21 lakhs as a result of higher prices for paddy. Receipts from Forests, Customs, Taxes on Income and Excise registered increases of Rs.11 lakhs, Rs.8 lakhs, Rs. 6 lakhs and Rs.3 lakhs respectively.

The revised estimates for 1940-41 placed the total revenue at Rs.17.42 crores, Rs.1.39 crores above the budget estimates. Of this estimated increase, Customs and Land Revenue accounted for Rs.25 lakhs and Rs.23 lakhs due to increased transit trade with China and better paddy prices respectively. Higher receipts were also expected from Excise duties on motor spirits and local salt and from the State Lottery. Despite these increases, the revised estimates showed a deficit of Rs.1.31 crores owing to increases in expenditure over the budget figures, of which Rs.1.11 crores was under Defence and Rs.18 lakhs under Pensions consequent on the passing of the Political Pensions Act. The anticipated deficit of Rs.1.31 crores did not, however, take into account the additional revenue of Rs.20 lakhs expected from the extension of the export duty, with effect from the 1st January 1941, on rice shipped to India. The resulting deficit of Rs.1.11 crores was to be met from the accumulated revenue reserve of Rs.3.75 crores without resort to borrowing or to further taxation.

The main features of the budget for 1941-42 are increased expenditure on Defence and nation-building departments and abolition of the Capitation and *Thalhameda* taxes which is estimated to result in a reduction of Rs.40 lakhs under land revenue receipts. A part of this loss, to the extent of about Rs.24 lakhs, is expected to be made up by moderate increases in the basic rates of income-tax and a slight lowering of the limit for exemption of incomes from super-tax. Total revenue and expenditure are placed at Rs.16.89 crores and Rs.18.28 crores, resulting in a deficit of Rs.1.39 crores, which is reduced to Rs.1.15 crores after allowance is made for the increased receipts from income-tax. On the other hand, the imposition and increase of tariff duties under the Indo-Burma Trade Agreement concluded in April 1941 together with the export duty on rice is expected to yield a revenue of Rs.1.5 crores.

42. *Provincial Finances.*—Statement IX gives receipts and expenditure on revenue account of provinces for the years 1939-40, 1940-41 and 1941-42. The revised estimates for 1939-40 of most of the provinces had disclosed deficits, but these were either converted into surpluses or were appreciably reduced by increased land revenue receipts as a result of higher commodity prices following the outbreak of war, and by an increase in the provincial share of income-tax receipts. Consequently, the actuals of all provinces showed a total net surplus of Rs.1.61 crores as against a deficit of Rs.1.13 crores in the revised estimates. The revised estimates for 1940-41 showed small surpluses for most of the provinces, a deficit of

a little over a crore of rupees in respect of Bengal mainly on account of the slump in jute trade and prices and a total net deficit of Rs.25 lakhs for all provinces. This is increased to Rs.87 lakhs in the budget estimates for 1941-42, due in almost equal degree to an expectation of a larger deficit in Bengal and reduced surpluses in many other provinces, as a result of higher expenditure. The combined figures for all provinces are as follows.

	(In lakhs of Rupees.)		
	1939-40 Accounts.	1940-41 Revised Estimates.	1941-42 Budget Estimates.
Revenue .. .. .	90,83	95,39	95,30
Expenditure .. .. .	89,22	95,64	96,17
Total surpluses .. .. .	+ 2,02	+ 81	+ 59
Total deficits .. .. .	— 41	— 1,06	— 1,46
Total net surplus or deficit .. .. .	+ 1,61	— 25	— 87

The deficit of Rs.1.34 crores in the budget estimates of Bengal for 1941-42 does not take into account the estimated receipts from new taxation measures, such as the General Sales Tax which has since been passed. The Punjab budget includes a small amount of receipts on account of a General Sales Tax and an Urban Immovable Property Tax. The Governments of Madras and Bombay have, on the other hand, been able to effect some reduction in taxation. Madras has reduced the Sales Tax from  $\frac{1}{2}$  per cent. to  $\frac{1}{4}$  per cent. and Bombay has lowered the Urban Immovable Property Tax by 20 per cent.

43. *Consolidated Debt Position of Provinces.*—The consolidated debt position of the British Indian provinces as given in Statement X shows an increase of Rs.3.73 crores in the permanent debt at the end of 1940-41 owing mainly to the flotation of loans aggregating Rs.3.95 crores by the provinces of Madras, the Punjab, the United Provinces and Assam, particulars of which are given in paragraph 54.

44. *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 of the share of each province will be found in Statement XI.

	(In crores of Rupees.)			
	Income-tax.	Jute duty.	Subventions.	Total.
1937-38 .. .. .	1.25	2.05	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 .. .. .	4.16	2.02	3.03	9.21
1941-42 .. .. . (Estimates.)	4.46	2.26	3.03	9.74

Owing to the progressive increase in income-tax receipts resulting from the provisions of the Income-Tax Amendment Act, 1939, the higher level of incomes during war as well as the imposition of a tax on excess profits, the share of the Provinces in respect of income-tax rose from Rs.2.79 crores in 1939-40 to Rs.4.16 crores in 1940-41. It is estimated at Rs.4.46 crores for 1941-42. Owing to a

decline in the exports of jute partly as a reaction against the high exports during 1939-40 and also as a result of general factors affecting the export trade, the share of the four jute-producing provinces of Bengal, Bihar, Assam and Orissa (62½ per cent. of the net duty on jute), declined from Rs.2·56 crores in 1939-40 to Rs.2·02 crores in 1940-41. It is expected to be Rs.2·25 crores during 1941-42. The amount to be paid by way of subventions to the Governments of Assam, Orissa, North-West Frontier Province, Sind and the United Provinces has remained stationary at Rs.3·03 crores since 1938-39.

## VII. GOVERNMENT BALANCES AND RESERVES.

45. *Government Balances with the Bank.*—Statement XII shows the balances of the Central and Provincial Governments separately with the Reserve Bank of India and at Government treasuries at the end of each month during 1940-41. The Central Government's balances show the usual improvement with the advent of the busy season, the figures for January and February being also affected by a special factor, *viz.*, preparation for the repatriation payments referred to elsewhere.

The average monthly balances of Central and Provincial Governments with the Reserve Bank for the year were Rs.10·19 crores and Rs.6·17 crores respectively, and those of the Burma Government were Rs.2·43 crores.

46. *Transactions in Central Government Treasury Bills.*—Details of the sales of the Central Government Treasury Bills by weeks are recorded in Statement XIII. The weekly offer of treasury bills was kept at Rs.1 crore during April, but was raised on the 3rd May to Rs.2 crores where it was maintained till about the middle of August when it was lowered to Rs.1 crore. It was again raised to Rs.3 crores on the 18th October. The offer was reduced from Rs.3 crores to Rs.1 crore on the 29th November while the sale of intermediates, which had remained suspended from the beginning of the year, except for a day on the 8th May, was resumed from the 20th November. Intermediates were again discontinued from the 3rd December, the Central Government's balances with the Bank being quite comfortable at Rs.15·02 crores on the 29th November compared with Rs.8·58 crores in the preceding week. During the remainder of the year Government's weekly balances with the Bank averaged Rs.16·38 crores, but the limit of tenders was kept unaltered at Rs.1 crore as Government desired to build up their balances for financing the repatriation operation. The sale of intermediates was also resumed on the 12th February and continued up to the end of the year.

The easiness of the money market during the greater part of the year was reflected in the comparatively higher amounts tendered. Thus the applications amounted to Rs.4·97 crores against an offer of Rs.1 crore on the 26th April, 1940, and to Rs.6·60 crores against an offer of Rs.2 crores during the next week. Between the 17th May and 12th July, 1940, however, the applications were only slightly above the amounts offered owing to an inclination on the part of banks to hold their resources in a more liquid form. Even during the busy season from the end of November to the close of the year the tenders averaged Rs.2·87 crores against a weekly offer of Rs.1 crore.

47. *Yield on Treasury Bills.*—The following table gives the average true yield per cent. per annum on treasury bills in 1939-40 and 1940-41.

	1939-40.		1940-41.	
	Amount of three months treasury bills (including intermediates) sold (000 omitted).	Average yield per cent. per annum.	Amount of three months treasury bills (including intermediates) sold (000 omitted).	Average yield per cent. per annum.
April .. ..	6,58,50	2.35	4,00,00	1.53
May .. ..	6,71,50	1.97	11,62,25	1.13
June .. ..	10,00,00	1.00	8,00,00	1.11
July .. ..	13,08,50	0.86	8,00,00	1.09
August .. ..	10,57,75	0.94	7,00,00	0.80
September .. ..	11,80,75	2.78	7,00,00	0.67
October .. ..	16,91,00	2.72	10,00,00	0.65
November .. ..	9,63,25	1.98	15,86,00	0.95
December .. ..	6,85,00	1.98	4,00,25	0.99
January .. ..	11,31,25	1.96	5,00,00	0.85
February .. ..	10,46,75	1.86	10,89,75	0.65
March .. ..	6,18,75	1.83	9,91,50	0.70
Total .. ..	120,43,00	1.87	101,32,75	0.89

It will appear from the above that except during June and July, the average monthly yield on treasury bills during 1940-41 was substantially lower than during the corresponding months of 1939-40. The highest, lowest and average yields in 1940-41 worked out at 1.66, 0.63 and 0.89 as compared with 2.80, 0.84 and 1.87 per cent. per annum respectively in 1939-40.

48. *Provincial Treasury Bills.*—The details of the sales of Provincial Government treasury bills during 1940-41 are given in Statement XIV. The total sales during the year declined from Rs.11.80 crores in 1939-40 to Rs.6.90 crores. The total outstandings at the end of the year were Rs.50 lakhs as compared with Rs.1.80 lakhs at the end of 1939-40. A welcome feature of the Provincial treasury bill flotations during the year was an appreciable narrowing down of the disparity between the rates paid by the various Provincial Governments and the Central Government. The average yield on the Provincial bills during the year worked out at 0.91 per cent. as compared with 2.58 per cent. in the preceding year and was only 0.02 per cent. above the yield on the Central Government bills.

49. *Ways and Means Advances.*—The monthly borrowings of the Central Government from the Reserve Bank are shown in Statement XV. The advances taken by Government during the months of May to July amounted to Rs.25.50 crores as compared with Rs.14 crores during the corresponding period of the previous year and reflected the need for funds to meet the large withdrawals of Postal Savings Bank Deposits and the heavy discharges of Cash Certificates. There were no borrowings in August while in September the advances taken amounted to Rs.1 crore. The borrowings rose to Rs.7 crores in October when Government repaid the outstanding balance of the 5 per cent. 1940-43 Loan amounting to Rs.5.73 crores. The Government did not require any financial accommodation from the Bank during December to February, but borrowed Rs.16 crores in March mainly for financing the repatriation of their terminable

sterling debt. The total advances during the year amounted to Rs.52 crores as compared with Rs.32.50 crores during each of the preceding two years.

All the Provinces except Bombay and Sind had recourse to Ways and Means Advances from the Bank during the year. These advances totalled Rs.5.78 crores as compared with Rs.10.94 crores in the previous year. All borrowings were repaid before the close of the year. Since its separation from India, the Government of Burma have not taken any Ways and Means advances from the Reserve Bank.

### VIII.—PUBLIC DEBT.

50. *Government of India Defence Loans.*—The loan programme of the Central Government in 1940-41 was merged in the Indian Defence Savings Movement as announced on the 4th June 1940. This included the Six Year Defence Bonds, Ten Year Defence Savings Certificates and Three Year Interest-Free Bonds. Later, on the 25th January 1941, the Government announced a Second 3 per cent. Defence Loan in place of the Six Year Defence Bonds.

Interest-Free Bonds were issued at par with effect from the 10th June 1940 and are obtainable in any amount above Rs.50 in the form of Stock Certificates until further notice. Subscriptions to these are to be in cash only. The Bonds are repayable at par on the expiry of 3 years from the date of issue, but can be encashed at par at any time not earlier than 12 months after the date of issue, on 3 months' notice. In case of emergency, however, the holder can encash them at par in accordance with the terms of the Government of India Notification No.D/C.229-F dated the 4th June 1940. The total subscriptions to these Bonds by the end of 1940-41 amounted to Rs.2,32,92,962.

The 3 per cent. Six Year Defence Bonds were also issued with effect from the 10th June 1940 at par and are repayable at Rs.101 for every Rs.100 (nominal) on the 1st August or the 1st February, as the case may be, following the expiry of 6 years from the date of issue. The total value of the Bonds that might be held by an individual either in his own name or jointly with another was limited to Rs.15,000 (nominal). The total subscriptions to this issue amounted to Rs.71,29,200. A second series of the bonds, the 3 per cent. Defence Bonds 1946, repayable at Rs.101 for every Rs.100 nominal on the 1st August 1946, was issued to replace this with effect from the 1st August 1940 until further notice, at a price fixed between the 1st and 10th August 1940 at par and thereafter at prices which were increased every week by 9 pies per cent. so as to cover the weekly net interest accruing on the Bonds. Subscriptions were to be either in cash or in the form of 5 per cent. 1940-43 Loan which was accepted for conversion at par plus the interest from the date of surrender up to the 30th September 1940. The total applications, which were allotted in full, amounted to Rs.44,43,01,900, Rs.30,97,78,200 having been tendered in cash and the balance of Rs.13,45,23,700 by conversion.

The sale of these Bonds was discontinued on the 25th January 1941. In their place, the Government issued, as from the 1st February 1941, a second 3 per cent. Defence Loan 1949-52 on terms slightly more favourable to the tax payer. This is repayable at par, and subscriptions are receivable without limit of amount until further notice. The issue price during the period 1st to 8th February 1941 was fixed at par but thereafter increased weekly by 9 pies per cent. These weekly increases approximated to the net interest accruing on these securities as in the

case of the 3 per cent. Defence Bonds 1946. The subscriptions to this loan up to the 31st March 1941 amounted to Rs.3,46,52,000.

The total receipts from the various Defence Loans up to the 31st March 1941 amounted to Rs.53,34,76,062 including Rs.2,41,00,000 for Defence Savings Certificates.

51. *Provision for Reduction of Debt.*—Since 1934-35 a provision of Rs.3 crores has been made annually from revenue for reduction of debt. Particulars of the appropriations for the past three years are given below :—

	(In lakhs of Rupees).		
	1939-40 Accounts.	1940-41 Revised.	1941-42 Budget.
1. Sinking Fund provision for rupee loans of the Central Government .. .. .	1,25.15	95.04	95.04
2. Railway Sinking Funds .. .. .	25.15	23.60	23.60
3. A part of the capital portion of railway annuities .. .. .	1,49.70	1,81.36	1,81.36
Total .. .. .	3,00.00	3,00.00	3,00.00

52. *Repatriation of Sterling Debt.*—The table below gives the amount of sterling debt repatriated since 1937 up to the 8th February 1941, partly as a result of purchases in the market and partly under the licence scheme announced on the 22nd February 1940.

	Total cancelled against the creation of rupee counter-parts held on Government account or issued to the public.	
	£ (millions)	Rs. (crores)
1937-38 .. .. .	0.84	1.12
1938-39 .. .. .	.....	.....
1939-40 .. .. .	17.09	22.79
1940-41 .. .. .	11.24	14.80
Total .. .. .	29.17	38.71

Early in 1941 the licence scheme was replaced by a more comprehensive scheme of repatriation in order to accelerate the process with the help of the accumulated sterling resources with the Reserve Bank. On the 8th February 1941 Government announced that they had with the co-operation of the British Government taken action to acquire the bulk of India's terminable sterling debt of the face value of £84 millions and a market value of approximately £90 millions. The British Treasury issued on the 7th February 1941 a vesting order requiring all residents in the United Kingdom to surrender their holdings of India's terminable sterling loans at prices fixed on the basis of the market price as on the 7th February 1941 plus an allowance for the period necessary to examine surrendered documents before making payment. It was also announced that the first payment, subject to good delivery by the 10th March 1941, would be made on the 24th March. The Government of India issued a notification to the same effect on the 8th February 1941 under the Defence of India Rules, requiring residents in British India to surrender their holdings of these sterling loans, payment being offered at their option in rupee counterparts or cash, i.e., the rupee equivalent at 1*sh.* 6*d.* of the prices

fixed in the British Vesting Order. The following table gives details of the six loans surrendered under the two Vesting Orders.

		Nominal Value		Purchase Prices	Acquisition Value.	
Sterling Loan		£	Rs.		£	Rs.
(In thousands.)						
1.	5% 1942-47.					
	United Kingdom .. ..	4,178	5,57,00	£ 104-16- 6	4,379	5,83,87
	India .. .. .	120	16,00	* 1,397-11- 0	..	16,77
2.	4½% 1950-55.					
	United Kingdom .. ..	23,707	31,61,00	£ 110- 1-10	26,100	34,80,00
	India .. .. .	1,201	1,60,11	* 1,467-14- 0	..	1,76,27
3.	4½% 1958-68.					
	United Kingdom .. ..	8,858	11,81,00	£ 112-17- 0	9,996	13,32,76
	India .. .. .	1,056	1,40,86	* 1,504-11- 0	..	1,58,96
4.	4% 1948-53.					
	United Kingdom .. ..	6,615	8,82,00	£ 106-11- 7	7,050	9,40,03
	India .. .. .	673	89,72	* 1,421- 1- 0	..	95,63
5.	3½% 1954-59.					
	United Kingdom .. ..	5,033	6,71,00	£ 102-16- 4	5,174	6,89,90
	India .. .. .	1,915	2,55,29	* 1,370-14- 0	..	2,62,48
6.	3% 1949-52.					
	United Kingdom .. ..	5,633	7,51,00	£ 99-16- 2	5,622	7,49,56
	India .. .. .	1,060	1,41,36	* 1,330-12- 0	..	1,41,08
Total—						
	United Kingdom .. ..	54,024	72,03,00	....	58,321	77,76,12
	India .. .. .	6,025	8,03,34	....	..	8,51,19

\* Rupee equivalent.

The rupee finance required for the operation was found by Government from its balances supplemented by a ways and means advance from the Reserve Bank and by the sale of rupee counterparts to the Bank. To enable the Bank to hold the additional rupee securities thus created, the Reserve Bank Act was amended so as to abolish the proviso to section 33(3) and to remove the restriction on the maximum amount of rupee securities which it could hold in its Issue Department.

Details of the cancellations and creation of rupee paper in their stead between the 24th and 31st March 1941 are given below.

		United Kingdom.		India.		Total.	
Sterling Loan.	Cancellations.	Creation of Rupee paper.		Cancellations.		Creation of Rupee paper.	
		£	Rs.	£	Rs.	£	Rs.
5% 1942-47	..	4,178	5,57,00	120	16,00	4,298	5,73,00
4½% 1950-55	..	23,707	31,61,00	1,201	1,60,11	24,908	33,21,11
4½% 1958-68	..	8,858	11,81,00	1,056	1,40,86	9,914	13,21,86
4% 1948-53	..	6,615	8,82,00	673	89,72	7,288	9,71,72
3½% 1954-59	..	5,033	6,71,00	1,915	2,55,29	6,948	9,26,29
3% 1949-52	..	5,633	7,51,00	1,060	1,41,36	6,693	8,92,36
Total	..	54,024	72,03,00	6,025	8,03,34	60,049	80,06,34

As the table shows, the terminable sterling debt repatriated amounted to £60·05 millions, the amount of counterparts created being Rs.80·06 crores. Of these the amount surrendered by residents in British India came to £6·03 millions. It will appear from the table at the beginning of this para that the sterling debt repatriated from the 1st April 1940 to the 8th February 1941 amounted to £11·24 millions, the amount of rupee counterparts created being Rs.14·80 crores. Thus the total sterling debt repatriated during the year under review amounted to £71·29 millions, the total counterparts created being Rs.94·86 crores. Counterparts of the face value of Rs.10·22 crores were issued to the public who elected to receive them, and the balance was distributed approximately equally between the Government and the Bank with a view to minimising the immediate administrative difficulties connected with the operation.

Terminable sterling stock held by non-residents outside the United Kingdom and British India at the end of the year amounted to about £13 millions. As regards these holders, arrangements were made with the Bank of England to invite them to surrender the securities at their option on the basis of the prices fixed in the Vesting Order.

53. *Total Rupee and Sterling Debt.*—The following figures show the total funded debt of the Government of India at the end of 1939-40 and 1940-41 :—

	31st March 1940.	31st March 1941.
In India (crores of Rs.) .. .. .	450·23	576·76
In England (millions of £) .. .. .	280·10	199·87

The increase in the total rupee debt during the year under review as compared with 1939-40 was due partly to the floatation of Indian Defence Loans and partly to the creation of rupee counterparts under the repatriation scheme. The 5 per cent. 1940-43 loan was repaid on the 1st October 1940; out of a total amount of Rs.19·40 crores outstanding at the end of March 1940, Rs.13·45 crores was converted into the 3 per cent. Defence Bonds 1946, and the balance was repaid in cash.

54. *Provincial Loans.*—During the year four provincial governments, viz., Madras, the Punjab, the United Provinces and Assam issued loans for Rs.70 lakhs, Rs.175 lakhs, Rs.100 lakhs and Rs.50 lakhs respectively at 3 per cent. repayable at par on the 1st September 1952, the issue prices being Rs. 95, Rs.94·8·0, Rs.94·8·0, and Rs.94. The Assam Loan was the first loan floated by that Government since the inauguration of provincial autonomy, while the loans of the other three Governments were further issues of the loans floated by them in August 1937. Subscriptions for all the loans were invited on the 27th September 1940. The Madras loan, of which Rs.10 lakhs was subscribed by the Government of the province, was oversubscribed while the other three were fully subscribed after the transfer of options from the Madras loan and a call on the underwriters for the balance. The Assam loan was raised for funding the floating debt and financing beneficent schemes, including the granting of loans to local bodies for improving water supply in urban areas. The object of the other three loans was mainly the financing of productive electrical and irrigation schemes.

During the year the U. P. Government issued under the U. P. Encumbered Estates Act,  $3\frac{1}{2}$  per cent. Bonds of the aggregate nominal value of Rs.58,800 through the Calcutta Public Debt Office of the Bank.



55. *Government Securities.*—Statement XVI gives the highest and lowest yearly prices of representative Government securities while Statement XVII gives the highest, lowest and average monthly prices of these securities during 1940-41. The market continued to be dominated by the international situation. Prices slumped during the first quarter and touched bottom in June. On the 26th June the Board of the Bombay Stock Exchange fixed minimum prices for various Government securities. It will be seen from the table given below that the prices so fixed were appreciably below the closing quotations for the day.

Loans.	Minimum price.	Closing quotation
	Rs. as.	on 26th June. Rs. as.
2½% 1948-52 .. .. .	91 0	92 0
3% 1941 .. .. .	99 8	100 0
3% 1951-54 .. .. .	92 0	92 8
3% Rupee Paper (non-terminable)	71 0	73 0
3½% .. .. .	83 0	84 12
3½% 1947-50 .. .. .	98 0	98 10
4% 1943 .. .. .	101 8	102 14
4% 1960-70 .. .. .	98 0	98 12
4½% 1955-60 .. .. .	102 0	103 12
5% 1945-55 (Tax-free) .. .. .	104 0	105 11

From July a steady upward trend set in as a result of the gradual return of confidence, continued prevalence of easy money conditions, good investment demand, firm advices from London and the announcement in February regarding the repatriation of sterling debt. The price of 3½ per cent. Rupee Paper rose from Rs.84-12-0 on the 26th June to Rs.96-4-0 on the 11th February, the highest level reached since the outbreak of war. It will be noticed from Statement XVI that the lowest prices of all securities included in that statement recorded a distinct advance over the previous year, though the highest prices were often slightly lower; the range of price variation would thus appear to have been reduced during the year. The terminable loans as well as the provincial loans generally followed the trend of Rupee Paper.

The table below gives the average face and market values of the rupee securities of the Government of India.

*Total (Funded) Rupee Debt.*

(In crores of Rupees).

Year. (1)	Face Value (2)	Market Value, (3)	Percentage of (3) to (2)
1936-37 .. .. .	4,37.33	4,70.86	107.7
1937-38 .. .. .	4,37.30	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
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
1940-41 .. .. .	5,02.73	4,96.73	98.8

56. *Post Office 5 Year Cash Certificates, 10 Year Defence Savings Certificates and Post Office Savings Bank Deposits.*—Statement XVIII shows the transactions in Post Office 5 Year Cash Certificates since their introduction in 1917-18 and in Post Office Saving Bank Deposits since 1913-14. During the year there was no change in the issue price of the cash certificates, the yield thereon continuing at 2½ per cent. compound interest, free of income tax. Hurried encashments took place owing to nervousness engendered by the war developments in May, and the repayments of cash certificates during the 3 months May to July amounted to Rs.6·64 crores, being Rs.3·75 crores more than during the corresponding period of the previous year. During the same period sales declined sharply from Rs.3·27 crores in 1939-40 to Rs.1·24 crores. Confidence returned from July and the demand for repayments gradually fell to the level of pre-war months. Total repayments during the year were Rs.14·93 crores as against Rs.12·80 crores in 1939-40. Sales, however, fell considerably to Rs.4·89 crores from Rs.10·25 crores in the previous year. The fall in sales may be attributed partly to the introduction, early in June, of the 10 Year Defence Savings Certificates with a higher yield. These are issued in denominations of Rs.10, 50, 100, 500 and 1,000. The maximum holding is limited to Rs.5,000 for each individual and the yield, for a complete period of 10 years, works out at 3½ per cent. compound interest, free of income tax. Total sales of these certificates up to the 31st March 1941 amounted to Rs.2·41 crores. Encashments during the year amounted to Rs.12 lakhs so that the amount outstanding at the end of the year stood at Rs.2·29 crores.

The rate of interest on Post Office Savings Bank Deposits remained unchanged at 1½ per cent. per annum. Withdrawals during May and June amounted to Rs.7·01 crores and Rs.10·11 crores respectively as compared with Rs.3·93 crores and Rs.3·50 crores in the corresponding months of 1939-40. From July onwards withdrawals showed a marked decline, and the total amount withdrawn during the whole year was slightly lower at Rs.45·09 crores as compared with Rs.45·22 crores in 1939-40. Total deposits during the year were, however, considerably lower and amounted to Rs.25·35 crores only as against Rs.40·51 crores in 1939-40.

With a view to encouraging people of limited means who wish to invest their savings so as to assist the war effort, a new scheme of Post Office Savings Bank accounts to be known as the Indian Post Office Defence Savings Bank, was announced during the year to come into operation with effect from April 1 1941. The principal feature of the scheme is that the deposits will be repayable not on demand but a year after the war, the rate of interest on these deposits having been fixed at 2½ per cent., free of income tax, *i.e.*, 1 per cent. higher than the existing rate on ordinary Postal Savings Bank accounts.

## IX. CURRENCY.

57. *Note Circulation.*—Statement XIX shows the gross and active circulation of currency notes and later bank notes since the quinquennium ended 1913-14 together with the percentage annual rise or fall in the active circulation at the end of each year as well as the average for the year. The total notes issued stood at Rs.269·25 crores at the end of 1940-41 with an average for the year of Rs.258·77 crores, the corresponding figures for the previous year being Rs.252·21 crores and Rs.227·75 crores. The active circulation rose to Rs.257·66 crores at the end of the year under review from Rs.238·55 crores at the close of 1939-40. It varied within

a range of Rs.28.48 crores with a maximum of Rs.257.66 crores during the week ended the 28th March 1941 and a minimum of Rs.229.18 crores in the week ended the 27th September 1940. The average active circulation stood at Rs.211.62 crores in 1940-41 compared with Rs.208.86 crores in the previous year.

The two years 1939-40 and 1940-41 registered increases of 15 and 16 per cent. respectively in average active circulation compared with a fall of 3 per cent. and a rise of 6 per cent. respectively during the first two years of the last war *viz.*, 1914-15 and 1915-16.

The following table shows the average gross and active circulation during 19 months since the war and compares the same with corresponding figures in respect of the 19 months preceding the outbreak of the war.

Average circulation.	(In crores of Rupees)		
	Nineteen months ended.		
	March 1941.	August 1939.	Percentage rise or fall of (2) over (3)
(1)	(2)	(3)	(4)
Gross .. .. .	252	211	+19
Active .. .. .	236	184	+28

58. *Encashment of Foreign-Circle Notes.*—Statement XX shows the encashment of foreign circle notes in 1940-41.

With the improvement in remittance facilities particularly since the introduction of the new scheme from 1st October 1940 (*vide para. 82*) notes are being utilised to a smaller extent as a medium for remittance. Thus despite the increased business activity resulting from the war, the total encashment of foreign circle notes in 1940-41 at Rs.16.73 crores was the lowest since 1911-12. The largest encashment of notes was effected in the Bombay circle at Rs.6.87 crores which was twice the amount encashed in the Calcutta circle being the next in order. The value of notes of each of the three circles Bombay, Calcutta and Madras encashed in foreign circles was over Rs.3 crores, and of Lahore a little less than this amount.

59. *Absorption of Legal Tender Currency.*—Statement XXI gives the average annual absorption of notes, rupees and small coin for the quinquennium ended 1918-19 and the annual absorption for each of the subsequent 22 years. Since the Bank assumed the management of the currency, the variations in the figures of notes in circulation as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. Notes in circulation now include the amounts held in the Government Treasuries as well as by 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, these have been excluded since 1935-36 and shown under small coin. Further, since the 24th July 1940, rupee coin includes Government of India one rupee notes.

During the year under review, the total absorption of currency including notes, rupees and small coin amounted to Rs.56.60 crores as against Rs.61.72 crores in 1939-40. The absorption of rupees was 33.23 crores—the heaviest during any

year since 1918-19—as against 10·08 crores, and of notes Rs.19·11 crores compared with Rs.49·45 crores during the previous year. Altogether, the heavy absorption of currency during the last two years amounting to Rs.118·32 crores compares with a return of currency during 20 years ended 1938-39 of Rs.68·14 crores made up of an absorption of Rs.55·52 crores of notes and Rs.6·84 crores of small coin and a return of Rs.130·50 crores of rupee coin. The extent of the demand for currency created by the war is more apparent from the following figures of absorption and return during the 19 months of war up to March 1941 and the 19 months before the war ended August 1939.

19 months.	Absorption (+) Return (—) of Currency.			(In lakhs of Rs.)
	Notes.	Rupees.	Small Coin.	Total (including small coin).
January 1938 to August 1939 ..	— 4,39	— 22,54	— 6	— 26,99
September 1939 to March 1941 ..	+ 78,77	+ 52,76	+ 6,91	+ 138,44

No rupee coin was returned to Government during the year under section 36 (1) of the Bank Act, as during the three previous years. On the other hand, rupee holdings having fallen below the statutory minimum of Rs.50 crores, the Bank received 12 crores of rupee coin during the year from Government under section 36(2) as amended on the 24th July 1940.

The two graphs accompanying Statement XXI show the progressive absorption or return of (1) notes and rupee coin together, week by week, and (2) notes, rupee coin and small coin separately month by month since 1937-38.

60. *Hoarding of Rupee Coin and Conversion of Notes.*—The monthly absorption or return of notes, rupee coin and small coin during the last two years is shown in Statement XXII. A graph is attached showing the absorption of currency since the war. The linear diagram shows the monthly progressive absorption while the bar chart represents the absorption month by month. It will be seen that during the first four months of war there was an unprecedented absorption of notes to the extent of Rs.57 crores; the amount of rupee coin and small coin absorbed during the same months was Rs.11 crores and Rs.1·41 crores respectively. This first intense phase of war-time absorption represented a spurt in the trade demand for currency resulting from increased business activity as well as a speculative boom. The trade demand for currency (mainly notes) abated in the succeeding months and the demand for rupee coin for hoarding increased. In this connection it is noteworthy that whereas a large and almost continuous return of rupee coin had gone on since 1920-21, the trend was reversed on the outbreak of war and a steady outflow of rupees ensued. Between September 1939 and April 1940, 22·09 crores of rupee coin were absorbed, of which a part at least passed into private hoards. The craze for hoarding spread and became considerably accentuated towards the last week of May 1940 on the news of French reverses and turned into a scramble in June when the Bank had to part with Rs.15·12 crores of rupee coin; and from the 15th June to the end of August there was a record return of notes to the extent of Rs.21·93 crores compared with Rs.8·89 crores during the corresponding period of the previous year. The authorities continued to issue coin freely and without limit to the public, and the holding of rupee coin in the Issue Department of the Bank, which had stood at Rs.75·87 crores on the 1st September 1939 fell below the statutory limit of Rs.50 crores by the 24th May 1940 and was

further reduced to Rs.35.1 crores on the 21st June. Some action was necessary to deal with a situation under which the mints working at full pressure could not replace the coins disappearing from circulation and which involved grave inconvenience to the public and danger to the community. The withdrawal from circulation of over 40 crore units of value from the credit structure of the country threatened a dislocation of trade and slump in prices.

On the 25th June therefore, the Government of India promulgated a rule under the Defence of India Act making it an offence for any person to acquire coin in excess of his personal or business requirements and providing that in cases of doubt the judgment of the Reserve Bank or its duly appointed agents as to what constituted the reasonable requirements of an individual should be conclusive. Earlier, on the 10th of June, an amendment of sub-rule (2) of rule 90 of the Defence of India Rules had prohibited refusal to accept coin or notes in payment of a debt or otherwise. While the notification of 25th June succeeded in its objective of reducing the total demand for conversion of notes, its immediate effect also was to intensify the demand for smaller lots, and special measures had to be taken to cope with it. In Bombay, Rs.50 in rupee coin and Rs.10 in small coin were regarded as ordinary individual requirements and indents up to that limit were met in full, while in Calcutta, Rs.50 for an individual and Rs.300 to Rs.500 for a business firm were considered as the maximum limit to which rupee coin could ordinarily be issued. In Calcutta, as in Bombay, larger banks and leading business houses were supplied with their demands in full. In Bombay, arrangements were further made with the 30 scheduled banks having their offices in the city, to give rupee coin and small coin up to the maximum of Rs.50 against currency notes. Special facilities were also offered by the Bank by opening 6 small change depots on the 4th July and 4 more on the 5th at the principal municipal markets. These depots worked till the afternoon of Saturday, the 13th July, when the rush subsided and the demand for coin declined.

The situation was finally eased with the introduction of the Government of India one rupee notes on the 24th July and with the increasing supplies of newly minted rupee coin in the following months. Later, rupee coin began to return as a result of the promulgation on the 11th October 1940 of the Ordinance calling for the withdrawal of Victoria Coin.

61. *Government of India One Rupee Notes.*—The scarcity of a unit of exchange smaller than the lowest denomination of notes was acutely felt as a result of the hoarding of rupees. Government accordingly issued an Ordinance on the 24th July providing for the issue and putting into circulation of Government of India one rupee notes with immediate effect. Such notes were to be current in British India in the same manner and to the same extent and as fully as the silver rupee coin as issued under the provisions of the Indian Coinage Act, 1906. They were to be legal tender in British India for the payment of any amount and were to be deemed to be included in the expression "Rupee Coin" for all the purposes of the Bank Act, 1934. The same Ordinance also promulgated consequential amendments to the Reserve Bank of India Act aimed at facilitating the immediate circulation of the rupee notes through the Reserve Bank as supplies became available.

As it would have taken some time before adequate supplies of new one rupee notes were made available, it was arranged to issue notes which had been printed in 1935 to meet a possible contingency but had not been used. It may be mentioned that one rupee notes were also introduced during the last war in December 1917 with

a view to economising the use of silver, and had attained a gross circulation of Rs.13.49 crores in 1919-20. The present issue has also proved popular. A new and larger-sized issue of these notes measuring 4" by 2½" has been put into circulation after the close of the year under review.

62. *Absorption of Small Coin.*- Statement XXIII shows the annual absorption of small coin (excluding half pice and pie pieces) by denominations for each of the years 1919-20 to 1940-41, and the average annual absorption for the last war and pre-war quinquenniums. The absorption of small coin at Rs.2.19 crores in 1939-40 was the largest since 1919-20, when it amounted to Rs.2.28 crores including half rupees ; indeed, during the first seven months of war September 1939 to March 1940, the total absorption amounted to Rs.2.63 crores, and there had been a return of Rs.42 lakhs during the previous 5 months of the year 1939-40. During the year under review, there was a record absorption of Rs.4.26 crores of which half rupees and four anna pieces (including nickel) respectively accounted for Rs.1.53 crores and Rs.1.02 crores. The absorption of silver, nickel and copper coin amounted to Rs.2.56 crores, Rs.1.48 crores and Rs.23 lakhs respectively. Not only was there no return of small coin during the slack season of 1940-41, but the absorption was particularly heavy during the period May to July 1940 amounting to Rs.1.34 crores, owing mainly to the withdrawal of whole rupee coin for hoarding.

The war period has thus been one of absorption of small coin of every denomination throughout with the exception of a slight return of Rs.2.47 lakhs worth of four anna nickel coin during April to November 1940 and Rs.80,000 one anna nickel in September 1940.

The following table compares the absorption of small coin by denominations during the 19 months of war, September 1939 to March 1941, with a similar period immediately preceding the war, viz., February 1938 to August 1939.

(In lakhs of Rupees)

Denominations.	12 months. September-August.		19 months	
	War period	Pre-war period.	War period	Pre-war period.
<b>SILVER</b>				
8 annas .. .. .	+ 1.43	- 4	+ 2.29	- 8
4 annas .. .. .	+ 89	- 10	+ 1.46	- 17
Total Silver coins .. .. .	+ 2.32	- 14	+ 3.75	- 25
<b>NICKEL.</b>				
4 annas .. .. .	+ 13	- 5	+ 15	- 11
2 annas .. .. .	+ 89	+ 1	+ 1.29	- 3
1 anna .. .. .	+ 88	+ 5	+ 1.29	+ 8
Total Nickel coins .. .. .	+ 1.90	+ 1	+ 2.73	- 6
<b>COPPER</b>				
Pice .. .. .	+ 27	+ 13	+ 39	+ 22
Half Pice .. .. .	+ 1	+ 1	+ 2	+ 2
Pie pieces .. .. .	+ 1	+ 1	+ 2	+ 1
Total Copper .. .. .	+ 29	+ 15	+ 43	+ 25
Total Small Coin .. .. .	+ 4.51	+ 2	+ 6.91	- 6

63. *Seasonal Absorption.*—Statement XXIV with the accompanying graph shows the busy season absorption and slack season return of notes and rupee coin for each of the 21 years from 1920-21 to 1940-41. The volume of currency in circulation usually reflects the incidence of the busy and slack seasons, rising and falling with their alteration. During the year under review, however, the demand for currency failed to register the normal seasonal variations and instead of a return there was an outgo of currency in the slack season. Ordinarily the slack season is taken to start when currency begins to return about February or March and ends about September or October when return gives place to absorption of currency. The slack season of 1940-41, however, may be taken to have ended on the 27th September 1940, when the total absorption of currency was at its lowest. During the 29 weeks of the slack season 9th March to 27th September 1940 a return of currency totalling Rs.22·26 crores was noticed intermittently in 13 weeks. The remaining 16 weeks had a total absorption of Rs.44·29 crores, giving a net absorption for the first time during the slack season of Rs.22·03 crores. As the statement shows, the return consisted exclusively of notes of the value of Rs.14·36 crores, while rupee coin continued to be absorbed throughout, the absorption reaching Rs.36·39 crores during the slack season. On the other hand, the busy season had a relatively smaller absorption during the year, due partly to the earlier abnormal absorption in the slack season and partly to the increased difficulty of marketing agricultural produce as a result of the loss of export markets and the consequent low prices of raw materials and products in the months of January and February. Agricultural prices, however, began to improve in March and this helps to explain the continued absorption of currency even after March 1941 though increasing industrial activity due to war orders was also an important factor. The total absorption during the busy season upto the 28th March 1941 amounted to Rs.26·39 crores only made up of an absorption of Rs.28·48 crores of notes and a return of Rs.2·09 crores of rupee coin, as against a total absorption of Rs.83·11 crores in the busy season of 1939-40.

64. *Rupee Census.*—Statement XXV shows the number of Rupees minted since 1835, and Statement XXVI tabulates the results 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. The proportion of Victoria coin, particularly Victoria Empress 1877-1901, has declined steadily since the first sharp reduction from 27·30 per cent. to 21·81 per cent. in 1934, and stood at 10·32 per cent. in 1940. The proportion of Edward VII 1903-11 and George V 1911-22 coin has, on the other hand, increased in almost equal degree since 1934 and was 34·59 and 52·57 per cent. respectively in 1940.

The Rupee Census has from time to time been used as the basis of estimating the amount of silver rupees in circulation, but these estimates were never claimed to be anything more than rough approximations. In order to see if closer estimates could not be obtained by the application of improved statistical methods, Professor P. C. Mahalanobis of the Statistical Laboratory, Calcutta, was asked early in 1940 to examine the available material and to review the methods employed in framing the estimates. Professor Mahalanobis has submitted an interim report in which it is pointed out that the available data are inadequate and that further investigation is required before a reasonably reliable method could be devised. The investigation is proceeding, but in the meanwhile the Professor's report is published as an appendix to this Report (Appendix I) as it may be of interest to statisticians and others.

## X. MISCELLANEOUS MATTERS CONNECTED WITH COINAGE AND CURRENCY.

65. *Changes in the Form of Notes.*—There was no change in respect of any denomination or pattern of Reserve Bank notes during the year under review.

66. *Circulation of Notes by Denominations.*—Statement XXVII shows the relative popularity of the different denominations of notes. The Government of India one rupee notes issued during the year are not included in the Statement as these are to be regarded as rupee coin for all purposes of the Bank. The Rs.10,000 denomination has also been excluded, as it is seldom used except by banks for making large adjusting payments. Owing to heavy encashments of notes, particularly of lower denominations, during the year, the proportion of 5 and 10 rupee notes to total circulation fell, and of 100 and 1,000 rupee notes rose slightly. The ten rupee note continued to be the most popular denomination representing 40·6 per cent. of the total notes issued, and the 100 rupee note came next in order with a circulation of 33·4 per cent. followed by the 5 rupee note with 18·3 per cent.

67. *Life of Notes.*—The life of a note is the period from the time of its issue to the time of 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.

(a) Including notes held in the currency chests.

			Rs.5	Rs.10	Rs.50	Rs.100	Rs.500	Rs.1,000	Rs.10,000
1938-39	..	..	15	15	11	16	7	6	8
1939-40	..	..	19	19	11	19	11	13	13
1940-41	..	..	20	20	7	23	18	24	48

(b) Excluding notes held in the currency chests.

1938-39	..	..	7½	8½	6	8½	3	4	5
1939-40	..	..	11	13	6	12	3	4	4
1940-41	..	..	15	19	9	20	2	6	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.

68. *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 1940-41 amounted to Rs.92,930 compared with Rs.99,290 in the previous year. Notes amounting to Rs.2,330, which had been previously written off under this section, were presented for payment during the year under review and were paid by the Banking Department.



69. *Lost, Destroyed and Mutilated Notes.*—The statement below gives details regarding lost or wholly destroyed, half and mutilated notes in respect of which claims were admitted during the year under review.

	No. of claims admitted.	No. of pieces.	Amount of claims admitted.	Amount paid against claims.
Lost or wholly destroyed notes .. .. .	132	284	32,900	37,700*
Half notes .. .. .	537	636	67,900	27,090
Mutilated notes .. .. .	24,253	64,488	571,764½	549,022½

\* Represents amount paid during 1940-41 in respect of claims admitted five years before.

During the year under review, only two false claims in respect of defective notes were reported, one in the Calcutta Circle and the other in the Lahore Circle. No prosecution was instituted in respect of the former as the police inquiry proved inconclusive, while prosecution in connection with the latter was still pending at the close of 1940-41.

70. *Note Forgeries.*—The total number of forged notes received during the year was 1,198 as compared with 2,196 in 1939-40, distributed as follows.

	Rs. 1.	Rs. 5.	Rs. 10.	Rs. 100.	Rs. 1,000.
No. of forgeries ..	7	117	982	89	3

396 cases of forgeries were detected in Calcutta and 345 in Rangoon. The following table gives certain particulars regarding prosecutions against forgeries for the past three years.

	Fresh Prosecutions.	Pending at the end of previous year.	Total trials.	Discharges.	Convictions.	Pending.
1938-39 .. .. .	26	5	31	10	14	7
1939-40 .. .. .	50	7	57	14	30	13
1940-41 .. .. .	57	13	70	20	21	29

71. *Coinage.*—During the year under review two Ordinances, viz., the Indian Coinage (Amendment) Ordinance and the Indian Coinage (Third Amendment) Ordinance were promulgated, with immediate effect, on the 26th July 1940 and the 23rd December 1940 respectively. The first reduced the fineness of the half rupee, and the second that of the whole rupee, from eleven-twelfths of fine silver and one-twelfth of alloy to one half of fine silver and one half of alloy. In view of the increasing simultaneous demand for half rupees and whole rupees, it was felt that it would be wasteful to turn out large quantities of these coin of the present fineness. It was also felt that the reduction in fineness would discourage the hoarding of these coin. In terms of the Finance Department Notification No.D/6738-F dated the 23rd December 1940 the new rupee coin are milled on the edge with a serrated or upright milling; in the centre of the milled edge, there is a shallow groove with a design inside in two sections separated by blank spaces, and the design inside the groove consists of alternate beads and diagonal lines in relief.

Statement XXV gives mintages of rupee coin since 1835. No rupee coin were minted between 1922 and 1940. In 1940, 3.33 crores were coined including 2.35 crores of quarternary rupees. In all, 650.90 crores of rupee coin have been minted including Rs.7.70 crores for States.

The following table gives the total mintage and the dates of the first issue in the Bombay and Calcutta Mints of the rupee coin and the various denominations of small coin issued during 1940-41.

Denomination	Bombay Mint.		Calcutta Mint.	
	Amount coined. Rs.	Date of first issue.	Amount coined. Rs.	Date of first issue.
Standard Rupees .. ..	98,02,178	23-12-40	....	
Quarternary Rupees .. ..	8,08,00,002	23-12-40	....	
Standard Half Rupees .. ..	22,25,876/8	..	17,50,445/8	
Quarternary Half Rupees .. ..	89,00,000/8	27-8-40	1,22,56,811	Week ended 3-8-40
Standard Quarter Rupees .. ..	17,00,168/8	..	2,51,987/12	
Quarternary Quarter Rupees .. ..	50,00,004/4	30-5-40	1,07,56,318	Week ended 13-7-40
Nickel -/2/- .. ..	55,15,717	..	56,25,500	
" -/1/- .. ..	71,12,387/2	..	58,38,500	
Single Pice .. ..	14,00,688/10	..	19,99,900	
Half Pice .. ..	41,829/1	..	1,30,000	
Pice .. ..	1,18,103/7	..	17,500	
Total .. ..	12,26,16,955	..	3,86,26,962/4	

72. *Withdrawal of Silver Coin.*—The Indian Coinage (Second Amendment) Ordinance which was promulgated on the 11th October 1940 provided for the recall of the Victoria rupee and half rupee. In exercise of the powers conferred by this amendment, the Finance Department Notification No.D/C-1861-F called in, with effect from the 1st April 1941 all rupee and half rupee coin bearing on the obverse the effigy of Her late Majesty Queen Victoria, and directed that, on and from that date, these coin should cease to be legal tender except (1) at the Offices of the Issue Department of the Bank at Bombay and Calcutta until further notice, and (2) at any Government treasury or post office till the 30th September 1941. Apart from improving the quality of coin in circulation, an object of the Ordinance was to recover the coin from uneconomical hoarding. The total value of Victoria and other coin withdrawn from circulation during 1939-40 and 1940-41 was as follows.

	(In lakhs of Rupees).	
	1939-40	1940-41
William IV 1835 .. ..	1.40	1.13
Victoria Queen 1840 .. ..	11.49	9.73
Victoria Empress 1862-1901 .. ..	11,91.27	5,44.21
Edward VII .. ..	....	2,09.70
George V 1911 .. ..	0.18	0.05
Shroff Marked Coin .. ..	38.95	0.01
Other uncurrent coin .. ..	76.03	68.76
Standard rupee coin sent as currency remittances .. ..	....	6,94.40
Total .. ..	13,19.32	15,27.99

In order to avoid undue hardship to the public, and to minimise the extra work thrown on the shroffing staff at the treasuries and the Bank's Offices, the Government of India, in consultation with the Bank, decided to remove the restrictions on the acceptance of light weight coin referred to in articles 65 to 67A of the Resource Manual in respect of all silver coin, including George V coin. All the Treasury Officers and Agents of the Branches of the Imperial Bank of India were instructed, early in January 1941, not to examine silver coin for light weights, but to take care as usual to see that counterfeit coin, and coin bearing obvious signs of fraudulent defacement were not accepted.

The following table gives the number of light weight silver coin withdrawn from circulation during the year until the removal of restrictions referred to above.

Denomination	Over 2% but not more than 64%	Over 61% but not more than 25%	Over 2% but not more than 124%	Over 124% but not more than 25%	Over 25%	Total
Rupees .. ..	20,381	52,129	..	..	..	72,510
Half-Rupees .. ..	..	..	7,61,202	29,505	..	7,90,707
Quarter-Rupees .. ..	..	..	..	10,29,555	..	10,29,555
Eighth-Rupees .. ..	..	..	..	4,24,592	..	4,24,592

73. *Withdrawal of Nickel and Copper coin.*—Eight anna nickel coin were called in under Section 15A 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 uncurrent coin and badly worn and defaced nickel, copper and bronze coin withdrawn from circulation during the year was as follows.

						Rs.		
Uncurrent coin.	{	Eight anna nickel	..	..	..	..	2,652	
		Double Pice	..	..	..	..	11,753	
Badly worn and defaced nickel copper and bronze coin.	{	Four anna nickel	..	..	..	..	82,109	
		Two anna nickel	..	..	..	..	1,47,055	
		One anna nickel	..	..	..	..	11,54,218	
		Copper and bronze	..	..	..	..	2,27,070	
Total						..	..	15,74,857

74. *Counterfeit Coin.*—The total number of counterfeit coin cut at treasuries and railway stations during 1940-41 was 2,81,183 against 3,14,290 in the previous year. These counterfeits were distributed as follows:—

	Rupees	Half rupees	Quarter rupees	Eighth rupees	One anna
Silver .. ..	1,77,344	18,573	9,304	396	....
Nickel .. ..	....	81	10,710	43,903	20,872

The number of offences in respect of counterfeiting for the two years 1940-41 and 1939-40 are given below.

	Fresh Prosecutions.	Total Trials.	Convictions.
1940-41 .. ..	625	1,097	619
1939-40 .. ..	563	975	486

## XI. MONEY AND BANKING.

75. *Money Rates.*—Statement XXVIII gives money rates in India as 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 Reserve Bank 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. The deposit rates for 3 months, 6 months and 1 year given in the statement are those quoted by larger banks in Bombay.

76. *General Features.*—The Bank of England rate, which was lowered to 2 per cent. in October 1939 remained at the same level throughout the financial year under review. The Federal Reserve Bank of New York rate continued at 1 per cent. and the average of the 12 Federal Reserve Banks' rates was 1·21 per cent. The Bank of New Zealand lowered its rate from 3 to 2 per cent. on the 27th May 1940 while the Bank rate in Sweden was raised from 3 to 3·5 per cent. on the 17th May 1940. Money rates in the United Kingdom and the United States remained easy throughout the year. In the United Kingdom the average discount of 3 months' treasury bills ranged between 1·02 to 1·03 per cent. and rates for 3 months' commercial paper remained steady at 1·03 per cent. as compared with the treasury bill rate of 1·47 per cent. and 3 months' commercial paper rate of 1·59 per cent. in the previous year. In the U.S.A., the treasury bill rate fluctuated between 0·003 per cent. to 0·07 per cent. while 4 to 6 months' commercial paper rate averaged 0·56 per cent.

In India, monetary conditions remained easy throughout the year under review. At the beginning of the year, the call money rate was being quoted at  $1\frac{1}{4}$  per cent. in Bombay but it progressively declined to  $\frac{1}{2}$  per cent. towards the close of April. In May 1940, however, on account of the invasion of the Low Countries by Germany, banks preferred to increase their cash resources to meet possible withdrawals by depositors and consequently the call money rate progressed up from  $\frac{1}{2}$  to 1 per cent. But this tension passed off and in July the call rate receded to  $\frac{1}{4}$  per cent. Money remained easy from July up to the end of December on account of the slack season, with the call rate practically unchanged at  $\frac{1}{4}$  per cent. Monetary ease was also reflected in the large excess balances which scheduled banks maintained with the Reserve Bank over the statutory minimum. In October 1940, the excess balances of the scheduled banks with the Reserve Bank amounted to Rs. 40·30 crores, which is the highest recorded so far. On the other hand, the advances of the scheduled banks were lower on the whole than in the previous year. In January, there was a slight improvement in demand for funds but it had practically no effect on money rates. In February and March, the demand for funds increased further on account of the busy season but the excess balances of the scheduled banks still stood at Rs. 33·43 and Rs. 24·36 crores on an average. Thus in spite of the busy season, money remained easy at the end of the year.

77. *Reduction of Stamp Duty.*—The reduction in stamp duty on usance bills of exchange effected by the Central Government Notification dated the 13th January 1940, and referred to in the previous report, did not apply to Promissory Notes. In order to place promissory notes on the same footing as bills of exchange, the

Government of India, by a subsequent notification dated the 23rd November 1940, reduced the duty chargeable on promissory notes made or drawn in and payable in British India where payable otherwise than on demand but not more than one year after date or sight, to two annas for every one thousand rupees or part thereof of the amount on the promissory note, with retrospective effect from the 13th January, 1940.

78. *Reserve Bank of India, Issue Department.*—Statement XXIX 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 together with their annual averages since the commencement of the operations of the Bank in April, 1935. Statement No. XXX shows notes in circulation on the last Friday of each month from April, 1935 to March, 1941.

Notes issued show an almost continuous rise during the year under review. Notes in circulation also increased from an average of Rs.208·86 crores during 1939-40 to Rs.241·62 crores during 1940-41. The total notes issued in India and Burma rose from Rs. 251·62 crores on the 5th April, 1940 to Rs.269·25 crores on the 28th March, 1941, the highest since the inception of the Bank. Notes in circulation as usual fell during the slack season from Rs. 253·42 crores on the 14th June to Rs.229·17 crores on the 27th September, and, with slight variations, continued about that level till the end of November, 1940. Since that date notes in circulation showed a steady rise, from Rs. 229·15 crores at the end of November to Rs. 257·66 crores towards the close of the year under review.

On the assets side gold coin and bullion continued unaltered at Rs.44·42 crores being 16·50 per cent. of the total notes issued on the 28th March, 1941 compared with 17·61 per cent. at the close of 1939-40. During the year the gold in the Issue Department which was held in London was exchanged for gold held here on behalf of the British Government, so that the entire gold reserves are now located in India. The Bank's holdings of sterling securities rose from Rs.113·50 crores on 29th March, 1940 to Rs.140·50 crores on the last Friday of February, 1941, the percentage of gold and sterling securities to total liabilities rising from 62·61 per cent. to 69·27 per cent. Towards the close of the year, the amount of sterling securities dropped to Rs.102·24 crores on account of the repatriation of sterling debt and the percentage of gold and sterling securities consequently fell to 54·47 per cent. The holding of rupee coin (including rupee notes) at the end of the year under review amounted to Rs.34·71 crores, the increased demand for rupee coin having been met by issue on the 24th July of one rupee notes by the Government of India in terms of the Currency Ordinance No. IV of 1940.

79. *Banking Department.*—Statement XXXI shows the liabilities and assets of the Banking Department of the Bank as on the last Friday of each month during the year along with their annual averages for the six years 1935-36 to 1940-41.

The average deposits of scheduled banks with the Reserve Bank rose from Rs.17·87 crores during 1939-40 to Rs.36·83 crores during the year under review. The highest point since the inception of the Bank was reached on the 15th of November, when the total amount stood at Rs.52·31 crores. Thereafter, a gradual decline was noticeable owing to the increased demand for funds for the busy season and at the close of the year the scheduled banks deposits amounted to Rs.35·49 crores. Such large balances with the Reserve Bank were mainly on account of the increased

balances of exchange banks and the larger of the Indian scheduled banks, while some of the smaller scheduled banks frequently defaulted in the maintenance of the statutory minimum balances with the Reserve Bank. An amendment to the Reserve Bank of India Act was, therefore, passed in November 1940 (the Reserve Bank of India, Third Amendment Act, 1940) imposing heavy penalties on banks defaulting persistently and empowering the Reserve Bank to forbid defaulting banks accepting further deposits.

Government deposits with the Bank averaged Rs.17.50 crores against Rs.13.75 crores during 1939-40. The Bank's cash balance averaged Rs.17.28 crores against Rs.18.99 crores last year. From Rs.10.68 crores on the 5th April 1940 the cash balance rose to Rs.29.14 crores on the 27th September and towards the close of the year came down to Rs.11.71 crores. The balances held abroad averaged Rs.39.47 crores during the year under review against Rs.12.19 crores last year.

80. *Consolidated Position of Scheduled Banks.*—Statement XXXII on the scheduled banks' consolidated position records averages of their demand liabilities and time liabilities in India and Burma, cash on hand and balances with the Reserve Bank, advances and bills discounted in India and Burma and percentages of cash and advances to deposit liabilities for each month of 1940-41 along with annual averages for the past 6 years. Demand and time liabilities reached a new high level during the year under review at Rs.285.63 crores on the 28th March 1941 as against last year's peak of Rs.259.26 crores. The total advances of scheduled banks including bills discounted stood at Rs.161.18 crores on the 5th April 1940, but there was a gradual decline after June 1940 due to the slack season. From Rs.154.44 crores on the 7th June 1940 the figures gradually declined to Rs.100.66 crores on the 22nd November 1940, the lowest amount recorded for the year. With the advent of the busy season the figures showed a gradual rise and at the close of 1940-41 they stood at Rs.130.80 crores as compared with Rs.163.11 crores at the end of the previous year.

81. *Clearing House Statistics.*—Statement XXXIII gives details of the clearance of cheques since 1918-19. While the amount of cheques cleared through the Bombay and Calcutta Clearing Houses declined by about Rs.2.27 crores, there was an increase of Rs.57 crores in the amount of cheques cleared through other centres. The total amount of cheques cleared through all the clearing houses declined by Rs.170 crores; on the other hand, the total number of cheques cleared increased from 153,00,000 to 160,00,000 (*vide* Statement XXXIV).

82. *The New Scheme of Remittance Facilities in India and Burma.*—With a view to standardising and extending the existing facilities for the remittance of funds, a new Scheme of Remittances in India and Burma was introduced with effect from the 1st October 1940. Under the new scheme, concession rates of remittances have been extended not only to the public and the scheduled banks but to those non-scheduled banks and indigenous bankers who fulfil certain prescribed conditions and are included in an approved list to be prepared by the Reserve Bank in consultation with the Provincial Governments concerned, 37 non-scheduled banks and 3 indigenous bankers have so far been placed on the approved list. Supply Bills, Remittance Transfer Receipts and Currency Telegraphic Transfers are replaced under the new scheme by Bank Drafts, Reserve Bank of India

Government Drafts and Telegraphic Transfers respectively. The new rates for different classes of remittances are given in the table below :

	Up to Rs. 5,000/-		Over Rs. 5,000/-	
	Rate.	Minimum	Rate	Minimum
	percent.	charge.	percent.	charge.
		Rs. a. p.		Rs. a. p.
Government— Extra Provincial* ..	1/16	0 4 0	1/32	3 2 0
General Public .. .. .	1/8	0 4 0 for	1/16	6 4 0
		drafts & mail		
		transfers.		
		1-0-0 for tele-		
		graphic trans-		
		fers.		
Scheduled Banks† .. .. .	1/16	1 0 0	1/32	3 2 0
Other Remittances by Scheduled Banks	1/16	1 0 0	1/32	3 2 0
Approved Non-Scheduled Banks and	1/16	1 0 0	1/32	3 2 0
Indigenous Bankers .. .. .	1/16	1 0 0	1/32	3 2 0
Co-operative Banks and Societies ..	1/16	0 4 0	1/32	3 2 0

\* Intra-Provincial Remittances are made free of charge.

† Certain special facilities have been given to Scheduled Banks and Provincial Co-operative Banks for transfers between accounts maintained with the Reserve Bank or its agencies.

(Telegram charges will be levied in addition in case of T. Ts.)

Telegraphic Transfers, Bank Drafts and Mail Transfers between places where the Reserve Bank has its own Offices, or is represented by its Imperial Bank Agencies having Currency Chest facilities, will be issued without limit, but the issue of Telegraphic Transfers and Bank Drafts from and to places where the Reserve Bank is represented by Treasury Agencies will be subject to the following restrictions :

	Rs.
At or on a sub-treasury .. .. .	5,000
At or on a treasury (not being a sub-treasury)	
except on the Reserve Bank .. .. .	25,000
At a treasury on the Reserve Bank	Without limit.

Reports from our offices show that the public, the trade and the banks are utilising the facilities afforded under the new scheme to an increasing extent, and that other forms of remittances through the Post Office, by messengers, etc., are dwindling except in interior tracts lacking in banking facilities. Evidence of this is also afforded by the decline in the demand for encashments of foreign circle notes during the year under review, noticed elsewhere in the Report.

83. *Internal Remittances.*—Statement XXXV A and B shows remittances through the Reserve Bank of India and the Imperial Bank of India; Statement XXXVI A and B records remittances through Government Agencies during the first half of the year under review. Statistics regarding remittances through Government Agencies during the second half of the year (1st October 1940 to 31st March 1941) under the new scheme of remittances have been given in Statement XXXVI C owing to changes in the accounting procedure and a consequent change in the form of the Statement under the new scheme. Mainly as a result of the increased facilities, the total transfers of funds through official agencies during the second half of the year increased sharply to Rs.13.86 crores from Rs.3.84

crores during the first half of 1940-41, the total for the year thus being Rs.17.70 crores against Rs.14.08 crores during 1939-40.

The total amount of telegraphic transfers issued through the Reserve Bank of India during 1940-41 was Rs.293.87 crores as against Rs.325.67 crores in the preceding year. The transfers were larger in the first half of the year than in the corresponding half of the previous year, but registered an appreciable drop in the second half relatively to the preceding year.

## XII. ANNUAL ACCOUNTS OF THE RESERVE BANK OF INDIA.

84. *The Balance Sheet and Profit and Loss Account of the Reserve Bank of India.*—Under the Reserve Bank of India (Closing of Annual Accounts) Act 1940 the Reserve Bank closed its account as on the 30th June 1940. Statements XXXVII and XXXVIII reproduce the Balance Sheet and Profit and Loss Account of the Bank as on the 30th June 1940 which were submitted to the 6th Annual General Meeting of the shareholders of the Bank held at Bombay on the 5th August 1940. The Bank's income for the half-year amounted to Rs.83.90 lakhs and expenditure amounted to Rs.54.61 lakhs, leaving a net profit of Rs.29.29 lakhs. Of this amount Rs.8.75 lakhs were utilised for payment to shareholders of a dividend at the rate of 3½ per cent. per annum and the surplus of Rs.20.54 lakhs was transferred to the Central Government.

85. *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 1938 and 1939 and on the 30th June 1940. The tendency of the Bank's shares to gravitate to the Bombay area of the Bank, noted in the previous report, continued during the half-year under review and the number of shares on this register increased by more than 3,000 at the expense of the Calcutta and Delhi registers. The total number of shareholders of the Bank declined further from 57,192 to 56,057.

	1st April 1935.		31st December 1938.		31st December 1939.		30th June 1940.	
	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 ..	140,000	28,000	205,508	20,765	207,367	19,945	210,515	19,815
Calcutta ..	145,000	23,890	122,800	13,801	121,335	13,187	119,671	12,849
Delhi ..	115,000	23,000	93,314	14,900	92,764	14,193	91,063	13,719
Madras ..	70,000	14,000	59,951	8,708	60,109	8,377	60,249	8,237
Rangoon..	30,000	3,157	18,427	1,803	18,425	1,490	18,502	1,437
<b>Total ..</b>	<b>500,000</b>	<b>92,047</b>	<b>500,000</b>	<b>59,777</b>	<b>500,000</b>	<b>57,192</b>	<b>500,000</b>	<b>56,057</b>



# APPENDIX I.

## A STATISTICAL REPORT ON THE RUPEE CENSUS.

By P. C. MAHALANOBIS.

### Introduction.

1. The following questions were referred to us by the Reserve Bank of India early in 1940 :
  - (a) Whether the Findlay Shirras formula for estimating the amount of Rupee coins in actual circulation in India is reasonably accurate or whether it would be possible to improve on it ;
  - (b) Whether the data collected in the manner prescribed in the Resource Manual are sufficient as a basis for applying the formulae ; and
  - (c) Whether methods could be devised to ensure that these data are correct.

### Available Material.

2. For a thorough investigation of these questions it is necessary to examine the results of the sample census in detail for each individual issue of the rupee coins. Unfortunately these primary records down to 1934 had been destroyed. Even in recent years the material was incomplete in many ways, as can be seen from Table (1) which shows the number (and distribution of treasuries by circles) for which individual records were available.

Table 1. Number of Treasuries from which Individual Records were available.

Circle (1)	1935 (2)	1936 (3)	1937 (4)	1938 (5)	1939 (6)	1940 (7)	Total (8)
Bombay .. ..	..	..	..	7	5	5	17
Calcutta .. ..	..	..	..	..	..	30	30
Cawnpore .. ..	..	36	..	..	20	18	74
Lahore .. ..	..	..	33	2	6	7	48
Madras .. ..	29	29	25	1	1	1	86
Rangoon .. ..	..	..	..	..	3	2	5
<b>Total .. ..</b>	<b>29</b>	<b>65</b>	<b>58</b>	<b>10</b>	<b>35</b>	<b>63</b>	<b>260</b>

3. Besides this we were supplied with the sample proportions of all coins of each reign grouped together for all treasuries for the period 1911-1940. Similar grouped data for each reign were available for the period 1935-40 for a number of individual treasuries the distribution of which is shown in Table (2).

Table 2. Number of Treasuries from which grouped data were available.

Circle (1)	1935 (2)	1936 (3)	1937 (4)	1938 (5)	1939 (6)	1940 (7)	Total (8)
Bombay .. ..	..	..	..	40	43	39	122
Calcutta .. ..	..	..	..	..	66	66	132
Cawnpore .. ..	..	..	..	..	49	47	96
Karachi .. ..	..	..	..	1	4	3	8
Lahore .. ..	..	36	36	40	40	41	193
Madras .. ..	28	28	25	27	26	27	161
Rangoon .. ..	..	..	..	..	37	37	74
<b>Total .. ..</b>	<b>28</b>	<b>64</b>	<b>61</b>	<b>108</b>	<b>265</b>	<b>260</b>	<b>786</b>

4. We also had Mr. Adie's notes on Rupee Census from which it was possible to get the pooled proportions from 1875 to 1899 of coins of different years of issue, that is, the proportions of each issue for all samples in India taken together.

## History of the Rupee Census in India.

5. The Rupee Census was started in 1876. Originally 2,000 coins used to be sorted at each treasury; but from 1895 the number was increased to 10,000. Between 1894 and 1898 various improvements were introduced by Mr. Harrison, an account of which, given by himself, can be found in the Report of the Fowler Committee on Indian Currency, 1898. Mr. Adie in 1899-1900 used a slightly different method, based on a more sound mathematical treatment, for estimating the volume of coins in circulation. Mr. Findlay Shirras in 1919 gave a clarified description of Adie's method with some improvements and checks in computational procedure in "Indian Finance and Banking." In all these methods it was assumed that the rate of absorption was proportional to the total number of coins in circulation which may be conveniently described as a compound interest law with negative rate of interest. Since 1919 the question does not appear to have been further examined.

## The Present Review.

6. We have used substantially the same law of absorption as used by Adie. Our fundamental assumption is, to a first approximation, that the number of rupees absorbed from circulation is proportional to the total number in circulation at any given instant. Secondly, we have assumed that the rate of absorption is the same for all coins in all years. We shall call this the simple theory to distinguish it from other possible sets of more complicated assumptions. Using recent advances in the theory of statistical estimation we have calculated the absorption coefficient and the volume of circulation of rupee coins for each year based on available material relating to the Rupee Census.\*

## Revised Estimates of Circulation.

7. The results are given in Tables (3) and (4). In Table (3), col. (1) gives the year of the Census on which our calculations are based; col. (2) the absorption coefficient; col. (3) the estimated circulation based on the corresponding coefficient of absorption; and col. (4) the official estimates made from time to time, for comparison. There is a gap from 1900 to 1911 as the results of the Rupee Census were not available for these years. From 1922 only our own estimates are given as apparently no official estimates were prepared.

8. The coefficients of absorption estimated on the basis of the simple theory reveal some interesting features. In the earlier period from 1881 to 1899 the average rate of absorption was 0.0256; and fluctuations from year to year were more or less random. This may be interpreted as an empirical corroboration or justification of the simple theory showing that the rate of absorption was substantially constant in this period. During the second period, from 1912 to 1920, the average rate of absorption was slightly lower (0.0244); and there was some evidence of a decrease in the rate of absorption from 1916. During the period 1921-28 the average value was distinctly lower (0.0209), but fluctuations were probably random. Since 1929 there has been a steady and rapid increase in the coefficient of absorption. This shows that either the simple theory has become increasingly inadequate, or there has been a deterioration in the reliability of the Rupee Census in recent years.

## Large Fluctuations in Recent Years.

9. A glance at Table (4) shows that results based on individual treasuries in recent years are not satisfactory. The estimated coefficient of absorption differs appreciably from circle to circle and from year to year. For example, the coefficient of absorption was so low as 0.0319 in Cawnpore Circle in 1936 and so high as 0.0649 in Rangoon Circle in 1940. These are extreme cases; but a careful examination of the other values shows large and irregular variations.

10. The fluctuation in the coefficient of absorption in recent years is too large to admit of any reliable estimate being made of the total circulation of Rupee coins on the basis of the simple theory. We must now consider possible sources of variation. These may be separated into two broad groups:

- (i) lack of homogeneity in the primary material, i.e., in the results of the Rupee Census; and
- (ii) inadequacy of the simple theory.

## Heterogeneity of the Material.

11. Whatever be the particular formula used for determining the volume of Rupee coins in circulation, no valid estimates can be made unless and until the results of the Rupee Census for different places in different years are statistically homogeneous. It is inevitable that the observed proportion of coins of a particular issue should change from sample to sample due to chance fluctuations. But such fluctuations must lie within the limits of random variation (which can be calculated from the theory of probability) in order that valid estimates may be obtained.

\* Relevant mathematical formulæ are given concisely in the form of an Appendix.

12. The available data for individual coins for the years 1935-40 were subjected to appropriate statistical tests. The results are concisely given in Table (5) in which col. (1) gives the names of circles; col. (2) the number of years for which comparisons are made; and col. (6) number of Treasuries compared.

Table 5. Significance of the Variation in the Proportion of Coins between "Years" and between "Treasuries."

Circle	No. of years	Variation between years			No. of Treasuries	Variation between Treasuries		
		V. E.	Ed. VII	G. V.		V. E.	Ed. VII	G. V.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bombay .. ..	3	S*	S	S	35	S*	S*	S*
Calcutta .. ..	2	S	..	S	61	S*	S*	S*
Cawnpore .. ..	2	..	..	..	46	S	..	..
Lahore .. ..	5	S*	S*	..	35	S*	S*	S*
Madras .. ..	6	S*	S*	S*	23	S*	S*	S*
Rangoon .. ..	2	..	..	..	37	S*	S*	S*

V. E. = Victoria Empress  
 Ed. VII = Edward VII  
 G. V. = George V

13. The results of comparison are given in cols. (3)—(5) for "years", and in cols. (7)—(9) for "treasuries." Differences considered to be real on the five per cent. level are marked by the symbol 'S'. This means that the odds are 19 to 1 against the observed difference having occurred by pure chance. In other words, the betting is 19 to 1 in favour of some systematic cause of variation having come into operation at the time of the sample census. When the difference appears to be even more marked (using one per cent. level of significance) a star is attached to the symbol 'S'. Thus 'S\*' indicates that the odds are 99 to 1 in favour of the observed difference having been brought about by systematic causes of fluctuation. For example, in the first line in Bombay circle the comparison is based on 3 years, and the differences between years are considered to be significant on the five per cent. level (odds of 19 to 1) in Edwardian and Georgian coins, and significant on the one per cent. level (odds 99 to 1) in the case of the Victorian coins. A glance at the table is enough to show that, except in Cawnpore and a few other isolated cases, the differences are generally real. The material cannot therefore be treated as homogeneous in the statistical sense, and cannot be validly used in estimating the total circulation without further examination.

14. This heterogeneity of the material may be ascribed to one or several of these causes:—

- (a) Local differences in the circulation between different regions commanded by different treasuries in the same year due to 'friction' in the circulation of coins;
- (b) Differences in the local circulation in the same place from year to year;
- (c) Seasonal differences in the same place during different parts of the same year;
- (d) Gross errors of counting due to negligence or judging; and
- (e) Sampling fluctuations.

15. To get a valid estimate of the circulation we must eliminate (d) gross errors in counting, and study items (a) to (c) with a view to devising a method which will take these sources of fluctuation into consideration. Work on this line is still proceeding in the Statistical Laboratory, Calcutta.

### Summary.

Methods for estimating the rupee circulation were concisely reviewed. On the assumption of a simple law of constant rate of absorption a new formula was developed to estimate this coefficient absorption. This coefficient was quite steady during the earliest period from 1881 to 1899 for which records were available. During the second period from 1912 to 1920 the value of the coefficient was lower but again fairly steady. From 1921 to 1928 there was a further decrease in the numerical value of the coefficient. Since 1929 there has been a rapid increase in its value, and fluctuations have also become irregular. This shows that either the simple theory has become increasingly inadequate or the results of the rupee census have become increasingly unreliable. The recent data were subjected to appropriate statistical tests for examining the homogeneity of the material; and it was found that they were markedly heterogeneous. Further investigations are therefore necessary in order to devise a reliable method for estimating the rupee circulation.

## RUPEE CENSUS.

**Table (3). Estimates of Circulation of Rupee Coins.**

Year	Estimated Coefficient of Absorption	Estimated Circulation in crores of Rupees	Official Estimates in crores of Rupees
(1)	(2)	(3)	(4)
1881	.. ..	132	108
1882	.. ..	147	111
1883	.. ..	141	113
1884	.. ..	139	108
1885	.. ..	152	104
1886	.. ..	138	106
1887	.. ..	153	109
1888	.. ..	154	106
1889	.. ..	151	112
1890	.. ..	168	121
1891	.. ..	168	121
1892	.. ..	180	129
1893	.. ..	173	132
1894	.. ..	164	129
1895	.. ..	151	128
1896	.. ..	160	121
1897	.. ..	154	116
1898	.. ..	166	118
1899	.. ..	162	118
1912	.. ..	230	182
1913	.. ..	238	191
1914	.. ..	231	187
1915	.. ..	226	204
1916	.. ..	267	212
1917	.. ..	277	227
1918	.. ..	338	219
1919	.. ..	362	228
1920	.. ..	364	260
1921	.. ..	360	233
1922	.. ..	356	
1923	.. ..	356	
1924	.. ..	350	
1925	.. ..	345	
1926	.. ..	329	
1927	.. ..	327	
1928	.. ..	316	
1929	.. ..	282	
1930	.. ..	260	
1931	.. ..	241	
1932	.. ..	226	
1933	.. ..	213	
1934	.. ..	180	
1935	.. ..	168	
1936	.. ..	166	
1937	.. ..	173	
1938	.. ..	131	
1939	.. ..	125	
1940	.. ..	105	

} Not available.

## RUPEE CENSUS.

**Table (4). Estimates of Circulation of Rupee Coins (from Ungrouped Data.)**

Circle and year of sampling	Number of Treasuries	No. of coins in the sample per thousand	Estimated coefficient of Absorption	Estimated Circulation in Crores of Rupees					
				1935	1936	1937	1938	1939	1940
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Bombay—</b>									
1938 .. ..	7	70	·0487	121	115	110	104	100	95
1939 .. ..	5	50	·0486	121	115	110	104	100	95
1940 .. ..	5	50	·0569	121	93	88	83	70	74
<b>Calcutta—</b>									
1940 .. ..	30	245	·0540	106	100	95	90	85	81
<b>Cawnpore—</b>									
1936 .. ..	36	349	·0319	193	187	181	176	170	165
1939 .. ..	20	200	·0361	171	165	160	153	148	142
1940 .. ..	18	176	·0370	166	160	154	149	144	138
<b>Lahore—</b>									
1937 .. ..	33	321	·0353	175	169	163	157	152	146
1938 .. ..	2	20	·0425	142	136	131	125	120	115
1939 .. ..	6	60	·0463	129	123	117	112	107	102
1940 .. ..	7	70	·0637	84	79	74	69	65	61
<b>Madras—</b>									
1935 .. ..	29	268	·0342	180	174	169	163	157	152
1936 .. ..	29	266	·0338	182	176	170	165	159	154
1937 .. ..	25	243	·0329	187	181	175	169	164	159
1938 .. ..	1	10	·0428	128	122	116	111	106	101
1939 .. ..	1	10	·0452	133	127	121	116	111	106
1940 .. ..	1	10	·0452	133	127	121	116	111	106
<b>Rangoon—</b>									
1939 .. ..	3	30	·0649	82	76	72	67	63	59
1940 .. ..	2	20	·0673	98	92	87	82	78	73
<b>All Circles—</b>									
1935 .. ..	29	268	·0342	180	174	168	163	157	152
1936 .. ..	65	616	·0327	188	182	176	171	165	160
1937 .. ..	58	561	·0343	180	171	168	162	157	152
1938 .. ..	10	100	·0472	126	120	114	109	104	99
1939 .. ..	35	350	·0428	126	121	116	111	106	102
1940 .. ..	63	572	·0466	128	122	116	111	106	101

## MATHEMATICAL APPENDIX.

(a) Let  $N_{it}$  be the number of coins minted in the  $i$ -th year which survive up to the  $t$ -th year ( $i$  and  $t$  being measured from any convenient base year). Assuming that the proportionate rate of absorption is constant and equal to  $r$  it can be easily shown that

$$(1) \dots\dots\dots N_{it} = N_{ii} e^{-r(t-i)}$$

where, of course,  $N_{ii}$  is the number of coins minted in  $i$ -th year. Our problem is to estimate this rate of absorption  $r$ .

The proportion of the  $i$ -th year coins in circulation in the  $t$ -th year is  $N_{it}/\sum_i N_{it}$  where  $\sum_i$  represents a summation for all values of  $i$ . It easily follows that the probability of a sample having  $n_{it}$  coins of the  $i$ -th year is

$$(2) \dots\dots\dots \frac{\left\{ \sum_i (n_{it}) \right\}!}{\prod_i (n_{it}!)} \cdot \frac{\prod_i (N_{it})^{n_{it}}}{\left[ \sum_i N_{it} \right]^{\sum_i n_{it}}}$$

(multinomial theorem)

where  $\prod_i$  represents the product for all values of  $i$ .

This probability is a maximum when

$$(3) \dots\dots\dots \sum_i (i p_{it}) = \frac{\sum_i (i N_{it} e^{-ri})}{\sum_i (N_{it} e^{-ri})} \text{ where}$$

$$p_{it} = \frac{n_{it}}{\sum_i n_{it}}$$

Of this the left side is known from the actual sample. The right side is a function of  $r$ . Thus  $r$  can be easily calculated from this equation.

The corresponding equation for the grouped proportions is easily found to be

$$(4) \dots\dots\dots \sum_k p_{ik} \left\{ \frac{\sum_{i=k}^k i N_{ii} e^{-ri}}{\sum_{i=k}^k N_{ii} e^{-ri}} \right\} = \frac{\sum_i i N_{ii} e^{-ri}}{\sum_i N_{ii} e^{-ri}}$$

Having calculated  $r$  we can easily get the total circulation from equation (1).

(b) To test the homogeneity of the material we used the analysis of variance after applying Bartlett's transformation of  $\text{Sin}^{-1} \sqrt{p}$  to the observed proportions of different coins in the sample.

## APPENDIX II.

### LIST OF SCHEDULED BANKS.

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

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**STATEMENTS.**

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## STATEMENT I.

### INDEX NUMBERS OF WHOLESALE PRICES

(Reference paragraph 2, 3 & 16.)

						India. (1914=100)		United Kingdom. (1930=100)	United States of America. (1926=100)	Japan. (1900=100)
						Calcutta	Bombay	(c)	(d)	(e)
1929 average	..	..	..	..	..	141	145	....	95	220
1930 "	..	..	..	..	..	116	126	100	86	181
1931 "	..	..	..	..	..	96	109	88	73	153
1932 "	..	..	..	..	..	91	109	86	65	161
1933 "	..	..	..	..	..	87	98	86	66	180
1934 "	..	..	..	..	..	89	95	88	75	178
1935 "	..	..	..	..	..	91	99	89	80	186
1936 "	..	..	..	..	..	91	96	94	81	198
1937 "	..	..	..	..	..	102	106	109	86	238
1938 "	..	..	..	..	..	95	101	101	79	251
1939 "	..	..	..	..	..	108	169	103	77	278
1940 "	..	..	..	..	..	120	118	137	79	311
1939 April	..	..	..	..	..	100	100	97	76	266
" May	..	..	..	..	..	101	101	98	76	270
" June	..	..	..	..	..	101	101	98	76	270
" July	..	..	..	..	..	100	100	98	75	270
" August	..	..	..	..	..	100	103	98	75	272
" September	..	..	..	..	..	114	120	106	79	288
" October	..	..	..	..	..	118	121	111	79	293
" November	..	..	..	..	..	131	133	119	79	300
" December	..	..	..	..	..	137	135	122	79	314
1940 January	..	..	..	..	..	130	128	125	79	320
" February	..	..	..	..	..	126	124	128	79	317
" March	..	..	..	..	..	121	119	129	78	312
" April	..	..	..	..	..	121	121	132	79	314
" May	..	..	..	..	..	117	118	134	78	312
" June	..	..	..	..	..	114	114	134	78	308
" July	..	..	..	..	..	114	115	140	78	306
" August	..	..	..	..	..	115	112	140	77	306
" September	..	..	..	..	..	119	113	141	78	308
" October	..	..	..	..	..	121	115	143	79	310
" November	..	..	..	..	..	122	118	147	80	310
" December	..	..	..	..	..	120	118	149	80	312
1941 January	..	..	..	..	..	121	117	150	81	313
" February	..	..	..	..	..	119	116	150	81	317
" March	..	..	..	..	..	123	120	151	82	322

(a) Indian Trade Journal.

(b) Bombay Labour Gazette.

(c) Board of Trade.

(d) Bureau of Labour Statistics.

(e) Federal Reserve Bulletin.

## STATEMENT II.

### BALANCE OF TRADE IN MERCHANDISE, 1940-41.

(Reference paragraph 9.)

(In lakhs of Rupees.)

Month	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 .. ..	— 17,30	+ 19,52	+ 2,22	— 2,51	+ 6,21	+ 3,70	— 15,23	+ 20,36	+ 5,13
May .. ..	— 16,48	+ 19,75	+ 3,27	— 2,32	+ 5,04	+ 3,32	— 13,90	+ 20,86	+ 7,06
June .. ..	— 11,22	+ 17,70	+ 6,48	— 2,34	+ 4,40	+ 2,06	— 9,34	+ 18,12	+ 8,78
July .. ..	— 11,38	+ 14,01	+ 2,63	— 1,68	+ 3,25	+ 1,57	— 9,71	+ 14,75	+ 5,04
August .. ..	— 10,09	+ 14,63	+ 4,54	— 1,60	+ 3,57	+ 1,88	— 8,99	+ 15,28	+ 6,29
September .. ..	— 12,74	+ 17,06	+ 4,32	— 2,36	+ 4,33	+ 1,97	— 12,04	+ 17,62	+ 5,58
October .. ..	— 12,78	+ 15,42	+ 2,64	— 2,58	+ 3,52	+ 94	— 11,93	+ 15,91	+ 3,98
November .. ..	— 12,77	+ 16,30	+ 3,53	— 2,41	+ 3,53	+ 1,12	— 11,80	+ 16,68	+ 4,88
December .. ..	— 11,33	+ 17,01	+ 5,68	— 2,65	+ 3,98	+ 1,33	— 10,24	+ 17,63	+ 7,39
January .. ..	— 14,69	+ 21,43	+ 6,74	— 3,09	+ 5,38	+ 2,29	— 13,63	+ 22,28	+ 8,65
February .. ..	— 11,19	+ 12,58	+ 1,39	— 2,71	+ 5,33	+ 2,62	— 9,67	+ 13,59	+ 3,92
March .. ..	— 14,55	+ 13,32	— 1,23	— 3,23	+ 6,36	+ 3,13	— 12,81	+ 14,40	+ 1,68
Total .. ..	— 156,52	+ 198,73	+ 42,21	— 29,57	+ 55,50	+ 25,93	— 139,19	+ 207,57	+ 68,38

\*Includes re-exports.

\*Pre-separation basis.

† Exclude imports by State Railways under Company Management.

**STATE**  
(Reference)

**AVERAGE QUANTITY AND VALUE OF IMPORTS AND EXPORTS OF GOLD COIN AND FINANCIAL 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)	0,34,97,221	2,496,571	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
Average for 1915-16 to 1919-20 .. .. .		2,423,885		14,04,65,235	796,983	4,70,10,473
Average for 1920-21 to 1924-25 .. .. .		4,344,849		28,54,42,004	1,183,850	7,90,80,246
1925-26 .. .. .		4,447,036		25,26,78,970	1,754,479	9,90,20,393
1926-27 .. .. .		2,420,250		13,86,46,145	982,747	5,63,65,857
1927-28 .. .. .		2,001,041		11,42,46,018	1,186,985	6,70,98,044
1928-29 .. .. .		2,070,197		11,81,68,903	1,718,388	9,40,20,789
1929-30 .. .. .		1,194,246		6,83,46,025	1,331,001	7,39,65,452
1930-31 .. .. .		1,099,230		6,31,40,997	1,230,396	6,93,11,456
1931-32 .. .. .		235,600		1,53,60,459	214,441	1,26,34,905
1932-33 .. .. .		119,742		91,13,200	52,670	40,68,191
1933-34 .. .. .		105,507		85,60,464	29,394	24,33,821
1934-35 .. .. .		62,015		55,38,348	17,977	16,54,753
1935-36 .. .. .		56,200		50,72,099	47,261	44,23,311
1936-37 .. .. .		61,086		57,09,880	111,695	1,03,78,239
1937-38 .. .. .		39,967		34,61,069	131,699	1,22,23,092
1938-39 .. .. .		43,696		39,60,395	34,402	33,03,033
1939-40 .. .. .		26,090		27,11,251	44,833	45,12,948
1940-41 (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 9 years from 1931-32 to 1939-40 .. .. .		749,912		5,94,87,165	684,372	5,56,32,203

(a) Figures not available.

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

### MENT III.

paragraph 18.)

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

Bullion.		EXPORTS. 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	58,43,82,379	321,112	2,33,00,827	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 - 65,52,27,950
6,645,012	56,59,86,325	185,187	1,55,43,921	6,830,199	58,15,30,246	-	6,605,298 - 57,05,35,961
5,723,675	52,76,09,980	51,137	49,57,728	5,774,812	53,25,07,708	-	5,694,820 - 52,53,74,607
4,072,548	37,83,21,043	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*
3,426,914	37,17,43,852	10,405	11,02,393	3,437,319	37,28,46,245	-	4,155,343† -44,64,30,422†
(a)	116,79,48,968	(a)	49,95,98,572	27,157,745	166,75,47,540	+	89,244,592 + 547,75,47,829
41,343,487	358,44,36,587	1,984,859	17,32,12,564	43,328,346	375,76,49,151	-	43,713,429‡ -382,52,38,069‡

† Includes 788,947 ounces of gold valued at Rs. 8,08,08,376 earmarked on account of purchasers abroad.

‡ Includes 1,819,367 ounces of gold valued at Rs. 18,27,08,376 earmarked on account of purchasers abroad.

## STATEMENT IV.

### HIGHEST, LOWEST AND AVERAGE PRICES OF GOLD IN LONDON AND BOMBAY.

(Reference paragraph 18.)

	Price of gold in London per fine ounce.						Price of bar gold in Bombay per tola.			Estimated stock at the end of each month in Bombay.												
	Highest		Lowest		Average		Highest	Lowest	Average	Tolas												
	£	s.	d.	£	s.	d.	Rs.	a.	p.	Rs.	a.	p.										
1940																						
April	..	..	..	..	..	..	8	8	0	8	8	0	42	10	6	42	7	0	42	8	1	2,00,000
May	..	..	..	..	..	..	"	"	"	"	"	"	48	8	0	42	8	0	44	7	5	1,25,000
June	..	..	..	..	..	..	"	"	"	"	"	"	45	8	0	40	2	6	43	10	3	2,00,000
July	..	..	..	..	..	..	"	"	"	"	"	"	42	2	6	40	10	0	41	11	4	2,00,000
August	..	..	..	..	..	..	"	"	"	"	"	"	43	3	0	41	10	3	41	14	6	75,000
September	..	..	..	..	..	..	"	"	"	"	"	"	42	0	3	41	11	6	42	1	4	2,00,000
October	..	..	..	..	..	..	"	"	"	"	"	"	42	0	6	41	6	0	41	12	9	75,000
November	..	..	..	..	..	..	"	"	"	"	"	"	41	13	6	41	9	9	41	12	0	1,25,000
December	..	..	..	..	..	..	"	"	"	"	"	"	42	4	0	41	12	0	41	14	2	75,000
1941																						
January	..	..	..	..	..	..	"	"	"	"	"	"	42	4	3	41	14	3	42	0	9	3,25,000
February	..	..	..	..	..	..	"	"	"	"	"	"	44	5	3	41	15	9	42	8	4	3,25,000
March	..	..	..	..	..	..	"	"	"	"	"	"	44	2	0	42	12	3	43	9	10	5,00,000

## STATEMENT V.

### PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY

(Reference paragraph 21.)

			Price in London per standard ounce.			Price in New York per fine ounce			Price in Bombay per 100 tolas. (Country bar)			Estimated stock at the end of each month in Bombay (in bars of 2,800 tolas.)
			Highest d.	Lowest d.	Average d.	Highest Cents.	Lowest Cents.	Average Cents.	Highest Rs. a. p.	Lowest Rs. a. p.	Average Rs. a. p.	
April	1940	..	21½	20½	20-11/16	34½	34½	34½	59 9 0	54 10 0	57 11 5	15,000
May	"	..	23½	20½	21½	35½	34½	34-15/16	64 13 0	59 5 0	61 13 9	10,000
June	"	..	23½	21½	22-11/16	35½	34½	34-13/16	64 2 0	59 13 6	62 4 10	10,000
July	"	..	22½	21-11/16	22½	34½	34½	34½	63 12 0	61 9 6	62 7 8	7,500
August	"	..	23½	22-5/16	22½	34½	34½	34½	64 3 0	62 7 6	63 4 7	7,500
September	"	..	23½	23½	23-7/16	34½	34½	34½	63 15 6	62 8 6	63 2 2	7,500
October	"	..	23½	22½	23-7/16	34½	34½	34½	62 14 6	60 10 6	62 4 6	6,000
November	"	..	23½	22½	23½	34½	34½	34½	61 15 0	60 2 0	61 6 6	7,000
December	"	..	23-5/16	22-13/16	23½	34½	34½	34½	62 7 0	60 6 0	61 3 6	7,000
January	1941	..	23½	23-3/16	23½	34½	34½	34½	63 7 6	61 14 6	62 11 4½	5,500
February	"	..	23½	23½	23½	34½	34½	34½	63 8 0	62 11 0	63 1 5½	5,000
March	"	..	23½	23-5/16	23-7/16	34½	34½	34½	63 12 0	62 10 0	63 2 3	15,000

**STATE**

**AVERAGE QUANTITY AND VALUE OF IMPORTS AND EXPORTS OF SILVER (PRIVATE AND FOR EACH FINANCIAL**  
*(Reference)*

				IMPORTS.					
				Private		Government		Private	
				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	..	..	..	57,952,778	10,21,50,397	23,944,496	4,43,07,532	24,374,965	4,40,63,495
Average for	1905-06	to							
1909-10	..	..	..	58,692,689	10,23,54,941	37,635,284	7,52,77,318	9,265,611	2,30,09,410
Average for	1910-11	to							
1914-15	..	..	..	59,749,141	10,61,42,280	18,418,183	3,52,16,322	16,231,999	3,27,52,650
Average for	1915-16	to							
1919-20	..	..	..	12,301,301	2,37,92,158	105,380,023	28,32,58,307	7,005,565	1,67,47,759
Average for	1920-21	to							
1924-25	..	..	..	87,999,844	18,99,72,421	745,257	20,17,664	14,864,944	3,38,52,496
1925-26	..	..	..	108,180,111	19,85,35,416	166,540	4,35,088	14,715,118	2,70,14,504
1926-27	..	..	..	133,610,914	21,65,96,103	395,125	10,38,057	9,755,172	1,89,30,825
1927-28	..	..	..	107,530,094	16,44,23,295	121,595	3,14,122	14,495,856	2,59,01,583
1928-29	..	..	..	103,680,439	15,92,17,823	180	484	17,368,158	2,87,92,807
1929-30	..	..	..	97,289,104	13,36,38,837	207,871	5,51,990	9,450,464	1,47,36,330
1930-31	..	..	..	111,193,480	13,45,91,817	31,936	70,900	15,286,301	1,81,33,248
1931-32	..	..	..	32,371,768	4,41,90,307	27,371	73,655	13,474,371	1,82,60,008
1932-33	..	..	..	8,426,518	1,62,87,315	2,914	7,842	7,944,020	90,02,713
1933-34	..	..	..	4,831,254	81,15,150	41,132	57,436	6,998,385	79,78,503
1934-35	..	..	..	29,617,050	4,45,08,622	1,000	1,417	27,250,006	4,07,90,902
1935-36	..	..	..	33,517,880	4,46,22,281	16,319,000	1,99,52,479	20,200,205	3,18,84,541
1936-37	..	..	..	112,247,392	13,87,41,437	8,556	23,023	2,144,483	28,47,436
*1937-38	..	..	..	19,563,948	2,50,36,330	1,115	3,000	7,619,840	99,56,495
India	..	..	..	23,678,189	3,00,03,950	465,357	12,43,565	5,338,312	74,49,225
Burma	..	..	..	121,799	1,55,193	3,007,500	80,20,000	6,668,719	73,37,487
1938-39	..	..	..	11,439,178	1,48,99,584	1,895	2,311	3,505,080	45,43,879
India	..	..	..	16,299,114	2,03,23,276	1,606,862	43,21,858	1,958,476	28,30,944
Burma	..	..	..	37,901	45,023	148,125	3,95,000	6,572,277	72,03,101
1939-40	..	..	..	31,040,978	4,10,45,742	742	1,997	974,215	18,09,136
India	..	..	..	36,933,678	4,86,04,276	1,386,362	37,46,422	447,240	12,03,411
Burma	..	..	..	16,022	19,638	6,848,750	1,82,90,000	6,294,129	72,69,959

\* Separate figures for India and Burma shown since 1937-38 are on post-separation basis.

## MENT VI.

(RATE AND GOVERNMENT) FOR EACH QUINQUENNIAL FROM 1900-01 to 1924-25  
YEARS FROM 1925-26.

Paragraph 21.)  
EXPORTS.

Government		Private		Government		Net Total 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
473,031	12,61,520 +	33,577,813 +	5,80,95,902 +	23,471,465 +	4,30,46,012 +	57,049,278 +	10,11,41,914
24,990	78,819 +	49,427,078 +	7,93,45,531 +	37,610,294 +	7,51,98,499 +	87,037,372 +	15,45,44,030
924,024	24,64,629 +	43,517,142 +	7,33,89,630 +	17,494,159 +	3,27,51,693 +	61,011,301 +	10,61,41,323
3,950,144	1,06,64,081 +	5,295,736 +	70,44,399 +	101,429,879 +	27,25,94,226 +	106,725,615 +	27,96,38,625
271,534	7,23,762 +	73,134,900 +	15,61,19,925 +	473,723 +	12,93,902 +	73,608,623 +	15,74,13,827
267,779	7,14,850 +	93,464,993 +	17,15,20,912 -	101,239 -	2,70,762 +	93,363,754 +	17,12,41,150
8,522	23,000 +	123,855,742 +	19,76,65,278 +	386,603 +	10,15,057 +	124,242,345 +	19,96,80,335
334,020	4,71,207 +	93,034,238 +	13,85,21,712 -	212,425 -	1,57,085 +	92,821,813 +	13,83,64,627
22,491,552	3,27,18,574 +	86,312,281 +	13,04,25,016 -	22,491,372 -	3,27,18,090 +	63,820,909 +	9,77,06,926
25,525,967	3,32,42,299 +	87,838,640 +	11,89,02,507 -	25,318,096 -	3,26,90,309 +	62,520,544 +	8,62,12,198
15,403,180	1,57,36,413 +	95,907,179 +	11,64,58,569 -	15,371,244 -	1,56,65,513 +	80,535,935 +	10,07,93,056
30,066,049	3,02,21,042 +	18,897,397 +	2,59,30,299 -	30,038,678 -	3,01,47,387 -	11,141,281 -	42,17,088
25,002,704	2,74,23,395 +	482,498 +	72,84,602 -	24,999,790 -	2,74,15,553 -	24,517,292 -	2,01,30,951
50,863,091	6,37,65,455 -	2,167,131 +	1,36,593 -	50,821,959 -	6,37,08,019 -	52,989,090 -	6,35,71,426
41,011,998	5,77,83,939 +	2,367,044 +	37,17,720 -	41,010,938 -	5,77,82,522 -	38,643,894 -	5,40,64,802
28,120,597	3,84,24,938 +	13,317,675 +	1,27,37,740 -	11,801,597 -	1,84,72,459 +	1,516,078 -	57,34,719
....	....	+ 110,102,909	+ 13,58,94,001 +	8,556 +	23,023 +	110,111,465 +	13,59,17,024
....	....	+ 11,944,108	+ 1,50,79,835 +	1,115 +	3,000 +	11,945,223 +	1,50,82,835
3,026,250	80,70,000 +	18,339,877 +	2,25,54,725 -	2,560,893 -	68,26,435 +	15,778,984 +	1,57,28,290
2,492,572	52,97,295 -	6,546,920 -	71,82,294 +	514,928 +	27,22,705 -	6,031,992 -	44,59,589
3,899,415	45,66,410 +	7,934,098 +	1,03,55,705 -	3,897,520 -	45,64,099 +	4,036,578 +	57,91,606
4,047,540	49,61,410 +	14,340,638 +	1,74,92,332 -	2,440,678 -	6,39,552 +	11,899,960 +	1,68,52,780
1,917,024	40,31,585 -	6,534,376 -	71,57,478 -	1,768,899 -	36,36,585 -	8,303,275 -	1,07,94,063
16,245,409	2,43,94,316 +	30,066,763 +	3,92,36,606 -	16,244,667 -	2,43,92,319 +	13,822,096 +	1,48,44,287
23,066,659	4,25,84,316 +	36,486,438 +	4,74,00,865 -	21,680,297 -	3,88,37,894 +	14,806,141 +	85,62,971
1,175,005	28,58,693 -	6,278,107 -	72,50,321 +	5,673,745 +	1,54,31,307 -	604,362 +	81,80,986

Government of India rupees are shown at face value.



## STATEMENT VII

### EXCHANGES.

#### RATES OF TELEGRAPHIC TRANSFERS.

(Reference paragraph 23.)

	Bombay on London			Bombay on New York			Bombay on Kobe			London on New York			New York on London		
	s. & d. to		Re.	Rs. to \$.			Rs. to yen			\$. to £.			\$. to £.		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
April .. .. 1940	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	91 $\frac{1}{2}$	88	89 $\frac{1}{2}$	4.025	4.025	4.025	3.58 $\frac{1}{2}$	3.46 $\frac{1}{2}$	3.52 $\frac{1}{2}$
May .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	332 $\frac{1}{2}$	332 $\frac{1}{2}$	100 $\frac{3}{4}$	89 $\frac{1}{2}$	96 $\frac{1}{2}$	..	..	..	3.49 $\frac{1}{2}$	3.15	3.26 $\frac{1}{2}$
June .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	333	333	100	84 $\frac{1}{2}$	94 $\frac{1}{2}$	..	..	..	3.95	3.19 $\frac{1}{2}$	3.62
July .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	333	333	89 $\frac{1}{2}$	83 $\frac{1}{2}$	85 $\frac{1}{2}$	..	..	..	3.91	3.68	3.80 $\frac{1}{2}$
August .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	333	333	85 $\frac{1}{2}$	81 $\frac{1}{2}$	82 $\frac{1}{2}$	..	..	..	4.03 $\frac{1}{2}$	3.87 $\frac{1}{2}$	3.98 $\frac{1}{2}$
September .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	333	333	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.05	4.03	4.03 $\frac{1}{2}$
October .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	333	333	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.04 $\frac{1}{2}$	4.02 $\frac{1}{2}$	4.03 $\frac{1}{2}$
November .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	333	332 $\frac{1}{2}$	332 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.04 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
December .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
January .. .. 1941	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$
February .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	1-5 $\frac{3}{4}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.03 $\frac{1}{2}$	4.02 $\frac{1}{2}$	4.03 $\frac{1}{2}$
March .. .. "	1-5 $\frac{3}{4}$	1-5 $\frac{15}{16}$	1-5 $\frac{3}{4}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	332 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81 $\frac{1}{2}$	..	..	..	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$	4.03 $\frac{1}{2}$

## STATEMENT VIII.

### PURCHASES OF STERLING BY THE RESERVE BANK OF INDIA.

(Reference paragraph 24.)

(in thousands of £ and Rs.)

	1939-40.						1940-41.					
	Net purchases		Average rate of purchases *				Net purchases		Average rate of purchases. *			
	£	Rs.	s.	d.	£	Rs.	s.	d.				
April .. .. .	1,710	2,28,79	1	5½	2,314	3,08,56	1	6				
May .. .. .	—	—	—	—	4,855	6,47,31	1	6				
June .. .. .	375	50,17	1	5½	5,765	7,68,63	1	6				
July .. .. .	—	—	—	—	3,824	5,69,83	1	6				
August .. .. .	5,790	7,74,69	1	5½	5,137	6,84,88	1	6				
September .. .. .	6,860	9,17,85	1	5½	4,180	5,57,33	1	6				
October .. .. .	10,303	13,86,86	1	5½	2,735	3,64,67	1	6				
November .. .. .	8,445	11,26,09	1	6	5,509	7,34,53	1	6				
December .. .. .	9,920	13,21,77	1	6½	7,352	9,80,31	1	6				
January .. .. .	11,438	15,24,85	1	6	5,362	7,14,91	1	6				
February .. .. .	7,798	10,39,58	1	6	4,955	6,60,66	1	6				
March .. .. .	9,867	13,15,55	1	6	5,095	6,70,28	1	6				
<b>Total .. .. .</b>	<b>72,596</b>	<b>96,86,20</b>	<b>1</b>	<b>5½</b>	<b>57,083</b>	<b>76,10,90</b>	<b>1</b>	<b>6</b>				

\* Nearest to ¼ d.

## STATEMENT IX.

### PROVINCIAL GOVERNMENT BUDGETS.

(Reference paragraph 42.)

(in lakhs of Rs.)

	Accounts 1939-40.			Revised Estimates 1940-41.			Budget Estimates 1941-42.		
	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —
Madras .. .. .	16,66	16,37	+ 29	18,04	18,00	+ 4	18,21	18,09	+ 12
Bombay .. .. .	13,14	12,83	+ 31	13,81	13,78	+ 3	13,57	13,56	+ 1
Bengal .. .. .	14,32	13,71	+ 61	13,82	14,85	— 1,03	14,03	15,37	— 1,34
United Provinces .. .. .	13,52	13,45	+ 7	14,13	14,04	+ 9	14,34	14,29	+ 5
Punjab .. .. .	11,69	12,06	— 37	12,63	12,39	+ 24	12,61	12,56	+ 5
Bihar .. .. .	5,48	5,36	+ 12	6,16	6,10	+ 6	6,11	5,80	+ 31
Central Provinces .. .. .	5,09	4,76	+ 33	5,09	4,88	+ 21	5,11	5,09	+ 2
Assam .. .. .	2,93	2,92	+ 1	3,15	3,18	— 3	3,13	3,25	— 12
North-West Frontier Province .. .. .	1,83	1,87	— 4	1,94	1,85	+ 9	1,91	1,91	....
Orissa .. .. .	1,88	1,84	+ 4	2,02	2,00	+ 2	1,93	1,91	+ 2
Sind .. .. .	4,29	4,05	+ 24	4,69	4,57	+ 12	4,35	4,34	+ 1
<b>Total .. .. .</b>	<b>90,83</b>	<b>89,22</b>	<b>+ 1,61</b>	<b>95,39</b>	<b>95,64</b>	<b>— 25</b>	<b>95,30</b>	<b>96,17</b>	<b>— 87</b>

**STATEMENT X.**  
**CONSOLIDATED DEBT POSITION OF PROVINCES.**  
*(Reference paragraph 43.)*

(In lakhs of Rs.)

	1936-37	1937-38	At the end of 1938-39	1939-40	1940-41
<b>I. Public Debt</b>					
(a) Permanent Debt .. .. .	8,72	12,64	15,07	19,60	23,33
(b) Floating Debt .. .. .	....	....	1,50	1,80	50
(c) Loans from Central Government .. .. .	1,43,80	1,24,67	1,23,24	1,21,77	1,21,09
<b>II. Unfunded Debt .. .. .</b>	<b>15,03</b>	<b>22,39</b>	<b>23,39</b>	<b>24,44</b>	<b>25,39</b>
<b>III. Gross Total Rupee Debt .. .. .</b>	<b>1,67,55</b>	<b>1,59,70</b>	<b>1,63,20</b>	<b>1,67,61</b>	<b>1,70,31</b>
<b>IV. Net Debt (Deduct outstanding loans and advances made by Provincial Governments) .. .. .</b>	<b>1,04,63</b>	<b>1,00,32</b>	<b>1,02,48</b>	<b>1,35,65</b>	<b>1,38,34</b>
<b>V. Provision for the reduction of Debt during the year ..</b>	<b>2,31</b>	<b>1,60</b>	<b>1,06</b>	<b>1,51</b>	<b>2,17</b>
<b>VI. Closing Cash Balance .. .. .</b>	<b>10,10</b>	<b>10,07</b>	<b>7,24</b>	<b>9,59</b>	<b>11,34</b>

## 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 44.)

(in lakhs of Rs.)

	Income-Tax.			Jute Duty.			Subventions.		
	1939-40	1940-41	1941-42	1939-40	1940-41	1941-42	1939-40	1940-41	1941-42
Bengal .. .. .	55.80	83.20	89.20	221.97	173.76	190.86	..	..	..
Bombay .. .. .	55.80	83.20	89.20	..	..	..	..	..	..
Madras .. .. .	41.85	62.40	66.90	..	..	..	..	..	..
United Provinces ..	41.85	62.40	66.90	..	..	..	25.00	25.00	25.00
Punjab .. .. .	22.32	33.28	35.68	..	..	..	..	..	..
Central Provinces and Berar .. .. .	13.95	20.80	22.30	..	..	..	..	..	..
Bihar .. .. .	27.90	41.60	44.60	19.34	15.78	18.61	..	..	..
Assam .. .. .	5.58	8.32	8.92	13.39	11.51	14.38	30.00	30.00	30.00
Orissa .. .. .	5.58	8.32	8.92	.92	.95	1.15	43.00	43.00	43.00
N. W. F. P. .. .. .	2.79	4.16	4.46	..	..	..	100.00	100.00	100.00
Sind .. .. .	5.58	8.32	8.92	..	..	..	105.00	105.00	105.00
<b>Total ..</b>	<b>279.00</b>	<b>416.00</b>	<b>446.00</b>	<b>255.62</b>	<b>202.00</b>	<b>225.00</b>	<b>303.00</b>	<b>303.00</b>	<b>303.00</b>

## STATEMENT XII.

### CENTRAL AND PROVINCIAL GOVERNMENTS' BALANCES IN INDIA WITH THE RESERVE BANK OF INDIA AND AT GOVERNMENT TREASURIES.

(Reference paragraph 45.)

(In lakhs of Rupees.)

At the Reserve Bank of India					At Government Treasuries				
	Central Government		Provincial Governments		Last day of the month	Central Government		Provincial Governments	
	1939-40	1940-41	1939-40	1940-41		1939-40	1940-41	1939-40	1940-41
70	7,80	3,97	5,26	6,41	April .. .. 1940	20	20	98	95
	5,34	5,24	3,83	4,95	May .. .. "	18	13	93	83
	9,29	4,29	4,53	4,42	June .. .. "	15	19	100	92
	5,03	7,53	4,83	6,21	July .. .. "	16	18	89	84
	8,65	5,32	3,97	5,03	August .. .. "	17	17	90	81
	5,50	4,83	4,94	5,89	September .. .. "	16	22	89	93
	6,94	6,29	5,07	6,51	October .. .. "	18	7	90	75
	6,83	14,43	5,32	5,19	November .. .. "	16	29	89	84
	7,94	12,85	4,58	3,84	December .. .. "	19	18	83	90
	7,78	20,90	7,67	6,67	January .. .. 1941	17	23	86	79
	12,73	23,08	8,06	6,87	February .. .. "	19	17	91	89
	15,65	13,57	11,93	12,10	March .. .. "	20	19	1,76	1,78
	8,29	10,19	5,83	6,17	Average .. .. "	18	19	98	94

**STATEMENT XIII.**  
GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS.  
(Reference paragraph 46.)

(In thousands of Rupees.)

		Amount offered for tender	Amount tendered	Amount sold	Inter- mediates 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	5 1940	1,00,00	2,36,00	1,00,00	....	1/10/7	27,67,75	54,61,50
"	12	1,00,00	2,66,75	1,00,00	....	1/9/9	26,02,25	52,62,50
"	19	1,00,00	2,87,75	1,00,00	....	1/7/7	23,99,75	50,80,00
"	26	1,00,00	4,96,50	1,00,00	....	1/5/5	20,72,75	47,98,00
May	3	2,00,00	6,60,25	2,00,00	....	1/4/3	20,31,00	47,95,00
"	10	2,00,00	4,19,00	2,00,00	1,62,25	1/1/6	20,44,50	48,39,50
"	17	2,00,00	2,51,50	2,00,00	....	1/1/8	21,02,75	48,70,75
"	24	2,00,00	2,32,75	2,00,00	....	1/1/11	20,31,25	48,03,25
"	31	2,00,00	2,61,00	2,00,00	....	1/1/7	21,91,00	50,73,00
June	7	2,00,00	2,08,50	2,00,00	....	1/1/8	21,63,75	53,47,75
"	14	2,00,00	2,12,75	2,00,00	....	1/1/10	22,42,75	55,32,75
"	21	2,00,00	2,09,75	2,00,00	....	1/1/10	22,45,50	55,75,50
"	28	2,00,00	2,08,25	2,00,00	....	1/1/9	24,43,50	59,50,50
July	5	2,00,00	2,10,75	2,00,00	....	1/1/10	24,47,75	59,54,75
"	12	2,00,00	2,46,75	2,00,00	....	1/1/10	25,44,75	60,49,75
"	19	2,00,00	3,85,75	2,00,00	....	1/1/4	26,45,50	60,70,50
"	26	2,00,00	4,86,50	2,00,00	....	1/0/5	27,48,75	61,71,75
August	2	2,00,00	4,55,00	2,00,00	....	0/15/0	29,47,50	64,58,50
"	9	2,00,00	4,08,75	2,00,00	....	0/12/11	28,02,75	62,97,75
"	16	1,00,00	1,90,75	1,00,00	....	0/11/11	25,10,25	60,06,75
"	23	1,00,00	1,59,00	1,00,00	....	0/11/4	26,03,75	60,65,25
"	30	1,00,00	1,88,50	1,00,00	....	0/10/7	25,02,00	59,33,50
September	6	1,00,00	1,96,75	1,00,00	....	0/10/7	24,01,50	58,17,50
"	13	2,00,00	3,01,25	2,00,00	....	0/10/9	24,00,75	58,03,75
"	20	2,00,00	3,44,25	2,00,00	....	0/10/8	24,00,75	56,35,25
"	27	2,00,00	4,02,50	2,00,00	....	0/10/8	24,00,75	55,70,25
October	4	2,00,00	3,20,00	2,00,00	....	0/10/10	24,00,75	55,60,25
"	11	2,00,00	4,51,50	2,00,00	....	0/10/5	24,02,75	55,23,25
"	18	3,00,00	3,71,00	3,00,00	....	0/10/0	25,02,75	55,34,75
"	25	3,00,00	5,32,00	3,00,00	....	0/10/2	26,02,75	55,91,75
November	1	3,00,00	3,96,25	3,00,00	....	0/10/10	25,07,50	54,50,50
"	8	3,00,00	3,82,50	3,00,00	....	0/12/6	28,05,25	57,58,25
"	15	3,00,00	3,15,50	3,00,00	....	0/15/11	29,06,25	58,99,25
"	22	3,00,00	3,82,50	3,00,00	1,52,50	1/0/6	32,52,75	63,00,75
"	29	1,00,00	2,49,00	1,00,00	1,03,75	1/0/5	33,56,00	64,64,00
December	6	1,00,00	3,04,00	1,00,00	30,00	1/0/4	32,73,75	63,81,25
"	13	1,00,00	3,82,75	1,00,00	....	0/15/11	31,77,25	62,34,75
"	20	1,00,00	2,40,25	1,00,00	....	0/15/5	30,71,25	61,30,75
"	27	1,00,00	2,08,75	1,00,00	....	0/15/3	29,67,50	60,27,00
January	3 1941	1,00,00	2,07,25	1,00,00	....	0/15/0	30,70,00	61,71,50
"	10	1,00,00	3,12,25	1,00,00	....	0/14/2	29,69,50	60,63,00
"	17	1,00,00	2,90,25	1,00,00	....	0/13/11	28,69,50	60,34,50
"	24	1,00,00	3,08,25	1,00,00	....	0/13/4	28,69,50	58,91,50
"	31	1,00,00	3,89,00	1,00,00	....	0/11/6	22,19,25	54,56,75
February	7	1,00,00	3,75,00	1,00,00	....	0/11/0	19,93,50	52,51,00
"	14	1,00,00	3,18,25	1,00,00	2,18,50	0/10/4	22,75,00	56,04,50
"	21	1,00,00	3,16,00	1,00,00	2,16,00	0/10/4	21,93,25	59,80,75
"	28	1,00,00	2,74,25	1,00,00	2,55,25	0/10/5	19,81,25	59,41,75
March	7	1,00,00	3,20,00	1,00,00	2,67,75	0/10/4	22,22,50	64,08,00
"	14	1,00,00	2,59,25	1,00,00	1,75,00	0/11/2	24,02,00	65,94,50
"	21	1,00,00	2,50,25	1,00,00	23,25	0/12/2	24,21,75	67,31,25
"	28	1,00,00	1,55,75	1,00,00	1,22,00	0/12/5	25,47,00	67,21,50
"	29 to 31	..	..	....	6,50	0/12/0	25,51,75	68,90,25
Total ..			162,48,00	84,00,00	17,32,75			

\* 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 1940-41

(Reference paragraph 48.)

(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. 12 1940	Assam	3 months	25,00	67,25	25,00	1/15/0	25,00
Aug. 16 "	Madras	3 "	1,00,00	2,14,25	1,00,00	0/13/0	1,00,00
Sept. 6 "	"	3 "	50,00	86,00	50,00	0/12/7	1,50,00
" 6 "	Bengal	3 "	40,00	40,00	40,00	0/13/0	40,00
Oct. 4 "	C. P. & Berar	3 "	50,00	85,00	50,00	0/13/7	50,00
" 4 "	Bengal	3 "	50,00	52,00	50,00	0/15/0	90,00
" 25 "	Madras	3 "	75,00	1,76,00	75,00	0/11/0	2,25,00
Nov. 8 "	"	3 "	75,00	1,35,00	75,00	0/11/10	3,00,00
" 8/15 "	C. P. & Berar	3 "	25,00	73,00	25,00	0/14/1	75,00
" 15 "	Madras	3 "	75,00	1,23,00	75,00	0/15/3	2,75,00
Dec. 6 "	Bengal	3 "	75,00	90,50	75,00	1/2/10	1,25,00
Jan. 10 1941	C. P. & Berar	3 "	50,00	86,00	50,00	1/0/6	75,00

## STATEMENT XV.

### GOVERNMENT OF INDIA WAYS AND MEANS ADVANCES AND TREASURY BILLS TRANSACTIONS DURING 1940-41.

(Reference paragraphs 46 and 49.)

(In thousands of Rs.)

	Ways and means Advances				Treasury Bills			Total	
	Advances taken	Advances repaid	Outstanding at the end of each month	Sale to the public	Discharge*	Outstanding at the end of each month with the public†	amount outstanding including amount outstanding on account of the Issue of Department, the Provinces and Burma	Total outstanding of ways and means advances and treasury bills	
Opening balance on 1st April, 1940			NIL			27,96,25			
April 1940	1,50,00	1,50,00	....	4,00,00	11,51,25	20,64,50	48,29,75	48,29,75	
May "	3,50,00	6,50,00	2,00,00	11,62,25	10,49,50	21,91,00	50,73,00	52,73,00	
June "	5,50,00	7,50,00	....	8,00,00	6,42,25	23,48,75	58,30,75	58,30,75	
July "	11,50,00	11,50,00	....	8,00,00	4,00,25	27,48,50	62,46,50	62,46,50	
August "	....	....	....	7,00,00	11,59,50	23,09,00	57,17,50	57,17,50	
September "	1,00,00	1,00,00	....	7,00,00	8,08,25	22,00,75	54,62,25	54,62,25	
October "	7,00,00	2,00,00	5,00,00	10,00,00	8,37,25	26,14,50	55,57,50	60,57,50	
November "	1,00,00	6,00,00	....	15,86,00	6,54,00	32,75,50	63,83,50	63,83,50	
December "	....	....	....	4,00,25	7,03,00	29,72,75	60,45,25	60,45,25	
January 1941	....	....	....	5,00,00	12,53,50	22,19,25	54,56,75	54,56,75	
February "	....	....	....	10,89,75	13,34,25	19,81,25	59,41,75	59,41,75	
March "	16,00,00	....	16,00,00	9,94,50	3,99,00	25,51,75	68,90,25	84,90,25	

\* Includes bills discharged on account of Provincial Governments, Burma Railway Board and Federate Shan States.

† Includes bills discounted/purchased and held in the Banking Department.

## STATEMENT XVI.

### REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

Prices since 1914-15.

(Reference paragraph 55.)

		(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	.. .. .	..	..	..	..	..	..	96 <sup>1</sup> / <sub>16</sub>	91 <sup>1</sup> / <sub>16</sub>
1920-21	.. .. .	96	78 <sup>1</sup> / <sub>16</sub>	..	..	..	..	60	52
1925-26	.. .. .	104 <sup>1</sup> / <sub>16</sub>	98 <sup>1</sup> / <sub>16</sub>	..	..	..	..	74 <sup>1</sup> / <sub>16</sub>	67 <sup>1</sup> / <sub>16</sub>
1926-27	.. .. .	110 <sup>1</sup> / <sub>16</sub>	104 <sup>1</sup> / <sub>16</sub>	90 <sup>1</sup> / <sub>16</sub>	86 <sup>1</sup> / <sub>16</sub>	..	..	79 <sup>1</sup> / <sub>16</sub>	74 <sup>1</sup> / <sub>16</sub>
1927-28	.. .. .	108 <sup>1</sup> / <sub>16</sub>	105 <sup>1</sup> / <sub>16</sub>	90	87 <sup>1</sup> / <sub>16</sub>	..	..	79 <sup>1</sup> / <sub>16</sub>	74 <sup>1</sup> / <sub>16</sub>
1928-29	.. .. .	106 <sup>1</sup> / <sub>16</sub>	102 <sup>1</sup> / <sub>16</sub>	88 <sup>1</sup> / <sub>16</sub>	83 <sup>1</sup> / <sub>16</sub>	..	..	75 <sup>1</sup> / <sub>16</sub>	71
1929-30	.. .. .	103 <sup>1</sup> / <sub>16</sub>	100	84 <sup>1</sup> / <sub>16</sub>	75 <sup>1</sup> / <sub>16</sub>	..	..	72 <sup>1</sup> / <sub>16</sub>	63 <sup>1</sup> / <sub>16</sub>
1930-31	.. .. .	101 <sup>1</sup> / <sub>16</sub>	99 <sup>1</sup> / <sub>16</sub>	77 <sup>1</sup> / <sub>16</sub>	73	..	..	68 <sup>1</sup> / <sub>16</sub>	61 <sup>1</sup> / <sub>16</sub>
1931-32	.. .. .	101 <sup>1</sup> / <sub>16</sub>	88 <sup>1</sup> / <sub>16</sub>	75 <sup>1</sup> / <sub>16</sub>	58 <sup>1</sup> / <sub>16</sub>	..	..	63 <sup>1</sup> / <sub>16</sub>	51
1932-33	.. .. .	113 <sup>1</sup> / <sub>16</sub>	98 <sup>1</sup> / <sub>16</sub>	100 <sup>1</sup> / <sub>16</sub>	87 <sup>1</sup> / <sub>16</sub>	..	..	88 <sup>1</sup> / <sub>16</sub>	60 <sup>1</sup> / <sub>16</sub>
1933-34	.. .. .	115 <sup>1</sup> / <sub>16</sub>	109	109 <sup>1</sup> / <sub>16</sub>	90 <sup>1</sup> / <sub>16</sub>	97 <sup>1</sup> / <sub>16</sub>	90	86 <sup>1</sup> / <sub>16</sub>	79 <sup>1</sup> / <sub>16</sub>
1934-35	.. .. .	119 <sup>1</sup> / <sub>16</sub>	114 <sup>1</sup> / <sub>16</sub>	111 <sup>1</sup> / <sub>16</sub>	101 <sup>1</sup> / <sub>16</sub>	102 <sup>1</sup> / <sub>16</sub>	97 <sup>1</sup> / <sub>16</sub>	98 <sup>1</sup> / <sub>16</sub>	87 <sup>1</sup> / <sub>16</sub>
1935-36	.. .. .	120 <sup>1</sup> / <sub>16</sub>	114 <sup>1</sup> / <sub>16</sub>	113 <sup>1</sup> / <sub>16</sub>	103	107 <sup>1</sup> / <sub>16</sub>	100 <sup>1</sup> / <sub>16</sub>	99 <sup>1</sup> / <sub>16</sub>	87 <sup>1</sup> / <sub>16</sub>
1936-37	.. .. .	121 <sup>1</sup> / <sub>16</sub>	117 <sup>1</sup> / <sub>16</sub>	116 <sup>1</sup> / <sub>16</sub>	109 <sup>1</sup> / <sub>16</sub>	108 <sup>1</sup> / <sub>16</sub>	103 <sup>1</sup> / <sub>16</sub>	100 <sup>1</sup> / <sub>16</sub>	91 <sup>1</sup> / <sub>16</sub>
1937-38	.. .. .	120 <sup>1</sup> / <sub>16</sub>	118	114 <sup>1</sup> / <sub>16</sub>	110 <sup>1</sup> / <sub>16</sub>	107 <sup>1</sup> / <sub>16</sub>	105	99 <sup>1</sup> / <sub>16</sub>	92 <sup>1</sup> / <sub>16</sub>
1938-39	.. .. .	118 <sup>1</sup> / <sub>16</sub>	111	114 <sup>1</sup> / <sub>16</sub>	107 <sup>1</sup> / <sub>16</sub>	106 <sup>1</sup> / <sub>16</sub>	103	99 <sup>1</sup> / <sub>16</sub>	90 <sup>1</sup> / <sub>16</sub>
1939-40	.. .. .	114 <sup>1</sup> / <sub>16</sub>	102	111 <sup>1</sup> / <sub>16</sub>	94	104 <sup>1</sup> / <sub>16</sub>	92 <sup>1</sup> / <sub>16</sub>	97 <sup>1</sup> / <sub>16</sub>	80 <sup>1</sup> / <sub>16</sub>
1940-41	.. .. .	112 <sup>1</sup> / <sub>16</sub>	105 <sup>1</sup> / <sub>16</sub>	109	99	104 <sup>1</sup> / <sub>16</sub>	98 <sup>1</sup> / <sub>16</sub>	96 <sup>1</sup> / <sub>16</sub>	84 <sup>1</sup> / <sub>16</sub>



## STATEMENT XVII.

### REPRESENTATIVE SECURITIES OF THE GOVERNMENT OF INDIA

Prices in Bombay during 1940-41.

(Reference paragraph 55.)

			5 per cent. Rupee Loan, 1945-55 (Free of Income Tax).			4 per cent. Rupee Loan, 1980-70.			3½ per cent. Rupee Loan, 1947-50.			3½ per cent. Rupee Loan, (non-terminable).			3½ per cent. Sterling Loan, (non-terminable).		
			Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
April	..	.. 1940	112 $\frac{1}{8}$	111 $\frac{1}{2}$	111 $\frac{3}{8}$	108 $\frac{3}{4}$	107 $\frac{3}{4}$	108 $\frac{1}{2}$	104 $\frac{1}{2}$	103 $\frac{3}{8}$	103 $\frac{3}{8}$	95 $\frac{3}{4}$	93	94 $\frac{1}{2}$	95 $\frac{1}{2}$	94 $\frac{1}{2}$	94 $\frac{1}{2}$
May	..	.. "	112 $\frac{1}{2}$	106 $\frac{3}{4}$	109 $\frac{3}{4}$	109	103 $\frac{1}{2}$	106 $\frac{1}{2}$	103 $\frac{3}{8}$	100 $\frac{3}{8}$	102 $\frac{5}{8}$	95 $\frac{3}{8}$	87 $\frac{3}{4}$	93 $\frac{1}{2}$	93 $\frac{1}{2}$	91 $\frac{1}{2}$	93 $\frac{1}{2}$
June	..	.. "	108	105 $\frac{1}{2}$	106 $\frac{3}{4}$	103 $\frac{3}{8}$	99	101 $\frac{1}{2}$	100 $\frac{1}{2}$	98 $\frac{3}{4}$	99 $\frac{3}{8}$	91 $\frac{1}{2}$	84 $\frac{3}{4}$	88 $\frac{3}{8}$	92	91 $\frac{1}{2}$	91 $\frac{3}{8}$
July	..	.. "	106 $\frac{3}{4}$	106 $\frac{3}{4}$	108 $\frac{3}{8}$	104 $\frac{1}{2}$	99 $\frac{3}{4}$	101 $\frac{3}{8}$	101 $\frac{1}{2}$	98 $\frac{3}{4}$	99 $\frac{3}{8}$	90 $\frac{1}{2}$	85 $\frac{1}{2}$	88	91 $\frac{1}{2}$	91 $\frac{1}{2}$	91 $\frac{1}{2}$
August	..	.. "	111 $\frac{3}{8}$	109 $\frac{3}{4}$	110 $\frac{3}{8}$	105 $\frac{1}{2}$	104 $\frac{1}{2}$	104 $\frac{3}{4}$	101 $\frac{3}{8}$	101 $\frac{1}{2}$	101 $\frac{3}{8}$	90 $\frac{3}{4}$	88 $\frac{3}{4}$	89 $\frac{3}{4}$	91 $\frac{1}{2}$	91 $\frac{1}{2}$	91 $\frac{1}{2}$
September	..	.. "	112 $\frac{3}{8}$	111 $\frac{1}{2}$	112 $\frac{1}{8}$	105 $\frac{3}{8}$	105 $\frac{1}{2}$	105 $\frac{3}{8}$	102	101 $\frac{3}{8}$	101 $\frac{3}{8}$	91 $\frac{1}{2}$	90	90 $\frac{3}{8}$	91 $\frac{3}{8}$	91 $\frac{1}{2}$	91 $\frac{3}{8}$
October	..	.. "	112 $\frac{3}{8}$	112 $\frac{1}{2}$	112 $\frac{1}{2}$	106 $\frac{3}{8}$	106 $\frac{3}{8}$	106 $\frac{1}{2}$	102 $\frac{3}{8}$	102	102 $\frac{1}{2}$	91 $\frac{3}{4}$	91 $\frac{1}{2}$	91 $\frac{3}{8}$	91 $\frac{3}{4}$	91 $\frac{1}{2}$	91 $\frac{3}{8}$
November	..	.. "	112 $\frac{3}{8}$	112 $\frac{1}{2}$	112 $\frac{3}{8}$	107 $\frac{1}{2}$	106 $\frac{3}{8}$	106 $\frac{3}{8}$	102 $\frac{3}{8}$	102 $\frac{3}{8}$	102 $\frac{1}{2}$	93 $\frac{3}{8}$	91 $\frac{3}{8}$	92 $\frac{3}{8}$	94 $\frac{1}{2}$	91 $\frac{3}{8}$	92 $\frac{3}{8}$
December	..	.. "	112 $\frac{3}{8}$	112 $\frac{3}{8}$	112 $\frac{3}{8}$	107 $\frac{3}{8}$	107 $\frac{1}{2}$	107 $\frac{1}{2}$	102 $\frac{3}{8}$	102 $\frac{3}{8}$	102 $\frac{1}{2}$	94 $\frac{1}{2}$	93 $\frac{3}{8}$	94 $\frac{1}{8}$	96 $\frac{1}{2}$	94 $\frac{1}{2}$	95 $\frac{3}{8}$
January	..	.. 1941	112 $\frac{1}{2}$	112 $\frac{1}{2}$	112 $\frac{3}{8}$	108 $\frac{3}{8}$	107 $\frac{1}{2}$	108	102 $\frac{1}{2}$	102	102 $\frac{1}{8}$	95 $\frac{3}{8}$	94 $\frac{3}{8}$	94 $\frac{3}{8}$	97	96	96 $\frac{1}{2}$
February	..	.. "	112 $\frac{1}{2}$	111 $\frac{3}{8}$	112 $\frac{1}{2}$	108 $\frac{3}{8}$	108	108 $\frac{3}{8}$	102 $\frac{3}{8}$	102	102 $\frac{3}{8}$	96 $\frac{1}{8}$	94 $\frac{3}{8}$	95 $\frac{3}{8}$	98 $\frac{1}{2}$	94 $\frac{3}{8}$	97 $\frac{1}{2}$
March	..	.. "	112	111 $\frac{3}{8}$	111 $\frac{3}{8}$	109	108	108 $\frac{3}{8}$	102 $\frac{3}{8}$	102	102 $\frac{3}{8}$	96	94 $\frac{3}{8}$	95 $\frac{1}{2}$	99 $\frac{1}{2}$	98 $\frac{1}{2}$	99 $\frac{1}{2}$

**STATEMENT XVIII.**  
**POST OFFICE CASH CERTIFICATES.**  
*(Reference paragraph 56.)*

(In lakhs of Rs.)

	Receipts	Repayments	Net receipts	Total amount outstanding				
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				
1920-21 .. .. .	7,61	3,53	4,08	8,42				
1921-22 .. .. .	15,65	3,10	12,55	20,97				
1922-23 .. .. .	13,61	3,88	9,73	30,70				
1923-24 .. .. .	4,91	3,31	1,60	32,30				
1924-25 .. .. .	7,15	4,45	2,70	35,00				
1925-26 .. .. .	11,78	8,35	3,43	38,43				
1926-27 .. .. .	14,49	8,34	6,15	44,58				
1927-28 .. .. .	15,74	4,68	11,06	55,64				
1928-29 .. .. .	13,31	5,24	8,07	63,71				
1929-30 .. .. .	9,95	7,70	2,25	65,96				
1930-31 .. .. .	13,46	13,43	2	65,98				
1931-32 .. .. .	14,88	16,46	— 1,58	64,40				
1932-33 .. .. .	India 13,97	Burma 35	India 18,16	Burma 3	India — 4,19	Burma 32	India 60,21	Burma 32
1933-34 .. .. .	India 14,71	Burma 32	India 15,35	Burma 5	India — 64	Burma 27	India 59,57	Burma 59
1934-35 .. .. .	India 10,25	Burma 29	India 12,80	Burma 8	India — 2,55	Burma 21	India 57,02	Burma 80
1935-36 .. .. .	India 4,89	Burma	India 14,93	Burma	India — 10,04	Burma	India 46,98	Burma

**POST OFFICE SAVINGS BANK.**

(In lakhs of Rs.)

	Deposits	Withdrawals	Interest	Net increase	Amount outstanding at the end of the year					
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 .. .. .	26,24	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 .. .. .	36,87	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	8,05	67,25					
1936-37 .. .. .	43,38	37,40	1,45	7,43	74,68					
1937-38 .. .. .	India 43,27	Burma 1,44	India 38,76	Burma 1,29	India 1,46	Burma 4	India 4,97	Burma 19	India * 77,56	Burma ** 2,28
1938-39 .. .. .	India 44,61	Burma 1,51	India 41,65	Burma 1,33	India 1,42	Burma 4	India 4,38	Burma 22	India 81,94	Burma 2,50
1939-40 .. .. .	India 40,51	Burma 1,44	India 45,22	Burma 1,37	India 1,15	Burma 5	India — 3,56	Burma 12	India 78,38	Burma 2,62
1940-41 .. .. .	India 25,35	Burma	India 45,09	Burma	India 93	Burma	India — 18,81	Burma	India 59,57	Burma

\* 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 57.)

(In lakhs of Re.)

	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	+ 49,28	+ 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	166,55	- 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	165,49	151,13	- 11,37	- 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	186,12	- 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
1940-41 .. .. .	269,25	257,66	+ 19,11	+ 8	258,77	241,62	+ 32,76	+ 16

## STATEMENT XX.

### ENCASHMENT OF FOREIGN CIRCLE NOTES.

(Reference paragraph 58.)

CASHED BY

(In Rupees)

	Bombay	Calcutta	Cawnpore	Karachi	Lahore	Madras	Rangoon	Total (1940-41)
Bombay .. .. .	....	82,59,820	89,25,520	25,49,000	34,96,650	1,23,78,870	1,29,850	3,37,39,710
Calcutta .. .. .	2,20,09,200	....	76,68,500	10,08,200	44,15,050	30,78,100	1,23,500	3,83,02,550
Cawnpore .. .. .	74,27,720	64,53,120	....	7,66,850	25,04,100	3,57,700	7,200	1,75,16,690
Karachi .. .. .	40,59,520	5,36,950	5,84,700	....	32,70,950	2,47,000	4,500	87,03,620
Lahore .. .. .	1,45,59,550	54,96,560	59,72,900	24,65,100	....	7,49,150	34,850	2,92,78,110
Madras .. .. .	1,97,60,350	1,28,53,650	12,88,800	6,10,400	8,16,300	....	16,400	3,53,43,900
Rangoon .. .. .	8,81,390	7,48,500	2,93,300	55,485	1,99,900	21,88,500	....	43,67,075
Total (1940-41) .. .. .	6,86,97,730	3,43,48,600	2,27,31,720	74,55,035	1,47,02,950	1,89,99,320	3,16,300	16,72,51,655

## STATEMENT XXI.

### ABSORPTION OF ANNUAL CURRENCY SINCE 1914-15.

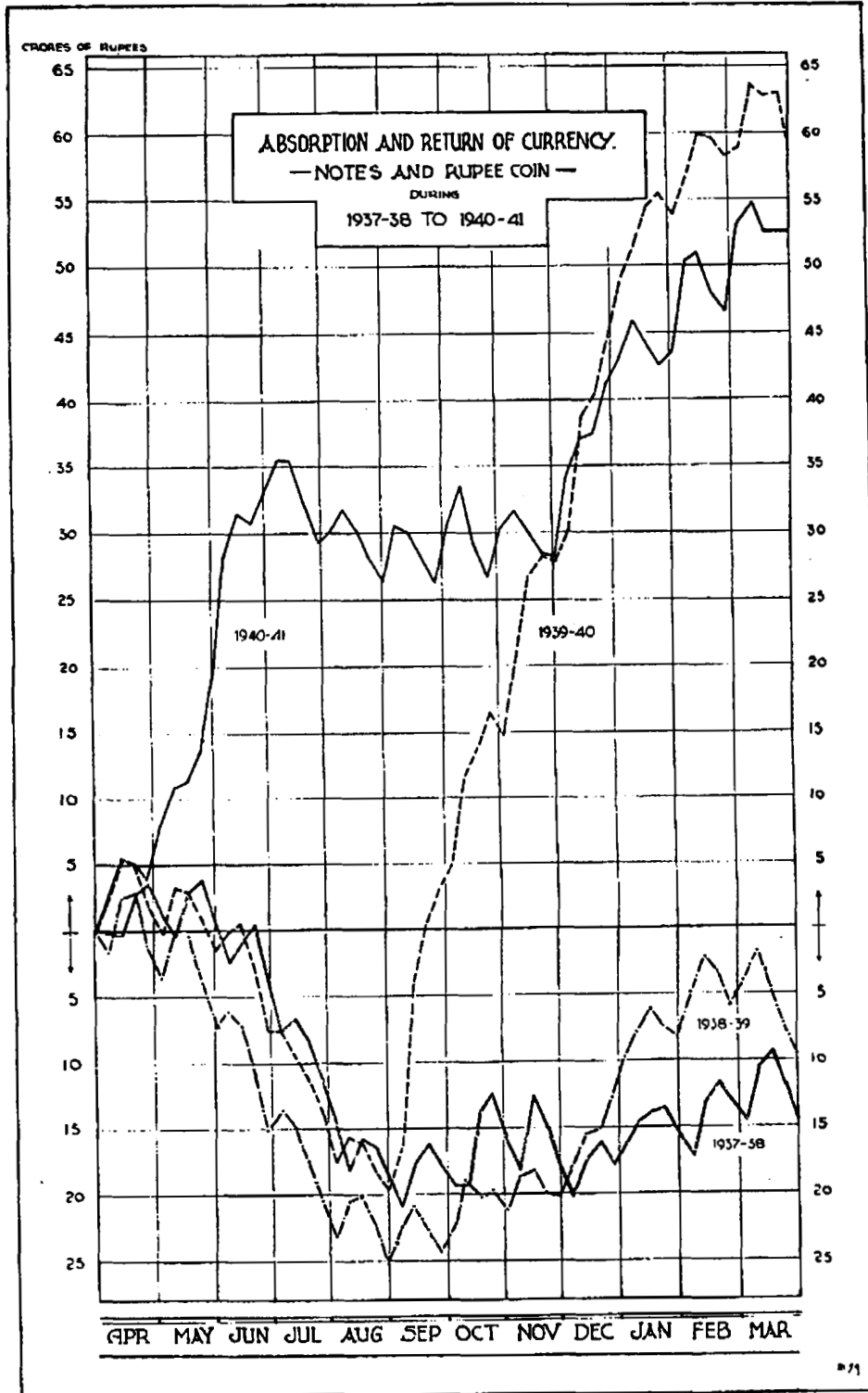
(Reference paragraph 59.)

(In lakhs of Rupees.)

	Notes	Rupees	Small coin	Total
Average for 5 years 1914-15 to 1918-19	16,72	22,08	1,00	39,80
1919-20 .. .. .	20,20	20,00	2,14	42,43
1920-21 .. .. .	— 5,90	— 25,68	— 48	— 32,06
1921-22 .. .. .	9,35	— 10,46	— 6	— 1,17
1922-23 .. .. .	3,87	— 9,56	21	— 5,48
1923-24 .. .. .	7,96	7,62	32	15,90
1924-25 .. .. .	— 2,51	3,65	48	1,62
1925-26 .. .. .	1,16	— 8,17	22	— 6,79
1926-27 .. .. .	— 3,40	— 19,76	10	— 23,06
1927-28 .. .. .	10,22	— 3,75	30	6,86
1928-29 .. .. .	3,57	— 3,03	43	97
1929-30 .. .. .	— 18,80	— 21,71	12	— 40,39
1930-31 .. .. .	— 11,37	— 21,58	— 66	— 33,61
1931-32 .. .. .	17,24	3,93	20	21,37
1932-33 .. .. .	— 14,83	— 7,56	8	— 22,31
1933-34 .. .. .	13,64	— 30	61	13,88
1934-35 .. .. .	— 32	— 3,21	47	— 3,06
1935-36 .. .. .	5,26	— 9,41	21	— 3,94
1936-37 .. .. .	25,53	— 2,49	99	24,03
1937-38 .. .. .	— 8,23	— 6,52	65	— 13,90
1938-39 .. .. .	2,08	— 12,60	18	— 9,44
1939-40 .. .. .	49,45	10,08	2,10	61,72
1940-41 .. .. .	19,11	+ 33,23	4,26	56,60
Total for 22 years 1919-20 to 1940-41 ..	1,24,08	— 87,19	13,28	50,17
Average for 22 years 1919-20 to 1940-41	5,64	— 3,96	60	2,28

(Reference Statement XXI.)

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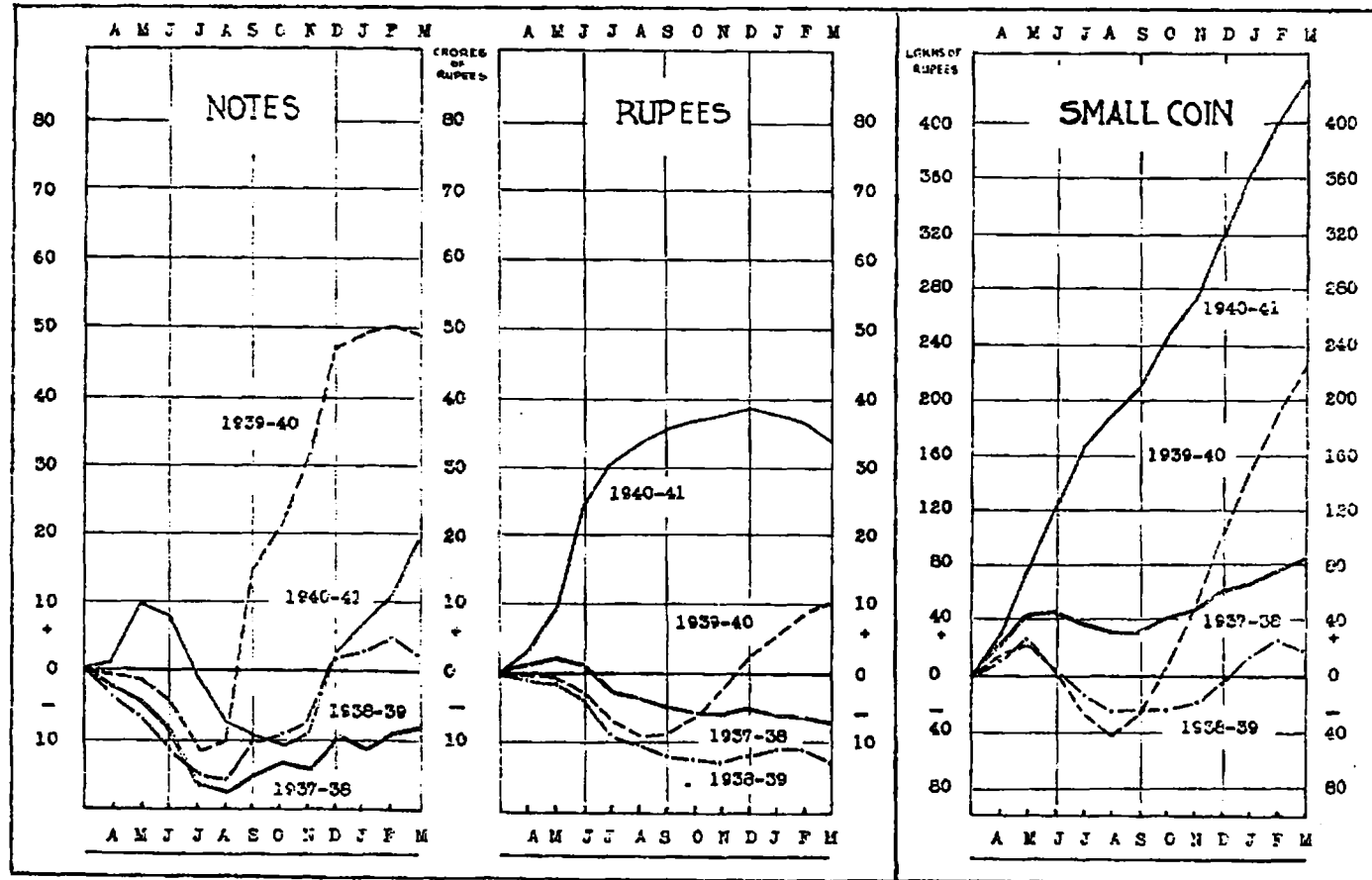


(Reference Statement XXI.)

MONTHLY ABSORPTION AND RETURN OF CURRENCY

PROGRESSIVE

OR



**STATEMENT XXII.**  
**MONTHLY ABSORPTION OF CURRENCY**  
*(Reference paragraph 60.)*

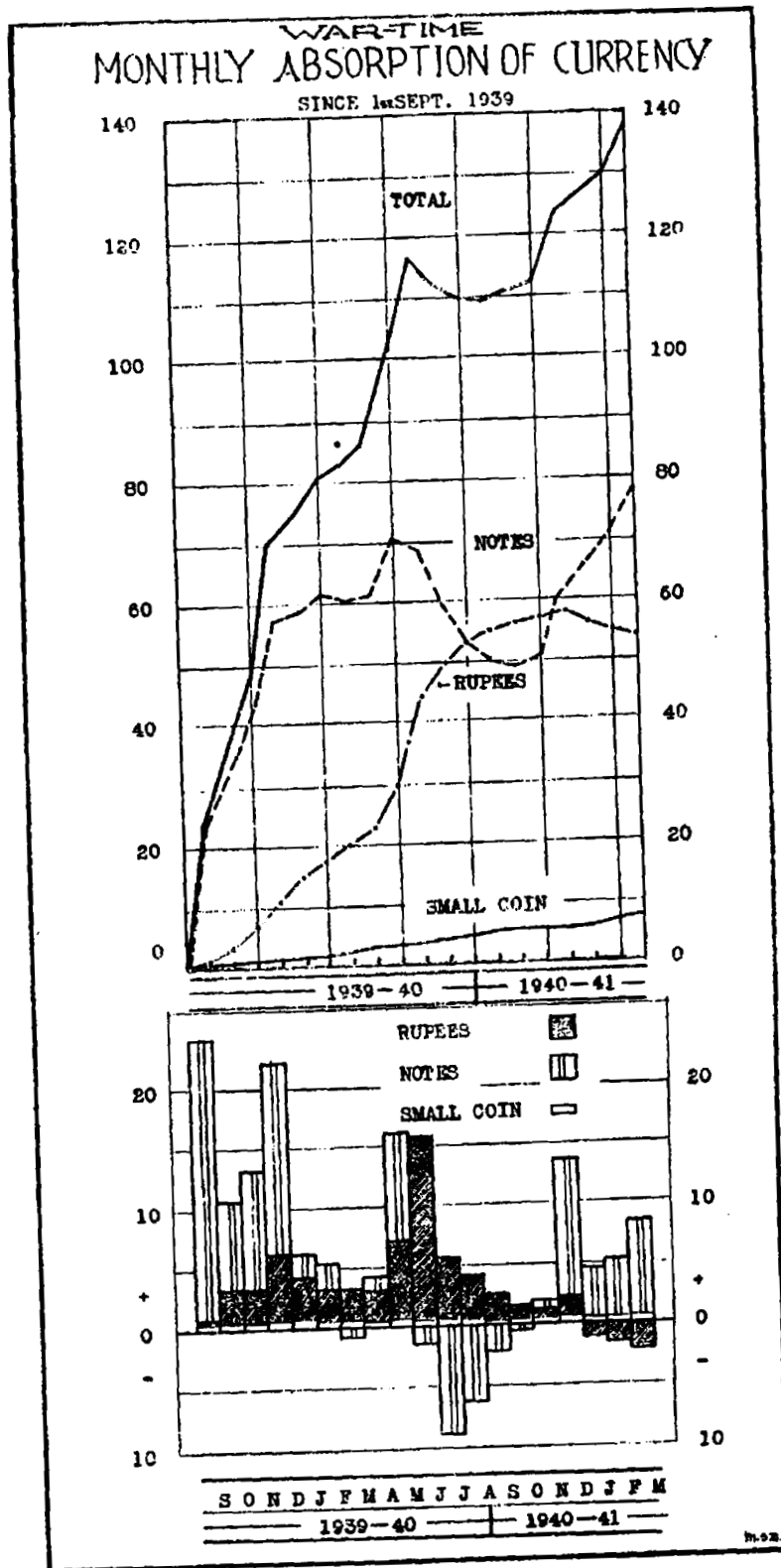
(In lakhs of Rupees.)

1940-41				1939-40					
Notes	Rupee Coin	Small Coin*	Total	Currency Month	Notes	Rupee Coin	Small Coin*	Total	
+ 1,06	+ 2,56	+ 29	+ 3,91	April	— 38	+ 1	+ 14	— 23	
+ 8,92	+ 6,81	+ 46	+16,19	May	— 92	— 18	+ 7	— 1,03	
— 1,59	+15,12	÷ 46	+13,99	June	— 3,18	— 3,32	— 18	— 6,68	
— 9,02	+ 5,18	+ 42	— 3,42	July	— 6,20	— 3,50	— 27	— 9,97	
— 6,43	+ 3,62	+ 26	— 2,56	August	÷ 47	— 2,46	— 18	— 2,17	
— 2,31	+ 2,03	+ 20	— 8	September	+24,03	+ 33	+ 12	+24,48	
— 51	+ 1,00	+ 39	+ 88	October	+ 7,38	+ 2,60	÷ 33	+10,31	
+ 48	÷ 83	+ 22	+ 1,53	November	+ 9,81	+ 3,04	÷ 43	+13,28	
+12,10	+ 1,13	+ 46	÷13,69	December	+15,81	+ 5,28	+ 53	+21,62	
+ 3,80	— 1,36	+ 47	+ 2,91	January	+ 1,92	+ 3,37	+ 49	÷ 5,78	
+ 4,43	— 1,41	+ 35	+ 3,37	February	— 1,71	+ 2,56	+ 41	+ 4,68	
+ 8,18	— 2,28	+ 31	+ 6,21	March	— 1,00	+ 2,35	+ 32	+ 1,67	
+19,11	+33,23	+4,28	+56,62	Total	+49,45	+10,08	+2,21	+61,74	

\* Includes half pice and pie pieces.



(Reference Statement XXII.)



## STATEMENT XXIII.

### ABSORPTION OF SMALL COIN.

(Reference paragraph 62.)

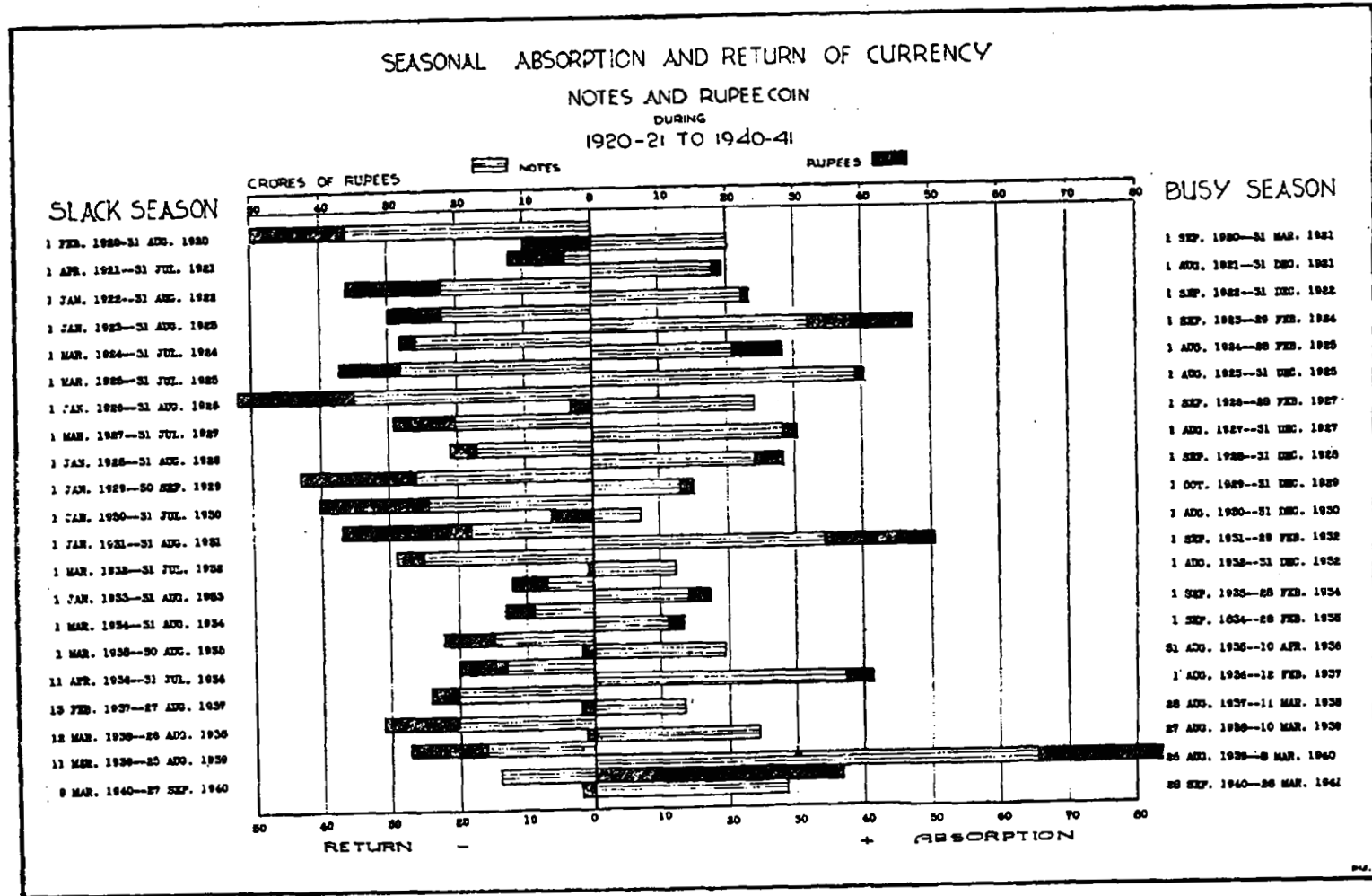
					(In thousands of Rs.)					
					Silver half rupees*	Four anna pieces	Two anna pieces	One anna pieces	Single pice	TOTAL
Average for the 5 years 1909-10 to 1913-14 .. .. .					....	15,75	13,59	21,02	10,51	60,87
Average for the 5 years 1914-15 to 1918-19 .. .. .					....	37,24	29,54	27,86	5,63	1,00,27
1919-20 .. .. .					....	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	22,28
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 .. .. .					22,60	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	—0,55	3,55	6,34	14,80	17,51
1939-40 .. .. .					59,67	38,97	48,07	51,25	21,08	2,19,04
1940-41 .. .. .					1,52,76	1,02,27	71,56	76,14	23,27	4,26,00

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

**STATEMENT XXIV.**  
**SEASONAL ABSORPTION.**  
(Reference paragraph 63.)

Period.	Busy Season Absorption.			(In lakhs of Rs.) 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	-16,63	-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 ..	+23,29	+ 1,07	+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	-17,46	-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	- 4,10	-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 26th August 1939 ..	..	..	..	-16,52	-10,86	-27,38
26th August 1939 to 8th March 1940 ..	+64,65	+18,46	+83,11	..	..	..
9th March 1940 to 27th September 1940 ..	..	..	..	- 14,36	+ 36,39	+ 22,03
28th September 1940 to 28th March 1941 ..	+28,18	- 2,09	+26,39	..	..	..
TOTAL ..	+507,73	+48,61	+556,34	-415,05	-156,05	-571,10

(Reference Statement XXIV.)



## STATEMENT XXV.

### WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS.

(Reference paragraphs 64 and 71.)

	Coined in	Coined in	Coined in	Total coined.
	Calcutta.	Madras.	Bombay.	Rs.
	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 .. ..	39,85,53,600	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	70,89,12,179
"   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	.....	2,89,49,037	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 .. ..	1,10,41,757	.....	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	94,43,049
" "	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
George VI,	1938 coined in 1940		.....	.....	98,02,178	98,02,178
" "	1940	.. ..	.....	.....	(o) 2,35,00,002	2,35,00,002
Total			270,20,56,128	10,76,07,305	369,93,34,526	650,89,97,959

(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) " " 16,50,250 " " "

(n) " " 12,78,441 " " "

(o) Quarternary Rupees.



## STATEMENT XXVII

### CIRCULATION OF NOTES BY DENOMINATIONS.

(Reference paragraph 66.)

	NOTES IN CIRCULATION (IN LAKHS OF RUPEES).										PERCENTAGE TO GROSS CIRCULATION OF ALL NOTES EXCEPT THOSE OF Rs. 10,000.								
	Rs. 1	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Rs. 1	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	
1914 (31st March)..	..	..	1.61	17.73	8	1.78	17.81	2.84	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	54.23	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	50.43	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	60.41	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	
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	98.29	1	.92	75.57	.34	13.79	.1	..	19.4	41.9	..	.4	32.1	.2	5.9	
1940 ..	32	1	44.03	97.83	1	.61	80.44	.33	17.04	.1	..	18.3	40.6	..	.2	33.4	.1	7.3	



## STATEMENT XXVIII.

INDIAN MONEY RATES PER CENT. 1940-41.

(Reference paragraph 75.)

1st of	Bank Rate.	Imperial Bank of India Hundi Rate.	Call Money Rate.		Bazar Bill Rate.		Deposit Rates.		
			Calcutta.	Bombay.	Calcutta.	Bombay.	3 Months Deposits Rate in Bombay.	6 Months Deposits Rate in Bombay.	12 Months Deposits Rate in Bombay.
April 1940..	3	3½	½	1½	6—7	5½	2½	2½	2
May .. ..	3	3½	½	½	6—7	5½	1½	1½	1½
June .. ..	3	3½	½	1	6—7	5½	1½	1½	1½
July .. ..	3	3½	½	½	6—7	5½	1½	1½	1½
August .. ..	3	3½	½	½	6—7	5½	1	1½	1½
September .. ..	3	3½	½	½	6—7	6	½	1½	1½
October .. ..	3	3½	½	½	6—7	5½	½	1½	1½
November .. ..	3	3½	½	½	6—7	5½	½	1½	1½
December .. ..	3	3½	½	½	6—7	6½	½	1½	1½
January 1941..	3	3½	½	½	6—7	6½	½	1½	1½
February .. ..	3	3	½	½	6—7	6½	½	1½	1½
March .. ..	3	3	½	½	6 7	6½	½	1½	1½

## STATEMENT XXIX.

### RESERVE BANK OF INDIA—ISSUE DEPARTMENT.

(Reference paragraph 78.)

		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	
Annual Average.											
1935-36	.. ..	27,54	164,11	191,65	44,42	62,13	55,52	29,58	191,65	55.60	
1936-37	.. ..	25,70	175,98	201,68	44,42	69,63	64,01	23,62	201,68	56.55	
1937-38	.. ..	25,64	186,14	211,78	44,42	79,90	60,24	27,22	211,78	58.70	
1938-39	.. ..	28,22	182,36	210,58	44,42	66,88	67,10	32,18	210,58	52.85	
1939-40	.. ..	18,89	208,86	227,75	44,42	78,32	67,59	37,42	227,75	53.89	
1940-41	.. ..	17,15	241,62	258,77	44,42	129,97	35,81	48,57	258,77	67.39	
1940-41. Last Friday of											
April	..	13,04	230,62	252,66	44,42	116,50	53,38	38,36	252,66	63.69	
May	..	8,50	248,53	257,03	44,42	123,50	46,57	42,54	257,03	65.33	
June	..	9,02	246,94	255,96	44,42	129,50	33,44	48,60	255,96	67.95	
July	..	25,87	237,92	263,79	44,42	131,50	38,27	49,60	263,79	66.69	
August	..	28,68	231,49	260,17	44,42	131,50	34,64	49,61	260,17	67.62	
September	..	28,97	229,18	258,15	44,42	131,50	32,62	49,61	258,15	68.15	
October	..	28,49	228,67	257,16	44,42	131,50	31,62	49,62	257,16	68.41	
November	..	27,18	229,15	256,33	44,42	131,50	30,79	49,62	256,33	68.63	
December	..	13,94	241,25	255,19	44,42	131,50	29,66	49,61	255,19	68.94	
January	..	15,49	245,05	260,54	44,42	135,50	31,01	49,61	260,54	69.06	
February	..	17,49	249,47	266,96	44,42	140,50	32,43	49,61	266,96	69.27	
March	..	11,59	257,66	269,25	44,42	102,24	34,71	87,88	269,25	54.47	

**STATEMENT XXX.**  
**NOTES IN CIRCULATION.**  
*(Reference paragraph 78.)*

(In lakhs of Ra.)

Last Friday of	1935-36.			1936-37.			1937-38.		
	Total Notes issued.	Notes held in the Banking Dept.	Notes in circulation.	Total Notes issued.	Notes held in the Banking Dept.	Notes in circulation.	Total Notes issued.	Notes held in the Banking Dept.	Notes in circulation.
April .. ..	186,28	19,34	166,94	195,28	24,59	170,69	207,81	15,15	192,66
May .. ..	186,44	22,12	164,32	196,71	30,78	165,93	207,21	16,93	190,28
June .. ..	188,01	25,68	162,43	199,45	35,32	164,13	208,41	22,46	185,95
July .. ..	190,82	34,90	155,92	201,62	41,00	160,62	211,56	32,81	178,75
August .. ..	193,03	38,55	154,48	202,55	40,39	162,16	213,24	35,44	177,80
September .. ..	194,12	37,81	156,31	203,22	38,78	164,46	213,85	34,08	179,77
October .. ..	194,72	34,55	160,17	203,30	32,25	171,05	214,51	32,84	181,67
November .. ..	194,96	34,59	160,37	202,27	27,44	174,83	214,90	34,98	179,92
December .. ..	193,27	21,22	172,05	199,15	9,30	189,85	214,70	29,33	185,37
January .. ..	193,91	27,13	166,78	204,20	11,64	192,56	213,54	30,26	183,28
February .. ..	194,91	27,78	167,13	208,29	14,36	193,93	213,77	27,88	185,89
March .. ..	195,58	26,76	168,82	208,00	13,65	194,35	214,04	27,92	186,12
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	1938-39.			1939-40.			1940-41.		
April .. ..	214,68	31,80	182,88	207,22	18,50	188,72	252,66	13,04	239,62
May .. ..	215,46	35,23	180,23	207,44	19,64	187,80	257,03	8,50	248,53
June .. ..	215,72	40,33	175,39	210,78	26,15	184,63	255,96	9,02	246,94
July .. ..	213,33	41,80	171,53	214,30	35,88	178,42	263,79	25,87	237,92
August .. ..	215,12	43,78	171,34	216,78	37,89	178,89	260,17	28,68	231,49
September .. ..	212,53	36,86	175,67	221,43	18,52	202,91	258,15	28,97	229,18
October .. ..	209,82	32,67	177,15	228,80	18,50	210,30	257,16	28,49	228,67
November .. ..	210,34	31,43	178,91	233,75	13,64	220,11	256,33	27,18	229,15
December .. ..	206,43	18,43	188,00	234,48	18,56	235,92	255,19	13,94	241,25
January .. ..	203,24	14,33	188,91	251,12	13,28	237,84	260,64	15,49	245,05
February .. ..	205,96	14,75	191,21	234,56	15,01	239,55	268,96	17,49	249,47
March .. ..	207,23	18,13	189,10	252,21	13,66	238,55	269,25	11,59	257,66

## STATEMENT XXXI.

### RESERVE BANK OF INDIA—BANKING DEPARTMENT.

(Reference paragraph 79.)

				DEPOSITS.				Other Liabilities	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	(In lakhs of Rs.)	
Annual Average.				Government	Banks	Other	Total							Investments	Other Assets
1935-36	..	..	..	11,29	27,24	9	38,62	90	27,64	15,05	83	1	..	5,47	52
1936-37	..	..	..	9,87	26,56	40	36,83	1,14	25,80	13,76	1,53	1	1	6,06	80
1937-38	..	..	..	11,42	24,90	70	36,92	86	25,72	13,39	75	2	6	7,11	73
1938-39	..	..	..	14,88	16,20	76	31,84	1,27	28,31	4,12	1,82	2	1,59	6,35	90
1939-40	..	..	..	13,75	17,87	1,06	32,68	1,52	18,99	12,19	1,07	11	2,87	7,24	1,73
1940-41	..	..	..	17,50	36,83	1,93	56,26	2,56	17,28	39,47	2,07	7	1,00	7,75	1,18
1940-41. Last Friday of															
April	..	..	..	12,58	22,50	1,05	36,13	1,65	13,16	24,37	5	24	34	8,38	1,24
May	..	..	..	14,21	16,10	1,21	31,52	1,86	8,61	19,88	2,00	14	2,80	8,70	1,25
June	..	..	..	12,24	20,88	1,18	34,25	1,11	9,14	22,15	10	15	4,09	8,44	1,29
July	..	..	..	14,80	31,72	1,42	47,94	1,11	26,04	20,75	20	7	2,11	8,91	97
August	..	..	..	13,78	40,30	1,67	55,75	1,73	28,92	26,85	25	..	1,79	8,70	97
September	..	..	..	14,39	45,70	3,14	63,23	1,84	29,14	34,37	1,40	..	92	8,16	1,08
October	..	..	..	15,71	51,27	1,99	68,97	1,93	28,65	38,24	5,00	..	2	7,96	1,03
November	..	..	..	22,52	49,18	1,81	73,51	2,47	27,33	49,90	..	..	..	7,69	1,06
December	..	..	..	16,43	47,93	1,43	65,79	3,42	14,05	57,15	9	5	..	6,71	1,16
January	..	..	..	29,10	46,88	1,12	77,10	4,12	15,59	67,01	..	5	17	7,18	1,22
February	..	..	..	32,03	45,26	1,37	78,66	4,92	17,59	67,18	..	5	5	7,07	1,34
March	..	..	..	22,40	35,49	6,10	63,99	4,57	11,71	42,25	16,00	6	3	7,17	1,34

## STATEMENT XXXII.

### SCHEDULED BANKS' CONSOLIDATED POSITION.

(Reference paragraph 80.)

(In lakhs of Rs.)

Average of Friday Figures.	Demand Liabilities in India and Burma.	Time Liabilities in India and Burma.	Cash in India and Burma.	Balances with Reserve Bank.	Cash and Balances with Reserve Bank as percentage of Demand and Time Liabilities.	Advances in India and Burma.	Bills Discounted in India and Burma.	Advances and Discounts as percentage of Demand and Time Liabilities.
<b>1935-36</b>								
(9 months,								
July-March)	119.02	98.70	5.93	31.86	17.36	87.85	3.59	42.00
1936-37 ..	128.62	101.35	6.02	26.25	14.03	95.27	4.73	43.48
1937-38 ..	132.71	109.10	6.61	24.46	12.85	113.41	6.26	49.49
1938-39 ..	130.01	107.86	6.65	15.05	9.50	115.78	4.84	50.71
1939-40 ..	139.57	100.00	7.06	17.49	10.00	125.66	5.25	53.31
1940-41 ..	163.66	104.95	8.38	36.40	16.60	122.28	3.86	46.93
<b>1940-41</b>								
April .. ..	147.58	111.93	7.08	18.65	9.91	153.40	6.73	61.70
May .. ..	147.64	113.23	7.94	17.67	9.47	153.08	6.61	61.21
June .. ..	144.22	109.76	8.80	20.04	11.71	144.32	5.42	58.96
July .. ..	150.65	106.60	8.38	28.46	14.32	133.90	3.76	53.51
August .. ..	157.82	103.96	8.05	34.64	16.31	123.39	2.28	48.01
September ..	163.65	101.37	8.19	43.32	19.44	114.27	1.69	43.76
October .. ..	169.98	100.56	8.94	47.52	20.87	107.08	1.60	40.18
November ..	173.82	100.54	8.74	49.32	21.16	100.25	1.91	37.23
December ..	175.57	100.83	9.10	48.17	20.72	99.92	2.19	36.95
January .. ..	178.19	101.35	9.02	44.73	19.23	104.02	3.12	38.65
February .. ..	177.70	104.20	8.60	45.06	19.04	112.69	4.96	41.73
March .. ..	179.54	105.08	8.65	38.37	16.52	120.08	6.11	44.34

## STATEMENT XXXIII

### CLEARING HOUSE STATISTICS SINCE 1918-19.

(Reference paragraph 81.)

(In lakhs of Rs.)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	TOTAL
1918-19 ..	7,41,13	5,69,46	25,45	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 ..	14,39,63	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	7,07,96	55,41	41,52	1,32,82	6,38	5,85	..	18,03,01
1924-25 ..	9,54,11	6,21,60	55,96	46,13	1,17,21	5,72	5,57	..	18,06,36
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	30,92	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	..	17,30,65
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	70,75	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	18,43,35
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
1940-41 ..	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	21,48,96

## STATEMENT XXXIV.

NUMBER AND AMOUNT OF CHEQUES CLEARED IN EACH CIRCLE DURING 1940-41.

(Reference paragraph 81.)

(Amount in Lakhs of Rupees.)

Centre.	April.	May.	June.	July.	August.	September.	October.	November.	December.	January.	February.	March.	Total.
Cheques ..	5,04,911	4,71,530	4,17,725	4,70,304	4,35,651	4,44,590	4,71,418	5,12,127	4,68,979	5,45,586	4,69,527	5,40,276	57,52,624
<b>BOMBAY—</b>													
Amount ..	80,18	91,31	63,42	57,13	55,48	52,09	60,81	61,30	58,47	71,35	66,00	84,78	8,02,32
Cheques ..	5,92,832	5,51,605	4,63,286	5,07,477	4,91,392	5,07,480	4,75,209	5,19,684	5,22,151	5,71,895	5,05,279	5,68,510	62,76,800
<b>CALCUTTA—</b>													
Amount ..	1,01,03	97,58	74,37	74,05	72,50	79,74	73,49	76,15	84,83	1,00,80	87,89	86,10	10,08,53
Cheques ..	17,599	17,486	14,707	15,842	14,698	14,939	15,224	14,463	15,628	17,672	15,277	18,036	1,91,571
<b>CAWNPORE—</b>													
Amount ..	1,59	1,71	1,42	1,20	1,20	2,35	1,62	1,46	1,43	1,84	1,80	1,58	19,20
Cheques ..	52,237	47,823	40,021	45,621	50,473	43,642	46,354	53,367	51,938	58,941	50,857	59,326	6,00,600
<b>DELHI</b>													
Amount ..	2,06	2,06	1,76	1,94	1,84	2,09	2,27	2,86	2,75	2,98	2,84	3,28	28,53
Cheques ..	40,610	41,226	35,604	38,788	37,314	38,597	39,820	41,139	39,786	43,253	42,966	50,654	4,89,757
<b>KARACHI</b>													
Amount ..	3,73	3,68	2,08	3,31	3,22	3,47	3,86	3,98	4,38	5,28	4,11	4,76	46,76
Cheques ..	33,649	32,096	28,711	31,287	28,134	28,288	32,395	34,347	34,169	38,316	31,616	37,203	3,90,201
<b>LAHORE</b>													
Amount ..	1,02	99	92	1,09	91	92	1,65	1,65	1,73	1,71	1,46	2,28	16,33
Cheques ..	1,19,096	1,14,850	1,02,560	1,18,429	1,32,554	1,11,875	1,17,574	1,13,414	1,08,409	1,24,432	1,12,139	1,31,503	14,06,835
<b>MADRAS</b>													
Amount ..	9,59	10,13	8,65	8,00	8,98	8,63	8,37	8,82	8,29	9,39	8,56	11,24	1,08,65
Cheques ..	81,098	78,691	67,763	72,246	68,746	68,081	77,605	76,219	74,549	86,183	77,074	84,560	9,12,835
<b>RANGOON</b>													
Amount ..	9,40	9,98	7,92	8,12	7,87	8,39	8,98	9,39	10,01	12,83	11,91	13,84	1,18,64
Cheques ..	14,42,032	13,55,307	11,70,397	12,99,994	12,58,962	12,57,492	12,75,599	13,64,760	13,15,599	14,86,278	13,04,735	14,90,068	1,60,21,223
<b>TOTAL</b>													
Amount ..	2,08,60	2,17,44	1,61,44	1,54,84	1,52,00	1,57,68	1,61,05	1,65,41	1,71,89	2,06,18	1,84,57	2,07,86	21,48,96

## STATEMENT XXXV.

### (A). REMITTANCES THROUGH THE RESERVE BANK OF INDIA.

Telegraphic Transfers issued and paid.

(Reference paragraph 83.)

(In lakhs of Rs.)

Centre.	1938-39.				1939-40.				1940-41.			
	April to September.		October to March.		April to September.		October to March.		April to September.		October to March.	
	Issued.	Paid.	Issued.	Paid.	Issued.	Paid.	Issued.	Paid.	Issued.	Paid.	Issued.	Paid.
Bombay ..	34,32	52,57	42,76	40,85	50,31	50,19	51,81	44,49	33,57	58,38	35,97	41,69
Calcutta ..	62,56	49,65	61,17	47,44	62,83	62,37	75,64	53,92	80,14	47,04	57,91	36,19
Cawnpore ..	7,64	3,71	3,56	5,21	6,63	3,46	1,49	10,40	4,78	8,12	3,31	4,26
Delhi ..	5,30	2,81	5,07	2,36	5,28	3,65	5,13	2,83	8,30	2,68	7,13	1,42
Karachi ..	6,26	6,02	6,93	7,13	7,30	8,69	9,46	8,89	7,42	7,52	5,70	8,21
Lahore ..	9,89	5,85	6,35	8,30	9,53	8,06	6,35	13,44	9,81	13,01	6,14	12,16
Madras ..	8,73	11,25	7,38	11,81	10,22	12,33	11,64	19,08	10,89	16,82	6,67	12,20
Rangoon ..	6,28	7,84	6,29	12,05	6,74	9,84	5,31	14,16	7,92	8,76	8,21	11,83
<b>Total</b>	<b>1,40,98</b>	<b>1,39,70</b>	<b>1,39,51</b>	<b>1,35,15</b>	<b>1,58,84</b>	<b>1,58,59</b>	<b>1,66,83</b>	<b>1,67,21</b>	<b>1,62,83</b>	<b>1,62,33</b>	<b>1,31,04</b>	<b>1,27,06</b>



## STATEMENT XXXV.

### (B). REMITTANCES THROUGH THE IMPERIAL BANK OF INDIA.

#### Demand Drafts Purchased.

*(Reference Paragraph 83.)*

	By Bengal Circle Offices		By Bombay Circle Offices		By Madras Circle Offices		Total	
	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40
Sent to offices in the Bengal Circle	42,04,13,900	50,22,99,100	6,08,57,500	7,21,68,400	1,57,77,500	2,27,15,500	49,70,48,900	59,71,83,000
Sent to offices in the Bombay Circle	13,59,87,700	17,41,68,900	22,74,69,600	33,06,25,800	5,34,55,900	5,00,74,300	41,69,13,200	56,48,69,000
Sent to offices in the Madras Circle	2,52,72,400	2,30,93,400	2,57,93,200	3,17,59,300	12,70,98,400	14,45,56,800	17,81,64,000	19,94,09,500
Total ..	58,16,74,000	69,95,61,400	31,41,20,300	43,45,53,500	19,63,31,800	21,73,46,600	109,21,26,100	135,14,61,500

## STATEMENT XXXVI.

(A). TRANSFERS OF FUNDS THROUGH GOVERNMENT AGENCY WITHIN EACH PROVINCE OF INDIA AND IN BURMA DURING THE FIRST HALF OF THE YEAR 1940-41.

(Reference paragraph 83.)

(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 British India	Burma
Sale of supply bills and transfers to the public .. ..	102	7	44	13	..	2	1	1	..	..	4	174	193
Transfers to headquarters by bank post-bills .. ..	6	..	..	..	..	..	..	..	..	..	..	6	..
<b>Total ..</b>	<b>108</b>	<b>7</b>	<b>44</b>	<b>13</b>	<b>..</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>4</b>	<b>180</b>	<b>193</b>

(B). TRANSFERS OF FUNDS THROUGH GOVERNMENT AGENCY BETWEEN DIFFERENT PROVINCES AND BETWEEN PROVINCES AND BURMA FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 1940.

(Reference paragraph 83.)

(In thousands of Rs.)

PAID BY	On account of											Total.	
	Bengal (including certain centrally adminis- tered areas.)	Madras and Coorg.	Bombay.	United Pro- vinces.	Punjab.	Bihar.	Central Pro- vinces.	Assam.	North- West Frontier Province.	Orissa.	Sind.		Burma.
Bengal, etc. .. ..	..	..	..	1,60	..	4,11	11	36,40	1,64	23	..	5	44,29
Madras and Coorg .. ..	22	..	5,29	..	..	..	..	..	..	..	..	..	5,51
Bombay .. ..	3,03	..	..	40	69	56	75	1	15,04	1,53	..	3	22,04
United Provinces .. ..	5	..	40	..	..	..	..	..	..	..	1,45	6	1,96
Punjab .. ..	38	..	..	15	..	..	..	..	21,73	..	..	26	22,50
Bihar .. ..	14,42	..	1,50	..	..	..	..	..	..	..	..	..	15,92
Central Provinces .. ..	6,85	..	8,15	..	..	..	1,35	..	..	..	..	..	16,35
Assam .. ..	58,90	..	..	..	..	..	..	..	..	..	..	..	58,90
North-West Frontier Province .. ..	16	..	..	..	30	..	..	..	..	..	1,00	..	1,46
Orissa .. ..	1,58	..	..	..	..	..	..	..	..	..	..	..	1,58
Sind .. ..	..	..	..	..	15	..	..	..	..	..	..	..	15
Burma .. ..	7	..	..	..	..	..	..	..	..	..	..	..	7
<b>Total .. ..</b>	<b>85,64</b>	<b>..</b>	<b>15,34</b>	<b>2,24</b>	<b>1,14</b>	<b>4,67</b>	<b>2,21</b>	<b>36,47</b>	<b>38,41</b>	<b>1,76</b>	<b>2,45</b>	<b>40</b>	<b>1,90,73</b>

## STATEMENT XXXVI.

(C). REMITTANCES EFFECTED BY THE TREASURY AGENCIES DURING THE  
HALF YEAR 1ST OCTOBER 1940 TO 31ST MARCH 1941.

(Reference paragraph 83.)

(In lakhs of Rupees)

Sales to	Telegraphic Transfers.		Drafts (including Mail Transfers).	
	No. of Transfers.	Total Amount.	No. of Transfers.	Total Amount.
1. The General Public .. .. .	245	20	9,723	129
2. Scheduled Banks at Par .. .. .	313	616	141	45
3. Scheduled Banks at a Premium .. .. .	294	68	800	114
4. Non-Scheduled Banks and Indigenous Bankers.	103	12	551	55
5. Co-operative Banks and Societies .. .. .	67	4	4,758	177
6. Local Funds at a Premium .. .. .	22	1	1,340	12
7a Government Intra Provincial at Par .. .. .	..	..	17,794	109
b Extra Provincial at a Premium .. .. .	..	..	3,727	24
Total ..	1,044	721	38,840	665

## STATEMENT XXXVII.

RESERVE BANK OF INDIA BALANCE SHEET AS AT THE 30TH JUNE 1940.

(Reference paragraph 84.)

LIABILITIES.		ISSUE DEPARTMENT.				ASSETS.				
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	
Notes held in the Banking Dept.	11,08,69,415	8	0				A. Gold Coin and Bullion :—			
Notes in circulation :—										
(a) Legal Tender in India ..	2,35,03,99,160	0	0				41,54,45,527	15	1	
(b) Legal Tender in Burma only ..	12,70,16,030	0	0				2,86,97,782	0	10	
Total Notes issued .. ..	2,58,82,84,605	8	0				1,31,50,11,290	6	8	
							Total of A .. ..	1,75,91,54,600	6	5
							B. Rupee Coin .. ..			
							Government of India Rupee Securities .. ..	33,31,72,325	4	7
							Internal Bills of Exchange and other commercial Paper ..	49,59,57,879	13	0
								Nil.		
<b>TOTAL LIABILITIES</b> .. ..				<b>2,58,82,84,605</b>	<b>8</b>	<b>0</b>	<b>TOTAL ASSETS</b> .. ..	<b>2,58,82,84,605</b>	<b>8</b>	<b>0</b>

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Ratio of Total of A to Liabilities : 67·966 per cent.

LIABILITIES.		BANKING DEPARTMENT.				ASSETS.				
	Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.
Capital paid up .. ..	5,00,00,000	0	0				Notes :—			
Reserve Fund .. ..	5,00,00,000	0	0				(a) Legal Tender in India .. ..	10,90,80,025	8	0
Deposits :—							(b) Legal Tender in Burma only .. ..	17,89,390	0	0
(a) Government—							Rupee Coin .. ..	8,31,067	12	0
(1) Central Government of India ..	6,20,54,588	1	1				Subsidiary Coin .. ..	3,72,118	12	2
(2) Government of Burma .. ..	1,45,04,793	13	0				Bills Purchased and Discounted :—			
(3) Other Government Accounts ..	4,42,01,790	5	2				(a) Internal .. ..	Nil.		
(b) Banks .. ..	20,98,09,112	0	0				(b) External .. ..	Nil.		
(c) Others .. ..	1,45,67,322	7	8				(c) Government Treasury Bills .. ..	4,08,98,421	5	1
Bills Payable .. ..	9,14,022	0	3				Balances held abroad* .. ..	20,19,95,481	8	0
Other Liabilities .. ..	48,52,596	9	2				Loans and Advances to Governments .. ..	10,00,000	0	0
							Other Loans and Advances .. ..	16,43,000	0	0
							Investments .. ..	7,70,42,379	1	10
							Other Assets .. ..	1,63,52,341	5	3
<b>TOTAL LIABILITIES</b> .. ..	<b>45,09,04,225</b>	<b>4</b>	<b>4</b>				<b>TOTAL ASSETS</b> .. ..	<b>45,09,04,225</b>	<b>4</b>	<b>4</b>

\* Includes Cash and Short-term Securities.

## STATEMENT XXXVIII.

### RESERVE BANK OF INDIA- PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30TH JUNE 1940.

(Reference paragraph 84.)

INCOME.	31st December 1939		30th June 1940	
	Rs.	s. p.	Rs.	s. p.
Interest, Discount, Exchange, Commission, etc. .. .. .	1,22,95,508	4 10	83,89,565	8 2
EXPENDITURE.				
Establishment .. .. .	34,92,560	12 10	17,79,919	12 3
Directors' and Local Board Members' fees and expenses .. .. .	98,926	2 6	52,084	10 6
Auditors' fees .. .. .	12,000	0 0	12,000	0 0
Rent, taxes, insurance, lighting, etc. .. .. .	4,55,243	4 0	2,65,754	0 0
Law charges .. .. .	10,873	15 0	412	4 0
Postage and telegraph charges .. .. .	69,712	9 4	54,278	1 4
Remittance of treasure .. .. .	11,21,374	3 1	6,94,228	0 9
Stationery, etc. .. .. .	89,085	12 5	56,231	2 1
Security Printing (cheques, note forms, etc.) .. .. .	16,47,733	3 2	9,00,528	14 7
Depreciation and repairs to Bank property .. .. .	1,43,463	14 2	1,76,045	12 5
Agency charges .. .. .	25,44,401	9 8	12,79,892	14 8
Contribution to staff and superannuation funds .. .. .	77,700	0 0	38,200	0 0
Miscellaneous expenses .. .. .	2,82,077	4 1	1,51,018	7 1
Net available balance .. .. .	22,50,355	10 7	29,28,971	8 6
Total .. .. .	1,22,95,508	4 10	83,89,565	8 2
Amount set aside for payment of dividend at the rate of 3½ per cent. per annum .. .. .	17,50,000	0 0	8,75,000	0 0
Surplus payable to the Central Government .. .. .	5,00,355	10 7	20,53,971	8 6
	22,50,355	10 7	29,28,971	8 6

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